RCE

RCE CAPITAL BERHAD

(Company No. 2444-M)
(Incorporated in Malaysia)

Annual Report 2009

Contents

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifty-Fifth Annual General Meeting of RCE Capital Berhad will be held at Tun Rahah Grand Hall, 1st Floor, Menara Yayasan Tun Razak, 200 Jalan Bukit Bintang, 55100 Kuala Lumpur on Thursday, 20 August 2009 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 2009 together with the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To declare a Final Dividend of 10% less 25% income tax for the financial year ended 31 March 2009. **Resolution 2**

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

   (i) Y. Bhg. Major General (Rtd) Dato' Haji Fauzi bin Hussain **Resolution 3**
   (ii) Y. Bhg. Dato' Che Md Nawawi bin Ismail **Resolution 4**
   (iii) Puan Shalina Azman **Resolution 5**

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

   "THAT Y. Bhg. Tan Sri Dato' Azman Hashim retiring pursuant to Section 129(6) of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 6**

5. 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

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

   Payment of Directors' Fees

   "THAT the payment of Directors' fees of RM136,500 for the financial year ended 31 March 2009 be and is hereby approved." **Resolution 8**

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

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 for 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 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 9**

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

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

"THAT subject to the Listing Requirements of Bursa Malaysia Securities Berhad, 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 29 July 2009, 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 10**

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

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, Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") 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 11**

(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 cent (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 2009, the Company's retained profits and share premium account stood at RM11,517,420 and RM26,393,874 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 Dividend of 10% less 25% income tax for the financial year ended 31 March 2009, if approved by the shareholders, will be paid on 18 September 2009 to depositors who are registered in the Record of Depositors at the close of business on 3 September 2009.

A Depositor shall qualify for entitlement only in respect of:

(a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 3 September 2009 in respect of ordinary transfers; and

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

By Order of the Board

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

Petaling Jaya
29 July 2009

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.

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

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

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

5. The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Registered Office of the Company at 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor Darul Ehsan 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 - Payment of Directors' Fees

The Ordinary Resolution proposed under item 6, if passed, will authorise the payment of Directors' fees to the Non-Executive Directors of the Company for their services as Directors during the financial year ended 31 March 2009.

(ii) Resolution 9 - Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution proposed under item 7, if passed, will give the Directors of the Company authority to issue and allot shares of not more than 10% of the total issued share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

(iii) Resolution 10 - 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 the Listing Requirements of Bursa Malaysia Securities Berhad. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

(iv) Resolution 11 - Proposed Renewal of Share Buy-Back Authority

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

Further information on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed Renewal of Share Buy-Back Authority are set out in the Circular/Statement to Shareholders dated 29 July 2009 which is despatched together with the Company's 2009 Annual Report.

Statement Accompanying Notice of Annual General Meeting

DIRECTORS STANDING FOR RE-ELECTION/RE-APPOINTMENT AT THE FIFTY-FIFTH ANNUAL GENERAL MEETING OF RCE CAPITAL BERHAD

The Directors who are standing for re-election/re-appointment at the Fifty-Fifth Annual General Meeting are as follows:

- Y. Bhg. Major General (Rtd) Dato' Haji Fauzi bin Hussain
- Y. Bhg. Dato' Che Md Nawawi bin Ismail
- Puan Shalina Azman
- Y. Bhg. Tan Sri Dato' Azman Hashim

Details of the above Directors who are standing for re-election/re-appointment are set out in the Profile of Directors of the Annual Report. Their securities holdings in the Company are set out in the Analysis of Shareholdings of the Annual Report.

Corporate Information

BOARD OF DIRECTORS

Tan Sri Dato' Azman Hashim
Non-Independent Executive Chairman

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

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

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

Chew Keng Yong
Independent Non-Executive Director

Soo Kim Wai
Non-Independent Non-Executive Director

Shalina Azman
Non-Independent Non-Executive Director

Shahman Azman
Non-Independent Non-Executive Director

COMPANY SECRETARIES

Johnson Yap Choon Seng (MIA 20766)
Seow Fei San (MAICSA 7009732)

REGISTERED OFFICE

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

BUSINESS ADDRESS

20th Floor, Bangunan AmAssurance
No. 1 Jalan Lumut
50400 Kuala Lumpur
Tel : 603-4047 0988
Fax : 603-4042 8877
Website : www.rce.com.my

AUDITORS

Deloitte KassimChan
Chartered Accountants
Level 19, Uptown 1
No. 1 Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : 603-7723 6500
Fax : 603-7726 3986

SHARE REGISTRAR

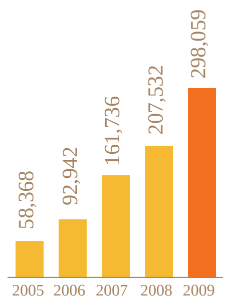
PFA Registration Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 603-2264 3883
Fax : 603-2282 1886

STOCK EXCHANGE LISTING

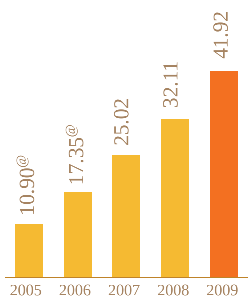
Bursa Malaysia Securities Berhad
Main Board
(Listed on 20 September 1994)
Stock name : RCECAP
Stock code : 9296

Group Financial Highlights

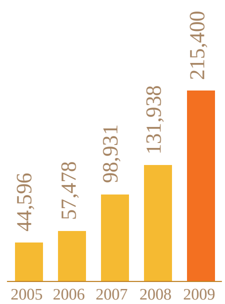
SHAREHOLDERS' FUNDS
(RM'000)



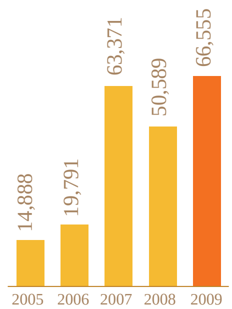
NET ASSETS PER SHARE
(sen)



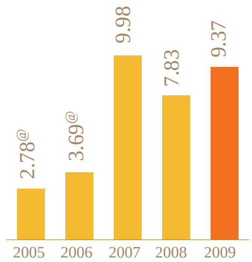
REVENUE
(RM'000)



NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS
(RM'000)



EARNINGS PER SHARE
(sen)



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

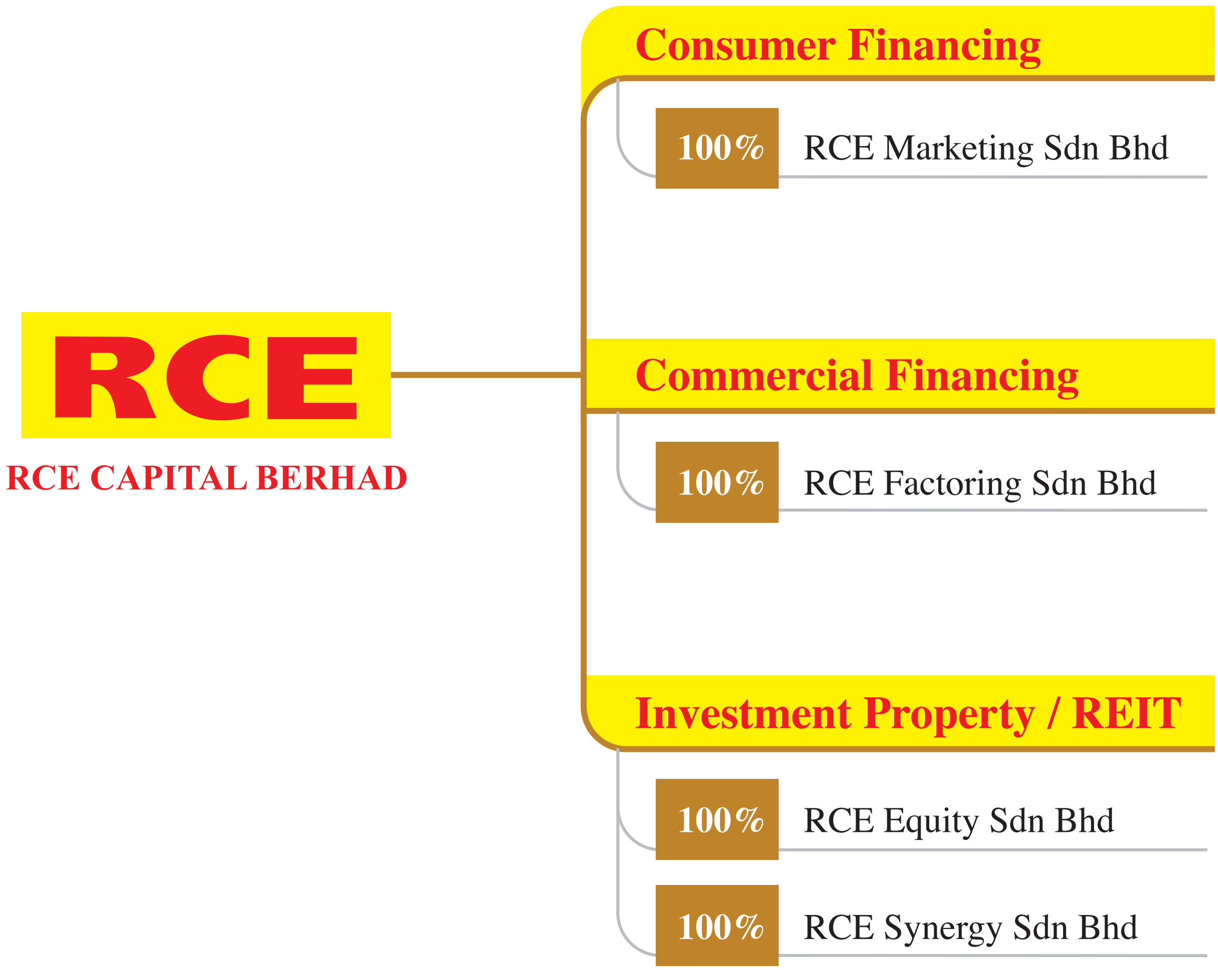
	2005	2006	2007	2008	2009
Property, plant and equipment	10,079	1,344	1,759	3,463	3,745
Investment properties	-	1,771	1,735	1,698	2,846
Goodwill on consolidation	19,002	28,344	28,677	28,677	28,677
Loan receivables - Non current portion	59,598	220,284	368,968	609,349	839,444
Investments	29,199	61,170	31,557	31,557	30,387
Deferred tax assets	4,000	6,597	7,892	2,894	2,769
Current assets	35,019	83,119	247,854	298,489	373,375
Long term and deferred liabilities	(72,614)	(272,993)	(456,715)	(590,916)	(636,783)
Current liabilities	(22,782)	(36,694)	(69,991)	(177,679)	(346,402)
Share capital	40,151	46,893	64,634	64,634	71,097
Shareholders' funds	58,368	92,942	161,736	207,532	298,059
Net assets (NA)	58,368	92,942	161,736	207,532	298,059
NA per share (sen)	10.90@	17.35@	25.02	32.11	41.92

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

	2005	2006	2007	2008	2009
Revenue	44,596	57,478	98,931	131,938	215,400
Profit before tax	18,912	23,512	73,760	66,761	92,335
Profit after tax	17,001	22,315	63,371	50,589	66,555
Net proft attributable to shareholders	14,888	19,791	63,371	50,589	66,555
Earnings per share (sen)	2.78@	3.69@	9.98	7.83	9.37

Notes
@ Adjusted for bonus issue

Corporate Structure



Profile of Directors

TAN SRI DATO' AZMAN HASHIM
Non-Independent Executive Chairman

Y. Bhg. Tan Sri Dato' Azman Hashim, a Malaysian, aged 70, was appointed to the Board on 2 December 1988.

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

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

Profile of Directors

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

Y. Bhg. Major General (Rtd) Dato' Haji Fauzi bin Hussain, a Malaysian, aged 69, was appointed to the Board on 25 April 2003.

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

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

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

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

Y. Bhg. Datuk Mohd Zaman Khan @ Hassan bin Rahim Khan, a Malaysian, aged 66, was appointed to the Board on 26 March 1998.

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

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

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

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

Y. Bhg. Dato' Che Md Nawawi bin Ismail, a Malaysian, aged 59, was appointed to the Board on 28 February 2006.

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

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

Profile of Directors

CHEW KENG YONG
Independent Non-Executive Director

Mr. Chew Keng Yong, a Malaysian, aged 54, was appointed to the Board on 17 April 2001.

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

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

Mr. Chew is also a Board member of Focus On The Family (Malaysia) Sdn Bhd, a non-profit organisation dedicated to strengthen and enrich families in Malaysia. He is an Adjunct Faculty member of the Faculty of Arts and Social Science of University Tunku Abdul Rahman since January 2007. He is also the Chairman of Kolej IACT Sdn Bhd.

SOO KIM WAI
Non-Independent Non-Executive Director

Mr. Soo Kim Wai, a Malaysian, aged 48, was appointed to the Board on 11 August 1997.

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

He joined AmcorpGroup 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, he also sits on the Board of AMDB Berhad, AMMB Holdings Berhad, AmProperty Trust Management Berhad, Kesas Holdings Berhad and MCM Technologies Berhad.

SHALINA AZMAN
Non-Independent Non-Executive Director

Puan Shalina Azman, a Malaysian, aged 42, 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 AmcorpGroup Berhad ("AMCORP") from 1995 to 1999 as a Senior Manager, Corporate Planning. She was subsequently appointed as the Managing Director of the Company on 1 September 2000. On 31 July 2002, Puan Shalina resigned as the Managing Director of the Company to re-join AMCORP and on 1 August 2002, she was appointed as the Deputy Managing Director of AMCORP.

Apart from AMCORP, Puan Shalina is also the Deputy Chairman of AMDB Berhad and a Director of MCM Technologies Berhad.

Profile of Directors

SHAHMAN AZMAN
Non-Independent Non-Executive Director

Encik Shahman Azman, a Malaysian, aged 34, was appointed to the Board on 2 June 2008.

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

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

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

DETAILS OF MEMBERSHIP IN BOARD COMMITTEES

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

Notes:

Tan Sri Dato' 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 have any family relationship with any Director and/or major shareholder of the Company.

None of the Directors have any conflict of interest with the Company.

None of the Directors have been convicted for offences within the past 10 years.

Chairman's Statement

Dear Shareholders

On behalf of the Board of Directors (the "Board"), it is my pleasure to present to you the Annual Report and Audited Financial Statements of RCE Capital Berhad (the "Group") for the financial year ended 31 March 2009.

ECONOMIC REVIEW

The past year has been a stormy one marked by unprecedented events stemming from the US subprime housing crisis which developed into a global economic slowdown.

As a country that depends highly on external trade, Malaysia was not spared from the knock-on effects of this global crisis. Robust GDP growth recorded in the first half of 2008 was dragged down by weaker expansion in the second half-year, resulting in a modest 4.6% GDP growth for the full year. This decline was largely due to major reversal in commodity prices coupled with the worsening global economic conditions which hurt our country's exports in the second half of the year. The resultant slowdown in private investment and consumption especially in the fourth quarter has brought inflation, which peaked at 8.5% in July 2008, down to an average of 5.4% by year end.

The larger-than-expected economic contraction in the first quarter of 2009 has prompted a revision in the GDP forecast for the year to be between minus 4.0% and minus 5.0%. Despite this downward adjustment, the combination of fiscal stimulus, access to credit, rising commodity prices as well as stabilising external conditions is expected to support the economic recovery foreseeable in the second half of 2009.

PERFORMANCE REVIEW

Notwithstanding this backdrop, the Group continued its growth momentum in the financial year ended 31 March 2009. Operating profit grew by 38.4% from RM66.7 million to RM92.3 million in the current financial year, bolstered by improved revenue of 63.3% to RM215.4 million. Accordingly, net profit after tax registered a 31.6% growth to RM66.6 million from RM50.6 million previously. The Group's strong performance was achieved on the back of a 36.1% increase in loan base as a result of our continuous efforts in product development and market penetration.

Return on equity posted a slight decrease to 22.3% from 24.4% in the last financial period due to the enlarged share capital and share premium in the equity base arising from the share placement completed in April 2008. In spite of this, our earnings per share rose by 19.7% to 9.37 sen compared to 7.83 sen in the previous financial year.

Consumer Financing

This segment continues to be the key performance driver of the Group. For the first time, our loan base surpassed the RM1.0 billion mark to stand at RM1,025.5 million, representing an increase of RM271.8 million for this financial year. Correspondingly, operating profit from personal loans financing grew 14.9% from RM67.2 million to RM77.2 million.

The commendable performance was primarily attributed to the introduction of new products and enhanced services alongside continued network expansion particularly in the rural and suburban areas. In this respect, we have expanded our sales network to 58 branches from 51 branches previously.

Our new products, introduced in late 2008, were well received by the market, contributing to the increased sales volume and revenue. Constant revision and improvement in our operational and delivery efficiencies to provide unmatched customer service have also helped the Group to gain market share in the current financial year.

Commercial Financing

Despite the slowdown in economic activities, our commercial financing business still managed to register an 82.8% growth in revenue amounting to RM5.3 million compared to RM2.9 million previously. This was supported by higher receivables which grew by 70.6% from RM20.1 million to RM34.3 million in the current year.

Although revenue improved, our operating profit declined to less than RM0.1 million due to impairment provisions for accounts adversely affected by the economic slowdown.

Despite this, we expect the performance of this division to improve when the business environment recovers.

CORPORATE DEVELOPMENT

The Group had, in late 2007, launched the AAA-rated RM1.5 billion Asset-Backed Securities Programme through Tresor Assets Berhad, a trust-owned special purpose vehicle. Since the programme's inception, five tranches totalling RM496.9 million have been issued to fund the continuing growth of the consumer loan financing business.

Two proposed corporate exercises were announced in May 2009, involving a share placement of up to 10% of the Group's issued and paid-up capital ("Placement") and the establishment of an Employees' Stock Option Scheme ("ESOS"). The Placement will further enhance the Group's capital base and provide additional funding expeditiously to grow our business. The ESOS, on the other hand, serves as a reward to the Group's key personnel for their invaluable contribution to our success over the years as well as an incentive to further improve shareholder value.

While the Group has obtained approval from the Securities Commission for the Placement, the ESOS is still subject to approvals from the relevant parties. Both these proposals are expected to be implemented by 31 December 2009.

INVESTOR RELATIONS ("IR")

The Group has been selected to participate in the Bursa Malaysia-initiated IR Incentive Programme which is administered by the Malaysian Investor Relations Association. This 2-year programme is an avenue for the Group to enhance its IR function through, amongst others, professional IR advisory support and a comprehensive IR portal which is widely disseminated across other popular networks/portals.

The Group also communicates actively with research analysts and potential investors through regular meetings and teleconferences throughout the year to generate greater interest and liquidity in the Group's shares.

As part of good corporate governance, the Group constantly makes timely announcements of its financial results, corporate developments and other required disclosures to its shareholders, regulatory agencies and the stock exchange. These are also made available to the general public and potential investors through our website (http://www.rce.com.my).

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Group is in partnership with the National Kidney Foundation ("NKF") and has been an active supporter of the foundation's various activities since 2007. These include a one-day public Health Talk and Screening Programme which was jointly held with the NKF during the year. Through the NKF, the Group has also provided financial assistance for dialysis treatments and medication for needy patients.

The Group is mindful of its social responsibilities and will continue to explore options to expand its CSR initiatives to include organisations in other fields apart from healthcare.

DIVIDENDS

The Board is pleased to recommend a final dividend of 10% less tax of 25% (last year: 10% less tax of 25%), resulting in a net payment of approximately RM5.3 million to shareholders. This represents an 8.0% payout of the net profit of RM66.6 million which is in line with the Group's dividend policy of paying part of the net profit as dividend while retaining sufficient shareholders' funds for future growth.

Chairman's Statement

CHALLENGES & PROSPECTS

The Government has so far introduced two stimulus packages totalling RM67.0 billion to drive the recovery of our economy. It has also recently announced several measures to spur both foreign and domestic investments in Malaysia.

As a result of these initiatives, we are beginning to see some signs of recovery in the economy, particularly in the equity and credit markets. Consumer confidence and consumption are also improving. This will help sustain the overall credit appetite and growth in the Group's loan financing business.

However, the business environment remains challenging due to intense competition in the consumer credit market. In view of this, we have put in place several measures to address these challenges.

Besides streamlining our processes and improving our delivery service, we are introducing new products, including Islamic financing packages, and additional incentives to cater for different segments of the consumer credit market.

We remain focused on improving our asset quality through prudent lending and will continue to seek new funding sources to reduce our financing costs.

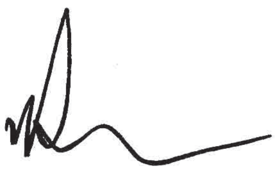
Barring any unforeseen circumstances, we remain confident of achieving growth and improving our performance for the coming financial year.

ACKNOWLEDGMENT

I would like to express my appreciation to my fellow Board members for their invaluable guidance and to our management and staff for their commitment and dedication to the Group.

I am also grateful to our shareholders, business associates and the relevant authorities for their continuing support and confidence in the Group.

Yours sincerely



Tan Sri Dato' Azman Hashim
Chairman

28 July 2009

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") throughout the financial year.

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 blend of professional backgrounds. 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. The profile of each Director is set out in the Profile of Directors of the 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 Non-Executive Directors is in compliance with paragraph 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad ("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 engage in the day-to-day management of the Company and do not participate 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 in the Board.

Y. Bhg. Tan Sri Dato' Azman Hashim, the Executive Chairman is primarily responsible for the orderly conduct and working of the Board. There is no appointment of Chief Executive Officer/Managing Director in the Company. The day-to-day running of the business of the Company is the responsibilities of the Heads of RCE's business and operating units, whose functions are separate and distinct from the Executive Chairman. The Executive Chairman has not previously been a Chief Executive Officer of the Company.

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

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

- the effectiveness of the Board as a whole;
- Board size, composition and balance; and
- contributions of individual Directors 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, corporate proposals and strategic issues that affect the Group's business operations.

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 delivered 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 members 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 one month prior to the release of the quarterly financial results announcement.

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

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

Name of Director	No. of Meetings Attended
Tan Sri Dato' Azman Hashim *(Non-Independent Executive Chairman)*	4/4
Major General (Rtd) Dato' Haji Fauzi Hussain *(Independent Non-Executive Director)*	4/4
Datuk Mohd Zaman Khan @ Hassan bin Rahim Khan *(Independent Non-Executive Director)*	4/4
Dato' Che Md Nawawi bin Ismail *(Independent Non-Executive Director)*	4/4
Chew Keng Yong *(Independent Non-Executive Director)*	4/4
Soo Kim Wai *(Non-Independent Non-Executive Director)*	4/4
Shalina Azman *(Non-Independent Non-Executive Director)*	4/4
Shahman Azman *(Non-Independent Non-Executive Director)* *(Appointed on 2 June 2008)*	3/3

Appointment to the Board

The proposed appointment of new Board members as well as the proposed re-election of existing Directors who are seeking re-election 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 to be presented to shareholders for approval.

Re-election of Directors

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

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

Directors' Training

The Board acknowledges the importance of continuous training in order to broaden one's perspective and to keep abreast with the current industry developments as well as new statutory and regulatory requirements. 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, the Company had organised a one-day in-house training on "*Leadership Paradigms for the New Millennium*" conducted by external consultant for the Directors and senior management. The Directors also continued to attend and participate in various training courses, conferences, executive workshops and seminars, which they have individually considered as relevant and useful to enhance their ability in discharging their duties and responsibilities more effectively.

Some of the conferences, seminars and training programmes attended by the Directors during the financial year ended 31 March 2009 are as follows:

Key Areas	Topics
Corporate Governance & Risk Management	• Corporate Governance and Ethics: Strengthening Professionalism Through Ethics by Securities Industry Development Corporation • Oversight of Risk Management: Considering the Audit Committee's Role and Responsibilities by KPMG Audit Committee Institute • 1st Treasury, Trading and Risk Management Conference 2008
Directors' Duties & Obligations	• Financial Institutions Directors' Education Programme
Leadership	• Leadership Paradigms for the New Millennium
Islamic Financing	• Malaysia Islamic Finance Issuers & Investors Forum 2008 • Institute of International Finance Conference On "Enhancing The Resilience and Stability of The Islamic Financial System" by The Islamic Financial Services Board

Key Areas	Topics
Business & Economics	• High Level Visioning Workshop on the Malaysian Capital Market by Securities Commission • Malaysia-Japan Business Forum • Taipan 2009 – The Making of Asia Giants • Business Forum by Loedstar S.A., London • The Asia Pacific Families in Business Conference • 4th South East Asian Central Banks (SEACEN) Research and Training Centre/ APEC Business Advisory Council/Asian Bankers' Association/Pacific Economic Cooperation Council Public-Private Dialogue for the Asia-Pacific Region
Financial, Taxation & Investment	• In-House Seminar on FRS139 Financial Instrument: Recognition and Measurement Training • Financial Reporting During Turbulence Forum • Tun Mahathir Lecture Series 2008 entitled "Why Is Global Financial Volatility So High" by Nobel Laureate Professor Robert Fry Engle lll • Investment Seminar by HwangDBS Investment Management • Credit Suisse Market Outlook Seminar • CPA Australia 12th Asian Regional Conference - Changing Landscapes: Be In The Forefront! • National Tax Conference • In-House Special Budget 2009 Briefing by Ernst & Young Tax Consultants Sdn Bhd

The Nomination & Remuneration Committee has reviewed and is satisfied that the Directors have received the necessary training during the financial year ended 31 March 2009 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 Directors which are vital to the Company. Additional allowances are paid to Non-Executive Directors in accordance with the number of meetings attended during the financial year. The Directors will abstain from participating in the discussion and decision of their own remuneration.

For the Executive Director, the remuneration packages link rewards to corporate performance and Key Performance Indicators results and taking into consideration the market or industry practice. Save as disclosed below, there is no other long term incentives such as share option scheme implemented for the Executive Director. The Company has in place Directors' and Officers' liability insurance ("D&O") and the Directors are required to contribute jointly to the premium of the D&O policy.

Details of the Directors' remuneration for the financial year ended 31 March 2009 are as follows:

- **Aggregate Remuneration**

Category	Executive Director (RM)	Non-Executive Directors (RM)	Total (RM)
Fees	-	136,500	136,500
Other Emoluments	864,000	39,000	903,000
Defined contributions	246,240	-	246,240
Benefits-in-kind	385,400	-	385,400

- **Analysis of Remuneration**

Range of Remuneration	No. of Executive Directors	No. of Non-Executive Directors
RM50,000 & below	-	7
RM1,350,001 – RM1,400,000	1	-

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

BOARD COMMITTEES

The Board has delegated certain responsibilities to the Board Committees which operate within defined terms of reference approved by the Board to assist the Board in discharging its fiduciary duties and responsibilities. The Board Committees include the Audit Committee and the Nomination & Remuneration 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. Major General (Rtd) Dato' Haji Fauzi bin Hussain
   (Independent Non-Executive Director) – Chairman
2. Datuk Mohd Zaman Khan @ Hassan bin Rahim Khan
   (Independent Non-Executive Director)
3. Dato' Che Md Nawawi bin Ismail
   (Independent Non-Executive Director)
4. Chew Keng Yong
   (Independent Non-Executive Director)
5. Soo Kim Wai
   (Non-Independent Non-Executive Director)

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

During the financial year, the Audit Committee held four (4) meetings whereby the external auditors attended two (2) of the meetings and also met with the Committee members without the Company executives present.

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

Nomination & Remuneration Committee

The Nomination Committee and the Remuneration Committee were merged on 27 August 2008 for administrative efficiency since both committees comprised the same Non-Executive Directors. The merged committee is known as the Nomination & Remuneration Committee and is made up entirely of Non-Executive Directors. The members of the Nomination & Remuneration Committee are as follows:

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

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

(a) **Appointment and Evaluation**

(i) To consider and recommend candidates for directorship to the Board and membership to Board Committees based on the following broad criteria:
- skills, knowledge, expertise and experience;
- professionalism;
- integrity; and
- for independent non-executive directors, the ability to discharge their duties.

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

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

(iv) Reviewing the training needs of Directors.

(b) **Remuneration**

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

The Nomination & Remuneration Committee meets at least once in a financial year and whenever required. During the financial year, one (1) meeting each was held by the Nomination Committee and Remuneration Committee respectively before their merger during which it review:

- the appointment of Encik Shahman Azman and recommended his appointment to the Board as Non-Independent Non-Executive Director;
- undertook an evaluation exercise on Board effectiveness, composition and balance as well as effectiveness of the Committees and contribution from each individual Director of the Company;
- undertook a review of all Directors who are due for re-election at the Company's annual general meeting to determine whether or not to recommend their re-election;
- review the training courses attended by the Directors; and
- undertook a review of annual salary increment and bonus for the Executive Chairman.

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

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.

Statement on Corporate Governance

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 judgments 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 page 32 to 33 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. Summary of activities carried out during the year by the Audit Committee are detailed in the Audit Committee Report.

Relationship with Auditors

The Company, through its Audit Committee, has established a transparent and appropriate relationship with the Company's auditors, both internal and external. It is the policy of the Audit Committee to meet the external auditors, Messrs Deloitte KassimChan to discuss their audit plan, audit findings and the financial statements. The Audit Committee also meets the external auditors without the presence of the management at least twice a year and whenever deemed necessary.

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

RELATIONSHIP AND COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

Communication with Shareholders

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

The Company's annual general meeting remains the principal forum for dialogue and interaction with shareholders. Shareholders are encouraged to participate in the question and answer session and to raise any questions relating to the proposed resolutions as well as Group's business operations and affairs.

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

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

Investor Relations

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

Primary contact for investor relations matters is Mr. Loh Kam Chuin, Executive Director, Corporate Affairs. Mr. Loh, aged 42, holds a degree in Banking and Finance from the University of South Australia. He has been with the Group since year 1995 and manages the investor relations.

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

CORPORATE SOCIAL RESPONSIBILITY

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

The Company together with its related company has chosen National Kidney Foundation ("NKF"), a non-profit charitable organisation which is dedicated towards promoting the prevention and treatment of kidney diseases through education, training and medical research. The collaboration will involve participating and contributing to the various events, campaign and activities of NKF in various forms such as donations, sponsorships, staff volunteers and resources.

The Group in collaboration with NKF had on 22 October 2008 organised a one day event on Health Talk & Screening Programme for its staff and the public at Bangunan AmAssurance whereby participants were given free health screening. During the event, our employees collected cash donation from the staff and public for NKF. Besides that, the Group also made contribution in the form of money to NKF which goes towards providing subsidised dialysis treatment and medication for the needy kidney failure patients.

Statement on Corporate Governance

Our celebration of festivities has also included those who are less fortunate. During the Ramadhan fasting month, the Group through its holding company also took part in the Buka Puasa event organised for the orphanage children at Amcorp Mall, Petaling Jaya.

In addition, the Group also provided a venue at Amcorp Mall Charity Bazaar for use by charitable organisations to conduct their fund raising activities. Ongoing initiatives such as recycling campaign are deployed by the Group with the objective to preserve the environment.

The Group will continue to channel its corporate social responsibilities through NKF and its various programmes. The Group will also participate in other activities which will benefit the community especially around its places of business as well as other charitable activities where appropriate.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 27 May 2009.

Health talk by representatives of
National Kidney Foundation

Public queuing for free health screening

Body mass index check

Blood glucose and cholesterol check

Additional Compliance Information

1. **Material Contracts**

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

2. **Share Buy-back**

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

3. **Options, Warrants or Convertible Securities**

   There were no options, warrants or convertible securities issued by the Company during the financial year.

4. **American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")**

   There were no ADR or GDR programme sponsored by the Company during the financial year.

5. **Non-Audit Fees**

   The amount of non-audit fees incurred for services rendered to the Company and its subsidiaries by the Company's auditors, or a firm or company affiliated to the auditors' firm for the financial year ended 31 March 2009 was RM135,813.

6. **Profit Guarantee**

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

7. **Imposition of Sanctions and/or Penalties**

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

8. **Variation in Results**

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

9. **Utilisation of Proceeds**

   The proceeds totalling RM210.4 million from the following proposals:

   (a) the issuance of 64,633,700 new ordinary shares of RM0.10 each at a premium of RM0.355 per share in the Company for a cash consideration of RM29.4 million ("Private Placement"); and

(b) the issuance of RM200.0 million out of a total of RM1.5 billion Asset-Backed Securities ("ABS") by Tresor Assets Berhad backed by loan receivables originated by RCE Marketing Sdn Bhd, a subsidiary company with a net proceeds of RM181.0 million

were utilised as follows:

Description	RM'000
Proceeds - ABS	181,000
- Private Placement	29,408
Total proceeds	210,408
Payment of expenses	(104)
Repayment of borrowings	(210,304)
Balance as at 31 March 2009	-

10. List of Properties and Revaluation Policy

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

Location	Tenure	Age of Building Years	Area sq. ft.	Description	Net Book Value RM'000	Date of Acquisition	Expiry Date
Unit No. 1502 Level 15 Menara PJ Pusat Perdagangan Amcorp No.18 Jalan Persiaran Barat 46050 Petaling Jaya Selangor Darul Ehsan	Leasehold	12	5,511	Office	1,662	31.12.2004	11.09.2088
Unit 24 Jalan 4/146 Bandar Tasik Selatan 57000 Kuala Lumpur	Leasehold	9	11,520	6-storey shop lot	1,184	5.09.2008	29.06.2087
					2,846		

Save as disclosed above, the Company does not have any landed properties and has not adopted any revaluation policy.

11. Recurrent Related Party Transactions

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

Statement on Internal Control

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

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

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

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

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

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

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

    The Group has engaged the services of the internal audit department of AmcorpGroup 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 39, since year 2001. She is a member of the Malaysian Institute of Certified Public Accountants (MICPA).

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

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

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

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

- Key functions such as accounts, tax, corporate secretarial, treasury, insurance and legal matters are controlled centrally. The Corporate Secretarial Department is headed by the Company Secretary, Mr. Johnson Yap Choon Seng, aged 39, 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 and is a member of the Malaysian Institute of Accountants (MIA) and Association of Certified Chartered Accountants (ACCA).

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

** Mr. Soo Kim Wai is a member of the Malaysian Institute of Accountants*

MEETINGS AND ATTENDANCE

During the financial year ended 31 March 2009, the Audit Committee held four (4) meetings. The details of attendance of the Audit Committee members are as follows:

Name	No. of Meetings Attended
Major General (Rtd) Dato' Haji Fauzi bin Hussain	4/4
Datuk Mohd Zaman Khan @ Hassan bin Rahim Khan	4/4
Dato' Che Md Nawawi bin Ismail	4/4
Chew Keng Yong	4/4
Soo Kim Wai	4/4

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

Audit Committee Report

TERMS OF REFERENCE

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

1.0 Composition

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

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

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

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

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

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

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

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

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

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

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

2.0 Quorum and Procedures of Meetings

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

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

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

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

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

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

3.0 Authority

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

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

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

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

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

4.0 Duties and Responsibilities

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

(a) Risk Management and Internal Control

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

(b) Internal Audit

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

(c) External Audit

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

(d) Audit Reports

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

(e) Financial Reporting

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

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

(f) Related Party Transactions

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

(g) Allocation of Share Options

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

(h) Other Functions

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

SUMMARY OF ACTIVITIES

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

- **Financial Results**

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

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

- **Internal Audit**

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

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

  c. Reviewed the internal audit reports, audit recommendations made and management 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.

- **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 appointment and remuneration.

- **Related Party Transactions**

  Reviewed the related party transactions entered into by the Group. Reviewed the recurrent related party transactions of a revenue or trading nature on quarterly basis.

INTERNAL AUDIT FUNCTION

The Company engaged the services of the internal audit department of AmcorpGroup Berhad, a major shareholder of the Company, to perform its internal audit functions. The total cost incurred for the internal audit function of the Group for the financial year ended 31 March 2009 is RM98,000.

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

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

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

Financial Statements

Directors' Report

The directors of **RCE CAPITAL BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company are 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 the principal activities of the Company and its subsidiary companies during the financial year.

FINANCIAL RESULTS

The audited results of the Group and of the Company for the financial year ended 31 March 2009 are as follows:

	The Group RM	**The Company RM**
Profit for the financial year	66,554,674	6,109,850

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

DIVIDENDS

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

	RM
In respect of financial year ended 31 March 2008:	
Final dividend of 10%, less tax of 25% on 710,971,340 ordinary shares, declared on 4 August 2008 and paid on 22 September 2008	5,332,285

At the forthcoming annual general meeting, a final dividend in respect of the financial year ended 31 March 2009 of 10%, less tax of 25% on 710,971,340 ordinary shares, amounting to RM5,332,285 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 2010.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from RM64,633,764 to RM71,097,134 by way of the issuance of 64,633,700 ordinary shares of RM0.10 each through a private placement exercise at an issue price of RM0.455 per ordinary share for cash, for additional working capital purposes. The newly issued shares rank pari passu in all respects with the existing shares of the Company.

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

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

OTHER FINANCIAL INFORMATION

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

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

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

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

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

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

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

OTHER FINANCIAL INFORMATION (CONT'D)

(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, in the opinion of the directors, 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 Dato' Azman Hashim
Mej. Gen. (Rtd) Dato' Haji Fauzi Bin Hussain
Datuk Mohd Zaman Khan @ Hassan Bin Rahim Khan
Dato' Che Md Nawawi Bin Ismail
Chew Keng Yong
Soo Kim Wai
Shalina Azman
Shahman Azman (Appointed on 2 June 2008)

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.10 each			
	Balance as at 1.4.2008	Bought	Sold	Balance as at 31.3.2009
Direct interest				
Chew Keng Yong	963,600	-	-	963,600
Indirect interest				
Tan Sri Dato' Azman Hashim	280,777,169	14,108,500	-	294,885,669

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

None of the other directors holding office at the end of the financial year held any shares in the Company or its related companies during and at the end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except for any benefit which may be deemed to have arisen by virtue of the balances and transactions with companies in which certain directors of the Company are also directors and/or have substantial financial interests as disclosed in Note 25 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Details of a significant event are disclosed in Note 37 to the financial statements.

SUBSEQUENT EVENTS AFTER BALANCE SHEET DATE

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

AUDITORS

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

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

TAN SRI DATO' AZMAN HASHIM

SOO KIM WAI

Kuala Lumpur
27 May 2009

Independent Auditors' Report

to the Members of RCE Capital Berhad (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of **RCE CAPITAL BERHAD**, which comprise the balance sheets as at 31 March 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 48 to 118.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards and 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 2009 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

Deloitte Kassimchan

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

Wu Chih Shan

WU CHIH SHAN
Partner - 1887/03/10 (J)
Chartered Accountant

Petaling Jaya
27 May 2009

Income Statements

For the Financial Year Ended 31 March 2009

		The Group		The Company	
		2009	2008	2009	2008
	Note	RM	RM	RM	RM
Revenue	5	215,400,202	131,937,828	7,400,811	10,628,316
Other income		8,888,194	6,649,925	5,688,304	12,029,247
Interest expense applicable to revenue	6	(53,914,350)	(43,829,816)	(3,052,000)	(5,365,087)
Directors' remuneration	7	(1,285,740)	(1,171,450)	(175,500)	(182,000)
Staff costs	8	(8,197,027)	(5,937,820)	(134,251)	(91,288)
Depreciation of property, plant and equipment	15	(1,432,693)	(704,492)	(10,494)	(10,494)
Depreciation of investment properties	16	(50,203)	(36,583)	-	-
Allowance for impairment loss in short term investments	22	(558,960)	(3,441,250)	-	-
Other expenses		(66,462,195)	(16,641,067)	(847,396)	(840,324)
Finance costs	9	(52,318)	(64,162)	(6,739)	(979,879)
Profit before tax	10	92,334,910	66,761,113	8,862,735	15,188,491
Income tax expense	11	(25,780,236)	(16,172,158)	(2,752,885)	(2,747,979)
Profit for the financial year		66,554,674	50,588,955	6,109,850	12,440,512
Attributable to:					
Equity holders of the Company		66,554,674	50,588,955		
Earnings per share attributable to equity holders of the Company:					
Basic (sen)	13	9.37	7.83		

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

Balance Sheets

As at 31 March 2009

		The Group		The Company	
		2009	2008	2009	2008
	Note	RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	15	3,745,049	3,463,078	67,486	77,980
Investment properties	16	2,846,096	1,698,099	-	-
Investments in subsidiary companies	17	-	-	64,671,956	64,671,956
Goodwill on consolidation	18	28,676,975	28,676,975	-	-
Loan receivables	19	839,444,445	609,348,959	-	-
Other investments	20	30,387,175	31,557,173	2	-
Deferred tax assets	21	2,769,098	2,894,292	-	-
Total Non-Current Assets		907,868,838	677,638,576	64,739,444	64,749,936
Current Assets					
Short term investments	22	4,028,333	4,587,293	-	-
Loan receivables	19	112,495,089	71,737,200	-	-
Trade receivables	23	34,209,517	21,857,362	-	-
Other receivables, deposits and prepaid expenses	24	8,580,542	21,314,322	440,012	874,918
Amounts due from subsidiary companies	25	-	-	86,211,576	71,531,970
Deposits with licensed financial institutions	26	204,510,821	176,241,854	54,953	36,002
Cash and bank balances	26	9,550,817	2,750,668	278	14,869
Total Current Assets		373,375,119	298,488,699	86,706,819	72,457,759
Total Assets		1,281,243,957	976,127,275	151,446,263	137,207,695

Balance Sheets
As at 31 March 2009

		The Group		The Company	
		2009	2008	2009	2008
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	27	71,097,134	64,633,764	71,097,134	64,633,764
Reserves	28	226,961,415	142,898,191	37,911,294	14,292,894
Total Equity		298,058,549	207,531,955	109,008,428	78,926,658
Non-Current Liabilities					
Hire-purchase payables	29	486,326	684,204	12,066	34,927
Finance lease payables	30	26,965	152,288	-	-
Borrowings	31	622,304,328	589,806,994	40,000,000	40,000,000
Deferred tax liabilities	21	13,965,418	272,883	3,977	-
Total Non-Current Liabilities		636,783,037	590,916,369	40,016,043	40,034,927
Current Liabilities					
Other payables and accrued expenses	32	46,079,890	39,723,495	1,100,050	863,245
Amount due to a subsidiary company	25	-	-	574,338	17,242,385
Hire-purchase payables	29	197,878	189,613	22,861	21,182
Finance lease payables	30	125,323	186,864	-	-
Borrowings	31	298,356,604	135,916,581	-	-
Tax liabilities		1,642,676	1,662,398	724,543	119,298
Total Current Liabilities		346,402,371	177,678,951	2,421,792	18,246,110
Total Liabilities		983,185,408	768,595,320	42,437,835	58,281,037
Total Equity and Liabilities		1,281,243,957	976,127,275	151,446,263	137,207,695

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

Statements of Changes in Equity

For the Financial Year Ended 31 March 2009

	Note	Share Capital RM	Non-Distributable Reserve Share Premium RM	Distributable Reserve Retained Earnings RM	Total Reserves RM	Total RM
The Group						
Balance as at 1 April 2007		64,633,764	3,563,039	93,539,096	97,102,135	161,735,899
Profit for the financial year		-	-	50,588,955	50,588,955	50,588,955
Dividends	14	-	-	(4,782,899)	(4,782,899)	(4,782,899)
Shares issue expenses		-	(10,000)	-	(10,000)	(10,000)
Balance as at 31 March 2008		64,633,764	3,553,039	139,345,152	142,898,191	207,531,955
Profit for the financial year		-	-	66,554,674	66,554,674	66,554,674
Dividends	14	-	-	(5,332,285)	(5,332,285)	(5,332,285)
Issuance of private placement shares		6,463,370	22,944,963	-	22,944,963	29,408,333
Shares issue expenses		-	(104,128)	-	(104,128)	(104,128)
Balance as at 31 March 2009		71,097,134	26,393,874	200,567,541	226,961,415	298,058,549
The Company						
Balance as at 1 April 2007		64,633,764	3,563,039	3,082,242	6,645,281	71,279,045
Profit for the financial year		-	-	12,440,512	12,440,512	12,440,512
Dividends	14	-	-	(4,782,899)	(4,782,899)	(4,782,899)
Shares issue expenses		-	(10,000)	-	(10,000)	(10,000)
Balance as at 31 March 2008		64,633,764	3,553,039	10,739,855	14,292,894	78,926,658
Profit for the financial year		-	-	6,109,850	6,109,850	6,109,850
Dividends	14	-	-	(5,332,285)	(5,332,285)	(5,332,285)
Issuance of private placement shares		6,463,370	22,944,963	-	22,944,963	29,408,333
Shares issue expenses		-	(104,128)	-	(104,128)	(104,128)
Balance as at 31 March 2009		71,097,134	26,393,874	11,517,420	37,911,294	109,008,428

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

Cash Flow Statements

For the Financial Year Ended 31 March 2009

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the financial year	66,554,674	50,588,955	6,109,850	12,440,512
Adjustments for:				
Income tax expense	25,780,236	16,172,158	2,752,885	2,747,979
Allowance for impairment loss in short term investments	558,960	3,441,250	-	-
Amortisation of discount on medium term notes ("MTNs")	1,614,206	1,467,381	-	-
Allowance for doubtful debts, net	23,898,710	1,215,194	-	-
Depreciation of property, plant and equipment	1,432,693	704,492	10,494	10,494
Loss on early redemption of MTNs	200,000	-	-	-
Finance costs	52,318	64,162	6,739	979,879
Depreciation of investment properties	50,203	36,583	-	-
Property, plant and equipment written off	6,613	5,761	-	-
Investment income	(6,342,366)	(5,239,407)	(20,258)	(8,031)
Dividend income	(2,730,363)	(1,952,688)	-	(5,502,365)
Gain on disposal of property, plant and equipment	-	(11,500)	-	(5,000)
Interest income from amounts due from subsidiary companies	-	-	(5,668,046)	(6,778,140)
Waiver of debt due to subsidiary companies, net	-	-	-	(5,185,322)
Operating Profit/(Loss) Before Working Capital Changes	111,075,884	66,492,341	3,191,664	(1,299,994)

Cash Flow Statements

For the Financial Year Ended 31 March 2009

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Decrease/(Increase) in:				
Short term investments	-	471,150	-	-
Loan receivables	(292,019,965)	(267,635,332)	-	-
Other receivables, deposits and prepaid expenses	7,588,902	(6,767,821)	434,906	(119,082)
Trade receivables	(15,084,275)	(6,852,324)	-	-
Amounts due from subsidiary companies	-	-	(9,011,560)	4,062,652
Increase/(Decrease) in:				
Other payables and accrued expenses	6,137,564	2,169,665	222,471	137,084
Amount due to a subsidiary company	-	-	(16,671,224)	(746,006)
Cash (Used In)/Generated From Operations	(182,301,890)	(212,122,321)	(21,833,743)	2,034,654
Taxes paid	(14,769,970)	(17,272,723)	(2,143,663)	(2,735,569)
Taxes refunded	7,935,019	939,877	-	21,050
Net Cash Used In Operating Activities	(189,136,841)	(228,455,167)	(23,977,406)	(679,865)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	6,342,366	5,239,407	20,258	8,031
Dividend received	2,730,363	1,952,688	-	5,502,365
Proceeds from disposal of property, plant and equipment	39,293	151,501	-	-
Proceeds from disposal of other investments	1,170,000	-	-	-
Additions to property, plant and equipment	(1,562,673)	(1,370,817)	-	-
Acquisition of a subsidiary, net	(1,194,000)	-	-	-
Acquisition of other investments	(2)	-	(2)	-
Net Cash Generated From Investing Activities	7,525,347	5,972,779	20,256	5,510,396

Cash Flow Statements

For the Financial Year Ended 31 March 2009

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of revolving credits	451,232,487	225,000,000	-	-
Repayment of revolving credits	(349,332,487)	(155,000,000)	-	-
Proceeds from issuance of asset-backed securities ("ABS")	181,000,000	184,000,000	-	-
Redemption of ABS	(20,000,000)	-	-	-
Drawdown of term loans	9,000,000	20,000,000	-	-
Settlement of term loans	(11,010,360)	(21,984,728)	-	-
Redemption of MTNs	(75,200,000)	-	-	-
Issuance of commercial papers	3,000,000	-	-	-
Redemption of bonds and commercial papers, net	(14,000,000)	(14,000,000)	-	-
Drawdown of other borrowings, net	18,433,511	755,968	-	-
Issuance of shares	29,408,333	-	29,408,333	-
Dividends paid	(5,317,951)	(4,770,610)	(5,317,951)	(4,770,610)
Repayment of:				
Hire-purchase payables	(189,613)	(174,273)	(21,182)	(19,755)
Finance lease payables	(186,864)	(259,845)	-	-
Share issuance expenses	(104,128)	(10,000)	(104,128)	(10,000)
Finance costs paid	(52,318)	(64,162)	(3,562)	(4,989)
Net Cash Generated From/(Used In) Financing Activities	216,680,610	233,492,350	23,961,510	(4,805,354)
NET CHANGE IN CASH AND CASH EQUIVALENTS	35,069,116	11,009,962	4,360	25,177
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	178,992,522	167,982,560	50,871	25,694
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 26)	214,061,638	178,992,522	55,231	50,871

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 Board of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The principal place of business of the Company is located at 2-01 Block B, AMCORP Tower, AMCORP Trade Centre, No. 18, Jalan Persiaran Barat, 46050, Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The principal activities of the Company consist of investment holding and provision of management services. The principal activities of the subsidiary companies are set out in Note 17. There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 27 May 2009.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the applicable Malaysian Accounting Standards Board ("MASB") approved accounting standards and 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 and expenses. 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

On 1 April 2008, the Group and the Company adopted all of the new and revised Financial Reporting Standards ("FRSs") that are relevant to the operations and effective for annual periods beginning on or after 1 July 2007 as follows:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of these new and revised FRSs have not resulted in significant changes in accounting policies and financial effect on the financial statements of the Group and of the Company for the current and prior financial years.

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

2.2 Accounting Standards Issued but Not Effective

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

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 10	Interim Financial Reporting and Impairment

Except for FRS 8 which is effective for annual financial statements for period beginning on or after 1 July 2009, these new FRSs and IC Interpretation are effective for annual periods beginning on or after 1 January 2010. The Group and the Company will apply these standards for the financial year beginning 1 April 2010.

FRS 7: Financial Instruments: Disclosures

The adoption of FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements introduce new disclosure requirements in relation to the Group's and the Company's financial instruments and the objectives, policies and processes for managing capital.

FRS 8: Operating Segments

FRS 8 which replaces FRS 114_{2004} Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, the Group presents its segment information based on its business segment as disclosed in Note 12.

FRS 139: Financial Instruments: Recognition and Measurement

This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. By virtue of the exemption in paragraph 103AB of FRS 139, the impact of applying FRS 139 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of Consolidation

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

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

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

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of Consolidation (Cont'd)

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

3.3 Revenue Recognition

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

Revenue of the Company consists of management fee, dividend income from subsidiary companies and investment income.

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

(a) Loan financing

Interest income earned in respect of eligible loan receivables acquired is recognised over the installment period using the sum-of-digits method.

(b) Factoring and confirming activities

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

Overdue interest income from confirming activities is recognised upon collection.

(c) Others

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

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

Rental income is recognised on an accrual basis.

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

Management fees are recognised when services are rendered.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Revenue Recognition (Cont'd)

(c) Others (Cont'd)

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

IT services are recognised when services are rendered.

3.4 Segment Reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

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

3.5 Property, Plant and Equipment and Depreciation

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Property, Plant and Equipment and Depreciation (Cont'd)

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

3.6 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 impairment losses. The corresponding liability is included in the balance sheets as borrowings.

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

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

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

(c) Operating lease

Leases other than finance lease are classified as operating lease and the related rental is charged to the income statements as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Investment Properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, is 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 income statements in the period of the retirement or disposal.

3.8 Investments

(a) Subsidiary companies

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

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

(b) Other investment

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

3.9 Goodwill on Consolidation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Goodwill on Consolidation (Cont'd)

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

3.10 Impairment of Non-Financial Assets excluding Goodwill

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

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

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

3.11 Financial Instruments

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

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

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

(a) Financial instruments recognised on the balance sheets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Financial Instruments (Cont'd)

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

(i) Short term investments

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

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

(ii) Loan receivables

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

(iii) Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

(iv) Payables

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

(v) Interest bearing loans and borrowings

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

(vi) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Financial Instruments (Cont'd)

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

(vi) Equity instruments (Cont'd)

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

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

(b) Financial instruments not recognised on the balance sheets

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

3.12 Borrowing Costs

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

3.13 Income Taxes

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

(a) Current tax

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

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

(b) Deferred tax

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Income Taxes (Cont'd)

(b) Deferred tax (Cont'd)

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

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

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

3.14 Provisions

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

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed to the income statements.

3.15 Employee Benefits

(a) Short term employee benefits

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

(b) Defined contribution plan

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Foreign Currencies

(a) Functional and presentation currency

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

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

(b) Foreign currency transactions and balances

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

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

3.17 Special Purpose Entities

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

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

In the previous financial year, a SPE was incorporated to acquire a pool of eligible loan receivables for the purpose of issuance of ABS to fund the purchase of such receivables. Further details on the ABS exercise are as disclosed in Note 31.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Contingent Liabilities and Assets

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

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

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Change in Estimates

FRS 116, Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group revised the estimated useful life of furniture and fittings from seven (7) to four (4) years, motor vehicles from four (4) to five (5) years and computers and IT equipment from five (5) to four (4) years with effect from 1 April 2008. The revisions were accounted for prospectively as a change in accounting estimate and as a result, the depreciation charges of the Group for the current financial year have been increased by RM370,063.

4.2 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.

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

4.3 Key Sources of Estimation Uncertainty

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

(a) Impairment of goodwill on consolidation

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

(b) Allowance for doubtful debts

The policy for allowance for doubtful debts of the Group is based on the evaluation of collectibility and aging analysis of accounts and on management's estimate. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of the customers with which the Group deals with were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying values of unused tax losses and unabsorbed capital allowances of the Group are disclosed in Note 21.

(d) Fair values of borrowings

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

5. REVENUE

	The Group 2009 RM	The Group 2008 RM	The Company 2009 RM	The Company 2008 RM
Loan financing services:				
Interest income *	166,037,096	89,592,308	-	-
Commission income **	40,520,431	35,334,358	-	-
Others	590,188	1,050,357	-	-
	207,147,715	125,977,023	-	-
Factoring and confirming	5,270,822	2,918,920	-	-
Dividend income from investment in real estate investment trust ("REIT")	2,730,363	1,952,688	-	-
Rental income	251,302	246,342	-	-
Trading of securities	-	842,855	-	-
Management fee from a subsidiary company	-	-	7,400,811	5,125,951
Dividend income from subsidiary companies	-	-	-	5,502,365
	215,400,202	131,937,828	7,400,811	10,628,316

* Comprises interest income from loan financing.

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

6. INTEREST EXPENSE APPLICABLE TO REVENUE

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Interest expense on:				
Fixed rate MTNs	24,746,725	26,898,874	-	-
ABS	14,860,695	1,786,381	-	-
Term loans	6,672,434	7,061,246	3,052,000	3,060,361
Revolving credits	4,981,080	2,630,866	-	-
Fixed rate serial bonds and underwritten commercial papers	2,145,678	2,992,048	-	-
Bankers' acceptances	409,661	16,485	-	-
Trust receipts	95,592	138,713	-	-
Bank overdraft	2,485	477	-	-
Bridging loan	-	2,304,726	-	2,304,726
	53,914,350	43,829,816	3,052,000	5,365,087

7. DIRECTORS' REMUNERATION

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Directors of the Company:				
Non-executive directors				
- Fees	136,500	120,000	136,500	120,000
- Other emoluments	39,000	42,000	39,000	42,000
	175,500	162,000	175,500	162,000
Executive directors				
- Fees	-	20,000	-	20,000
- Other emoluments	864,000	770,000	-	-
- Defined contributions	246,240	219,450	-	-
	1,285,740	1,171,450	175,500	182,000
Benefits-in-kind	385,400	369,814	-	-
Total directors' remuneration	1,671,140	1,541,264	175,500	182,000

7. DIRECTORS' REMUNERATION (CONT'D)

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

	Number of directors	
	2009	2008
Non-executive directors:		
RM50,000 and below	7	6
Executive directors:		
RM1,350,001 - RM1,400,000	1	1
	8	7

8. STAFF COSTS

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Salaries	6,287,318	4,729,650	-	-
Defined contributions	788,766	525,998	-	-
Social security contributions	45,245	33,514	-	-
Others	1,075,698	648,658	134,251	91,288
	8,197,027	5,937,820	134,251	91,288

9. FINANCE COSTS

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Interest expense on:				
Hire-purchase payables	31,427	30,404	3,562	4,989
Finance lease payables	20,891	33,758	-	-
Amount due to a subsidiary company	-	-	3,177	974,890
	52,318	64,162	6,739	979,879

10. PROFIT BEFORE TAX

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

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Investment income from deposits with licensed financial institutions	6,342,366	5,239,407	20,258	8,031
Dividend income from investment in REIT	2,730,363	1,952,688	-	-
Bad debts recovered	1,055,865	1,011,909	-	11,575
Rental income	251,302	246,342	-	-
Realised gain on foreign exchange	24,194	12,425	-	-
Gain on disposal of property, plant and equipment, net	-	11,500	-	5,000
Management fee from a subsidiary company	-	-	7,400,811	5,125,951
Interest income on amounts due from subsidiary companies	-	-	5,668,046	6,778,140
Dividends income from subsidiary companies	-	-	-	5,502,365
Waiver of debt due to subsidiary companies, net (Note 25)	-	-	-	5,185,322
Interest expense applicable to revenue (Note 6)	(53,914,350)	(43,829,816)	(3,052,000)	(5,365,087)
Allowance for doubtful debts, net	(23,898,710)	(1,215,194)	-	-
Amortisation of discount on MTNs	(1,614,206)	(1,467,381)	-	-
Borrowings' facility fees	(683,186)	(739,347)	(148,000)	(398,000)
Rental of:				
Premises	(776,043)	(478,796)	-	(21,000)
Motor vehicle	(36,800)	-	-	-
Disaster recovery centre	(36,000)	-	-	-
Warehouse	(15,787)	-	-	-
Office equipment	(13,800)	(12,250)	-	-
Allowance for impairment loss in short term investments	(558,960)	(3,441,250)	-	-

10. PROFIT BEFORE TAX (CONT'D)

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Private placement expenses:				
Fixed rate MTNs	-	(290,458)	-	-
Fixed rate serial bonds and underwritten commercial papers	-	(236,430)	-	-
Loss on early redemption of MTNs	(200,000)	-	-	-
Auditors' remuneration:				
Statutory audit				
- Current year	(156,700)	(117,200)	(29,000)	(25,000)
- Under provision in prior years	(9,000)	(11,000)	-	(6,500)
Non-statutory audit				
- Current year	(30,000)	(23,000)	(30,000)	(3,000)
- Under provision in prior years	(27,000)	-	(27,000)	-
Property, plant and equipment written off	(6,613)	(5,761)	-	-

11. INCOME TAX EXPENSE

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Income tax payable:				
Current year	10,954,394	11,037,885	2,335,692	2,765,152
Under/(Over) provision in prior years	1,008,113	53,030	413,216	(17,173)
	11,962,507	11,090,915	2,748,908	2,747,979
Deferred tax (Note 21):				
Current year	11,499,617	5,081,243	3,977	-
Under provision in prior year	2,318,112	-	-	-
	13,817,729	5,081,243	3,977	-
	25,780,236	16,172,158	2,752,885	2,747,979

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	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Profit before tax	92,334,910	66,761,113	8,862,735	15,188,491
Tax at applicable statutory tax rate of 25% (2008: 26%)	22,688,441	14,160,633	2,215,684	3,949,008
Tax at applicable statutory tax rate of 20% (2008: 20%)	(100,000)	395,707	-	-
Tax effects of:				
Expenses not deductible for tax purposes	1,137,403	1,347,753	132,128	179,345
Income not subject to tax	(1,660,503)	(172,398)	(5,064)	(1,363,201)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	1,128,954	1,266,177	-	-
Realisation of deferred tax assets not recognised previously	(740,284)	(1,187,521)	(3,079)	-
Effects of changes in tax rate on deferred tax brought forward	-	308,777	-	-
Tax at effective tax rate	22,454,011	16,119,128	2,339,669	2,765,152
Under/(Over) provision of tax in prior years	1,008,113	53,030	413,216	(17,173)
Under provision of deferred tax in prior year	2,318,112	-	-	-
Income tax charged to income statements	25,780,236	16,172,158	2,752,885	2,747,979

The Malaysian income tax is calculated at the statutory tax rate of 25% (2008: 26%) of the estimated taxable profits for the year of assessment 2009. The computation of deferred tax as at 31 March 2009 has reflected these changes.

12. SEGMENT INFORMATION

(a) Reporting format

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

(b) Business segment

The Group comprises the following main business segments:

(i) Loan financing segment

This segment engages in provision of general loan financing.

(ii) Investment holding and management services and others

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

(iii) Factoring and confirming

This segment engages in provision of confirming and factoring businesses.

(c) Geographical segment

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

(d) Allocation basis and transfer pricing

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

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

12. SEGMENT INFORMATION (CONT'D)

Business Segments:

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

The Group 2009	**Loan financing services RM**	**Investment holding and management services RM**	**Factoring and confirming RM**	**Others RM**	**Eliminations RM**	**Total RM**
Revenue						
External sales	207,147,715	2,981,665	5,270,822	-	-	215,400,202
Inter-segment sales	14,103,211	8,757,526	-	-	(22,860,737)	-
Total revenue	221,250,926	11,739,191	5,270,822	-	(22,860,737)	215,400,202
Results						
Segment results	87,216,549	5,121,016	58,238	(8,575)	-	92,387,228
Finance costs						(52,318)
Profit before tax						92,334,910
Income tax expense						(25,780,236)
Profit for the financial year						66,554,674
Other Segment Information						
Capital additions	1,424,077	-	336,493	-	-	1,760,570
Depreciation and amortisation	2,969,493	60,697	66,912	-	-	3,097,102
Non-cash expenses other than depreciation and amortisation	21,173,173	558,960	2,732,150	-	-	24,464,283
Consolidated Balance Sheets						
Segment assets	1,187,219,939	57,627,570	36,369,705	26,743	-	1,281,243,957
Segment liabilities	889,447,365	66,341,136	24,919,063	835,168	-	981,542,732
Unallocated corporate liabilities	999,308	643,368	-	-	-	1,642,676
Consolidated total liabilities	890,446,673	66,984,504	24,919,063	835,168	-	983,185,408

12. SEGMENT INFORMATION (CONT'D)

Business Segments (Cont'd):

The Group 2008	**Loan financing services RM**	**Investment holding and management services RM**	**Factoring and confirming RM**	**Others RM**	**Eliminations RM**	**Total RM**
Revenue						
External sales	125,977,023	3,041,885	2,918,920	-	-	131,937,828
Inter-segment sales	11,240,293	18,108,316	-	-	(29,348,609)	-
Total revenue	137,217,316	21,150,201	2,918,920	-	(29,348,609)	131,937,828
Results						
Segment results	67,231,205	(2,625,863)	1,397,575	822,358	-	66,825,275
Finance costs						(64,162)
Profit before tax						66,761,113
Income tax expense						(16,172,158)
Profit for the financial year						50,588,955
Other Segment Information						
Capital additions	2,552,591	-	1,400	-	-	2,553,991
Depreciation and amortisation	2,090,423	47,077	70,956	-	-	2,208,456
Non-cash expenses other than depreciation and amortisation	4,632,532	-	29,672	-	-	4,662,204
Consolidated Balance Sheets						
Segment assets	910,626,750	41,254,535	24,139,739	106,251	-	976,127,275
Segment liabilities	716,009,816	37,769,163	12,711,488	442,455	-	766,932,922
Unallocated corporate liabilities	1,543,100	119,298	-	-	-	1,662,398
Consolidated total liabilities	717,552,916	37,888,461	12,711,488	442,455	-	768,595,320

13. EARNINGS PER ORDINARY SHARE

	The Group	
	2009	2008
	RM	RM
Profit for the financial year attributable to equity holders of the Company	66,554,674	50,588,955
Weighted average number of ordinary shares in issue:		
Balance as at beginning of financial year	646,337,640	646,337,640
Effect of private placement of shares	64,102,464	-
Balance as at end of financial year	710,440,104	646,337,640
Earnings per ordinary share (sen)	9.37	7.83

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

14. DIVIDENDS

	Dividends in respect of financial year		Dividends recognised in financial year	
	2009	2008	2009	2008
	RM	RM	RM	RM
Recognised during the financial year:				
Final dividend for 2007: 10%, less tax of 26%, on 646,337,640 ordinary shares, paid on 28 September 2007	-	-	-	4,782,899
Final dividend for 2008: 10%, less tax of 25%, on 710,971,340 ordinary shares, paid on 22 September 2008	-	5,332,285	5,332,285	-
Proposed for approval at AGM (not recognised as at 31 March):				
Final dividend for 2009: 10%, less tax of 25%, on 710,971,340 ordinary shares	5,332,285	-	-	-
	5,332,285	5,332,285	5,332,285	4,782,899

14. DIVIDENDS (CONT'D)

At the forthcoming annual general meeting, a final dividend in respect of the financial year ended 31 March 2009 of 10%, less tax of 25% on 710,971,340 ordinary shares, amounting to RM5,332,285 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 2010.

15. PROPERTY, 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	Work-in-progress RM	Office renovation RM	Total RM
Cost								
Balance as at 1 April 2007	502,101	1,442,952	587,852	769,957	455,825	-	-	3,758,687
Additions	32,401	719,259	246,974	-	1,142,040	413,317	-	2,553,991
Disposals	-	-	-	(544,191)	(217,000)	-	-	(761,191)
Write-off	(4,100)	(2,200)	(7,510)	-	-	-	-	(13,810)
Balance as at 31 March 2008	530,402	2,160,011	827,316	225,766	1,380,865	413,317	-	5,537,677
Additions	693,713	777,045	-	15,993	-	-	273,819	1,760,570
Disposals	(94,195)	-	-	-	-	-	-	(94,195)
Write-off	(143,036)	(41,320)	-	(3,974)	-	-	-	(188,330)
Reclassification	89,249	-	-	-	-	(413,317)	324,068	-
Balance as at 31 March 2009	1,076,133	2,895,736	827,316	237,785	1,380,865	-	597,887	7,015,722

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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	Work-in-progress RM	Office renovation RM	Total RM
Accumulated depreciation								
Balance as at 1 April 2007	391,980	613,407	156,143	470,465	367,351	-	-	1,999,346
Charge for the financial year	46,642	327,696	151,260	44,727	134,167	-	-	704,492
Disposals	-	-	-	(404,191)	(216,999)	-	-	(621,190)
Write-off	(4,098)	(2,199)	(1,752)	-	-	-	-	(8,049)
Balance as at 31 March 2008	434,524	938,904	305,651	111,001	284,519	-	-	2,074,599
Charge for the financial year	156,688	603,528	263,290	46,543	255,037	-	107,607	1,432,693
Disposals	(54,902)	-	-	-	-	-	-	(54,902)
Write-off	(139,894)	(41,293)	-	(530)	-	-	-	(181,717)
Balance as at 31 March 2009	396,416	1,501,139	568,941	157,014	539,556	-	107,607	3,270,673
Net book value								
Balance as at 31 March 2008	95,878	1,221,107	521,665	114,765	1,096,346	413,317	-	3,463,078
Balance as at 31 March 2009	679,717	1,394,597	258,375	80,771	841,309	-	490,280	3,745,049

15. PROPERTY, 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 2007	36,328	494,999	95,470	626,797
Disposals	-	(494,999)	-	(494,999)
Balance as at 31 March 2008/2009	36,328	-	95,470	131,798
Accumulated depreciation				
Balance as at 1 April 2007	36,328	355,000	6,996	398,324
Charge for the financial year	-	-	10,494	10,494
Disposals	-	(355,000)	-	(355,000)
Balance as at 31 March 2008	36,328	-	17,490	53,818
Charge for the financial year	-	-	10,494	10,494
Balance as at 31 March 2009	36,328	-	27,984	64,312
Net book value				
Balance as at 31 March 2008	-	-	77,980	77,980
Balance as at 31 March 2009	-	-	67,486	67,486

During the financial year, the Group acquired plant and equipment at an aggregate cost of RM1,760,570 (2008: RM2,553,991) with the following details:

	The Group 2009 RM	The Group 2008 RM
Acquired via:		
Cash payments	1,562,673	1,370,817
Other payables	197,897	-
Financed by hire-purchase and lease arrangements	-	1,183,174
	1,760,570	2,553,991

16. INVESTMENT PROPERTIES

	The Group Leasehold building RM
Cost	
Balance as at 1 April 2007/2008	1,829,190
Acquisition of a subsidiary company	1,198,200
Balance as at 31 March 2009	3,027,390
Accumulated depreciation	
Balance as at 1 April 2007	94,508
Charge for the financial year	36,583
Balance as at 1 April 2008	131,091
Charge for the financial year	50,203
Balance as at 31 March 2009	181,294
Net book value	
Balance as at 31 March 2008	1,698,099
Balance as at 31 March 2009	2,846,096
Fair value	
Balance as at 31 March 2008	2,645,280
Balance as at 31 March 2009	3,915,123

As at 31 March 2009, the strata title pertaining to leasehold building has yet to be issued and registered under the name of a subsidiary.

The property rental income earned by the Group from its investment properties, all of which are leased out under operating leases, amounted to RM251,302 (2008: RM246,342). Direct operating expenses arising on the investment property in the financial year amounted to RM55,890 (2008: RM63,849).

17. INVESTMENTS IN SUBSIDIARY COMPANIES

	The Company 2009 RM	The Company 2008 RM
Unquoted shares, at cost	64,886,599	64,886,599
Less: Accumulated impairment losses	(214,643)	(214,643)
	64,671,956	64,671,956

During the current financial year, the Group acquired Mezzanine Enterprise Sdn. Bhd. ("MESB") as further disclosed in Note 35.

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

	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Principal Activities
Direct subsidiary companies			
Effusion.Com Sdn. Bhd.	100	100	Property investment
RCE Enterprise Sdn. Bhd.	100	100	Investment holding
RCE Resources Sdn. Bhd.	100	100	Investment holding
RCE Factoring Sdn. Bhd.	100	100	Confirming and factoring, specialising in trade related activities and general trading
Indirect subsidiary companies			
RCE Equity Sdn. Bhd. $^{\pi}$	100	100	Property investment, provision of financial administrative services, debts management services and trading of securities
RCE Advance Sdn. Bhd. $^{\pi}$	100	100	A special purpose vehicle established to acquire a pool of eligible receivables from its immediate holding company and to issue private debt securities to fund the purchase of such receivables

17. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Principal Activities
Indirect subsidiary companies			
RCE Commerce Sdn. Bhd. $^{\pi}$	100	100	Provision of IT and financial administrative services
RCE Management Sdn. Bhd. $^{\pi}$	100	100	Dormant
RCE Marketing Sdn. Bhd. #^	100	100	Provision of general loan financing services
RCE Premier 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 Premium Sdn. Bhd. $^{\pi}$	100	100	Dormant
RCE Sales Sdn. Bhd. $^{\beta}$	100	100	Provision of financial administrative services
RCE Synergy Sdn. Bhd. $^{\psi}$	100	100	Investment holding
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
R & R Music Sdn. Bhd. $^{\beta}$	100	100	Dormant
Mezzanine Enterprise Sdn. Bhd. *^	100	-	Investment holding

Held indirectly through RCE Enterprise Sdn. Bhd.
ψ Held indirectly through RCE Resources Sdn. Bhd.
π Held indirectly through RCE Marketing Sdn. Bhd.
β Held indirectly through RCE Trading Sdn. Bhd.
* Held indirectly through RCE Equity Sdn. Bhd.
^ Audited by another firm of auditors

18. GOODWILL ON CONSOLIDATION

	The Group	
	2009	2008
	RM	RM
Goodwill on consolidation:		
Balance as at beginning/end of financial year	28,676,975	28,676,975

Allocation of goodwill to cash-generating units

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

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

(ii) Factoring and confirming operations of RCEF as an individual CGU.

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 RCEE 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 RCEE Group.

19. LOAN RECEIVABLES

	The Group	
	2009	2008
	RM	RM
Loan receivables	1,946,888,157	1,294,115,714
Less: Unearned interest income	(921,373,111)	(540,389,532)
	1,025,515,046	753,726,182
Less: Allowance for doubtful debts	(71,072,819)	(51,146,219)
	954,442,227	702,579,963
Less: Prepayments	(2,502,693)	(21,493,804)
	951,939,534	681,086,159
Amount receivable within one year	(112,495,089)	(71,737,200)
Non-current portion	839,444,445	609,348,959

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

	The Group	
	2009	2008
	RM	RM
Amount receivable:		
Within one to two years	78,074,064	58,577,353
Within two to five years	289,632,001	222,865,408
After five years	471,738,380	327,906,198
	839,444,445	609,348,959

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

The loan receivables are repayable over a maximum period of fifteen (15) years (2008: ten (10)) years. The information on effective interest rate is disclosed in Note 36(a).

The Group received advances from the Cooperatives to finance its loan financing operations in prior years. Pursuant to a Settlement Agreement dated 31 March 2005, it was mutually agreed between the Cooperatives and the Group that the outstanding balance be used as part settlement of amounts outstanding from loan financing granted by the Group to the members of the Cooperatives and accordingly, the said RM2,502,693 (2008: RM21,493,804) has been presented in the financial statements as prepayments for the release of loan receivables which have been assigned by the Cooperatives to the Group in accordance with the terms of the Security Agreements.

19. LOAN RECEIVABLES (CONT'D)

The loan receivables of the Group of RM242,319,717 (2008: RM77,494,964) are pledged to financial institutions as securities for borrowings as disclosed in Note 31(e).

20. OTHER INVESTMENTS

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Investment, at cost:				
REIT quoted in Malaysia	33,763,526	35,063,526	-	-
Unquoted shares	2	-	2	-
	33,763,528	35,063,526	2	-
Less: Accumulated impairment losses	(3,376,353)	(3,506,353)	-	-
	30,387,175	31,557,173	2	-
Market value of REIT quoted in Malaysia	28,698,997	30,505,268	-	-

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

21. DEFERRED TAX

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

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Balance as at 1 April	2,621,409	7,702,652	-	-
Recognised in income statements (Note 11)	(13,817,729)	(5,081,243)	(3,977)	-
Balance as at 31 March	(11,196,320)	2,621,409	(3,977)	-

21. DEFERRED TAX (CONT'D)

Presented after appropriate offsetting as follows:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Deferred tax assets	2,769,098	2,894,292	-	-
Deferred tax liabilities	(13,965,418)	(272,883)	(3,977)	-
	(11,196,320)	2,621,409	(3,977)	-

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

Deferred tax assets of the Group:

	Loan receivables RM	Unused tax losses and unabsorbed capital allowances RM	Total RM
Balance as at 1 April 2007	7,764,652	127,000	7,891,652
Recognised in income statements	(5,093,360)	96,000	(4,997,360)
Balance as at 31 March 2008	2,671,292	223,000	2,894,292
Balance as at 1 April 2008	2,671,292	223,000	2,894,292
Recognised in income statements	59,418	(184,612)	125,194
Balance as at 31 March 2009	2,730,710	38,388	2,769,098

21. DEFERRED TAX (CONT'D)

Deferred tax liabilities of the Group:

	Property, plant and equipment RM	Other temporary differences RM	Total RM
Balance as at 1 April 2007	(189,000)	-	(189,000)
Recognised in income statements	(83,883)	-	(83,883)
Balance as at 31 March 2008	(272,883)	-	(272,883)
Balance as at 1 April 2008	(272,883)	-	(272,883)
Recognised in income statements	(165,513)	(13,527,022)	(13,692,535)
Balance as at 31 March 2009	(438,396)	(13,527,022)	(13,965,418)

Deferred tax liabilities of the Company:

	Property, plant and equipment RM	Total RM
Balance as at 1 April 2008/2007	-	-
Recognised in income statements	(3,977)	(3,977)
Balance as at 31 March 2009	(3,977)	(3,977)

(c) Deferred tax assets have not been recognised in the financial statements in respect of the following items:

	The Group	
	2009 RM	2008 RM
Unused tax losses	10,938,302	1,325,274
Unabsorbed capital allowances	1,043,394	1,033,300
	11,981,696	2,358,574

22. SHORT TERM INVESTMENTS

	The Group	
	2009	2008
	RM	RM
Investments in securities held for trading purpose, at cost:		
Unquoted corporate bonds	8,000,000	8,000,000
Quoted shares in Malaysia	28,543	28,543
	8,028,543	8,028,543
Less: Accumulated impairment losses	(4,000,210)	(3,441,250)
	4,028,333	4,587,293
Market value of quoted shares in Malaysia	28,333	45,333

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

During the current financial year, coupon payment of RMnil (2008: RM132,840) was received in respect of the unquoted corporate bonds.

23. TRADE RECEIVABLES

	The Group	
	2009	2008
	RM	RM
Bills receivables	24,819,295	13,783,913
Factoring receivables	9,460,541	6,331,329
Commission receivables	3,941,976	3,022,295
	38,221,812	23,137,537
Less: Allowance for doubtful debts	(4,012,295)	(1,280,175)
	34,209,517	21,857,362

The credit period granted by the Group ranges from 30 to 150 (2008: 60 to 150) days.

As at the balance sheet date, there are significant concentration of credit risk arising from the amounts due from eleven (11) (2008: five (5)) major customers amounting to 50.40% (2008: 68.56%) of the total bills and factoring 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.

24. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Other receivables	3,825,381	10,821,854	54,071	54,071
Less: Allowance for doubtful debts	(54,071)	(54,071)	(54,071)	(54,071)
	3,771,310	10,767,783	-	-
Tax recoverable	2,904,831	8,052,109	-	-
Prepaid expenses	1,615,233	2,174,045	440,012	874,918
Refundable deposits	289,168	320,385	-	-
	8,580,542	21,314,322	440,012	874,918

Included in other receivables of the Group are:

(i) collections in transit from various co-operatives of RM2,917,659 (2008: RM4,213,479);

(ii) collections paid on behalf of various co-operatives by a subsidiary company in its capacity as the collections and payments agent for those co-operatives of RM638,522 (2008: RMnil); and

(iii) prepayment of term loans on behalf of various co-operatives by a subsidiary company in its capacity as the collection and payment agents for those co-operatives amounting to RMnil (2008: RM6,185,234).

25. RELATED PARTY TRANSACTIONS

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

	The Group	
	2009	2008
	RM	RM
Amounts due from subsidiary companies	86,211,576	71,531,970
Amounts due to a subsidiary company	574,338	17,242,385

The amounts due from/(to) subsidiary companies are unsecured, bear interest ranging from 7.13% to 7.63% (2008: 7.13% to 7.63%) per annum, repayable on demand and to be settled in cash, except otherwise stated.

25. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Identities of related parties

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

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

(b) Related party disclosures

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

Name of related parties	Relationship
AMDB Berhad ("AMDB") Corporateview Sdn. Bhd. ("CVSB") Melawangi Sdn. Bhd. ("MSB") Fulcrum Capital Sdn. Bhd. ("FCSB")	Subsidiary companies of AmcorpGroup Berhad, a substantial shareholder of the Company.
Triple Esteem Sdn. Bhd. ("TESB")	A company in which the wife of a director of the Company is a controlling shareholder.
AmAssurance Berhad ("AMAB") AmInvestment Services Bhd. ("AISB") AmInvestment Bank Berhad ("AIBB") Harpers Travel (M) Sdn. Bhd. ("HTSB") IT Connect Sdn. Bhd. ("ITCSB") MCM Consulting Sdn. Bhd. ("MCMC") MCM Systems Sdn. Bhd. ("MCMS") Sykt Kompleks Damai Sdn. Bhd. ("SKDSB") Distrepark Sdn. Bhd. ("Distrepark")	Companies in which a director of the Company has substantial financial interest.

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	
	2009	**2008**
	RM	**RM**
Direct subsidiary companies:		
Waiver of debt due to RCE Commerce Sdn. Bhd.	-	5,226,501
Waiver of debt due from Effusion.Com Sdn. Bhd.	-	41,179
Dividend received from RCE Resources Sdn. Bhd.	-	4,864,865
Dividend receivable from:		
RCE Resources Sdn. Bhd.	-	635,000
Effusion.Com Sdn. Bhd.	-	2,500
Interest income on amounts due from:		
RCE Enterprise Sdn. Bhd.	4,447,462	4,162,959
RCE Resources Sdn. Bhd.	203,988	163,959
RCE Synergy Sdn. Bhd. (net of interest expense of RM3,177 (2008: RMnil))	106,556	99,218
Effusion.Com Sdn. Bhd.	-	1,728
Indirect subsidiary companies:		
Management fees receivable from RCE Marketing Sdn. Bhd.	7,400,811	5,125,951
Interest income on amounts due from:		
RCE Marketing Sdn. Bhd. (net of interest expense of RMnil (2008: RM974,890))	906,863	1,329,836
RCE Commerce Sdn. Bhd.	-	45,550
Other related parties:		
Arranger fee payable to AIBB	2,643,021	425,041
IT related services fees payable to:		
MCMC	652,865	570,161
MCMS	659,220	-
ITCSB	-	10,878
Staff costs payable to CVSB	502,000	600,000

25. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Related party disclosures (Cont'd)

	The Group	
	2009	**2008**
	RM	**RM**
Other related parties:		
Rental payable to:		
SKDSB	359,996	204,984
AMAB	257,140	-
TESB	99,996	83,330
Distrepark	36,800	-
CVSB	36,000	36,000
Air tickets purchase from HTSB	321,356	535,616
Service charges payable to:		
AIBB	256,141	214,728
MSB	-	53,213
Insurance premium payable to AMAB	189,785	84,935
Internal audit fees payable to CVSB	98,000	-
Rental receivable from FCSB	3,600	3,600
Office rental payable to CVSB	-	21,000

(c) Compensation of key management personnel

The remuneration of directors and other key management personnel during the financial year were as follows:

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Short term employee benefits	246,240	219,450	-	-

Included in the total key management personnel is:

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Directors' remuneration (Note 7)	1,285,740	1,171,450	175,500	182,000

26. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Deposits with licensed financial institutions	204,510,821	176,241,854	54,953	36,002
Cash and bank balances	9,550,817	2,750,668	278	14,869
	214,061,638	178,992,522	55,231	50,871

(a) Deposits with licensed financial institutions and cash and bank balances of the Group amounting to RM177,442,565 and RM6,489,070 (2008: RM92,947,612 and RM2,082,369) respectively have been assigned in favour of the Trustees of the RM45 million fixed rate serial bonds, the RM50 million underwritten commercial papers, the RM420 million fixed rate medium term notes and the RM400 million ABS of certain subsidiary companies as disclosed in Note 31.

(b) Deposits with licensed financial institutions and cash and bank balances of the Group amounting to RMnil and RM1,991,601 (2008: RM359,000 and RM23,756) have been pledged to licensed banks for term loan and revolving credit facilities granted to subsidiary companies as disclosed in Note 31.

(c) Deposits with licensed financial institutions of the Group have a weighted average remaining maturity period of 37 days (2008: 26 days). The information on weighted average effective interest rate is disclosed in Note 36.

27. SHARE CAPITAL

	The Group and The Company	
	2009	2008
	RM	RM
Authorised:		
Ordinary shares of RM0.10 each		
Balance as at beginning/end of financial year	200,000,000	200,000,000
Issued and fully paid:		
Ordinary shares of RM0.10 each		
Balance as at beginning of financial year	64,633,764	64,633,764
Issued during the financial year:		
Private placement	6,463,370	-
Balance as at end of financial year	71,097,134	64,633,764

27. SHARE CAPITAL (CONT'D)

(a) During the financial year, the issued and paid-up share capital of the Company was increased from RM64,633,764 to RM71,097,134 by way of the issuance of 64,633,700 ordinary shares of RM0.10 each through a private placement exercise at an issue price of RM0.455 per ordinary share for cash, for additional working capital purposes.

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

28. RESERVES

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Non-distributable reserve:				
Share premium	26,393,874	3,553,039	26,393,874	3,553,039
Distributable reserve:				
Retained earnings	200,567,541	139,345,152	11,517,420	10,739,855
	226,961,415	142,898,191	37,911,294	14,292,894

(a) Non-distributable reserve:

Share premium arose from the following:

	The Group and The Company	
	2009	**2008**
	RM	**RM**
Balance as at beginning of financial year	3,553,039	3,563,039
Private placement of 64,633,700 new ordinary shares of RM0.10 each at a premium of RM0.355 per share	22,944,963	-
Shares issue expenses	(104,128)	(10,000)
Balance as at end of financial year	26,393,874	3,553,039

(b) Distributable reserve:

Retained earnings

Distributable reserves are those available for distribution as dividends.

28. RESERVES (CONT'D)

(b) Distributable reserve (Cont'd):

Retained earnings (Cont'd)

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

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

Based on the prevailing tax rate applicable to dividends and if distributed as cash dividends for the coming financial year, the Company has sufficient S108 tax credit to frank the payment of RM11,423,000 (2008: RM10,739,000) out of its retained earnings as at the financial year end.

29. HIRE-PURCHASE PAYABLES

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Total outstanding	730,889	951,929	37,080	61,824
Less: Future finance charges	(46,685)	(78,112)	(2,153)	(5,715)
Principal outstanding	684,204	873,817	34,927	56,109
Less: Amounts due within one year	(197,878)	(189,613)	(22,861)	(21,182)
Non-current portion	486,326	684,204	12,066	34,927

29. HIRE-PURCHASE PAYABLES (CONT'D)

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

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Financial years ending 31 March:				
2010	-	197,878	-	22,861
2011	193,935	193,935	12,066	12,066
2012	189,000	189,000	-	-
2013	86,327	86,327	-	-
2014	17,064	17,064	-	-
	486,326	684,204	12,066	34,927

The interest rates implicit in these hire-purchase arrangements of the Group and of the Company ranges from 2.65% to 7.65% (2008: 2.65% to 7.65%) and at 7.65% (2008: 7.65%) per annum respectively. The Group's hire-purchase payables are secured by a charge over the assets under hire-purchase.

30. FINANCE LEASE PAYABLES

	The Group			
	Minimum lease payments		Present value of minimum lease payments	
	2009	2008	2009	2008
	RM	RM	RM	RM
Amount payables under finance lease:				
Within one year	132,913	207,754	125,323	186,864
In the second to fifth year inclusive	27,513	160,427	26,965	152,288
	160,426	368,181	152,288	339,152
Less: Future finance charges	(8,138)	(29,029)	-	-
Present value of lease payables	152,288	339,152	152,288	339,152
Less: Amounts due within one year			(125,323)	(186,864)
Non-current portion			26,965	152,288

30. FINANCE LEASE PAYABLES (CONT'D)

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

	The Group	
	2009	2008
	RM	RM
Financial years ending 31 March:		
2010	-	125,323
2011	26,965	26,965
	26,965	152,288

The interest rates implicit in these finance lease arrangements of the Group range from 7.29% to 9.63% (2008: 7.29% to 9.63%) per annum. The Group's finance lease payables are secured by a charge over the leased assets.

31. BORROWINGS

		The Group		The Company	
		2009	2008	2009	2008
	Note	RM	RM	RM	RM
Secured:					
Fixed rate MTNs	(a)	268,655,312	342,041,106	-	-
Fixed rate serial bonds	(b)	15,000,000	25,000,000	-	-
Underwritten commercial papers	(b)	9,000,000	10,000,000	-	-
ABS	(c)	345,000,000	184,000,000	-	-
Term loan	(d)	8,740,256	10,750,616	-	-
Revolving credit	(e)	171,900,000	70,000,000	-	-
Bank overdraft	(d)	5,005,640	-	-	-
		823,301,208	641,791,722	-	-

31. BORROWINGS (CONT'D)

		The Group		The Company	
		2009	2008	2009	2008
	Note	RM	RM	RM	RM
Unsecured:					
Term loans	(d)	80,000,000	80,000,000	40,000,000	40,000,000
Trust receipts	(f)	4,880,745	1,005,680	-	-
Bankers' acceptances	(f)	11,478,979	1,926,173	-	-
Revolving credit	(e)	1,000,000	1,000,000	-	-
		97,359,724	83,931,853	40,000,000	40,000,000
		920,660,932	725,723,575	40,000,000	40,000,000
Less: Amounts due within one year		(298,356,604)	(135,916,581)	-	-
Non-current portion		622,304,328	589,806,994	40,000,000	40,000,000

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

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Financial years ending 31 March:				
2010	-	96,672,579	-	-
2011	107,119,454	97,741,615	-	-
2012	113,088,947	96,678,501	40,000,000	40,000,000
2013	111,418,925	82,035,496	-	-
2014	75,610,722	49,835,064	-	-
2015	92,253,957	73,543,249	-	-
2016	69,836,693	53,592,316	-	-
2017	39,975,630	35,116,103	-	-
2018	13,000,000	4,592,071	-	-
	622,304,328	589,806,994	40,000,000	40,000,000

31. BORROWINGS (CONT'D)

(a) Fixed rate MTNs

During the financial year ended 31 March 2007, a subsidiary company, RCE Advance Sdn. Bhd. ("RCEA"), fully issued its RM420 million 5-year fixed rate MTNs for the purpose of financing the working capital of the Group, out of which RM70 million MTNs were taken up by a subsidiary company within the Group, RCE Equity Sdn. Bhd.

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

The main features of the MTNs are as follows:

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

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

(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

31. BORROWINGS (CONT'D)

(a) Fixed rate MTNs (Cont'd)

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

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

(iv) All MTNs under Tranche A 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;

31. BORROWINGS (CONT'D)

(a) Fixed rate MTNs (Cont'd)

(vi) Each series of the MTNs under Class A MTNs and Class B MTNs bear a fixed coupon rates ranging from 6.25% to 9.00% per annum, payable semi-annually in arrears with the last coupon payment to be made on the respective maturity dates; and

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

The MTNs are secured against the following:

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

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

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

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

(v) An undertaking from RCEM; and

(vi) An irrevocable corporate guarantee from the Company.

(b) Fixed rate serial bonds and underwritten commercial papers

A subsidiary, RCE Premier Sdn. Bhd. ("RCEP"), fully issued its RM45 million 5-year fixed rate serial bonds ("Bonds") and RM35 million out of a total of RM50 million 7-year underwritten commercial papers ("CPs") for the purpose of financing the working capital of the Group.

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

31. BORROWINGS (CONT'D)

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

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

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

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

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

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

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, two, three, six, nine or twelve 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, two, three, six, nine or twelve months, RCEP has an option to redeem the CPs or to rollover the CPs previously issued;

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

31. BORROWINGS (CONT'D)

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

(v) The existing CPs issued bear interest rate at 6.25% (2008: 5.75%) per annum.

The whole amount of RM9 million (2008: RM10 million) of the CPs issued as at 31 March 2009 is classified as current liabilities based on management's expectation of the amount of the CPs to be redeemed upon their maturity during the twelve (12) months after the financial year-end.

The Bonds and CPs are secured against the following:

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

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

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

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

(v) An undertaking from RCEM; and

(vi) An irrevocable corporate guarantee from the Company.

(c) ABS

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

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

During the financial year, TAB further issued the third and fourth (2008: first and second) tranches of ABS amounting to RM100 million each.

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

31. BORROWINGS (CONT'D)

(c) ABS (Cont'd)

The main features of the ABS are as follows:

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

(ii) The four ABS tranches of RM100 million each issued at par have a maturity tenor ranging from one (1) to ten (10) years.

(iii) Each series of Senior Bonds bear fixed coupon rates ranging from 4.30% to 7.80% (2008: 4.30% to 5.70%) per annum, payable semi-annually in arrears with the last coupon payment to be made on the respective maturity dates.

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

The ABS are secured against the following:

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

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

(iii) An assignment of Servicing Agreement;

(iv) An assignment of Transaction Administration Agreement;

(v) An assignment of Administration Agreement; and

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

(d) Term loan 1 and bank overdraft (Secured)

During the financial year, a term loan and bank overdraft of RM9 million and RM5.5 million respectively were granted to RCE Synergy Sdn. Bhd. ("RCES") to refinance its remaining balance of a term loan facility of RM32 million obtained on 30 August 2005. The term loan and bank overdraft facilities are guaranteed by the Company and secured by a memorandum of deposit over the AmFIRST Real Estate Investment ("AmFIRST REITs") held by RCES as disclosed in Note 20.

The said term loan and bank overdraft bear interest rate at 6.30% (2008: 8.25%) per annum and 6.55% (2008: nil) respectively.

31. BORROWINGS (CONT'D)

(d) Term loan 2 (Unsecured)

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

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

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

In addition, during the financial year, RCEM obtained another revolving credit facility of RM30 million (Revolving credit 3) from another financial institution.

All of the facilities are secured by the following:

(i) An irrevocable corporate guarantee by the Company;

(ii) An assignment of rights, title, benefit, and interest of receivables under the agreement entered into between RCEM with Koperasi Wawasan Pekerja-Pekerja Berhad;

(iii) An assignment of the loan receivables that limit the Group and Company not exceeding the loan amount;

(iv) An irrevocable undertaking by RCEM; and

(v) An assignment of the designated accounts and all monies standing to the credit of the accounts.

The revolving credit bears interest at rates ranging from 5.50% to 6.50% (2008: 6.15% to 6.40%) per annum.

Revolving credit 4 (Unsecured)

A revolving credit facility of RM500,000 which was granted to RCE Commerce Sdn Bhd in September 1992 was converted into a bank overdraft facility in March 2009 and remains secured by the followings:

(i) An irrevocable corporate guarantee by the Company; and

(ii) A negative pledge not to encumber or dispose of the subsidiary's assets.

The revolving credit bears interest rate at 5.96% (2008: 5.91%) per annum.

31. BORROWINGS (CONT'D)

(e) Revolving credit 5 (Unsecured)

During the financial year, additional revolving credit facility of RM1 million was granted to RCE Factoring Sdn Bhd ("RCEF") for working capital purposes.

All revolving credit facilities of RCEF amounting to RM4 million (2008: RM3 million) are secured by corporate guarantee by the Company.

The revolving credits bear interest at rates ranging from 3.61% to 5.75% (2008: 5.75% to 5.83%) per annum.

(f) Others (Unsecured)

During the financial year, an additional bankers' acceptance and trust receipt facilities of RM17 million was granted to RCEF.

All bankers' acceptances, trust receipts and bills payable of RCEF amounting to RM28 million (2008: RM11 million) are secured by an irrevocable corporate guarantee by the Company.

The total bank overdrafts of RCEF amounting to RM1.7 million (2008: RM1.7 million) are secured by an irrevocable corporate guarantee by the Company.

The bankers' acceptances and trust receipts facilities bear interest at rates ranging from 4.10% to 8.75% (2008: 5.30% to 8.75%) per annum.

The overdraft facilities bear interest at rates ranging from 8.00% to 8.75% (2008: 8.25% to 8.75 %) per annum.

32. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Other payables	27,859,063	27,454,136	33,500	33,500
Accrued interest expense on:				
ABS	5,012,554	1,786,381	-	-
Fixed rate MTNs	3,892,868	6,603,008	-	-
Term loans	763,421	790,716	526,784	535,145
Fixed rate serial bonds	532,603	871,164	-	-
Revolving credits	447,187	179,353	-	-
Other borrowings	66,205	2,364	-	-
	10,714,838	10,232,986	526,784	535,145
Dividend payable	26,623	12,289	26,623	12,289
Other accrued expenses	7,479,366	2,024,084	513,143	282,311
	46,079,890	39,723,495	1,100,050	863,245

32. OTHER PAYABLES AND ACCRUED EXPENSES (CONT'D)

Included in other payables of the Group are:

(i) payment guarantee held by a subsidiary in respect of a strategic alliance arrangement entered into with a co-operative of RM8,467,606 (2008: RM10,556,756);

(ii) collections received on behalf of various co-operatives by a subsidiary in its capacity as the collection and payment agent for those co-operatives of RMnil (2008: RM7,941,344); and

(iii) amount due to a related party relating to the purchase of IT equipment totaling RMnil (2008: RM456,343).

33. CAPITAL COMMITMENTS

	The Group	
	2009	**2008**
	RM	**RM**
Capital expenditure in respect of purchase of property, plant and equipment:		
Approved but not contracted for	100,000	-
Approved and contracted for	-	760,000

34. CONTINGENT LIABILITIES

	The Company	
	2009	**2008**
	RM	**RM**
Corporate guarantee issued in favour of a trustee in respect of MTNs facility granted to a subsidiary company	420,000,000	420,000,000
Corporate guarantee to licensed financial institutions in respect of borrowings facilities granted to subsidiary companies	232,200,000	191,200,000
Corporate guarantee issued in favour of a trustee in respect of:		
(i) 5-year fixed rate serial bonds; and	45,000,000	45,000,000
(ii) 7-year underwritten commercial papers granted to a subsidiary company	50,000,000	50,000,000
	747,200,000	706,200,000

Amount outstanding from the above facilities amounted to RM495,660,932 (2008: RM461,723,574).

35. ACQUISITION OF A SUBSIDIARY COMPANY

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

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

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

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

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

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

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

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

The cash outflow on acquisition is as follows:

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

There were no acquisitions in the financial year ended 31 March 2008.

36. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

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

(a) Interest rate risk

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

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

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

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

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Interest rate risk (Cont'd)

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

				Maturity profile		
		WAEIR	Total	Within 1 year	2-5 years	After 5 years
The Group	**Note**	**%**	**RM**	**RM**	**RM**	**RM**
2009						
Fixed rate						
Loan receivables	19	16.07	951,939,534	112,495,089	367,706,065	471,738,380
Trade receivables	23	8.68	34,209,517	34,209,517	-	-
Hire-purchase payables	29	3.95	684,204	197,878	486,326	-
Finance lease payables	30	8.39	152,288	125,323	26,965	-
Term loans (unsecured)	31	9.64	80,000,000	-	80,000,000	-
Fixed rate MTNs	31	9.78	268,655,312	24,953,138	132,899,159	110,803,015
Fixed rate serial bonds	31	8.00	15,000,000	15,000,000	-	-
ABS	31	7.15	345,000,000	54,000,000	189,000,000	102,000,000
Floating rate						
Deposits with licensed financial institutions	26	2.16	204,510,821	204,510,821	-	-
Term loan (secured)	31	6.30	8,740,256	1,138,100	5,338,888	2,263,268
Underwritten commercial papers	31	6.25	9,000,000	9,000,000	-	-
Revolving credit	31	5.67	172,900,000	172,900,000	-	-
Bank overdraft	31	6.55	5,005,640	5,005,640	-	-
Other bank borrowings *	31	6.00	16,359,724	16,359,724	-	-

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Interest rate risk (Cont'd)

The Group	**Note**	**WAERIR %**	**Total RM**	**Maturity profile: Within 1 year RM**	**2-5 years RM**	**After 5 years RM**
2008						
Fixed rate						
Loan receivables	19	16.11	681,086,159	71,737,200	281,442,761	327,906,198
Trade receivables	23	8.85	21,857,362	21,857,362	-	-
Hire-purchase payables	29	4.02	873,817	189,613	667,140	17,064
Finance lease payables	30	8.26	339,152	186,864	152,288	-
Term loans (unsecured)	31	9.51	80,000,000	-	80,000,000	-
Fixed rate MTNs	31	8.96	342,041,106	20,000,000	163,189,278	158,851,828
Fixed rate serial bonds	31	7.91	25,000,000	10,000,000	15,000,000	-
ABS	31	7.13	184,000,000	20,000,000	107,000,000	57,000,000
Floating rate						
Deposits with licensed financial institutions	26	3.20	176,241,854	176,241,854	-	-
Term loan (secured)	31	8.25	10,750,616	1,984,728	7,938,912	826,976
Underwritten commercial papers	31	5.75	10,000,000	10,000,000	-	-
Revolving credit	31	6.64	71,000,000	71,000,000	-	-
Other bank borrowings *	31	8.25	2,931,853	2,931,853	-	-

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Interest rate risk (Cont'd)

				Maturity profile		
The Company	**Note**	**WAEIR %**	**Total RM**	**Within 1 year RM**	**2-5 years RM**	**After 5 years RM**
2009						
Fixed rate						
Hire-purchase payable	29	7.65	34,927	22,861	12,066	-
Term loan (unsecured)	31	9.01	40,000,000	-	40,000,000	-
Floating rate						
Deposit with a licensed financial institution	26	0.99	54,953	54,953	-	-
2008						
Fixed rate						
Hire-purchase payable	29	7.65	56,109	21,182	34,927	-
Term loan (unsecured)	31	9.01	40,000,000	-	40,000,000	-
Floating rate						
Deposit with a licensed financial institution	26	2.41	36,002	36,002	-	-

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

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Credit risk

(i) Loan financing services:

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

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

(ii) Factoring and confirming:

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

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

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

(c) Liquidity risk

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

(d) Fair values

(i) Financial assets

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

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

36. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair values (Cont'd)

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

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

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

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

		2009		2008	
	Note	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial asset					
Other investment - REIT	20	30,387,173	28,698,997	31,557,173	30,505,268
Financial liabilities					
Fixed rate MTNs (including accrued interest of RM3,892,868 (2008: RM6,603,008))	31	272,548,180	279,446,158	348,644,114	335,032,732
Fixed rate serial bonds (including accrued interest of RM532,603 (2008: RM871,164))	31	15,532,603	15,616,088	25,871,164	25,008,916
ABS (including accrued interest of RM4,997,945 (2008: RM1,786,381))	31	349,997,945	370,189,799	185,786,381	184,033,058

36. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair values (Cont'd)

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

(i) Other investment - REIT

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

(ii) Short term investment - Quoted investment in Malaysia

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

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

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

(iv) Fixed rate MTNs

The fair value of the fixed rate MTNs has been estimated using discounting technique. The discount rates are based on market rates available to the Group for similar instruments.

(v) Fixed rate serial bonds

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

(vi) ABS

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

(vii) Short term financial instruments

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

37. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 5 September 2008, the Group acquired the entire issued and paid-up ordinary share capital of MESB for a cash consideration of RM1.00. The Group has undertaken to settle MESB's outstanding balance due to the latter's former holding company by cash settlement of RM1,198,200. The remaining balance due to the former holding company was assigned to the Group for a cash consideration of RM1.00. The details of MESB are disclosed in Note 17.

38. SUBSEQUENT EVENTS AFTER BALANCE SHEET DATE

On 27 May 2009, the Company had announced its proposals to:

(a) undertake a private placement exercise of up to 71,097,134 new ordinary shares of RM0.10 each, representing 10% of the existing issued and paid-up share capital of the Company. The issue price shall be determined based on a discount of not more than 10% to the five (5)-day weighted average market price ("WAMP") immediately preceding the price-fixing date, the date of which shall be after the approval of the Securities Commission is obtained; and

(b) establish an Employees' Share Option Scheme ("Proposed ESOS") for its eligible employees and directors of the Group (excluding dormant subsidiary companies).

The total proceeds raised for each proposal will be used for the purpose of the Group's working capital purposes.

The above proposals are pending approvals at the date of this report and are not inter-conditional upon one another.

Statement by Directors

The directors of **RCE CAPITAL BERHAD** state that, in their opinion, the financial statements of the Group and of the Company, which comprise the balance sheets as at 31 March 2009, and the income statements, statements of changes in equity and cash flow statements for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 48 to 118, are drawn up in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia and 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 2009 and of the results of their business and the cash flows of the Group and of the Company for the financial year ended on that date.

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

TAN SRI DATO' AZMAN HASHIM

SOO KIM WAI

Kuala Lumpur
27 May 2009

Declaration by the Officer Primarily Responsible for the Financial Management of the Company

I, **YAP CHOON SENG**, the officer primarily responsible for the financial management of **RCE CAPITAL BERHAD**, do solemnly and sincerely declare that the financial statements of the Group and of the Company, which comprise the balance sheets as at 31 March 2009, and the income statements, statements of changes in equity and cash flow statements for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 48 to 118 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 27th day of May 2009.

PESURUHJAYA SUMPAH
No. W 350
SHAFIE B. DAUD
MALAYSIA

YAP CHOON SENG

Before me

COMMISSIONER FOR OATHS

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

Analysis of Shareholdings

As at 30 June 2009

Authorised Capital	: RM200,000,000
Issued and Paid-Up Capital	: RM71,097,134
Class of Shares	: Ordinary shares of RM0.10 each
Voting Rights	: One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	154	1.63	7,165	0.00
100 to 1,000	649	6.87	506,354	0.07
1,001 to 10,000	5,278	55.90	30,472,111	4.29
10,001 to 100,000	2,945	31.19	97,224,456	13.67
100,001 to less than 5% of issued shares	414	4.38	208,471,885	29.32
5% and above of issued shares	2	0.02	374,289,369	52.64
Total	**9,442**	**100.00**	**710,971,340**	**100.00**

THIRTY LARGEST REGISTERED SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	CIMB Group Nominees (Tempatan) Sdn Bhd *- AmcorpGroup Berhad for Cempaka Empayar Sdn Bhd*	294,885,669	41.48
2.	Aras Kreatif Sdn Bhd	79,403,700	11.17
3.	Blue Ribbon International Limited	15,647,000	2.20
4.	HSBC Nominees (Asing) Sdn Bhd *- Exempt AN for The Hongkong and Shanghai Banking Corporation Limited*	9,000,000	1.27
5.	ECML Nominees (Tempatan) Sdn Bhd *- Fulcrum Asset Management Sdn Bhd for Abdul Halim Bin Abdul Rahman*	6,741,500	0.95
6.	Ubiquity Sdn Bhd	6,200,000	0.87
7.	Sumberama Sdn Bhd	5,058,200	0.71
8.	AllianceGroup Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Goh Kheng Peow*	4,847,600	0.68
9.	AllianceGroup Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Wong Yee Hui*	4,345,800	0.61
10.	Citigroup Nominees (Asing) Sdn Bhd *- UBS AG Singapore for Tan Ah Ee*	4,130,666	0.58
11.	Soo Ngik Gee @ Soo Yeh Joo	3,990,900	0.56
12.	Yam Chee Kong	2,880,200	0.41
13.	HLB Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Wong Yee Hui*	2,868,700	0.40
14.	Public Invest Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Yoong Fui Kien*	2,666,000	0.37

Analysis of Shareholdings

As at 30 June 2009

No.	Name of Shareholders	No. of Shares	%
15.	AMSEC Nominees (Tempatan) Sdn Bhd *- AmTrustee Berhad for HLG Penny Stock Fund*	2,600,000	0.37
16.	Citigroup Nominees (Asing) Sdn Bhd *- UBS AG for New Harbour Asia Fund (Master) Limited*	2,368,700	0.33
17.	Mayban Nominees (Tempatan) Sdn Bhd *- Mayban Trustees Berhad for MAAKL-HDBS Flexi Fund*	2,350,000	0.33
18.	Chow Soi Wah	2,320,000	0.33
19.	HLG Nominee (Tempatan) Sdn Bhd *- HLG Asset Management Sdn Bhd for Uni. Asia General Insurance Berhad*	1,900,000	0.27
20.	Loo Say Peng	1,750,000	0.25
21.	Cartaban Nominees (Asing) Sdn Bhd *- Credit Suisse Securities (Europe) Limited for Evenstar Master Fund SPC*	1,731,100	0.24
22.	Liew Sze Fook	1,710,400	0.24
23.	Choo Yoke Kuen	1,700,000	0.24
24.	Ng Chee Seng	1,673,766	0.24
25.	Teng Swee Lan @ Fong Swee Lan	1,620,000	0.23
26.	Citigroup Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Susy Ding*	1,583,600	0.22
27.	*DB (Malaysia) Nominee (Tempatan) Sendirian Berhad* *- Exempt AN for Kumpalan Sentiasa Cemerlang Sdn Bhd*	1,504,000	0.21
28.	Chua Teong Kim @ Seow Teong Kim	1,462,000	0.21
29.	Yong Moh Lim	1,433,500	0.20
30.	HLG Nominee (Tempatan) Sdn Bhd *- HLG Asset Management Sdn Bhd for Program Pertukaran Fellowship Perdana Menteri Malaysia*	1,400,000	0.20
	Total	**471,773,001**	**66.37**

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Indirect Interest	
Name of Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Cempaka Empayar Sdn Bhd	294,885,669	41.48	-	-
Aras Kreatif Sdn Bhd	79,403,700	11.17	-	-
AmcorpGroup Berhad	-	-	294,885,669 (1)	41.48
Clear Goal Sdn Bhd	-	-	294,885,669 (1)	41.48
Tan Sri Dato' Azman Hashim	-	-	294,885,669 (1)	41.48
Mohamed Zamrus bin Ghazali	-	-	79,403,700 (2)	11.17
Norsiha binti Othman	-	-	79,403,700 (2)	11.17

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.*

Analysis of Shareholdings

As at 30 June 2009

DIRECTORS' SHAREHOLDINGS

	Direct Interest		Indirect Interest	
Name of Directors	No. of Shares	%	No. of Shares	%
Chew Keng Yong	963,600	0.14	-	-
Tan Sri Dato' Azman Hashim	-	-	294,885,669*	41.48

Note:

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

RCE

RCE CAPITAL BERHAD

(Company No. 2444-M)
(Incorporated in Malaysia)

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-Fifth Annual General Meeting of the Company to be held at Tun Rahah Grand Hall, 1st Floor, Menara Yayasan Tun Razak, 200 Jalan Bukit Bintang, 55100 Kuala Lumpur on Thursday, 20 August 2009 at 10.30 a.m. and at any adjournment thereof, in the manner as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended 31 March 2009 together with the Reports of the Directors and Auditors thereon.		
2.	To declare a Final Dividend of 10% less 25% income tax for the financial year ended 31 March 2009.		
3.	To re-elect Y. Bhg. Major General (Rtd) Dato' Haji Fauzi bin Hussain as Director.		
4.	To re-elect Y. Bhg. Dato' Che Md Nawawi bin Ismail as Director.		
5	To re-elect Puan Shalina Azman as Director.		
6.	To re-appoint Y. Bhg. Tan Sri Dato' Azman Hashim as Director.		
7.	To re-appoint Messrs Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration.		
8.	To approve the payment of Directors' fees.		
9.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
10.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
11.	Proposed Renewal of Share Buy-Back Authority.		

Please indicate with an "X" in the space 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 ________________, 2009

Number of Shares Held	CDS Account No.

____
Signature of Shareholder/Common Seal

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of the attorney.
5. The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Registered Office of the Company at 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.

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STAMP

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

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RCE CAPITAL BERHAD
(Company No. 2444-M)

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