

**THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.** If you have sold or transferred all your shares in RCE Capital Berhad ("RCE" or the "Company"), you should at once hand this Abridged Prospectus, together with the Notice of Provisional Allotment ("NPA") and the Rights Subscription Form ("RSF") to the agent/broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue (as defined herein) should be addressed to our Share Registrar, Tricor Investor Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

This Abridged Prospectus, together with the NPA and the RSF are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia or to persons who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia. No action has been or will be taken to ensure that the Rights Issue complies with laws of any countries or jurisdictions other than the laws of Malaysia. The distribution of this Abridged Prospectus, together with the NPA and the RSF may be prohibited or restricted (either absolutely or subject to various securities requirements, whether legal or administrative, being complied with) in certain jurisdictions or in respect of certain persons under the relevant laws of those jurisdictions. This Abridged Prospectus, together with the NPA and the RSF does not constitute an offer, solicitation or invitation to subscribe for the Rights Issue in any jurisdiction other than Malaysia or to any person to whom it would be unlawful to make such an offer, solicitation or invitation. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Malaysia where shareholders may have their registered addresses, this Abridged Prospectus, together with the NPA and the RSF has not been and will not be despatched to shareholders with a registered address outside Malaysia ("Foreign Shareholders") unless they have provided an address in Malaysia for the service of this Abridged Prospectus, together with the NPA and the RSF by the entitlement date as set out below. However, nothing shall preclude Foreign Shareholders from collecting this Abridged Prospectus, together with the NPA and the RSF, in person, at the office of our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the documents relating to this Rights Issue. Our Company and Hong Leong Investment Bank Berhad (formerly known as MIMB Investment Bank Berhad) ("HLIB") shall not accept any responsibility or liability in the event that any acceptance or renunciation made by the entitled shareholders and/or their renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

A copy of this Abridged Prospectus has been registered with the Securities Commission Malaysia ("SC"). The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, together with the NPA and RSF has also been lodged with the Registrar of Companies, who takes no responsibility for the contents of these documents.

Approval for this Rights Issue has been obtained from our shareholders at the Extraordinary General Meeting held on 21 September 2012. Approval has been obtained from Bursa Malaysia Securities Berhad ("Bursa Securities") via its letter dated 5 June 2012 for the admission of the RCPS (as defined herein) to the Official List of Bursa Securities, the listing of and quotation for the RCPS, and the new Shares (as defined herein) to be issued upon the conversion of the RCPS on the Main Market of Bursa Securities. Approval has been obtained from Bank Negara Malaysia ("BNM") via its letter dated 24 May 2012 for the issuance of RCPS to the non-resident shareholders of RCE pursuant to the Rights Issue. The official listing of and quotation for the RCPS will commence after, amongst others, receipt of confirmation from Bursa Malaysia Depository Sdn Bhd that the Central Depository System accounts of the successful entitled shareholders and/or their renounee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

Admission to the Official List of Bursa Securities for the listing of and quotation for the RCPS are in no way reflective of the merits of the Rights Issue. Neither Bursa Securities nor the SC takes any responsibility for the correctness of statements made or opinions expressed herein.

Our Board of Directors ("Board") has seen and approved all the documentation relating to this Rights Issue including this Abridged Prospectus together with the NPA and RSF. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted would make any statements in these documents false or misleading.

HLIB, being the Adviser for the Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue.

**FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 6 HEREIN.**



**RCE CAPITAL BERHAD**

(Company No.: 2444-M)

(Incorporated in Malaysia under the Companies Act, 1965)

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 478,496,024 NEW REDEEMABLE CONVERTIBLE NON-CUMULATIVE PREFERENCE SHARES OF RM0.10 EACH IN RCE ("RCPS") AT AN ISSUE PRICE OF RM0.38 PER RCPS ON THE BASIS OF TWO (2) RCPS FOR EVERY FIVE (5) ORDINARY SHARES OF RM0.10 EACH IN RCE ("SHARES") HELD AFTER THE BONUS ISSUE (AS DEFINED HEREIN) AS AT 5.00 P.M. ON 31 OCTOBER 2012**

**Adviser**



**Hong Leong Investment Bank Berhad** (10209-AV)

(Formerly known as MIMB Investment Bank Berhad)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

**IMPORTANT RELEVANT DATES AND TIME:**

Entitlement Date	:	Wednesday, 31 October 2012 at 5:00 p.m.
Last date and time for sale of provisional allotment of RCPS	:	Wednesday, 7 November 2012 at 5:00 p.m.
Last date and time for transfer of provisional allotment of RCPS	:	Monday, 12 November 2012 at 4:00 p.m.
Last date and time for acceptance and payment	:	Monday, 19 November 2012 at 5:00 p.m.*
Last date and time for excess application and payment	:	Monday, 19 November 2012 at 5:00 p.m.*

\* or such later date and time as our Board and Adviser may decide and announce not less than two (2) market days before the stipulated date and time.

**This Abridged Prospectus is dated 31 October 2012**

**BURSA SECURITIES HAS APPROVED THE ADMISSION OF RCPS TO THE OFFICIAL LIST OF BURSA SECURITIES, THE LISTING OF AND QUOTATION FOR THE RCPS AND THE NEW ORDINARY SHARES TO BE ISSUED PURSUANT TO THE CONVERSION OF THE RCPS ON THE MAIN MARKET OF BURSA SECURITIES. THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE.**

**THE SC AND BURSA SECURITIES ARE NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.**

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

**YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007 ("CMSA").**

**SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.**

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**DEFINITIONS**

Except where the context otherwise requires, the following abbreviations shall apply throughout this Abridged Prospectus:

"Abridged Prospectus"	: This Abridged Prospectus dated 31 October 2012
"Act"	: Companies Act, 1965, as amended from time to time and any re-enactment thereof
"Adviser" or "HLIB"	: Hong Leong Investment Bank Berhad (formerly known as MIMB Investment Bank Berhad) (10209-W)
"Amcorp"	: Amcorp Group Berhad (1166-T)
"Amendments I"	: Amendments to the M&A in respect of the issuance of RCPS pursuant to the Rights Issue and Increase in Authorised Share Capital
"BNM"	: Bank Negara Malaysia
"Board"	: Board of Directors of RCE
"Bonus Issue"	: Bonus issue of up to 398,746,687 Bonus Shares to be credited as fully paid-up on the basis of 1 Bonus Share for every 2 Shares held on the Entitlement Date
"Bonus Shares"	: New Shares to be issued pursuant to the Bonus Issue
"Bursa Depository"	: Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	: Bursa Malaysia Securities Berhad (635998-W)
"CDS"	: Central Depository System
"CDS Account"	: Account established by Bursa Depository for a depositor to record transactions of securities and dealings in securities by the depositor
"Cempaka"	: Cempaka Empayar Sdn Bhd (402925-M)
"Clear Goal"	: Clear Goal Sdn Bhd (736317-V)
"Code"	: Malaysian Code on Take-overs and Mergers, 2010, as amended from time to time and any re-enactment thereof
"Conversion Price"	: Price at which 1 RCPS is converted into 1 Share, being RM0.38, subject to such adjustments as may be allowed under the M&A
"Corporate Exercises"	: The Bonus Issue, Rights Issue, Exemption, Increase in Authorised Share Capital and Amendments I, collectively
"EBITDA"	: Earnings before interest, taxation, depreciation and amortisation
"EGM"	: Extraordinary General Meeting of RCE
"Entitled Shareholder(s)"	: Our shareholders whose names appear in our Record of Depositors on the Entitlement Date
"Entitlement Date"	: 31 October 2012 at 5.00 p.m., being the date and time on which the Entitled Shareholders must be registered in our Record of Depositors in order to be entitled to participate in the Bonus Issue and Rights Issue
"EPS"	: Earnings per share
"ESOS"	: Employees' share option scheme of RCE
"Exemption"	: Exemption for Cempaka and the PACs from the obligation to undertake a take-over offer for all the remaining Shares and convertible securities in RCE not already owned by them under Paragraph 16.1(c) of Practice Note 9 of the Code

**DEFINITIONS (CONT'D)**

“FPE”	:	Financial period ended
“FYE”	:	Financial year ended 31 March
“GDP”	:	Gross domestic product
“Group”	:	RCE and its subsidiaries, collectively
“Increase in Authorised Share Capital”	:	Increase in the authorised share capital of our Company from RM200,000,000 comprising 2,000,000,000 Shares to RM400,000,000 comprising 3,000,000,000 Shares and 1,000,000,000 RCPS
“Issue Price”	:	RM0.38 per RCPS
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	30 September 2012, being the latest practicable date prior to the issuance of this Abridged Prospectus
“M&A”	:	Memorandum and Articles of Association of RCE
“Main Market”	:	Main Market of Bursa Securities
“Market Day(s)”	:	A day on which Bursa Securities is open for trading in securities
“Maximum Bonus Issue Scenario”	:	A scenario assuming all of the outstanding ESOS options granted are exercised on or prior to the Entitlement Date, the Bonus Issue would entail the issuance of 398,746,687 Bonus Shares
“Maximum Rights Issue Scenario”	:	A scenario assuming all of the outstanding ESOS options granted are exercised on or prior to the Entitlement Date and all Entitled Shareholders subscribe for their respective entitlements, the Rights Issue would entail the maximum issuance of 478,496,024 RCPS
“Maximum Scenario”	:	Assuming Maximum Bonus Issue Scenario and full conversion of the RCPS based on the Maximum Rights Issue Scenario
“Minimum Bonus Issue Scenario”	:	A scenario assuming none of the outstanding ESOS options granted are exercised on or prior to the Entitlement Date, the Bonus Issue would entail the issuance of 391,197,587 Bonus Shares
“Minimum Rights Issue Scenario”	:	A scenario assuming none of the outstanding ESOS options granted are exercised on or prior to the Entitlement Date and all Entitled Shareholders subscribe for their respective entitlements, the Rights Issue would entail the minimum issuance of 469,437,104 RCPS
“Minimum Scenario”	:	Assuming Minimum Bonus Issue Scenario and full conversion of the RCPS based on the Minimum Rights Issue Scenario
“NA”	:	Net assets
“NPA”	:	Notice of provisional allotment of RCPS in relation to the Rights Issue
“PACs”	:	Persons acting in concert with Cempaka for the Exemption, namely Amcorp, Clear Goal, TSAH, Soo Kim Wai, Shalina Azman and Shahman Azman
“PAT”	:	Profit after tax
“PBT”	:	Profit before tax
“RCE” or “Company”	:	RCE Capital Berhad (2444-M)
“RCPS”	:	Redeemable convertible non-cumulative preference shares of RM0.10 each in RCE

**DEFINITIONS (CONT'D)**

"Record of Depositors"	:	A record of depositors established by Bursa Depository under the Rules of Bursa Depository
"Rights Issue"	:	Renounceable rights issue of up to 478,496,024 new RCPS at the Issue Price on the basis of 2 RCPS for every 5 Shares held after the Bonus Issue on the Entitlement Date
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RSF"	:	Rights Subscription Form in relation to the Rights Issue
"Rules of Bursa Depository"	:	Shall have the meaning given in Section 2 of the SICDA
"SC"	:	Securities Commission Malaysia
"Share Registrar"	:	Tricor Investor Services Sdn Bhd (118401-V)
"Shares"	:	Ordinary shares of RM0.10 each in RCE
"SICDA"	:	The Securities Industry (Central Depositories) Act 1991, as amended from time to time and any re-enactment thereof
"TEBP"	:	Theoretical ex-bonus price of Shares
"TSAH"	:	Tan Sri Azman Hashim
"VWAMP"	:	Volume-weighted average market price

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any act or enactment is a reference to that act or enactment as for the time being amended or re-enacted and includes any rules or regulations made under such act or enactment. All references to the time of day in this Abridged Prospectus are references to Malaysian time, unless otherwise specified.

All references to "our Company" in this Abridged Prospectus are to RCE, references to "our Group" are to our Company and subsidiaries and references to "we", "us", "our" and "ourselves" are to our Company and, save where the context requires, shall include our subsidiaries.

All references to "you" in this Abridged Prospectus are to the Entitled Shareholders.

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**CORPORATE INFORMATION****OUR BOARD**

<b>Name / Designation</b>	<b>Address</b>	<b>Nationality</b>	<b>Profession</b>
Tan Sri Azman Hashim <i>(Executive Chairman)</i>	2 Jalan Teberau 1 Ukay Heights 68000 Ampang Selangor	Malaysian	Company Director
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan <i>(Independent Director)</i>	Lot 574 Jalan Enam Taman Ampang Utama 68000 Ampang Selangor	Malaysian	Company Director
Dato' Ab. Halim bin Mohyiddin <i>(Independent Director)</i>	30 Jalan Kelab Golf 13/6 Seksyen 13 40100 Shah Alam Selangor	Malaysian	Company Director
Major General (Rtd) Dato' Haji Fauzi bin Hussain <i>(Independent Director)</i>	29 Jalan Suadamai 2/3 Bandar Tun Hussein Onn 43200 Cheras Selangor	Malaysian	Company Director
Dato' Che Md Nawawi bin Ismail <i>(Independent Director)</i>	25 Jalan TTS 4 Taman Tasik Semenyih Semenyih 43500 Kajang Selangor	Malaysian	Company Director
Soo Kim Wai <i>(Non-Independent Non-Executive Director)</i>	12-A Lorong Kemaris 4 Bukit Bandaraya Bangsar 59100 Kuala Lumpur	Malaysian	Company Director
Shalina Azman <i>(Non-Independent Non-Executive Director)</i>	2 Jalan Tebrau 1 Ukay Heights 68000 Ampang Selangor	Malaysian	Company Director
Shahman Azman <i>(Non-Independent Non-Executive Director)</i>	2 Jalan Tebrau 1 Ukay Heights 68000 Ampang Selangor	Malaysian	Company Director

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Ab. Halim bin Mohyiddin	Chairman	Independent Director
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan	Member	Independent Director
Major General (Rtd) Dato' Haji Fauzi bin Hussain	Member	Independent Director
Dato' Che Md Nawawi bin Ismail	Member	Independent Director
Soo Kim Wai	Member	Non-Independent Non-Executive Director



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**CORPORATE INFORMATION (CONT'D)**

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- COMPANY SECRETARIES** : Johnson Yap Choon Seng (MIA 20766)  
Seow Fei San (MAICSA 7009732)  
802, 8th Floor, Block C  
Kelana Square  
17 Jalan SS 7/26  
47301 Petaling Jaya  
Selangor  
Tel: 03-7803 1126  
Fax: 03-7806 1387
- REGISTERED OFFICE** : 802, 8th Floor, Block C  
Kelana Square  
17 Jalan SS 7/26  
47301 Petaling Jaya  
Selangor  
Tel: 03-7803 1126  
Fax: 03-7806 1387
- HEAD OFFICE** : 12th & 20th Floor  
Bangunan AmAssurance  
1 Jalan Lumut  
50400 Kuala Lumpur  
Tel: 03-4047 0988  
Fax: 03-4042 8877  
Website: [www.rce.com.my](http://www.rce.com.my)  
Email: [IR@rce.com.my](mailto:IR@rce.com.my)
- SHARE REGISTRAR** : Tricor Investor Services Sdn Bhd (118401-V)  
Level 17, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel: 03-2264 3883  
Fax: 03-2282 1886
- AUDITORS AND REPORTING ACCOUNTANTS** : Deloitte KassimChan  
Level 19, Uptown 1  
1 Jalan SS 21/58  
Damansara Uptown  
47400 Petaling Jaya  
Selangor  
Tel: 03-7723 6500  
Fax: 03-7726 3986
- SOLICITORS FOR THE RIGHTS ISSUE** : Lee Choon Wan & Co.  
No. 12, Lorong Dungun  
Damansara Heights  
50490 Kuala Lumpur  
Tel: 03-2093 0078  
Fax: 03-2094 1750

**CORPORATE INFORMATION (CONT'D)**

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- PRINCIPAL BANKERS** :
- Hong Leong Bank Berhad (97141-X)  
Level 5, Wisma Hong Leong  
No. 18, Jalan Perak  
50450 Kuala Lumpur  
Tel: 03-2164 2828  
Fax: 03-2715 8697
  
  - Public Bank Berhad (6463-H)  
27th Floor, Menara Public Bank  
146 Jalan Ampang  
50450 Kuala Lumpur  
Tel: 03-2176 6708  
Fax: 03-2163 9930
  
  - RHB Bank Berhad (6171-M)  
Level 10, Tower One  
RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur  
Tel: 03-9287 8888  
Fax: 03-9287 9000
- PRINCIPAL ADVISER** :
- Hong Leong Investment Bank Berhad  
(formerly known as MIMB Investment Bank Berhad)  
(10209-W)  
Level 23, Menara HLA  
No. 3, Jalan Kia Peng  
50450 Kuala Lumpur  
Tel: 03-2168 1168  
Fax: 03-2164 8880
- STOCK EXCHANGE LISTING** : Main Market of Bursa Securities

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**RCE CAPITAL BERHAD**

(Company No.: 2444-M)

(Incorporated in Malaysia under the Companies Act, 1965)

**Registered Office:**

802, 8th Floor, Block C  
Kelana Square  
17 Jalan SS 7/26  
47301 Petaling Jaya  
Selangor

31 October 2012

**Board of Directors:**

Tan Sri Azman Hashim (*Executive Chairman*)  
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan (*Independent Director*)  
Dato' Ab. Halim bin Mohyiddin (*Independent Director*)  
Major General (Rtd) Dato' Haji Fauzi bin Hussain (*Independent Director*)  
Dato' Che Md Nawawi bin Ismail (*Independent Director*)  
Soo Kim Wai (*Non-Independent Non-Executive Director*)  
Shalina Azman (*Non-Independent Non-Executive Director*)  
Shahman Azman (*Non-Independent Non-Executive Director*)

**To: The Entitled Shareholders of RCE**

Dear Sir/Madam,

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 478,496,024 NEW RCPS OF RM0.10 EACH IN RCE AT AN ISSUE PRICE OF RM0.38 PER RCPS ON THE BASIS OF TWO (2) RCPS FOR EVERY FIVE (5) SHARES HELD AFTER THE BONUS ISSUE (AS DEFINED HEREIN) AS AT 5.00 P.M. ON 31 OCTOBER 2012**

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**1. INTRODUCTION**

Our shareholders had, at the EGM held on 21 September 2012, approved the Corporate Exercises, which are inter-conditional upon each other. A certified true extract of the resolutions pertaining to the Corporate Exercises, which were passed by our shareholders at the said EGM, is set out in Appendix I of this Abridged Prospectus.

BNM had via its letter dated 24 May 2012, approved the issuance of RCPS to non-resident shareholders of RCE pursuant to the Rights Issue.

The approval granted by BNM for the Rights Issue is subject to among others, the following conditions:

<u>Conditions imposed</u>	<u>Status of compliance</u>
(a) RCE to obtain approvals and to fully comply with the conditions attached with the approvals from the relevant authorities in relation to the Rights Issue;	To be met

<u>Conditions imposed</u>	<u>Status of compliance</u>
(b) Redemption for the RCPS is to be made either in foreign currency or RM. The redemption is to be paid into the foreign currency account of non-residents maintained in Malaysia;	Noted
(c) For each of the redemption and dividend of more than RM200,000 respectively, or the corresponding amount in foreign currency, RCE is to submit the information as required by licensed onshore banks (commercial banks, Islamic banks or licensed local investment banks), to enable the said payment to be made on behalf of RCE;	Noted
(d) RCE to obtain prior approval from the Foreign Exchange Controller in relation to any amendments to the terms and utilisation of proceeds of the RCPS; and	Noted
(e) RCE must inform BNM of the actual subscription level of the RCPS by the non-resident shareholders upon completion of the Rights Issue.	To be met

Bursa Securities had via its letter dated 5 June 2012, given its approval for the following:

- (a) listing of up to 398,866,287 new Shares to be issued pursuant to the Bonus Issue on the Main Market;
- (b) admission to the Official List of Bursa Securities and the listing and quotation of up to 478,639,544 new RCPS to be issued pursuant to the Rights Issue on the Main Market; and
- (c) listing of up to 478,639,544 new Shares to be issued pursuant to the conversion of the RCPS on the Main Market.

The approval of Bursa Securities on the Rights Issue is subject to among others, the following conditions:

<u>Conditions imposed</u>	<u>Status of compliance</u>
(a) RCE and HLIB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue;	To be met
(b) RCE and HLIB to inform Bursa Securities upon the completion of the Rights Issue;	To be met
(c) RCE to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed;	To be met
(d) RCE to furnish Bursa Securities on a quarterly basis, a summary of the total number of shares listed pursuant to the conversion of the RCPS as at the end of the quarter together with a detailed computation of listing fees payable; and	To be met
(e) RCE to furnish Bursa Securities with a copy of the approval letter from BNM, for the issuance of the RCPS to non-residents shareholders of RCE.	To be met

On 2 October 2012, HLIB, on behalf of our Board, announced that the SC had approved the Exemption, via its letter dated 1 October 2012 which was received on 2 October 2012. The approval of the SC on the Exemption is not subject to any conditions.

On 16 October 2012, HLIB, had on behalf of our Board, announced that the issue price and conversion price of the RCPS has been fixed at RM0.38 each.

On 16 October 2012, HLIB, had on behalf of our Board, announced that the Entitlement Date has been fixed at 5.00 p.m. on 31 October 2012.

The listing of and quotation for the RCPS and new Shares to be issued arising from the conversion of the RCPS will commence after, amongst others, receipt of confirmation from Bursa Depository that the CDS accounts of the Entitled Shareholders have been duly credited and the notices of allotment have been despatched to the Entitled Shareholders.

No person is authorised to give any information or make any representation not contained in this Abridged Prospectus in connection with the Rights Issue and, if given or made, such information or representation must not be relied upon as having been authorised by us or HLIB.

**If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

## **2. DETAILS OF THE RIGHTS ISSUE**

### **2.1 Details of the Rights Issue**

In accordance with the terms of the Rights Issue, as approved by the relevant authorities and our shareholders at the EGM held on 21 September 2012 and subject to the terms of this Abridged Prospectus and the accompanying documents, we will provisionally allot up to 478,496,024 new RCPS on the basis of 2 RCPS for every 5 Shares held by the Entitled Shareholders after the Bonus Issue.

As at the LPD, the issued and paid-up share capital of the Company stood at RM78,239,517 comprising 782,395,174 Shares. The Company has, as at the LPD, 15,098,200 outstanding options granted under the Company's ESOS, which entitle the option holders until 14 September 2019 to subscribe for 15,098,200 new Shares.

Assuming none of the outstanding ESOS options are exercised on or prior to the Entitlement Date and all Entitled Shareholders subscribe for their respective entitlements, the Rights Issue would entail the minimum issuance of 469,437,104 RCPS under the Minimum Rights Issue Scenario.

Assuming all of the outstanding ESOS options are exercised on or prior to the Entitlement Date and all Entitled Shareholders subscribe for their respective entitlements, the Rights Issue would entail the maximum issuance of 478,496,024 RCPS under the Maximum Rights Issue Scenario.

The actual number of RCPS to be issued pursuant to the Rights Issue will depend on the then issued and paid-up share capital of our Company after the Bonus Issue as at the Entitlement Date, which takes into account the actual number of ESOS options exercised on or prior to the Entitlement Date.

The Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders may subscribe for their respective entitlements of the RCPS in full or in part. Any unsubscribed RCPS will be made available to the other Entitled Shareholders and/or their renounee(s) under the excess RCPS application. It is the intention of the Board to allocate the excess RCPS in a fair and equitable manner, and on a basis to be determined by our Board and announced later by our Company.

Any fractional entitlements arising from the Rights Issue shall be disregarded and dealt with in such manner as our Board shall in its absolute discretion deems fit and expedient and to be in the best interests of our Company.

As you are an Entitled Shareholder and the Shares are prescribed securities, your CDS Account will be duly credited with the number of provisionally allotted RCPS, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such securities into your CDS Account and the RSF to enable you to subscribe for the RCPS provisionally allotted to you, as well as to apply for the excess RCPS if you choose to do so.

Any dealings in our securities will be subject to, *inter-alia*, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the RCPS and new Shares to be issued arising from the conversion of RCPS will be credited directly into the respective CDS Accounts of the successful applicants (as the case may be). No physical share or RCPS certificates will be issued.

A notice of allotment will be despatched to you and/or your renounee(s) (if applicable) within eight (8) Market Days from the last date for acceptance and payment for the RCPS or such other period as may be prescribed by Bursa Securities. The RCPS will then be quoted on the Main Market of Bursa Securities two (2) Market Days after the application for quotation is made to Bursa Securities.

Further details of the undertakings by our major shareholder are set out in Section 2.5 of this Abridged Prospectus.

## **2.2 Basis of determining the Issue Price and Conversion Price**

The issue price and conversion price of the RCPS to be issued pursuant to the Rights Issue has been fixed at RM0.38 per RCPS, which represents a premium of approximately 27.95% to the theoretical ex-bonus price of RM0.297 based on the 5-day VWAMP of Shares up to and including 15 October 2012 of RM0.445. The issue price and conversion price were also arrived at after considering the prevailing market conditions and the par value of the RCPS of RM0.10 each.

## **2.3 Ranking of the RCPS and new Shares arising from the conversion of RCPS**

The RCPS will rank *pari passu* amongst themselves.

The new Shares to be issued pursuant to the conversion of RCPS shall, upon allotment and issue, rank *pari passu* in all respects, with the Shares in issue at that time, except that the new Shares shall not be entitled to any dividend declared or to be declared in respect of any particular financial year ending before the relevant date on which the Company receives the conversion notice irrespective of the date when such dividend is declared, made or paid, nor shall they be entitled to any rights, allotments and/or any other distributions if the allotment date of the new Shares is after the entitlement date for such rights, allotments and/or other distributions.

## **2.4 Listing status of the RCPS and new Shares to be issued arising from conversion of RCPS**

The RCPS will be admitted to the Official List of Bursa Securities. The RCPS and Shares to be issued arising from the conversion of RCPS shall be listed and quoted on the Main Market.

## 2.5 Minimum subscription level, shareholder undertaking and underwriting arrangement

Our Company had procured an irrevocable written undertaking from Cempaka that it will:

- (i) subscribe in full for its entitlements of 203,656,301 RCPS under the Rights Issue ("**Entitlement Undertaking**"); and
- (ii) subscribe in full for the remaining RCPS offered under the Rights Issue at the issue price of RM0.38 per RCPS, which are not subscribed by the other Entitled Shareholders and/or their renounee(s) after excess applications, in order to ensure that all RCPS are fully subscribed ("**Additional Undertaking**").

The Entitlement Undertaking and Additional Undertaking are collectively referred to as the "**Undertakings**".

As a result of the abovementioned Undertakings provided by Cempaka, the Rights Issue will not be undertaken on a minimum subscription basis and no underwriting will be required.

For illustrative purposes, based on the shareholdings of Cempaka in our Company as at the LPD, the number of RCPS that Cempaka may subscribe and its Undertakings pursuant to the Rights Issue are as follows:

	Shareholdings as at the LPD		Entitlement Undertaking		Additional Undertaking	
	No. of Shares	%	No. of RCPS entitled	%	No. of RCPS entitled	%
Minimum Rights Issue Scenario	339,427,169	43.38	203,656,301	43.38 <sup>(1)</sup>	265,780,803	56.62 <sup>(1)</sup>
Maximum Rights Issue Scenario	339,427,169	43.38	203,656,301	42.56 <sup>(2)</sup>	274,839,723	57.44 <sup>(2)</sup>

Notes:

(1) Based on 469,437,104 RCPS to be issued under the Minimum Rights Issue Scenario.

(2) Based on 478,496,024 RCPS to be issued under the Maximum Rights Issue Scenario.

Cempaka has confirmed that it has sufficient financial resources to fulfill its Undertakings in relation to the Rights Issue. The said confirmation has been verified by HLIB, being the Adviser for the Corporate Exercises.

Pursuant to Part III of the Code, if a person or a group of persons acting in concert holding more than 33% but not more than 50% of the voting shares of a company has acquired more than 2% of the voting shares of a company in any period of 6 months, there is an obligation to undertake a general offer for all the remaining shares of the company not already owned by the said person or persons acting in concert ("**Offer**"). Under Part VIII of the Code, the Offer would also give rise to a corresponding obligation to make a take-over offer to purchase all the convertible securities issued by the company.

Premised on the above, the collective shareholdings of Cempaka and PACs could increase by more than 2% in any 6-month period due to the issuance of new Shares arising from the conversion of their RCPS as well as the exercise of their respective existing ESOS options. Pursuant to the provisions of the Code, in the event of occurrence of any of the above, Cempaka and the PACs will be obliged to undertake a take-over offer for all the remaining Shares and convertible securities not already owned by them.

Cempaka and PACs do not intend to undertake a mandatory offer to acquire all the remaining Shares not already held by them upon conversion of the RCPS into Shares and/or after the exercise of the outstanding ESOS options. In relation thereto, Cempaka and PACs had sought the Exemption. The SC had via its letter dated 1 October 2012 approved the Exemption.

The following are the relevant disclosures made in compliance with the disclosure requirements under paragraph 16.13(b) of Practice Note 9 of the Code:

- (i) The validity period for the Exemption is from 1 October 2012 up to the expiry of the RCPS tenure of 7 years;
- (ii) The number and percentage of Shares held by Cempaka as at the LPD is set out in the table above. The number and percentage of ESOS options held by PACs as at the LPD is set out below:

	<b>ESOS options as at the LPD</b>	<b>%<sup>(1)</sup></b>
TSAH	2,000,000	13.25
Soo Kim Wai	1,500,000	9.93
Shalina Azman	1,200,000	7.95
Shahman Azman	900,000	5.96

*Note:*

(1) Based on the total of 15,098,200 outstanding ESOS options as at the LPD.

- (iii) The maximum collective potential voting shares or voting rights of Cempaka and PACs in RCE, assuming the Maximum Rights Issue Scenario, that only Cempaka subscribes to the RCPS pursuant to the Undertakings and that PACs exercise their outstanding ESOS options in full is 996,036,777 Shares representing 59.47% of the issued and paid-up capital based on the enlarged share capital of 1,674,736,085 Shares after full conversion of the RCPS under the Maximum Rights Issue Scenario;
- (iv) Cempaka and PACs shall not undertake the acquisition of voting shares or voting rights or acquisition of the conversion or subscription rights or options of RCE (excluding issuance of new Shares following the conversion of RCPS, or where all shareholders are entitled to Shares, rights, conversion or subscription rights or options on a pro-rata basis) throughout the validity period for the Exemption; and
- (v) A mandatory offer obligation by Cempaka and PACs to acquire all the remaining Shares and convertible securities in RCE not already owned by them will not arise as a result of the granting of the Exemption.



**2.6 Salient terms of the RCPS**

Issuer	:	RCE
Issue size	:	Up to 478,496,024 RCPS, convertible into up to 478,496,024 new Shares, subject to adjustment, if any
Issue Price	:	RM0.38 per RCPS
Par value or nominal value	:	RM0.10 per RCPS
Form and denomination	:	The RCPS will be issued in registered form and in denominations or multiples of RM0.10 each
Board Lot	:	For the purpose of trading on Bursa Securities, a board lot of RCPS will be 100 RCPS carrying the right to subscribe for 100 new Shares or in such other denomination permitted by Bursa Securities from time to time
Tenure	:	7 years commencing from and including the date of issuance of the RCPS
Maturity Date	:	The date occurring on the day immediately preceding the 7 <sup>th</sup> anniversary of the date of issuance of the RCPS or if the maturity date is not a Market Day, the Market Day immediately following such date
Dividend rate	:	The RCPS shall carry the right to receive a non-cumulative preferential dividend rate of 20% per annum calculated based on the nominal value of the RCPS, payable annually in arrears, subject to availability of distributable profits
Redemption	:	<p>Subject to any applicable laws, unless previously purchased, cancelled or converted, all outstanding RCPS shall be redeemable in whole or in part at the option of the Company at any time from the 2<sup>nd</sup> anniversary of the issue date up to the Maturity Date (both dates inclusive), by giving not less than 30 days' notice to the holders of the RCPS. Redemption shall be at a redemption price to be calculated as follows:</p> <p>(a) includes any unpaid declared dividends; and</p> <p>(b) after payment of any dividend payable under subparagraph (a) above, and prior and in preference to any payment or distribution (or any setting apart of any payment or distribution) of any available funds and assets on any Shares or Junior Securities (any other class of shares or other securities which by its terms ranks junior to the RCPS), an amount per share equal to the Issue Price for each RCPS.</p> <p>Any RCPS not redeemed at the Maturity Date shall be automatically converted into new Shares</p>
Transferability	:	The RCPS shall be freely transferable
Conversion Rights	:	The RCPS shall be convertible, at the option of the holder, at any time from the 2 <sup>nd</sup> anniversary of the issue date up to the Maturity Date (both dates inclusive) without the payment of additional consideration by the holder thereof, into such number of fully-paid Shares as is determined by dividing the original issue price by the Conversion Price in effect at the time of conversion

- Conversion Price : The conversion price shall initially be equal to the original issue price per RCPS, subject to adjustment, if any. For avoidance of doubt, should there be no adjustment, the conversion price will effectively result in the conversion of 1 RCPS into 1 Share
- Adjustment to Conversion Price : The Conversion Price may be adjusted from time to time at the determination of the Board in the event of alteration to the share capital of the Company on or before the Maturity Date such as by way of an alteration of the par value of the Shares by reason of consolidation or subdivision, bonus issue of fully paid-up Shares or any other capitalisation issue, reduction of capital or under any other circumstances that are deemed necessary by the Board
- No adjustment to the Conversion Price shall be made unless it has been certified by a professional adviser or the external auditors of the Company. Under no circumstances will any adjustment result in the Conversion Price falling below the par value of Shares
- Voting rights : An RCPS does not carry any right to vote at any general meeting of the Company except for the right to vote in person or by proxy or by attorney at such meeting in each of the following circumstances:
- (a) when the dividend or part of the dividend payable on the RCPS is in arrears for more than 6 months;
  - (b) on a proposal to reduce the Company's share capital;
  - (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
  - (d) on a proposal that affects the rights and privileges attaching to the RCPS;
  - (e) on a proposal to wind up the Company; and
  - (f) during the winding-up of the Company
- Ranking of RCPS : The RCPS shall rank in priority to the Shares but *pari passu* among themselves and any such class ranking *pari passu* with the RCPS in respect of the right to receive dividends out of distributable profits
- Priority on winding-up or liquidation : The RCPS shall rank in priority to the Shares in any distribution of assets in the event of liquidation, dissolution or winding-up of RCE
- Changes in capital : RCE may create and issue further preference shares ranking in all respects *pari passu* with, but not ranking in priority to the RCPS save with the prior approval of the RCPS holders
- Listing : The RCPS shall be listed on the Main Market
- Ranking and rights of new Shares to be issued arising from the conversion of the RCPS : The new Shares to be issued pursuant to the conversion of RCPS shall, upon allotment and issue, rank *pari passu* in all respects with the Shares in issue at that time, except that the new Shares shall not be entitled to any dividend declared or to be declared in respect of any particular financial year ending before the relevant date on which the Company receives the conversion notice irrespective of the date when such dividend is declared, made or paid, nor shall they be entitled to any rights, allotments and/or any other distributions if the allotment date of the new Shares is after the entitlement date for such rights, allotments and/or other distributions
- Listing status of new Shares : The new Shares to be issued upon conversion of the RCPS will be listed on the Main Market
- Governing law : Laws of Malaysia

## **2.7 Details of other corporate exercises**

Save for the Corporate Exercises, which have been approved by our shareholders at the EGM held on 21 September 2012, our Board confirms that there are no other outstanding corporate exercises that has been approved by the regulatory authorities but not yet completed as at the LPD.

## **3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION FOR THE RIGHTS ISSUE**

### **3.1 General**

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisionally allotted RCPS, which you are entitled to subscribe for in full or in part, under the terms of the Rights Issue. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such provisional allotment of RCPS into your CDS Account and the RSF to enable you to subscribe for the RCPS provisionally allotted to you, as well as to apply for any excess RCPS if you choose to do so.

### **3.2 NPA**

The provisional allotted RCPS are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the provisionally allotted RCPS will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. You and/or your renounee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

### **3.3 Last date and time for acceptance and payment**

The last date and time for acceptance and payment for the RCPS is **5.00 p.m. on 19 November 2012**, or such extended time and date as our Board and Adviser may decide at their absolute discretion. Where the closing date of the acceptance and payment is extended from the original closing date, the announcement of such extension will be made not less than two (2) Market Days before the original closing date.

### **3.4 Procedure for acceptance and payment**

Acceptance and payment for the RCPS provisionally allotted to you as an Entitled Shareholder or your renounee(s) (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this Abridged Prospectus, the NPA or the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

**FULL INSTRUCTIONS FOR THE ACCEPTANCE AND PAYMENT FOR THE RCPS PROVISIONALLY ALLOTTED TO YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENTS ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.**

**YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.**

If you and/or your renounee(s) (if applicable) wish to accept your entitlement either in full or in part, please complete Parts I(a) and II of the RSF in accordance with the notes and instructions provided in the RSF. Each completed and signed RSF together with the relevant payment must be despatched by **ORDINARY POST** or **DELIVERED BY HAND** using the official envelope provided (at your own risk) to our Share Registrar at the following address:

**Tricor Investor Services Sdn Bhd**  
Level 17, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel: 03 – 2264 3883  
Fax: 03 – 2282 1886

so as to arrive **not later than 5.00 p.m. on 19 November 2012**, being the last time and date for acceptance of and payment, or such later date and time as our Board and Adviser may decide and announce at their absolute discretion. A reply envelope is enclosed in this Abridged Prospectus. In order to facilitate the processing of the RSF by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

One (1) RSF can only be used for acceptance of provisionally allotted RCPS standing to the credit of one (1) CDS Account. Separate RSF(s) must be used for the acceptance of provisionally allotted RCPS standing to the credit of more than one (1) CDS Account. If successful, the RCPS subscribed by you and/or your renounee(s) (if applicable) will be credited into the respective CDS Account(s) where the provisionally allotted RCPS are standing to the credit.

You and/or your renounee(s) (if applicable) should take note that a trading board lot for the RCPS comprises one hundred (100) RCPS. Successful applicants of the RCPS will be given the new RCPS on the basis of two (2) RCPS for every five (5) Shares held on the Entitlement Date successfully subscribed for. The minimum number of securities that can be subscribed for or accepted is one (1) RCPS. Fractions of a RCPS arising from the Rights Issue will be dealt with by our Board as it may deem fit and expedient in the best interests of our Company.

If acceptance and payment for the RCPS provisionally allotted to you and/or your renounee(s) (if applicable) (whether in full or in part, as the case may be) are not received by our Share Registrar by **5.00 p.m. on 19 November 2012**, being the last time and date for acceptance and payment, or such later date and time as our Board and Adviser may decide and announce at their absolute discretion, you and/or your renounee(s) (if applicable) will be deemed to have declined the provisional allotment made to you and/or your renounee(s) and it will be cancelled. In the event that the RCPS are not fully taken up by such applicants, our Board will then have the right to allot such RCPS to the applicants who have applied for the excess RCPS in the manner as set out in Section 3.8 of this Abridged Prospectus. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. Our Board reserves the right not to accept or to accept in part only any application without providing any reasons.

If you lose, misplace or for any reasons require another copy of the RSF, you may obtain additional copies of the RSF from your stockbrokers, Bursa Securities' website (<http://www.bursamalaysia.com>), our Share Registrar at the address stated above or our Registered Office.

**EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT IN THE FORM OF BANKERS' DRAFT(S) OR CASHIER'S ORDER(S) OR MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "ACCOUNT PAYEE ONLY" AND MUST BE MADE PAYABLE TO "RCE RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER, ADDRESS AND CDS ACCOUNT NUMBER IN BLOCK LETTERS TO BE RECEIVED BY OUR SHARE REGISTRAR.**

**APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.**

**NO ACKNOWLEDGMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RCPS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, YOU WILL BE ALLOTTED THE RCPS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO YOU AT YOUR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RCPS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.**

**YOU SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.**

**IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANTS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RCPS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS AT THE APPLICANTS' OWN RISK.**

**APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.**

### **3.5 Procedure for part acceptance**

You are entitled to accept part of your provisionally allotted RCPS. The minimum number of securities that can be subscribed for or accepted is one (1) RCPS.

**WHEN YOU ACCEPT ONLY PART OF YOUR PROVISIONALLY ALLOTTED RCPS, YOU WILL AUTOMATICALLY BE ACCEPTING THE RCPS IN THE PROPORTION OF TWO (2) RCPS FOR EVERY FIVE (5) SHARES HELD. YOU CANNOT ACCEPT THE PROVISIONALLY ALLOTTED RCPS IN ANY OTHER PROPORTIONS. IN DETERMINING THE ENTITLEMENT TO THE PROVISIONAL ALLOTMENT OF RCPS UNDER THE RIGHTS ISSUE, ANY FRACTIONAL ENTITLEMENTS UNDER THE RIGHTS ISSUE SHALL BE DISREGARDED AND DEALT WITH IN SUCH MANNER AS OUR BOARD SHALL IN ITS ABSOLUTE DISCRETION DEEMS FIT AND EXPEDIENT AND TO BE IN THE BEST INTERESTS OF OUR COMPANY.**

You must complete both Part 1(a) of the RSF by specifying the number of the RCPS which you are accepting, and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the same manner as set out in Section 3.4 of this Abridged Prospectus.

The portion of the provisionally allotted RCPS that have not been accepted shall be allotted to any other persons allowed under the laws, regulations or rules to accept the transfer of the provisional allotment of the RCPS.

### 3.6 Procedure for sale or transfer of provisional allotment of RCPS

As the provisionally allotted RCPS are prescribed securities, you may sell or transfer all or part of your entitlement to the RCPS to one (1) or more person(s) through your stockbrokers for the period up to the last time and date for sale or transfer of the provisionally allotted RCPS (in accordance with the Rules of Bursa Depository) without first having to request for a split of the provisionally allotted RCPS standing to the credit of your CDS Accounts. To sell or transfer all or part of your entitlement to the provisionally allotted RCPS, you may sell such entitlement in the open market or transfer such entitlement to such person(s) as may be allowed pursuant to the Rules of Bursa Depository.

In selling or transferring all or part of your provisionally allotted RCPS, you and/or your renounee(s) (if applicable) need not deliver any document (including the RSF), to any stockbroker. However, you and/or your renounee(s) (if applicable) must ensure that there is sufficient provisionally allotted RCPS standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

Purchaser(s) or transferee(s) of the provisionally allotted RCPS may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers or from our Share Registrar or from our Registered Office. This Abridged Prospectus and RSF are also available on Bursa Securities' website (<http://www.bursamalaysia.com>).

If you have sold or transferred only part of your provisionally allotted RCPS, you may still accept the balance of your provisionally allotted RCPS by completing Parts I(a) and II of the RSF. Please refer to Section 3.4 of this Abridged Prospectus for the procedure for acceptance and payment.

**ENTITLED SHAREHOLDERS WHO DISPOSE OF OR TRANSFER THEIR PROVISIONAL RCPS WILL AUTOMATICALLY BE DISPOSING OR TRANSFERRING THEIR ENTITLEMENTS TO THE RCPS. IN DETERMINING THE ENTITLEMENT TO THE PROVISIONAL ALLOTMENT OF RCPS UNDER THE RIGHTS ISSUE, ANY FRACTIONAL ENTITLEMENTS UNDER THE RIGHTS ISSUE SHALL BE DISREGARDED AND DEALT WITH IN SUCH MANNER AS OUR BOARD SHALL IN ITS ABSOLUTE DISCRETION DEEMS FIT AND EXPEDIENT AND TO BE IN THE BEST INTERESTS OF OUR COMPANY.**

### 3.7 Procedure for acceptance by renounees

Renounees who wish to accept the provisionally allotted RCPS must obtain a copy of the RSF from their stockbrokers, our Share Registrar, or at our Registered Office or from the Bursa Securities' website (<http://www.bursamalaysia.com>) and complete the RSF and submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions printed therein.

The procedures for acceptance, selling or transferring of provisionally allotted RCPS, applying for the excess RCPS and/or payment is the same as that which is applicable to the Entitled Shareholders as described in Sections 3.4 and 3.8 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

**RENOUNCEE(S) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND RSF.**

### 3.8 Procedure for application of excess RCPS

In addition to the RCPS, as an Entitled Shareholders, you and/or your renounee(s) (if applicable) may apply for excess RCPS provisionally allotted to you and/or your renounee(s) by completing Part I(b) of the RSF (in addition to Parts I(a) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the excess RCPS applied for) to our Share Registrar **not later than 5.00 p.m. on 19 November 2012**, being the last time and date for acceptance and payment, or such later date and time as our Board and Adviser may decide and announce at their absolute discretion.

**PAYMENT FOR THE EXCESS RCPS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 3.4 OF THIS ABRIDGED PROSPECTUS, EXCEPT THAT THE BANKERS' DRAFT(S) OR CASHIER'S ORDER(S) OR MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "ACCOUNT PAYEE ONLY" AND MADE PAYABLE TO "RCE EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER, ADDRESS AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.**

It is the intention of our Board to allot the excess RCPS, if any, on a fair and equitable basis and in the following priority:

- (a) firstly, to minimise the incidence of odd lots;
- (b) secondly, for allocation to the Entitled Shareholders who have applied for excess RCPS on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;
- (c) thirdly, for allocation to the Entitled Shareholders who have applied for excess RCPS on a pro-rata basis calculated based on the quantum of their respective excess RCPS application; and
- (d) fourthly, for allocation to transferee(s) and/or renounee(s) who have applied for excess RCPS on a pro-rata basis calculated based on the quantum of their respective excess RCPS application.

Nevertheless, our Board reserves the right to allot any excess RCPS applied under Part I(b) of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in sections 3.8(a) – (d) above are achieved. Our Board also reserves the right to accept any excess RCPS application, in full or in part, without assigning any reason.

**APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.**

**NO ACKNOWLEDGMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RCPS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, YOU WILL BE ALLOTTED THE RCPS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO YOU AT YOUR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RCPS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.**

**YOU SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR FOR THE RIGHTS ISSUE WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.**

**IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RCPS APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANTS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RCPS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS AT THE APPLICANTS' OWN RISK.**

### **3.9 Form of issuance**

Bursa Securities has already prescribed our Shares listed on the Main Market to be deposited with Bursa Depository. Accordingly, the RCPS are prescribed securities and as such the SICDA and the Rules of Bursa Depository shall apply in respect of the dealings in the RCPS.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. Your subscription for the provisionally allotted RCPS shall mean consent to receiving such RCPS as deposited securities credited directly into your CDS Account. No physical share certificates shall be issued to you under the Rights Issue. Instead, the RCPS will be credited directly into your CDS Accounts. The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to address shown in the Record of Depositors within eight (8) Market Days from the last date for acceptance and payment for the RCPS, or such other period as may be prescribed by Bursa Securities.

Any person who has purchased the provisionally allotted RCPS as a renouncee or to whom the provisionally allotted RCPS has been transferred and intends to subscribe for the RCPS must state his/her CDS Account number in the space provided in the RSF. The RCPS will be credited directly as prescribed securities into his/her CDS Account upon allotment and issue.

The excess RCPS, if allotted to the successful applicant who applies for excess RCPS, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the excess RCPS will be made on a fair and equitable basis as disclosed in Section 3.8 of this Abridged Prospectus.

### **3.10 Laws of foreign jurisdictions**

This Abridged Prospectus, and the accompanying NPA and RSF have not been (or will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue will not be made or offered for subscription in any foreign jurisdiction.

Accordingly, this Abridged Prospectus together with the accompanying documents will not be sent to the foreign Entitled Shareholders and/or their renouncee(s) (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders and/or their renouncee(s) (if applicable) may collect the Abridged Prospectus including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the documents relating to the Rights Issue.



Foreign Entitled Shareholders and/or their renounee(s) (if applicable) may accept only or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue only to the extent that it would be lawful to do so.

HLIB, our Company and our Board and officers would not, in connection with the Rights Issue, be in breach of, responsible or liable under the laws of any jurisdiction to which that foreign Entitled Shareholders and/or their renounee(s) (if applicable) are or may be subjected to. The foreign Entitled Shareholders and/or their renounee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subjected to. HLIB, our Company and our Board and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renounee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

The foreign Entitled Shareholders and/or their renounee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and our Company shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renounee(s) (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against our Company and/or HLIB in respect of their rights and entitlements under the Rights Issue. Such foreign Entitled Shareholders and/or their renounee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue.

By signing the RSF, the foreign Entitled Shareholders and/or their renounee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) HLIB, our Company and our Board and officers that:

- (i) our Company would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders and/or their renounee(s) (if applicable) is or may be subjected to;
- (ii) the foreign Entitled Shareholders and/or their renounee(s) (if applicable) have complied with the laws to which they are or may be subjected to in connection with the acceptance or renunciation;
- (iii) the foreign Entitled Shareholders and/or their renounee(s) (if applicable) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subjected to;
- (iv) the foreign Entitled Shareholders and/or their renounee(s) (if applicable) are aware that the RCPS can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the foreign Entitled Shareholders and/or their renounee(s) (if applicable) have received a copy of this Abridged Prospectus and have been afforded the opportunity to pose such questions to the representatives of our Company and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the RCPS; and

- (vi) the foreign Entitled Shareholders and/or their renounee(s) (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the RCPS, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the RCPS.

Persons receiving this Abridged Prospectus, the NPA and the RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, the NPA and the RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, the NPA and the RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the RCPS from any such application by foreign Entitled Shareholders and/or their renounee(s) (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in our absolute discretion, to treat any acceptance of the RCPS as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

#### **4. RATIONALE FOR THE RIGHTS ISSUE**

The Rights Issue is undertaken to raise funds for the purposes as stated in Section 5 of this Abridged Prospectus.

After due consideration of various fund raising options available, our Board is of the view that the Rights Issue is currently the most appropriate avenue of fund raising for our Group after taking into consideration, amongst others, the following factors:

- (i) the issuance of RCPS will not result in an immediate dilution effect on the EPS of our Group, which would otherwise arise from a full issue of Shares;
- (ii) the Rights Issue will enable RCE to have interest savings and lower financing cost as the dividend yield for the RCPS of 5.26% per annum (based on the Issue Price) is lower than our Group's existing effective cost of borrowings and further, the dividend rate is fixed and will not be subject to any fluctuations;
- (iii) given the current low interest rate environment, the RCPS bearing a dividend yield of 5.26% per annum will serve as an attractive investment alternative for RCE's shareholders. Our shareholders may also benefit from any upside from potential future capital appreciation of the RCPS and Shares;
- (iv) provide our shareholders with an opportunity to maintain their equity participation in the Company (without taking into account the dilution upon the exercise of outstanding ESOS options) upon conversion of the RCPS into Shares; and
- (v) any conversion of the RCPS will further strengthen our Company's capital base and hence improve its gearing levels as well as to potentially increase the liquidity of Shares.

## 5. UTILISATION OF PROCEEDS

The Rights Issue is expected to raise total gross proceeds of approximately between RM178.39 million to RM181.83 million based on the Issue Price under the Minimum Rights Issue Scenario and Maximum Rights Issue Scenario respectively and is expected to be utilised as follows:

	Note	Minimum Rights Issue Scenario RM'000	Maximum Rights Issue Scenario RM'000	Estimated timeframe for utilisation of proceeds from the date of listing of RCPS
Repayment of bank borrowings	(1)	150,000	150,000	Within 6 months
Working capital requirements	(2)	27,186	30,629	Within 12 months
Estimated expenses	(3)	1,200	1,200	Within 6 months
		<u>178,386</u>	<u>181,829</u>	

### Notes:

- (1) RCE Marketing Sdn Bhd, a wholly-owned subsidiary of RCE, had obtained a syndicated bridging loan facility of RM150 million for purposes of loan disbursements in its ordinary course of business from Hong Leong Bank Berhad ("HLBB") and HLIB, which will mature in end December 2012. RM150 million of total gross proceeds to be raised from the Rights Issue will be used to repay the bridging loan facility and/or any refinancing of this loan, which is short term in nature. Based on the effective cost of borrowing for the bridging loan facility and after deducting the financing cost of the RCPS (assuming a dividend yield of the RCPS of 5.26% per annum calculated based on dividend rate of 20% per annum on the nominal value of RCPS and the Issue Price), such repayment is expected to result in annual interest savings of approximately RM1.4 million. As at the LPD, total borrowings (including hire purchase payables) of the Group amounted to approximately RM852.5 million.
- (2) Working capital requirements of the Group refer to loan disbursements to customers in the ordinary course of business of providing consumer financing.
- (3) Estimated expenses pertain to the Corporate Exercises, which comprises the following:

	<b>RM'000</b>
Professional fees	995
Estimated fees payable to the relevant authorities	90
Miscellaneous expenses, which includes printing, advertising and EGM costs	115
<b>Total</b>	<u>1,200</u>

Any variation to the amount of repayment of borrowings and estimated expenses will result in an adjustment from/to the portion being earmarked for working capital requirements. Pending utilisation of proceeds from the Rights Issue, the proceeds will be placed in deposit accounts with financial institutions or short term money market instruments.

No proceeds will be raised upon conversion of the RCPS into new Shares as the conversion will be satisfied by the RCPS holders surrendering 1 RCPS in order to receive 1 new Share.

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## 6. RISK FACTORS

You and/or your renounee(s) (if applicable) should carefully consider, in addition to all other information contained in this Abridged Prospectus, the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group, before subscribing for or investing in the Rights Issue.

### 6.1 Risks relating to our Group

#### (a) Economic, market, political and regulatory factors

Development in economic, market and political conditions in Malaysia where our Group is currently operating or where our Group may undertake financing and/or projects or markets our products in the future could materially affect the financial prospects of our Group. In turn, these may affect the demand for our Group financing activities and operating margins. Examples of such external conditions include, but are not limited to:

- (i) Entry of new competitors and other actions by new and existing competitors;
- (ii) General economic, political and social factors;
- (iii) Consumer spending patterns;
- (iv) Inflation and interest rate fluctuations;
- (v) Unfavorable changes in legal regimes and government policies, such as licensing and approvals, taxation, duties and tariff in Malaysia; and
- (vi) International events such as war, riots, global economic downturn and political instability.

While our Group continues to take measures to mitigate these risks including monitoring of the Government's economic and development policies in order to capitalize on any regulatory changes in the industry in which our Group operates, embarking on various cost savings and productivity enhancement measures and proactively seeking and evaluating opportunities that will benefit the Group, there can be no assurance that any changes to the economic, market, political and regulatory factors will not have a material and adverse effect on the business and prospects of our Group.

#### (b) Interest rate risk

Our 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 our Group.

Our Group manages its interest rate risk exposure from interest bearing borrowings by maintaining a mix of fixed and floating rate borrowings. Our 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 us to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

Notwithstanding the above, there can be no assurance that any mismatches or fluctuations in interest rates will not adversely affect our Group.

**(c) Liquidity shortfalls may increase the cost of funds**

Our Group's funding resources to support our loan and investment operations are characterised by short term to long term borrowings. There can be no assurance that stable resources will continue. Liquidity problems may arise and our Group may need to borrow from alternative short term or long term sources at a higher cost to fund our operation. Such funding may not be available on commercially reasonable terms, or at all. This may materially and adversely affect our Group's business, financial condition, results of operations and prospects.

In managing this risk, our Group actively manages our operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of our overall prudent liquidity management, our Group maintains sufficient levels of cash to meet our working capital requirements. In addition, our Group strives to maintain available banking facilities at a reasonable level to our overall debt position. Notwithstanding this, there can be no assurance that these measures can be successful in preventing any deficit in funding or liquidity in the future.

**(d) Impact of FRS 139 and impaired loans and related allowances for impairment losses**

The Malaysian Accounting Standards Board has issued a new accounting standard "FRS 139 Financial Instruments: Recognition and Measurement" applicable to all entities for annual periods beginning on or after 1 January 2010.

Our Group has accordingly adopted FRS 139 with effect from the financial year beginning 1 April 2010. FRS 139 requires, *inter-alia*, the application of fair value accounting and impairment assessments and provisions for financial assets and financial liabilities.

The adoption of FRS 139 by our Group has primarily impacted the classification and impairment provisions of loans and has resulted in certain adjustments to opening reserves of loans or assets balances. There can be no assurance that the level of provisions would be adequate under the new rules.

In addition, any worsening of economic conditions in Malaysia or the region may lead to an increase in impaired loans. A substantial increase in impaired loans may materially and adversely affect our Group's business, financial condition, results of operations and prospects and necessitate write-offs which may materially and adversely impact our Group.

**(e) Credit risks in connection with our Group's businesses**

Credit risks arising from adverse changes in the credit quality and recoverability of loans, advances and amounts due from counterparties are inherent in a wide range of our Group's businesses. Such risk could arise from a general deterioration in local or global economic conditions or from systemic risks within the financial systems, all of which could affect the recoverability and value of our Group's assets and require an increase in our Group's provisions for the impairment of our assets and other credit exposures. Our Group's credit policy procedures are continuously monitored and enhanced to reduce the risk of default. Nevertheless, there can be no assurance that our Group's credit policy will be able to completely address the relevant credit risks or industry credit concentrations which may materially and adversely affect our Group's business, financial condition, results of operations and prospects.

**(f) Our Group is dependent on our Directors, senior management and key personnel**

Our Group, to a significant extent, relies on our Directors and senior management for our Group's business direction and business strategy. The loss of our Directors or members of the senior management team as well as other key personnel could adversely affect our ability to operate our business or to compete effectively, and in turn, affect our financial performance and prospects.

Whilst our Group has made efforts to nurture and maintain a good relationship with our key management and personnel, there can be no assurance that the loss of any of these employees can be avoided. As such, our Group aims to offer competitive salary package, training and conducive working environment to attract new personnel as well as to retain existing staff.

**6.2 Risks relating to the Rights Issue**

**(a) Investment Risk**

The market price of the RCPS, like all listed securities traded on Bursa Securities, is subject to fluctuations and will be influenced by, amongst others, the market price of the Shares, the remaining conversion period of the RCPS, the volatility of the Shares and potential payments of dividends.

Meanwhile, the market price of the Shares will be influenced by, amongst others, prevailing market sentiments, volatility of the stock market, the operating results of our Group and the prospects of the industry in which our Group operates.

There can be no assurance that the market price of the RCPS will remain at or trade above the Issue Price, or that the RCPS can be disposed of at or above the issue price. Essentially, there is no assurance that the RCPS will trade at a level that meets the specific objectives of any holder of the RCPS.

**(b) No prior market for the new RCPS**

There is no established trading market for the RCPS. No assurance can be given that an active market for the RCPS will develop upon the listing of the RCPS on Bursa Securities, or if developed, that such market can be sustained upon listing.

Our Company believes that a variety of factors could cause the price of the RCPS to fluctuate, perhaps substantially, including amongst others, trades of substantial amount of the RCPS in the market, fluctuation in the price of the Shares and the financial performance of our Group.

The future price performance of the RCPS will also depend on various external factors such as prospects of the industry in which our Group operates, the economic and political conditions of the country and the sentiments and liquidity in the local stock market.

**(c) Delay in or failure of the Rights Issue**

The Rights Issue is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:

- (i) we are unable to meet the public shareholding spread requirement for the RCPS as stipulated under the Listing Requirements;
- (ii) force majeure events or circumstances which are beyond the control of our Company, arising prior to the implementation of the Rights Issue. Such events or circumstances include, *inter-alia*, natural disasters, adverse developments in political, economic and government policies in Malaysia, including changes in inflation and interest rates, global economic downturn, acts of war, acts of terrorism, riots, expropriations and changes in political leadership; and
- (iii) Cempaka fails to fulfil its obligation under the Undertakings provided as set out in Section 2.5 of this Abridged Prospectus.

In the event of failure in the implementation of the Rights Issue, all application monies received will be immediately returned to our shareholders and/or renounee(s) who have subscribed for the RCPS without interest, or with interest if the application monies are not refunded within fourteen (14) days after our Company becomes liable to repay, in accordance with Section 243(2) of the Capital Markets and Services Act, 2007.

Our Company will endeavour to ensure the successful implementation of the RCPS. However, there can be no assurance that the abovementioned events will not cause a delay in or failure of the Right Issue.

**6.3 Forward-looking statements**

Certain statements in this Abridged Prospectus are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties.

All forward-looking statements contained in this Abridged Prospectus are based on assumptions made by our Company, unless stated otherwise. Although our Board believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements.

There can be no assurance that any of these forward looking statements can be realised. As a result, such forward-looking statements should not be interpreted as a warranty or representation by our Company or any other person that the plans and objectives of our Company will be accomplished.

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## 7. INDUSTRY REVIEW AND FUTURE PROSPECTS

### 7.1 Overview and prospects of the Malaysian economy

The Malaysian economy expanded at a faster pace of 5.1% during the first half of 2012 (January - June 2011: 4.7%) despite the increasingly challenging global economic conditions. Growth in the domestic economy was supported by strong private consumption and robust private investment. The global economy is expected to further moderate during the second half of 2012 as the euro area debt crisis shows no clear signs of abating. Additionally, tepid economic growth in advanced economies and the slowdown of emerging economies especially in China and India, point to weakening global economic prospects. The deterioration in the external environment and correction in commodity prices are expected to weigh on Malaysia's export performance during the second half of 2012. Nevertheless, the vibrant domestic demand is expected to be sustained during the second half of 2012, supported by both public and private sectors amid conducive financial market conditions, stable prices and a favourable labour market. Taking into account the downside risks emanating from the external sector and a resilient domestic economy, the real GDP is estimated to expand 4.5% - 5% in 2012 (2011: 5.1%).

Domestic demand will be the main driver of the Malaysian economy supported by private and public sector expenditure. Growth in private consumption is expected to be buoyed by stable employment and income coupled with lower inflation. Private investment is envisaged to drive economic growth over the medium term, underpinned by the ongoing implementation of the Economic Transformation Programme and vibrant construction activity. Growth in private investment will be broad-based in line with positive investors' confidence and strong domestic demand. Public investment will be largely led by the Non-Financial Public Enterprises' ("NFPEs") capital spending on oil and gas, telecommunications and transport-related industries.

On the supply side, growth in 2012 is expected to emanate from the services and manufacturing sectors with the construction sector playing a stronger role in supporting the economy. The strong growth in the services sector is largely due to buoyant wholesale and retail trade, communication, accommodation and restaurants well as business services subsectors. Manufacturing output, especially domestic-oriented industries, is expected to expand steadily in tandem with strong domestic activities. The construction sector is expected to register a double-digit growth backed by the ongoing implementation of various government projects, particularly large-scale projects such as the Sabah Oil and Gas Terminal, Second Penang Bridge and offshore pipeline for Gumusut-Kakap, Sabah.

The Malaysian economy is expected to strengthen further and projected to grow at a faster rate of 4.5% - 5.5% in 2013. Growth will be supported by improving exports and strong domestic demand on the assumption that global growth will pick up, especially during the second half of 2013. The growth projection is premised upon the expectation of an improvement in the resolution of the debt crisis in the euro area and stronger growth momentum in the economies of Malaysia's major trading partners. Domestic demand is expected to maintain its strong momentum driven by robust private investment and strong private consumption. Private sector activity will be supported by an accommodative monetary policy in an environment of low inflation coupled with a robust financial sector. Recovery in the external sector, particularly increasing external demand from regional economies and major trading partners will further provide the impetus for a private-led growth. The overall public expenditure is expected to increase, led by higher NFPE's capital investment which will further augment growth. Thus, nominal gross national income per capita is expected to increase 6.4% to RM32,947 (2012: 4.4%; RM30,956). In terms of purchasing power parity, per capita income is expected to grow 4.4% to reach United States Dollars ("USD") 16,368 (2012: 3.2%; USD15,676).

*(Source: Economic Report 2012/2013, Ministry of Finance)*



## 7.2 Overview and prospects of the Finance industry

The financial services sector is well positioned to respond to the challenging and evolving global environment and enhance its contribution to the Malaysian economy. This is due to financial reforms over the last decade that have enhanced institutional capacity, domestic financial infrastructure and strengthened the regulatory and supervisory framework. The contribution of the financial sector to economic growth is high, accounting for 11.7% to GDP as at end - 2009. During the Tenth Malaysia Plan period, the finance and insurance sectors are targeted to grow at 8.3% and contribute 12.7% to GDP.

The finance and insurance subsector is expected to expand 4.2% in 2012 (2011: 6.5%) mainly driven by steady bank lending activities. Despite uncertainties and volatilities in the global financial markets and weakening global growth, the domestic financial system remained resilient due to the strong governance and risk management practices, which resulted in robust balance sheets, strong asset quality and healthy liquidity positions. During the first seven months of 2012, financing through the banking system remained strong with loan applications and disbursements increasing 10% and 20.9%, respectively. Total loans outstanding increased 13% to RM1,073.1 billion as at end-July 2012 (end-2011: 13.6%; RM1,003.5 billion) largely for the purchase of residential properties and working capital, accounting for 27% and 24.7% (end-2011: 26.8%; 25.2%), respectively. The growth in net interest income of the banking system is expected to be complemented by higher fee-based income. The subsector is also anticipated to benefit from the growing Islamic banking market. As at end-July 2012, Islamic financing grew 19.3% to RM294.2 billion and accounted for 26.6% (end-2011: 23.6%; RM268.3 billion; 25.9%) of total loans by the banking system. Meanwhile, stockbroking activity increased with a higher volume of share transactions at 18.4% to 222.2 billion units (January - July 2011: 40.2%; 187.7 billion units). In the insurance segment, life and general insurance are anticipated to further contribute to the growth of the subsector supported by an increase in new life insurance, and motor insurance policies.

During the Tenth Malaysia Plan period, the financial sector will be further strengthened so that it remains competitive, resilient, diversified, inclusive and continues to meaningfully contribute to economic growth. The role and liquidity of capital market will also continue to be enhanced.

Key strategies that will be adopted to propel the industry are as follows:

- Formulating a new financial sector blueprint to articulate strategies to further evolve the Malaysian financial sector to support and drive the next phase of Malaysia's economic development, which includes promoting financial inclusion and continued equitable financing access to all segments of the economy, greater leveraging of technology and innovation in the delivery of financial services, enhancing the financial system infrastructure including institutional and capacity building, and implementing adequate safeguards to preserve financial stability. The structural issues within the general insurance industry will be addressed by promoting further consolidation and rationalisation. Insurance penetration will also be enhanced via alternative distribution channels and greater product innovation;
- Enhancing Malaysia's position in Islamic finance globally via the strengthening of the Malaysia International Islamic Financial Centre (MIFC) initiatives, fostering greater linkages and collaboration with international standard setting bodies and other jurisdictions, and streamlining research and development to enhance Malaysia's attractiveness as a preferred centre for Islamic financial education, research, training and product innovation. Focus is also placed on ensuring the dynamism and robustness of the established financial infrastructure, comprising the regulatory, legal and *Shariah* framework, research and training institutions; and

- Developing the Capital Market Masterplan 2 with strategic initiatives to expand the role of capital market in supporting the transition to a high income and knowledge-based economy. This will include deepening secondary market liquidity and creating better possibilities for managing risks to encourage exploration of investment opportunities in new growth and innovative areas. This will involve broadening the variety of new financing alternatives and accelerating the growth of capital market industries such as fund management, venture capital and private equity.

*(Source: Economic Report 2012/2013, Ministry of Finance and the Tenth Malaysia Plan 2011-2015)*

### **7.3 Our prospects and future plans**

Amidst regulatory changes, increasingly competitive landscape and tough operating environment, our Group has embarked on various cost saving and productivity enhancement measures to boost profitability. In line with our Group's continuous efforts to expand its loan financing business, our Group will be proactive in seeking and evaluating all opportunities as well as a range of comprehensive solutions that would benefit our Group and its potential business partners for mutual growth and long term sustainability.

In this respect, the recent collaboration with a new business partner, which is a foundation body as well as the venture into Islamic pawn broking business, otherwise known as Ar-Rahnu business, with co-operatives are expected to have a favourable impact on our Group's business. These new business opportunities will help expand our Group's 'distribution channel' for its provision of personal loan financing activities. In order to remain competitive, our Group will continue to seek new business opportunities, evolve and improve on its products to be in tandem with the market and also to match customer needs.

Notwithstanding the above, our Group is cautious of its performance in view of the market landscape.

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## 8. FINANCIAL EFFECTS

For illustrative purposes, the proforma effects of the Rights Issue on our share capital, NA per share, gearing, EPS and the substantial shareholders' shareholdings in RCE are as follows:

### 8.1 Share capital

The proforma effects of the Rights Issue on the issued and paid-up share capital of our Group are shown below:

	Minimum Scenario			Maximum Scenario		
	No. of Shares ('000)	RM'000	No. of RCPS ('000)	RM'000	No. of Shares ('000)	No. of RCPS ('000)
Issued and paid-up share capital as at the LPD	782,395	78,240	-	-	782,395	-
To be issued pursuant to:						
Assuming full exercise of the ESOS options	-	-	-	-	15,098	1,510
Bonus Issue	782,395	78,240	-	-	797,493	79,750
Rights Issue	391,198	39,120	-	-	398,747	39,875
	1,173,593	117,360	-	-	1,196,240	119,625
	-	-	469,437	46,944	-	478,496
	1,173,593	117,360	469,437	46,944	1,196,240	119,625
Full conversion of RCPS	469,437	46,944	(469,437)	(46,944)	478,496	(478,496)
<b>Enlarged issued and paid-up share capital</b>	<b>1,643,030</b>	<b>164,304</b>	<b>-</b>	<b>-</b>	<b>1,674,736</b>	<b>167,475</b>

## 8.2 NA per Share and gearing

The proforma effects of the Rights issue on the consolidated NA of our Group based on our latest audited consolidated statements of financial position as at 31 March 2012 are shown below:

### Minimum Scenario

	Audited as at 31 March 2012	After adjustments <sup>(2)</sup>	After the Bonus Issue	Proforma I	Proforma II	Proforma III
	RM'000	RM'000	RM'000	RM'000	After Proforma I and the Rights Issue RM'000	After Proforma II and assuming full conversion of RCPS RM'000
Share capital	78,240	78,240	117,360	117,360	117,360	164,304
Share premium	58,584	58,584	19,464	149,706 <sup>(3)</sup>	149,706 <sup>(3)</sup>	149,706
RCPS	-	-	-	46,944 <sup>(4)</sup>	46,944 <sup>(4)</sup>	-
Share options reserve	5,634	5,546	5,546	5,546	5,546	5,546
Retained earnings	386,764	386,852	386,852	386,852	386,852	386,852
<b>Shareholders' funds/NA</b>	<b>529,222</b>	<b>529,222</b>	<b>529,222</b>	<b>706,408</b>	<b>706,408</b>	<b>706,408</b>
No. of Shares in issue ('000)	782,395	782,395	1,173,593	1,173,593	1,173,593	1,643,030
NA per Share (RM)	0.68	0.68	0.45	0.60	0.60	0.43
Borrowings <sup>(1)</sup> (RM'000)	864,664	900,664	900,664	750,664 <sup>(5)</sup>	750,664 <sup>(5)</sup>	750,664
Gearing ratio (times)	1.63	1.70	1.70	1.06	1.06	1.06

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**Maximum Scenario**

	Audited as at 31 March 2012	After adjustments <sup>(2)</sup>	Assuming full exercise of outstanding ESOS options <sup>(6)</sup>	Proforma I After Proforma I and the Bonus Issue	Proforma II After Proforma II and the Rights Issue	Proforma III After Proforma II and the Rights Issue	Proforma IV After Proforma III and assuming full conversion of RCPS
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	78,240	78,240	79,750	119,625	119,625	119,625	167,475
Share premium	58,584	58,584	71,528	31,653	164,432 <sup>(3)</sup>	164,432	164,432
RCPS	-	-	-	-	-	47,850 <sup>(4)</sup>	-
Share options reserve	5,634	5,546	-	-	-	-	-
Retained earnings	386,764	386,852	386,852	386,852	386,852	386,852	386,852
<b>Shareholders' funds/NA</b>	<b>529,222</b>	<b>529,222</b>	<b>538,130</b>	<b>538,130</b>	<b>718,759</b>	<b>718,759</b>	<b>718,759</b>
No. of Shares in issue ('000)	782,395	782,395	797,493	1,196,240	1,196,240	1,196,240	1,674,736
NA per Share (RM)	0.68	0.68	0.67	0.45	0.60	0.60	0.43
Borrowings <sup>(1)</sup> (RM'000)	864,664	900,664	900,664	900,664	900,664	750,664 <sup>(5)</sup>	750,664
Gearing ratio (times)	1.63	1.70	1.67	1.67	1.67	1.04	1.04

*Notes:*

- (1) Denotes interest-bearing borrowings which include hire purchase payables.
- (2) Including adjustments made pursuant to the following:
- (a) cancellation of 239,200 ESOS options during the period from 1 April 2012 to the LPD; and
- (b) drawdown of RM36 million which is the remaining undrawn balance of the syndicated bridging loan facility of RM150 million as at 31 March 2012.
- (3) Based on the Issue Price and after deducting estimated expenses of approximately RM1,200,000.
- (4) Based on the par value of RCPS of RM0.10 each and assuming that the RCPS is deemed as an equity instrument.
- (5) Assuming repayment of borrowings of RM150 million upon completion of the Rights Issue.
- (6) Based on the ESOS option subscription price of RM0.59 per Share.

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### 8.3 Earnings and EPS

The Bonus Issue and Rights Issue are not expected to have an effect on the earnings of our Group for the financial year ending 31 March 2013 as the Corporate Exercises are only expected to be completed by the fourth quarter of 2012. Proceeds to be raised are expected to be utilised within 12 months from the completion date of the Corporate Exercises.

The effect of the Bonus Issue and Rights Issue on the future earnings of our Group will depend on the eventual returns derived from the utilisation of proceeds. However, the EPS of our Group may be diluted as a result of the increase in the number of Shares in issue after the issuance of Bonus Shares pursuant to the Bonus Issue and the issuance of Shares arising from the conversion of the RCPS in the future.

## 9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

### 9.1 Working capital

Our Board is of the opinion that, after taking into account the amount to be raised from the Rights Issue, the banking facilities available to our Group and the funds generated from our operations, our Group will have sufficient working capital for a period of twelve (12) months from the date of issue of this Abridged Prospectus.

### 9.2 Borrowings

As at the LPD, our Group's total borrowings (including hire purchase payables) amounted to RM852.5 million, out of which RM394.2 million comprises of long term borrowings while the remaining RM458.3 million comprises short term borrowings. All outstanding borrowings are interest bearing.

To the best knowledge and belief of our Board, there has been no default on payments of either interest and/or principal sums in respect of any borrowings throughout the past one (1) FYE 2012 and the subsequent financial period up to the LPD.

### 9.3 Contingent liabilities

As at the LPD, our Board confirms that there are no contingent liabilities incurred or known to be incurred by our Group, which upon becoming enforceable, may have a material adverse impact on the financial results or position of our Group.

Save as disclosed below, there are no contingent liabilities incurred or known to be incurred by the Company as at the LPD:

	<b>RM'000</b>
Corporate guarantee issued in favour of a trustee in respect of medium term notes facility granted to a subsidiary company	420,000
Corporate guarantee to licensed financial institutions in respect of borrowing facilities granted to subsidiary companies	582,200
	<hr/>
	1,002,200

Included in the above facilities are amount outstanding of RM632.9 million. Out of this amount, total unsecured letters of credit amounted to RM4.8 million which were not recognised in the financial statements.

**9.4 Material commitments**

As at the LPD, our Board confirms that there are no material commitments incurred or known to be incurred by our Group that has not been provided for, which upon becoming enforceable, may have a material adverse impact on the financial results or position of our Group.

**10. TERMS AND CONDITIONS**

The issue of the RCPS pursuant to the Rights Issue is governed by the terms and conditions as set out in this Abridged Prospectus and the accompanying RSF and NPA.

**11. FURTHER INFORMATION**

Please refer to the attached appendices for further information.

Yours faithfully,  
For and on behalf of the Board of  
**RCE CAPITAL BERHAD**



**TAN SRI AZMAN HASHIM**  
*Executive Chairman*

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**CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 21 SEPTEMBER 2012**


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**RCE CAPITAL BERHAD**  
**Company No. 2444-M**  
(Incorporated in Malaysia)

Extract of Resolutions passed at the Extraordinary General Meeting held on 21 September 2012

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RESOLVED:

**ORDINARY RESOLUTION 1**

- (I) PROPOSED BONUS ISSUE OF UP TO 398,746,687 NEW ORDINARY SHARES OF RM0.10 EACH IN RCE CAPITAL BERHAD (“RCE” OR “COMPANY”) (“BONUS SHARES”) TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF 1 BONUS SHARE FOR EVERY 2 EXISTING ORDINARY SHARES OF RM0.10 EACH HELD IN RCE (“SHARES”) (“PROPOSED BONUS ISSUE”)**

“THAT, subject to the passing of Special Resolution 1, Ordinary Resolution 2 and approvals being obtained from all relevant authorities, including but not limited to, the approval-in-principle of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing of and quotation for the Bonus Shares, approval be and is hereby given to the Directors of the Company (“**Directors**” or “**Board**”) to capitalise a sum of up to RM39,874,669 from the share premium account of the Company and that the same be applied in making payment in full for the Bonus Shares to be issued and credited as fully paid-up to the entitled shareholders of the Company whose names appear on the Record of Depositors of RCE at the close of business on a date to be determined later by the Board and announced by the Company (“**Entitlement Date**”) on the basis of one (1) Bonus Share for every two (2) existing Shares;

THAT the actual number of Bonus Shares to be issued will depend on the issued and paid-up share capital of the Company as at the Entitlement Date after taking into consideration the Company’s outstanding exercisable employees’ share options issued pursuant to the Company’s employees’ share option scheme;

THAT the Directors be and are hereby authorised to allot and issue the Bonus Shares to the entitled shareholders on the basis of one (1) Bonus Share for every two (2) existing Shares held in the Company on the Entitlement Date and that fractional entitlements, if any, shall be disregarded and dealt with by the Directors in such manner as it may in their absolute discretion deems fit and expedient and to be in the best interests of the Company;

THAT the Bonus Shares shall, upon issuance and allotment, rank pari passu in all respects with the existing Shares, save and except that the Bonus Shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid to shareholders, the entitlement date of which is prior to the date of allotment of the Bonus Shares.



**CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 21 SEPTEMBER 2012 (CONT'D)**

**RCE CAPITAL BERHAD**

**Company No. 2444-M**

Extract of Resolutions passed at the Extraordinary General Meeting held on 21 September 2012

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**(II) PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 478,496,024 NEW REDEEMABLE CONVERTIBLE NON-CUMULATIVE PREFERENCE SHARES OF RM0.10 EACH IN RCE ("RCPS") ON THE BASIS OF 2 RCPS FOR EVERY 5 SHARES HELD AFTER THE PROPOSED BONUS ISSUE ("PROPOSED RIGHTS ISSUE")**

THAT, subject to the passing of Special Resolution 1, Ordinary Resolution 2 and approvals being obtained from all relevant authorities, including but not limited to the approval-in-principle of Bursa Securities being obtained for the listing of and quotation for the RCPS and the new Shares to be issued pursuant to the conversion of the RCPS, approval be and is hereby given to the Directors to:

- (a) issue and allot by way of a renounceable rights issue of up to 478,496,024 new RCPS at an issue price to be determined later by the Board on the basis of two (2) RCPS for every five (5) Shares held after the Proposed Bonus Issue by the shareholders of the Company whose names appear on the Record of Depositors at the close of business on an entitlement date to be determined and announced later;
- (b) allot and issue such number of new Shares credited as fully paid-up pursuant to any conversion of the RCPS and that such approval shall remain in full force and effect for the duration of the conversion period;

THAT the RCPS shall, upon allotment and issue, rank pari passu amongst each other and that the new Shares to be issued pursuant to the conversion of RCPS shall, upon allotment and issue, rank pari passu in all respects with the Shares in issue at that time, except that the new Shares shall not be entitled to any dividend declared or to be declared in respect of any particular financial year ending before the relevant date on which the Company receives the conversion notice irrespective of the date when such dividend is declared, made or paid, nor shall they be entitled to any rights, allotments and/or any other distributions if the allotment date of the new Shares is after the entitlement date for such rights, allotments and/or other distributions;

THAT any RCPS which are not taken up or not validly taken up shall be made available for excess applications by the entitled shareholders and/or their renounee(s) under the excess RCPS application and such excess RCPS shall be allocated in a fair and equitable manner on a basis to be determined by the Directors and announced later by the Company;

THAT any fractional entitlements under the Proposed Rights Issue, and any fractional new Shares arising from the conversion of the RCPS, shall be disregarded and dealt with in such manner as the Directors shall in their absolute discretion deems fit and expedient and to be in the best interests of the Company.

**CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 21 SEPTEMBER 2012 (CONT'D)**

**RCE CAPITAL BERHAD**

**Company No. 2444-M**

Extract of Resolutions passed at the Extraordinary General Meeting held on 21 September 2012

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**(III) PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF RCE FROM RM200,000,000 COMPRISING 2,000,000,000 SHARES TO RM400,000,000 COMPRISING 3,000,000,000 SHARES AND 1,000,000,000 RCPS (“PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL”)**

THAT, subject to the passing of Special Resolution 1 and Ordinary Resolution 2, the authorised share capital of the Company be increased from RM200,000,000 comprising 2,000,000,000 Shares to RM400,000,000 comprising 3,000,000,000 Shares and 1,000,000,000 RCPS by the creation of an additional 1,000,000,000 Shares and 1,000,000,000 RCPS.

AND THAT the Directors be and are hereby authorised to do all acts, deeds and things and execute all necessary documents as they may consider necessary or expedient in the best interests of the Company with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities, and to take all steps and actions as the Directors may deem fit or expedient in order to carry out, finalise and give full effect to the Proposed Bonus Issue, Proposed Rights Issue and Proposed Increase in Authorised Share Capital.”

**SPECIAL RESOLUTION 1**

**PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY (“M&A”) IN RESPECT OF THE ISSUANCE OF RCPS PURSUANT TO THE PROPOSED RIGHTS ISSUE AND PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL (“PROPOSED AMENDMENTS I”)**

“THAT, subject to the passing of Ordinary Resolution 1 and Ordinary Resolution 2, the proposed amendments to the M&A as set out in Appendix IV of the Circular to Shareholders dated 30 August 2012 be and are hereby approved.

AND THAT the Directors be and are hereby authorised to do all acts, deeds and things and execute all necessary documents as they may consider necessary or expedient in the best interests of the Company with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities, and to take all steps and actions as the Directors may deem fit or expedient in order to carry out, finalise and give full effect to the Proposed Amendments I.”

**CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 21 SEPTEMBER 2012 (CONT'D)**

**RCE CAPITAL BERHAD**

Company No. 2444-M

Extract of Resolutions passed at the Extraordinary General Meeting held on 21 September 2012

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**ORDINARY RESOLUTION 2**

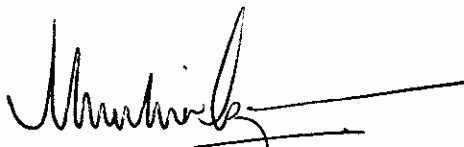
**PROPOSED EXEMPTION FOR CEMPAKA EMPAYAR SDN BHD ("CEMPAKA") AND PERSONS ACTING IN CONCERT WITH CEMPAKA FROM THE OBLIGATION TO UNDERTAKE A TAKE-OVER OFFER FOR ALL THE REMAINING SHARES AND CONVERTIBLE SECURITIES IN RCE NOT ALREADY OWNED BY THEM UNDER PARAGRAPH 16.1(C) OF PRACTICE NOTE 9 OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2010 ("CODE") ("PROPOSED EXEMPTION")**

"THAT, subject to the passing of Ordinary Resolution 1, Special Resolution 1 and approvals being obtained from all relevant authorities, including but not limited to compliance with such conditions as may be imposed by the Securities Commission Malaysia, approval be and is hereby given to exempt Cempaka and the persons acting in concert with Cempaka ("PACs") from the obligation to undertake a take-over offer for all the remaining Shares and convertible securities in RCE not already held by them under paragraph 16.1(c) of the Code as set out in Section 2.3 of the Circular to Shareholders dated 30 August 2012, which covers the following situations:

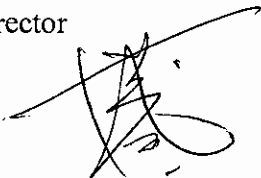
- (i) issuance of new Shares arising from the conversion of RCPS; and
- (ii) exercise of existing options held by the PACs under the employees' share option scheme of RCE.

AND THAT the Directors be and are hereby authorised to do all acts, deeds and things and execute all necessary documents as they may consider necessary or expedient in the best interests of the Company with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities, and to take all steps and actions as the Directors may deem fit or expedient in order to carry out, finalise and give full effect to the Proposed Exemption."

**CERTIFIED AS A TRUE EXTRACT**



**SHALINA AZMAN**  
Director



**YAP CHOON SENG (MIA 20766)**  
Company Secretary

Dated: 21 September 2012

**INFORMATION ON RCE****1. HISTORY AND BUSINESS**

We were incorporated in Malaysia on 18 December 1953 as a limited company under the name of Leong Tian Tin Mines Limited. On 15 April 1966, our Company changed its name to Leong Tian Tin Mines Sdn Berhad. Our name was later changed to Rislee Enterprise Sdn Berhad on 7 December 1978 before adopting the name Rislee Enterprise Bhd on 18 August 1993 to reflect its conversion to public limited company. Subsequently on 25 September 1993, our Company changed our name to Rediffusion Berhad before assuming our present name, RCE Capital Berhad on 9 October 2003.

We were listed on the Second Board of Bursa Securities on 20 September 1994 and subsequently transferred to the Main Board (now known as Main Market) on 23 August 2006.

The principal activities of our Company are that of investment holding and provision of management services. Further details of the principal activities of our Company and our subsidiaries are set out in Section 6 of this Appendix.

**2. SHARE CAPITAL**

As at 1 October 2012, our authorised and issued and paid-up share capital is as follows:

	Number	Par Value	
		RM	RM
<b>Authorised</b>			
- Shares	3,000,000,000	0.10	300,000,000
- RCPS	1,000,000,000	0.10	100,000,000
<b>Issued and fully paid-up</b>			
- Shares	782,395,174	0.10	78,239,517

**3. CHANGES IN ISSUED AND PAID-UP SHARE CAPITAL**

The changes in our issued and paid-up share capital for the past three (3) years up to the LPD are as follows:

Date of allotment	No. of ordinary shares allotted	Par value RM	Type of issue/Consideration	Cumulative issued and paid-up share capital RM
07.05.2010	326,700	0.10	Cash – Allotment of shares pursuant to exercise of ESOS options	78,239,517.40

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**INFORMATION ON RCE (CONT'D)****4. SUBSTANTIAL SHAREHOLDERS**

The proforma effects of the Rights Issue on our shareholdings of the substantial shareholders of RCE based on the Record of Depositors as at the LPD are as follows:

**Potential minimum shareholdings – assuming Minimum Scenario and only the Entitlement Undertaking is called upon (i.e., all shareholders fully subscribe for their respective entitlements under the Rights Issue)**

	Existing as at the LPD				Proforma I After the Bonus Issue and Rights Issue				Proforma II After Proforma I and assuming full conversion of RCPS				
	Direct No. of Shares '000	Indirect No. of Shares '000	%	Indirect No. of Shares '000	Direct No. of Shares '000	%	Indirect No. of Shares '000	%	Direct No. of Shares '000	Indirect No. of Shares '000	%	Indirect No. of Shares '000	%
Cempaka	339,427	-	43.38	-	509,141	43.38	-	-	712,797	43.38	-	-	-
Amcorp	-	339,427	43.38 <sup>(1)</sup>	43.38 <sup>(1)</sup>	-	-	509,141	43.38 <sup>(1)</sup>	-	-	712,797	43.38 <sup>(1)</sup>	-
Clear Goal	-	339,427	43.38 <sup>(1)</sup>	43.38 <sup>(1)</sup>	-	-	509,141	43.38 <sup>(1)</sup>	-	-	712,797	43.38 <sup>(1)</sup>	-
TSAH	-	339,427	43.38 <sup>(1)</sup>	43.38 <sup>(1)</sup>	-	-	509,141	43.38 <sup>(1)</sup>	-	-	712,797	43.38 <sup>(1)</sup>	-
Atas Kreatif Sdn Bhd	65,004	-	8.31	-	97,506	8.31	-	-	136,508	8.31	-	-	-
Mohamed Zamrus bin Ghazali	-	65,004	8.31 <sup>(2)</sup>	8.31 <sup>(2)</sup>	-	-	97,506	8.31 <sup>(2)</sup>	-	-	136,508	8.31 <sup>(2)</sup>	-
Norsiha binti Othman	-	65,004	8.31 <sup>(2)</sup>	8.31 <sup>(2)</sup>	-	-	97,506	8.31 <sup>(2)</sup>	-	-	136,508	8.31 <sup>(2)</sup>	-

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## INFORMATION ON RCE (CONT'D)

Potential maximum shareholdings – assuming Maximum Scenario and the maximum Undertakings are called upon

	Existing as at the LPD				Proforma I				Proforma II			
	Direct No. of Shares '000	Indirect No. of Shares '000	%		Direct No. of Shares '000	Indirect No. of Shares '000	%		Direct No. of Shares '000	Indirect No. of Shares '000	%	
Cempaka	339,427	43.38	-	-	509,141	42.56	-	-	987,637	58.97	-	-
Amcorp	-	-	339,427	43.38 <sup>(1)</sup>	-	-	509,141	42.56 <sup>(1)</sup>	-	-	987,637	58.97 <sup>(1)</sup>
Clear Goal	-	-	339,427	43.38 <sup>(1)</sup>	-	-	509,141	42.56 <sup>(1)</sup>	-	-	987,637	58.97 <sup>(1)</sup>
TSAH	-	-	339,427	43.38 <sup>(1)</sup>	3,000	0.25	509,141	42.56 <sup>(1)</sup>	3,000	0.18	987,637	58.97 <sup>(1)</sup>
Aras Kreatif Sdn Bhd	65,004	8.31	-	-	97,506	8.15	-	-	136,508	8.15	-	-
Mohamed Zamrus bin Ghazali	-	-	65,004	8.31 <sup>(2)</sup>	-	-	97,506	8.15 <sup>(2)</sup>	-	-	136,508	8.15 <sup>(2)</sup>
Norsiha binti Othman	-	-	65,004	8.31 <sup>(2)</sup>	-	-	97,506	8.15 <sup>(2)</sup>	-	-	136,508	8.15 <sup>(2)</sup>

Notes:

(1) Deemed interested by virtue of Section 6A of the Act through shareholdings in Cempaka

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

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**INFORMATION ON RCE (CONT'D)****5. DIRECTORS****5.1 Details of our Directors**

The details of our Board as at the LPD are as follows:

<b>Directors</b>	<b>Address</b>	<b>Age</b>	<b>Nationality</b>	<b>Profession</b>	<b>Designation</b>
Tan Sri Azman Hashim	2 Jalan Teberau 1 Ukay Heights 68000 Ampang Selangor	73	Malaysian	Company Director	Executive Chairman
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan	Lot 574 Jalan Enam Taman Ampang Utama 68000 Ampang Selangor	69	Malaysian	Company Director	Independent Director
Dato' Ab. Halim bin Mohyiddin	30 Jalan Kelab Golf 13/6 Seksyen 13 40100 Shah Alam Selangor	66	Malaysian	Company Director	Independent Director
Major General (Rtd) Dato' Haji Fauzi bin Hussain	29 Jalan Suadamai 2/3 Bandar Tun Hussein Onn 43200 Cheras Selangor	72	Malaysian	Company Director	Independent Director
Dato' Che Md Nawawi bin Ismail	25 Jalan TTS 4 Taman Tasik Semenyih Semenyih 43500 Kajang Selangor	62	Malaysian	Company Director	Independent Director
Soo Kim Wai	12-A Lorong Kemaris 4 Bukit Bandaraya Bangsar 59100 Kuala Lumpur	51	Malaysian	Company Director	Non-Independent Non-Executive Director
Shalina Azman	2 Jalan Tebrau 1 Ukay Heights 68000 Ampang Selangor	45	Malaysian	Company Director	Non-Independent Non-Executive Director
Shahman Azman	2 Jalan Tebrau 1 Ukay Heights 68000 Ampang Selangor	38	Malaysian	Company Director	Non-Independent Non-Executive Director

## INFORMATION ON RCE (CONT'D)

## 5.2 Directors' shareholdings

The proforma effects of the Rights Issue on our Directors' direct and indirect shareholdings in our Company based on our Register of Directors' shareholdings as at the LPD are as follows:

**Potential minimum shareholdings** – assuming *Minimum Scenario* and only the *Entitlement Undertaking* is called upon (i.e., all shareholders fully subscribe for their respective entitlements under the Rights Issue)

	Existing as at the LPD				Proforma I				Proforma II			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
TSAH	-	-	339,427	43.38 <sup>(1)</sup>	-	-	509,141	43.38 <sup>(1)</sup>	-	-	712,797	43.38 <sup>(1)</sup>
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Ab. Halim bin Mohyiddin	-	-	-	-	-	-	-	-	-	-	-	-
Major General (Rtd) Dato' Haji Fauzi bin Hussain	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Che Md Nawawi bin Ismail	-	-	-	-	-	-	-	-	-	-	-	-
Soo Kim Wai	-	-	-	-	-	-	-	-	-	-	-	-
Shalina Azman	-	-	-	-	-	-	-	-	-	-	-	-
Shahman Azman	-	-	-	-	-	-	-	-	-	-	-	-

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## INFORMATION ON RCE (CONT'D)

Potential maximum shareholdings – assuming Maximum Scenario and the maximum Undertakings are called upon

	Existing as at the LPD				After full exercise of outstanding ESOS options, the Bonus Issue and Rights Issue				After Proforma I and assuming full conversion of RCPS			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
TSAH	-	-	339,427	43.38 <sup>(1)</sup>	3,000	0.25	509,141	42.56 <sup>(1)</sup>	3,000	0.18	712,797	58.97 <sup>(1)</sup>
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan	-	-	-	-	300	0.03	-	-	300	0.02	-	-
Dato' Ab. Halim bin Mohyiddin	-	-	-	-	-	-	-	-	-	-	-	-
Major General (Rtd) Dato' Haji Fauzi bin Hussain	-	-	-	-	300	0.03	-	-	300	0.02	-	-
Dato' Che Md Nawawi bin Ismail	-	-	-	-	300	0.03	-	-	300	0.02	-	-
Soo Kim Wai	-	-	-	-	2,250	0.19	-	-	2,250	0.13	-	-
Shalina Azman	-	-	-	-	1,800	0.15	-	-	1,800	0.11	-	-
Shahman Azman	-	-	-	-	1,350	0.11	-	-	1,350	0.08	-	-

Note:

(1) Deemed interested by virtue of Section 6A of the Act through shareholdings in Cempaka

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**INFORMATION ON RCE (CONT'D)****6. SUBSIDIARIES AND ASSOCIATED COMPANIES**

Details of our subsidiary companies as at the LPD are as follows:

**Direct subsidiary companies**

<b>Name of company</b>	<b>Date and place of incorporation</b>	<b>Issued and paid-up capital RM</b>	<b>Effective equity interest %</b>	<b>Principal activities</b>
Effusion.Com Sdn Bhd	20.12.1988/ Malaysia	500,000	100.00	Provision of information technology services
RCE Factoring Sdn Bhd	14.09.1984/ Malaysia	15,000,000	100.00	Confirming and factoring house, specialising in trade related activities and general trading
RCE Marketing Sdn Bhd	16.11.1981/ Malaysia	46,780,000	100.00	Provision of general loan financing services
RCE Synergy Sdn Bhd	12.04.1986/ Malaysia	500,000	100.00	Investment holding

**Indirect subsidiary companies**

<b>Name of company</b>	<b>Date and place of incorporation</b>	<b>Issued and paid-up capital RM</b>	<b>Effective equity interest %</b>	<b>Principal activities</b>
RCE Equity Sdn Bhd <sup>(1)</sup>	16.07.1991/ Malaysia	1,000,000	100.00	Property investment, provision of financial administrative and debt management services, and trading of securities
RCE Advance Sdn Bhd <sup>(1)</sup>	01.06.2005/ Malaysia	2	100.00	A special purpose vehicle established to acquire a pool of eligible receivables from its immediate holding company and to issue private debt securities to fund the purchase of such receivables
RCE Commerce Sdn Bhd <sup>(1)</sup>	28.01.1948/ Malaysia	9,500,000	100.00	Provision of information technology and financial administrative services
RCE Premier Sdn Bhd <sup>(1)</sup>	27.03.2004/ Malaysia	2	100.00	In the process of de-registering from the Companies Commission of Malaysia
RCE Sales Sdn Bhd <sup>(2)</sup>	25.01.1977/ Malaysia	500,000	100.00	Provision of financial administrative services
RCE Trading Sdn Bhd <sup>(1)</sup>	16.11.1981/ Malaysia	3,219,171	100.00	Provision of financial administrative services
Mezzanine Enterprise Sdn Bhd <sup>(3)</sup>	16.07.1991/ Malaysia	1,000	100.00	Investment holding and provision of financial administrative services

**INFORMATION ON RCE (CONT'D)**

Notes:-

*Tresor Assets Berhad ("TAB") is included as an indirect subsidiary under Note 17 of RCE's audited financial statements for the FYE 2012 as a result of compliance with applicable accounting standards and interpretation. It is a special purpose vehicle for the sole purpose of undertaking the asset-backed securitisation programme which involves the purchase from RCE Marketing Sdn Bhd, a wholly-owned subsidiary of RCE, from time to time of the loan receivables meeting pre-determined eligibility criteria. However, pursuant to the "true sale criteria" under the SC's Guidelines on the Offering of Asset-Backed Securities, TAB is owned by Amanah Raya Berhad as share trustee and therefore, not a legal subsidiary, direct or indirect, of RCE.*

(1) Held through RCE Marketing Sdn Bhd

(2) Held through RCE Trading Sdn Bhd

(3) Held through RCE Equity Sdn Bhd

As at the LPD, our Company does not have any associated companies.

**7. PROFIT AND DIVIDEND RECORD**

The summary of the profit and dividend record based on our Group's audited consolidated financial statements from the FYE 2010 to 2012 and the latest unaudited consolidated financial statements for the three (3) months FPE 30 June 2012 are set out below:

	<-----Audited----->			Unaudited
	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000	FPE 30 June 2012 RM'000
Revenue	255,611	269,586	229,859	48,510
Gross profit	174,741	181,256	152,820	31,186
Other income	9,099	15,523	25,781	3,811
EBITDA	111,441	141,507	129,544	18,177
Less:				
Finance costs	(35)	(29)	(35)	(9)
Depreciation & amortisation	(1,416)	(1,379)	(1,345)	(379)
PBT	109,989	140,099	128,165	17,789
Taxation	(28,895)	(35,842)	(26,810)	(4,451)
PAT	81,094	104,257	101,355	13,338
Gross profit margin (%)	68.36	67.23	66.48	64.29
PAT margin (%)	31.73	38.67	44.09	27.50
No. of shares in issue ('000)	782,068	782,395	782,395	782,395
Weighted average number of shares ('000)	756,551	782,358	782,395	782,395
Basic net EPS (sen)	10.72	13.33	12.95	1.70
Gross dividend per Share (sen)	1.75	1.50	1.50	-

**Commentary on the financial performance****FYE 2010**

Revenue increased by 18.7% to RM255.6 million for the FYE 2010 from RM215.4 million in the previous financial year mainly contributed by the increase of interest income from loan financing services and commission income from provision of financial administrative and debts management services.

**INFORMATION ON RCE (CONT'D)**

In line with the improvement in revenue, PAT of our Group increased by 21.8% from RM66.6 million to RM81.1 million in FYE 2010 due to higher loan base resulting from enhancements in our Group's products, operations and market penetration.

**FYE 2011**

For the FYE 2011, our Group generated turnover of RM269.6 million, representing an increase of approximately 5.5% as compared to the previous FYE 2010 of RM255.6 million. The increase in revenue was mainly contributed by the increase in interest income from loan financing services and the dividend income from investment in real estate investment trust.

PAT increased by 28.6% from RM81.1 million to RM104.3 million in FYE 2011 mainly due to higher revenue and reduction in other expenses from RM72.4 million to RM55.3 million.

**FYE 2012**

For the FYE 2012, our Group generated turnover of RM229.9 million, a decrease of 14.7% as compared to the previous FYE 2011 of RM269.6 million. The decrease in revenue was mainly due to the decline in interest income from loan financing services caused by regulatory lending restrictions on the financing of personal loans.

The PAT decreased by 2.8% from RM104.3 million in FYE 2011 to RM101.4 million in FYE 2012 mainly due to the reduction in borrowing costs, staff costs and other operating expenses.

**Unaudited FPE 30 June 2012**

For the FPE 30 June 2012, our Group recorded revenue of RM48.5 million, representing a decrease by 20.2% as compared to the corresponding quarter of RM60.8 million mainly attributable to lower early loan settlements by customers which resulted in a drop in total interest income by RM10.5 million.

Consequently, the PAT for the FPE 30 June 2012 was reduced by 59.9% to RM13.3 million from RM33.2 million. The decrease was mainly due to lower interest income and higher allowances for impairment on loans and receivables.

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**INFORMATION ON RCE (CONT'D)****8. HISTORICAL SHARE PRICES**

The monthly highest and lowest market prices of Shares traded on Bursa Securities for the past twelve (12) months from October 2011 to September 2012 are as follows:

	<b>High RM</b>	<b>Low RM</b>
<b>2011</b>		
October	0.510	0.410
November	0.540	0.465
December	0.505	0.465
<b>2012</b>		
January	0.515	0.470
February	0.560	0.485
March	0.505	0.480
April	0.490	0.470
May	0.485	0.440
June	0.475	0.450
July	0.480	0.460
August	0.485	0.475
September	0.455	0.435

Last transacted price of our Shares on 13 February 2012  
*(being the last trading day immediately prior to the date of  
announcement of the Rights Issue)* RM0.520

Last transacted price of our Shares on the LPD RM0.44

Last transacted price of our Shares on 25 October 2012  
*(being the Market Day immediately prior to the ex-date for the Rights  
Issue)* RM0.445

*(Source: Bloomberg)*

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**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2012 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON**

# Deloitte.

19 October 2012

The Board of Directors  
RCE Capital Berhad  
802, 8<sup>th</sup> Floor, Block C  
Kelana Square  
17 Jalan SS 7/26  
47301 Petaling Jaya  
Selangor Darul Ehsan

Deloitte KassimChan (AF 0080)  
Chartered Accountants  
Level 19, Uptown 1  
Damansara Uptown  
1, Jalan SS21/58  
47400 Petaling Jaya, Selangor  
Malaysia

P. O. Box 10093  
50704 Kuala Lumpur  
Malaysia

Tel: +60 3 7723 6500, 7726 1833  
Fax: +60 3 7726 3986, 7726 8986  
myaaa@deloitte.com  
www.deloitte.com/my

Dear Sirs,

**RCE CAPITAL BERHAD AND ITS SUBSIDIARIES  
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31  
MARCH 2012**

We report on the proforma consolidated statements of financial position of RCE Capital Berhad (“RCE” or “Company”) and its subsidiary companies (“Group”) as at 31 March 2012, together with the notes and assumptions thereon, as set out in the accompanying statement (stamped by us for purpose of identification) in connection with:

- (i) the bonus issue of up to 398,746,687 new ordinary shares of RM0.10 each in RCE (“Bonus Shares”) to be credited as fully paid-up on the basis of 1 Bonus Share for every 2 existing ordinary shares of RM0.10 each in RCE (“Shares”) (“Bonus Issue”); and
- (ii) the renounceable rights issue of up to 478,496,024 new redeemable convertible non-cumulative preference shares of RM0.10 each in RCE (“RCPS”) on the basis of 2 RCPS for every 5 Shares held after the Bonus Issue;

(collectively referred to as the “Corporate Exercises”).

## Responsibilities

It is the responsibility solely of the Directors of RCE to prepare the proforma consolidated statements of financial position of the Group on the basis set out in the notes thereon in accordance with the requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”).

It is our responsibility to form an opinion on the proforma consolidated statements of financial position as required by the Listing Requirements.

In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the proforma consolidated statements of financial position, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

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**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2012 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

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# Deloitte.

RCE Capital Berhad  
Page No 2

## **Basis of Opinion**

We conducted our work in accordance with the approved standard for assurance engagements in Malaysia, ISAE 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". Our work, which involved no independent examination of any of the underlying financial information, consisted of comparing the audited consolidated statements of financial position in the accompanying statement with the audited consolidated statements of financial position of the Group as at 31 March 2012, considering the evidence supporting the adjustments and discussing the proforma consolidated statements of financial position with the Directors and management of the Group.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the proforma consolidated statements of financial position have been properly prepared on the basis stated, using financial statements prepared in accordance with Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the consolidated financial statements and accounting policies of the Group. Our work also involves assessing whether the adjustments made to the information used in the preparation of the proforma consolidated statements of financial position is appropriate for the purposes of preparing the proforma consolidated statements of financial position.

As the proforma consolidated statements of financial position have been prepared for illustrative purposes only, such information, because of its nature, may not give a true picture of the actual financial position and results of the Group. Further, such information does not purport to predict the future financial position and results of the Group.

## **Opinion**

In our opinion:

- (i) the proforma consolidated statements of financial position have been properly prepared on the basis set out in the notes, using financial statements prepared in accordance with Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the consolidated financial statements and accounting policies of the Group for the financial year ended 31 March 2012; and
- (ii) each material adjustment made to the information used in the preparation of the proforma consolidated statements of financial position is appropriate for the purposes of preparing such information.

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2012 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**Deloitte.**

RCE Capital Berhad  
Page No 3

**Other matters**

This report is issued for the sole purpose for inclusion in the Abridged Prospectus to shareholders in connection with the abovementioned Corporate Exercises. As such, this report should not be used or referred to, in whole or in part, for any other purposes without our prior written consent.

Yours very truly,

A handwritten signature in black ink that reads "Deloitte Kuid". The signature is written in a cursive style with a long horizontal stroke at the end.

Enclosure

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/my/about](http://www.deloitte.com/my/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

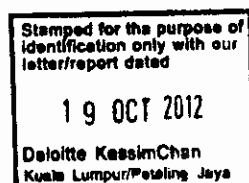


**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2012 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

RCE CAPITAL BERHAD (Company No. 2444-M)

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012**

## MINIMUM SCENARIO



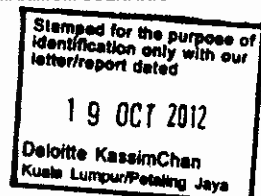
	Audited as at 31.03.2012 RM'000	Adjusted as at 31.03.2012 RM'000	Proforma I After Bonus Issue RM'000	Proforma II After Proforma I and Rights Issue RM'000	Proforma III After Proforma II and Conversion of RCPS RM'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Plant and equipment	3,139	3,139	3,139	3,139	3,139
Investment properties	2,664	2,664	2,664	2,664	2,664
Goodwill on consolidation	28,677	28,677	28,677	28,677	28,677
Loans and receivables	879,586	879,586	879,586	879,586	879,586
Deferred tax assets	20,792	20,792	20,792	20,792	20,792
<b>Total Non-Current Assets</b>	<b>934,858</b>	<b>934,858</b>	<b>934,858</b>	<b>934,858</b>	<b>934,858</b>
<b>Current Assets</b>					
Loans and receivables	103,490	103,490	103,490	103,490	103,490
Trade receivables	34,420	34,420	34,420	34,420	34,420
Other receivables, deposits and prepaid expenses	32,633	32,633	32,633	32,633	32,633
Deposits with licensed financial institutions	386,709	386,709	386,709	386,709	386,709
Cash and bank balances	7,047	43,047	43,047	70,233	70,233
<b>Total Current Assets</b>	<b>564,299</b>	<b>600,299</b>	<b>600,299</b>	<b>627,485</b>	<b>627,485</b>
<b>TOTAL ASSETS</b>	<b>1,499,157</b>	<b>1,535,157</b>	<b>1,535,157</b>	<b>1,562,343</b>	<b>1,562,343</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital					
- Ordinary shares	78,240	78,240	117,360	117,360	164,304
- Redeemable convertible non-cumulative preference shares	-	-	-	46,944	-
Reserves	450,982	450,982	411,862	542,104	542,104
<b>Total Equity</b>	<b>529,222</b>	<b>529,222</b>	<b>529,222</b>	<b>706,408</b>	<b>706,408</b>
<b>Non-Current Liabilities</b>					
Hire-purchase payables	512	512	512	512	512
Borrowings	449,515	449,515	449,515	449,515	449,515
Deferred tax liabilities	41,420	41,420	41,420	41,420	41,420
<b>Total Non-Current Liabilities</b>	<b>491,447</b>	<b>491,447</b>	<b>491,447</b>	<b>491,447</b>	<b>491,447</b>
<b>Current Liabilities</b>					
Payables and accrued expenses	60,598	60,598	60,598	60,598	60,598
Hire-purchase payables	206	206	206	206	206
Borrowings	414,431	450,431	450,431	300,431	300,431
Tax liabilities	3,253	3,253	3,253	3,253	3,253
<b>Total Current Liabilities</b>	<b>478,488</b>	<b>514,488</b>	<b>514,488</b>	<b>364,488</b>	<b>364,488</b>
<b>Total Liabilities</b>	<b>969,935</b>	<b>1,005,935</b>	<b>1,005,935</b>	<b>855,935</b>	<b>855,935</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,499,157</b>	<b>1,535,157</b>	<b>1,535,157</b>	<b>1,562,343</b>	<b>1,562,343</b>
Number of ordinary shares in issue ('000)	782,395	782,395	1,173,593	1,173,593	1,643,030
Net assets per share (RM)	0.68	0.68	0.45	0.60	0.43
Net tangible assets per share (RM)	0.64	0.64	0.43	0.58	0.41

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2012 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

RCE CAPITAL BERHAD (Company No. 2444-M)

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012**

## MAXIMUM SCENARIO



			Proforma I	Proforma II	Proforma III	Proforma IV
	Audited as at 31.03.2012	Adjusted as at 31.03.2012	After exercise of outstanding Share Options	After Proforma I and Bonus Issue	After Proforma II and Rights Issue	After Proforma III and Conversion of RCPS
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>						
<b>Non-Current Assets</b>						
Plant and equipment	3,139	3,139	3,139	3,139	3,139	3,139
Investment properties	2,664	2,664	2,664	2,664	2,664	2,664
Goodwill on consolidation	28,677	28,677	28,677	28,677	28,677	28,677
Loans and receivables	879,586	879,586	879,586	879,586	879,586	879,586
Deferred tax assets	20,792	20,792	20,792	20,792	20,792	20,792
<b>Total Non-Current Assets</b>	<b>934,858</b>	<b>934,858</b>	<b>934,858</b>	<b>934,858</b>	<b>934,858</b>	<b>934,858</b>
<b>Current Assets</b>						
Loans and receivables	103,490	103,490	103,490	103,490	103,490	103,490
Trade receivables	34,420	34,420	34,420	34,420	34,420	34,420
Other receivables, deposits and prepaid expenses	32,633	32,633	32,633	32,633	32,633	32,633
Deposits with licensed financial institutions	386,709	386,709	386,709	386,709	386,709	386,709
Cash and bank balances	7,047	43,047	51,955	51,955	82,584	82,584
<b>Total Current Assets</b>	<b>564,299</b>	<b>600,299</b>	<b>609,207</b>	<b>609,207</b>	<b>639,836</b>	<b>639,836</b>
<b>TOTAL ASSETS</b>	<b>1,499,157</b>	<b>1,535,157</b>	<b>1,544,065</b>	<b>1,544,065</b>	<b>1,574,694</b>	<b>1,574,694</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity attributable to equity holders of the Company</b>						
Share capital						
- Ordinary shares	78,240	78,240	79,750	119,625	119,625	167,475
- Redeemable convertible non-cumulative preference shares	-	-	-	-	47,850	-
Reserves	450,982	450,982	458,380	418,505	551,284	551,284
<b>Total Equity</b>	<b>529,222</b>	<b>529,222</b>	<b>538,130</b>	<b>538,130</b>	<b>718,759</b>	<b>718,759</b>
<b>Non-Current Liabilities</b>						
Hire-purchase payables	512	512	512	512	512	512
Borrowings	449,515	449,515	449,515	449,515	449,515	449,515
Deferred tax liabilities	41,420	41,420	41,420	41,420	41,420	41,420
<b>Total Non-Current Liabilities</b>	<b>491,447</b>	<b>491,447</b>	<b>491,447</b>	<b>491,447</b>	<b>491,447</b>	<b>491,447</b>
<b>Current Liabilities</b>						
Payables and accrued expenses	60,598	60,598	60,598	60,598	60,598	60,598
Hire-purchase payables	206	206	206	206	206	206
Borrowings	414,431	450,431	450,431	450,431	300,431	300,431
Tax liabilities	3,253	3,253	3,253	3,253	3,253	3,253
<b>Total Current Liabilities</b>	<b>478,488</b>	<b>514,488</b>	<b>514,488</b>	<b>514,488</b>	<b>364,488</b>	<b>364,488</b>
<b>Total Liabilities</b>	<b>969,935</b>	<b>1,005,935</b>	<b>1,005,935</b>	<b>1,005,935</b>	<b>855,935</b>	<b>855,935</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,499,157</b>	<b>1,535,157</b>	<b>1,544,065</b>	<b>1,544,065</b>	<b>1,574,694</b>	<b>1,574,694</b>
Number of ordinary shares in issue ('000)	782,395	782,395	797,493	1,196,240	1,196,240	1,674,736
Net assets per share (RM)	0.68	0.68	0.67	0.45	0.60	0.43
Net tangible assets per share (RM)	0.64	0.64	0.64	0.43	0.58	0.41

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2012 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

RCE CAPITAL BERHAD (Company No. 2444-M)

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012**

**1 BASIS OF PREPARATION**

The proforma consolidated statements of financial position have been prepared based on the audited financial statements of RCE Capital Berhad ("RCE" or "the Company") and its subsidiary companies ("the Group") for the financial year ended 31 March 2012 in accordance with Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the financial statements and the accounting policies of the Group.

The proforma consolidated statements of financial position of the Group have been prepared for illustration purpose only, to show the effects on the audited consolidated statements of financial position of the Group as at 31 March 2012, had the adjustments described in Note 2 and the proposals described in Note 3 been effected on that date, and should be read in conjunction with the notes thereto.

**2 ADJUSTMENTS TO THE AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

The audited consolidated statements of financial position as at 31 March 2012 of the Group has been adjusted for the following events which are relevant to the proposals described in Note 3, for the period subsequent to the financial year ended 31 March 2012 and up to 30 September 2012, which is the latest practicable date prior to the printing of the Abridged Prospectus ("LPD"):

- (a) actual cancellation of 239,200 options under RCE's employees' share option scheme ("Share Options"); and
- (b) drawdown of RM36 million which is the remaining undrawn balance of a syndicated bridging loan facility of RM150 million ("Bridging Loan") as at 31 March 2012.

**3 THE PROPOSALS**

The proforma consolidated statements of financial position have been prepared to show the effects of the following proposals to be undertaken by RCE:

- (a) bonus issue of up to 398,746,687 new ordinary shares of RM0.10 each in RCE ("Bonus Shares") on the basis of one (1) Bonus Share for every two (2) existing ordinary shares of RM0.10 each held in RCE ("Shares") ("Bonus Issue"); and
- (b) renounceable rights issue of up to 478,496,024 new redeemable convertible non-cumulative preference shares of RM0.10 each in RCE ("RCPS") on the basis of two (2) RCPS for every five (5) Shares held after the Bonus Issue at an issue price of RM0.38 per RCPS ("Rights Issue").

**4 UTILISATION OF PROCEEDS**

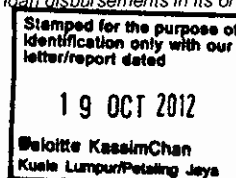
The proceeds from the Rights Issue will be utilised in the following manner:

	Minimum Scenario*	Maximum Scenario*
	RM'000	RM'000
Repayment of borrowings <sup>^</sup>	150,000	150,000
Working capital requirements	27,186	30,629
Estimated expenses in relation to the proposals	1,200	1,200
	178,386	181,829

Notes:

\* Minimum Scenario and Maximum Scenario are described under Note 5 below.

<sup>^</sup> The proceeds from the Rights Issue earmarked for repayment of borrowings is to be used to repay the Bridging Loan and/or any refinancing of the Bridging Loan. The Bridging Loan which is short-term in nature, was obtained in December 2011 by RCE Marketing Sdn Bhd, a wholly-owned subsidiary of RCE, for purposes of loan disbursements in its ordinary course of business.



**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2012 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

RCE CAPITAL BERHAD (Company No. 2444-M)

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012**

**5 PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**(a) Minimum Scenario**

The minimum scenario assumes the issuance of up to 391,197,587 Bonus Shares and up to 469,437,104 RCPS at an issue price of RM0.38 per RCPS and is computed based on the assumption that none of the outstanding 15,098,200 Share Options as at the LPD are exercised by the option holders prior to the entitlement date of the Bonus Issue and Rights Issue.

**Proforma I**

Proforma I incorporates the effects of the Bonus Issue involving the issuance of 391,197,587 Bonus Shares.

The Bonus Shares will be capitalised from the share premium account.

The Bonus Issue will have the following impact on the proforma consolidated statements of financial position:

	Increase/(Decrease)	
	Effects on Total Assets	Effects on Total Equity
	RM'000	RM'000
Share capital - ordinary shares	-	39,120
Share premium	-	(39,120)

**Proforma II**

Proforma II incorporates Proforma I and the effects of the Rights Issue involving the issuance of 469,437,104 RCPS at the issue price of RM0.38 per RCPS.

RM150 million of total gross proceeds from the Rights Issue earmarked for repayment of borrowings will be used to repay the Bridging Loan and/or any refinancing of the Bridging Loan, hence reducing total borrowings of the Group.

The proceeds arising from the Rights Issue earmarked for working capital of RM27.19 million will be included in cash and bank balances.

The estimated expenses in relation to the proposals of RM1.20 million will be debited to the share premium account.

The Rights Issue will have the following impact on the proforma consolidated statements of financial position:

	Increase/(Decrease)	
	Effects on Total Assets	Effects on Total Equity and Liabilities
	RM'000	RM'000
Cash and bank balances	27,186	-
Borrowings	-	(150,000)
Share capital - RCPS	-	46,944
Share premium	-	130,242

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identification only with our  
letter/report dated  
  
19 OCT 2012  
  
Deleite KassimChan  
Kuala Lumpur/Petaling Jaya

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2012 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

RCE CAPITAL BERHAD (Company No. 2444-M)

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012**

**5 PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**(a) Minimum Scenario (Cont'd)**

**Proforma III**

Proforma III incorporates Proforma II and assuming the full conversion of RCPS.

The full conversion of RCPS will have the following impact on the proforma consolidated statements of financial position:

	Increase/(Decrease)	
	Effects on Total Assets	Effects on Total Equity
	RM'000	RM'000
Share capital - ordinary shares	-	46,944
Share capital - RCPS	-	(46,944)

**(b) Maximum Scenario**

The maximum scenario assumes the issuance of up to 398,746,687 Bonus Shares and up to 478,496,024 RCPS at the issue price of RM0.38 per RCPS and is computed based on the assumption that the entire outstanding 15,098,200 Share Options as at the LPD are fully exercised by the option holders into 15,098,200 Shares at the exercise price of RM0.59 per Share prior to the entitlement date of the Bonus Issue and Rights Issue.

**Proforma I**

Proforma I incorporates the effects of assuming full exercise of the entire outstanding 15,098,200 Share Options as at the LPD at an exercise price of RM0.59 per Share, which will have the following impact on the proforma consolidated statements of financial position:

	Increase/(Decrease)	
	Effects on Total Assets	Effects on Total Equity
	RM'000	RM'000
Cash and bank balances	8,908	-
Share capital - ordinary shares	-	1,510
Share premium	-	12,944
Share options reserve	-	(5,546)

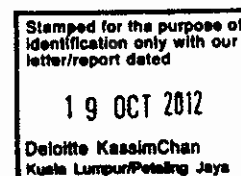
**Proforma II**

Proforma II incorporates Proforma I and the effects of the Bonus Issue involving the issuance of 398,746,687 Bonus Shares.

The Bonus Shares will be capitalised from the share premium account.

The Bonus Issue will have the following impact on the proforma consolidated statements of financial position:

	Increase/(Decrease)	
	Effects on Total Assets	Effects on Total Equity
	RM'000	RM'000
Share capital - ordinary shares	-	39,875
Share premium	-	(39,875)



**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2012 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

RCE CAPITAL BERHAD (Company No. 2444-M)

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012**

**5 PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**(b) Maximum Scenario (Cont'd)**

**Proforma III**

Proforma III incorporates Proforma II and the effects of the Rights Issue involving the issuance of 478,496,024 RCPS at an issue price of RM0.38 per RCPS.

RM150 million of total gross proceeds from the Rights Issue earmarked for repayment of borrowings will be used to repay the Bridging Loan and/or any refinancing of the Bridging Loan, hence reducing total borrowings of the Group.

The proceeds arising from the Rights Issue earmarked for working capital of RM30.63 million will be included in cash and bank balances.

The estimated expenses in relation to the proposals of RM1.20 million will be debited to the share premium account.

The Rights Issue will have the following impact on the proforma consolidated statements of financial position:

	Increase/(Decrease)	Effects on Total Equity and Liabilities
	Effects on Total Assets	RM'000
	RM'000	RM'000
Cash and bank balances	30,629	-
Borrowings	-	(150,000)
Share capital - RCPS	-	47,850
Share premium	-	132,779

**Proforma IV**

Proforma IV incorporates Proforma III and assuming the full conversion of RCPS.

The full conversion of RCPS will have the following impact on the proforma consolidated statements of financial position:

	Increase/(Decrease)	Effects on Total Equity
	Effects on Total Assets	Total Equity
	RM'000	RM'000
Share capital - ordinary shares	-	47,850
Share capital - RCPS	-	(47,850)



**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2012 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

RCE CAPITAL BERHAD (Company No. 2444-M)

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012**

**6 MOVEMENTS IN CASH AND BANK BALANCES AND SHARE CAPITAL AND RESERVES**

**(a) Movement in cash and bank balances**

**Minimum Scenario**

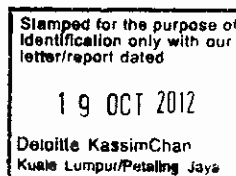
	<b>RM'000</b>
Audited consolidated statements of financial position as at 31 March 2012	7,047
Arising from cancellation of Share Options	-
Arising from full drawdown of remaining balance of Bridging Loan	36,000
Adjusted as at 31 March 2012	<u>43,047</u>
Arising from the Bonus Issue	-
Proforma I	<u>43,047</u>
Arising from the Rights Issue	178,386
Utilisation of proceeds and defrayment of estimated expenses	(151,200)
Proforma II *	<u>70,233</u>
Arising from the full conversion of RCPS	-
Proforma III *	<u><u>70,233</u></u>

Note:

\* Included in the cash and bank balances is an amount of RM27.19 million arising from Rights Issue earmarked for working capital requirements.

**Maximum Scenario**

	<b>RM'000</b>
Audited consolidated statements of financial position as at 31 March 2012	7,047
Arising from cancellation of Share Options	-
Arising from full drawdown of remaining balance of Bridging Loan	36,000
Adjusted as at 31 March 2012	<u>43,047</u>
Arising from full exercise of Share Options	8,908
Proforma I	<u>51,955</u>
Arising from the Bonus Issue	-
Proforma II	<u>51,955</u>
Arising from the Rights Issue	181,829
Utilisation of proceeds and defrayment of estimated expenses	(151,200)
Proforma III *	<u>82,584</u>
Arising from the full conversion of RCPS	-
Proforma IV *	<u><u>82,584</u></u>



Note:

\* Included in the cash and bank balances is an amount of RM30.63 million arising from Rights Issue earmarked for working capital requirements.

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2012 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

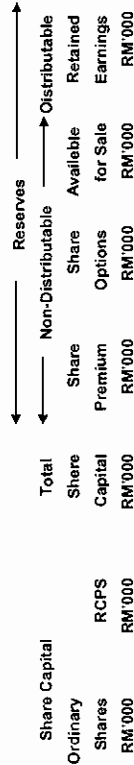
RCE CAPITAL BERHAD (Company No. 2444-M)

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012**

**6 MOVEMENTS IN CASH AND BANK BALANCES AND SHARE CAPITAL AND RESERVES (CONT'D)**

(b) Movement in share capital and reserves

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**19 OCT 2012**  
 Debitte KasimChan  
 Kuala Lumpur/Penang Jaya



	Share Capital		Total Share Capital		Reserves		Oistributable	
	Ordinary Shares RM'000	RCPS RM'000	Share Premium RM'000	Share Options RM'000	Share Available for Sale RM'000	Retained Earnings RM'000	Total Reserves RM'000	Total Equity RM'000
<b>Minimum Scenario</b>								
Audited consolidated statements of financial position as at 31 March 2012	78,240	-	58,584	5,634	-	386,764	450,982	529,222
Arising from cancellation of Share Options	-	-	-	(88)	-	88	-	-
Adjusted as at 31 March 2012	78,240	-	58,584	5,546	-	386,852	450,982	529,222
<del>Arising from the full conversion of RCPS</del>	39,120	-	(39,120)	-	-	-	(39,120)	-
<b>Proforma I</b>	117,360	-	19,464	5,546	-	386,852	411,862	529,222
<del>Arising from the full conversion of RCPS</del>	-	46,944	130,242	-	-	-	130,242	177,186
<b>Proforma II</b>	117,360	46,944	149,706	5,546	-	386,852	542,104	706,408
Arising from the full conversion of RCPS	46,944	(46,944)	-	-	-	-	-	-
<b>Proforma III</b>	164,304	-	149,706	5,546	-	386,852	542,104	706,408
<b>Maximum Scenario</b>								
Audited consolidated statements of financial position as at 31 March 2012	78,240	-	58,584	5,634	-	386,764	450,982	529,222
Arising from cancellation of Share Options	-	-	-	(88)	-	88	-	-
Adjusted as at 31 March 2012	78,240	-	58,584	5,546	-	386,852	450,982	529,222
Arising from full exercise of Share Options	1,510	-	12,944	(5,546)	-	-	7,398	8,908
<b>Proforma I</b>	79,750	-	71,528	-	-	386,852	458,380	538,130
<del>Arising from the full conversion of RCPS</del>	39,875	-	(39,875)	-	-	-	(39,875)	-
<b>Proforma II</b>	119,625	-	31,653	-	-	386,852	418,505	538,130
<del>Arising from the full conversion of RCPS</del>	-	47,850	132,779	-	-	-	132,779	180,629
<b>Proforma III</b>	119,625	47,850	164,432	-	-	386,852	551,284	718,759
Arising from the full conversion of RCPS	47,850	(47,850)	-	-	-	-	-	-
<b>Proforma IV</b>	167,475	-	164,432	-	-	386,852	551,284	718,759



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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON**

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**Deloitte**

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**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 statements of financial position of the Group and of the Company as of 31 March 2012 and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 107.

*Directors' Responsibility for the Financial Statements*

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

*Auditors' Responsibility*

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

(Forward)

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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

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

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2012 and of their financial performance and cash flows for the financial year then ended.

**Report on Other Legal and Regulatory Requirements**

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

- (a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act;
- (b) we are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and
- (c) the auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any adverse comment made under Section 174(3) of the Act.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**Other Reporting Responsibilities**

The supplementary information set out in Note 28(c) is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**Other Matters**

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



**DELOITTE KASSIMCHAN**  
**AF 0080**  
**Chartered Accountants**



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

Petaling Jaya  
4 June 2012

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**RCE CAPITAL BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012**

	Note	The Group		The Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Revenue	5	229,858,696	269,585,585	6,648,528	10,315,159
Other income		25,780,598	15,523,491	4,738,531	5,124,639
Interest expense applicable to revenue	6	(64,545,173)	(74,613,722)	(2,508,493)	(3,052,000)
Directors' remuneration	7	(1,457,190)	(1,490,190)	(257,000)	(290,000)
Staff costs	8	(11,036,077)	(12,225,997)	-	-
Depreciation of plant and equipment	15	(1,282,629)	(1,318,608)	(46,497)	(10,494)
Depreciation of investment properties	16	(62,144)	(59,930)	-	-
Other expenses		(49,056,507)	(55,272,532)	(351,905)	(187,729)
Finance costs	9	(34,749)	(29,346)	(459,618)	(123,721)
<b>Profit before tax</b>	10	128,164,825	140,098,751	7,763,546	11,775,854
Income tax expense	11	(26,809,732)	(35,842,210)	(2,091,695)	(3,691,329)
<b>Profit for the financial year</b>		<u>101,355,093</u>	<u>104,256,541</u>	<u>5,671,851</u>	<u>8,084,525</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**RCE CAPITAL BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012**

	Note	The Group		The Company	
		2012 RM	2011 RM	2012 RM	2011 RM
<b>Other comprehensive (loss)/income:</b>					
Available-for-sale ("AFS") financial assets:					
- Reclassification to profit and loss upon disposal		(8,778,517)	-	-	-
- Unrealised net gain on revaluation		-	2,025,811	-	-
Other comprehensive (loss)/income for the financial year, net of tax		(8,778,517)	2,025,811	-	-
<b>Total comprehensive income for the financial year</b>		<u>92,576,576</u>	<u>106,282,352</u>	<u>5,671,851</u>	<u>8,084,525</u>
Attributable to: Owners of the Company		<u>101,355,093</u>	<u>104,256,541</u>		
Earnings per share attributable to owners of the Company:					
Basic/Diluted (sen)	13	<u>12.95</u>	<u>13.33</u>		

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**RCE CAPITAL BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2012**

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**RCE CAPITAL BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**STATEMENTS OF FINANCIAL POSITION (CONT'D)**  
**AS AT 31 MARCH 2012**

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

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**RCE CAPITAL BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012**

The Group	Share Capital RM	Share Premium RM	Non-Distributable Reserves			Distributable Reserve Retained Earnings RM	Total Reserves RM	Total RM
			Share Options RM	Share AFS RM	Reserve			
Balance as at 1 April 2010	78,206,847	58,303,917	6,555,314	6,752,706	204,019,292	275,631,229	353,838,076	
Total comprehensive income	-	-	-	2,025,811	104,256,541	106,282,352	106,282,352	
<b>Transactions with owners</b>								
Dividends	-	-	-	-	(11,931,526)	(11,931,526)	(11,931,526)	
Issuance of shares pursuant to ESOS exercised	32,670	280,102	(120,020)	-	-	160,082	192,752	
Cancellation of share options	-	-	(458,588)	-	458,588	-	-	
Total transactions with owners	32,670	280,102	(578,608)	-	(11,472,938)	(11,771,444)	(11,738,774)	
Balance as at 31 March 2011	78,239,517	58,584,019	5,976,706	8,778,517	296,802,895	370,142,137	448,381,654	



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**RCE CAPITAL BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**STATEMENTS OF CHANGES IN EQUITY (CONT'D)**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012**

The Group	Note	Share Capital RM	Non-Distributable Reserves			Distributable Reserve Retained Earnings RM	Total Reserves RM	Total RM
			Share Premium RM	Share Options RM	AFS RM			
Balance as at 1 April 2011		78,239,517	58,584,019	5,976,706	8,778,517	296,802,895	370,142,137	448,381,654
Total comprehensive (loss)/income		-	-	-	(8,778,517)	101,355,093	92,576,576	92,576,576
<b>Transactions with owners</b>								
Dividends	14	-	-	-	-	(11,735,925)	(11,735,925)	(11,735,925)
Cancellation of share options		-	-	(342,205)	-	342,205	-	-
Total transactions with owners		-	-	(342,205)	-	(11,393,720)	(11,735,925)	(11,735,925)
Balance as at 31 March 2012		78,239,517	58,584,019	5,634,501	-	386,764,268	450,982,788	529,222,305

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**RCE CAPITAL BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**STATEMENTS OF CHANGES IN EQUITY (CONT'D)**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012**

The Company	Note	Share Capital RM	Non-Distributable Reserves		Share Options RM	Distributable Reserve Retained Earnings RM	Total Reserves RM	Total RM
			Share Premium RM	Share Options RM				
Balance as at 1 April 2010		78,206,847	58,303,917	6,555,314	-	217,629,367	282,488,598	360,695,445
Total comprehensive income		-	-	-	-	8,084,525	8,084,525	8,084,525
Transactions with owners								
Dividends	14	-	-	-	-	(11,931,526)	(11,931,526)	(11,931,526)
Issuance of shares pursuant to ESOS exercised		32,670	280,102	(120,020)	-	-	160,082	192,752
Cancellation of share options		-	-	(458,588)	-	-	(458,588)	(458,588)
Total transactions with owners		32,670	280,102	(578,608)	-	(11,931,526)	(12,230,032)	(12,197,362)
Balance as at 31 March 2011		78,239,517	58,584,019	5,976,706	-	213,782,366	278,343,091	356,582,608

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**RCE CAPITAL BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**STATEMENTS OF CHANGES IN EQUITY (CONT'D)**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012**

The Company	Note	Share Capital RM	Non-Distributable Reserves		Share Options RM	Distributable Reserve Retained Earnings RM	Total Reserves RM	Total RM
			Share Premium RM	Reserve				
Balance as at 1 April 2011		78,239,517	58,584,019	5,976,706		213,782,366	278,343,091	356,582,608
Total comprehensive income		-	-	-	-	5,671,851	5,671,851	5,671,851
<b>Transactions with owners</b>								
Dividends	14	-	-	-	-	(11,735,925)	(11,735,925)	(11,735,925)
Cancellation of share options		-	-	(342,205)	-	800,793	458,588	458,588
Total transactions with owners		-	-	(342,205)	-	(10,935,132)	(11,277,337)	(11,277,337)
Balance as at 31 March 2012		78,239,517	58,584,019	5,634,501		208,519,085	272,737,605	350,977,122

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**RCE CAPITAL BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012**

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**RCE CAPITAL BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**STATEMENTS OF CASH FLOWS (CONT'D)**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012**

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Interest income from amounts due from subsidiary companies	-	-	(4,733,859)	(5,121,671)
Operating Profit Before Working Capital Changes	135,957,917	153,554,706	31,130	4,085,430
Decrease/(Increase) in:				
Loans and receivables	86,919,739	(34,430,508)	-	-
Trade receivables	(4,205,339)	(6,878,722)	-	-
Other receivables, deposits and prepaid expenses	(7,380,084)	(13,043,434)	(148,360)	150,087
Amounts due from subsidiary companies	-	-	56,914,224	6,388,290
(Decrease)/Increase in: Payables and accrued expenses	(32,649,426)	864,278	(507,660)	(241,367)
Cash Generated From Operations	178,642,807	100,066,320	56,289,334	10,382,440
Taxes paid	(19,511,304)	(28,126,122)	(2,559,918)	(2,631,666)
Taxes refunded	1,119,154	1,323,283	-	1,179,929
Net Cash Generated From Operating Activities	160,250,657	73,263,481	53,729,416	8,930,703
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from disposal of AFS financial assets	38,625,135	-	-	-
Investment income received	14,050,706	10,431,601	4,672	2,968
Dividend received	1,667,918	6,073,695	3,500,000	2,700,000
Subscription of shares in subsidiary companies	-	-	(5,499,998)	-

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**RCE CAPITAL BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**STATEMENTS OF CASH FLOWS (CONT'D)**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012**

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Proceeds from disposal of plant and equipment	123,183	375,808	-	-
Capital repayment from investment in REIT	-	61,293	-	-
Additions to plant and equipment	(1,616,173)	(691,280)	-	-
<b>Net Cash Generated From/(Used In) Investing Activities</b>	<b>52,850,769</b>	<b>16,251,117</b>	<b>(1,995,326)</b>	<b>2,702,968</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Drawdown of revolving credits	71,490,244	325,430,207	-	-
Repayment of revolving credits	(140,761,425)	(251,583,135)	-	-
Proceeds from issuance of ABS	-	209,000,000	-	-
Redemption of ABS	(265,597,000)	(81,000,000)	-	-
Drawdown of term loan	114,000,000	-	-	-
Repayment of term loans	(52,431,696)	(52,278,210)	(40,000,000)	-
Redemption of MTNs	(30,013,800)	(20,210,501)	-	-
Drawdown of other borrowings	87,770,198	92,716,236	-	-
Repayment of other borrowings	(106,329,464)	(70,544,969)	-	-
Redemption of bonds and commercial papers, net	-	(4,000,000)	-	-
Issuance of shares	-	192,752	-	312,772
Dividends paid	(11,802,372)	(11,922,156)	(11,802,372)	(11,922,156)
Repayment of:				
Hire-purchase payables	(172,778)	(431,321)	-	(12,066)
Finance lease payables	-	(26,965)	-	-
Finance costs paid	(34,749)	(29,346)	-	(270)
<b>Net Cash (Used In)/Generated From Financing Activities</b>	<b>(333,882,842)</b>	<b>135,312,592</b>	<b>(51,802,372)</b>	<b>(11,621,720)</b>

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**


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**RCE CAPITAL BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**
**STATEMENTS OF CASH FLOWS (CONT'D)**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012**

	<b>The Group</b>		<b>The Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(120,781,416)	224,827,190	(68,282)	11,951
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	<u>514,538,121</u>	<u>289,710,931</u>	<u>83,588</u>	<u>71,637</u>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 26)</b>	<u>393,756,705</u>	<u>514,538,121</u>	<u>15,306</u>	<u>83,588</u>

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

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**RCE CAPITAL BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES****NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2012****1. CORPORATE INFORMATION**

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

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

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

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

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

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the provisions of the Companies Act, 1965 in Malaysia.

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and disclosure of contingent assets and liabilities. In addition, the directors are also required to exercise their judgements in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 4. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.



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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**


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**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)****2.1 Changes in Accounting Policies**

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

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

## Amendments to:

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

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

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

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

The Group and the Company are required to apply MFRS Framework for annual periods beginning on or after 1 April 2012. The adoption will not result in any significant financial impact on the financial statements of the Group and of the Company.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**3. SIGNIFICANT ACCOUNTING POLICIES****3.1 Basis of Accounting**

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

**3.2 Basis of Consolidation**

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

Under the acquisition method of accounting, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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

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

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

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

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

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.2 Basis of Consolidation (Cont'd)**

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

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

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

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

**3.3 Revenue Recognition**

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

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

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

**(a) Interest income**

Interest income is recognised using the effective interest method.

**(b) Overdue interest income**

Overdue interest income is recognised upon collection.

**(c) Dividend income**

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

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 Revenue Recognition (Cont'd)****(d) Rental income**

Rental income is recognised on an accrual basis.

**(e) Management fees and IT services**

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

**(f) Investment income**

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

**3.4 Segment Reporting**

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

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

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

Segment information is disclosed in Note 12.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.5 Plant and Equipment and Depreciation**

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

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

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

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

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

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

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

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

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.6 Leases and Hire-Purchase****(a) Classification**

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

**(b) Finance lease and hire-purchase**

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

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

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

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

**(c) Operating lease**

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

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.7 Investment Properties**

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

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

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

**3.8 Investment in Subsidiary Companies**

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

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

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.9 Goodwill on Consolidation**

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

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

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

**3.10 Financial Assets**

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

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

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



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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.10 Financial Assets (Cont'd)****(a) AFS financial assets**

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

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

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

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

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

**(b) Loans and receivables**

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

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

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

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

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.11 Impairment of Assets****(a) AFS financial assets**

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

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

**(b) Loans and receivables**

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

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

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

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

**(i) Collective assessment allowance**

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

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.11 Impairment of Assets (Cont'd)****(b) Loans and receivables (Cont'd)****(ii) Individual assessment allowance**

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

**(c) Receivables**

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

**(d) Other non-financial assets**

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

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

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

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.12 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash and bank balances, deposits with licensed financial institutions and other short-term, highly liquid investments with maturities of three (3) months or less, which are readily convertible to known cash and are subject to an insignificant risk of changes in value.

**3.13 Financial Liabilities**

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

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

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

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

**(b) Other financial liabilities**

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

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

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

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

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

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.14 Borrowing Costs**

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

**3.15 Financial Guarantee Contracts**

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

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

**3.16 Income Taxes****(a) Current tax**

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

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

**(b) Deferred tax**

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

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.16 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 reporting date. If it is no longer probable that sufficient taxable profits will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profits will be available, such reductions will be reversed to the extent of the taxable profits.

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

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

**3.17 Provisions**

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

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

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.18 Employee Benefits****(a) Short term employee benefits**

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

**(b) Defined contribution plan**

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

**(c) Share-based compensation**

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

The total fair value of share options granted to eligible directors and employees is recognised as an employee cost with a corresponding increase in the share options reserve within equity over the vesting period and taking into account the probability that the share options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the share options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of share options that are expected to become exercisable on vesting date.

At each reporting date, the Group and the Company revise its estimates of the number of share options that are expected to become exercisable on vesting date. It recognises the impact of revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period.

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

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.18 Employee Benefits (Cont'd)****(c) Share-based compensation (Cont'd)**

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

**3.19 Foreign Currencies****(a) Functional and presentation currency**

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

**(b) Foreign currency transactions and balances**

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

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

**3.20 Special Purpose Entities**

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

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



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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.21 Share Capital and Share Issuance Expenses**

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

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

**3.22 Contingencies**

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

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

**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS****4.1 Critical Judgements Made in Applying the Group's Accounting Policies**

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

**4.2 Key Sources of Estimation Uncertainty**

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

**(a) Impairment of goodwill on consolidation**

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

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**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)****4.2 Key Sources of Estimation Uncertainty (Cont'd)****(b) Impairment of loans and receivables**

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired based on the evaluation of collectibility and aging analysis of accounts and on management's estimate. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer.

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

**(c) Deferred tax assets**

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

**(d) Fair value of borrowings**

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

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**5. REVENUE**

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

**6. INTEREST EXPENSE APPLICABLE TO REVENUE**

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

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**7. DIRECTORS' REMUNERATION**

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

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

	Number of directors	
	2012	2011
Non-executive directors:		
RM50,000 and below	8	8
Executive directors:		
RM1,550,001 - RM1,600,000	1	-
RM1,650,001 - RM1,700,000	-	1
	<u>9</u>	<u>9</u>

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**8. STAFF COSTS**

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

**9. FINANCE COSTS**

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

**10. PROFIT BEFORE TAX**

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

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Investment income	14,050,706	10,431,601	4,672	2,968
Gain on disposal of AFS financial assets	8,237,962	-	-	-
Bad debts recoveries	2,442,466	2,324,057	-	-
Gain on disposal of plant and equipment	111,998	55,078	-	-
Realised gain on foreign exchange, net	12,416	21,843	-	-

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**10. PROFIT BEFORE TAX (CONT'D)**

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Write back/(Allowance) for impairment loss in investment properties	26,444	(26,444)	-	-
Capital repayment from investment in REIT	-	61,293	-	-
Interest income on amounts due from subsidiary companies	-	-	4,733,859	5,121,671
Allowance for impairment loss on receivables, net	(22,958,666)	(27,194,130)	-	-
Loss on early redemption of ABS	(6,597,000)	-	-	-
Amortisation of discount on MTNs	(937,401)	(1,238,664)	-	-
Rental of:				
Premises	(841,936)	(713,532)	-	-
Disaster recovery centre	(103,200)	(36,000)	-	-
Office equipment	(16,200)	(13,800)	-	-
Warehouse	(8,650)	(7,149)	-	-
Motor vehicle	-	(67,800)	-	-
Auditors' remuneration:				
Statutory audit				
- Current year	(210,700)	(221,400)	(38,200)	(35,700)
- Under provision in prior year	-	(6,700)	-	(6,700)
Non-statutory audit				
- Current year	(4,400)	(4,200)	(4,400)	(4,200)
Loss on early redemption of MTNs	(13,800)	(210,500)	-	-
Plant and equipment written off	(1,731)	-	-	-

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**11. INCOME TAX EXPENSE**

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

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**11. INCOME TAX EXPENSE (CONT'D)**

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

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



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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**11. INCOME TAX EXPENSE (CONT'D)**

The Malaysian income tax is calculated at the statutory tax rate of 25% (2011: 25%) of the estimated taxable profits for the year of assessment 2012. The computation of deferred tax as at 31 March 2012 uses the same statutory tax rate.

**12. SEGMENT INFORMATION**

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

**(i) Loan financing segment**

This segment engages in provision of general loan financing.

**(ii) Investment holding and management services**

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

**(iii) Factoring and confirming**

This segment engages in provision of factoring and confirming businesses.

**Allocation basis and transfer pricing**

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

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

**Geographical segment**

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**12. SEGMENT INFORMATION (CONT'D)**

The following tables provide segment information for the reportable segments:

<b>The Group 2012</b>	<b>Loan financing services RM</b>	<b>Investment holding and management services RM</b>	<b>Factoring and confirming RM</b>	<b>Adjustments and eliminations RM</b>	<b>Notes</b>	<b>Total RM</b>
<b>Revenue</b>						
External sales	221,283,522	2,538,719	6,036,455	-		229,858,696
Inter-segment sales	-	76,460,244	-	(76,460,244)	A	-
<b>Total revenue</b>	<b>221,283,522</b>	<b>78,998,963</b>	<b>6,036,455</b>	<b>(76,460,244)</b>		<b>229,858,696</b>
<b>Results</b>						
Interest income including investment income	235,315,660	280,895	4,204,025	-		239,800,580
Interest expense applicable to revenue	60,209,913	2,873,573	1,461,687	-		64,545,173
Depreciation and amortisation	1,514,888	628,687	138,599	-		2,282,174
Other non-cash expenses	15,758,809	(24,728)	7,199,872	-	B	22,933,953
Segment profit/(loss)	127,586,413	5,180,731	(4,567,570)	(34,749)	C	128,164,825
<b>Statements of Financial Position</b>						
Capital additions	210,072	1,533,762	11,039	-	D	1,754,873
Segment assets	1,423,775,296	39,510,104	35,872,327	-		1,499,157,727
Segment liabilities	937,098,876	8,505,991	21,077,448	3,253,107	E	969,935,422
		48				

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**12. SEGMENT INFORMATION (CONT'D)**

The Group 2011	Loan financing services RM	Investment holding and management services RM	Factoring and confirming RM	Adjustments and eliminations RM	Notes	Total RM
<b>Revenue</b>						
External sales	256,511,776	6,540,717	6,533,092	-		269,585,585
Inter-segment sales	720,000	13,005,159	-	(13,725,159)	A	-
<b>Total revenue</b>	<u>257,231,776</u>	<u>19,545,876</u>	<u>6,533,092</u>	<u>(13,725,159)</u>		<u>269,585,585</u>
<b>Results</b>						
Interest income including investment income	266,935,040	2,968	4,874,215	-		271,812,223
Interest expense applicable to revenue	69,985,113	3,608,432	1,020,177	-		74,613,722
Depreciation and amortisation	1,761,368	730,849	124,985	-		2,617,202
Other non-cash expenses	26,595,698	26,444	598,432	-	B	27,220,574
Segment profit/(loss)	<u>136,510,595</u>	<u>511,767</u>	<u>3,105,735</u>	<u>(29,346)</u>	C	<u>140,098,751</u>
<b>Statements of Financial Position</b>						
Capital additions	560,835	447,251	264,694	-	D	1,272,780
Segment assets	<u>1,667,264,017</u>	<u>65,834,473</u>	<u>40,162,849</u>	<u>-</u>		<u>1,773,261,339</u>
Segment liabilities	<u>1,246,298,472</u>	<u>53,097,633</u>	<u>25,159,905</u>	<u>323,675</u>	E	<u>1,324,879,685</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**12. SEGMENT INFORMATION (CONT'D)**

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

A Inter-segment revenues are eliminated on consolidation.

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

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

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

	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
Finance costs	<u>(34,749)</u>	<u>(29,346)</u>

D Capital additions consists of:

	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
Plant and equipment (Note 15)	<u>1,754,873</u>	<u>1,272,780</u>

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

	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
Unallocated corporate liabilities	<u>3,253,107</u>	<u>323,675</u>

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**


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**13. EARNINGS PER ORDINARY SHARE ("EPS")**

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

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

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
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**14. DIVIDENDS**

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

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

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2013.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**15. PLANT AND EQUIPMENT**

The Group	Office equipment, furniture and fittings RM	Computers and IT equipment RM	Computers and IT equipment under finance lease RM	Motor vehicles RM	Motor vehicles under hire-purchase RM	Office renovation RM	Total RM
<b>Cost</b>							
Balance as at 1 April 2010	1,147,117	3,649,575	455,203	237,965	1,525,384	628,538	7,643,782
Additions	78,270	449,626	-	-	744,884	-	1,272,780
Disposals	-	-	-	-	(824,717)	-	(824,717)
Reclassification	-	455,203	(455,203)	238,824	(238,824)	-	-
Balance as at 31 March 2011	1,225,387	4,554,404	-	476,789	1,206,727	628,538	8,091,845
Additions	377,456	926,921	-	-	171,888	278,608	1,754,873
Disposals	(2,699)	(305,285)	-	(365,476)	-	-	(673,460)
Write-off	(36,328)	(155,759)	-	-	-	-	(192,087)
Balance as at 31 March 2012	1,563,816	5,020,281	-	111,313	1,378,615	907,146	8,981,171

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**15. PLANT AND EQUIPMENT (CONT'D)**

<b>The Group</b>	<b>Office equipment, furniture and fittings RM</b>	<b>Computers and IT equipment RM</b>	<b>Computers and IT equipment under finance lease RM</b>	<b>Motor vehicles RM</b>	<b>Motor vehicles under hire-purchase RM</b>	<b>Office renovation RM</b>	<b>Total RM</b>
<b>Accumulated depreciation</b>							
Balance as at 1 April 2010	574,661	2,428,707	343,095	203,013	818,544	229,940	4,597,960
Charge for the financial year	190,652	637,015	93,240	28,353	245,253	124,095	1,318,608
Disposals	-	-	-	-	(503,987)	-	(503,987)
Reclassification	-	436,335	(436,335)	192,463	(192,463)	-	-
Balance as at 31 March 2011	765,313	3,502,057	-	423,829	367,347	354,035	5,412,581
Charge for the financial year	231,817	594,353	-	51,735	247,411	157,313	1,282,629
Disposals	(2,203)	(294,598)	-	(365,474)	-	-	(662,275)
Write-off	(36,328)	(154,028)	-	-	-	-	(190,356)
Balance as at 31 March 2012	958,599	3,647,784	-	110,090	614,758	511,348	5,842,579
<b>Carrying amount</b>							
Balance as at 31 March 2011	460,074	1,052,347	-	52,960	839,380	274,503	2,679,264
Balance as at 31 March 2012	605,217	1,372,497	-	1,223	763,857	395,798	3,138,592



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
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**15. PLANT AND EQUIPMENT (CONT'D)**

The Company	Office equipment RM	Motor vehicles RM	Motor vehicle under hire- purchase RM	Total RM
<b>Cost</b>				
Balance as at 1 April 2010	36,328	-	95,470	131,798
Reclassification	-	95,470	(95,470)	-
Balance as at 31 March 2011	36,328	95,470	-	131,798
Write-off	(36,328)	-	-	(36,328)
Balance as at 31 March 2012	-	95,470	-	95,470
<b>Accumulated depreciation</b>				
Balance as at 1 April 2010	36,328	-	38,478	74,806
Charge for the financial year	-	-	10,494	10,494
Reclassification	-	48,972	(48,972)	-
Balance as at 31 March 2011	36,328	48,972	-	85,300
Charge for the financial year	-	46,497	-	46,497
Write-off	(36,328)	-	-	(36,328)
Balance as at 31 March 2012	-	95,469	-	95,469
<b>Carrying amount</b>				
Balance as at 31 March 2011	-	46,498	-	46,498
Balance as at 31 March 2012	-	1	-	1

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

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
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**16. INVESTMENT PROPERTIES**

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

The strata titles pertaining to:

- (i) the leasehold building under RCE Equity Sdn. Bhd. has been issued during the financial year ended 31 March 2010. The application for consent to transfer from Melawangi Sdn. Bhd., a related party is in progress; and
- (ii) the leasehold building under Mezzanine Enterprise Sdn. Bhd. will not be issued by the relevant authority as it is owned by the Land Office.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
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**16. INVESTMENT PROPERTIES (CONT'D)**

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

**17. INVESTMENT IN SUBSIDIARY COMPANIES**

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

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

	<b>Effective</b>		<b>Principal Activities</b>
	<b>Equity Interest</b>		
	<b>2012</b>	<b>2011</b>	
	<b>%</b>	<b>%</b>	
<b>Direct subsidiary companies</b>			
Effusion.Com Sdn. Bhd.	100	100	Provision of information technology
RCE Factoring Sdn. Bhd.	100	100	Confirming and factoring, specialising in trade related activities and general trading
RCE Marketing Sdn. Bhd.	100	100	Provision of general loan financing services
RCE Synergy Sdn. Bhd.	100	100	Investment holding
<b>Indirect subsidiary companies</b>			
RCE Equity Sdn. Bhd. <sup>†</sup>	100	100	Property investment, provision of financial administrative services, debt management services and trading of securities

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
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**17. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)**

	Effective Equity Interest		Principal Activities
	2012 %	2011 %	
<b>Indirect subsidiary companies</b>			
RCE Advance Sdn. Bhd. <sup>π</sup>	100	100	A special purpose vehicle established to acquire a pool of eligible receivables from its immediate holding company and to issue private debt securities to fund the purchase of such receivables
RCE Commerce Sdn. Bhd. <sup>π</sup>	100	100	Provision of information technology and financial administrative services
RCE Premier Sdn. Bhd. <sup>π</sup>	100	100	In the process of de-registering from the Companies Commission of Malaysia
RCE Sales Sdn. Bhd. <sup>β</sup>	100	100	Provision of financial administrative services
RCE Trading Sdn. Bhd. <sup>π</sup>	100	100	Provision of financial administrative services
Tresor Assets Berhad <sup>π</sup>	100	100	A special purpose vehicle established to acquire a pool of eligible receivables from its immediate holding company and to issue ABS to fund the purchase of such receivables
Mezzanine Enterprise Sdn. Bhd. <sup>*</sup>	100	100	Property investment, provision of financial administrative services

<sup>π</sup> Held indirectly through RCE Marketing Sdn. Bhd.

<sup>β</sup> Held indirectly through RCE Trading Sdn. Bhd.

<sup>\*</sup> Held indirectly through RCE Equity Sdn. Bhd.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
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**18. GOODWILL ON CONSOLIDATION**

	<b>The Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
Goodwill on consolidation, at cost	28,854,804	28,854,804
Less: Accumulated amortisation	<u>(177,829)</u>	<u>(177,829)</u>
Carrying amount	<u>28,676,975</u>	<u>28,676,975</u>

**Allocation of goodwill to cash-generating units**

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

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

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

	<b>The Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
Loan financing	28,343,821	28,343,821
Factoring and confirming	<u>333,154</u>	<u>333,154</u>
	<u>28,676,975</u>	<u>28,676,975</u>

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
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**18. GOODWILL ON CONSOLIDATION (CONT'D)**

**Key assumptions used in value-in-use calculations**

The recoverable amount of the CGUs is determined based on value-in-use calculation, which uses cash flow projections based on financial budgets approved by management. The key assumptions for the value-in-use calculation include quantum of loan disbursements, which is based on RCEM Group's past performance and management's expectation on the growth in loans demand and the availability of funds from the issuance of debts securities by RCEM Group. The discount rate applied to the cash flow projections is 7.86% (2011: 9.29%) per annum.

**19. LOANS AND RECEIVABLES**

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

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

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
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**19. LOANS AND RECEIVABLES (CONT'D)**

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

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

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

The profile of the loans and receivables is as follows:

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

Movement in allowance accounts:

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**19. LOANS AND RECEIVABLES (CONT'D)**

The allowance accounts consist of:

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

Loans and receivables that are performing

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

None of these have been renegotiated during the financial year.

Loans and receivables that are past due but performing

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

Loans and receivables that are non-performing

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

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



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
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**20. OTHER INVESTMENTS**

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

**21. AFS FINANCIAL ASSETS**

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

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

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

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

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**22. DEFERRED TAX**

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

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

Presented after appropriate offsetting as follows:

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**22. DEFERRED TAX (CONT'D)**

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

**Deferred tax assets of the Group:**

	Loans and receivables RM	Payables RM	Unused tax losses and unabsorbed capital allowances RM	Other temporary differences RM	Total RM
Balance as at 1 April 2010	14,270,483	7,757,796	14,242	6,941,543	28,984,064
Recognised in profit or loss	5,608,879	-	(8,309)	(801,326)	4,799,244
Balance as at 31 March 2011	19,879,362	7,757,796	5,933	6,140,217	33,783,308
Balance as at 1 April 2011	19,879,362	7,757,796	5,933	6,140,217	33,783,308
Recognised in profit or loss	(3,723,368)	(4,856,339)	1,726,443	(6,137,867)	(12,991,131)
Balance as at 31 March 2012	16,155,994	2,901,457	1,732,376	2,350	20,792,177

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
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**22. DEFERRED TAX (CONT'D)**

**Deferred tax assets of the Company:**

	<b>Other temporary differences RM</b>	<b>Total RM</b>
Balance as at 1 April 2010	656,675	656,675
Recognised in profit or loss	<u>(656,675)</u>	<u>(656,675)</u>
Balance as at 31 March 2011	<u>-</u>	<u>-</u>
Balance as at 1 April 2011	-	-
Recognised in profit or loss	<u>2,350</u>	<u>2,350</u>
Balance as at 31 March 2012	<u>2,350</u>	<u>2,350</u>

**Deferred tax liabilities of the Group:**

	<b>Plant and equipment RM</b>	<b>Loans and receivables RM</b>	<b>Other temporary differences RM</b>	<b>Total RM</b>
Balance as at 1 April 2010	(318,940)	(13,983)	(26,109,513)	(26,442,436)
Recognised in profit or loss	<u>48,814</u>	<u>-</u>	<u>(26,023,939)</u>	<u>(25,975,125)</u>
Balance as at 31 March 2011	<u>(270,126)</u>	<u>(13,983)</u>	<u>(52,133,452)</u>	<u>(52,417,561)</u>
Balance as at 1 April 2011	(270,126)	(13,983)	(52,133,452)	(52,417,561)
Recognised in profit or loss	<u>(99,932)</u>	<u>(4,048,024)</u>	<u>15,145,975</u>	<u>10,998,019</u>
Balance as at 31 March 2012	<u>(370,058)</u>	<u>(4,062,007)</u>	<u>(36,987,477)</u>	<u>(41,419,542)</u>

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

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**22. DEFERRED TAX (CONT'D)**

**Deferred tax liabilities of the Company:**

	<b>Plant and equipment RM</b>	<b>Total RM</b>
Balance as at 1 April 2010	(13,428)	(13,428)
Recognised in profit or loss	<u>5,815</u>	<u>5,815</u>
Balance as at 31 March 2011	<u>(7,613)</u>	<u>(7,613)</u>
Balance as at 1 April 2011	(7,613)	(7,613)
Recognised in profit or loss	<u>7,613</u>	<u>7,613</u>
Balance as at 31 March 2012	<u>-</u>	<u>-</u>

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

	<b>The Group</b>	
	<b>2012 RM</b>	<b>2011 RM</b>
Unused tax losses	66,234,641	80,661,039
Unabsorbed capital allowances	<u>4,198,323</u>	<u>4,182,628</u>
	<u>70,432,964</u>	<u>84,843,667</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
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**23. TRADE RECEIVABLES**

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

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

As at the reporting date, there are significant concentration of credit risk arising from the amounts due from seven (7) (2011: six (6)) major customers amounting to 73.82% (2011: 54.46%) of the total factoring and confirming receivables. The extension of credits to and the repayments from these customers are closely monitored by the management to ensure that these customers adhere to the agreed credit terms and policies.

Movement in allowance accounts:

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
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**23. TRADE RECEIVABLES (CONT'D)**

The ageing of the trade receivables is as follows:

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

Trade receivables that are performing

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

None of these have been renegotiated during the financial year.

Trade receivables that are past due but performing

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

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

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
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**23. TRADE RECEIVABLES (CONT'D)**

Trade receivables that are non-performing

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

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

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

**24. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES**

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

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

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



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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
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**24. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (CONT'D)**

As at the reporting date, the Group and the Company have provided an allowance for impairment of RM54,071. There has been no movement in this allowance account for the financial years ended 31 March 2012 and 31 March 2011 respectively.

**25. RELATED PARTY TRANSACTIONS**

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

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

The amounts due from/(to) subsidiary companies are unsecured, bear interest rates ranging from 3.00% to 7.63% (2011: 7.30% to 7.63%) per annum, repayable on demand and to be settled in cash, except otherwise stated.

**(a) Identities of related parties**

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

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

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**


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**25. RELATED PARTY TRANSACTIONS (CONT'D)****(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:

<b>Name of related parties</b>	<b>Relationship</b>
Amcorp Auto Sdn. Bhd. ("AASB") Corporateview Sdn. Bhd. ("CVSB") Harpers Travel (Malaysia) Sdn. Bhd. ("HTSB") Arab-Malaysian (CSL) Sdn. Bhd. ("AMSB") Fulcrum Capital Sdn. Bhd. ("FCSB") RSM Catering and Management Services Sdn. Bhd. ("RCMS") MCM Systems Sdn. Bhd. ("MSSB")	Subsidiary companies of Amcorp Group Berhad, a substantial shareholder of the Company
Triple Esteem Sdn. Bhd. ("TESB")	A company in which the wife of a director of the Company is a controlling shareholder
AmLife Insurance Berhad ("ALIB") AmInvestment Bank Berhad ("AIBB") AmInvestment Services Berhad ("AISB")	Companies in which a director of the Company has substantial financial interest
AON Insurance Brokers (M) Sdn Bhd ("AIBM")	A company in which a director of the Company has directorship

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
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**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:

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
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**25. RELATED PARTY TRANSACTIONS (CONT'D)**

**(b) Related party disclosures (Cont'd)**

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
<b>Other related parties:</b>				
Arranger fee payable to AIBB	3,900,759	2,257,008	-	-
Rental payable to:				
ALIB	648,840	617,136	-	-
CVSB	103,200	36,000	-	-
TESB	99,996	99,996	-	-
AMSB	-	67,800	-	-
Staff costs payable to CVSB	490,000	490,000	-	-
Insurance premium payable to AIBM	274,768	247,803	10,469	10,522
Motor vehicle purchase from AASB	171,888	246,132	-	-
Administrative fee payable to AISB	152,367	193,843	3,903	-
Internal audit fees payable to CVSB	128,000	110,000	8,000	-
Service charges payable to AIBB	84,767	607,251	-	-
Marketing expenses incurred arising from:				
Purchase of travel package from HTSB	69,812	282,009	-	-
Purchase of motor vehicle from AASB	-	328,776	-	-
Air tickets purchase from HTSB	11,644	225,450	-	-
Meeting expenses payable to:				
RCMS	6,010	5,920	3,300	3,240
CVSB	1,002	-	-	-
MSSB	900	900	900	900
Utility expenses payable to CVSB	6,000	6,000	6,000	6,000
Accommodation expenses payable to HTSB	920	-	920	-
Motor vehicle maintenance payable to AASB	844	-	-	-
Disposal of AFS financial assets to AIBB	(10,735,510)	-	-	-
Rental receivable from FCSB	(3,600)	(3,600)	-	-

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
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**25. RELATED PARTY TRANSACTIONS (CONT'D)**

**(c) Compensation of key management personnel**

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

**26. CASH AND CASH EQUIVALENTS**

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

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

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

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
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**27. SHARE CAPITAL**

	<b>The Group and The Company</b>	
	<b>2012 RM</b>	<b>2011 RM</b>
<b>Authorised:</b>		
Ordinary shares of RM0.10 each		
Balance as at 1 April/31 March	<u>200,000,000</u>	<u>200,000,000</u>
<b>Issued and fully paid:</b>		
Ordinary shares of RM0.10 each		
Balance as at 1 April	78,239,517	78,206,847
Issued during the financial year:		
Exercise of ESOS (Note 36)	<u>-</u>	<u>32,670</u>
Balance as at 31 March	<u>78,239,517</u>	<u>78,239,517</u>

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

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

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

**28. RESERVES**

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
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**28. RESERVES (CONT'D)**

**(a) Non-distributable:**

(i) Share premium arose from the following:

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

(ii) Share options:

The share options reserve represents the equity settled share options granted to eligible directors and employees. This reserve is made up of the cumulative value of services received from eligible directors and employees recorded on the grant date of share options. Details of share options granted to eligible directors and employees are disclosed in Note 36.

(iii) AFS reserve arose from the following:

	<b>The Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
Balance as at 1 April	8,778,517	6,752,706
Other comprehensive (loss)/income:		
Reclassification to profit and loss upon disposal	(8,778,517)	-
Unrealised net gain on revaluation	<u>-</u>	<u>2,025,811</u>
Balance as at 31 March	<u>-</u>	<u>8,778,517</u>

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

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
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**28. RESERVES (CONT'D)****(b) Distributable:**

Retained earnings:

Distributable reserves are those available for distribution as dividends.

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

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

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

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



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**29. HIRE-PURCHASE PAYABLES**

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

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

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

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

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**30. BORROWINGS**

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

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**30. BORROWINGS (CONT'D)**

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

The maturity profile of the borrowings is as follows:

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

**(a) Fixed rate MTNs**

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

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

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**30. BORROWINGS (CONT'D)**

**(a) Fixed rate MTNs (Cont'd)**

The main features of the MTNs are as follows:

- (i) The maximum issue size of the RM420 million MTNs comprises:
- RM240 million Class A MTNs;
  - RM120 million Class B MTNs; and
  - RM60 million Class C MTNs.
- (ii) The MTNs were issued up to a maximum of six (6) tranches of RM70 million each ("Tranche") with each respective Tranche comprising the following:

<b>Tranches</b>	<b>Class A MTNs issue size RM'000</b>	<b>Class B MTNs issue size RM'000</b>	<b>Class C MTNs issue size RM'000</b>	<b>Total issue size RM'000</b>
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
<b>Total</b>	<b>240,000</b>	<b>120,000</b>	<b>60,000</b>	<b>420,000</b>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
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**30. 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
		<u>40,000</u>	<u>20,000</u>	<u>10,000</u>

- (iv) All MTNs under Tranche A were issued at par;
- (v) The Class A MTNs and Class B MTNs issued under all subsequent Tranches were issued at par, premium or a discount to face value depending on the yield to maturity agreed with the private placement investor(s) at the time of issuance of each Tranche while Class C MTNs issued under all subsequent Tranches were issued at par;
- (vi) Each series of the MTNs under Class A MTNs and Class B MTNs bear a fixed coupon rates ranging from 7.45% to 9.00% (2011: 7.25% to 9.00%) per annum, payable semi-annually in arrears with the last coupon payment to be made on the respective maturity dates; and

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**30. BORROWINGS (CONT'D)****(a) Fixed rate MTNs (Cont'd)**

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

The MTNs are secured against the following:

- (i) A third party first legal charge by RCE Marketing Sdn. Bhd. ("RCEM"), the immediate holding company of RCEA, over the entire issued and paid-up share capital of RCEA;
- (ii) A debenture incorporating a first fixed and floating charge over the entire undertaking, property, assets and rights, both present and future of RCEA;
- (iii) An assignment of the rights, title, benefit and interest under the eligible receivables purchased by RCEA;
- (iv) An assignment over the present and future rights, title, benefit and interest in certain bank accounts of RCEA;
- (v) An undertaking from RCEM; and
- (vi) An irrevocable corporate guarantee from the Company.

**(b) Fixed rate serial bonds and underwritten commercial papers**

A subsidiary, RCE Premier Sdn. Bhd. ("RCEP"), fully issued its RM45 million 5-year fixed rate serial bonds ("Bonds") and RM45 million out of a total of RM50 million 7-year underwritten commercial papers ("CPs") ("RM95 million Programme") for the purpose of financing the working capital of the Group.

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

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**30. BORROWINGS (CONT'D)****(b) Fixed rate serial bonds and underwritten commercial papers (Cont'd)**

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

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

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

- (ii) Each tranche of the Bonds bears a fixed coupon rates ranging from 6.60% to 8.00% per annum, payable semi-annually in arrears with the last coupon payment to be made on the last respective maturity date; and
- (iii) Each tranche of the Bonds shall be redeemed at its nominal value on maturity date together with interest accrued to the date of redemption.

During the financial year ended 31 March 2010, all tranches of the Bonds were fully redeemed.

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

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

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**30. BORROWINGS (CONT'D)****(b) Fixed rate serial bonds and underwritten commercial papers (Cont'd)**

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

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

- (iii) Upon maturity of each of the CPs issued for tenures of one (1), two (2), three (3), six (6), nine (9) or twelve (12) months, RCEP has an option to redeem the CPs or to rollover the CPs previously issued;
- (iv) The frequency of interest or equivalent payment is dependent on the frequency of issuance of CPs by RCEP for maturities of one (1), two (2), three (3), six (6), nine (9) or twelve (12) months at a discounted basis, which shall be payable in arrears upon the respective maturity dates of the CPs; and
- (v) The final tranche of CPs issued bore interest rate at 5.95% per annum during the financial year ended 31 March 2011.

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

The Bonds and CPs were secured against the following:

- (i) A third party first legal charge by RCEM over the entire issued and paid-up share capital of RCEP;
- (ii) A debenture incorporating a first fixed and floating charge over the entire undertaking, property, assets and rights, both present and future, of RCEP;
- (iii) An assignment of the rights, title, benefit and interest under the eligible receivables purchased by RCEP;
- (iv) An assignment over the present and future rights, title, benefit and interest in certain bank accounts of RCEP;
- (v) An undertaking from RCEM; and



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**30. BORROWINGS (CONT'D)****(b) Fixed rate serial bonds and underwritten commercial papers (Cont'd)**

- (vi) An irrevocable corporate guarantee from the Company.

During the financial year ended 31 March 2011, the RM95 million Programme has been terminated and related securities have been fully discharged.

**(c) ABS**

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

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

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

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

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

The main features of the ABS are as follows:

- (i) The maximum issue size of the RM1.5 billion ABS consists of a multiple series of Senior and Subordinated Bonds;
- (ii) The nine ABS tranches of RM100 million each (except for Tranche E of RM96.9 million and Tranche 1 of RM83.8 million) issued at par and have a maturity tenor ranging from one (1) to ten (10) years within each tranche;
- (iii) Each series of Senior Bonds bears fixed coupon rates ranging from 5.20% to 9.05% (2011: 4.30% to 9.05%) per annum, payable semi-annually in arrears with the last coupon payment to be made on the respective maturity dates; and

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**30. BORROWINGS (CONT'D)****(c) ABS (Cont'd)**

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

The ABS are secured against the following:

- (i) A debenture incorporating a first fixed and floating charge over the entire undertaking, property, assets and rights, both present and future of TAB;
- (ii) An assignment of First and Second Master Sale and Purchase Agreements;
- (iii) An assignment of Servicing Agreement;
- (iv) An assignment of Transaction Administration Agreement;
- (v) An assignment of Administration Agreement; and
- (vi) An assignment of Rights to Members' Agreement.

**(d) Term loan 1 (Unsecured)**

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

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

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

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**30. BORROWINGS (CONT'D)****(d) Term loan 2 (Secured)**

During the financial year ended 31 March 2009, a term loan of RM9 million was granted to RCE Synergy Sdn. Bhd. ("RCES") to refinance its remaining balance of RM9.5 million from a term loan facility of RM32 million obtained on 30 August 2005. The term loan facility is secured by an irrevocable corporate guarantee by the Company and a memorandum of deposit over the investment in REIT held by RCES as disclosed in Note 21. During the financial year, the memorandum of deposit over the investment in REIT has been substituted with deposits pledged with the licensed financial institution. The said term loan bears interest rate at 4.00% (2011: 6.55% to 7.05%) per annum for a tenure of seven (7) years from the date of the first disbursement of term loan.

**Term loan 3 (Secured)**

During the financial year ended 31 March 2010, a term loan facility of RM100 million was granted to RCEM for the purpose of financing the working capital of RCEM.

Term loan 3 is secured against the following:

- (i) An assignment of rights, title, benefit, and interest of receivables under the agreement entered into between RCEM with Cooperative;
- (ii) An assignment of the loans and receivables;
- (iii) An irrevocable undertaking by RCEM;
- (iv) An assignment of the designated accounts and all monies standing to the credit of the accounts; and
- (v) An irrevocable corporate guarantee by the Company.

The said term loan bears interest rate at 7.60% (2011: 7.60%) per annum for a tenure of nine (9) years from the date of the disbursement of term loan.

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**30. BORROWINGS (CONT'D)****(d) Term loan 4 (Secured)**

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

Term loan 4 is secured against the following:

- (i) A third party first legal charge over the Subordinated Bonds of ABS and MTNs held by a subsidiary company;
- (ii) A first legal charge over the entire issued and paid-up share capital of a subsidiary company;
- (iii) An irrevocable Power of Attorney to be granted in favour of the security agent to dispose the secured assets upon occurrence of a trigger event; and
- (iv) An irrevocable corporate guarantee by the Company.

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

**(e) Revolving credit 1, 2, 3 and 4 (Secured)**

During the financial year ended 31 March 2008, two (2) revolving credit facilities amounting to RM150 million (Revolving credit 1 and 2) were granted to RCEM in conjunction with the ABS exercise as mentioned in Note 30(c).

In addition, during the financial year ended 31 March 2009, RCEM obtained another revolving credit facility of RM30 million (Revolving credit 3) from another financial institution for the purpose of financing the working capital of RCEM. This revolving credit facility is increased by RM20 million to a total limit of RM50 million during the financial year ended 31 March 2011.

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

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**30. BORROWINGS (CONT'D)****(e) Revolving credit 1, 2, 3 and 4 (Secured) (Cont'd)**

All of the facilities are secured against the following:

- (i) An assignment of rights, title, benefit, and interest of receivables under the agreement entered into between RCEM with Cooperative;
- (ii) An assignment of the loans and receivables;
- (iii) An irrevocable undertaking by RCEM;
- (iv) An assignment of the designated accounts and all monies standing to the credit of the accounts; and
- (v) An irrevocable corporate guarantee by the Company.

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

**Revolving credit 5 and 6 (Unsecured)**

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

During the financial year ended 31 March 2011, a revolving credit facility of RM40 million (Revolving credit 6) was granted to RCEM with a maturity period of three (3) years for the purpose of financing the working capital of RCEM. The said revolving credit is secured by a corporate guarantee by the Company. The revolving credit bears interest rate at 5.63% (2011: 5.20% to 5.26%) per annum.

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**30. BORROWINGS (CONT'D)****(f) Bank overdrafts 1, 2, 3 and 4 (Secured and Unsecured)**

The bank overdraft facilities of RCEF amounting to RM2.2 million (2011: RM1.7 million) (Bank overdraft 1) is secured by an irrevocable corporate guarantee by the Company.

The bank overdraft facility of RCE Commerce Sdn. Bhd. ("RCEC") of RM1 million (Bank overdraft 2) is secured by the following:

- (i) A negative pledge not to encumber or dispose of RCEC's assets; and
- (ii) An irrevocable corporate guarantee by the Company.

The bank overdraft facility of RCES amounting to RM5.5 million (Bank overdraft 3) is guaranteed by the Company and secured by a memorandum of deposit over the investment in REIT held by RCES as disclosed in Note 21. During the financial year, the memorandum of deposit over the investment in REIT has been substituted with deposits pledged with the licensed financial institution.

During the financial year ended 31 March 2011, an overdraft facility (Bank overdraft 4) amounting to RM10 million was granted to RCEM for working capital purposes. This facility is secured by a corporate guarantee by the Company.

The overdraft facilities bear interest at rates ranging from 4.00% to 8.60% (2011: 7.00% to 8.30%) per annum.

**(g) Others (Unsecured)**

All bankers' acceptances, trust receipts and bills payable amounting to RM31 million (2011: RM24 million) are secured by an irrevocable corporate guarantee by the Company.

The bankers' acceptances and trust receipts facilities bear interest at rates ranging from 3.25% to 8.10% (2011: 4.00% to 8.30%) per annum.

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**31. PAYABLES AND ACCRUED EXPENSES**

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

Included in payables of the Group are:

- (i) deferred income of RM36,846,112 (2011: RM51,527,339) held by subsidiary companies in respect of strategic alliance arrangements entered into with the co-operative and corporations;
- (ii) advance payments from customers amounting to RM10,463,682 (2011: RM13,908,909); and
- (iii) collections received of RM2,062,542 (2011: RM1,952,965) on behalf of various co-operatives by a subsidiary in its capacity as the collection and payment agent.

**32. COMMITMENTS**

**(a) Capital commitments**

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

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**32. COMMITMENTS (CONT'D)****(b) Operating lease commitments – as lessor**

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

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

**(c) Operating lease commitments – as lessee**

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

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



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**33. CONTINGENT LIABILITIES**

	<b>The Company</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
Corporate guarantee issued in favour of a trustee in respect of MTNs facility granted to a subsidiary company	420,000,000	420,000,000
Corporate guarantee to licensed financial institutions in respect of borrowing facilities granted to subsidiary companies	582,200,000	401,200,000
	<u>1,002,200,000</u>	<u>821,200,000</u>

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

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**34. FINANCIAL INSTRUMENTS****Financial Risk Management Objectives and Policies**

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

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

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

**(a) Interest rate risk**

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

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

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

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

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**34. FINANCIAL INSTRUMENTS (CONT'D)****(b) Credit risk**

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

**(i) Loan financing services:**

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

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

**(ii) Factoring and confirming:**

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

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

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

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**34. FINANCIAL INSTRUMENTS (CONT'D)****(b) Credit risk (Cont'd)****Collaterals**

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

- (i) Loan financing - loans by cooperatives or corporations to their members and collection proceeds by cooperatives
- (ii) Factoring and confirming - land and buildings

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

**(c) Liquidity risk**

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**34. FINANCIAL INSTRUMENTS (CONT'D)**

**Interest rate and liquidity risk tables**

*Analysis of financial instruments based on remaining contractual maturity*

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

	Note	WAEIR %	Total RM	Maturity profile		
				Within 1 year RM	2-5 years RM	After 5 years RM
<b>The Group 2012</b>						
<b>Fixed rate</b>						
Loans and receivables	19	13.53	983,075,832	103,490,205	264,419,783	615,165,844
Trade receivables	23	11.92	34,419,702	34,419,702	-	-
Hire-purchase payables	29	5.09	718,914	206,471	512,443	-
Fixed rate MTNs	30	10.73	181,460,777	43,698,989	137,761,788	-
ABS	30	7.03	315,127,856	75,127,856	200,000,000	40,000,000
Term loans (secured)	30	7.60	<u>72,297,413</u>	<u>11,186,302</u>	<u>44,444,444</u>	<u>16,666,667</u>
<b>Floating rate</b>						
Deposits with licensed financial institutions	26	3.11	386,709,581	386,709,581	-	-
Term loans (secured)	30	5.24	119,373,986	115,732,194	3,641,792	-
Revolving credits	30	5.07	159,027,640	152,027,640	7,000,000	-
Other bank borrowings *	30	5.66	<u>16,658,211</u>	<u>16,658,211</u>	<u>-</u>	<u>-</u>
<b>The Group 2011</b>						
<b>Fixed rate</b>						
Loans and receivables	19	14.09	1,085,754,380	112,590,590	299,054,699	674,109,091
Trade receivables	23	12.06	37,414,220	37,414,220	-	-
Hire-purchase payables	29	5.11	752,992	172,779	576,674	3,539
Fixed rate MTNs	30	10.18	209,356,331	32,593,800	143,189,350	33,573,181
ABS	30	7.09	578,913,059	115,913,059	363,000,000	100,000,000
Term loans (secured)	30	7.60	83,413,616	11,191,394	44,444,444	27,777,778
Term loans (unsecured)	30	10.82	<u>40,432,507</u>	<u>40,432,507</u>	<u>-</u>	<u>-</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**34. FINANCIAL INSTRUMENTS (CONT'D)**

**Interest rate and liquidity risk tables (Cont'd)**

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

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

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

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**34. FINANCIAL INSTRUMENTS (CONT'D)**

**Interest rate and liquidity risk tables (Cont'd)**

*Analysis of financial liabilities based on an undiscounted basis*

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

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

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

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

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**34. FINANCIAL INSTRUMENTS (CONT'D)****Interest rate and liquidity risk tables (Cont'd)**

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

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

**Sensitivity analysis for interest rate risk**

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

**(d) Fair values**

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

**(i) Financial assets**

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

**(ii) Financial liabilities and equity instruments**

Debts and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual agreement.

Significant financial liabilities include borrowings and payables.



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**34. FINANCIAL INSTRUMENTS (CONT'D)**

**(d) Fair values (Cont'd)**

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

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

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

(i) AFS - Quoted investments in Malaysia

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

(ii) AFS - Unquoted investments in Malaysia

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

(iii) Fixed rate MTNs

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

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**


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**34. FINANCIAL INSTRUMENTS (CONT'D)****(d) Fair values (Cont'd)****(iv) ABS**

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

**(v) Short term financial instruments**

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

**35. CAPITAL MANAGEMENT**

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

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

The gearing ratio at 31 March 2012 and 2011 is as follows:

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

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**36. ESOS**

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

The salient features of the ESOS are as follows:

- (a) The maximum number of shares to be issued under the ESOS shall not exceed 15% of the issued and paid-up share capital of the Company at the time of the offer, of which not more than 50% of the shares shall be allocated, in aggregate, to directors and senior management;
- (b) Not more than 10% of the shares available under the ESOS shall be allocated to any individual director or employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and paid-up share capital of the Company;
- (c) Allocation of the shares are extended to eligible directors and employees who are employed by or on the payroll of subsidiary companies of the Company which are not dormant;
- (d) The eligible directors and employees must have attained the age of 18 years and appointed or confirmed in service by the Group, subject to a minimum period as determined from time to time by the Options Committee, provided always that the selection of any eligible directors and employees is at the discretion of the Options Committee, which shall be final and binding;
- (e) The exercise price is determined at a discount of not more than 10% from the weighted average market price ("WAMP") (calculated as the average of highest and lowest price) for the 5 (five) market days immediately preceding the date of offer and is not lower than the par value of the ordinary shares of the Company; and
- (f) The new shares allotted and issued upon any exercise of option, rank pari passu in all respects with the existing ordinary shares of the Company and shall carry no dividends, rights, allotments and any other distribution which may be declared, made or paid prior to the allotment date of the new shares.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**


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**36. ESOS (CONT'D)**

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

Grant date	Exercise price per share RM	ESOS expiring on 14 September 2019 Number of options over ordinary shares of RM0.10 each				
		Balance as at 1.4.2011	Granted	Exercised	Cancelled/ Lapsed	Balance as at 31.3.2012
24 March 2010	0.59	16,268,900	-	-	(931,500)	15,337,400

The fair value of share options granted in the previous financial years, determined using the Trinomial valuation model, taking into account the terms and conditions upon which the share options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

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

The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the share options grant were incorporated into the measurement of fair value.

There were no share options granted during the financial year.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 2012  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****37. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

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

- (i) proposed bonus issue of up to 399,332,037 new ordinary shares of RM0.10 each in the Company ("Bonus Shares") to be credited as fully paid-up on the basis of 1 Bonus Share for every 2 existing ordinary shares of RM0.10 each held in the Company ("Shares") ("Proposed Bonus Issue");
- (ii) proposed renounceable rights issue of up to 479,198,444 new redeemable convertible non-cumulative preference shares of RM0.10 each in the Company ("RCPS") on the basis of 2 RCPS for every 5 Shares held after the Proposed Bonus Issue ("Proposed Rights Issue");
- (iii) proposed exemption to Cempaka Empayar Sdn Bhd ("Cempaka") and persons acting in concert with Cempaka from the obligation to undertake a take-over offer for all the remaining Shares and convertible securities in the Company not already owned by them under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-Overs and Mergers, 2010 ("Proposed Exemption");
- (iv) proposed increase in the authorised share capital of the Company from RM200,000,000 comprising 2,000,000,000 Shares to RM400,000,000 comprising 3,000,000,000 Shares and 1,000,000,000 RCPS ("Proposed Increase in Authorised Share Capital");
- (v) proposed amendments to the Memorandum and Articles of Association of the Company in respect of the issuance of RCPS pursuant to the Proposed Rights Issue and Proposed Increase in Authorised Share Capital ("Proposed Amendments I"); and
- (vi) proposed amendments to the Articles of Association of the Company to reflect the amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Proposed Amendments II").

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

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

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**UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE FPE 30 JUNE 2012**


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**RCE Capital Berhad (Company No. 2444-M)**  
Incorporated in Malaysia

**CERTIFIED TRUE COPY**



.....  
YAP CHOON SENG  
(MIA 20766)  
Company Secretary

Interim Financial Report  
for 1<sup>st</sup> Quarter Ended 30 June 2012

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**SUMMARY OF KEY FINANCIAL INFORMATION FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012**


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	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
	RM'000	RM'000	RM'000	RM'000
1. Revenue	48,510	60,757	48,510	60,757
2. Profit before tax	17,789	39,810	17,789	39,810
3. Profit for the financial period	13,338	33,226	13,338	33,226
4. Profit attributable to owners of the Company	13,338	33,226	13,338	33,226
5. Basic/diluted earnings per share (sen)	1.70	4.25	1.70	4.25
6. Proposed/Declared dividend per share (sen)	-	-	-	-
		<b>AS AT END OF CURRENT QUARTER</b>	<b>AS AT PRECEDING FINANCIAL YEAR END</b>	
7. Net assets per share attributable to owners of the Company (RM)		0.69	0.68	
		<b>INDIVIDUAL QUARTER</b>	<b>CUMULATIVE QUARTER</b>	
	<b>30.06.2012</b>	30.06.2011	<b>30.06.2012</b>	30.06.2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
8. Gross interest income	2,861	3,734	2,861	3,734
9. Gross interest expense	9	9	9	9

**UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE FPE 30 JUNE 2012 (CONT'D)**
**RCE**
**RCE Capital Berhad (Company No. 2444-M)**  
 Incorporated in Malaysia

 Interim Financial Report  
 for 1<sup>st</sup> Quarter Ended 30 June 2012

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 3 MONTHS ENDED	
	30.06.2012 RM'000	30.06.2011 RM'000	30.06.2012 RM'000	30.06.2011 RM'000
Revenue	48,510	60,757	48,510	60,757
Other income	3,811	8,437	3,811	8,437
Interest expense applicable to revenue	(14,237)	(18,221)	(14,237)	(18,221)
Staff costs and directors' remuneration	(3,087)	(3,150)	(3,087)	(3,150)
Depreciation of plant and equipment and investment properties	(379)	(309)	(379)	(309)
Other expenses	(16,820)	(7,695)	(16,820)	(7,695)
Finance costs	(9)	(9)	(9)	(9)
<b>Profit before tax</b>	<b>17,789</b>	<b>39,810</b>	<b>17,789</b>	<b>39,810</b>
Taxation	(4,451)	(6,584)	(4,451)	(6,584)
<b>Profit for the financial period</b>	<b>13,338</b>	<b>33,226</b>	<b>13,338</b>	<b>33,226</b>
<b>Other comprehensive loss:</b>				
Financial assets available-for-sale ("AFS"):				
- Unrealised net gain on revaluation	-	201	-	201
- Reclassification to profit and loss upon disposal	-	(3,950)	-	(3,950)
Other comprehensive loss for the financial period, net of tax	-	(3,749)	-	(3,749)
<b>Total comprehensive income for the financial period</b>	<b>13,338</b>	<b>29,477</b>	<b>13,338</b>	<b>29,477</b>
<b>Attributable to:</b>				
Owners of the Company	<b>13,338</b>	<b>33,226</b>	<b>13,338</b>	<b>33,226</b>
<b>Earnings per share attributable to owners of the Company:</b>				
Basic/Diluted (sen)	<b>1.70</b>	<b>4.25</b>	<b>1.70</b>	<b>4.25</b>

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2012 and the accompanying explanatory notes attached to the interim financial report.

**UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE FPE 30 JUNE 2012 (CONT'D)**

# RCE

RCE Capital Berhad (Company No. 2444-M)  
Incorporated in Malaysia

Interim Financial Report  
for 1<sup>st</sup> Quarter Ended 30 June 2012

**CONDENSED STATEMENT OF FINANCIAL POSITION**

	AS AT 30.06.2012 RM'000	AS AT 31.03.2012 RM'000	AS AT 01.04.2011 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Plant and equipment	3,730	3,139	2,679
Investment properties	2,649	2,664	2,700
Goodwill on consolidation	28,677	28,677	28,677
Loans and receivables	896,943	879,586	973,164
AFS financial assets	-	-	39,166
Deferred tax assets	20,377	20,792	33,783
<b>Total Non-Current Assets</b>	<b>952,376</b>	<b>934,858</b>	<b>1,080,169</b>
<b>Current Assets</b>			
Loans and receivables	98,983	103,490	112,591
Trade receivables	32,599	34,420	37,414
Other receivables, deposits and prepaid expenses	40,764	32,633	28,549
Deposits with licensed financial institutions	355,065	386,709	512,150
Cash and bank balances	1,376	7,047	2,388
<b>Total Current Assets</b>	<b>528,787</b>	<b>564,299</b>	<b>693,092</b>
<b>TOTAL ASSETS</b>	<b>1,481,163</b>	<b>1,499,157</b>	<b>1,773,261</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	78,240	78,240	78,240
Reserves	464,320	450,982	370,142
<b>Total Equity</b>	<b>542,560</b>	<b>529,222</b>	<b>448,382</b>
<b>Non-Current Liabilities</b>			
Hire-purchase payables	459	512	580
Borrowings	401,451	449,515	737,379
Deferred tax liabilities	34,480	41,420	52,418
<b>Total Non-Current Liabilities</b>	<b>436,390</b>	<b>491,447</b>	<b>790,377</b>
<b>Current Liabilities</b>			
Payables and accrued expenses	61,090	60,598	89,291
Hire-purchase payables	209	206	172
Borrowings	433,790	414,431	444,715
Tax liabilities	7,124	3,253	324
<b>Total Current Liabilities</b>	<b>502,213</b>	<b>478,488</b>	<b>534,502</b>
<b>Total Liabilities</b>	<b>938,603</b>	<b>969,935</b>	<b>1,324,879</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,481,163</b>	<b>1,499,157</b>	<b>1,773,261</b>
<b>NET ASSETS PER SHARE (RM)</b>	<b>0.69</b>	<b>0.68</b>	<b>0.57</b>

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2012 and the accompanying explanatory notes attached to the interim financial report.



## UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE FPE 30 JUNE 2012 (CONT'D)



RCE Capital Berhad (Company No. 2444-M)  
Incorporated in Malaysia

Interim Financial Report  
for 1<sup>st</sup> Quarter Ended 30 June 2012

## CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Reserves			Total Reserves RM'000	Total Reserves RM'000
		Share Premium RM'000	Non-Distributable Share Options RM'000	Distributable Retained Earnings RM'000		
As at 1 April 2011	78,240	58,584	5,976	8,779	370,142	448,382
Total comprehensive (loss)/income	-	-	-	(3,749)	29,477	29,477
As at 30 June 2011	78,240	58,584	5,976	5,030	399,619	477,859
As at 1 April 2012	78,240	58,584	5,634	-	450,982	529,222
Total comprehensive income	-	-	-	-	13,338	13,338
Transaction with owners	-	-	(19)	-	-	-
Cancellation of share options	-	-	(19)	-	-	-
Total transaction with owners	-	-	(19)	-	-	-
As at 30 June 2012	78,240	58,584	5,615	-	464,320	542,560

The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2012 and the accompanying explanatory notes attached to the interim financial report.

**UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE FPE 30 JUNE 2012 (CONT'D)**
**RCE**
**RCE Capital Berhad (Company No. 2444-M)**  
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 for 1<sup>st</sup> Quarter Ended 30 June 2012

**CONDENSED STATEMENT OF CASH FLOWS**

	CUMULATIVE QUARTER 30.06.2012 RM'000	CUMULATIVE QUARTER 30.06.2011 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	17,789	39,810
Adjustments for:		
Allowance for impairment loss on receivables, net	8,928	372
Loss on early redemption of:		
- Asset-Backed Securities ("ABS")	3,270	1,443
- Fixed Rate Medium Term Notes ("MTNs")	-	14
Depreciation of plant and equipment and investment properties	379	309
Amortisation of discount on MTNs	220	240
Finance costs	9	9
Interest income	(2,861)	(3,734)
Gain on disposal of AFS financial assets	-	(3,830)
Dividend income	-	(1,668)
Operating profit before working capital changes	<u>27,734</u>	<u>32,965</u>
(Increase)/Decrease in working capital:		
Loans and receivables	(21,783)	102,037
Trade receivables	1,826	(2,943)
Other receivables, deposits and prepaid expenses	(8,233)	(33,951)
Decrease in working capital:		
Payables and accrued expenses	(160)	(7,526)
Cash (used in)/generated from operations	<u>(616)</u>	<u>90,582</u>
Taxes paid	(7,168)	(8,688)
Taxes refunded	84	283
Net cash (used in)/generated from operating activities	<u>(7,700)</u>	<u>82,177</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of AFS financial assets	-	18,050
Interest income	2,861	3,734
Dividend received	-	1,668
Additions to plant and equipment	(955)	(392)
Net cash generated from investing activities	<u>1,906</u>	<u>23,060</u>

**UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE FPE 30 JUNE 2012 (CONT'D)**

**RCE**

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**CONDENSED STATEMENT OF CASH FLOWS (CONT'D)**

	CUMULATIVE QUARTER 30.06.2012 RM'000	CUMULATIVE QUARTER 30.06.2011 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of term loans	56,000	-
Drawdown of other borrowings	15,726	39,042
Drawdown of revolving credits	15,468	1,734
Redemption of ABS	(73,270)	(92,443)
Repayment of revolving credits	(21,541)	(40,500)
Repayment of other borrowings	(15,705)	(42,133)
Redemption of MTNs	(5,000)	(1,514)
Repayment of term loans	(3,140)	(3,077)
Repayment of hire-purchase payables	(50)	(41)
Finance costs paid	(9)	(9)
Dividends paid	-	(28)
Net cash used in financing activities	<u>(31,521)</u>	<u>(138,969)</u>
Net change in cash and cash equivalents	(37,315)	(33,732)
Cash and cash equivalents at beginning of financial period	393,756	514,538
Cash and cash equivalents at end of financial period	<u>356,441</u>	<u>480,806</u>
<b>CASH AND CASH EQUIVALENTS AS AT END OF FINANCIAL PERIOD COMPRISE THE FOLLOWING:</b>		
Deposits with licensed financial institutions	355,065	478,402
Cash and bank balances	1,376	2,404
	<u>356,441</u>	<u>480,806</u>

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2012 and the accompanying explanatory notes attached to the interim financial report.

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**UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE FPE 30 JUNE 2012 (CONT'D)**

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**RCE****RCE Capital Berhad (Company No. 2444-M)**  
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**NOTES TO THE INTERIM FINANCIAL REPORT**

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**1 BASIS OF PREPARATION**

The interim financial report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB"). The interim financial report also complies with IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board ("IASB"). For the periods up to and including the financial year ended 31 March 2012, the Group prepared its audited financial statements in accordance with Financial Reporting Standards ("FRS").

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2012.

This interim financial report is the Group's first MFRS compliant interim financial report and hence MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied.

The date of transition to the MFRS framework is 1 April 2011. The adoption of the MFRS framework does not result in any significant financial impact on the interim financial report of the Group.

**2 AUDITORS' REPORT ON PRECEDING ANNUAL AUDITED FINANCIAL STATEMENTS**

The auditors' report on the preceding annual audited financial statements was not subject to any qualification.

**3 SEASONAL OR CYCLICAL FACTORS**

The Group's operations were not significantly affected by any seasonal or cyclical factors.

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**UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE FPE 30 JUNE 2012 (CONT'D)**


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**NOTES TO THE INTERIM FINANCIAL REPORT**


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**4 UNUSUAL ITEMS**

There were no unusual items for the current quarter and financial period.

**5 CHANGES IN ESTIMATES**

There were no changes in estimates that have a material effect for the current quarter and financial period.

**6 DEBT AND EQUITY SECURITIES**

There were no issuance, repurchase and repayment of debt and equity securities for the financial period except for the following:

(a) Redemption of the ABS by Tresor Assets Berhad, a subsidiary of the Company, as follows:

	<b>CURRENT QUARTER RM'000</b>	<b>CUMULATIVE QUARTER RM'000</b>
Early redemption of ABS	(45,000)	(45,000)
Redemption of ABS upon maturity	(25,000)	(25,000)

(b) Redemption of the MTNs by RCE Advance Sdn Bhd, a subsidiary of the Company, as follows:

	<b>CURRENT QUARTER RM'000</b>	<b>CUMULATIVE QUARTER RM'000</b>
Redemption of MTNs upon maturity	(5,000)	(5,000)

**UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE FPE 30 JUNE 2012 (CONT'D)**

# RCE

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**NOTES TO THE INTERIM FINANCIAL REPORT**
**7 DIVIDEND**

A final single-tier dividend of 15.0% (1.50 sen) on 782,395,174 ordinary shares, in respect of the financial year ended 31 March 2012 will be proposed for shareholders' approval. Such dividend, if approved by the shareholders, will be accounted for in equity as appropriation of retained earnings in the financial year ending 31 March 2013.

No dividend has been recommended by the directors or paid for the financial period ended 30 June 2012.

**8 SEGMENTAL INFORMATION**

Segmental revenue and results for the financial period were as follows:

	Loan Financing RM'000	Investment Holding & Mgmt Services RM'000	Factoring & Confirming RM'000	Eliminations RM'000	Group RM'000
<b>Revenue</b>					
External sales	46,797	286	1,427	-	48,510
Intersegment sales	-	26,245	-	(26,245)	-
Total revenue	46,797	26,531	1,427	(26,245)	48,510
<b>Results</b>					
Interest income					
including investment income	49,655	85	972	-	50,712
Interest expense					
applicable to revenue	13,883	73	281	-	14,237
Segment results	17,881	(467)	384	-	17,798
Finance costs					(9)
Profit before tax					17,789
Taxation					(4,451)
Profit for the financial period					13,338

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**UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE FPE 30 JUNE 2012 (CONT'D)**


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# RCE

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**NOTES TO THE INTERIM FINANCIAL REPORT**


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**9 PROFIT BEFORE TAX**

	<b>INDIVIDUAL QUARTER 30.06.2012 RM'000</b>	<b>CUMULATIVE QUARTER 30.06.2012 RM'000</b>
Interest income including investment income	50,712	50,712
Allowance for impairment loss on receivables, net	8,928	8,928
Gain on foreign exchange, net:		
- Realised	3	3
- Unrealised	-	-

There were no exceptional items, inventories written down and written off, allowance for impairment loss on investment properties and gain or loss on disposal of quoted or unquoted investments or properties for the current quarter and financial period ended 30 June 2012.

**10 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD**

As at the date of this announcement, there were no material events subsequent to the end of the interim period that affect the results of the Group.

**II CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the financial period.

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**UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE FPE 30 JUNE 2012 (CONT'D)**

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**RCE****RCE Capital Berhad (Company No. 2444-M)**  
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**NOTES TO THE INTERIM FINANCIAL REPORT**

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**12 REVIEW OF PERFORMANCE**

The Group's revenue of RM48.5m for the first quarter ended 30 June 2012 was RM12.2m or 20.2% lower as compared to corresponding quarter of RM60.8m. The decline was largely attributable to lower early settlements resulting in a drop in total interest income by RM10.5m.

Following the above, pre-tax profit for the current quarter under review was RM17.8m, lower than the corresponding quarter's pre-tax profit of RM39.8m. Meanwhile, allowance for impairment on receivables also increased by RM8.6m.

The performance of the respective operating business segments for the first quarter ended 30 June 2012 as compared to the corresponding quarter is analysed as follows:

Loan financing segment

Segment pre-tax profit dropped by RM17.6m from RM35.5m in the corresponding quarter to RM17.9m for the current quarter under review. The lower profit was mainly attributable to lower interest income and higher allowances for impairment on loans and receivables.

Investment holding and management services segment

Following the entire disposal of investment in AmFirst REITs in November 2011, pre-tax profit for the segment also decreased by RM4.6m or 111.2%. A gain of RM3.8m in relation to the disposal of 15.8m units of AmFirst REITs was recorded in the corresponding quarter.

Factoring and confirming segment

Pre-tax profit for the factoring and confirming segment increased by RM0.2m to RM0.4m mainly due to lower other operating expenses by RM0.7m.



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**UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE FPE 30 JUNE 2012 (CONT'D)**

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**RCE****RCE Capital Berhad (Company No. 2444-M)**  
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**NOTES TO THE INTERIM FINANCIAL REPORT**

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**13 MATERIAL CHANGE IN RESULTS OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER**

The Group recorded a pre-tax profit of RM17.8m for the first quarter ended 30 June 2012, RM5.1m or 22.4% lower as compared to a pre-tax profit of RM22.9m in the preceding quarter. This was mainly attributable to higher other operating expenses by RM4.6m of which RM3.3m was incurred on the loss on early redemption of ABS bonds that will lead to savings of future coupon payments.

**14 CURRENT YEAR PROSPECTS**

The Group continues to be vigilant in rebuilding its personal financing portfolio despite the increasingly challenging operating environment and regulatory controls.

Notwithstanding the above, the Group is seeking new business opportunities and the collaborations with our existing business partners are expected to favourably impact the Group.

Meanwhile, the venture into ar-rahnu business with a business partner is in its infancy stage. The Group will continue to work closely with its business partner in making the ar-rahnu business an additional source of revenue that will deliver meaningful returns to the Group.

Barring any unforeseen circumstances, the Group is cautiously optimistic that it can overcome the challenges and sustain its performance for the financial year ending 31 March 2013.

**15 PROFIT FORECAST**

There were no profit forecast prepared or profit guarantee made by the Group.

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**UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE FPE 30 JUNE 2012 (CONT'D)**


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# RCE

**RCE Capital Berhad (Company No. 2444-M)**  
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**NOTES TO THE INTERIM FINANCIAL REPORT**


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**16 TAXATION**

	<b>INDIVIDUAL QUARTER 30.06.2012 RM'000</b>	<b>CUMULATIVE QUARTER 30.06.2012 RM'000</b>
Taxation:		
Current period	10,939	10,939
Underprovision in prior year	37	37
	10,976	10,976
Deferred taxation:		
Current period	(6,517)	(6,517)
Overprovision in prior year	(8)	(8)
	(6,525)	(6,525)
	4,451	4,451

The effective tax rate of the Group in the current quarter and financial period ended 30 June 2012 approximates the statutory tax rate.

**17 STATUS OF CORPORATE PROPOSALS ANNOUNCED**

On 14 February 2012, Hong Leong Investment Bank Berhad on behalf of the Board of Directors of the Company, announced that the Company proposed to undertake the following:

- (i) proposed bonus issue of up to 399,332,037 new ordinary shares of RM0.10 each in the Company ("Bonus Shares") to be credited as fully paid-up on the basis of 1 Bonus Share for every 2 existing ordinary shares of RM0.10 each held in the Company ("Shares") ("Proposed Bonus Issue");
- (ii) proposed renounceable rights issue of up to 479,198,444 new redeemable convertible non-cumulative preference shares of RM0.10 each in the Company ("RCPS") on the basis of 2 RCPS for every 5 Shares held after the Proposed Bonus Issue ("Proposed Rights Issue");

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**UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE FPE 30 JUNE 2012 (CONT'D)**


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**NOTES TO THE INTERIM FINANCIAL REPORT**


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**17 STATUS OF CORPORATE PROPOSALS ANNOUNCED (CONT'D)**

- (iii) proposed exemption to Cempaka Empayar Sdn Bhd ("Cempaka") and persons acting in concert with Cempaka from the obligation to undertake a take-over offer for all the remaining Shares and convertible securities in the Company not already owned by them under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-Overs and Mergers, 2010 ("Proposed Exemption");
- (iv) proposed increase in the authorised share capital of the Company from RM200,000,000 comprising 2,000,000,000 Shares to RM400,000,000 comprising 3,000,000,000 Shares and 1,000,000,000 RCPS ("Proposed Increase in Authorised Share Capital");
- (v) proposed amendments to the Memorandum and Articles of Association of the Company in respect of the issuance of RCPS pursuant to the Proposed Rights Issue and Proposed Increase in Authorised Share Capital ("Proposed Amendments I"); and
- (vi) proposed amendments to the Articles of Association of the Company to reflect the amendments made to the Main Market Listing Requirements of BMSB ("Proposed Amendments II").

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

The approval of Bank Negara Malaysia ("BNM") for the issuance of RCPS to non-resident shareholders of the Company pursuant to the Proposed Rights Issue was obtained vide its letter dated 24 May 2012, whilst the listing application was approved by BMSB on 5 June 2012.

The Proposals and Proposed Amendments II are subject to approval of the shareholders of the Company at an extraordinary general meeting to be convened.

Barring any unforeseen circumstances, the Proposals and Proposed Amendments II are expected to be completed by the third quarter of the financial year ending 31 March 2013.

Other than the above, there were no other corporate proposals announced but not completed as at the date of this report.

**UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE FPE 30 JUNE 2012 (CONT'D)**

**RCE**

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**NOTES TO THE INTERIM FINANCIAL REPORT**

**18 GROUP BORROWINGS AND DEBT SECURITIES**

Total borrowings and debt securities (all denominated in Ringgit Malaysia) of the Group as at 30 June 2012 are as follows:

	<b>Short Term RM'000</b>	<b>Long Term RM'000</b>	<b>Total RM'000</b>
<b>At amortised cost</b>			
Secured:			
- Asset-backed securities	59,865	185,000	244,865
- Term loans	164,721	79,775	244,496
- Fixed rate medium term notes	43,401	132,976	176,377
- Revolving credits	128,669	-	128,669
- Bank overdrafts	2,204	-	2,204
	<u>398,860</u>	<u>397,751</u>	<u>796,611</u>
Unsecured:			
- Revolving credits	20,595	3,700	24,295
- Bankers' acceptances	14,335	-	14,335
	<u>34,930</u>	<u>3,700</u>	<u>38,630</u>
	<u>433,790</u>	<u>401,451</u>	<u>835,241</u>

**19 CAPITAL COMMITMENTS**

**30.06.2012**  
**RM'000**

Capital expenditure in respect of plant  
and equipment not provided for:

Approved and contracted for	669
Approved but not contracted for	<u>3,577</u>
	<u>4,246</u>

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**UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE FPE 30 JUNE 2012 (CONT'D)**

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**NOTES TO THE INTERIM FINANCIAL REPORT**

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**19 CAPITAL COMMITMENTS (CONT'D)**

Other than as disclosed in this report, there were no other material capital commitments as at the date of this report.

**20 CHANGES IN CONTINGENT LIABILITIES AND ASSETS**

The Group's total letters of credit have increased from RM3.4 million as at 31 March 2012 to RM4.3 million as at 30 June 2012.

Other than as disclosed above, there were no other changes in contingent liabilities and assets since the last financial year ended 31 March 2012.

**21 DERIVATIVES AND FAIR VALUE CHANGES OF FINANCIAL LIABILITIES**

- (a) There were no derivatives as at 30 June 2012.
- (b) There were no fair value gain/(loss) on fair value changes of financial liabilities as all financial liabilities were measured at amortised cost.

**22 CHANGES IN MATERIAL LITIGATION**

There were no pending material litigation for the Group as at the date of this report.

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**UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE FPE 30 JUNE 2012 (CONT'D)**


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**NOTES TO THE INTERIM FINANCIAL REPORT**


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**23 EARNINGS PER SHARE ("EPS")**

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		30.06.2012	30.06.2011	30.06.2012	30.06.2011
<b>Basic:</b>					
Profit for the period attributable to owners of the Company	(RM'000)	13,338	33,226	13,338	33,226
Weighted average number of ordinary shares in issue	(unit'000)	782,395	782,395	782,395	782,395
Basic EPS	(sen)	<u>1.70</u>	<u>4.25</u>	<u>1.70</u>	<u>4.25</u>

Basic EPS for the quarter is calculated by dividing the net profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

**Diluted:**

The Group has no dilution in its EPS in the current quarter and the corresponding quarter as there are no dilutive potential ordinary shares.

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**UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE FPE 30 JUNE 2012 (CONT'D)**


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**NOTES TO THE INTERIM FINANCIAL REPORT**


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**24 DISCLOSURE OF REALISED AND UNREALISED PROFITS**

The breakdown of the retained earnings of the Group as at 30 June 2012, into realised and unrealised profits, pursuant to BMSB's directive dated 20 December 2010, is as follows:

	<b>INDIVIDUAL QUARTER</b>	
	<b>30.06.2012</b>	<b>31.03.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings of the Group:		
- Realised	414,224	407,392
- Unrealised	(14,103)	(20,628)
	<u>400,121</u>	<u>386,764</u>

**BY ORDER OF THE BOARD**  
**JOHNSON YAP CHOON SENG**  
**Company Secretary**  
**13 August 2012**

## DIRECTORS' REPORT

**RCE****RCE CAPITAL BERHAD**

(Company No : 2444-M)

**Registered Office:**

802, 8th Floor, Block C  
Kelana Square  
17 Jalan SS 7/26  
47301 Petaling Jaya  
Selangor Darul Ehsan

**19 OCT 2012****The Shareholders of RCE Capital Berhad**

Dear Sir/Madam,

On behalf of the Board of Directors of **RCE Capital Berhad** ("**RCE**" or "**Company**"), I wish to report after making due enquiries that during the period from 31 March 2012 (being the date on which the latest audited consolidated financial statements of the Company and its subsidiaries ("**Group**") have been made up) to the date hereof, being a date not earlier than fourteen (14) days before the date of issuance of this Abridged Prospectus:

- (a) the business of our Group has, in our opinion of our Directors, been satisfactorily maintained;
- (b) in the opinion of our Directors, no circumstances have arisen since the last audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;
- (c) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in this Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;
- (e) there has been no default or any known event that could give rise to a default situation in respect of payments of either interest and/or principal sums in relation to any borrowings in which our Directors are aware of since the last audited financial statements of our Group; and
- (f) save as disclosed in this Abridged Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of our Group since the last audited consolidated financial statements of our Group.

Yours faithfully  
For and on behalf of the Board of Directors of  
**RCE Capital Berhad**



**Soo Kim Wai**  
Non-Independent Non-Executive Director



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**ADDITIONAL INFORMATION**


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**1. SHARE CAPITAL**

- 1.1 Save for the new Shares to be issued pursuant to the conversion of RCPS, no securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.
- 1.2 As at the LPD, save for the provisional allotment of RCPS under the Rights Issue and as disclosed below, no person has been or is entitled to be granted, an option to subscribe for any securities, shares or debentures in our Company or any of our subsidiaries:

ESOS options

Pursuant to the ESOS, eligible Directors and employees can be granted options to subscribe for our Shares over a period of ten (10) years from 15 September 2009 to 14 September 2019. The maximum number of Shares to be issued under the ESOS pursuant to the exercise of ESOS options during the tenure of the ESOS and in accordance with the ESOS Bylaws shall not exceed 15% of the issued and paid-up share capital of our Company at the time of the offer. As at the LPD, there are 15,098,200 ESOS options outstanding that have been granted and not exercised, which may be exercised into 15,098,200 Shares at an exercise price of RM0.59 per Share.

As consideration for the grant of an option, the selected director/employee shall, upon acceptance of the offer, pay to our Company a nominal non-refundable sum of RM1.00 or such other amount as may be determined at the discretion of the options committee. The exercise price of options granted under the ESOS shall be based on the weighted average market price of our Shares for five (5) preceding Market Days immediately prior to the date on which the option is offered ("**5D-WAMP**") provided that:

- (i) a discount, if any, of not more than 10% from the 5D-WAMP immediately preceding the date of offer is allowed or such other basis as permitted by the authorities; and
- (ii) the price so determined shall not be less than the par value of the Shares.

**2. DIRECTORS' REMUNERATION**

The provisions in our Company's Articles of Association in relation to the remuneration of our Directors are as follows:

**Article 92**

The fees payable to the Directors shall from time to time be determined by the Company in general meeting, and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine provided always that:-

- (a) fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
- (b) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting;

**ADDITIONAL INFORMATION (CONT'D)**

- (c) any fee paid to an Alternate Director shall be such amount as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

The Directors may also be paid all traveling, hotel, and other expenses properly incurred by them in attending and returning from meeting of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company. Any Director or who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration.

If by arrangement with the Directors, any Director shall perform or render any special duties outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged provided that the special remuneration payable to non-executive director shall not by way of a commission on or percentage of profits or turnover.

**Article 94 (A)**

Any Director may from time to time appoint any person who is approved by the majority of the Directors at a Board Meeting to be an alternate or substitute Director. The appointee while he holds office as an alternate or substitute Director, shall be entitled to notice of meetings of the Directors and to attend and vote thereat as a Director and generally in the absence of his appointor to perform all the functions of his appointor as a Director. An alternate Director shall be deemed to be an agent of the Director appointing him. An alternate Director shall receive his remuneration from the Director appointing him and not from the Company unless the Company be instructed in writing by the Director to pay any portion of his remuneration to such alternate. Any appointment so made may be revoked at any time by the appointor or by the majority of the other Directors at a Board Meeting. Any appointment or revocation under this Article shall be effected by notice in writing to be delivered at the Office of the Company. An alternate or substitute Director shall ipso facto and immediately vacate his office if the Appointor vacates his office as a Director.

**Article 96**

Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, providing that nothing herein contained shall authorise a Director or his firm to act as auditor of the Company.

**Article 99**

The remuneration of Managing Director, Deputy Managing Director and Executive Director shall (subject to the provisions of any contract between him or them and the Company) from time to time be fixed by the Directors, and may be by way of fixed salary, or commission or participation in profits of the Company or by any or all of these mode or otherwise as may be expedient, but shall not include a commission on or percentage of turnover.

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**ADDITIONAL INFORMATION (CONT'D)**

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**3. MATERIAL CONTRACTS**

Neither we nor our subsidiaries have entered into any material contracts (being contracts entered into out of the ordinary course of business) within the two (2) years immediately preceding the date of this Abridged Prospectus.

**4. MATERIAL LITIGATION**

As at the LPD, the Directors of RCE confirm that the Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and the Directors of RCE do not have any knowledge of proceedings pending or threatened against RCE and/or its subsidiaries, or of any fact likely to give rise to any proceeding, which might materially and adversely affect the financial position or business of the Group.

**5. GENERAL**

5.1 There is no existing or proposed service contracts entered or to be entered into by our Company with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.

5.2 Save as disclosed in this Abridged Prospectus and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease our Group's liquidity;
- (ii) material commitments for capital expenditure of our Group;
- (iii) unusual, infrequent events or transactions or any significant economic changes that will materially affect the amount of reported income from operations;
- (iv) known trends or uncertainties that have had or our Group reasonably expects will have, a material favourable or unfavourable impact on our Group's revenues or operating income;
- (v) substantial increase in revenue; and
- (vi) material information, including trading factors or risks, which are unlikely to be known or participated by the general public and which could materially affect our profits.

**6. CONSENTS**

Our Adviser, Share Registrar, Principal Bankers, Company Secretaries, Solicitors for the Rights Issue and Bloomberg Finance L.P have given and have not subsequently withdrawn their written consents to the inclusion in this Abridged Prospectus of their names and all references in the form and context in which they appear in this Abridged Prospectus.

**ADDITIONAL INFORMATION (CONT'D)**

Our Auditors and Reporting Accountants have given and have not subsequently withdrawn their written consent to the inclusion in this Abridged Prospectus of its name and letters relating to the Auditors' Report on the audited consolidated financial statements of our Group as at 31 March 2012, Reporting Accountants' Letter on the proforma consolidated statements of financial position of our Group as at 31 March 2012 and all references thereto in the form and context in which they appear in this Abridged Prospectus.

**7. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of our Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor during normal office hours (except for public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:

- (i) our M&A;
- (ii) the certified true extract of the resolutions pertaining to the Corporate Exercises passed at our EGM on 21 September 2012, as set out in Appendix I of this Abridged Prospectus;
- (iii) the letters of consent referred to in Section 6 of Appendix VII of this Abridged Prospectus;
- (iv) our audited consolidated financial statements for the past two (2) FYE 2011 and 2012 as set out in Appendix IV of this Abridged Prospectus;
- (v) our latest unaudited consolidated financial results for the FPE 30 June 2012 as set out in Appendix V of this Abridged Prospectus;
- (vi) the proforma consolidated statements of financial position as at 31 March 2012 together with the notes and Reporting Accountants' letter thereon as set out in Appendix III of this Abridged Prospectus;
- (vii) the irrevocable written undertaking letter from Cempaka referred to in Section 2.5 of this Abridged Prospectus; and
- (viii) the Directors' Report as set out in Appendix VI of this Abridged Prospectus.

**8. RESPONSIBILITY STATEMENTS**

Our Board has seen and approved this Abridged Prospectus together with the NPA and the RSF. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in these documents false or misleading.

HLIB, being the Adviser of the Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all facts concerning the Rights Issue.

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