



SUMMARY OF KEY FINANCIAL INFORMATION FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM'000	RM'000	RM'000	RM'000
1. Revenue	38,374	47,990	38,374	47,990
2. (Loss)/Profit before tax	(34,717)	17,789	(34,717)	17,789
3. (Loss)/Profit for the financial period	(27,781)	13,338	(27,781)	13,338
4. (Loss)/Profit attributable to owners of the Company	(27,781)	13,338	(27,781)	13,338
5. Basic (loss)/earnings per share (sen)	(2.37)	1.14	(2.37)	1.14
6. Proposed/Declared dividend per share (sen)	-	-	-	-
		AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END
7. Net assets per share attributable to owners of the Company (RM)		0.54		0.56
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM'000	RM'000	RM'000	RM'000
8. Gross interest income	2,909	2,861	2,909	2,861
9. Gross interest expense	11	9	11	9



CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 3 MONTHS ENDED	
	30.06.2013 RM'000	30.06.2012 RM'000	30.06.2013 RM'000	30.06.2012 RM'000
Revenue	38,374	47,990	38,374	47,990
Other income	4,493	3,811	4,493	3,811
Interest expense applicable to revenue	(10,097)	(14,237)	(10,097)	(14,237)
Staff costs and directors' remuneration	(4,085)	(3,087)	(4,085)	(3,087)
Depreciation of plant and equipment and investment properties	(478)	(379)	(478)	(379)
Other expenses	(62,913)	(16,300)	(62,913)	(16,300)
Finance costs	(11)	(9)	(11)	(9)
(Loss)/Profit before tax	(34,717)	17,789	(34,717)	17,789
Taxation	6,936	(4,451)	6,936	(4,451)
Total comprehensive (loss)/income for the financial period	(27,781)	13,338	(27,781)	13,338
Attributable to:				
Owners of the Company	(27,781)	13,338	(27,781)	13,338
(Loss)/Earnings per share attributable to owners of the Company:				
Basic (sen)	(2.37)	1.14	(2.37)	1.14
Diluted (sen)	(2.37)	1.14	(2.37)	1.14

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 2013 and the accompanying explanatory notes attached to the interim financial report.



CONDENSED STATEMENT OF FINANCIAL POSITION

	AS AT 30.06.2013 RM'000	AS AT 31.03.2013 RM'000	AS AT 01.04.2012 RM'000
ASSETS			
Non-Current Assets			
Plant and equipment	7,788	7,900	3,139
Investment properties	2,589	2,604	2,664
Goodwill on consolidation	28,677	28,677	28,677
Loans and receivables	793,961	860,877	877,209
Trade receivables	2,788	3,206	-
Deferred tax assets	17,220	16,479	20,792
Total Non-Current Assets	853,023	919,743	932,481
Current Assets			
Loans and receivables	54,151	70,109	74,447
Trade receivables	26,904	24,914	34,420
Other receivables, deposits and prepaid expenses	19,033	11,453	27,207
Deposits with licensed financial institutions	381,345	414,281	386,709
Cash and bank balances	5,028	5,021	7,047
Total Current Assets	486,461	525,778	529,830
TOTAL ASSETS	1,339,484	1,445,521	1,462,311
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital			
- Ordinary shares	117,359	117,359	78,240
- Redeemable convertible non-cumulative preference shares ("RCPS")	46,944	46,944	-
Treasury shares	(97)	(2)	-
Reserves	512,170	539,951	450,982
Total Equity	676,376	704,252	529,222
Non-Current Liabilities			
Hire-purchase payables	552	652	512
Borrowings	476,892	503,139	449,515
Deferred tax liabilities	29,454	36,557	41,420
Total Non-Current Liabilities	506,898	540,348	491,447
Current Liabilities			
Payables and accrued expenses	25,165	22,195	23,752
Hire-purchase payables	225	243	206
Borrowings	129,922	177,364	414,431
Tax liabilities	898	1,119	3,253
Total Current Liabilities	156,210	200,921	441,642
Total Liabilities	663,108	741,269	933,089
TOTAL EQUITY AND LIABILITIES	1,339,484	1,445,521	1,462,311
NET ASSETS PER SHARE (RM)	0.54	0.56	0.68

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 2013 and the accompanying explanatory notes attached to the interim financial report.



CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share Capital		Total Share Capital RM'000	Treasury Shares RM'000	Reserves			Total Reserves RM'000	Total RM'000
	Ordinary Shares RM'000	RCPS RM'000			Non-Distributable Share Premium RM'000	Share Options RM'000	Distributable Retained Earnings RM'000		
As at 1 April 2012	78,240	-	78,240	-	58,584	5,634	386,764	450,982	529,222
Total comprehensive income	-	-	-	-	-	-	13,338	13,338	13,338
Transaction with owners									
Cancellation of share options	-	-	-	-	-	(19)	19	-	-
Total transaction with owners	-	-	-	-	-	(19)	19	-	-
As at 30 June 2012	78,240	-	78,240	-	58,584	5,615	400,121	464,320	542,560
As at 1 April 2013	117,359	46,944	164,303	(2)	149,570	5,221	385,160	539,951	704,252
Total comprehensive loss	-	-	-	-	-	-	(27,781)	(27,781)	(27,781)
Transactions with owners									
Cancellation of share options	-	-	-	-	-	(46)	46	-	-
Share repurchased	-	-	-	(95)	-	-	-	-	(95)
Total transactions with owners	-	-	-	(95)	-	(46)	46	-	(95)
As at 30 June 2013	117,359	46,944	164,303	(97)	149,570	5,175	357,425	512,170	676,376

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 2013 and the accompanying explanatory notes attached to the interim financial report.



CONDENSED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER 30.06.2013 RM'000	CUMULATIVE QUARTER 30.06.2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(34,717)	17,789
Adjustments for:		
Allowance for impairment loss on receivables, net	60,810	8,928
Depreciation of plant and equipment and investment properties	478	379
Amortisation of discount on Fixed Rate Medium Term Notes ("MTNs")	169	220
Finance costs	11	9
Loss on early redemption of Asset-Backed Securities ("ABS")	-	3,270
Interest income	(2,909)	(2,861)
Gain on disposal of plant and equipment	(32)	-
Operating profit before working capital changes	<u>23,810</u>	<u>27,734</u>
Decrease/(Increase) in working capital:		
Loans and receivables	22,270	(21,783)
Trade receivables	(1,778)	1,826
Other receivables, deposits and prepaid expenses	(2,059)	(8,233)
Increase/(Decrease) in working capital:		
Payables and accrued expenses	2,957	(160)
Cash generated from/(used in) operations	<u>45,200</u>	<u>(616)</u>
Taxes paid	(6,608)	(7,168)
Taxes refunded	1	84
Net cash generated from/(used in) operating activities	<u>38,593</u>	<u>(7,700)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	2,909	2,861
Proceeds from disposal of plant and equipment	67	-
Additions to plant and equipment	(386)	(955)
Net cash generated from investing activities	<u>2,590</u>	<u>1,906</u>



CONDENSED STATEMENT OF CASH FLOWS (CONT'D)

	CUMULATIVE QUARTER 30.06.2013 RM'000	CUMULATIVE QUARTER 30.06.2012 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of revolving credits	27,100	15,468
Drawdown of other borrowings	12,112	15,726
Drawdown of term loans	-	56,000
Repayment of revolving credits	(78,380)	(21,541)
Repayment of other borrowings	(14,346)	(15,705)
Redemption of ABS	(10,000)	(73,270)
Repayment of term loans	(5,374)	(3,140)
Redemption of MTNs	(5,000)	(5,000)
Repayment of hire-purchase payables	(118)	(50)
Share repurchased	(95)	-
Finance costs paid	(11)	(9)
Net cash used in financing activities	(74,112)	(31,521)
Net change in cash and cash equivalents	(32,929)	(37,315)
Cash and cash equivalents at beginning of financial period	419,302	393,756
Cash and cash equivalents at end of financial period	386,373	356,441

CASH AND CASH EQUIVALENTS AS AT END OF FINANCIAL PERIOD COMPRISE THE FOLLOWING:

Deposits with licensed financial institutions	381,345	355,065
Cash and bank balances	5,028	1,376
	386,373	356,441

Cash and cash equivalents as at end of financial period assigned in favour of the trustees and pledged to licensed financial institutions comprise the following:

Assigned in favour of the trustees	278,557	321,594
Pledged to licensed financial institutions	17,874	21,854
	296,431	343,448

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 2013 and the accompanying explanatory notes attached to the interim financial report.



NOTES TO THE INTERIM FINANCIAL REPORT

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"). The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2013.

2 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the annual audited financial statements for the financial year ended 31 March 2013, except for the adoption of the following standards, amendments to published standards and interpretations to existing standards which are effective for the financial period commencing 1 April 2013:

MFRS 10	:	Consolidated Financial Statements
MFRS 12	:	Disclosure of Interests in Other Entities
MFRS 13	:	Fair Value Measurement
MFRS 119	:	Employee Benefits (2011)
MFRS 127	:	Separate Financial Statements (2011)

Amendments to:

MFRS 7	:	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
MFRS 10	:	Consolidated Financial Statements: Transition Guidance
MFRS 12	:	Disclosure of Interests in Other Entities: Transition Guidance
MFRS 101	:	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

Amendments to MFRSs classified as “Annual Improvements 2009 – 2011 Cycle”



NOTES TO THE INTERIM FINANCIAL REPORT

2 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The adoption of the above does not give rise to any material financial effects to the Group. However, the adoption of MFRS 13 (Fair Value Measurement) requires fair value disclosures for financial instruments to be included in the interim financial report as disclosed in Note 27. It will also result in more extensive disclosures in the annual financial statements for the financial year ending 31 March 2014.

3 AUDITORS' REPORT ON PRECEDING ANNUAL AUDITED FINANCIAL STATEMENTS

The auditors' report on the preceding annual audited financial statements was not subject to any qualification.

4 SEASONAL OR CYCLICAL FACTORS

The Group's operations were not significantly affected by any seasonal or cyclical factors.

5 UNUSUAL ITEMS

There were no unusual items for the current quarter and financial period, except as disclosed in Note 13 in relation to the valuation and impairment of non-performing loans ("NPLs").

6 CHANGES IN ESTIMATES

There were no changes in estimates that have a material effect for the current quarter and financial period.



NOTES TO THE INTERIM FINANCIAL REPORT

7 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:

	CURRENT QUARTER RM'000	CUMULATIVE QUARTER RM'000
Redemption of ABS upon maturity	(10,000)	(10,000)

(b) Redemption of the MTNs by RCE Advance Sdn Bhd, a subsidiary of the Company, as follows:

	CURRENT QUARTER RM'000	CUMULATIVE QUARTER RM'000
Redemption of MTNs upon maturity	(5,000)	(5,000)

(c) During the financial period, the Company repurchased 351,400 of its issued ordinary shares of RM0.10 each from the open market. The total consideration paid including transaction costs of RM94,765 was financed by internally generated funds and the shares repurchased were held as treasury shares. The Company has the right to cancel, resell and/or distribute the treasury shares as dividends at a later date. None of the treasury shares repurchased have been sold or cancelled during the financial period.



NOTES TO THE INTERIM FINANCIAL REPORT

8 DIVIDEND

A final single-tier dividend of 15.0% (1.50 sen) on 1,173,582,495 ordinary shares amounting to RM17,603,737, in respect of the financial year ended 31 March 2013 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 2014.

No dividend has been recommended by the directors or paid for the financial period ended 30 June 2013.

9 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 & Industrial Hire Purchase RM'000	Eliminations RM'000	Group RM'000
Segment Revenue					
External sales	36,743	388	1,243	-	38,374
Intersegment sales	-	1,260	-	(1,260)	-
Total revenue	<u>36,743</u>	<u>1,648</u>	<u>1,243</u>	<u>(1,260)</u>	<u>38,374</u>
Segment Results					
Segment results	(34,007)	(720)	21	-	(34,706)
Finance costs	(10)	-	(1)	-	(11)
(Loss)/Profit before tax	<u>(34,017)</u>	<u>(720)</u>	<u>20</u>	<u>-</u>	<u>(34,717)</u>
Taxation	7,606	(611)	(59)	-	6,936
Loss for the financial period	<u>(26,411)</u>	<u>(1,331)</u>	<u>(39)</u>	<u>-</u>	<u>(27,781)</u>



NOTES TO THE INTERIM FINANCIAL REPORT

9 SEGMENTAL INFORMATION (CONT'D)

	Loan Financing RM'000	Investment Holding & Mgmt Services RM'000	Factoring, Confirming & Industrial Hire Purchase RM'000	Eliminations RM'000	Group RM'000
Interest income including investment income	39,639	69	741	-	40,449
Interest expense applicable to revenue	(9,847)	(96)	(154)	-	(10,097)

10 (LOSS)/PROFIT BEFORE TAX

	INDIVIDUAL QUARTER 30.06.2013 RM'000	CUMULATIVE QUARTER 30.06.2013 RM'000
Interest income including investment income	40,449	40,449
Allowance for impairment loss on receivables, net	60,810	60,810
Amortisation of discount on MTNs	169	169
Gain on foreign exchange, net:		
- Realised	6	6
- 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.



NOTES TO THE INTERIM FINANCIAL REPORT

11 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.

12 CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial period.

13 REVIEW OF PERFORMANCE

The Group posted a revenue of RM38.4 million for the first quarter ended 30 June 2013, which was RM9.6 million or 20.0% lower as compared to the corresponding quarter of RM48.0 million. The decline was mainly due to the drop in earnings from lower loan base as well as lower early settlements, resulting in lower interest income by RM9.5 million from the loan financing segment.

Meanwhile, the Group recorded a pre-tax loss for the current quarter under review of RM34.7 million as compared to a pre-tax profit of RM17.8 million in the corresponding quarter. This was mainly contributed by higher loan impairment from the loan financing segment by RM51.7 million as a result of the continuous efforts to refine and enhance valuation and impairment of NPLs.

The performance of the respective operating business segment for the first quarter ended 30 June 2013 as compared to corresponding quarter is analysed as follows:

Loan financing segment

Pre-tax loss for the current quarter under review was RM34.0 million as opposed to a pre-tax profit of RM17.9 million in the corresponding quarter. This was mainly due to higher loan impairment by RM51.7 million.

Investment holding and management services segment

This segment recorded a higher pre-tax loss of RM0.7 million in the current quarter as compared to the corresponding quarter of RM0.5 million which was mainly due to higher operating expenses.



NOTES TO THE INTERIM FINANCIAL REPORT

13 REVIEW OF PERFORMANCE (CONT'D)

Factoring, confirming and industrial hire purchase segment

Pre-tax profit for this segment was RM0.02 million as compared to the corresponding quarter of RM0.4 million primarily due to lower revenue by RM0.2 million and higher loan impairment by RM0.2 million.

14 MATERIAL CHANGE IN RESULTS OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER

The Group recorded a pre-tax loss of RM34.7 million for the first quarter ended 30 June 2013 as compared to pre-tax loss of RM22.2 million in the preceding quarter. This was mainly due to higher loan impairment in the current quarter by RM16.4 million arising from the continuous efforts to refine and enhance valuation and impairment of NPLs in its loan financing segment.

15 CURRENT YEAR PROSPECTS

With the Financial Services Act 2013 (“FSA”) coming into force on 30 June 2013, the Group takes cognisance of the responsible lending guidelines imposed on financial institutions and the objectives of FSA. As a financier, we will abide by the guidelines and prudential standards governing the industry.

Arising from the above, we expect our personal loan financing segment to register a decline in loan disbursements. Nevertheless, as this segment remains the core contributor of the Group’s revenue and profitability, the Group will continue to refine its credit criteria to build a higher quality loans portfolio and increase vigilance in monitoring its NPLs. The Group will also remain focused on the underserved niche market segment.

The factoring, confirming and industrial hire purchase segment remains conservative on its performance in anticipation of softened loan momentum in the near term.

Having moved towards a more current and comprehensive regime of classification and valuation of NPLs under MFRS 139 (Financial Instruments: Recognition and Measurement) as well as stricter credit evaluation in line with accepted guidelines and practices, loan impairment is expected to normalise in the coming quarters.



NOTES TO THE INTERIM FINANCIAL REPORT

15 CURRENT YEAR PROSPECTS (CONT'D)

While the first quarter results were affected by the higher loan impairment, the Group expects the remaining quarters for the financial year ending 31 March 2014 to be profitable, barring any unforeseen circumstances.

16 PROFIT FORECAST

There were no profit forecast prepared or profit guarantee made by the Group.

17 TAXATION

	INDIVIDUAL QUARTER 30.06.2013 RM'000	CUMULATIVE QUARTER 30.06.2013 RM'000
Taxation:		
Current period	658	658
Underprovision in prior year	250	250
	<hr/> 908	<hr/> 908
Deferred taxation:		
Current period	(9,435)	(9,435)
Underprovision in prior year	1,591	1,591
	<hr/> (7,844)	<hr/> (7,844)
	<hr/> (6,936)	<hr/> (6,936)

The effective tax rate of the Group in the current quarter and financial period approximates the statutory tax rate.



NOTES TO THE INTERIM FINANCIAL REPORT

18 STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced or pending completion as at the date of this report.

19 GROUP BORROWINGS AND DEBT SECURITIES

Total borrowings and debt securities (all denominated in Ringgit Malaysia) of the Group as at 30 June 2013 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
At amortised cost			
Secured:			
- Term loans	22,978	258,147	281,125
- Asset-backed securities	43,907	125,000	168,907
- Fixed rate medium term notes	42,001	93,745	135,746
- Bank overdrafts	5,242	-	5,242
- Revolving credits	50	-	50
	<u>114,178</u>	<u>476,892</u>	<u>591,070</u>
Unsecured:			
- Bankers' acceptances	9,191	-	9,191
- Revolving credits	5,301	-	5,301
- Trust receipts	1,252	-	1,252
	<u>15,744</u>	<u>-</u>	<u>15,744</u>
	<u>129,922</u>	<u>476,892</u>	<u>606,814</u>



NOTES TO THE INTERIM FINANCIAL REPORT

20 CAPITAL COMMITMENTS

30.06.2013
RM'000

Capital expenditure in respect of plant
and equipment not provided for:

Approved and contracted for	2,587
Approved but not contracted for	-
	<u>2,587</u>

Other than as disclosed in this report, there were no other material capital commitments as at the date of this report.

21 CHANGES IN CONTINGENT LIABILITIES AND ASSETS

There were no contingent liabilities and assets since the last financial year ended 31 March 2013.

22 DERIVATIVES AND FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

- (a) There were no derivatives as at 30 June 2013.
- (b) There were no fair value gain/(loss) on fair value changes of financial liabilities as all financial liabilities were measured at amortised cost.

23 CHANGES IN MATERIAL LITIGATION

There were no pending material litigation for the Group as at the date of this report.



NOTES TO THE INTERIM FINANCIAL REPORT

24 (LOSS)/EARNINGS PER SHARE ("LPS)/EPS")

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		30.06.2013	30.06.2012	30.06.2013	30.06.2012
(a) Basic (LPS)/EPS:					
(Loss)/Profit for the period attributable to owners of the Company	(RM'000)	(27,781)	13,338	(27,781)	13,338
Weighted average number of ordinary shares in issue	(unit'000)	1,173,552	1,173,592	1,173,552	1,173,592
Basic (LPS)/EPS	(sen)	<u>(2.37)</u>	1.14	<u>(2.37)</u>	1.14

Basic (LPS)/EPS for the current quarter and financial period are calculated by dividing the net (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

The computation of the weighted average number of ordinary shares in issue is net of treasury shares.

The weighted average number of ordinary shares in issue for the corresponding quarter and period have been restated to reflect the retrospective adjustments arising from the bonus issue which was completed on 1 November 2012 in accordance with MFRS 133 (Earnings per Share).



RCE Capital Berhad (Company No. 2444-M)
Incorporated in Malaysia

Interim Financial Report
for 1st Quarter Ended 30 June 2013

NOTES TO THE INTERIM FINANCIAL REPORT

24 (LOSS)/EARNINGS PER SHARE ("LPS)/EPS") (CONT'D)

(b) Diluted (LPS)/EPS:

The Group has no dilution in its (LPS)/EPS in the current quarter and the corresponding quarter.

The incremental shares from assumed conversions of the RCPS are not included in the calculation of diluted LPS for the current quarter as they are anti-dilutive.

The Employees' Share Option Scheme ("ESOS") options were anti-dilutive for the current quarter and financial period as the options exercise price exceeds the average market price of the Company ordinary shares during the period. Accordingly, the options were assumed not to be exercised in the calculation of diluted (LPS)/EPS.



NOTES TO THE INTERIM FINANCIAL REPORT

25 DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained earnings of the Group as at 30 June 2013, into realised and unrealised profits, pursuant to BMSB's directive dated 20 December 2010, is as follows:

	INDIVIDUAL QUARTER	
	30.06.2013	31.03.2013
	RM'000	RM'000
Total retained earnings of the Group:		
- Realised	369,659	405,238
- Unrealised	(12,234)	(20,078)
	<u>357,425</u>	<u>385,160</u>

26 DISCLOSURE PURSUANT TO MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2010 ("CODE")

As announced on 2 October 2012, the Securities Commission Malaysia has, vide its letter dated 1 October 2012, approved the exemption for Cempaka Empayar Sdn Bhd ("Cempaka") and 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 the Company not already owned by them under Paragraph 16.1(c) of Practice Note 9 of the Code ("Exemption").

The following are the relevant disclosures made in compliance with 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 27 November 2019;



NOTES TO THE INTERIM FINANCIAL REPORT

26 DISCLOSURE PURSUANT TO MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2010 ("CODE") (CONT'D)

(ii) The number and percentage of voting shares or voting rights and the conversion or subscription rights or options in the Company held by Cempaka and PACs as at 30 June 2013 are as follows:

	Number of Ordinary Shares		Number of RCPS		Number of ESOS		Number of ESOS Option	
	(Direct)	% ⁽¹⁾	(Direct)	% ⁽²⁾	Options	% ⁽³⁾	Shares	% ⁽⁴⁾
Cempaka	509,140,753	43.40	451,024,881	96.08	-	-	-	-
Ancorp Group								
Berhad	-	-	-	-	-	-	-	-
Clear Goal								
Sdn Bhd	-	-	-	-	-	-	-	-
Tan Sri Azman								
Hashim	-	-	-	-	2,000,000	14.19	3,000,000	14.19
Soo Kim Wai	-	-	-	-	1,500,000	10.65	2,250,000	10.65
Shalina								
Azman	-	-	-	-	1,200,000	8.52	1,800,000	8.52
Shahman								
Azman	-	-	-	-	900,000	6.39	1,350,000	6.39
Total	509,140,753	43.40	451,024,881	96.08	5,600,000	39.75	8,400,000	39.75

Notes:

- (1) Based on the issued and paid-up share capital of the Company of 1,173,231,095 ordinary shares (excluding a total of 361,400 treasury shares) as at 30 June 2013.
- (2) Based on the total of 469,436,998 RCPS outstanding as at 30 June 2013.
- (3) Based on the total of 14,088,800 ESOS options outstanding as at 30 June 2013.
- (4) Based on 1.5 times subscription rights per ESOS option, resulting into a total of 21,133,200 ESOS option shares as at 30 June 2013.



NOTES TO THE INTERIM FINANCIAL REPORT

26 DISCLOSURE PURSUANT TO MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2010 ("CODE") (CONT'D)

- (iii) The maximum potential voting shares of Cempaka and PACs in the Company, if only Cempaka and PACs (but not other holders) exercise the conversion of RCPS or options in full is 968,565,634 shares representing 59.32% of the resulting enlarged issued and paid-up share capital of the Company;
- (iv) Cempaka and PACs shall not undertake the acquisition of voting shares or voting rights or acquisition of the conversion of RCPS or subscription rights or options of the Company (excluding issuance of new shares following the exercise of the conversion or subscription rights or options, or where all shareholders of the Company are entitled to new shares, rights, conversion or subscription rights or options on a pro-rata basis) throughout the validity period of the Exemption; and
- (v) A mandatory offer obligation by Cempaka and PACs to acquire all the remaining shares and convertible securities in the Company not already owned by them will not arise following the full conversion of RCPS and the exercise of existing ESOS options by Cempaka and PACs as the Exemption has been granted.

27 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of financial assets and liabilities of the Group for the financial period approximate their fair values except for the following:

	30.06.2013	
	Carrying amount RM'000	Fair value RM'000
Financial liabilities		
Borrowings		
- MTNs	135,746	143,655
- ABS	168,907	172,856
	<u> </u>	<u> </u>



NOTES TO THE INTERIM FINANCIAL REPORT

28 RECLASSIFICATION OF PRIOR YEAR COMPARATIVES

Certain comparative figures have been reclassified for consistency with current year's presentation:

(i) Statement of Comprehensive Income for the financial period ended 30 June 2012

	Previously Stated RM'000	Reclassification RM'000	After Reclassification RM'000
Revenue	48,510	(520)	47,990
Other expenses	(16,820)	520	(16,300)

(ii) Statement of Financial Position

	Previously Stated RM'000	Reclassification RM'000	After Reclassification RM'000
As at 31 March 2013			
Current Assets			
Loans and receivables	94,368	(24,259)	70,109
Other receivables, deposits and prepaid expenses	25,339	(13,886)	11,453
Current Liabilities			
Payables and accrued expenses	60,340	(38,145)	22,195



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NOTES TO THE INTERIM FINANCIAL REPORT

28 RECLASSIFICATION OF PRIOR YEAR COMPARATIVES (CONT'D)

	Previously Stated RM'000	Reclassification RM'000	After Reclassification RM'000
As at 1 April 2012			
Current Assets			
Loans and receivables	105,867	(31,420)	74,447
Other receivables, deposits and prepaid expenses	32,633	(5,426)	27,207
Current Liabilities			
Payables and accrued expenses	60,598	(36,846)	23,752

BY ORDER OF THE BOARD
JOHNSON YAP CHOON SENG
Company Secretary
6 August 2013