RCE CAPITAL BERHAD
(Company No. 2444 - M)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008
(In Ringgit Malaysia)

Company No: 2444 – M

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

FINANCIAL STATEMENTS

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RCE CAPITAL BERHAD
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DIRECTORS' REPORT

The directors of **RCE CAPITAL BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2008.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiary companies are as disclosed in Note 15 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

RESULTS

The results of the Group and of the Company for the financial year are as follows:

	The Group RM	**The Company RM**
Profit for the year	50,588,955	12,440,512

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

RCE CAPITAL BERHAD
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DIVIDENDS

The amount of dividend paid by the Company since 31 March 2007 was as follows:

	RM
In respect of the financial year ended 31 March 2007 as reported in the directors' report of that year:	
Final dividend of 10%, less 26% taxation on 646,337,640 ordinary shares, declared on 22 May 2007 and paid on 28 September 2007	4,782,899

At the forthcoming annual general meeting, a final dividend in respect of the financial year ended 31 March 2008 of 10%, less 25% tax on 710,971,340 ordinary shares, amounting to RM5,332,285 will be proposed for shareholders' approval. 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 2009.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

SHARE OPTIONS

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

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

RCE CAPITAL BERHAD
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OTHER FINANCIAL INFORMATION

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

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

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

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

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

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

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

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

RCE CAPITAL BERHAD
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OTHER FINANCIAL INFORMATION (CONT'D)

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Tan Sri Dato' Azman Hashim
Mej. Gen. (Rtd) Dato' Haji Fauzi Bin Hussain
Datuk Mohd Zaman Khan @ Hassan Bin Rahim Khan
Dato' Che Md Nawawi bin Ismail
Chew Keng Yong
Soo Kim Wai
Shalina Azman

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.10 each			
	Balance as of 1.4.2007	**Bought**	**Sold**	**Balance as of 31.3.2008**
Shares in the Company				
Direct interest				
Chew Keng Yong	1,676,300	-	(712,700)	963,600

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DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares of RM0.10 each			
	Balance as of 1.4.2007	**Bought**	**Sold**	**Balance as of 31.3.2008**
Indirect interest				
Tan Sri Dato' Azman Hashim	267,959,573	12,817,596	-	280,777,169

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except for any benefit which may be deemed to have arisen by virtue of the balances and transactions with companies in which certain directors of the Company are also directors and/or have substantial financial interests as mentioned in Note 22 to the financial statements.

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

SUBSEQUENT EVENT

Details of a subsequent event are disclosed in Note 33 to the financial statements.

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AUDITORS

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

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

TAN SRI DATO' AZMAN HASHIM

SOO KIM WAI

Kuala Lumpur
26 May 2008

Deloitte.

Deloitte KassimChan (AF 0080)
Chartered Accountants
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REPORT OF THE AUDITORS TO THE MEMBERS OF

RCE CAPITAL BERHAD
(Incorporated in Malaysia)
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We have audited the accompanying balance sheets as of 31 March 2008 and the related statements of income, cash flows and changes in equity for the year then ended. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia so as to give a true and fair view of:

  (i) the state of affairs of the Group and of the Company as of 31 March 2008 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and

(ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of subsidiary companies of which we have not acted as auditors as shown in Note 15 to the Financial Statements, being financial statements that have been included in the consolidated financial statements.

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

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

Deloitte Kassimchan

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

Wu Chih Shan

WU CHIH SHAN
1887/03/10 (J)
Partner

26 May 2008

Company No: 2444 – M

RCE CAPITAL BERHAD
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INCOME STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

		The Group		The Company	
	Note	**2008 RM**	**2007 RM**	**2008 RM**	**2007 RM**
Revenue	5	131,937,828	98,930,826	10,628,316	3,306,972
Other income		6,649,925	24,156,947	12,029,247	-
Interest expense applicable to revenue	7	(43,829,816)	(29,250,960)	(5,365,087)	(543,507)
Directors' remuneration	8	(1,171,450)	(189,840)	(182,000)	(189,840)
Staff costs	7	(5,937,820)	(2,677,153)	(91,288)	(569,750)
Depreciation of property, plant and equipment	13	(704,492)	(364,237)	(10,494)	(73,498)
Depreciation of investment property	14	(36,583)	(36,583)	-	-
Other expenses		(20,082,317)	(16,773,608)	(840,324)	(247,966)
Finance costs	9	(64,162)	(35,582)	(979,879)	(3,236)
Profit before tax	7	66,761,113	73,759,810	15,188,491	1,679,175
Income tax expense	10	(16,172,158)	(10,388,534)	(2,747,979)	(656,887)
Profit for the year		50,588,955	63,371,276	12,440,512	1,022,288
Attributable to:					
Equity holders of the Company		50,588,955	63,371,276		
Earnings per share attributable to equity holders of the Company:					
Basic (sen)	11	7.83	9.98		

The accompanying Notes form an integral part of the Financial Statements.

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RCE CAPITAL BERHAD
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BALANCE SHEETS
AS OF 31 MARCH 2008

		The Group		The Company	
	Note	**2008**	**2007**	**2008**	**2007**
		RM	**RM**	**RM**	**RM**
ASSETS					
Non-Current Assets					
Property, plant and equipment	13	3,463,078	1,759,341	77,980	228,474
Investment property	14	1,698,099	1,734,682	-	-
Investments in subsidiary companies	15	-	-	64,671,956	64,671,956
Goodwill on consolidation	16	28,676,975	28,676,975	-	-
Loan receivables	17	609,348,959	368,967,714	-	-
Other investment	18	31,557,173	31,557,173	-	-
Deferred tax assets	19	2,894,292	7,891,652	-	-
Total Non-Current Assets		677,638,576	440,587,537	64,749,936	64,900,430
Current Assets					
Short-term investments	20	4,587,293	8,499,693	-	-
Trade receivables	21	21,857,362	15,034,707	-	-
Loan receivables	17	71,737,200	45,668,639	-	-
Other receivables, deposits and prepaid expenses	21	21,314,322	10,668,233	874,918	755,836

(Forward)

RCE CAPITAL BERHAD
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BALANCE SHEETS
AS OF 31 MARCH 2008 (CONT'D)

		The Group		The Company	
	Note	**2008**	**2007**	**2008**	**2007**
		RM	**RM**	**RM**	**RM**
Amounts owing by subsidiary companies	22	-	-	71,531,970	63,444,981
Deposits with licensed financial institutions	29	176,205,852	162,627,317	-	-
Cash and bank balances	29	2,786,670	5,355,243	50,871	25,694
Total Current Assets		298,488,699	247,853,832	72,457,759	64,226,511
Total Assets		976,127,275	688,441,369	137,207,695	129,126,941
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	23	64,633,764	64,633,764	64,633,764	64,633,764
Reserves	24	142,898,191	97,102,135	14,292,894	6,645,281
Total Equity		207,531,955	161,735,899	78,926,658	71,279,045
Non-Current Liabilities					
Hire-purchase payables	25	684,204	56,312	34,927	56,312
Finance lease payables	26	152,288	145,217	-	-
Borrowings	27	589,806,994	456,324,341	40,000,000	40,000,000
Deferred tax liabilities	19	272,883	189,000	-	-
Total Non-Current Liabilities		590,916,369	456,714,870	40,034,927	40,056,312

(Forward)

RCE CAPITAL BERHAD
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BALANCE SHEETS
AS OF 31 MARCH 2008 (CONT'D)

		The Group		The Company	
	Note	**2008 RM**	**2007 RM**	**2008 RM**	**2007 RM**
Current Liabilities					
Other payables and accrued expenses	28	39,723,495	36,444,651	863,245	713,872
Amount owing to a subsidiary company	22	-	-	17,242,385	16,972,322
Hire-purchase payables	25	189,613	55,578	21,182	19,552
Finance lease payables	26	186,864	206,806	-	-
Borrowings	27	135,916,581	30,257,504	-	-
Tax liabilities		1,662,398	3,026,061	119,298	85,838
Total Current Liabilities		177,678,951	69,990,600	18,246,110	17,791,584
Total Liabilities		768,595,320	526,705,470	58,281,037	57,847,896
Total Equity and Liabilities		976,127,275	688,441,369	137,207,695	129,126,941

The accompanying Notes form an integral part of the Financial Statements.

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STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2008

The Group	Note	Share Capital RM	Non-Distributable Reserve - Share Premium RM	Distributable Reserve - Retained Earnings RM	Total Reserves RM	Total RM
Balance as of 1 April 2006		46,892,823	8,042,265	38,007,255	46,049,520	92,942,343
Profit for the year		-	-	63,371,276	63,371,276	63,371,276
Bonus issue	23	15,630,941	(7,791,506)	(7,839,435)	(15,630,941)	-
Private placement	23	2,110,000	3,608,100	-	3,608,100	5,718,100
Shares issue expenses		-	(295,820)	-	(295,820)	(295,820)
Balance as of 31 March 2007		64,633,764	3,563,039	93,539,096	97,102,135	161,735,899

(Forward)

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STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2008 (CONT'D)

The Group	**Note**	**Share Capital RM**	**Non-Distributable Reserve - Share Premium RM**	**Distributable Reserve - Retained Earnings RM**	**Total Reserves RM**	**Total RM**
Balance as of 31 March 2007		64,633,764	3,563,039	93,539,096	97,102,135	161,735,899
Profit for the year		-	-	50,588,955	50,588,955	50,588,955
Dividends	12	-	-	(4,782,899)	(4,782,899)	(4,782,899)
Shares issue expenses		-	(10,000)	-	(10,000)	(10,000)
Balance as of 31 March 2008		64,633,764	3,553,039	139,345,152	142,898,191	207,531,955

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STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2008 (CONT'D)

The Company	**Note**	**Share Capital RM**	**Non-Distributable Reserve - Share Premium RM**	**Distributable Reserve - Retained Earnings RM**	**Total Reserves RM**	**Total RM**
Balance as of 1 April 2006		46,892,823	8,042,265	9,899,389	17,941,654	64,834,477
Profit for the year		-	-	1,022,288	1,022,288	1,022,288
Bonus issue	23	15,630,941	(7,791,506)	(7,839,435)	(15,630,941)	-
Private placement	23	2,110,000	3,608,100	-	3,608,100	5,718,100
Shares issue expenses		-	(295,820)	-	(295,820)	(295,820)
Balance as of 31 March 2007		64,633,764	3,563,039	3,082,242	6,645,281	71,279,045
Profit for the year		-	-	12,440,512	12,440,512	12,440,512
Dividends	12	-	-	(4,782,899)	(4,782,899)	(4,782,899)
Shares issue expenses		-	(10,000)	-	(10,000)	(10,000)
Balance as of 31 March 2008		64,633,764	3,553,039	10,739,855	14,292,894	78,926,658

The accompanying Notes form an integral part of the Financial Statements.

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RCE CAPITAL BERHAD
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CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the year	50,588,955	63,371,276	12,440,512	1,022,288
Adjustments for:				
Interest expense applicable to revenue	43,829,816	29,250,960	5,365,087	543,507
Income tax expense	16,172,158	10,388,534	2,747,979	656,887
Allowance for impairment loss in investments	3,441,250	3,506,353	-	-
Amortisation of discount on medium term notes	1,467,381	642,725	-	-
Allowance for doubtful debts, net	1,215,194	3,267,617	-	-
Depreciation of property, plant and equipment	704,492	364,237	10,494	73,498
Finance costs	64,162	35,582	979,879	3,236
Depreciation of investment property	36,583	36,583	-	-
Property, plant and equipment written off	5,760	12,769	-	-
Investment income	(5,239,407)	(3,097,072)	(8,031)	(54,194)
Dividend income	(1,952,688)	(3,641,470)	(5,502,365)	-
Gain on disposal of:				
Property, plant and equipment	(11,499)	-	(5,000)	-
Other investment	-	(20,398,965)	-	-
Interest income from amounts owing by subsidiary companies	-	-	(6,778,140)	-
Waiver of debt owing by/(to) subsidiary companies	-	-	(5,185,322)	-

(Forward)

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CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008 (CONT'D)

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Decrease/(Increase) in:				
Short-term investments	471,150	259,473	-	-
Loan receivables	(267,635,332)	(182,699,611)	-	-
Other receivables, deposits and prepaid expenses	(6,767,821)	(2,460,518)	(119,082)	(752,446)
Trade receivables	(6,852,324)	2,444,946	-	-
Amounts owing by subsidiary companies	-	-	4,062,652	19,911,587
Increase/(Decrease) in:				
Other payables and accrued expenses	2,169,665	10,364,151	137,084	461,027
Amount owing to a subsidiary company	-	-	(746,006)	(55,963,125)
Cash (Used In)/Generated From Operations	(168,292,505)	(88,352,430)	7,399,741	(34,097,735)
Interest expense applicable to revenue paid	(43,829,816)	(29,250,960)	(5,365,087)	(543,507)
Taxes paid	(17,272,723)	(11,510,788)	(2,735,569)	(586,739)
Taxes refunded	939,877	1,343,979	21,050	-
Net Cash Used In Operating Activities	(228,455,167)	(127,770,199)	(679,865)	(35,227,981)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	5,239,407	3,097,072	8,031	54,194
Dividend received	1,952,688	3,605,050	5,502,365	-

(Forward)

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CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008 (CONT'D)

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
Proceeds from disposal of property, plant and equipment	151,501	-	-	-
Proceeds from disposal of other investment	-	23,200,000	-	-
Capital distribution from other investment	-	23,305,410	-	-
Additions to property, plant and equipment	(1,370,817)	(213,970)	-	(10,470)
Acquisition of a subsidiary company	-	(6,665,118)	-	(10,333,154)
Acquisition of investment in corporate bonds	-	(4,000,000)	-	-
Acquisition of quoted shares	-	(759,166)	-	-
Net Cash Generated From/ (Used In) Investing Activities	5,972,779	41,569,278	5,510,396	(10,289,430)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of asset-backed securities	184,000,000	-	-	-
Drawdown/(Settlement) of revolving credits, net	70,000,000	(30,000,000)	-	-
Drawdown of other borrowings, net	755,968	331,479	-	-
Issuance of medium term notes	-	219,931,000	-	-
Redemption of bonds and commercial papers, net	(14,000,000)	(18,000,000)	-	-

(Forward)

RCE CAPITAL BERHAD
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CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008 (CONT'D)

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Drawdown of term loans	20,000,000	20,764,447	-	40,000,000
Settlement of term loans	(21,984,728)	-	-	-
Issuance of shares	-	5,718,100	-	5,718,100
Dividends paid	(4,770,610)	-	(4,770,610)	-
Repayment of:				
Hire-purchase payables	(174,273)	(76,158)	(19,755)	(9,136)
Finance lease payables	(259,845)	(160,456)	-	-
Share issue expenses	(10,000)	(295,820)	(10,000)	(295,820)
Finance costs paid	(64,162)	(35,582)	(4,989)	(3,236)
Net Cash Generated From/(Used In) Financing Activities	233,492,350	198,177,010	(4,805,354)	45,409,908
NET CHANGE IN CASH AND CASH EQUIVALENTS	11,009,962	111,976,089	25,177	(107,503)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	167,982,560	56,006,471	25,694	133,197
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 29)	178,992,522	167,982,560	50,871	25,694

The accompanying Notes form an integral part of the Financial Statements.

RCE CAPITAL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiary companies are disclosed in Note 15. There have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

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

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 26 May 2008.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia.

Changes in Accounting Policies

On 1 April 2007, the Group and Company adopted all of the new and revised Financial Reporting Standards ("FRSs") that are relevant to the operations and effective for periods beginning on or after 1 October 2006 as follows:

FRS 117	Leases
FRS 119	Employee Benefits
FRS 124	Related Party Disclosures

The adoption of these new and revised FRSs has not resulted in significant changes in accounting policies of the Group and the Company except for FRS124 Related Party Disclosures.

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

Changes in Accounting Policies (Cont'd)

This FRS affects the identification of related parties and the disclosure of related party transactions and outstanding balances with other entities in the group. Intra-group related party transactions and outstanding balances are eliminated in the preparation of consolidated financial statements of the Group. This FRS also requires disclosure of the compensation of key management personnel.

The adoption of new and revised FRSs has no significant financial effect on the financial statements of the Group and the Company in the current and prior years.

Accounting Standards Issued but Not Effective

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

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
FRS 139	Financial Instruments: Recognition and Measurement

FRS 107, 112, 118, 134 and 137 are effective for accounting periods beginning on or after 1 July 2007. The Group and the Company will apply these standards for the financial year beginning 1 April 2008.

The directors are of the opinion that the adoption of the abovementioned new/revised FRSs will have no significant financial impact on the financial statements of the Group and of the Company for the financial year ending 31 March 2009.

The effective date of FRS 139 has yet to be determined by MASB. This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company will apply this standard when it becomes effective.

By virtue of the exemption in paragraph 103AB of FRS 139, the impact of applying FRS 139 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

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

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

The revenue recognition policies of the Group are as follows:

(i) Loan financing

Interest income from loan financing is recognised over the installment period using the sum-of-digits method.

All interest accrued from the date the account is classified as non-performing shall be suspended and credited into interest-in-suspense account, including interest income which was previously recognised.

(ii) Factoring and confirming activities

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

Overdue interest income from confirming activities is recognised upon collection.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (Cont'd)

(iii) Others

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

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

Rental income is recognised on an accrual basis.

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

Management fees are recognised when services are rendered.

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

Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

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

Foreign Currencies (Cont'd)

(ii) Foreign Currency Conversion

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

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

Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statements, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income Tax (Cont'd)

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

Borrowing Costs

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

Impairment of Non-financial Assets Excluding Goodwill

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

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

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but 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 years. A reversal of an impairment loss is recognised immediately in the income statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment and Depreciation

Property, plant and equipment are initially recorded at cost. 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 item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statements during the financial period in which they are incurred.

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

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Office equipment, furniture and fittings	15% - 20%
Computers and information technology ("IT") equipment	20% - 33.33%
Computers and IT equipment under finance lease	20%
Motor vehicles	20% - 25%
Motor vehicles under hire-purchase	20%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds, if any and the net carrying amount of the asset, and is recognised in the income statements.

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

Leases

(i) 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.

(ii) Finance Lease

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

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

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

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described above.

(iii) Operating Lease

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

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

Investment Property

Investment property, which is a property held to earn rentals and/or for capital appreciation, is stated at cost less accumulated depreciation and any impairment losses.

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

Investment property is derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in income statements in the year in which it arises.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of all the subsidiary companies controlled by the Company made up to the end of the financial year. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company.

Subsidiary companies are consolidated using the acquisition method of accounting. On acquisition, the assets acquired and liabilities and contingent liabilities assumed of the relevant subsidiary companies are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal, as applicable.

All significant intercompany transactions and balances are eliminated on consolidation.

Subsidiary Companies

Subsidiary companies are companies in which the Company has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company has such power over another entity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsidiary Companies (Cont'd)

The financial statements of subsidiary companies are included in the consolidated financial statements from the date control effectively commences until the date that control effectively ceases.

Investments in subsidiary companies are stated at cost less any impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

Goodwill on Consolidation

Goodwill arising on consolidation represents the excess of cost of acquisition over the Group's interest in the net fair value of 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, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Provisions

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Provisions (Cont'd)

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

Financial Instruments

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

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

(i) Cash Flow Statements

The Group adopts the indirect method in the preparation of the cash flow statements.

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

(ii) Long-Term Investment

Long-term investment in quoted shares is stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statements.

(iii) Short-Term Investments

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

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

Financial Instruments (Cont'd)

(iii) Short-Term Investments (Cont'd)

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

(iv) Receivables

Receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

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

(v) Payables

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

(vi) Interest Bearing Loans and Borrowings

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

(vii) Equity Instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(vii) Equity Instruments (Cont'd)

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

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

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

Employee Benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plan

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Special Purpose Entities (Cont'd)

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 transaction and has the rights to the future economic benefits of the SPE.

During the current financial year, a SPE is incorporated to acquire a pool of eligible loan receivables for the purpose of issuance of an Asset-Backed Securities ("ABS") to fund the purchase of such receivables. Further details on the ABS exercise are as disclosed in Note 27.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 3 above, 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.

(ii) Key sources of estimation uncertainty

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

(a) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units ("CGUs") to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected from the CGUs and choosing a suitable discount rate to calculate present value of those cash flow.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(b) Allowance for doubtful debts

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

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses and capital allowances of the Group was RM223,000 (2007: RM127,000) and the total unrecognised tax losses and capital allowances of the Group was RM1,592,889 (2007: RM2,623,700).

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5. REVENUE

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
Loan financing services:				
Interest income *	89,592,308	65,739,491	-	-
Commission income **	35,334,358	25,557,912	-	-
Others	1,050,357	2,520,629	-	-
	125,977,023	93,818,032	-	-
Dividend income from subsidiary companies	-	-	5,502,365	-
Factoring and confirming	2,918,920	874,270	-	-
Dividend income from investment in real estate investment trust	1,952,688	3,641,470	-	-
Trading of securities	842,855	365,592	-	-
Rental income	246,342	231,462	-	-
Management fee from a subsidiary company	-	-	5,125,951	3,306,972
	131,937,828	98,930,826	10,628,316	3,306,972

* Comprises interest income from loan financing.

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

6. SEGMENT INFORMATION

(a) Reporting format

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

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

(b) Business segment

The Group comprises the following main business segments:

(i) Loan financing segment

This segment engages in provision of general loan financing.

(ii) Investment holding and management services and Others

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

(iii) Factoring and confirming

This segment engages in provision of confirming and factoring businesses.

(c) Geographical segment

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

(d) Allocation basis and transfer pricing

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

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

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6. SEGMENT INFORMATION (CONT'D)

Business Segments:

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

The Group 2008	**Loan financing services RM**	**Investment holding and management services RM**	**Factoring and confirming RM**	**Others RM**	**Eliminations RM**	**Total RM**
Revenue						
External sales	125,977,023	3,041,885	2,918,920	-	-	131,937,828
Inter-segment sales	11,240,293	18,108,316	-	-	(29,348,609)	-
Total revenue	137,217,316	21,150,201	2,918,920	-	(29,348,609)	131,937,828
Results						
Segment results	67,231,205	(2,625,863)	1,397,575	822,358	-	66,825,275
Finance costs						(64,162)
Profit before tax						66,761,113
Income tax expense						(16,172,158)
Profit for the year						50,588,955

(Forward)

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6. SEGMENT INFORMATION (CONT'D)

Business Segments (Cont'd):

The Group 2008	Loan financing services RM	Investment holding and management services RM	Factoring and confirming RM	Others RM	Eliminations RM	Total RM
Other Segment Information						
Capital additions	2,552,591	-	1,400	-	-	2,553,991
Depreciation and amortisation	2,090,423	47,077	70,956	-	-	2,208,456
Non-cash expenses other than depreciation and amortisation	4,632,532	-	29,672	-	-	4,662,204
Consolidated Balance Sheet						
Segment assets	910,626,750	41,254,535	24,139,739	106,251	-	976,127,275
Segment liabilities	716,009,816	37,769,163	12,711,488	442,455	-	766,932,922
Unallocated corporate liabilities						1,662,398
Consolidated total liabilities						768,595,320

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6. SEGMENT INFORMATION (CONT'D)

Business Segments (Cont'd):

The Group 2007	Loan financing services RM	Investment holding and management services RM	Factoring and confirming RM	Others RM	Eliminations RM	Total RM
Revenue						
External sales	94,155,613	3,900,943	874,270	-	-	98,930,826
Inter-segment sales	360,000	9,863,786	-	-	(10,223,786)	-
Total revenue	94,515,613	13,764,729	874,270	-	(10,223,786)	98,930,826
Results						
Segment results	52,557,717	20,645,955	594,981	(3,261)	-	73,795,392
Finance costs						(35,582)
Profit before tax						73,759,810
Income tax expense						(10,388,534)
Profit for the year						63,371,276

(Forward)

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6. SEGMENT INFORMATION (CONT'D)

Business Segments (Cont'd):

The Group 2007	**Loan financing services RM**	**Investment holding and management services RM**	**Factoring and confirming RM**	**Others RM**	**Eliminations RM**	**Total RM**
Other Segment Information						
Capital additions	484,989	95,470	4,590	-	-	585,049
Depreciation and amortisation	915,832	110,081	17,632	-	-	1,043,545
Non-cash expenses other than depreciation and amortisation	3,280,386	3,506,353	-	-	-	6,786,739
Consolidated Balance Sheet						
Segment assets	596,381,128	70,779,517	21,173,272	107,452	-	688,441,369
Segment liabilities	462,019,368	53,536,406	8,119,005	4,630	-	523,679,409
Unallocated corporate liabilities						3,026,061
Consolidated total liabilities						526,705,470

7. PROFIT BEFORE TAX

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

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
Gain on disposal of investment in property trust units	-	20,398,965	-	-
Investment income from deposits with licensed financial institutions	5,239,407	3,097,072	8,031	54,194
Bad debts recovered	1,011,909	603,827	11,575	-
Realised gain on foreign exchange	12,425	2,974	-	-
Gain on disposal of property, plant and equipment, net	11,499	-	5,000	-
Interest income on amounts owing by subsidiary companies	-	-	6,778,140	-
Waiver of debt owing by/(to) subsidiary companies (Note 22)	-	-	5,185,322	-
Interest expense applicable to revenue:				
Fixed rate medium term notes, serial bonds and commercial papers	(29,890,922)	(22,093,513)	-	-
Term loans	(7,061,246)	(7,080,725)	(3,060,361)	(543,507)
Revolving credit	(2,630,866)	(14,479)	-	-
Bridging loan	(2,304,726)	-	(2,304,726)	-
Asset-backed securities	(1,786,381)	-	-	-
Trust receipt	(138,713)	(49,886)	-	-
Bankers' acceptances	(16,485)	(12,223)	-	-
Bank overdraft	(477)	(134)	-	-
	(43,829,816)	(29,250,960)	(5,365,087)	(543,507)

(Forward)

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7. PROFIT BEFORE TAX (CONT'D)

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Allowance for doubtful debts, net	(1,215,194)	(3,267,617)	-	-
Private placement expenses on fixed rate medium term notes, serial bonds and commercial papers	(526,888)	(3,219,956)	-	-
Allowance for impairment loss on investments	(3,441,250)	(3,506,353)	-	-
Amortisation of discount on medium term notes	(1,467,381)	(642,725)	-	-
Bank borrowings' facility fees	(500,500)	(561,817)	(398,000)	(37,000)
Rental of:				
Premises	(478,796)	(236,013)	(21,000)	(36,000)
Office equipment	(12,250)	(18,177)	-	(4,640)
Royalty expense	-	(91,437)	-	-
Staff costs:				
Salaries	(4,729,650)	(2,363,422)	-	(565,000)
Contribution to defined contribution plan	(525,998)	(202,846)	-	-
Social security contribution	(33,514)	(16,396)	-	-
Others	(648,658)	(94,489)	(91,288)	(4,750)
	(5,937,820)	(2,677,153)	(91,288)	(569,750)

(Forward)

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7. PROFIT BEFORE TAX (CONT'D)

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Auditors' remuneration:				
Statutory audit				
- Current year	(117,200)	(81,120)	(25,000)	(18,500)
- Underprovision in prior year	(11,000)	(11,855)	(6,500)	(3,000)
Other services	(23,000)	(6,000)	(3,000)	(6,000)
Property, plant and equipment written off	(5,760)	(12,769)	-	-

8. DIRECTORS' REMUNERATION

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Directors of the Company:				
Non-executive directors				
- Fees and allowances	120,000	91,250	120,000	91,250
- Other emoluments	42,000	91,750	42,000	91,750
	162,000	183,000	162,000	183,000
Executive directors				
- Fees and allowances	20,000	-	20,000	-
- Other emoluments	770,000	-	-	-
- Defined contributions	219,450	6,840	-	6,840
	1,171,450	189,840	182,000	189,840
Benefits-in-kind	369,814	25,383	-	25,383
Total directors' remuneration	1,541,264	215,223	182,000	215,223

(Forward)

8. DIRECTORS' REMUNERATION (CONT'D)

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

	Number of Directors	
	2008	**2007**
Non-executive directors:		
RM50,000 and below	6	6
RM50,001 - RM100,000	-	1
	6	7
Executive directors:		
RM1,350,001 - RM1,400,000	1	-
	7	7

9. FINANCE COSTS

	The Group		The Company	
	2008 RM	**2007 RM**	**2008 RM**	**2007 RM**
Interest expense on:				
Hire-purchase and finance lease payables	64,162	35,582	4,989	3,236
Amount owing to a subsidiary company	-	-	974,890	-
	64,162	35,582	979,879	3,236

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10. INCOME TAX EXPENSE

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
Income tax payable:				
Current year	11,037,885	11,043,606	2,765,152	642,920
Under/(over)provision in prior years	53,030	432,209	(17,173)	13,967
Deferred tax (Note 19):				
Current year	5,081,243	(1,110,281)	-	-
Underprovision in prior year	-	23,000	-	-
	5,081,243	(1,087,281)	-	-
	16,172,158	10,388,534	2,747,979	656,887

(Forward)

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10. 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 is as follows:

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit before tax	66,761,113	73,759,810	15,188,491	1,679,175
Tax at applicable statutory tax rate of 26% (2007: 27%)	14,160,633	19,529,207	3,949,008	453,377
Tax at applicable statutory tax rate of 20% (2007: 20%)	395,707	298,532	-	-
Tax effects of:				
Expenses not deductible for tax purposes	1,347,753	3,173,944	179,345	195,030
Income not subject to tax	(172,398)	(5,916,129)	(1,363,201)	(5,487)
Realisation of deferred tax assets not recognised previously	(1,187,521)	(7,579,986)	-	-
Effects of changes in tax rate on deferred tax brought forward	308,777	248,114	-	-
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	1,266,177	179,643	-	-

(Forward)

10. INCOME TAX EXPENSE (CONT'D)

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Tax at effective tax rate	16,119,128	9,933,325	2,765,152	642,920
Under/(Over) provision of tax payable in prior years	53,030	432,209	(17,173)	13,967
Underprovision of deferred tax in prior year	-	23,000	-	-
Income tax charged to income statements	16,172,158	10,388,534	2,747,979	656,887

11. EARNINGS PER ORDINARY SHARE

	The Group	
	2008	2007
	RM	RM
Profit for the year attributable to equity holders of the Company	50,588,955	63,371,276

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11. EARNINGS PER ORDINARY SHARE (CONT'D)

	2008 Shares	**2007 Shares**
Weighted average number of shares in issue:		
At beginning of year	646,337,640	468,928,230
Effect of bonus issue of shares	-	156,309,410
Effect of private placement of shares	-	9,827,397
At end of year	646,337,640	635,065,037
Earnings per ordinary share (sen)	7.83	9.98

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

12. DIVIDENDS

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

12. DIVIDENDS (CONT'D)

At the forthcoming annual general meeting, a final dividend in respect of the financial year ended 31 March 2008 of 10%, less 25% tax on 710,971,340 ordinary shares, amounting to RM5,332,285 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2009.

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13. PROPERTY, PLANT AND EQUIPMENT

The Group	Office equipment, furniture and fittings RM	Computers and IT equipment RM	Computers and IT equipment under finance lease RM	Motor vehicles RM	Motor vehicles under hire-purchase RM	Work-in-progress RM	Total RM
Cost							
Balance as of 1 April 2006	276,089	1,225,796	316,793	498,643	360,355	-	2,677,676
Additions	50,480	153,020	286,079	-	95,470	-	585,049
Acquisition of a subsidiary company	204,651	308,521	-	271,314	-	-	784,486
Disposals	-	(270,454)	-	-	-	-	(270,454)
Write-off	(3,050)	-	(15,020)	-	-	-	(18,070)
Balance as of 31 March 2007	528,170	1,416,883	587,852	769,957	455,825	-	3,758,687

(Forward)

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

The Group	**Office equipment, furniture and fittings RM**	**Computers and IT equipment RM**	**Computers and IT equipment under finance lease RM**	**Motor vehicles RM**	**Motor vehicles under hire-purchase RM**	**Work-in-progress RM**	**Total RM**
Additions	47,438	704,222	246,974	-	1,142,040	413,317	2,553,991
Disposals	-	-	-	(544,191)	(217,000)	-	(761,191)
Write-off	(4,100)	(2,200)	(7,510)	-	-	-	(13,810)
Balance as of 31 March 2008	571,508	2,118,905	827,316	225,766	1,380,865	413,317	5,537,677
Accumulated Depreciation							
Balance as of 1 April 2006	211,958	410,197	59,738	291,481	360,355	-	1,333,729
Charge for the year	23,212	157,407	98,658	77,964	6,996	-	364,237
Acquisition of a subsidiary company	173,179	302,936	-	101,020	-	-	577,135
Disposals	-	(270,454)	-	-	-	-	(270,454)
Write-off	(3,048)	-	(2,253)	-	-	-	(5,301)

(Forward)

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13. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

The Group	**Office equipment, furniture and fittings RM**	**Computers and IT equipment RM**	**Computers and IT equipment under finance lease RM**	**Motor vehicles RM**	**Motor vehicles under hire-purchase RM**	**Work-in-progress RM**	**Total RM**
Balance as of 31 March 2007	405,301	600,086	156,143	470,465	367,351	-	1,999,346
Charge for the year	51,767	322,571	151,260	44,727	134,167	-	704,492
Disposals	-	-	-	(404,190)	(216,999)	-	(621,189)
Write-off	(4,099)	(2,199)	(1,752)	-	-	-	(8,050)
Balance as of 31 March 2008	452,969	920,458	305,651	111,002	284,519	-	2,074,599
Net book value							
As of 31 March 2007	122,869	816,797	431,709	299,492	88,474	-	1,759,341
As of 31 March 2008	118,539	1,198,447	521,665	114,764	1,096,346	413,317	3,463,078

(Forward)

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

The Company	**Office equipment RM**	**Motor vehicles RM**	**Motor vehicle under hire-purchase RM**	**Total RM**
Cost				
Balance as of 1 April 2006	36,328	494,999	-	531,327
Additions	-	-	95,470	95,470
Balance as of 31 March 2007	36,328	494,999	95,470	626,797
Disposals	-	(494,999)	-	(494,999)
Balance as of 31 March 2008	36,328	-	95,470	131,798
Accumulated depreciation				
Balance as of 1 April 2006	36,076	288,749	-	324,825
Charge for the year	252	66,250	6,996	73,498
Balance as of 31 March 2007	36,328	354,999	6,996	398,323
Charge for the year	-	-	10,494	10,494
Disposals	-	(354,999)	-	(354,999)
Balance as of 31 March 2008	36,328	-	17,490	53,818
Net book value				
Balance as of 31 March 2007	-	140,000	88,474	228,474
Balance as of 31 March 2008	-	-	77,980	77,980

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

During the current financial year,

(i) the Group acquired property, plant and equipment at an aggregate cost of RM2,553,991 (2007: RM585,049), of which RM1,183,174 (2007: RM371,079) were acquired under hire-purchase and finance lease arrangements. Cash payments for the acquisition of property, plant and equipment amounted to RM1,370,817 (2007: RM213,970).

(ii) the Company acquired property, plant and equipment at an aggregate cost of RMnil (2007: RM95,470), of which RMnil (2007: RM85,000) were acquired under a hire-purchase arrangement. Cash payments for the acquisition of property, plant and equipment amounted to RMnil (2007: RM10,470).

14. INVESTMENT PROPERTY

	The Group Leasehold building RM
Cost	
Balance as at 1 April 2006, 1 April 2007 and 31 March 2008	1,829,190
Accumulated depreciation	
Balance as at 1 April 2006	57,925
Charge for the year	36,583
Balance as at 1 April 2007	94,508
Charge for the year	36,583
Balance as at 31 March 2008	131,091
Net book value	
Balance as at 31 March 2007	1,734,682
Balance as at 31 March 2008	1,698,099

As of 31 March 2008, the strata title pertaining to leasehold building has yet to be issued and registered under the name of a subsidiary company.

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15. INVESTMENTS IN SUBSIDIARY COMPANIES

	The Company 2008 RM	2007 RM
Unquoted shares, at cost	64,886,599	64,886,599
Less: Accumulated impairment losses	(214,643)	(214,643)
	64,671,956	64,671,956

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

Direct Subsidiary Companies	Effective Equity Interest 2008 %	2007 %	Principal Activities
Effusion.Com Sdn. Bhd.	100	100	Property investment
RCE Enterprise Sdn. Bhd.	100	100	Investment holding
RCE Resources Sdn. Bhd.	100	100	Investment holding
RCE Factoring Sdn. Bhd.	100	100	Confirming and factoring, specialising in trade related activities and general trading
Indirect Subsidiary Companies			
RCE Equity Sdn. Bhd. $^{\pi}$	100	100	Property investment, provision of financial administrative services, debts management services and trading of securities

(Forward)

15. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Indirect Subsidiary Companies	**Effective Equity Interest 2008 %**	**2007 %**	**Principal Activities**
RCE Advance Sdn. Bhd. $^{\pi}$	100	100	A special purpose vehicle established to acquire a pool of eligible receivables from its immediate holding company and to issue private debt securities to fund the purchase of such receivables
RCE Commerce Sdn. Bhd. $^{\pi}$	100	100	Provision of information technology and financial administrative services
RCE Management Sdn. Bhd. $^{\pi}$	100	100	Dormant
RCE Marketing Sdn. Bhd. #^	100	100	Provision of general loan financing services
RCE Premier Sdn. Bhd. $^{\pi}$	100	100	A special purpose vehicle established to acquire a pool of eligible receivables from its immediate holding company and to issue private debt securities to fund the purchase of such receivables
RCE Premium Sdn. Bhd. $^{\pi}$	100	100	Dormant
RCE Sales Sdn. Bhd. $^{\beta}$	100	100	Provision of financial administrative services

(Forward)

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15. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Indirect Subsidiary Companies	Effective Equity Interest 2008 %	2007 %	Principal Activities
RCE Synergy Sdn. Bhd. $^{\psi}$	100	100	Investment holding
RCE Trading Sdn. Bhd. $^{\pi}$	100	100	Provision of financial administrative services
Tresor Assets Berhad$^{\pi\wedge}$	100	-	A special purpose vehicle established to acquire a pool of eligible receivables from its immediate holding company and to issue ABS to fund the purchase of such receivables
R & R Music Sdn. Bhd. $^{\beta}$	100	100	Dormant

\# Held indirectly through RCE Enterprise Sdn. Bhd.

ψ Held indirectly through RCE Resources Sdn. Bhd.

π Held indirectly through RCE Marketing Sdn. Bhd.

β Held indirectly through RCE Trading Sdn. Bhd.

^ Audited by another firm of auditors.

16. GOODWILL ON CONSOLIDATION

	The Group	
	2008	**2007**
	RM	**RM**
Goodwill on Consolidation:		
At beginning of year	28,676,975	28,343,821
Acquisition of a subsidiary company	-	333,154
At end of year	28,676,975	28,676,975

In the previous financial year, the Company acquired 100% equity interest in RCE Factoring Sdn Bhd ("RCEF"), comprising 10 million ordinary shares of RM1.00 each, at a consideration of RM10 million. The acquisition resulted in a goodwill on consolidation of RM333,154.

Allocation of goodwill to cash-generating units

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

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

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

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

Key assumptions used in value-in-use calculations

The recoverable amount of the CGUs is determined based on value-in-use calculation, which uses cash flow projections based on financial budgets approved by management. The key assumption for the value-in-use calculation is that regarding the quantum of loan disbursements, which is based on RCEE Group's past performance and management's expectation on the growth in loans demand by civil servants and, the availability of funds from the issuance of private debts securities and ABS by RCEE Group.

17. LOAN RECEIVABLES

	The Group	
	2008	**2007**
	RM	**RM**
Receivables	1,294,115,714	859,310,845
Less: Unearned interest income	(508,857,043)	(338,950,000)
Less: Interest-in-suspense	(31,532,489)	(18,685,748)
	753,726,182	501,675,097
Less: Allowance for doubtful debts	(51,146,219)	(59,645,870)
	702,579,963	442,029,227
Less: Prepayments	(21,493,804)	(27,392,874)
	681,086,159	414,636,353
Amount receivable within one year	(71,737,200)	(45,668,639)
Non-current portion	609,348,959	368,967,714

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

	The Group	
	2008	**2007**
	RM	**RM**
Amount receivable:		
Within one to two years	58,577,353	35,762,548
Within two to five years	222,865,408	133,573,695
After five years	327,906,198	199,631,471
	609,348,959	368,967,714

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

17. LOAN RECEIVABLES (CONT'D)

The loan receivables are repayable over a maximum period of seven (7) to ten (10) (2007: seven (7) to ten (10)) years. The information on effective interest rate is disclosed in Note 32(i).

The Group received advances from the Cooperatives to finance its loan financing operations in prior years. Pursuant to a Settlement Agreement dated 31 March 2006, it was mutually agreed between the Cooperatives and the Group that the outstanding balance be used as part settlement of amounts outstanding from loan financing granted by the Group to the members of the Cooperatives and accordingly, the said RM21,493,804 (2007: RM27,392,874) has been presented in the financial statements as prepayments for the release of loan receivables which have been assigned by the Cooperatives to the Group in accordance with the terms of the Security Agreements.

18. OTHER INVESTMENT

	The Group	
	2008	**2007**
	RM	**RM**
Real estate investment trust quoted in Malaysia, at cost	35,063,526	35,063,526
Less: Accumulated impairment losses	(3,506,353)	(3,506,353)
	31,557,173	31,557,173
Market value	30,505,268	31,557,173

Other investment has been pledged as securities for a term loan facility granted to the Group as mentioned in Note 27(d).

19. DEFERRED TAX

	The Group	
	2008	**2007**
	RM	**RM**
As of 1 April	7,702,652	6,446,874
Recognised in income statements (Note 10)	(5,081,243)	1,087,281
Acquisition of a subsidiary company	-	168,497
As of 31 March	2,621,409	7,702,652

Presented after appropriate offsetting as follows:

	The Group	
	2008	**2007**
	RM	**RM**
Deferred tax assets	2,894,292	7,891,652
Deferred tax liabilities	(272,883)	(189,000)
	2,621,409	7,702,652

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

Deferred tax assets of the Group:

	Loan Receivables RM	**Total RM**
As of 1 April 2007	7,764,652	7,764,652
Recognised in income statements	(5,093,360)	(5,093,360)
As of 31 March 2008	2,671,292	2,671,292
As of 1 April 2006	6,596,874	6,596,874
Recognised in income statements	999,281	999,281
Acquisition of a subsidiary company	168,497	168,497
As of 31 March 2007	7,764,652	7,764,652

19. DEFERRED TAX (CONT'D)

	Unused Tax Losses Losses and Unabsorbed Capital Allowances RM	**Total RM**
As of 1 April 2007	127,000	127,000
Recognised in income statements	96,000	96,000
As of 31 March 2008	223,000	223,000
As of 1 April 2006	-	-
Recognised in income statements	127,000	127,000
As of 31 March 2007	127,000	127,000

Deferred tax liabilities of the Group:

	Property, Plant and Equipment RM	**Total RM**
As of 1 April 2007	(189,000)	(189,000)
Recognised in income statements	(83,883)	(83,883)
As of 31 March 2008	(272,883)	(272,883)
As of 1 April 2006	(150,000)	(150,000)
Recognised in income statements	(39,000)	(39,000)
As of 31 March 2007	(189,000)	(189,000)

19. DEFERRED TAX (CONT'D)

As mentioned in Note 3, the tax effects of deductible temporary differences and unused tax losses which would give rise to net deferred tax asset are recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised. As of 31 March 2008, the amount of deferred tax assets calculated at the current income tax rate which is not been recognised in the financial statements, is as follows:

	The Group	
	2008	**2007**
	RM	**RM**
Unused tax losses	1,034,889	1,358,300
Unabsorbed capital allowances	558,000	1,113,500
Loan receivables	-	151,900
	1,592,889	2,623,700

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiary companies are subject to no substantial changes in shareholdings of those subsidiaries under Section 44(5A) and 5(B) of Income Tax Act, 1967.

20. SHORT-TERM INVESTMENTS

	The Group	
	2008	**2007**
	RM	**RM**
Investments in securities held for trading purpose, at cost:		
Unquoted corporate bonds	8,000,000	8,000,000
Quoted shares in Malaysia	28,543	499,693
	8,028,543	8,499,693
Less: Accumulated impairment losses	(3,441,250)	-
	4,587,293	8,499,693
Market value of quoted shares in Malaysia	45,333	757,073

20. SHORT-TERM INVESTMENTS (CONT'D)

The unquoted corporate bonds are unsecured and have no fixed coupon rate. Coupon rates will be determined semi-annually depending on the performance of the bonds. During the current financial year, RM132,840 (2007: RM nil) was received in respect of the unquoted corporate bonds.

21. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

(a) Trade receivables comprise:

	The Group	
	2008	**2007**
	RM	**RM**
Bills receivables	13,783,913	8,631,039
Factoring receivables	6,331,329	7,860,128
Commission receivables	3,022,295	-
	23,137,537	16,491,167
Less: Allowance for doubtful debts	(1,280,175)	(1,456,460)
	21,857,362	15,034,707

The credit period granted by the Group ranges from 60 to 150 (2007: 14 to 150) days.

As at the balance sheet date, there are significant concentration of credit risk arising from the amounts owing by five (5) (2007: three (3)) major customers amounting to 68.56% (2007: 68.89%) of the total trade 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.

21. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (CONT'D)

(b) Other receivables, deposits and prepaid expenses comprise:

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Other receivables	10,821,854	5,403,974	54,071	65,646
Less: Allowance for doubtful debts	(54,071)	(65,646)	(54,071)	(65,646)
	10,767,783	5,338,328	-	-
Tax recoverable	8,052,109	4,173,841	-	-
Prepaid expenses	2,174,045	1,020,087	874,918	755,836
Refundable deposits	320,385	135,977	-	-
	21,314,322	10,668,233	874,918	755,836

Included in other receivables of the Group are collection in transit from various co-operatives of RM4,213,479 (2007: RM463,310) and repayment of term loans on behalf of various co-operatives by a subsidiary company in its capacity as the collection and payment agents for those co-operatives amounting to RM6,185,234 (2007: RM3,984,068).

22. RELATED PARTY TRANSACTIONS

	The Company	
	2008 RM	2007 RM
Amounts owing by subsidiary companies	71,531,970	66,344,981
Less: Allowance for doubtful debts	-	(2,900,000)
	71,531,970	63,444,981

22. RELATED PARTY TRANSACTIONS (CONT'D)

The amounts owing by/(to) subsidiary companies are unsecured, bear interest ranging from 7.13% to 7.63% (2007: nil) per annum and have no fixed terms of repayment.

(a) Related party disclosures:

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

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

22. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Related party disclosures (Cont'd):

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

	The Company	
	2008	**2007**
	RM	**RM**
Direct subsidiary companies:		
Waiver of debt owing to RCE Commerce Sdn. Bhd.	5,226,501	-
Waiver of debt owing by Effusion.Com Sdn. Bhd.	41,179	-
Dividend received from RCE Resources Sdn. Bhd.	4,864,865	-
Dividend receivable from:		
RCE Resources Sdn. Bhd.	635,000	-
Effusion.Com Sdn. Bhd.	2,500	-
Interest income on amounts owing from:		
RCE Enterprise Sdn. Bhd.	4,162,959	-
RCE Resources Sdn. Bhd.	163,959	-
RCE Synergy Sdn. Bhd.	99,218	-
Effusion.Com Sdn. Bhd.	1,728	-
Indirect subsidiary companies:		
Management fees receivable from RCE Marketing Sdn. Bhd.	5,125,951	3,306,972
Interest income on amount owing from RCE Marketing Sdn. Bhd. (net of interest expense of RM974,890)	1,329,836	-
Interest income on amount owing from RCE Commerce Sdn. Bhd.	45,550	-

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22. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Related party disclosures (Cont'd)

	The Company	
	2008	**2007**
	RM	**RM**
Other related parties:		
Office rental payable to CVSB	21,000	36,000
Acquisition of 100% equity interest in RCE Factoring Sdn. Bhd. from AMDB	-	10,000,000
Staff costs payable to CVSB	-	600,000

	The Group	
	2008	**2007**
	RM	**RM**
Other related parties:		
Information technology related services fees payable to:		
MCMC	570,161	-
ITCSB	10,878	-
Staff costs payable to CVSB	600,000	600,000
Air tickets purchase from HTSB	535,616	-
Arranger fee payable to AIBB	425,041	-
Rental fee payable to SKDSB	204,984	-

22. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Related party disclosures (Cont'd)

	The Group	
	2008	**2007**
	RM	**RM**
Other related parties:		
Insurance premium payable to AMAB	84,935	51,246
Rental payable to TESB	83,330	-
Service charges payable to MSB	53,213	53,213
Rental payable to CVSB	36,000	36,000
Acquisition of 100% equity interest in RCE Factoring Sdn. Bhd. from AMDB	-	10,000,000

22. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Compensation of key management personnel:

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

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Short-term employee benefits	219,450	6,840	-	6,840

Included in the total key management personnel is:

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Directors' remuneration (Note 8)	1,171,450	189,840	182,000	189,840

23. SHARE CAPITAL

	The Group and The Company	
	2008 RM	2007 RM
Authorised:		
Ordinary shares of RM0.10 each		
At beginning of year	200,000,000	50,000,000
Created during the year	-	150,000,000
At end of year	200,000,000	200,000,000

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23. SHARE CAPITAL (CONT'D)

	The Group and The Company	
	2008	**2007**
	RM	**RM**
Issued and fully paid:		
Ordinary shares of RM0.10 each		
At beginning of year	64,633,764	46,892,823
Issued during the year:		
Bonus issue	-	15,630,941
Private placement	-	2,110,000
	-	17,740,941
At end of year	64,633,764	64,633,764

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

24. RESERVES

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
Non-distributable reserve:				
Share premium	3,553,039	3,563,039	3,553,039	3,563,039
Distributable reserve:				
Retained earnings	139,345,152	93,539,096	10,739,855	3,082,242
	142,898,191	97,102,135	14,292,894	6,645,281

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24. **RESERVES (CONT'D)**

(a) Non-distributable reserve:

Share premium arose from the following:

	The Group and The Company	
	2008	**2007**
	RM	**RM**
At beginning of year	3,563,039	8,042,265
Bonus issue of 156,309,410 new ordinary shares of RM0.10 each	-	(7,791,506)
Private placement of 21,100,000 new ordinary shares of RM0.10 each at a premium of RM0.171 per share	-	3,608,100
Shares issue expenses	(10,000)	(295,820)
At end of year	3,553,039	3,563,039

(b) Distributable reserve:

Retained earnings

Distributable reserves are those available for distribution as dividends.

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

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

24. RESERVES (CONT'D)

(b) Distributable reserve (Cont'd):

Retained earnings (Cont'd)

Based on the prevailing tax rate applicable to dividends and if distributed as cash dividends for the coming financial year, the Company has sufficient S108 tax credit to frank the payment of RM10,740,000 (2007: RM3,082,000) out of its retained earnings as at the year end.

25. HIRE-PURCHASE PAYABLES

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Total outstanding	951,929	123,584	61,824	86,568
Less: Future finance charges	(78,112)	(11,694)	(5,715)	(10,704)
Principal outstanding	873,817	111,890	56,109	75,864
Less: Amount due within one year	(189,613)	(55,578)	(21,182)	(19,552)
Non-current portion	684,204	56,312	34,927	56,312

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

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Financial years ending 31 March:				
2009	-	21,259	-	21,259
2010	197,878	22,966	22,861	22,966
2011	193,935	12,087	12,066	12,087
2012	189,000	-	-	-
2013	86,327	-	-	-
2014	17,064	-	-	-
	684,204	56,312	34,927	56,312

25. HIRE-PURCHASE PAYABLES (CONT'D)

The interest rates implicit in these hire-purchase arrangements of the Group and of the Company ranges from 2.65% to 7.65% (2007: 6.34% to 7.65%) and at 7.65% (2007: 7.65%) per annum respectively. The Group's hire-purchase payables are secured by a charge over the assets under hire-purchase.

26. FINANCE LEASE PAYABLES

	The Group			
	Minimum lease payments		**Present value of minimum lease payments**	
	2008 RM	**2007 RM**	**2008 RM**	**2007 RM**
Amount payables under finance lease:				
Within one year	207,754	227,761	186,864	206,806
In the second to fifth year inclusive	160,427	153,956	152,288	145,217
	368,181	381,717	339,152	352,023
Less: Future finance charges	(29,029)	(29,694)	-	-
Present value of lease payables	339,152	352,023	339,152	352,023
Less: Amounts due within one year			(186,864)	(206,806)
Non-current portion			152,288	145,217

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

	The Group	
	2008 RM	**2007 RM**
Financial years ending 31 March:		
2009	-	106,947
2010	125,323	38,270
2011	26,965	-
	152,288	145,217

26. FINANCE LEASE PAYABLES (CONT'D)

The interest rates implicit in these finance lease arrangements of the Group range from 7.29% to 9.63% (2007: 7.29% to 9.63%) per annum. The Group's finance lease payables are secured by a charge over the leased assets.

27. BORROWINGS

		The Group		The Company	
		2008	2007	2008	2007
	Note	RM	RM	RM	RM
Secured:					
Fixed rate medium term notes	(a)	342,041,106	340,573,725	-	-
Fixed rate serial bonds	(b)	25,000,000	35,000,000	-	-
Underwritten commercial papers	(b)	10,000,000	14,000,000	-	-
Asset-backed securities	(c)	184,000,000	-	-	-
Term loan	(d)	10,750,616	12,735,344	-	-
Revolving credit	(e)	70,000,000	-	-	-
		641,791,722	402,309,069	-	-

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27. BORROWINGS (CONT'D)

		The Group		The Company	
		2008	**2007**	**2008**	**2007**
	Note	**RM**	**RM**	**RM**	**RM**
Unsecured:					
Term loans	(d)	80,000,000	80,000,000	40,000,000	40,000,000
Trust receipts	(f)	1,005,680	1,930,510	-	-
Bankers' acceptances	(f)	1,926,173	1,323,000	-	-
Revolving credit	(e)	1,000,000	1,019,266	-	-
		83,931,853	84,272,776	40,000,000	40,000,000
		725,723,575	486,581,845	40,000,000	40,000,000
Less: Amount due within one year		(135,916,581)	(30,257,504)	-	-
Non-current portion		589,806,994	456,324,341	40,000,000	40,000,000

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

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
Financial years ending 31 March:				
2009	-	41,984,728	-	-
2010	96,672,579	81,476,956	-	-
2011	97,741,615	66,647,734	-	-
2012	96,678,501	76,593,011	40,000,000	40,000,000
2013	82,035,496	35,673,525	-	-
2014	49,835,064	20,643,217	-	-
2015	73,543,249	53,187,161	-	-
2016	53,592,316	42,677,945	-	-
2017	35,116,103	37,440,064	-	-
2018	4,592,071	-	-	-
	589,806,994	456,324,341	40,000,000	40,000,000

27. **BORROWINGS (CONT'D)**

(a) Fixed Rate Medium Term Notes

During the last financial year, a subsidiary company, RCE Advance Sdn. Bhd. ("RCEA") fully issued its RM420 million 10-year fixed rate medium term notes ("MTNs") for the purpose of financing the working capital of the Group, out of which RM70 million MTNs were taken up by a subsidiary company within the Group, RCE Equity Sdn. Bhd.

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

The main features of the MTNs are as follows:

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

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

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

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

27. **BORROWINGS (CONT'D)**

(a) Fixed Rate Medium Term Notes (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 of the Series under each Tranche is set out below:

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

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

(v) The Class A MTNs and Class B MTNs issued under all subsequent Tranches were issued at par, premium or a discount to face value depending on the yield to maturity agreed with the private placement investor(s) at the time of issuance of each Tranche while Class C MTNs issued under all subsequent Tranches were issued at par.

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

27. **BORROWINGS (CONT'D)**

(a) Fixed Rate Medium Term Notes (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 Notesholders of the Class C MTNs and RCEA at the time the coupon rate is to be reset. The coupon payment under the Class C MTNs shall be calculated annually but payment is deferred until all Class A MTNs and Class B MTNs have been fully redeemed. The entire deferred Class C MTNs coupon payment will be paid in one lump sum.

The MTNs are secured against the following:

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

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

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

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

(v) An undertaking from RCEM; and

(vi) An irrevocable corporate guarantee from the Company.

27. BORROWINGS (CONT'D)

(b) Fixed Rate Serial Bonds and Underwritten Commercial Papers

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

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

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

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

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

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

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

The main features of the CPs of up to RM50 million are as follows:

(i) The CPs are negotiable non-interest bearing promissory notes issued at discount to its nominal value with a tenure of seven (7) years from the date of its first issuance;

27. **BORROWINGS (CONT'D)**

(b) Fixed Rate Serial Bonds and Underwritten Commercial Papers (Cont'd)

(ii) The CPs shall be issued for tenures of one, two, three, six, nine or twelve months, at the option of RCEP subject to the amount available pursuant to its reduction schedule below:

Reduction Date (from the first issue date)	Reduction Amount RM'000	CP Limit RM'000
Fourth year	12,500	37,500
Fifth year	12,500	25,000
Sixth year	12,500	12,500
Seventh year	12,500	-

(iii) Upon maturity of each of the CPs issued for tenures of one, two, three, six, nine or twelve months, RCEP has an option to redeem the CPs or to rollover the CPs previously issued;

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

(v) The existing CPs issued bear interest rate at 5.75% (2007: 4.20% to 5.75%) per annum.

The whole amount of RM10,000,000 (2007: RM14,000,000) of the CPs issued as of 31 March 2008 is classified as current liabilities based on management's expectation of the amount of the CPs to be redeemed upon their maturity during the twelve (12) months after the financial year-end.

27. **BORROWINGS (CONT'D)**

(b) Fixed Rate Serial Bonds and Underwritten Commercial Papers (Cont'd)

The Bonds and CPs are secured against the following:

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

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

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

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

(v) An undertaking from RCEM; and

(vi) An irrevocable corporate guarantee from the Company.

(c) Asset-Backed Securities ("ABS")

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

In relation to the ABS programme, secured Revolving Credit 3 and 4 respectively were granted by a financial institution to finance the origination and/or acquire of the loans receivables to reach an economically meaningful amount of approximately RM100 million before they are sold at any time and from time to time throughout the facility availability period of 5.5 years to TAB.

During the financial year, TAB successfully issued the first and second tranches of ABS amounting to RM100 million each.

27. **BORROWINGS (CONT'D)**

(c) Asset-Backed Securities ("ABS") (Cont'd)

The ABS are 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 two ABS tranches of RM100 million each issued during the financial year are as follows:

Tranche A	**Tenure Years**	**Coupon Rate (%) per annum**	**Amount RM'000**
Senior Bonds Series 1	One (1)	4.30	10,000
Senior Bonds Series 2	Two (2)	4.45	15,000
Senior Bonds Series 3	Three (3)	4.60	15,000
Senior Bonds Series 4	Five (5)	4.90	25,000
Senior Bonds Series 5	Seven (7)	5.20	20,000
Senior Bonds Series 6	Nine (9)	5.50	7,000
Subordinated Bonds	Ten (10)	Variable	8,000
Total			100,000

27. BORROWINGS (CONT'D)

(c) Asset-Backed Securities ("ABS") (Cont'd)

Tranche B	**Tenure (Years)**	**Coupon Rate (%) per annum**	**Amount RM'000**
Senior Bonds Series 1	One (1)	4.35	10,000
Senior Bonds Series 2	Two (2)	4.50	15,000
Senior Bonds Series 3	Three (3)	4.65	11,000
Senior Bonds Series 4	Four (4)	4.80	15,000
Senior Bonds Series 5	Five (5)	4.95	11,000
Senior Bonds Series 6	Six (6)	5.25	10,000
Senior Bonds Series 7	Seven (7)	5.40	10,000
Senior Bonds Series 8	Nine (9)	5.70	10,000
Subordinated Bonds	Ten (10)	Variable	8,000
Total			100,000

(iii) The Senior and Subordinated Bonds issued under all subsequent Tranches were issued at par, premium or a discount to face value;

(iv) Tranche A and Tranche B were issued at par; and

(v) The Subordinated Bonds issued under Tranche A and Tranche B 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 Tranche A and Tranche B respectively.

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;

27. **BORROWINGS (CONT'D)**

(c) Assets-Backed Securities ("ABS") (Cont'd)

(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 (Secured)

In 2006, a term loan of RM32 million was granted to RCE Synergy Sdn. Bhd. ("RCES") to finance the acquisition of property trust units. Following the restructuring and rebranding exercise of the property trust units in 2007, RCES is currently holding the AmFIRST Real Estate Investment ("AmFIRST REITs") in exchange for the AmFirst Property Trust Units ("AMFPT"). The term loan is guaranteed by the Company and secured by a memorandum of deposit over the AmFIRST REITs held by RCES as disclosed in Note 18, bears interest at 8.25% (2007: 8.25%) per annum.

In 2007, the repayment terms have been revised to 79 equal monthly installments of RM165,394 commencing March 1, 2007 and a final installment of RM165,400.

Term Loan 2 (Unsecured)

In 2006, an unsecured term loan of RM40 million was granted to RCEM pursuant to a Primary Collateralised Loan Obligation Transaction Facility Agreement ("Facility Agreement") entered into between RCEM, a third party and a financial institution. The said term loan bears interest at 7.13% per annum and has 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.

27. **BORROWINGS (CONT'D)**

Term Loan 3 (Unsecured)

In 2007, an unsecured term loan of RM40 million was granted to the Company pursuant to a Primary Collateralised Loan Obligation Transaction Facility Agreement ("Facility Agreement") entered into between the Company, a third party and a financial institution. The said term loan bears interest at 7.63% per annum and has maturity period not exceeding five (5) years commencing from the date of drawdown of the facility and is repayable in one lump sum upon maturity.

(e) Revolving Credit 1 (Secured)

A revolving credit of RM30 million was granted to a subsidiary company on 17 July 2006 by a financial institution and was secured by the following:

(i) An irrevocable corporate guarantee by the Company;

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

(iii) An assignment of the sales proceeds of receivables sold by RCEM to RCEA;

(iv) An irrevocable undertaking by RCEA; and

(v) Pledge of RCEM's fixed deposit on lien.

During the previous financial year, this revolving credit was fully settled and duly cancelled in March 2007. It bore interest at rates ranging from 5.00% to 5.55% per annum in last financial year.

27. BORROWINGS (CONT'D)

Revolving Credit 2 (Secured)

A revolving credit facility of RM30 million was granted to a subsidiary company on 21 November 2006 by a financial institution and was secured by the following:

(i) An irrevocable corporate guarantee by the Company;

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

(iii) An assignment of the sales proceeds of receivables sold by RCEM to RCEA;

(iv) An irrevocable undertaking by RCEA; and

(v) Pledge of RCEM's fixed deposit on lien.

In 2007, this revolving credit was fully settled in February 2007 and duly cancelled in March 2007. It bore interest rate at 6.69% per annum in last financial year.

Revolving Credit 3 (Secured)

During the current financial year, a revolving credit facility of RM100 million was granted to a subsidiary company in conjunction with the ABS exercise as mentioned in Note 27(c) and was secured by the following:

(i) An irrevocable corporate guarantee by the Company;

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

27. **BORROWINGS (CONT'D)**

Revolving Credit 3 (Secured) (Cont'd)

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

(iv) An irrevocable undertaking by RCEM; and

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

The revolving credit bears interest at rates ranging from 6.15% to 6.40% (2007: nil) per annum.

Revolving Credit 4 (Secured)

During the current financial year, another revolving credit facility of RM50 million was granted to a subsidiary company and was secured by the following:

(i) An irrevocable corporate guarantee by the Company;

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

(iii) An assignment of the loan receivables which contain covenants that require the subsidiary company to maintain minimum security coverage;

(iv) An irrevocable undertaking by RCEM; and

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

The revolving credit bears interest at rates ranging from 6.40% (2007: nil) per annum.

27. **BORROWINGS (CONT'D)**

Revolving Credit 5 (Secured)

In April 2007, the Company was granted a bridging loan facility of RM100 million by a financial institution. The facility was to fund the origination of loan receivables of a subsidiary which was eventually settled during the financial year upon completion of the Group's ABS exercise.

The bridging loan facility bore interest rate at 6.65% (2007: nil) per annum.

Revolving Credit 6 (Unsecured)

A revolving credit facility of RM500,000 which was granted to a subsidiary company in September 1992 was secured by the following:

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

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

The revolving credit bears interest rate at 5.91% (2007: nil) per annum.

Revolving Credit 7 (Unsecured)

A revolving credit facility of RM3 million was granted to a subsidiary company and is secured by an irrevocable corporate guarantee by the Company.

The revolving credit bears interest rate ranging from 5.75% to 5.83% (2007: 5.50% to 5.91%) per annum.

(f) Others

The unsecured bankers' acceptance and trust receipts of a subsidiary company are secured by an irrevocable corporate guarantee by the Company.

28. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
Other payables	27,454,136	26,454,835	33,500	-
Accrued interest expense on medium term notes, bonds, commercial papers and other borrowings	10,232,986	8,272,573	535,145	543,507
Dividend payable	12,289	-	12,289	-
Other accrued expenses	2,024,084	1,717,243	282,311	170,365
	39,723,495	36,444,651	863,245	713,872

Included in other payables of the Group are:

(i) payment guarantee held by a subsidiary company in respect of a strategic alliance arrangement entered into with a co-operative of RM10,556,756 (2007: RM2,898,746);

(ii) collections received on behalf of various co-operatives by a subsidiary company in its capacity as the collection and payment agent for those co-operatives of RM7,941,344 (2007: RM7,455,382); and

(iii) amount owing to a related party relating to the purchase of information technology equipment totaling RM456,343 (2007: RM300,000).

29. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
Deposits with licensed financial institutions	176,205,852	162,627,317	-	-
Cash and bank balances	2,786,670	5,355,243	50,871	25,694
	178,992,522	167,982,560	50,871	25,694

As of 31 March 2008, deposits with licensed financial institutions and cash and bank balances of the Group amounting to RM155,947,612 and RM2,082,369 (2007: RM89,678,926 and RM1,013,028) respectively have been assigned in favour of the Trustees of the RM45 million 5-year fixed rate serial bonds, the RM50 million 7-year underwritten commercial papers, the RM420 million 10-year fixed rate medium term notes and the RM200 million 10-year ABS of certain subsidiary companies as mentioned in Note 27.

As of 31 March 2008, deposits with licensed financial institutions and cash and bank balances of the Group amounting to RM359,000 and RM23,756 (2007: RM7,378,080 and RM228,467) have been pledged to licensed banks for term loan and revolving credit facilities granted to certain subsidiary companies as mentioned in Note 27.

Deposits with licensed financial institutions of the Group has a weighted average remaining maturity of 26 (2007: 52) days, with weighted average effective interest rate at 3.20% (2007: 3.29%) per annum.

30. CAPITAL COMMITMENTS

	The Group	
	2008	**2007**
	RM	**RM**
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	760,000	-

31. CONTINGENT LIABILITIES

	The Company	
	2008	**2007**
	RM	**RM**
Corporate guarantee issued in favour of a trustee in respect of MTNs facility granted to a subsidiary company	420,000,000	420,000,000
Corporate guarantee to licensed banks in respect of borrowings facilities granted to subsidiary companies	191,200,000	62,000,000
Corporate guarantee issued in favour of a trustee in respect of:		
(i) 5-year fixed rate serial bonds; and	45,000,000	45,000,000
(ii) 7-year underwritten commercial papers granted to a subsidiary company	50,000,000	50,000,000
	706,200,000	577,000,000

As of 31 March 2008, amount outstanding from the above facilities amounted to approximately RM461,723,574 (2007: RM402,309,069).

32. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

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

(i) 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.

32. **FINANCIAL INSTRUMENTS (CONT'D)**

(i) Interest rate risk (Cont'd)

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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32. FINANCIAL INSTRUMENTS (CONT'D)

(i) Interest rate risk (Cont'd)

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

The Group	Note	WAEIR %	Total RM	Maturity Profile Within 1 Year RM	2-5 Years RM	After 5 Years RM
2008						
Fixed rate						
Loan receivables	17	16.11	681,086,159	71,737,200	281,442,761	327,906,198
Trade receivables	21	8.85	21,857,362	21,857,362	-	-
Hire-purchase payables	25	4.02	873,817	189,613	667,140	17,064
Finance lease payables	26	8.26	339,152	186,864	152,288	-
Term loans	27	8.72	80,000,000	-	80,000,000	-
MTNs	27	8.69	342,041,106	20,000,000	163,189,278	158,851,828
Bonds	27	7.91	25,000,000	10,000,000	15,000,000	-
ABS	27	7.13	184,000,000	20,000,000	107,000,000	57,000,000
Floating rate						
Deposits with financial institutions	29	3.20	176,205,852	176,205,852	-	-
Term loan (secured)	27	8.25	10,750,616	1,984,728	7,938,912	826,976
Underwritten commercial papers	27	5.75	10,000,000	10,000,000	-	-
Revolving credit	27	6.64	71,000,000	71,000,000	-	-
Other bank borrowings *	27	2.83	2,931,853	2,931,853	-	-

(Forward)

32. FINANCIAL INSTRUMENTS (CONT'D)

(i) Interest rate risk (Cont'd)

The Group 2007	Note	WAIER %	Total RM	← Within 1 Year RM	Maturity Profile 2-5 Years RM	After 5 Years → RM
Fixed rate						
Loan receivables	17	16.16	414,636,353	45,668,639	169,336,243	199,631,471
Trade receivables	21	11.07	15,034,707	15,034,707	-	-
Hire-purchase payables	25	7.31	111,890	55,578	56,312	-
Finance lease payables	26	8.25	352,023	206,806	145,217	-
MTNs	27	8.69	340,573,725	-	153,763,517	186,810,208
Bonds	27	7.74	35,000,000	10,000,000	25,000,000	-
Floating rate						
Deposits with financial institutions	29	3.29	162,627,317	162,627,317	-	-
Term loans (secured and unsecured)	27	8.25	92,735,344	1,984,728	87,938,912	2,811,704
Underwritten commercial papers	27	5.75	14,000,000	14,000,000	-	-
Revolving credit	27	5.65	1,019,266	1,019,266	-	-
Other bank borrowings *	27	7.49	3,253,510	3,253,510	-	-

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

(Forward)

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32. **FINANCIAL INSTRUMENTS (CONT'D)**

(i) Interest rate risk (Cont'd)

				←	Maturity Profile	→
				Within	2-5	After
		WAEIR	Total	1 Year	Years	5 Years
The Company	**Note**	**%**	**RM**	**RM**	**RM**	**RM**
2008						
Fixed rate						
Hire-purchase payable	25	7.65	56,109	21,182	34,927	-
Term loan	27	9.01	40,000,000	-	40,000,000	-
2007						
Fixed rate						
Hire-purchase payable	25	7.65	75,864	19,552	56,312	-
Term loan	27	9.01	40,000,000	-	40,000,000	-

(ii) Credit risk

Loan financing services:

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

32. **FINANCIAL INSTRUMENTS (CONT'D)**

(ii) Credit risk

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 is disclosed in Note 21(a).

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

(iii) 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.

(iv) Fair values

Financial Assets

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

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

32. **FINANCIAL INSTRUMENTS (CONT'D)**

(iv) Fair values (Cont'd)

Financial Liabilities and Equity Instruments

Debts and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual agreement.

Significant financial liabilities include other payables, amount owing to a subsidiary company, hire-purchase and finance lease payables and borrowings.

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

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

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

		2008		**2007**	
	Note	**Carrying Amount RM**	**Fair Value RM**	**Carrying Amount RM**	**Fair Value RM**
Financial Asset					
Investment in quoted REIT	18	31,557,173	30,505,268	31,557,173	31,557,173
Financial Liabilities					
Fixed rate MTNs (including accrued interest of RM6,603,008; 2007: RM6,436,860))	27	342,041,106	335,032,732	340,573,725	331,724,810

32. FINANCIAL INSTRUMENTS (CONT'D)

(iv) Fair values (Cont'd)

		2008		2007	
	Note	**Carrying Amount RM**	**Fair Value RM**	**Carrying Amount RM**	**Fair Value RM**
Fixed rate serial bonds	27	25,000,000	25,008,916	35,000,000	35,043,368
ABS (including accrued interest of RM1,786,381 (2007: RM nil))	27	184,000,000	184,033,058	-	-

The fair values of the above investment are determined by reference to quoted market prices at the close of the business on the balance sheet date. The fair value of the MTNs is determined by reference to the latest issue price after the end of the financial year to private placement investors at a discount to face value based on the yield to maturity.

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

33. SUBSEQUENT EVENT

On 11 January 2008, the Company announced its proposal to undertake a private placement exercise of up to 64,633,700 new ordinary shares of RM0.10 each ("the Placement Shares"), representing approximately up to 10% of the existing issued and paid-up share capital of the Company ("the Proposed Placement").

The approval of the Securities Commission ("SC") for the Proposed Placement was obtained vide the SC's letter dated 6 February 2008, whilst the approval-in-principle of Bursa Malaysia Securities Berhad ("Bursa Securities") for the additional listing of and quotation for the Placement Shares was obtained vide Bursa Securities' letter dated 25 February 2008.

33. SUBSEQUENT EVENT (CONT'D)

On 4 April 2008, the Placement Shares were granted listing and quoted on the Main Board of Bursa Malaysia Securities Berhad. The Placement Shares have been placed out at RM0.455 each, representing a discount of approximately 10% based on the 5-day weighted average market price of the Company's ordinary share up to 24 March 2008 of RM0.505.

The total proceeds raised of RM29,408,334 will be used for the purpose of the Group's working capital and private placement expenses.

Company No: 2444 – M

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STATEMENT BY DIRECTORS

The directors of **RCE CAPITAL BERHAD** state that, in their opinion, the accompanying balance sheets and the related statements of income, cash flows and changes in equity, are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standard Board approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as of 31 March 2008 and of the results of the businesses and the cash flows for the year ended on that date.

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

TAN SRI DATO' AZMAN HASHIM

SOO KIM WAI

Kuala Lumpur
26 May 2008

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **YAP CHOON SENG**, the officer primarily responsible for the financial management of **RCE CAPITAL BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and the related statements of income, cash flows and changes in equity are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

YAP CHOON SENG

Subscribed and solemnly declared by the abovenamed **YAP CHOON SENG** at **KUALA LUMPUR** this 26th day of May 2008.

Before me

PESURUHJAYA SUMPAH
W 482
AHMAD B. BAKAR
MALAYSIA

COMMISSIONER FOR OATHS

AHMAD BIN BAKAR
COMMISSIONER FOR OATHS
(No. W 482)
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