Company No: 2444 - M

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

FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007
(In Ringgit Malaysia)

Company No: 2444 - M

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

FINANCIAL STATEMENTS

CONTENTS | **PAGE(S)**

Company No: 2444 - M

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

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 March 31, 2007.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiary companies are as disclosed in Note 14 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 OF OPERATIONS

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

	The Group RM	The Company RM
Profit for the year	63,371,276	1,022,288

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

DIVIDENDS

No dividends have been paid or declared by the Company since the end of the previous financial year.

At the forthcoming annual general meeting, a final dividend in respect of the financial year ended March 31, 2007 of 10%, less 26% tax on 646,337,640 ordinary shares, amounting to RM4,782,899 will be proposed for shareholders' approval. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of unappropriated profit in the financial year ending March 31, 2008.

Company No: 2444 - M

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

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

As approved by the shareholders at the Extraordinary General Meeting ("EGM") held on July 7, 2006:

(i) the authorised share capital of the Company was increased from RM50,000,000, divided into 0.5 billion ordinary shares of RM0.10 each, to RM200,000,000, divided into 2 billion ordinary shares of RM0.10 each, by the creation of an additional 1.5 billion ordinary shares of RM0.10 each;

(ii) the issued and paid-up ordinary share capital of the Company was increased from RM46,892,823 to RM62,523,764 by way of bonus issue of 156,309,410 new ordinary shares of RM0.10 each on the basis of one (1) new ordinary share for every three (3) existing ordinary shares of RM0.10 each held, by capitalising RM7,791,506 from the share premium account and RM7,839,435 from the unappropriated profit account; and

(iii) the issued and paid-up share capital of the Company was further increased from RM62,523,764 to RM64,633,764 by way of a private placement of 21,100,000 new ordinary shares of RM0.10 each at a premium of RM0.171 per share to an approved bumiputra placee of the Ministry of International Trade and Industries. The resulting premium of RM3,608,100 has been credited to the share premium account.

These new ordinary shares issued rank pari passu in all respects with the then existing ordinary shares of the Company.

The Company has not issued any 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
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

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 all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

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

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

(a) which would render the amount of bad debts written off 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 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.

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.

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

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

In accordance with Article 106 of the Company's Articles of Association, Tan Sri Dato' Azman Hashim and Mr. Chew Keng Yong retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

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 1.4.2006	**Bought**	**Sold**	**Balance as of 31.3.2007**
Shares in the Company				
Direct interests				
Chew Keng Yong	32,250	1,644,050	-	1,676,300
Indirect interests				
Tan Sri Dato' Azman Hashim	182,069,680	85,889,893	-	267,959,573

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.

Other than as disclosed above, 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 21 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.

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

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

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TAN SRI DATO' AZMAN HASHIM

____
SOO KIM WAI

Kuala Lumpur
May 22, 2007

Company No: 2444 - M

REPORT OF THE AUDITORS TO THE MEMBERS OF

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

We have audited the accompanying balance sheets as of March 31, 2007 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 March 31, 2007 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

(Forward)

(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 14 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
AF 0080
Chartered Accountants

LAI CAN YIEW
2179/09/07 (J)
Partner

May 22, 2007

Company No: 2444 - M

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

INCOME STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

	Note	The Group 2007 RM	The Group 2006 RM	The Company 2007 RM	The Company 2006 RM
Revenue	5	98,671,353	57,478,045	3,306,972	3,031,532
Other income		24,156,947	3,370,290	-	10,111,999
Interest expense applicable to revenue	7	(26,393,280)	(8,391,611)	-	-
Directors' remuneration	8	(189,840)	(134,841)	(189,840)	(134,841)
Staff costs	7	(2,677,153)	(2,427,047)	(569,750)	(627,200)
Depreciation of property, plant and equipment	12	(364,237)	(395,213)	(73,498)	(120,248)
Depreciation of investment property	13	(36,583)	(36,584)	-	-
Other expenses		(16,514,135)	(24,440,544)	(247,966)	(3,395,904)
Operating profit	7	76,653,072	25,022,495	2,225,918	8,865,338
Finance costs	9	(2,893,262)	(1,510,341)	(546,743)	(110,337)
Profit before tax		73,759,810	23,512,154	1,679,175	8,755,001
Income tax expense	10	(10,388,534)	(1,196,865)	(656,887)	(597,879)
Profit for the year		63,371,276	22,315,289	1,022,288	8,157,122
Attributable to:					
Equity holders of the Company		63,371,276	19,790,948		
Minority interest		-	2,524,341		
		63,371,276	22,315,289		
Earnings per ordinary share:					
Basic (sen)	11	9.98	3.69		

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

Company No: 2444 - M

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

BALANCE SHEETS
AS OF MARCH 31, 2007

		The Group		The Company	
	Note	**2007**	**2006**	**2007**	**2006**
		RM	**RM**	**RM**	**RM**
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	1,759,341	1,343,947	228,474	206,502
Investment property	13	1,734,682	1,771,265	-	-
Investments in subsidiary companies	14	-	-	64,671,956	54,338,802
Goodwill on consolidation	15	28,676,975	28,343,821	-	-
Loans and hire-purchase receivables - non-current portion	16	368,967,714	220,284,312	-	-
Other investments	17	31,557,173	61,169,971	-	-
Deferred tax assets	18	7,891,652	6,596,874	-	-
Total Non-current Assets		440,587,537	319,510,190	64,900,430	54,545,304
Current Assets					
Short-term investments	19	8,499,693	4,000,000	-	-
Trade receivables	20	15,034,707	1,407,246	-	-
Loans and hire-purchase receivables	16	45,668,639	14,920,047	-	-
Other receivables, deposits and prepaid expenses	20	10,668,233	6,784,737	755,836	3,390

(Forward)

Company No: 2444 - M

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

		The Group		The Company	
	Note	**2007 RM**	**2006 RM**	**2007 RM**	**2006 RM**
Amount owing by subsidiary companies	21	-	-	63,444,981	83,356,568
Short-term and fixed deposits with licensed financial institutions	28	162,627,317	48,573,559	-	-
Cash and bank balances	28	5,355,243	7,432,912	25,694	133,197
Total Current Assets		247,853,832	83,118,501	64,226,511	83,493,155
Total Assets		688,441,369	402,628,691	129,126,941	138,038,459
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	22	64,633,764	46,892,823	64,633,764	46,892,823
Reserves	23	97,102,135	46,049,520	6,645,281	17,941,654
Total Equity		161,735,899	92,942,343	71,279,045	64,834,477
Non-Current Liabilities					
Hire-purchase payables	24	56,312	36,026	56,312	-
Finance lease payables	25	145,217	121,330	-	-
Borrowings	26	456,324,341	272,685,179	40,000,000	-
Deferred tax liabilities	18	189,000	150,000	-	-
Total Non-current Liabilities		456,714,870	272,992,535	40,056,312	-

(Forward)

Company No: 2444 - M

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

	Note	The Group 2007 RM	The Group 2006 RM	The Company 2007 RM	The Company 2006 RM
Current Liabilities					
Other payables and accrued expenses	27	36,444,651	19,601,360	713,872	252,845
Amount owing to a subsidiary company	21	-	-	16,972,322	72,935,447
Hire-purchase payables	24	55,578	67,022	19,552	-
Finance lease payables	25	206,806	105,070	-	-
Borrowings	26	30,257,504	16,285,718	-	-
Tax liabilities		3,026,061	634,643	85,838	15,690
Total Current Liabilities		69,990,600	36,693,813	17,791,584	73,203,982
Total Liabilities		526,705,470	309,686,348	57,847,896	73,203,982
Total Equity and Liabilities		688,441,369	402,628,691	129,126,941	138,038,459

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

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2007

The Group	Note	Share Capital RM	Non-Distributable Reserves - Share Premium RM	Non-Distributable Reserves - Reserve on Consolidation RM	Distributable Reserve - Unappropriated Profit RM	Total Reserves RM	Minority Interests RM	Total RM
Balance as of April 1, 2005		40,151,250	-	2,155,312	16,060,995	18,216,307	3,134,037	61,501,594
Profit for the year		-	-	-	19,790,948	19,790,948	2,524,341	22,315,289
Issuance of shares	22	6,741,573	8,042,265	-	-	8,042,265	-	14,783,838
Acquisition of shares from minority shareholders		-	-	-	-	-	(5,658,378)	(5,658,378)
Balance as of March 31, 2006		46,892,823	8,042,265	2,155,312	35,851,943	46,049,520	-	92,942,343
Effect of adopting FRS 3 Business Combinations	2(b)	-	-	(2,155,312)	2,155,312	-	-	-
		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	22	15,630,941	(7,791,506)	-	(7,839,435)	(15,630,941)	-	-
Private placement	22	2,110,000	3,608,100	-	-	3,608,100	-	5,718,100
Shares issue expenses		-	(295,820)	-	-	(295,820)	-	(295,820)
Balance as of March 31, 2007		64,633,764	3,563,039	-	93,539,096	97,102,135	-	161,735,899

Company No: 2444 - M

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

The Company	**Note**	**Share Capital RM**	**Non-Distributable Reserve - Share Premium RM**	**Distributable Reserve - Unappropriated Profit RM**	**Total Reserves RM**	**Total RM**
Balance as of April 1, 2005		40,151,250	-	1,742,267	1,742,267	41,893,517
Profit for the year		-	-	8,157,122	8,157,122	8,157,122
Issuance of shares	22	6,741,573	8,042,265	-	8,042,265	14,783,838
Balance as of March 31, 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	22	15,630,941	(7,791,506)	(7,839,435)	(15,630,941)	-
Private placement	22	2,110,000	3,608,100	-	3,608,100	5,718,100
Shares issue expenses		-	(295,820)	-	(295,820)	(295,820)
Balance as of March 31, 2007		64,633,764	3,563,039	3,082,242	6,645,281	71,279,045

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

Company No: 2444 - M

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

CASH FLOW STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

	The Group		The Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES				
Profit for the year	63,371,276	22,315,289	1,022,288	8,157,122
Adjustments for:				
Finance costs	29,286,542	9,901,952	546,743	110,337
Income tax expense	10,388,534	1,196,865	656,887	597,879
Allowance for impairment in value	3,506,353	-	-	-
Allowance for doubtful debts, net	3,267,617	16,426,142	-	2,900,000
Amortisation of discount on medium term notes	642,725	-	-	-
Depreciation of property, plant and equipment	364,237	395,213	73,498	120,248
Bad debts written off	349,066	78,133	-	-
Depreciation of investment property	36,583	36,584	-	-
Property, plant and equipment written off	12,769	-	-	-
Gain on disposal(s) of:				
Other investment	(20,398,965)	-	-	-
Quoted shares	(106,119)	-	-	-
Property, plant and equipment	-	(111,286)	-	(109,999)
Dividend income	(3,641,470)	(3,638,256)	-	-
Interest income	(3,097,072)	(786,325)	(54,194)	-
Waiver of debt by a related party	-	(1,549,696)	-	-
Gain on redemption of investment in preference shares of a subsidiary company	-	-	-	(10,002,000)
Operating Profit Before Working Capital Changes	83,982,076	44,264,615	2,245,222	1,773,587

(Forward)

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

	The Group		**The Company**	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
(Increase)/Decrease in:				
Loan and hire-purchase receivables	(183,048,677)	(181,605,869)	-	-
Trade receivables	2,444,946	227,377	-	-
Other receivables, deposits and prepaid expenses	(2,460,518)	(20,149)	(752,446)	35,498
Amount owing by subsidiary companies	-	-	19,911,587	(5,961,293)
Increase/(Decrease) in:				
Other payables and accrued expenses	10,364,151	8,398,131	461,027	63,877
Amount owing to a subsidiary company	-	-	(55,963,125)	(4,184,041)
Cash Used In Operations	(88,718,022)	(128,735,895)	(34,097,735)	(8,272,372)
Interest paid	(26,393,280)	(8,391,611)	-	-
Tax paid	(11,510,788)	(7,841,987)	(586,739)	(606,189)
Tax refunded	1,343,979	193,033	-	-
Net Cash Used In Operating Activities	(125,278,111)	(144,776,460)	(34,684,474)	(8,878,561)
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES				
Capital distribution from other investments	23,305,410	-	-	-
Proceeds from disposal of other investments	23,200,000	-	-	-
Dividend received	3,605,050	3,444,562	-	-
Interest received	3,097,072	786,325	54,194	-
Proceeds from disposals of quoted shares	365,592	-	-	-

(Forward)

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

	The Group		The Company	
	2007 RM	**2006 RM**	**2007 RM**	**2006 RM**
Proceeds from:				
Disposal of property, plant and equipment	-	7,828,787	-	110,000
Redemption of investment in preference shares of a subsidiary company	-	-	-	12,002,000
Acquisition of a subsidiary company (Note 14)	(6,665,118)	-	(10,333,154)	-
Acquisition of investment in corporate bonds	(4,000,000)	(4,000,000)	-	-
Acquisition of quoted shares	(759,166)	-	-	-
Additions to property, plant and equipment (Note 12)	(213,970)	(868,740)	(10,470)	-
Acquisition of investment in property trust units	-	(31,970,897)	-	-
Additional investment in a subsidiary company	-	-	-	(2,000)
Net Cash From/(Used In) Investing Activities	41,934,870	(24,779,963)	(10,289,430)	12,110,000
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Issuance of medium term notes	219,931,000	120,000,000	-	-
Drawdown of term loans, net	20,764,447	71,970,897	40,000,000	-
Issuance of shares	5,718,100	-	5,718,100	-
Drawdown/(Settlement) of other borrowings, net	331,479	(2,500,000)	-	-
(Settlement)/Drawdown of revolving credits, net	(30,000,000)	30,000,000	-	(2,000,000)
Redemption of bonds and commercial papers, net	(18,000,000)	(10,000,000)	-	-

(Forward)

Company No: 2444 - M

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

	Note	The Group 2007 RM	The Group 2006 RM	The Company 2007 RM	The Company 2006 RM
Finance costs paid		(2,893,262)	(1,510,341)	(546,743)	(110,337)
Share issue expenses		(295,820)	(216,162)	(295,820)	(216,162)
Repayment of:					
Finance lease payables		(160,456)	(90,393)	-	-
Hire-purchase payables		(76,158)	(62,527)	(9,136)	-
Net Cash From/(Used In) Financing Activities		195,319,330	207,591,474	44,866,401	(2,326,499)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		111,976,089	38,035,051	(107,503)	904,940
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		56,006,471	17,971,420	133,197	(771,743)
CASH AND CASH EQUIVALENTS AT END OF YEAR	28	167,982,560	56,006,471	25,694	133,197

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

The principal activities of the subsidiary companies are as disclosed in Note 14.

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 registered office of the Company is located at 7th Floor, Wisma Tan Kim San, No. 518A, 3rd Mile, Jalan Ipoh, 51200 Kuala Lumpur.

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.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on May 22, 2007.

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

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings per Share
FRS 136	Impairment of Assets
FRS 140	Investment Property

The application of the revised FRS 101, Presentation of Financial Statements, has resulted in a change in the presentation of the income statements, balance sheets, statements of changes in equity and cash flow statements. The changes in the presentation have been applied retrospectively.

The adoption of these new and revised FRSs has not resulted in principal changes in accounting policies of the Group and the Company except as follows:

(a) FRS 101: Presentation of Financial Statements

Prior to April 1, 2006, minority interest at the balance sheet date was presented in the consolidated balance sheet separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interest is presented within total equity. In the consolidated income statement, minority interest is presented as an allocation of the total profit and loss for the year. A similar requirement is also applicable to the statement of changes in equity. The revised FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expense for the year, showing separately the amounts attributable to equity holders of the Company and to minority interest.

These changes in presentation in the consolidated financial statements have been applied retrospectively. As of March 31, 2007 and 2006, no minority interest was presented on the consolidated balance sheet as the Company held 100% equity interest in all of its subsidiary companies.

(b) FRS 3: Business Combinations and FRS 136: Impairment of Assets

In prior years, goodwill on consolidation is stated at cost less accumulated impairment, if any. Goodwill on consolidation is not amortised and is reviewed at each balance sheet date, and will be written down for impairment when it is considered necessary. Negative goodwill is not amortised and is included as part of non-distributable reserve under shareholders' equity.

With the adoption of FRS 3 and FRS 136 on April 1, 2006, goodwill is tested annually for impairment, including in the year of its initial recognition, or more frequently when there is an indication that the cash-generating unit to which goodwill was allocated may be impaired. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Also, with the adoption of FRS 3, any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill"), after reassessment, is recognised immediately in income statement. Prior to April 1, 2006, negative goodwill was credited as reserve on consolidation in the consolidated balance sheet. In accordance with the transitional provisions of FRS 3, the negative goodwill as of April 1, 2006 of RM2,155,312 was derecognised and an adjustment has been made to the opening unappropriated profit and reserve on consolidation.

(c) FRS 140: Investment Property

In prior years, the Group's interest in a leasehold building held to earn rentals and/or for capital appreciation, which was stated at cost less accumulated depreciation and any impairment losses, was classified as property, plant and equipment. With the adoption of FRS 140 on April 1, 2006, the Group's interest in the leasehold building has been reclassified as investment property.

As the Group has elected to apply the cost model in valuing its leasehold building, as allowed by FRS 140, the Group's leasehold building will continue to be stated at cost less accumulated depreciation and any impairment losses.

This change in presentation in the consolidated financial statements has been applied retrospectively.

Accounting Standards Issued but Not Effective

As of the date of authorisation of the financial statements, the following new/revised FRSs and IC Interpretations which are relevant to the operations of the Group and the Company were in issue but not yet effective:

(a) FRS 117 Leases

FRS 117 is effective for accounting periods on or after October 1, 2006. The Group and the Company will apply this standard from financial period beginning April 1, 2007.

(b) Related Party Disclosures

FRS 124 is effective for accounting periods beginning on or after October 1, 2006 and will affect the identification of related parties and certain other related party disclosures. The Group and the Company will apply this standard from financial periods beginning April 1, 2007.

(c) FRS 139 Financial Instruments: Recognition and Measurement

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.

The directors are of the opinion that the abovementioned new/revised FRSs will have no material financial impact on the financial statements of the Group and the Company for the financial year ending March 31, 2008.

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 modified to include the revaluation of certain property, plant and equipment.

Revenue and Revenue Recognition

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

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

The revenue recognition policies of the Group and the Company are as follows:

(i) Hire-purchase and cash loan financing

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

(ii) Factoring and confirming activities

Interest income from factoring and confirming activities is recognised on accrual basis. Interest income from factoring and 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.

(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 shareholder's right to receive payment is established.

Rental income is recognised on accrual basis.

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

Foreign Currency Conversion

Transactions in foreign currencies are converted into Ringgit Malaysia at exchange rates prevailing at the transaction dates, or where settlement has not yet been made at the end of the financial year, at approximate exchange rates prevailing at that date. All foreign exchange gains or losses are taken up in the income statements.

As of March 31, 2007 and 2006, none of the balances in the balance sheet is to be settled in foreign currencies and the Group does not have any foreign subsidiary companies.

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.

Impairment of Assets Excluding Goodwill

At each balance sheet date, the Group and the Company review 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, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be lower than its carrying amount, the carrying amount of the asset is reduced 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.

Property, Plant and Equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment losses.

Freehold land stated at valuation is revalued at regular intervals of at least once in every five (5) years by the directors based on the valuation reports of independent professional valuers using the "comparison method" basis with additional valuation in the intervening years where market conditions indicate that the carrying values of the revalued assets differ materially from the market value.

An increase in the carrying amount arising from revaluation of property, plant and equipment is credited to the revaluation reserve account as revaluation surplus. Any deficit arising from revaluation is charged against the revaluation reserve account to the extent of a previous surplus held in the revaluation reserve account for the same asset. In all other cases, a decrease in carrying amount is charged to the income statements. An increase in revaluation directly related to a previous decrease in carrying amount for that same asset that was recognised as an expense, is credited to the income statements to the extent that it offsets the previously recorded decrease.

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements. On disposal of revalued assets, the amounts in revaluation reserve account relating to the assets disposed are transferred to the unappropriated profit account.

The annual depreciation rates are as follows:

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%

Plant and Equipment under Hire-Purchase Arrangements

Plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the income statements to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Leased Assets

Assets under leases which in substance transfer the risks and benefits of ownership of the assets to the Group are capitalised under property, plant and equipment. These assets and the corresponding lease obligations are recorded at the fair value of the leased assets (which approximates the present value of the minimum lease payments) at the beginning of the respective lease terms.

Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statements over the term of the relevant lease period so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Leases which do not meet such criteria are classified as operating leases and the related rentals are charged to income statements as incurred.

Investment Property

Investment property, which is 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%.

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.

Subsidiary companies are consolidated using the acquisition method of accounting. On acquisition, the assets and liabilities 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 those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from activities. 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.

Investment in subsidiary companies, which is eliminated on consolidation, is stated in the Company's financial statements at cost less impairment losses.

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.

Long-Term Investment

Long-term investment in quoted shares is stated at cost, less any impairment in value of investment to recognise any decline, other than a temporary decline, in the value of the investment.

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, to maturity dates.

Investments in quoted shares are stated at the lower of cost and market value on a portfolio basis.

Receivables

Trade and other 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.

Loans and hire-purchase 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 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.

Provisions

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

Provisions are reviewed at each 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.

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. The 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 and the Company make 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 and the Company have 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.

Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

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.

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 test of goodwill

Determining whether goodwill is impaired 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 to arise from the CGUs and a suitable discount rate in order to calculate present value.

(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.

5. REVENUE

	The Group		The Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Loan financing services:				
Interest income *	65,739,491	21,528,757	-	-
Commission income **	25,557,912	27,297,932	-	-
Others	2,520,629	4,749,638	-	-
	93,818,032	53,576,327	-	-
Dividend income from investment in real estate investment trust/property trust units	3,641,470	3,638,256	-	-
Factoring and confirming	874,270	-	-	-
Rental income	231,462	263,462	-	-
Trading of securities	106,119	-	-	-
Management fee from a subsidiary company	-	-	3,306,972	3,031,532
	98,671,353	57,478,045	3,306,972	3,031,532

* Comprises interest income from hire-purchase and cash loan financing.

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

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

6. SEGMENT REPORTING

The Group 2007	**Loan financing services RM**	**Investment holding and management services RM**	**Factoring and confirming RM**	**Others RM**	**Eliminations RM**	**Consolidated RM**
Revenue						
External sales	94,155,613	3,641,470	874,270	-	-	98,671,353
Inter-segment sales	360,000	9,863,786	-	-	(10,223,786)	-
Total revenue	94,515,613	13,505,256	874,270	-	(10,223,786)	98,671,353
Results						
Profit/(Loss) from operations	46,136,434	29,988,224	594,981	(3,261)	(63,306)	76,653,072
Finance costs						(2,893,262)
Profit before tax						73,759,810
Income tax expense						(10,388,534)
Profit for the year						63,371,276

(Forward)

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

The Group 2007	**Loan financing services RM**	**Investment holding and management services RM**	**Factoring and confirming RM**	**Others RM**	**Eliminations RM**	**Consolidated RM**
Other Information						
Capital additions	484,989	95,470	4,590	-	-	585,049
Depreciation and amortisation	988,057	110,081	17,632	-	(72,225)	1,043,545
Non-cash expenses other than depreciation and amortisation	3,629,452	3,506,353	-	-	-	7,135,805
Consolidated Balance Sheet						
Segment assets	613,353,450	240,024,499	21,173,271	107,452	(186,217,303)	688,441,369
Segment liabilities	471,184,959	133,387,547	10,747,946	4,630	(91,645,673)	523,679,409
Unallocated corporate liabilities						3,026,061
Consolidated total liabilities						526,705,470

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

The Group 2006	**Loan financing services RM**	**Investment holding and management services RM**	**Factoring and confirming RM**	**Others RM**	**Eliminations RM**	**Consolidated RM**
Revenue						
External sales	53,576,327	3,901,718	-	-	-	57,478,045
Inter-segment sales	-	3,031,532	-	-	(3,031,532)	-
Total revenue	53,576,327	6,933,250	-	-	(3,031,532)	57,478,045
Results						
Profit from operations	22,164,646	11,319,048	-	1,540,801	(10,002,000)	25,022,495
Finance costs						(1,510,341)
Profit before tax						23,512,154
Income tax expense						(1,196,865)
Profit for the year						22,315,289

(Forward)

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

The Group 2006	**Loan financing services RM**	**Investment holding and management services RM**	**Factoring and confirming RM**	**Others RM**	**Eliminations RM**	**Consolidated RM**
Other Information						
Capital additions	1,185,533	-	-	-	-	1,185,533
Depreciation and amortisation	311,548	120,249	-	-	-	431,797
Non-cash expenses other than depreciation and amortisation	16,504,275	-	-	-	-	16,504,275

(Forward)

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

The Group 2006	**Loan financing services RM**	**Investment holding and management services RM**	**Factoring and confirming RM**	**Others RM**	**Eliminations RM**	**Consolidated RM**
Consolidated Balance Sheet						
Segment assets	317,037,634	63,885,893	-	1,362	21,703,802	402,628,691
Segment liabilities	276,810,614	32,232,917	-	8,174	-	309,051,705
Unallocated corporate liabilities						634,643
Consolidated total liabilities						309,686,348

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

7. OPERATING PROFIT AND STAFF COSTS

Operating profit is arrived at after the following credits/(charges) :

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Gain on disposal of investment in property trust units (Note 17)	20,398,965	-	-	-
Interest income from short-term and fixed deposits	3,097,072	786,325	54,194	-
Bad debts recovered	603,827	876,618	-	-
Realised gain on foreign exchange	2,974	-	-	-
Gain on redemption of investment in preference shares of a subsidiary company	-	-	-	10,002,000
Waiver of debt by a related party (Note 21)	-	1,549,696	-	-
Gain on disposal of property, plant and equipment	-	111,286	-	109,999
Interest expense applicable to revenue:				
Fixed rate medium term notes, serial bonds and commercial papers (Note 26)	(22,093,513)	(6,386,701)	-	-
Term loan	(4,223,045)	(2,004,910)	-	-
Trust receipt	(49,886)	-	-	-
Revolving credit	(14,479)	-	-	-
Bankers' acceptances	(12,223)	-	-	-
Bank overdraft	(134)	-	-	-
	(26,393,280)	(8,391,611)	-	-
Allowance for doubtful debts, net	(3,267,617)	(16,426,142)	-	(2,900,000)

(Forward)

Company No: 2444 - M

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

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Private placement expenses on fixed rate medium term notes, serial bonds and commercial papers	(3,219,956)	(3,792,815)	-	-
Allowance for impairment loss on other investment	(3,506,353)	-	-	-
Amortisation of discount on medium term notes	(642,725)	-	-	-
Bank borrowings facility fees	(561,817)	(1,715,000)	(37,000)	-
Bad debts written off	(349,066)	(78,133)	-	-
Rental of:				
Premises	(236,013)	(154,856)	(36,000)	(36,000)
Office equipment	(18,177)	(16,969)	(4,640)	(7,540)
Royalty expense	(91,437)	-	-	-
Staff costs:				
Salaries	(2,363,422)	(2,150,036)	(565,000)	(600,000)
Contribution to defined contribution plan	(202,846)	(217,392)	-	-
Social security contribution	(16,396)	(12,261)	-	-
Others	(94,489)	(47,358)	(4,750)	(27,200)
	(2,677,153)	(2,427,047)	(569,750)	(627,200)
Auditors' remuneration:				
Statutory audit				
- Current year	(81,120)	(69,000)	(18,500)	(15,500)
- Underprovision in prior year	(11,855)	(7,500)	(3,000)	(4,500)
Other services	(6,000)	(7,200)	(6,000)	(3,000)
Property, plant and equipment written off	(12,769)	-	-	-

8. DIRECTORS' REMUNERATION

	The Group and The Company	
	2007	**2006**
	RM	**RM**
Directors of the Company:		
Non-executive directors		
- Fees and allowances	189,840	134,841

Included in fees and allowances are contributions to Employees Provident Fund of RM6,840 (2006: RM6,840).

The estimated monetary value of benefits-in-kind received and receivable by a director otherwise than in cash from the Company amounted to RM25,383 (2006: RM Nil).

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

	Number of Directors	
	2007	**2006**
Non-Executive Directors		
RM50,000 and below	6	7
RM50,001 - RM100,000	1	-

9. FINANCE COSTS

	The Group		The Company	
	2007 RM	**2006 RM**	**2007 RM**	**2006 RM**
Interest on:				
Term loans	2,857,680	1,342,761	543,507	-
Hire-purchase and finance lease	35,582	32,082	3,236	-
Revolving credits	-	109,820	-	84,659
Bank overdrafts	-	25,678	-	25,678
	2,893,262	1,510,341	546,743	110,337

10. INCOME TAX EXPENSE

	The Group		The Company	
	2007 RM	**2006 RM**	**2007 RM**	**2006 RM**
Income tax payable:				
Current	11,043,606	4,738,887	642,920	575,690
Under/(Over)provision in prior years	432,209	(1,084,348)	13,967	22,189
Deferred tax (Note 18):				
Current	(1,110,281)	(2,469,674)	-	-
Underprovision of deferred tax liabilities in prior year	23,000	12,000	-	-
	(1,087,281)	(2,457,674)	-	-
	10,388,534	1,196,865	656,887	597,879

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	
	2007 RM	2006 RM	2007 RM	2006 RM
Profit before tax	73,759,810	23,512,154	1,679,175	8,755,001
Tax at applicable statutory tax rate of 27% (2006: 28%)	19,665,398	6,296,566	453,377	2,451,400
Tax at applicable statutory tax rate of 20% (2006: 20%)	197,649	204,884	-	-
Tax effects of (income)/expenses not (assessable)/deductible in determining taxable profit	(2,605,100)	1,882,163	200,943	(1,875,710)
Realisation of deferred tax assets not recognised previously	(7,574,380)	(6,114,400)	(11,400)	-
Effects of changes in tax rate on deferred tax brought forward	248,114	-	-	-
Deferred tax assets not recognised	1,644	-	-	-
Tax at effective tax rate	9,933,325	2,269,213	642,920	575,690
Under/(Over) provision of tax payable in prior years	432,209	(1,084,348)	13,967	22,189
Underprovision of deferred tax liabilities in prior year	23,000	12,000	-	-
Income tax charged to income statements	10,388,534	1,196,865	656,887	597,879

11. EARNINGS PER ORDINARY SHARE

	The Group	
	2007	**2006**
	RM	**RM**
Profit for the year attributable to equity holders of the Company	63,371,276	19,790,948
	2007 Shares	**2006 Shares (Restated)**
Weighted average number of shares in issue:		
At beginning of year	468,928,230	401,512,500
Effect of bonus issue of shares	156,309,410	133,960,634
Effect of private placement of shares	9,827,397	-
Effect of issuance of shares	-	369,401
Total	635,065,037	535,842,535
Earnings per ordinary share (sen)	9.98	3.69

The basic earnings per ordinary share of the Group has been calculated by dividing the Group's 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 and the comparative figure had been restated to adjust for the effect of the bonus issue.

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

12. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land - at valuation RM	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	Total RM
Cost							
Balance as of April 1, 2005	7,717,500	211,040	514,941	-	903,643	360,355	9,707,479
Additions	-	65,049	803,691	316,793	-	-	1,185,533
Disposals	(7,717,500)	-	(92,836)	-	(405,000)	-	(8,215,336)
Balance as of March 31, 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 March 31, 2007	-	528,170	1,416,883	587,852	769,957	455,825	3,758,687

(Forward)

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

The Group	**Freehold land - at valuation RM**	**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**	**Total RM**
Accumulated depreciation							
Balance as of April 1, 2005	-	204,724	383,134	-	573,616	274,877	1,436,351
Charge for the year	-	7,234	119,899	59,738	122,864	85,478	395,213
Disposals	-	-	(92,836)	-	(404,999)	-	(497,835)
Balance as of March 31, 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)
Balance as of March 31, 2007	-	405,301	600,086	156,143	470,465	367,351	1,999,346
Net book value							
As of March 31, 2007	-	122,869	816,797	431,709	299,492	88,474	1,759,341
As of March 31, 2006	-	64,131	815,599	257,055	207,162	-	1,343,947

The Company **Cost**	**Office equipment** **RM**	**Motor vehicles** **RM**	**Motor vehicle under hire-purchase** **RM**	**Total** **RM**
Balance as of April 1, 2005	36,328	899,999	-	936,327
Disposals	-	(405,000)	-	(405,000)
Balance as of March 31, 2006	36,328	494,999	-	531,327
Addition	-	-	95,470	95,470
Balance as of March 31, 2007	36,328	494,999	95,470	626,797
Accumulated depreciation				
Balance as of April 1, 2005	33,172	576,404	-	609,576
Charge for the year	2,904	117,344	-	120,248
Disposals	-	(404,999)	-	(404,999)
Balance as of March 31, 2006	36,076	288,749	-	324,825
Charge for the year	252	66,250	6,996	73,498
Balance as of March 31, 2007	36,328	354,999	6,996	398,323
Net book value				
Balance as of March 31, 2007	-	140,000	88,474	228,474
Balance as of March 31, 2006	252	206,250	-	206,502

During the current financial year,

(i) the Group acquired property, plant and equipment at an aggregate cost of RM585,049 (2006: RM1,185,533), of which RM371,079 (2006: RM316,793) were acquired under hire-purchase and finance lease arrangements. Cash payments for the acquisition of property, plant and equipment amounted to RM213,970 (2006: RM868,740).

(ii) the Company acquired property, plant and equipment at an aggregate cost of RM95,470 (2006: RM Nil), of which RM85,000 (2006: RM Nil) were acquired under a hire-purchase arrangement. Cash payments for the acquisition of property, plant and equipment amounted to RM10,470 (2006: RM Nil).

13. INVESTMENT PROPERTY

	The Group Leasehold building RM
Cost	
Balance as at April 1, 2005, April 1, 2006 and March 31, 2007	1,829,190
Accumulated depreciation	
Balance as at April 1, 2005	21,341
Charge for the year	36,584
Balance as at March 31, 2006	57,925
Charge for the year	36,583
Balance as at March 31, 2007	94,508
Net book value	
Balance as at March 31, 2007	1,734,682
Balance as at March 31, 2006	1,771,265

As of March 31, 2007, the strata title pertaining to the leasehold building has yet to be issued and registered under the name of a subsidiary company.

14. INVESTMENTS IN SUBSIDIARY COMPANIES

	The Company 2007 RM	The Company 2006 RM
Unquoted shares - at cost	64,886,599	54,553,445
Less: Allowance for impairment loss	(214,643)	(214,643)
	64,671,956	54,338,802

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

Direct Subsidiary Companies	**Effective Equity Interest** **2007** **%**	**2006** **%**	**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. ^ (formerly known as AMDB Factoring Sdn. Bhd.)	100	-	Confirming and factoring, specialising in trade related activities and general trading
Indirect Subsidiary Companies			
RCE Equity Sdn. Bhd. $^{\pi}$ (formerly known as Indigenous Capital Sdn. Bhd.)	100	100	Property investment, provision of financial administrative services, debts management services and trading of securities
RCE Advance Sdn. Bhd. $^{\pi}$^	100	100	A special purpose vehicle established to acquire a pool of eligible receivables from its immediate holding company and to issue private debt securities to fund the purchase of such receivables
RCE Commerce Sdn. Bhd. $^{\pi}$	100	100	Provision of information technology and financial administrative services

(Forward)

Indirect Subsidiary Companies	Effective Equity Interest 2007 %	Effective Equity Interest 2006 %	Principal Activities
RCE Management Sdn. Bhd. [π]	100	100	Dormant
RCE Marketing Sdn. Bhd. #^	100	100	Provision of general loan financing services
RCE Premier Sdn. Bhd. [π]^	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. [π]	100	100	Dormant
RCE Sales Sdn. Bhd. [β]	100	100	Provision of financial administrative services
RCE Synergy Sdn. Bhd. [ψ]	100	100	Investment holding
RCE Trading Sdn. Bhd. [π]	100	100	Provision of financial administrative services
R & R Music Sdn. Bhd. [β]	100	100	Dormant

(Forward)

#	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.

During the current financial year, the Company acquired 100% equity interest in RCE Factoring Sdn. Bhd. (formerly known as AMDB Factoring Sdn. Bhd.) (“RCEF”), comprising 10 million ordinary shares of RM1.00 each, at a cash consideration of RM10 million.

The net assets acquired in the abovementioned acquisition of RCEF are as follows:

	Book Value RM	Fair Value Adjustments RM	Fair Value on Acquisition RM
Property, plant and equipment	207,351	-	207,351
Deferred tax assets	168,497	-	168,497
Trade and other receivables, deposits and prepaid expenses	16,072,407	-	16,072,407
Tax recoverable	304,146	-	304,146
Cash and cash equivalents	3,668,036	-	3,668,036
Trade and other payables and accrued expenses	(8,500)	-	(8,500)
Short-term borrowings	(3,941,297)	-	(3,941,297)
Amount owing to former holding company	(6,470,640)	-	(6,470,640)
Net assets acquired	10,000,000	-	10,000,000
Goodwill on acquisition			333,154
Total purchase consideration and incidental acquisition costs			10,333,154
Net cash outflow on acquisition:			
Purchase consideration			10,000,000
Incidental acquisition costs			333,154
Cash and cash equivalents acquired			(3,668,036)
			6,665,118

15. GOODWILL ON CONSOLIDATION

	The Group	
	2007	**2006**
	RM	**RM**
Goodwill on Consolidation:		
At beginning of year	28,343,821	19,002,200
Arising from acquisition of a subsidiary company (Note14)	333,154	-
Arising from acquisition of minority shareholder's equity interest in a subsidiary company	-	9,341,621
At end of year	28,676,975	28,343,821

During the year, the Company acquired the entire equity interest in RCE Factoring Sdn. Bhd. (formerly known as AMDB Factoring Sdn. Bhd.) ("RCEF") at a cash consideration of RM10 million. This acquisition resulted in a goodwill on consolidation of RM333,154.

In 2006, the Company acquired the remaining 12.5% equity interest in RCE Enterprise Sdn. Bhd. ("RCEE") at a purchase consideration of RM15 million, satisfied by the issuance and allotment of 67,415,730 new ordinary shares of RM0.10 each at an issue price of RM0.2225 per share. The said acquisition resulted in a goodwill on consolidation of RM9,341,621.

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 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 from 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 by RCEE Group.

16. LOANS AND HIRE-PURCHASE RECEIVABLES

	The Group	
	2007	**2006**
	RM	**RM**
Receivables	859,310,845	571,611,478
Unearned interest income	(357,635,748)	(244,194,450)
	501,675,097	327,417,028
Less: Allowance for doubtful debts	(59,645,870)	(56,453,778)
	442,029,227	270,963,250
Less: Prepayments	(27,392,874)	(35,758,891)
	414,636,353	235,204,359
Amount receivable within one year (shown under current assets)	(45,668,639)	(14,920,047)
Non-current portion	368,967,714	220,284,312

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

	The Group	
	2007	**2006**
	RM	**RM**
Amount receivable:		
Within one to two years	35,762,548	17,551,100
Within two to five years	133,573,695	75,836,279
After five years	199,631,471	126,896,933
	368,967,714	220,284,312

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

The loans and hire-purchase receivables are repayable over a maximum period of seven (7) years to ten (10) years (2006: seven (7) to ten (10) years) with effective interest rates ranging from 15.90% to 16.70% (2006: 15.90% to 16.70%) per annum.

The Group received advances from the Cooperatives to finance its loan and hire-purchase financing operations in prior years. Pursuant to a Settlement Agreement dated March 31, 2005, it was mutually agreed between the Cooperatives and the Group that the outstanding balance be used as part settlement of amounts outstanding from loan and hire-purchase financing granted by the Group to the members of the Cooperatives and accordingly, the said RM27,392,874 (2006: RM35,758,891) has been presented in the financial statements as prepayment for the release of loans and hire-purchase receivables which have been assigned by the Cooperatives to the Group in accordance with the terms of the Security Agreements.

17. OTHER INVESTMENTS

	The Group	
	2007	**2006**
	RM	**RM**
At costs:		
Real estate investment trust quoted in Malaysia	35,063,526	-
Property trust units quoted in Malaysia	-	61,169,971
Less: Allowance for impairment in value	(3,506,353)	-
	31,557,173	61,169,971
Market value	31,557,173	75,742,584

Other investment as of March 31, 2006 represented investment in 58,263,526 units of AmFirst Property Trust (“AMFPT”). During the current financial year, following the restructuring and re-branding exercise of AMFPT and the listing of AmFIRST Real Estate Investment Trust (“AmFIRST REIT”), the Group was entitled to 58,263,526 units of AmFIRST REIT in exchange for the AMFPT units on the basis of 1 unit of AmFIRST REIT plus RM0.40 cash for every 1 unit of AMFPT. This exercise resulted in a gain of RM20,398,965 to the Group.

At the conclusion of the abovementioned exercise, the Group also exercised its option to dispose off 23,200,000 units of AmFIRST REIT at a consideration of RM1.00 per unit amounting to RM23,200,000.

Other investments as of March 31, 2007 and 2006 have been pledged as securities for a term loan facility and a revolving credit facility granted to the Group as mentioned in Note 26.

18. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group	
	2007	**2006**
	RM	**RM**
Deferred Tax Assets		
At beginning of year	6,596,874	4,000,200
Transfer from income statements (Note 10)	1,126,281	2,596,674
Acquisition of a subsidiary company (Note 14)	168,497	-
At end of year	7,891,652	6,596,874

The deferred tax assets of the Group are in respect of tax effects of the following:

	The Group	
	2007	**2006**
	RM	**RM**
Temporary differences arising from:		
Loans and hire-purchase receivables	7,764,652	6,596,874
Unabsorbed capital allowances	68,000	-
Unused tax loss	59,000	-
	7,891,652	6,596,874

Deferred Tax Liabilities

	The Group	
	2007	**2006**
	RM	**RM**
At beginning of year	150,000	11,000
Transfer from income statements (Note 10)	39,000	139,000
At end of year	189,000	150,000

The deferred tax liabilities of the Group are in respect of the tax effects of temporary differences arising from property, plant and equipment.

As mentioned in Note 3, 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. As of March 31, 2007, the amount of deferred tax assets, calculated at current tax rate which has not been recognised in the financial statements, is as follows:

	Deferred Tax Assets/(Liabilities)			
	The Group		**The Company**	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Tax effects of:				
Temporary differences arising from:				
Property, plant and equipment	(26,200)	(6,500)	(18,000)	(6,500)
Receivables	178,100	18,400	18,000	18,400
Unused tax losses	1,358,300	9,203,300	-	-
Unabsorbed capital allowances	1,113,500	1,153,000	-	-
Net	2,623,700	10,368,200	-	11,900

The unused tax losses and unabsorbed capital allowances are subject to agreement by the tax authorities.

19. SHORT-TERM INVESTMENTS

	The Group	
	2007	**2006**
	RM	**RM**
Held for trading purpose, at cost:		
Investment in unquoted corporate bonds	8,000,000	4,000,000
Investment in quoted shares	499,693	-
	8,499,693	4,000,000
Market value of quoted shares	757,073	-

The unquoted corporate bonds, which will mature in September 2010 and January 2012, 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, no interest income has been received or is receivable in respect of these corporate bonds.

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

Trade receivables comprise:

	The Group	
	2007	**2006**
	RM	**RM**
Bills receivables	8,631,039	-
Factoring receivables	7,860,128	-
Commission receivables	-	1,407,246
	16,491,167	1,407,246
Less: Allowance for doubtful debts	(1,456,460)	-
	15,034,707	1,407,246

The credit period granted by the Group ranges from 14 to 150 days (2006: 14 to 120 days).

Other receivables, deposits and prepaid expenses comprise:

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Other receivables	5,403,974	3,747,312	65,646	65,646
Less: Allowance for doubtful debts	(65,646)	(65,646)	(65,646)	(65,646)
	5,338,328	3,681,666	-	-
Tax recoverable	4,173,841	2,787,279	-	-
Prepaid expenses	1,020,087	241,376	755,836	3,390
Refundable deposits	135,977	74,416	-	-
	10,668,233	6,784,737	755,836	3,390

Included in prepaid expenses of the Group and the Company as of March 31, 2007 is upfront facility fee amounting to RM703,000 paid in respect of the RM40 million term loan secured during the current financial year (Note 26), which is to be deducted over the tenure of the said term loan of 60 months.

21. RELATED PARTY TRANSACTIONS

Amounts owing by/(to) subsidiary companies, which arose mainly from dividend receivable and advances given/received, are unsecured, interest-free and have no fixed terms of repayment.

	The Company	
	2007	**2006**
	RM	**RM**
Amounts owing by subsidiary companies	66,344,981	86,256,568
Less: Allowance for doubtful debts	(2,900,000)	(2,900,000)
Net	63,444,981	83,356,568

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")	A subsidiary company of AmcorpGroup Berhad, a substantial shareholder of the Company
Meridian Mode Sdn. Bhd. ("MMSB")	A company in which a director of certain subsidiary companies is also a director and has a direct interest
Redi Management Group Sdn. Bhd. ("RMG")	A company in which a director of the Company has an indirect interest

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

	The Company	
	2007	**2006**
	RM	**RM**
Subsidiary companies:		
Management fees receivable from RCE Marketing Sdn. Bhd.	3,306,972	3,031,532
Redemption of non-cumulative non-convertible redeemable preference shares by RCE Enterprise Sdn. Bhd. ("RCEE")	-	12,002,000
Other related party:		
Acquisition of 100% equity interest in RCE Factoring Sdn Bhd (formerly known as AMDB Factoring Sdn. Bhd.) from AMDB	10,000,000	-

	The Group	
	2007	**2006**
	RM	**RM**
Other related parties:		
Acquisition of the remaining 12.5% equity interest in RCEE from MMSB	-	15,000,000
Waiver of debt by RMG	-	1,549,696

22. SHARE CAPITAL

	The Group and The Company	
	2007	**2006**
	RM	**RM**
Authorised:		
Ordinary shares of RM0.10 each		
At beginning of year	50,000,000	50,000,000
Created during the year	150,000,000	-
At end of year	200,000,000	50,000,000
Issued and fully paid:		
Ordinary shares of RM0.10 each		
At beginning of year	46,892,823	40,151,250
Issued during the year:		
Bonus issue	15,630,941	6,741,573
Private placement	2,110,000	-
	17,740,941	6,741,573
At end of year	64,633,764	46,892,823

As approved by the shareholders at the Extraordinary General Meeting ("EGM") held on July 7, 2006:

(i) the authorised share capital of the Company was increased from RM50,000,000, divided into 0.5 billion ordinary shares of RM0.10 each, to RM200,000,000, divided into 2 billion ordinary shares of RM0.10 each, by the creation of an additional 1.5 billion ordinary shares of RM0.10 each;

(ii) the issued and paid-up ordinary share capital of the Company was increased from RM46,892,823 to RM62,523,764 by way of bonus issue of 156,309,410 new ordinary shares of RM0.10 each on the basis of one (1) new ordinary share for every three (3) existing ordinary shares of RM0.10 each held, by capitalising RM7,791,506 from the share premium account and RM7,839,435 from the unappropriated profit account; and

(iii) the issued and paid-up share capital of the Company was further increased from RM62,523,764 to RM64,633,764 by way of a private placement of 21,100,000 new ordinary shares of RM0.10 each at a premium of RM0.171 each to an approved bumiputra placee of the Ministry of International Trade and Industries. The resulting premium of RM3,608,100 has been credited to the share premium account as mentioned in Note 23.

In 2006, as approved by the shareholders at an EGM held on January 17, 2006, the issued and paid-up share capital was increased from RM40,151,250 comprising 401,512,500 ordinary shares of RM0.10 each to RM46,892,823 comprising 468,928,230 ordinary shares of RM0.10 each, by the issuance and allotment of 67,415,730 new ordinary shares of RM0.10 each at an issue price of RM0.2225 per share for the purpose of the acquisition of the remaining 12.5% equity interest in RCE Enterprise Sdn. Bhd. The resulting premium of RM8,258,427 has been credited to the share premium account as mentioned in Note 23.

These new ordinary shares issued rank pari passu in all respects with the then existing ordinary shares of the Company.

23. RESERVES

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Non-distributable reserves:				
Share premium	3,563,039	8,042,265	3,563,039	8,042,265
Reserve on consolidation	-	2,155,312	-	-
Distributable reserve:				
Unappropriated profit	93,539,096	35,851,943	3,082,242	9,899,389
	97,102,135	46,049,520	6,645,281	17,941,654

Share premium

Share premium arose from the following:

	The Group and The Company	
	2007	**2006**
	RM	**RM**
At beginning of year	8,042,265	-
Issuance of 67,415,730 new ordinary shares of RM0.10 each at a premium of RM0.1225 per share	-	8,258,427
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	(295,820)	(216,162)
At end of year	3,563,039	8,042,265

Unappropriated Profit

Distributable reserves are those available for distribution as dividends.

Based on the prevailing tax rate applicable to dividends and the estimated tax credits available, the unappropriated profit of the Company as of March 31, 2007 is available for distribution by way of cash dividends without additional tax liabilities being incurred.

24. HIRE-PURCHASE PAYABLES

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Total outstanding	123,584	108,656	86,568	-
Less: Interest-in-suspense	(11,694)	(5,608)	(10,704)	-
Principal outstanding	111,890	103,048	75,864	-
Less: Amount due within one year (shown under current liabilities)	(55,578)	(67,022)	(19,552)	-
Non-current portion	56,312	36,026	56,312	-

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

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Financial years ending March 31,				
2008	-	36,026	-	-
2009	21,259	-	21,259	-
2010	22,966	-	22,966	-
2011	12,087	-	12,087	-
	56,312	36,026	56,312	-

The interest rate implicit in these hire-purchase arrangements of the Group ranges from 6.34% to 7.60% (2006: 6.34% to 7.60%) per annum. The Group's hire-purchase payables are secured by a charge over the assets under hire-purchase.

25. FINANCE LEASE PAYABLES

	The Group			
	Minimum lease payments		**Present value of minimum lease payments**	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Amounts payable under finance lease:				
Within one year	227,761	120,211	206,806	105,070
In the second to fifth year inclusive	153,956	127,059	145,217	121,330
	381,717	247,270	352,023	226,400
Less: Future finance charges	(29,694)	(20,870)	-	-
Present value of lease payables	352,023	226,400	352,023	226,400
Less: Amount due within 12 months (shown under current liabilities)			(206,806)	(105,070)
Non-current portion			145,217	121,330

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

	The Group	
	2007	**2006**
	RM	**RM**
Financial years ending March 31,		
2008	-	114,548
2009	106,947	6,782
2010	38,270	-
	145,217	121,330

The interest rate implicit in these finance lease arrangements of the Group ranges from 7.73% to 10.21% (2006: 8.92% to 9.25%) per annum. The Group's finance lease payables are secured by a charge over the leased assets.

26. BORROWINGS

		The Group		The Company	
		2007	**2006**	**2007**	**2006**
	Note	**RM**	**RM**	**RM**	**RM**
Secured:					
Fixed rate medium term notes	(a)	340,573,725	120,000,000	-	-
Fixed rate serial bonds	(b)	35,000,000	45,000,000	-	-
Underwritten commercial papers	(b)	14,000,000	22,000,000	-	-
Term loan	(c)	12,735,344	31,970,897	-	-
Revolving credit	(f)	-	30,000,000	-	-
		402,309,069	248,970,897	-	-

(Forward)

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

		The Group		The Company	
		2007	**2006**	**2007**	**2006**
	Note	**RM**	**RM**	**RM**	**RM**
Unsecured:					
Term loans	(d) &(e)	80,000,000	40,000,000	40,000,000	-
Trust receipts	(g)	1,930,510	-	-	-
Bankers' acceptances	(h)	1,323,000	-	-	-
Revolving credit	(h)	1,019,266	-	-	-
		84,272,776	40,000,000	40,000,000	-
		486,581,845	288,970,897	40,000,000	-
Less: Amount due within one year (shown under current liabilities)		(30,257,504)	(16,285,718)	-	-
Non-current portion		456,324,341	272,685,179	40,000,000	-

Except for the abovementioned revolving credits of RM Nil (2006: RM30,000,000) for which the repayment date is not determinable, the non-current portion of the borrowings is repayable as follows:

	The Group		**The Company**	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Financial years ending March 31,				
2008	-	14,571,436	-	-
2009	41,984,728	34,571,436	-	-
2010	81,476,956	47,571,436	-	-
2011	66,647,734	54,571,436	-	-
2012	76,593,011	24,571,436	40,000,000	-
2013	35,673,525	14,571,436	-	-
2014	20,643,217	22,256,563	-	-
2015	53,187,161	10,000,000	-	-
2016	42,677,945	20,000,000	-	-
2017	37,440,064	-	-	-
	456,324,341	242,685,179	40,000,000	-
Add: Revolving credit	-	30,000,000	-	-
	456,324,341	272,685,179	40,000,000	-

(a) Fixed Rate Medium Term Notes

During the current financial year, RCE Advance Sdn. Bhd. ("RCEA") issued RM280 million (2006: RM140 million) out of a total of RM420 million 10-year fixed rate medium term notes ("MTNs") for the purpose of financing the working capital of the Group, out of which RM50 million (2006: RM20 million) MTNs were taken up by a subsidiary company within the Group, RCE Equity Sdn. Bhd. (formerly known as Indigenous Capital Sdn. Bhd.).

The MTNs were constituted by a trust deed dated November 23, 2005 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 may be issued up to a maximum of six (6) tranches of RM70 million each ("Tranche") with each respective Tranche comprising the following:

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

(iii) Each Tranche of MTNs shall be 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	Class A MTNs RM'000	Class B MTNs RM'000	Class C MTNs RM'000
1	Three (3) years	10,000	-	-
2	Four (4) years	5,000	-	-
3	Five (5) years	5,000	-	-
4	Six (6) years	5,000	-	-
5	Six (6) years	-	5,000	-
6	Seven (7) years	-	5,000	-
7	Eight (8) years	5,000	-	-
8	Eight (8) years	-	5,000	-
9	Nine (9) years	5,000	-	-
10	Ten (10) years	5,000	-	-
11	Ten (10) years	-	5,000	-
12	Ten (10) years	-	-	10,000
		40,000	20,000	10,000

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

(v) The Class A MTNs and Class B MTNs issued under all subsequent Tranches shall be 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 and the Class C MTNs issued under all subsequent Tranches shall be issued at par.

(vi) Each series of the MTNs under the 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

(viii) 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 with the Notesholders of the Class C MTNs 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") over the entire issued and paid-up share capital of RCEA;

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

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

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

(v) An undertaking from RCEM; and

(vi) An irrevocable corporate guarantee from the Company.

(b) Fixed Rate Serial Bonds and Underwritten Commercial Papers

In 2005, RCE Premier Sdn. Bhd ("RCEP"), issued RM45 million 5-year fixed rate serial bonds ("Bonds") and RM32 million 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 September 7, 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	Maturity Date
1	10,000,000	October 20, 2006
2	10,000,000	October 20, 2007
3	10,000,000	October 20, 2008
4	15,000,000	October 20, 2009
	45,000,000	

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

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

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

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

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

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

(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 at rates ranging from 4.20% to 5.75% (2006: 3.60% to 4.75%) per annum.

The whole amount of RM14,000,000 (2006: RM4,000,000) of the CPs issued as of March 31, 2007 is classified as current liabilities based on management's expectation of the amount of the CPs to be redeemed upon their maturity during the twelve (12) months after the financial year-end.

The Bonds and CPs are secured against the following:

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

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

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

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

(v) An undertaking from RCEM; and

(vi) An irrevocable corporate guarantee from the Company.

(c) Term Loan 1

In 2006, another term loan of RM32 million was granted to RCE Synergy Sdn. Bhd. ("RCES") to finance the acquisition of property trust units (Note 17). This term loan, which is guaranteed by the Company and secured by a memorandum of deposit over the property trust units held by RCES, bears interest at 8.25% (2006: 8.00%) per annum and is repayable over 84 equal monthly installments of RM380,953 commencing October 1, 2006. During the current financial year, 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.

(d) Term Loan 2

In 2006, an unsecured term loan of RM40 million was granted to RCEM pursuant to a Primary Collaterised Loan Obligation Transaction Facility Agreement ("Facility Agreement") entered into between RCEM, a third party and a local 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 anytime prior to the last day of the tenure of the facility at the Group's option.

(e) Term Loan 3

During the current financial year, an unsecured term loan of RM40 million was granted to the Company pursuant to a Primary Collaterised Loan Obligation Transaction Facility Agreement ("Facility Agreement") entered into between the Company, a third party and a local 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.

(f) Revolving Credit No. 1

The revolving credits of the Group as of March 31, 2006 of RM30,000,000 were 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 sale proceeds of receivables sold by RCEM to RCEA;

(iv) An irrevocable undertaking by RCEA; and

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

The revolving credits bear interest at rates ranging from 5.15% to 5.55% (2006: 4.55% to 5.00%) per annum.

(g) Revolving Credit No. 2

During the current financial year, another revolving credit facility of RM30,000,000 was granted to the Group and was secured by the following:

(i) An irrevocable undertaking by the Company; and

(ii) A second charge over 58,263,526 units of AmFirst Property Trust. As of the end of the financial year, this facility was secured against the 35,063,526 units of AmFIRST REIT (Note 17).

The revolving credit bears interest at the rate of 6.69% per annum.

(h) Others

The unsecured bankers' acceptance, revolving credits and trust receipts of a subsidiary company are guaranteed by the Company or its former holding company, AMDB Berhad.

27. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Other payables	26,454,835	11,401,633	-	-
Accrued interest expense on medium term notes, bonds and commercial papers	8,272,573	3,863,508	-	-
Other accrued expenses	1,717,243	4,336,219	713,872	252,845
	36,444,651	19,601,360	713,872	252,845

Included in other payables of the Group as of March 31, 2007 is RM7,455,382 (2006: RM5,821,516) representing collections on behalf of various co-operatives by a subsidiary company in its capacity as the collection and payment agent for those co-operatives.

28. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Short-term and fixed deposits with licensed financial institutions	162,627,317	48,573,559	-	-
Cash and bank balances	5,355,243	7,432,912	25,694	133,197
	167,982,560	56,006,471	25,694	133,197

As of March 31, 2007, short-term and fixed deposits, cash and bank balances of the Group amounting to RM89,678,926 and RM1,013,028 (2006: RM35,270,680 and RM2,811,370) 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 and the RM420 million 10-year fixed rate medium term notes facilities of certain subsidiary companies (Note 26).

As of March 31, 2007, short-term and fixed deposits of the Group amounting to RM Nil (2006: RM611,190) have been pledged to a licensed bank for revolving credit facility granted to a subsidiary company (Note 26).

Short-term and fixed deposits with licensed financial institutions of the Group has an average remaining maturity ranging from 2 to 85 days (2006: 1 to 328 days), with effective interest rates ranging from 2.61% to 3.46% (2006: 2.60% to 3.25%) per annum.

29. CONTINGENT LIABILITIES - UNSECURED

As of March 31, 2007, the Company is contingently liable in respect of the following:

(i) guarantee issued in favour of a trustee for the RM420 million (2006: RM420 million) medium term notes facility of a subsidiary company;

(ii) guarantee issued in favour of a bank for a RM32 million (2006: RM32 million) term loan facility granted to a subsidiary company;

(iii) guarantees issued in favour of a trustee for the RM45 million (2006: RM45 million) 5-year fixed rate serial bonds and up to RM50 million (2006: RM50 million) 7-year underwritten commercial papers facility of a subsidiary company; and

(iv) guarantees issued in favour of a bank for RM30 million (2006: RM30 million revolving credit facility granted to a subsidiary company.

As of March 31, 2007, amount outstanding from these facilities amounted to approximately RM402 million (2006: RM249 million).

30. 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, 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**

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.

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

The maturity profile and effective interest rate of the Group's and the Company's financial assets and liabilities exposed to interest rate risk are as follows:

The Group 2007	**Effective Interest Rate %**	**Total RM**	**Maturity Profile Within 1 Year RM**	**2-5 Years RM**	**After 5 Years RM**
Financial assets					
Trade receivables	10.80 to 12.05	15,034,707	15,034,707	-	-
Loans and hire-purchase receivables	15.90 to 16.70	414,636,353	45,668,639	169,336,243	199,631,471
Short-term and fixed deposits with financial institutions	2.61 to 3.46	162,627,317	162,627,317	-	-
		592,298,377	223,330,663	169,336,243	199,631,471
Financial liabilities					
Hire-purchase payables	6.34 to 7.60	111,890	55,578	56,312	-
Finance lease payables	7.93 to 10.21	352,023	206,806	145,217	-
Fixed rate medium term notes	6.25 to 9.00	340,573,725	-	153,763,517	186,810,208
Term loans (secured and unsecured)	7.13 to 8.25	92,735,344	1,984,728	87,938,912	2,811,704
Fixed rate serial bonds	6.60 to 8.00	35,000,000	10,000,000	25,000,000	-
Underwritten commercial papers	4.20 to 5.75	14,000,000	14,000,000	-	-
Other bank borrowings *	3.74 to 8.75	4,272,776	4,272,776	-	-
		487,045,758	30,519,888	266,903,958	189,621,912

(Forward)

The Group 2006	**Effective Interest Rate %**	**Total RM**	**Maturity Profile: Within 1 Year RM**	**2-5 Years RM**	**After 5 Years RM**
Financial Assets					
Loans and hire-purchase receivables	15.90 to 16.70	235,204,359	14,920,047	93,387,379	126,896,933
Fixed deposits	2.60 to 3.25	48,573,559	48,573,559	-	-
		283,777,918	63,493,606	93,387,379	126,896,933
Financial liabilities					
Hire-purchase payables	6.34 to 7.60	103,048	67,022	36,026	-
Finance lease payables	8.92 to 9.25	226,400	105,070	121,330	-
Fixed rate medium term notes	6.25 to 9.00	120,000,000	-	40,000,000	80,000,000
Term loans	7.13 to 8.00	71,970,897	2,285,718	69,685,179	-
Fixed rate serial bonds	6.60 to 8.00	45,000,000	10,000,000	35,000,000	-
Underwritten commercial papers	3.60 to 4.75	22,000,000	4,000,000	18,000,000	-
Other bank borrowings *	4.55 to 5.00	30,000,000	-	30,000,000	-
		289,300,345	16,457,810	192,842,535	80,000,000

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

(Forward)

			Maturity Profile		
The Company	**Effective Interest Rate %**	**Total RM**	**Within 1 Year RM**	**2-5 Years RM**	**After 5 Years RM**
2007					
Financial liability					
Bank borrowing	7.63	40,000,000	-	40,000,000	-
2006					
Financial liability					
Bank borrowing	-	-	-	-	-

(ii) **Credit risk**

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

(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.

Financial Assets

The Group's and the Company's principal financial assets are fixed deposits, cash and bank balances, trade, loans, hire-purchase and other receivables, amounts owing by subsidiary companies and related parties and short-term and other investments.

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

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 subsidiary companies, hire-purchase payables and borrowings, which are stated at their nominal value.

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.

Fair Values

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

	2007		2006	
	Carrying Amount RM	**Fair Value RM**	**Carrying Amount RM**	**Fair Value RM**
Financial Asset				
Investment in quoted real estate investment trust/ property trust units (Note 17)	31,557,173	31,557,173	61,169,971	75,742,584
Financial Liability				
Fixed rate medium term notes ("MTNs") (including accrued interest of RM6,851,586 (2006: RM2,124,146) (Note 26)	347,425,311	331,724,810	122,124,146	116,136,892

The fair value of the above investment is 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.

31. COMPARATIVE FIGURES

(i) Prior Year's Adjustment

As mentioned in Note 2, the following comparative amounts have been restated as a result of adopting FRS 140 Investment Property:

The Group	As Previously Stated RM	Prior Year's Adjustment RM	As Restated RM
As of March 31, 2006			
Property, plant and equipment	3,115,212	(1,771,265)	1,343,947
Investment property	-	1,771,265	1,771,265

(ii) Reclassification

(a) As disclosed in Note 11, the weighted average number of shares in issue used in the computation of earnings per share ("EPS") for the financial year ended March 31, 2006 has been restated to adjust for the effect of bonus issue during the current financial year, resulting in a change in the EPS as follows:

The Group	As Previously Stated	Adjustment	As Restated
As of March 31, 2006			
Weighted average number of shares in issue	407,130,478	128,712,057	535,842,535
EPS (sen)	4.86	(1.17)	3.69

(b) Comparative figures on the directors' remunerations of subsidiary companies have been reclassified to staff costs to conform with current year's presentation.

The Group	As Previously Stated	Adjustment	As Restated
Financial year ended March 31, 2006			
Directors' remuneration	520,941	(386,100)	134,841
Staff costs	2,040,947	386,100	2,427,047

Company No: 2444 - M

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

STATEMENT BY DIRECTORS

The directors of **RCE CAPITAL BERHAD** state that, in their opinion, the accompanying balance sheets and 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 March 31, 2007 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
May 22, 2007

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 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 22nd day of May, 2007.

Before me,

COMMISSIONER FOR OATHS