



RCE

RCE CAPITAL BERHAD

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

Annual Report 2008



CONTENTS

2	Notice of Annual General Meeting
6	Statement Accompanying Notice of Annual General Meeting
7	Corporate Information
8	Five-Year Group Financial Highlights
9	Corporate Structure
10	Profile of Directors
14	Chairman's Statement
17	Statement on Corporate Governance
25	Additional Compliance Information
27	Statement on Internal Control
28	Audit Committee Report
34	Financial Statements
101	Analysis of Shareholdings
	Form of Proxy

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Fourth Annual General Meeting of RCE Capital Berhad will be held at Dewan AmBank Group, 7th Floor, Bangunan AmBank Group, 55, Jalan Raja Chulan, 50200 Kuala Lumpur on Wednesday, 27 August 2008 at 10.30 a.m. to transact the following businesses:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2008 together with the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To declare a Final Dividend of 10% less 25% income tax for the financial year ended 31 March 2008. **Resolution 2**
3. To re-elect the following Directors who retire pursuant to Article 106 of the Company's Articles of Association:
 - (i) Y. Bhg. Datuk Mohd Zaman Khan @ Hassan bin Rahim Khan **Resolution 3**
 - (ii) Mr. Soo Kim Wai **Resolution 4**
4. To re-elect Encik Shahman Azman who retires pursuant to Article 93 of the Company's Articles of Association. **Resolution 5**
5. To re-appoint Messrs Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

AS SPECIAL BUSINESS

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

Payment of Directors' Fees

"THAT the payment of Directors' fees of RM120,000 for the financial year ended 31 March 2008 be and is hereby approved."

Resolution 7

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

Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

"THAT subject always to the Companies Act, 1965, provisions of the Company's Memorandum and Articles of Association and the approval from the relevant authorities, where such approval is necessary, full authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

Resolution 8

NOTICE OF ANNUAL GENERAL MEETING

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

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

"THAT, subject to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.2 of the Circular to Shareholders dated 5 August 2008, provided that the transactions are in the ordinary course of business which are necessary for day-to-day operations and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders of the Company and that the aggregate value of such transactions conducted pursuant to the shareholders' mandate during the financial year be disclosed in the annual report of the Company.

Resolution 9

AND THAT, such authority conferred shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the AGM, the authority is renewed;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

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

Proposed Renewal of Share Buy-Back Authority

"THAT subject to the Companies Act, 1965 ("Act"), rules, regulations and orders made pursuant to the Act, provisions of the Memorandum and Articles of Association of the Company, Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, approval be and is hereby given to the Company to purchase ordinary shares of RM0.10 each in the Company as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may in their absolute discretion deem fit and expedient in the interest of the Company ("Share Buy-Back Mandate") provided that:-

Resolution 10

- (i) the aggregate number of ordinary shares of RM0.10 each in the Company which may be purchased and/or held by the Company at any point of time pursuant to the Share Buy-Back Mandate shall not exceed ten per cent (10%) of the issued and paid-up share capital of the Company for the time being;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits and the share premium account of the Company. Based on the audited financial statements for the financial year ended 31 March 2008, the Company's retained profits and share premium account stood at RM10,739,855 and RM3,553,039 respectively;
- (iii) the authority conferred by this resolution will commence immediately upon the passing of this ordinary resolution and will continue to be in force until:-
 - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at the general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
 - (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
 - (c) revoked or varied by an ordinary resolution passed by the shareholders in general meeting,whichever is the earlier;
- (iv) the shares so purchased by the Company pursuant to the Share Buy-Back Mandate to be retained as treasury shares which may be distributed as dividends and/or resold on Bursa Securities and/or cancelled.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as they may consider expedient or necessary to implement and give effect to the Share Buy-Back Mandate."

10. To transact any other business of which due notice shall have been received.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT the Final Dividend of 10% less 25% income tax for the financial year ended 31 March 2008, if approved by the shareholders, will be paid on 22 September 2008 to depositors who are registered in the Record of Depositors at the close of business on 8 September 2008.

A Depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 8 September 2008 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

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

Kuala Lumpur
5 August 2008

NOTICE OF ANNUAL GENERAL MEETING

Notes:

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

Explanatory Notes on Special Business:

(i) **Resolution 7 - Payment of Directors' Fees**

The Ordinary Resolution proposed under item 6, if passed, will authorise the payment of Directors' fees to the Non-Executive Directors of the Company for their services as Directors during the financial year ended 31 March 2008.

(ii) **Resolution 8 - Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

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

(iii) **Resolution 9 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The Ordinary Resolution proposed under item 8, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

(iv) **Resolution 10 - Proposed Renewal of Share Buy-Back Authority**

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

Further information on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed Renewal of Share Buy-Back Authority are set out in the Circular/Statement to Shareholders dated 5 August 2008 which is despatched together with the Company's 2008 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

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

- Y. Bhg. Datuk Mohd Zaman Khan @ Hassan bin Rahim Khan
- Mr. Soo Kim Wai
- Encik Shahman Azman

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Azman Hashim

Non-Independent Executive Chairman

Major General (Rtd) Dato' Haji Fauzi bin Hussain

Independent Non-Executive Director

Datuk Mohd Zaman Khan @ Hassan bin Rahim Khan

Independent Non-Executive Director

Dato' Che Md Nawawi bin Ismail

Independent Non-Executive Director

Chew Keng Yong

Independent Non-Executive Director

Soo Kim Wai

Non-Independent Non-Executive Director

Shalina Azman

Non-Independent Non-Executive Director

Shahman Azman

Non-Independent Non-Executive Director

COMPANY SECRETARIES

Johnson Yap Choon Seng (MIA 20766)

Seow Fei San (MAICSA 7009732)

REGISTERED OFFICE

312, 3rd Floor, Block C

Kelana Square

No. 17 Jalan SS 7/26

47301 Petaling Jaya

Selangor Darul Ehsan

Tel : 603-7803 1126 / 7806 2116

Fax : 603-7806 1387 / 7806 1261

E-mail : eadvisory@epsilonas.com

BUSINESS ADDRESS

20th Floor, Bangunan AmAssurance

No. 1 Jalan Lumut

50400 Kuala Lumpur

Tel : 603-4047 0988

Fax : 603-4042 8877

Website : www.rce.com.my

AUDITORS

Deloitte KassimChan

Chartered Accountants

Level 19, Uptown 1

No. 1 Jalan SS 21/58

Damansara Uptown

47400 Petaling Jaya

Selangor Darul Ehsan

Tel : 603-7723 6500

Fax : 603-7726 3986

SHARE REGISTRAR

PFA Registration Services Sdn Bhd

Level 13, Uptown 1

No. 1, Jalan SS 21/58

Damansara Uptown

47400 Petaling Jaya

Selangor Darul Ehsan

Tel : 603-7718 6000

Fax : 603-7722 2311

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

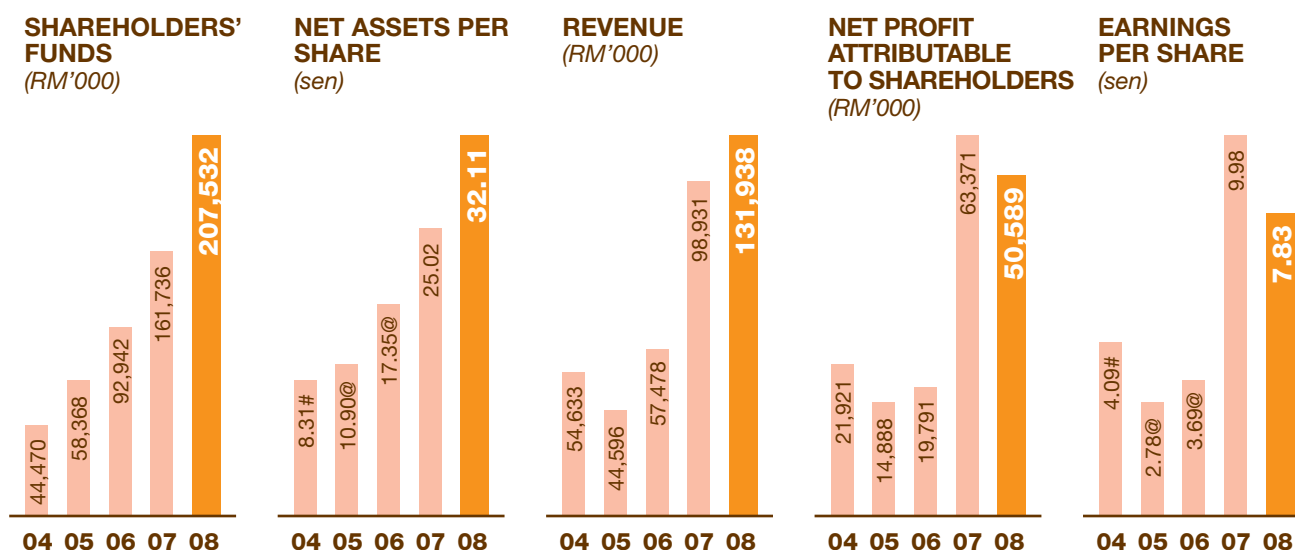
Main Board

(Listed on 20 September 1994)

Stock name : RCECAP

Stock code : 9296

GROUP FINANCIAL HIGHLIGHTS



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

	2004	2005	2006	2007	2008
Property, plant & equipment	14,500	10,079	1,344	1,759	3,463
Investment property	-	-	1,771	1,735	1,698
Goodwill on consolidation	-	19,002	28,344	28,677	28,677
Loans and hire purchase receivables					
- Non current portion	57,203	59,598	220,284	368,968	609,349
Investments	5,294	29,199	61,170	31,557	31,557
Deferred tax assets	-	4,000	6,597	7,892	2,895
Current assets	66,293	35,019	83,119	247,854	298,489
Long term and deferred liabilities	(3,216)	(72,614)	(272,993)	(456,715)	(590,916)
Current liabilities	(48,388)	(22,782)	(36,694)	(69,991)	(177,679)
Share capital	40,151	40,151	46,893	64,634	64,634
Shareholders' funds	44,470	58,368	92,942	161,736	207,532
Net assets (NA)	44,470	58,368	92,942	161,736	207,532
NA per share (sen)	8.31#	10.90@	17.35@	25.02	32.11

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

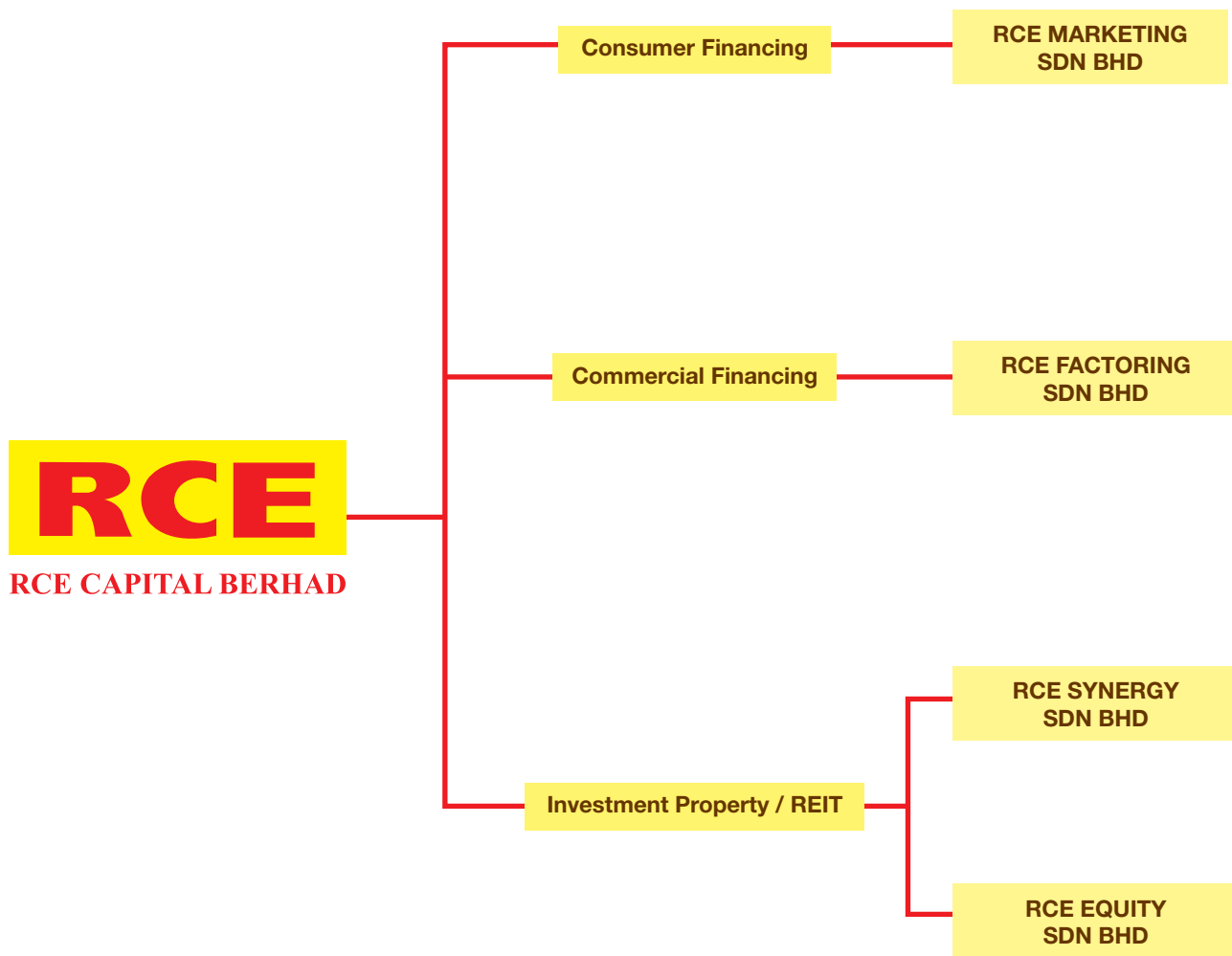
	2004	2005	2006	2007	2008
Revenue	54,633	44,596	57,478	98,931	131,938
Profit before taxation	29,125	18,912	23,512	73,760	66,761
Profit after taxation	23,476	17,001	22,315	63,371	50,589
Net profit attributable to shareholders	21,921	14,888	19,791	63,371	50,589
Earnings per share (sen)	4.09#	2.78@	3.69@	9.98	7.83

Notes

Adjusted for bonus issue and share split

@ Adjusted for bonus issue

CORPORATE STRUCTURE



PROFILE OF DIRECTORS

TAN SRI DATO' AZMAN HASHIM

Non-Independent Executive Chairman

Y. Bhg. Tan Sri Dato' Azman Hashim, a Malaysian, aged 69, was appointed to the Board on 2 December 1988.

Tan Sri Dato' Azman, a Chartered Accountant, a Fellow of the Institute of Chartered Accountants and a Fellow of the Institute of Chartered Secretaries and Administrators, has been in the banking industry since 1960 when he joined Bank Negara Malaysia and served there until 1964. He practised as a Chartered Accountant in Azman Wong Salleh & Co from 1964 to 1971. He then joined the Board of Malayan Banking Berhad (MBB) from 1966 until 1980 and was its Executive Director from 1971 until 1980. He was the Executive Chairman of Kwong Yik Bank Berhad, a subsidiary of MBB, from 1980 until April 1982 when he acquired AmlInvestment Bank Berhad.

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

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

MAJOR GENERAL (RTD) DATO' HAJI FAUZI BIN HUSSAIN

Independent Non-Executive Director

Y. Bhg. Major General (Rtd) Dato' Haji Fauzi bin Hussain, a Malaysian, aged 68, was appointed to the Board on 25 April 2003.

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

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

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

PROFILE OF DIRECTORS

DATUK MOHD ZAMAN KHAN @ HASSAN BIN RAHIM KHAN

Independent Non-Executive Director

Y. Bhg. Datuk Mohd Zaman Khan @ Hassan bin Rahim Khan, a Malaysian, aged 65, was appointed to the Board on 26 March 1998.

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

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

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

DATO' CHE MD NAWAWI BIN ISMAIL

Independent Non-Executive Director

Y. Bhg. Dato' Che Md Nawawi bin Ismail, a Malaysian, aged 58, was appointed to the Board on 28 February 2006.

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

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

CHEW KENG YONG

Independent Non-Executive Director

Mr. Chew Keng Yong, a Malaysian, age 53, was appointed to the Board on 17 April 2001.

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

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

Mr. Chew is the immediate past President of the International Advertising Association (Malaysian Chapter). He is also a Board member of Focus On The Family (Malaysia) Sdn Bhd, a non-profit organisation dedicated to strengthen and enrich families in Malaysia. In 1998, he was elected as one of the winners of the 1998 Chivas Regal Achievement Award to Malaysian businessmen in recognition of their excellent accomplishments in business. Mr. Chew is an Adjunct Faculty member of the Faculty of Arts and Social Science of University Tunku Abdul Rahman since January 2007. He is also the Chairman of Institute Advertising Communication Training (IACT).

PROFILE OF DIRECTORS

SOO KIM WAI

Non-Independent Non-Executive Director

Mr. Soo Kim Wai, a Malaysian, aged 47, was appointed to the Board on 11 August 1997.

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

He joined AmcorpGroup Berhad (AMCORP) in 1989 as Senior Manager, Finance and has since held various positions. He was appointed as a Director of AMCORP on 13 March 1996 and subsequently as Managing Director on 1 January 1999. Before joining AMCORP, he was in the accounting profession for 5 years with Deloitte KassimChan from 1980 to 1985 and with Plantation Agencies Sdn Bhd from 1985 to 1989.

Apart from AMCORP, Mr. Soo also sits on the Board of AMDB Berhad, AMMB Holdings Berhad, AmProperty Trust Management Berhad, Kesas Holdings Berhad and MCM Technologies Berhad.

SHALINA AZMAN

Non-Independent Non-Executive Director

Puan Shalina Azman, a Malaysian, aged 41, was appointed to the Board on 6 January 2000.

She holds a Bachelor of Science in Business Administration majoring in Finance and Economics from Chapman University in California and in 1993, she obtained her Masters in Business Administration from University of Hull in United Kingdom.

Puan Shalina's involvement with the Company dates back to 1990 where she first gained invaluable experience in the media industry as a Business Development Officer. Prior to re-joining the Company, she was with AmcorpGroup Berhad (AMCORP) from 1995 to 1999 as a Senior Manager, Corporate Planning. She was subsequently appointed as the Managing Director of the Company on 1 September 2000. On 31 July 2002, Puan Shalina resigned as the Managing Director of the Company to re-join AMCORP and on 1 August 2002, she was appointed as the Deputy Managing Director of AMCORP.

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

SHAHMAN AZMAN

Non-Independent Non-Executive Director

Encik Shahman Azman, a Malaysian, aged 33, was appointed to the Board on 2 June 2008.

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

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

Encik Shahman also sits on the Board of AMDB Berhad and MCM Technologies Berhad.

PROFILE OF DIRECTORS

DETAILS OF MEMBERSHIP IN BOARD COMMITTEES

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

Notes:

None of the Directors have any family relationship with any Director and/or major shareholder of the Company, except for Tan Sri Dato' Azman Hashim who is the father of Puan Shalina Azman and Encik Shahman Azman.

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

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

CHAIRMAN'S STATEMENT



Dear Shareholders

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of RCE Capital Berhad Group ("the Group") for the financial year ended 31 March 2008.

ECONOMIC REVIEW

Despite the global slowdown arising from record level oil prices and the collapse of the US subprime mortgage market, the Malaysian economy remained resilient with real GDP recording a 7.1% growth in the first quarter of 2008.

However, conditions could weaken in the second-half of 2008 as the Malaysian economy feels the knock-on effects of soaring prices of oil and commodities, rising inflation and global economic volatility.

Nevertheless, the government remains confident of achieving the 5% GDP growth target for 2008. Private consumption is expected to grow by 7.6% this year and throughout the remaining Ninth Malaysia Plan ("9MP") which ends in 2010.

FINANCIAL REVIEW

For the financial year under review, the Group recorded a double-digit growth in revenue of 33.4% to RM131.9 million as compared to RM98.9 million in the previous financial year. The strong growth came mainly from its core consumer financing activities as a result of the various initiatives undertaken by the Group as well as the salary increase for civil servants in July 2007.

The Group posted a pre-tax profit of RM66.8 million compared to RM73.8 million in the previous financial year which included a capital gain of RM20.4 million arising from the disposal of its investment in AmFirst Property Trust. With the exclusion of this exceptional gain, the Group's pre-tax profit was in fact 25.1% higher than the previous financial year.

The current year's earnings per share stands at 7.83 sen, as compared to 7.32 sen for the previous financial year, excluding the effect of the abovementioned exceptional gain. Our net assets have also grown from 0.25 sen to 0.32 sen per share.

CHAIRMAN'S STATEMENT

DIVIDENDS

The directors are pleased to recommend a final dividend of 10% less 25% tax in respect of the financial year ended 31 March 2008. This will result in a payment of approximately RM5.3 million to shareholders, representing 10.5% of the net profit of RM50.6 million.

BUSINESS DEVELOPMENT

The personal loan financing business under RCE Marketing Sdn Bhd continues to be the major contributor of the Group's growth in revenue and earnings. The biggest boost came from the salary increase for civil servants which has revitalised the consumer credit industry and helped increased our customer base. Another positive news is the government's announcement of extending the mandatory retirement age of civil servants from 56 to 58 years with effect from 1 July 2008.

In our commercial loan financing business under RCE Factoring Sdn Bhd, we continue to focus on strengthening our relationships with the small and medium size enterprises ("SMEs"). In time to come, this can be another substantial contributor to the Group's earnings.

CORPORATE DEVELOPMENT

In 2007, the Group achieved another milestone with the launch of its RM1.5 billion Asset-Backed Securitisation ("ABS") programme and since the issuance of the first tranche of RM100.0 million in the programme on 23 November 2007, another 2 tranches of RM100.0 million each were issued to date.

The ABS programme via Tresor Assets Berhad, a trust-owned special purpose vehicle company, marked the Group's third venture into Malaysia's debt capital markets. The programme is secured by tranches of loan receivables originated by RCE Marketing Sdn Bhd and is one of the largest ABS programmes in 2007 in terms of total issue size. With the AAA-rating accorded by RAM Rating Services Berhad, the ABS has been well-received by investors and will lower the Group's overall funding costs over time.

Despite the generally weak market sentiments, the Group also completed the private placement of 64.6 million new ordinary shares, raising nearly RM30.0 million to strengthen the Group's capital base for future expansion of its loan financing businesses.

INVESTOR RELATIONS ("IR")

The Group is committed to an IR program that emphasises not only prospects, but accountability, good corporate governance and transparency. Besides the timely dissemination of information on the Group's financials and latest corporate developments to shareholders, regulatory agencies and the stock exchange, the Company has also participated in many one-on-one investor briefings as well as roadshows abroad, leading to greater interest and liquidity in the Company's shares. This is evidenced by the growth in its shareholder base to more than 8,900 shareholders currently from over 6,600 shareholders a year ago.

Our corporate proposals, financial results and other required disclosures are made available to shareholders, the general public and potential investors through our website (<http://www.rce.com.my>).

CHAIRMAN'S STATEMENT

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

During the year, the Group has organised a series of community projects such as healthcare talks and blood donation drives which saw active participation from our staff members and business associates. As part of our long term CSR initiatives, the Group has entered into a partnership with the National Kidney Foundation and has pledged to actively support the foundation's activities.

OUTLOOK/PROSPECTS

Strains in the financial markets and continued increase in oil and other commodity prices are all putting pressure on the global economic outlook. However, the Malaysian Government has taken pro-active measures to reduce the negative impact of the global slowdown on the local economy. These include the increase in allocated fiscal spending for the 9MP and the regional corridors. In the long term, this is expected to restore and improve consumer confidence with increasing job opportunities.

Although the prevailing uncertainties are expected to dampen the Group's loan growth, we have put in place various initiatives to expand market share, reduce costs and improve efficiency. Despite the challenging conditions and barring any unforeseen circumstances, the Group remains confident of improving its performance for this year.

A WORD OF APPRECIATION

I would like to thank my fellow directors and our staff for their continued dedication and contribution to the Group.

The Board also wishes to express their sincere thanks to all our valued shareholders, business associates, bankers and the regulatory authorities for their continuing support.

Yours sincerely



Tan Sri Dato' Azman Hashim
Chairman

5 August 2008

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of RCE Capital Berhad (“RCE” or “the Company”) has always been supportive of the adoption of the principles and best practices as set out in the Malaysian Code on Corporate Governance (“Code”). The Board believes that a high standard of corporate governance is imperative in safeguarding the best interests of all stakeholders and enhancing stakeholders’ value continually.

The Board is therefore pleased to set out below a statement outlining the main corporate governance practices of the Company and the manner in which the Company has applied and complied with the best practices of the Code throughout the financial year.

BOARD OF DIRECTORS

Board Composition and Balance

The Board, which consists of members from different backgrounds and diverse expertise, is effective and competent in leading and directing RCE Group’s business operations. The Directors together as a team set the values and standards of the Company and ensures that it meets its obligations to shareholders and other stakeholders. A brief description on the background of each current Director is set out in the Profile of Directors of the Annual Report.

The Board comprises an Executive Director and seven (7) Non-Executive Directors, of whom four (4) are independent as defined under the Listing Requirements of Bursa Malaysia Securities Berhad (“LR”). This composition has complied with the requirement prescribed in the LR where at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, are independent directors. The independent directors play a crucial role in the exercise of independent assessment and objective participation in Board deliberations and the decision-making process.

Y. Bhg. Tan Sri Dato’ Azman Hashim, the Executive Chairman is primarily responsible for the orderly conduct and working of the Board. There is no appointment of Chief Executive Officer/Managing Director in the Company. The day-to-day running of the business of the Company is the responsibilities of the Heads of RCE’s business and operating units, whose functions are separate and distinct from the Executive Chairman.

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

Duties and Responsibilities

The Board’s principal focus is the overall strategic direction, development and control of the Group. In support of this focus, the Board maps out and reviews the Group’s medium and long term strategic plans on an annual basis, so as to align the Group’s business directions and goals with the prevailing economic and market conditions. It also reviews the management’s performance and ensures that necessary financial and human resources are available to meet the Group’s objectives. The Board’s other main duties include regular oversight of the Group’s business performance, and ensuring that the internal controls and risk management processes of the Group are well in place and are implemented consistently.

Board Meetings and Supply of Information

The Board meets at least four (4) times annually. Additional meetings are held as and when required. During the financial year, the Board met four (4) times where it deliberated and considered a variety of matters including the Group’s financial results, corporate proposals and strategic issues that affect the Group’s business operations.

The agenda for each Board meeting and papers relating to the matters to be deliberated at the meeting are delivered to all Directors for perusal prior to the date of the Board meeting. The Board papers are comprehensive and include all aspects of the matters to be considered to enable the Board to make informed decision.

STATEMENT ON CORPORATE GOVERNANCE

The Board has complete and unrestricted access to information relating to the Group's businesses and affairs. The Board may require to be provided with further details on the matters to be considered. Senior management members are invited to attend the Board meetings to brief the Directors on issues to be considered by the Board. Professional advisers appointed by the Company for corporate proposals to be undertaken by the Company would also be invited to render their advice and opinion to the Directors. The Directors, whether acting as a full board or in their individual capacity, have the liberty to seek independent professional advice at the Company's expense if so required by them.

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

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

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

STATEMENT ON CORPORATE GOVERNANCE

Appointment to the Board

The proposed appointment of new Board members as well as the proposed re-election of existing Directors who are seeking re-election at the Annual General Meeting are first considered and evaluated by the Nomination Committee. Upon its evaluation, the Nomination Committee will make recommendations on the proposal(s) to the Board for approval. The Board makes the final decision on the proposed appointment or re-election to be presented to shareholders for approval.

Re-election of Directors

Pursuant to the Articles of Association of RCE, one-third (1/3) of the Directors are subject to re-election by rotation at every Annual General Meeting and all Directors will submit themselves for re-election at least once every three (3) years. Directors who are appointed by the Board are subject to re-election by the shareholders at the Annual General Meeting held following their appointments.

Directors' Training

The Board acknowledges the importance of continuous training in order to broaden one's perspective and to keep abreast with the latest regulatory and industry developments.

Save for Encik Shahman Azman, all the Directors have completed the Mandatory Accreditation Programme ("MAP"). During the financial year, the Directors attended various executive workshops and seminars on relevant topics to keep abreast with the latest market developments in relation to the Group's business and new regulatory requirements on corporate governance, strategic planning with budgeting, leadership development, performance management and financial reporting.

The Nomination Committee has reviewed and is satisfied that the Directors have received the necessary training during the financial year ended 31 March 2008 which enhanced their effectiveness and contribution to the Board.

Directors' Remuneration

The Board as a whole reviews and determines the level of fees of the Non-Executive Directors to ensure that it is sufficient to attract and retain the services of the Directors which are vital to the Company. The annual Directors' fees payable to Non-Executive Directors are subject to shareholders' approval at the Annual General Meeting based on recommendation of the Board. Additional allowances are paid to Non-Executive Directors in accordance with the number of meetings attended during the financial year.

Details of the Directors' remuneration for the financial year ended 31 March 2008 are as follows:

- Aggregate Remuneration

Category	Executive Director (RM)	Non-Executive Directors (RM)	Total (RM)
Fees	-	120,000	120,000
Other emoluments	770,000	42,000	812,000
Defined contributions	219,450	-	219,450
Benefits-in-kind	369,814	-	369,814

STATEMENT ON CORPORATE GOVERNANCE

Directors' Remuneration

- Analysis of Remuneration

Range of Remuneration	No. of Executive Directors	No. of Non-Executive Directors
RM50,000 & below	-	6
RM1,350,001 – RM1,400,000	1	-

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

BOARD COMMITTEES

The Board has delegated certain responsibilities to Board Committees namely, the Audit Committee, Nomination Committee and Remuneration Committee to assist the Board in discharging its fiduciary duties and responsibilities.

Each of this committee operates within the defined constitution or terms of reference approved by the Board. Minutes of each committee meeting are tabled to the Board so that the Board is informed of the deliberations and resolutions made. Additionally, the committees will present their recommendations to the Board for approval, where necessary.

The Board Committees in RCE are as follows:

Audit Committee

The Audit Committee is made up of five (5) Non-Executive Directors, four (4) of whom are independent. The members of the Audit Committee are as follows:

1. Major General (Rtd) Dato' Haji Fauzi bin Hussain
(Independent Non-Executive Director) – Chairman
2. Datuk Mohd Zaman Khan @ Hassan bin Rahim Khan
(Independent Non-Executive Director)
3. Dato' Che Md Nawawi bin Ismail
(Independent Non-Executive Director)
4. Chew Keng Yong
(Independent Non-Executive Director)
5. Soo Kim Wai
(Non-Independent Non-Executive Director)

STATEMENT ON CORPORATE GOVERNANCE

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

A full Audit Committee Report enumerating its membership, terms of reference and activities during the financial year is set out on pages 28 to 33 of the Annual Report.

Nomination Committee

The Nomination Committee is made up entirely of Non-Executive Directors. The members of the Nomination Committee are as follows:

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

The Nomination Committee reviews the required mix of skills, experience and other qualities, including core competencies, which Directors should bring to the Board on an on-going basis. It also recommends candidates for directorship to the Board and membership to Board Committees as well as carries out formal assessment on the effectiveness of the Board as a whole and the committees of the Board, and the contribution of each individual Director.

The Nomination Committee held one (1) meeting during the year under review and all the members attended the meeting.

Remuneration Committee

The Remuneration Committee is made up entirely of Non-Executive Directors. The members of the Remuneration Committee are as follows:

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

STATEMENT ON CORPORATE GOVERNANCE

The Remuneration Committee is primarily responsible in setting the policy framework and to make recommendations to the Board on all elements of the remuneration, terms of employment, reward structure and fringe benefits for the Executive Directors and other members of the staff of the Group with the aim to attract, retain and motivate high calibre individuals. The Remuneration Committee shall meet as and when required.

The Remuneration Committee held two (2) meetings during the year under review and all the members attended the meeting.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board endeavours to present a balanced and comprehensive assessment of the Group's financial performance through the annual audited financial statements and quarterly financial results to shareholders. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Directors' Responsibility Statement

The Directors are required by the Companies Act, 1965 to ensure that the financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year, and of the results of their operations and cash flows for the financial year. The Directors consider that in preparing the financial statements, the Directors have consistently used and applied the appropriate and relevant accounting policies and made judgments and estimates that are reasonable and prudent.

The Directors have a general responsibility in ensuring that the Company and the Group keep proper accounting records in accordance with the provisions of the Companies Act, 1965 to enable the preparation of the financial statements with reasonable accuracy. The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and the Group to prevent and detect fraud and other irregularities.

Internal Control

The Board acknowledges its overall responsibility in maintaining an internal control system that provides reasonable assurance of effective and efficient operations, compliance with laws and regulations, as well as internal procedures and guidelines. However, the Group's system of internal control is designed to manage and not eliminate the risk of failure to achieve the Group's objectives, hence the internal control system can only provide reasonable and not absolute assurance against the risk of material errors, fraud or losses.

The Statement on Internal Control, which provides an overview of the state of internal control within the Group, is set out on page 27 of the Annual Report.

Audit Committee

The Audit Committee conducts a review of the Internal Audit Function in terms of its authority, resources and scope as defined in the Internal Audit Charter adopted by the Group.

The minutes of the Audit Committee meetings are tabled to the Board for perusal and for action where appropriate. Summary of activities carried out during the year by the Audit Committee are detailed in the Audit Committee Report.

STATEMENT ON CORPORATE GOVERNANCE

Relationship with Auditors

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

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

RELATIONSHIP AND COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

Communication with Shareholders

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

The Company's Annual General Meeting is an important forum for dialogue and interaction with shareholders. Shareholders are encouraged to participate in the question and answer session and to raise any questions relating to the proposed resolutions as well as the Group's business operations and affairs.

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

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

Investor Relations

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

Primary contact for investor relations matters:

Loh Kam Chuin
Executive Director, Corporate Affairs

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

STATEMENT ON CORPORATE GOVERNANCE

CORPORATE SOCIAL RESPONSIBILITY

The Group recognises its social obligation to the society and strives for a balanced approach in fulfilling its key business objectives and the expectations of stakeholders. The best way for the Group to achieve this is through sustained and focused collaboration with a non-governmental organisation.

The Group together with its holding company, AmcorpGroup Berhad and sister company, MCM Technologies Berhad have chosen National Kidney Foundation (“NKF”), a non-profit charitable organisation which is dedicated towards promoting the prevention and treatment of kidney diseases through education, training and medical research. The collaboration will involve participating and contributing to the various events, campaigns and activities of NKF in various forms such as donations, sponsorships, staff volunteer and resources.

During the financial year, the Group in collaboration with NKF has organised a health talk for its staff and business partners to create awareness on kidney related ailments. Participants including staff members were encouraged to enrol for organ donation. The Group also assisted NKF by providing resources to enable them to successfully hold a health screening program ‘NKF Early Detection & Prevention Saves Lives’ for the community at large at Amcorp Mall, Petaling Jaya on 16 and 31 March 2008. Our employees also participated in blood donation campaign organised by our business associate. The Group also participated in a “Buka Puasa” event organised for the orphanage children from Asrama Baitul Ummah and Asrama Kebajikan Anak-Anak Yatim Sekendi whereby the children were presented with ‘duit raya’ and gifts.

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

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 26 May 2008.

ADDITIONAL COMPLIANCE INFORMATION

1. Material Contracts

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

2. Share Buy-Back

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

3. Options, Warrants or Convertible Securities

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

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

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

5. Non-Audit Fees

The amount of non-audit fees incurred for services rendered to the Company and its subsidiaries by the Company's auditors, or a firm or company affiliated to the auditors' firm for the financial year ended 31 March 2008 was RM71,440.

6. Profit Guarantee

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

7. Imposition of Sanctions and/or Penalties

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

8. Variation in Results

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

9. Utilisation of Proceeds

The proceeds totaling RM184 million from the issuance of RM200 million out of a total of RM1.5 billion asset-backed securities ("ABS") by Tresor Assets Berhad backed by loan receivables originated by RCE Marketing Sdn Bhd, a subsidiary company were utilised as follows:

Description	RM'000
Proceeds	184,000
Payment of expenses	(535)
Deposits and cash and bank balances with a licensed financial institution assigned in favour of the Trustee of ABS Tranche A and Tranche B arising from early settlement	(1,688)
Settlement of short term borrowings	(181,777)
Balance as at 31 March 2008	-

ADDITIONAL COMPLIANCE INFORMATION

10. List of Properties and Revaluation Policy

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

Location	Tenure	Age of Building (Years)	Area (sq. ft.)	Description/ Existing Use	Net Book Value (RM'000)	Date of Acquisition	Expiry Date
Unit No. 1502 Level 15, Menara PJ Pusat Perdagangan AMCORP, No. 18 Jalan Persiaran Barat, 46050 Petaling Jaya Selangor Darul Ehsan	Leasehold	11	5,511	Office	1,698	3 December 2004	11 September 2088

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

11. Recurrent Related Party Transactions

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

STATEMENT ON INTERNAL CONTROL

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

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

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

- (i) there is an on-going process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year; and
- (ii) the said process is regularly reviewed by the Board and accords with the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

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

- (i) The Board has appointed the Audit Committee to examine the effectiveness of the Group’s systems of internal control on behalf of the Board. This is accomplished through the review of the internal audit department’s work, which focuses on areas of priority as identified by risk analysis and in accordance with audit plan approved by the Audit Committee.
- (ii) The Group’s Risk Management framework is outlined in the Group’s Risk Management Policy. The Audit Committee shall assist the Board in evaluating the adequacy of the Group’s Risk Management framework. A Risk Management Committee comprising members of senior management monitors the risks faced by the Group and the Risk Management Committee reports to the Audit Committee.
- (iii) The framework of the Group’s system of internal control and key procedures include:
 - A management structure exists with clearly defined lines of responsibility and the appropriate levels of delegation.
 - Key functions such as accounts, tax, treasury, insurance and legal matters are controlled centrally.
 - The management determines the applicability of risk monitoring and reporting procedures and is responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls.
 - Policies and procedures are clearly documented in the Corporate Policy Manual and Standard Operating Procedures of most of the Operating Units in the Group in which their operations must comply.
 - Corporate values, which emphasise ethical behavior, quality products and services, are set out in the Group’s Employee Handbook.
- (iv) The Group also practices Annual Budgeting and monitoring process as follows:
 - There is an annual budgeting process for each area of business and approval of the annual budget by the Board.
 - Actual performance compared with budget together with explanation of any major variances is reviewed monthly while budget for the current year is reviewed at least semi-annually.

There were no material losses incurred during the current financial year as a result of weaknesses in internal control.

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee of RCE consists of:

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

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

MEETINGS AND ATTENDANCE

During the financial year ended 31 March 2008, the Audit Committee held four (4) meetings. The details of attendance of the Audit Committee members are as follows:

Name	No. of Meetings Attended
Major General (Rtd) Dato' Haji Fauzi bin Hussain	4/4
Datuk Mohd Zaman Khan @ Hassan bin Rahim Khan	4/4
Dato' Che Md Nawawi bin Ismail	3/4
Chew Keng Yong	3/4
Soo Kim Wai	4/4

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

AUDIT COMMITTEE REPORT

TERMS OF REFERENCE

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

1.0 Composition

- 1.1 The Audit Committee shall be appointed by the Board of Directors from among their number and shall consist of not less than three (3) members, all of whom must be non-executive directors, with a majority of them being independent directors.
- 1.2 The Board shall at all times ensure that at least one (1) member of the Audit Committee:
 - (i) must be a member of the Malaysian Institute of Accountants (MIA); or
 - (ii) if he or she is not a member of the MIA, he or she must have at least three (3) years' working experience and:
 - (a) he or she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (b) he or she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants' Act 1967; or
 - (iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
- 1.3 In the event of any vacancy in the Audit Committee resulting in the number of members being reduced to below three (3), the Board of Directors shall within three (3) months appoint such number of new members as may be required to make up the minimum number of three (3) members.
- 1.4 The Chairman of the Audit Committee shall be elected among the members of the Audit Committee and shall be an independent director.
- 1.5 No alternate director shall be appointed as a member of the Audit Committee.
- 1.6 The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years.

2.0 Quorum and Procedures of Meetings

- 2.1 Meetings shall be held not less than four (4) times in a financial year, although additional meetings may be called at any time by the Chairman upon the request of the external or the internal auditors or at the Chairman's discretion.
- 2.2 The quorum of meetings of the Audit Committee shall consist of not less than three (3) members; the majority of the members present must be independent directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from among the members present.

AUDIT COMMITTEE REPORT

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

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

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

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

3.0 Authority

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

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

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

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

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

4.0 Duties and Responsibilities

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

(a) Risk Management and Internal Control

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

AUDIT COMMITTEE REPORT

(b) Internal Audit

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

(c) External Audit

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

(d) Audit Reports

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

(e) Financial Reporting

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

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

(f) Related Party Transactions

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

(g) Allocation of Share Options

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

(h) Other Functions

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

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES

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

- **Financial Results**

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

- **Internal Audit**

- a. Reviewed the annual audit plan for adequacy of scope and coverage on the activities of the Group.
- b. Reviewed the audit programmes, resource requirements for the year and assessed the performance of the internal audit function.
- c. Reviewed the internal audit reports, audit recommendations made and management responses to these recommendations and actions taken to improve the system of internal control and procedures.
- d. Monitored the implementation of the audit recommendations to ensure that all key risks and controls have been addressed.
- e. Reviewed the Control Self-Assessment ratings submitted by the respective operations management.

- **External Audit**

- a. Reviewed with the external auditors:
 - the audit planning memorandum, audit strategy and scope of work for the year.
 - the results of the annual audit, their audit report and management letter together with management's responses to the findings of the external auditors.
- b. Reviewed the performance of the external auditors and made recommendations to the Board on their appointment and remuneration.

- **Related Party Transactions**

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

AUDIT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION

The Company engaged the services of the internal audit department of AmcorpGroup Berhad, a major shareholder of the Company, to perform its internal audit functions.

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

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

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



FINANCIAL STATEMENTS

- 35** Directors' Report
- 39** Report of the Auditors
- 40** Income Statements
- 41** Balance Sheets
- 43** Statements of Changes In Equity
- 44** Cash Flow Statements
- 46** Notes to the Financial Statements
- 100** Statement by Directors
- 100** Declaration by the Officer Primarily Responsible
for the Financial Management of the Company

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

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

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

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

RESULTS

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

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

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

DIVIDENDS

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

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

At the forthcoming annual general meeting, a final dividend in respect of the financial year ended 31 March 2008 of 10%, less 25% tax on 710,971,340 ordinary shares, amounting to RM5,332,285 will be proposed for shareholders' approval. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2009.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

DIRECTORS' REPORT

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.

OTHER FINANCIAL INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

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

- (a) which would render if necessary to write off any bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

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

DIRECTORS' REPORT

DIRECTORS

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

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

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.10 each			Balance as of 31.3.2008
	Balance as of 1.4.2007	Bought	Sold	
Shares in the Company				
Direct interest				
Chew Keng Yong	1,676,300	-	(712,700)	963,600
Indirect interest				
Tan Sri Dato' Azman Hashim	267,959,573	12,817,596	-	280,777,169

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

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

DIRECTORS' BENEFITS

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

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

DIRECTORS' REPORT

SUBSEQUENT EVENT

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

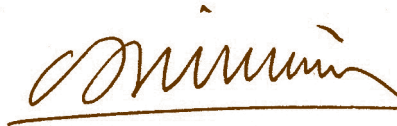
AUDITORS

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

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



TAN SRI DATO' AZMAN HASHIM



SOO KIM WAI

Kuala Lumpur
26 May 2008

REPORT OF THE AUDITORS

TO THE MEMBERS OF RCE CAPITAL BERHAD

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

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

In our opinion:

- (a) the abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as of 31 March 2008 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

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

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

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



DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants



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

26 May 2008

INCOME STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

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

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

BALANCE SHEETS

AS OF 31 MARCH 2008

	Note	The Group		The Company	
		2008 RM	2007 RM	2008 RM	2007 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	13	3,463,078	1,759,341	77,980	228,474
Investment property	14	1,698,099	1,734,682	-	-
Investments in subsidiary companies	15	-	-	64,671,956	64,671,956
Goodwill on consolidation	16	28,676,975	28,676,975	-	-
Loan receivables	17	609,348,959	368,967,714	-	-
Other investment	18	31,557,173	31,557,173	-	-
Deferred tax assets	19	2,894,292	7,891,652	-	-
Total Non-Current Assets		677,638,576	440,587,537	64,749,936	64,900,430
Current Assets					
Short-term investments	20	4,587,293	8,499,693	-	-
Trade receivables	21	21,857,362	15,034,707	-	-
Loan receivables	17	71,737,200	45,668,639	-	-
Other receivables, deposits and prepaid expenses	21	21,314,322	10,668,233	874,918	755,836
Amounts owing by subsidiary companies	22	-	-	71,531,970	63,444,981
Deposits with licensed financial institutions	29	176,205,852	162,627,317	-	-
Cash and bank balances	29	2,786,670	5,355,243	50,871	25,694
Total Current Assets		298,488,699	247,853,832	72,457,759	64,226,511
Total Assets		976,127,275	688,441,369	137,207,695	129,126,941
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	23	64,633,764	64,633,764	64,633,764	64,633,764
Reserves	24	142,898,191	97,102,135	14,292,894	6,645,281
Total Equity		207,531,955	161,735,899	78,926,658	71,279,045

(Forward)

BALANCE SHEETS

AS OF 31 MARCH 2008

	Note	The Group		The Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Non-Current Liabilities					
Hire-purchase payables	25	684,204	56,312	34,927	56,312
Finance lease payables	26	152,288	145,217	-	-
Borrowings	27	589,806,994	456,324,341	40,000,000	40,000,000
Deferred tax liabilities	19	272,883	189,000	-	-
Total Non-Current Liabilities		590,916,369	456,714,870	40,034,927	40,056,312
Current Liabilities					
Other payables and accrued expenses	28	39,723,495	36,444,651	863,245	713,872
Amount owing to a subsidiary company	22	-	-	17,242,385	16,972,322
Hire-purchase payables	25	189,613	55,578	21,182	19,552
Finance lease payables	26	186,864	206,806	-	-
Borrowings	27	135,916,581	30,257,504	-	-
Tax liabilities		1,662,398	3,026,061	119,298	85,838
Total Current Liabilities		177,678,951	69,990,600	18,246,110	17,791,584
Total Liabilities		768,595,320	526,705,470	58,281,037	57,847,896
Total Equity and Liabilities		976,127,275	688,441,369	137,207,695	129,126,941

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2008

The Group	Note	Share Capital RM	Non-	Distributable	Distributable	Total Reserves RM	Total RM
			Reserve - Share Premium RM	Reserve - Retained Earnings RM			
Balance as of 1 April 2006		46,892,823	8,042,265	38,007,255	46,049,520	92,942,343	
Profit for the year		-	-	63,371,276	63,371,276	63,371,276	
Bonus issue	23	15,630,941	(7,791,506)	(7,839,435)	(15,630,941)	-	
Private placement	23	2,110,000	3,608,100	-	3,608,100	5,718,100	
Shares issue expenses		-	(295,820)	-	(295,820)	(295,820)	
Balance as of 31 March 2007		64,633,764	3,563,039	93,539,096	97,102,135	161,735,899	
Profit for the year		-	-	50,588,955	50,588,955	50,588,955	
Dividends	12	-	-	(4,782,899)	(4,782,899)	(4,782,899)	
Shares issue expenses		-	(10,000)	-	(10,000)	(10,000)	
Balance as of 31 March 2008		64,633,764	3,553,039	139,345,152	142,898,191	207,531,955	
The Company							
Balance as of 1 April 2006		46,892,823	8,042,265	9,899,389	17,941,654	64,834,477	
Profit for the year		-	-	1,022,288	1,022,288	1,022,288	
Bonus issue	23	15,630,941	(7,791,506)	(7,839,435)	(15,630,941)	-	
Private placement	23	2,110,000	3,608,100	-	3,608,100	5,718,100	
Shares issue expenses		-	(295,820)	-	(295,820)	(295,820)	
Balance as of 31 March 2007		64,633,764	3,563,039	3,082,242	6,645,281	71,279,045	
Profit for the year		-	-	12,440,512	12,440,512	12,440,512	
Dividends	12	-	-	(4,782,899)	(4,782,899)	(4,782,899)	
Shares issue expenses		-	(10,000)	-	(10,000)	(10,000)	
Balance as of 31 March 2008		64,633,764	3,553,039	10,739,855	14,292,894	78,926,658	

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the year	50,588,955	63,371,276	12,440,512	1,022,288
Adjustments for:				
Interest expense applicable to revenue	43,829,816	29,250,960	5,365,087	543,507
Income tax expense	16,172,158	10,388,534	2,747,979	656,887
Allowance for impairment loss in investments	3,441,250	3,506,353	-	-
Amortisation of discount on medium term notes	1,467,381	642,725	-	-
Allowance for doubtful debts, net	1,215,194	3,267,617	-	-
Depreciation of property, plant and equipment	704,492	364,237	10,494	73,498
Finance costs	64,162	35,582	979,879	3,236
Depreciation of investment property	36,583	36,583	-	-
Property, plant and equipment written off	5,760	12,769	-	-
Investment income	(5,239,407)	(3,097,072)	(8,031)	(54,194)
Dividend income	(1,952,688)	(3,641,470)	(5,502,365)	-
Gain on disposal of:				
Property, plant and equipment	(11,499)	-	(5,000)	-
Other investment	-	(20,398,965)	-	-
Interest income from amounts owing by subsidiary companies	-	-	(6,778,140)	-
Waiver of debt owing by/(to) subsidiary companies	-	-	(5,185,322)	-
Decrease/(Increase) in:				
Short-term investments	471,150	259,473	-	-
Loan receivables	(267,635,332)	(182,699,611)	-	-
Other receivables, deposits and prepaid expenses	(6,767,821)	(2,460,518)	(119,082)	(752,446)
Trade receivables	(6,852,324)	2,444,946	-	-
Amounts owing by subsidiary companies	-	-	4,062,652	19,911,587
Increase/(Decrease) in:				
Other payables and accrued expenses	2,169,665	10,364,151	137,084	461,027
Amount owing to a subsidiary company	-	-	(746,006)	(55,963,125)
Cash (Used In)/Generated From Operations	(168,292,505)	(88,352,430)	7,399,741	(34,097,735)
Interest expense applicable to revenue paid	(43,829,816)	(29,250,960)	(5,365,087)	(543,507)
Taxes paid	(17,272,723)	(11,510,788)	(2,735,569)	(586,739)
Taxes refunded	939,877	1,343,979	21,050	-
Net Cash Used In Operating Activities	(228,455,167)	(127,770,199)	(679,865)	(35,227,981)
(Forward)				

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	5,239,407	3,097,072	8,031	54,194
Dividend received	1,952,688	3,605,050	5,502,365	-
Proceeds from disposal of property, plant and equipment	151,501	-	-	-
Proceeds from disposal of other investment	-	23,200,000	-	-
Capital distribution from other investment	-	23,305,410	-	-
Additions to property, plant and equipment	(1,370,817)	(213,970)	-	(10,470)
Acquisition of a subsidiary company	-	(6,665,118)	-	(10,333,154)
Acquisition of investment in corporate bonds	-	(4,000,000)	-	-
Acquisition of quoted shares	-	(759,166)	-	-
Net Cash Generated From/(Used In) Investing Activities	5,972,779	41,569,278	5,510,396	(10,289,430)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of asset-backed securities	184,000,000	-	-	-
Drawdown/(Settlement) of revolving credits, net	70,000,000	(30,000,000)	-	-
Drawdown of other borrowings, net	755,968	331,479	-	-
Issuance of medium term notes	-	219,931,000	-	-
Redemption of bonds and commercial papers, net	(14,000,000)	(18,000,000)	-	-
Drawdown of term loans	20,000,000	20,764,447	-	40,000,000
Settlement of term loans	(21,984,728)	-	-	-
Issuance of shares	-	5,718,100	-	5,718,100
Dividends paid	(4,770,610)	-	(4,770,610)	-
Repayment of:				
Hire-purchase payables	(174,273)	(76,158)	(19,755)	(9,136)
Finance lease payables	(259,845)	(160,456)	-	-
Share issue expenses	(10,000)	(295,820)	(10,000)	(295,820)
Finance costs paid	(64,162)	(35,582)	(4,989)	(3,236)
Net Cash Generated From/(Used In) Financing Activities	233,492,350	198,177,010	(4,805,354)	45,409,908
NET CHANGE IN CASH AND CASH EQUIVALENTS	11,009,962	111,976,089	25,177	(107,503)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	167,982,560	56,006,471	25,694	133,197
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 29)	178,992,522	167,982,560	50,871	25,694

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Changes in Accounting Policies

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

Accounting Standards Issued but Not Effective

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Revenue Recognition

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (Cont'd)

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

The revenue recognition policies of the Group are as follows:

(i) Loan financing

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

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

(ii) Factoring and confirming activities

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

Overdue interest income from confirming activities is recognised upon collection.

(iii) Others

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

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

Rental income is recognised on an accrual basis.

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

Management fees are recognised when services are rendered.

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign Currencies

(i) Functional and Presentation Currency

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

(ii) Foreign Currency Conversion

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

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

Income Tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income Tax (Cont'd)

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

Borrowing Costs

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

Impairment of Non-financial Assets Excluding Goodwill

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

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

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

Property, Plant and Equipment and Depreciation

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

Leases

(i) Classification

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

(ii) Finance Lease

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (Cont'd)

(ii) Finance Lease (Cont'd)

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

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

(iii) Operating Lease

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

Investment Property

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

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

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

Basis of Consolidation

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

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

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

All significant intercompany transactions and balances are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsidiary Companies

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

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

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

Goodwill on Consolidation

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

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

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

Provisions

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

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

Financial Instruments

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

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

(i) Cash Flow Statements

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

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

(ii) Long-Term Investment

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

(iii) Short-Term Investments

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

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

(iv) Receivables

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

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

(v) Payables

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(vi) Interest Bearing Loans and Borrowings

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

(vii) Equity Instruments

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

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

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

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

Employee Benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plan

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

Special Purpose Entities

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Special Purpose Entities (Cont'd)

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

In the process of applying the Group's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

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

(a) Impairment of goodwill

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

(b) Allowance for doubtful debts

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

(c) Deferred tax assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE

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

* Comprises interest income from loan financing.

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

6. SEGMENT INFORMATION

(a) Reporting format

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

(b) Business segment

The Group comprises the following main business segments:

(i) Loan financing segment

This segment engages in provision of general loan financing.

(ii) Investment holding and management services and Others

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

(iii) Factoring and confirming

This segment engages in provision of confirming and factoring businesses.

NOTES TO THE FINANCIAL STATEMENTS

6. SEGMENT INFORMATION (CONT'D)

(c) Geographical segment

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

(d) Allocation basis and transfer pricing

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

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

Business Segments:

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

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

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

6. SEGMENT INFORMATION (CONT'D)

Business Segments (Cont'd):

The Group 2008	Loan financing services RM	Investment holding and management services RM	Factoring and confirming RM	Others RM	Eliminations RM	Total RM
Other Segment Information						
Capital additions	2,552,591	-	1,400	-	-	2,553,991
Depreciation and amortisation	2,090,423	47,077	70,956	-	-	2,208,456
Non-cash expenses other than depreciation and amortisation	4,632,532	-	29,672	-	-	4,662,204
Consolidated Balance Sheet						
Segment assets	910,626,750	41,254,535	24,139,739	106,251	-	976,127,275
Segment liabilities	716,009,816	37,769,163	12,711,488	442,455	-	766,932,922
Unallocated corporate liabilities						1,662,398
Consolidated total liabilities						768,595,320
The Group 2007						
Revenue						
External sales	94,155,613	3,900,943	874,270	-	-	98,930,826
Inter-segment sales	360,000	9,863,786	-	-	(10,223,786)	-
Total revenue	94,515,613	13,764,729	874,270	-	(10,223,786)	98,930,826
Results						
Segment results	52,557,717	20,645,955	594,981	(3,261)	-	73,795,392
Finance costs						(35,582)
Profit before tax						73,759,810
Income tax expense						(10,388,534)
Profit for the year						63,371,276

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

6. SEGMENT INFORMATION (CONT'D)

Business Segments (Cont'd):

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

NOTES TO THE FINANCIAL STATEMENTS

7. PROFIT BEFORE TAX

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

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Gain on disposal of investment in property trust units	-	20,398,965	-	-
Investment income from deposits with licensed financial institutions	5,239,407	3,097,072	8,031	54,194
Bad debts recovered	1,011,909	603,827	11,575	-
Realised gain on foreign exchange	12,425	2,974	-	-
Gain on disposal of property, plant and equipment, net	11,499	-	5,000	-
Interest income on amounts owing by subsidiary companies	-	-	6,778,140	-
Waiver of debt owing by/(to) subsidiary companies (Note 22)	-	-	5,185,322	-
Interest expense applicable to revenue:				
Fixed rate medium term notes, serial bonds and commercial papers	(29,890,922)	(22,093,513)	-	-
Term loans	(7,061,246)	(7,080,725)	(3,060,361)	(543,507)
Revolving credit	(2,630,866)	(14,479)	-	-
Bridging loan	(2,304,726)	-	(2,304,726)	-
Asset-backed securities	(1,786,381)	-	-	-
Trust receipt	(138,713)	(49,886)	-	-
Bankers' acceptances	(16,485)	(12,223)	-	-
Bank overdraft	(477)	(134)	-	-
	(43,829,816)	(29,250,960)	(5,365,087)	(543,507)
Allowance for doubtful debts, net	(1,215,194)	(3,267,617)	-	-
Private placement expenses on fixed rate medium term notes, serial bonds and commercial papers	(526,888)	(3,219,956)	-	-
Allowance for impairment loss on investments	(3,441,250)	(3,506,353)	-	-
Amortisation of discount on medium term notes	(1,467,381)	(642,725)	-	-
Bank borrowings' facility fees	(500,500)	(561,817)	(398,000)	(37,000)
Rental of:				
Premises	(478,796)	(236,013)	(21,000)	(36,000)
Office equipment	(12,250)	(18,177)	-	(4,640)
Royalty expense	-	(91,437)	-	-

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

7. PROFIT BEFORE TAX (CONT'D)

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Staff costs:				
Salaries	(4,729,650)	(2,363,422)	-	(565,000)
Contribution to defined contribution plan	(525,998)	(202,846)	-	-
Social security contribution	(33,514)	(16,396)	-	-
Others	(648,658)	(94,489)	(91,288)	(4,750)
	(5,937,820)	(2,677,153)	(91,288)	(569,750)
Auditors' remuneration:				
Statutory audit				
- Current year	(117,200)	(81,120)	(25,000)	(18,500)
- Underprovision in prior year	(11,000)	(11,855)	(6,500)	(3,000)
Other services	(23,000)	(6,000)	(3,000)	(6,000)
Property, plant and equipment written off	(5,760)	(12,769)	-	-

8. DIRECTORS' REMUNERATION

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Directors of the Company:				
Non-executive directors				
- Fees and allowances	120,000	91,250	120,000	91,250
- Other emoluments	42,000	91,750	42,000	91,750
	162,000	183,000	162,000	183,000
Executive directors				
- Fees and allowances	20,000	-	20,000	-
- Other emoluments	770,000	-	-	-
- Defined contributions	219,410	6,840	-	6,840
	1,171,450	189,840	182,000	189,840
Benefits-in-kind	369,814	25,383	-	25,383
	1,541,264	215,223	182,000	215,223

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

8. DIRECTORS' REMUNERATION (CONT'D)

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

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

9. FINANCE COSTS

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

10. INCOME TAX EXPENSE

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

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

10. INCOME TAX EXPENSE (CONT'D)

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

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit before tax	66,761,113	73,759,810	15,188,491	1,679,175
Tax at applicable statutory tax rate of 26% (2007: 27%)	14,160,633	19,529,207	3,949,008	453,377
Tax at applicable statutory tax rate of 20% (2007: 20%)	395,707	298,532	-	-
Tax effects of:				
Expenses not deductible for tax purposes	1,347,753	3,173,944	179,345	195,030
Income not subject to tax	(172,398)	(5,916,129)	(1,363,201)	(5,487)
Realisation of deferred tax assets not recognised previously	(1,187,521)	(7,579,986)	-	-
Effects of changes in tax rate on deferred tax brought forward	308,777	248,114	-	-
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	1,266,177	179,643	-	-
Tax at effective tax rate	16,119,128	9,933,325	2,765,152	642,920
Under/(Over) provision of tax payable in prior years	53,030	432,209	(17,173)	13,967
Underprovision of deferred tax in prior year	-	23,000	-	-
Income tax charged to income statements	16,172,158	10,388,534	2,747,979	656,887

NOTES TO THE FINANCIAL STATEMENTS

11. EARNINGS PER ORDINARY SHARE

	The Group	
	2008 RM	2007 RM
Profit for the year attributable to equity holders of the Company	50,588,955	63,371,276
Weighted average number of shares in issue:		
At beginning of year	646,337,640	468,928,230
Effect of bonus issue of shares	-	156,309,410
Effect of private placement of shares	-	9,827,397
At end of year	646,337,640	635,065,037
Earnings per ordinary share (sen)	7.83	9.98

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

12. DIVIDENDS

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

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

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT

The Group	Office equipment, furniture and fittings RM	Computers and IT equipment RM	Computers and IT equipment under finance lease RM	Motor vehicles RM	Motor vehicles under hire-purchase RM	Work in-progress RM	Total RM
Cost							
Balance as of 1 April 2006	276,089	1,225,796	316,793	498,643	360,355	-	2,677,676
Additions	50,480	153,020	286,079	-	95,470	-	585,049
Acquisition of a subsidiary company	204,651	308,521	-	271,314	-	-	784,486
Disposals	-	(270,454)	-	-	-	-	(270,454)
Write-off	(3,050)	-	(15,020)	-	-	-	(18,070)
<hr/>							
Balance as of 31 March 2007	528,170	1,416,883	587,852	769,957	455,825	-	3,758,687
Additions	47,438	704,222	246,974	-	1,142,040	413,317	2,553,991
Disposals	-	-	-	(544,191)	(217,000)	-	(761,191)
Write-off	(4,100)	(2,200)	(7,510)	-	-	-	(13,810)
<hr/>							
Balance as of 31 March 2008	571,508	2,118,905	827,316	225,766	1,380,865	413,317	5,537,677
<hr/>							
Accumulated Depreciation							
Balance as of 1 April 2006	211,958	410,197	59,738	291,481	360,355	-	1,333,729
Charge for the year	23,212	157,407	98,658	77,964	6,996	-	364,237
Acquisition of a subsidiary company	173,179	302,936	-	101,020	-	-	577,135
Disposals	-	(270,454)	-	-	-	-	(270,454)
Write-off	(3,048)	-	(2,253)	-	-	-	(5,301)
<hr/>							
Balance as of 31 March 2007	405,301	600,086	156,143	470,465	367,351	-	1,999,346
Charge for the year	51,767	322,571	151,260	44,727	134,167	-	704,492
Disposals	-	-	-	(404,190)	(216,999)	-	(621,189)
Write-off	(4,099)	(2,199)	(1,752)	-	-	-	(8,050)
<hr/>							
(Forward)							

NOTES TO THE FINANCIAL STATEMENTS

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

The Group	Office equipment, furniture and fittings RM	Computers and IT equipment RM	Computers and IT equipment under finance lease RM	Motor vehicles RM	Motor vehicles under hire-purchase RM	Work in-progress RM	Total RM
Balance as of 31 March 2008	452,969	920,458	305,651	111,002	284,519	-	2,074,599
Net book value							
As of 31 March 2007	122,869	816,797	431,709	299,492	88,474	-	1,759,341
As of 31 March 2008	118,539	1,198,447	521,665	114,764	1,096,346	413,317	3,463,078
The Company				Office equipment RM	Motor vehicles RM	Motor vehicles under hire-purchase RM	Total RM
Cost							
Balance as of 1 April 2006				36,328	494,999	-	531,327
Additions				-	-	95,470	95,470
Balance as of 31 March 2007				36,328	494,999	95,470	626,797
Disposals				-	(494,999)	-	(494,999)
Balance as of 31 March 2008				36,328	-	95,470	131,798
Accumulated depreciation							
Balance as of 1 April 2006				36,076	288,749	-	324,825
Charge for the year				252	66,250	6,996	73,498
Balance as of 31 March 2007				36,328	354,999	6,996	398,323
Charge for the year				-	-	10,494	10,494
Disposals				-	(354,999)	-	(354,999)
Balance as of 31 March 2008				36,328	-	17,490	53,818
Net book value							
Balance as of 31 March 2007				-	140,000	88,474	228,474
Balance as of 31 March 2008				-	-	77,980	77,980
(Forward)							

NOTES TO THE FINANCIAL STATEMENTS

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

During the current financial year,

- (i) the Group acquired property, plant and equipment at an aggregate cost of RM2,553,991 (2007: RM585,049), of which RM1,183,174 (2007: RM371,079) were acquired under hire-purchase and finance lease arrangements. Cash payments for the acquisition of property, plant and equipment amounted to RM1,370,817 (2007: RM213,970).
- (ii) the Company acquired property, plant and equipment at an aggregate cost of RMnil (2007: RM95,470), of which RMnil (2007: RM85,000) were acquired under a hire-purchase arrangement. Cash payments for the acquisition of property, plant and equipment amounted to RMnil (2007: RM10,470).

14. INVESTMENT PROPERTY

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

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

15. INVESTMENTS IN SUBSIDIARY COMPANIES

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

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

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

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

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Direct Subsidiary Companies	Effective Equity Interest		Principal Activities
	2008 %	2007 %	
Tresor Assets Berhad ^{π^}	100	-	A special purpose vehicle established to acquire a pool of eligible receivables from its immediate holding company and to issue ABS to fund the purchase of such receivables
R & R Music Sdn. Bhd. ^β	100	100	Dormant
#	Held indirectly through RCE Enterprise Sdn. Bhd.		
ψ	Held indirectly through RCE Resources Sdn. Bhd.		
π	Held indirectly through RCE Marketing Sdn. Bhd.		
β	Held indirectly through RCE Trading Sdn. Bhd.		
^	Audited by another firm of auditors.		

16. GOODWILL ON CONSOLIDATION

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

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

Allocation of goodwill to cash-generating units

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

- (i) Loan financing operations of RCE Enterprise Sdn Bhd (“RCEE”) and its subsidiary companies (“RCEE Group”) as a group CGU; and
- (ii) Factoring and confirming operations of RCEF as an individual CGU.

NOTES TO THE FINANCIAL STATEMENTS

16. GOODWILL ON CONSOLIDATION (CONT'D)

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

Key assumptions used in value-in-use calculations

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

17. LOAN RECEIVABLES

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

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

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

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

17. LOAN RECEIVABLES (CONT'D)

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

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

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

18. OTHER INVESTMENT

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

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

19. DEFERRED TAX

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

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

19. DEFERRED TAX (CONT'D)

Presented after appropriate offsetting as follows:

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

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

Deferred tax assets of the Group:

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

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

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

19. DEFERRED TAX (CONT'D)

Deferred tax liabilities of the Group:

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

20. SHORT-TERM INVESTMENTS

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

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

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

(a) Trade receivables comprise:

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

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

As at the balance sheet date, there are significant concentration of credit risk arising from the amounts owing by five (5) (2007: three (3)) major customers amounting to 68.56% (2007: 68.89%) of the total trade receivables. The extension of credits to and the repayments from these customers are closely monitored by the management to ensure that these customers adhere to the agreed credit terms and policies.

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

22. RELATED PARTY TRANSACTIONS

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

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

(a) Related party disclosures:

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

Name of related party	Relationship
AMDB Berhad ("AMDB") Corporateview Sdn. Bhd. ("CVSB") Melawangi Sdn. Bhd. ("MSB") Fulcrum Capital Sdn. Bhd. ("FCSB") (Forward)	Subsidiary companies of AmcorpGroup Berhad, a substantial shareholder of the Company.

NOTES TO THE FINANCIAL STATEMENTS

22. RELATED PARTY TRANSACTIONS (CONT'D)

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

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

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

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

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

22. RELATED PARTY TRANSACTIONS (CONT'D)

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

	The Company	
	2008 RM	2007 RM
Other related parties:		
Office rental payable to CVSB	21,000	36,000
Acquisition of 100% equity interest in RCE Factoring Sdn. Bhd. from AMDB	-	10,000,000
Staff costs payable to CVSB	-	600,000
	The Group	
	2008 RM	2007 RM
Other related parties:		
Information technology related services fees payable to:		
MCMC	570,161	-
ITCSB	10,878	-
Staff costs payable to CVSB	600,000	600,000
Air tickets purchase from HTSB	535,616	-
Arranger fee payable to AIBB	425,041	-
Rental fee payable to SKDSB	204,984	-
Insurance premium payable to AMAB	84,935	51,246
Rental payable to TESB	83,330	-
Service charges payable to MSB	53,213	53,213
Rental payable to CVSB	36,000	36,000
Acquisition of 100% equity interest in RCE Factoring Sdn. Bhd. from AMDB	-	10,000,000

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

22. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Compensation of key management personnel:

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

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

Included in the total key management personnel is:

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

23. SHARE CAPITAL

	The Group and The Company	
	2008 RM	2007 RM
Authorised:		
Ordinary shares of RM0.10 each		
At beginning of year	200,000,000	50,000,000
Created during the year	-	150,000,000
At end of year	200,000,000	200,000,000
Issued and fully paid:		
Ordinary shares of RM0.10 each		
At beginning of year	64,633,764	46,892,823
Issued during the year:		
Bonus issue	-	15,630,941
Private placement	-	2,110,000
	-	17,740,941
At end of year	64,633,764	64,633,764

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

NOTES TO THE FINANCIAL STATEMENTS

24. RESERVES

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

(a) Non-distributable reserve:

Share premium arose from the following:

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

(b) Distributable reserve:

Retained earnings

Distributable reserves are those available for distribution as dividends.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

25. HIRE-PURCHASE PAYABLES

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCE LEASE PAYABLES

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

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

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

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

27. BORROWINGS

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

NOTES TO THE FINANCIAL STATEMENTS

27. BORROWINGS (CONT'D)

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

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

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

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

27. BORROWINGS (CONT'D)

(a) Fixed Rate Medium Term Notes

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

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

The main features of the MTNs are as follows:

- (i) The maximum issue size of the RM420 million MTNs comprises:
- RM240 million Class A MTNs;
 - RM120 million Class B MTNs; and
 - RM60 million Class C MTNs.
- (ii) The MTNs were issued up to a maximum of six (6) tranches of RM70 million each ("Tranche") with each respective Tranche comprising the following:

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

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

27. BORROWINGS (CONT'D)

(a) Fixed Rate Medium Term Notes (Cont'd)

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

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

- (iv) All MTNs under Tranche A were issued at par.
- (v) The Class A MTNs and Class B MTNs issued under all subsequent Tranches were issued at par, premium or a discount to face value depending on the yield to maturity agreed with the private placement investor(s) at the time of issuance of each Tranche while Class C MTNs issued under all subsequent Tranches were issued at par.
- (vi) Each series of the MTNs under Class A MTNs and Class B MTNs bear a fixed coupon rates ranging from 6.25% to 9.00% per annum, payable semi-annually in arrears with the last coupon payment to be made on the respective maturity dates; and
- (vii) The Class C MTNs bear an initial fixed coupon rate at 15.00% per annum, but may be reset on the third and/or sixth anniversary from the issuance of the Class C MTNs at a new coupon rate to be determined between the Notesholders of the Class C MTNs and RCEA at the time the coupon rate is to be reset. The coupon payment under the Class C MTNs shall be calculated annually but payment is deferred until all Class A MTNs and Class B MTNs have been fully redeemed. The entire deferred Class C MTNs coupon payment will be paid in one lump sum.

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

27. BORROWINGS (CONT'D)

(a) Fixed Rate Medium Term Notes (Cont'd)

The MTNs are secured against the following:

- (i) A third party first legal charge by RCE Marketing Sdn. Bhd. ("RCEM"), the immediate holding company of RCEA, over the entire issued and paid-up share capital of RCEA;
- (ii) A debenture incorporating a first fixed and floating charge over the entire undertaking, property, assets and rights, both present and future of RCEA;
- (iii) An assignment of the rights, title, benefit and interest under the eligible receivables purchased by RCEA;
- (iv) An assignment over the present and future rights, title, benefit and interest in certain bank accounts of RCEA;
- (v) An undertaking from RCEM; and
- (vi) An irrevocable corporate guarantee from the Company.

(b) Fixed Rate Serial Bonds and Underwritten Commercial Papers

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

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

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

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

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

- (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.

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

27. BORROWINGS (CONT'D)

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

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

- (i) The CPs are negotiable non-interest bearing promissory notes issued at discount to its nominal value with a tenure of seven (7) years from the date of its first issuance;
- (ii) The CPs shall be issued for tenures of one, two, three, six, nine or twelve months, at the option of RCEP subject to the amount available pursuant to its reduction schedule below:

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

- (iii) Upon maturity of each of the CPs issued for tenures of one, two, three, six, nine or twelve months, RCEP has an option to redeem the CPs or to rollover the CPs previously issued;
- (iv) The frequency of interest or equivalent payment is dependent on the frequency of issuance of CPs by RCEP for maturities of one, two, three, six, nine, or twelve months at a discounted basis, which shall be payable in arrears upon the respective maturity dates of the CPs; and
- (v) The existing CPs issued bear interest rate at 5.75% (2007: 4.20% to 5.75%) per annum.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

27. BORROWINGS (CONT'D)

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

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

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

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

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

The main features of the ABS are as follows:

- (i) The maximum issue size of the RM1.5 billion ABS consists of a multiple series of Senior and Subordinated Bonds;
- (ii) The two ABS tranches of RM100 million each issued during the financial year are as follows:

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

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

27. BORROWINGS (CONT'D)

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

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

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

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

(v) The Subordinated Bonds issued under Tranche A and Tranche B bear a variable coupon rates and the coupon payment on the Subordinated Bonds shall be accrued on a semi-annual basis and payable in full or in part upon the full redemption of all Senior Bonds in Tranche A and Tranche B respectively.

The ABS are secured against the following:

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

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

(iii) An assignment of Servicing Agreement;

(iv) An assignment of Transaction Administration Agreement;

(v) An assignment of Administration Agreement; and

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

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

27. BORROWINGS (CONT'D)

(d) Term Loan 1 (Secured)

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

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

Term Loan 2 (Unsecured)

In 2006, an unsecured term loan of RM40 million was granted to RCEM pursuant to a Primary Collateralised Loan Obligation Transaction Facility Agreement ("Facility Agreement") entered into between RCEM, a third party and a financial institution. The said term loan bears interest at 7.13% per annum and has maturity period not exceeding five (5) years commencing from the date of drawdown of the facility and is repayable in one lump sum upon maturity.

Term Loan 3 (Unsecured)

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

(e) Revolving Credit 1 (Secured)

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

- (i) An irrevocable corporate guarantee by the Company;
- (ii) An assignment of rights, title, benefit, and interest of receivables under the agreement entered into between RCEM with Koperasi Wawasan Pekerja-Pekerja Berhad;
- (iii) An assignment of the sales proceeds of receivables sold by RCEM to RCEA;
- (iv) An irrevocable undertaking by RCEA; and
- (v) Pledge of RCEM's fixed deposit on lien.

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

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

27. BORROWINGS (CONT'D)

Revolving Credit 2 (Secured)

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

- (i) An irrevocable corporate guarantee by the Company;
- (ii) An assignment of rights, title, benefit, and interest of receivables under the agreement entered into between RCEM with Koperasi Wawasan Pekerja-Pekerja Berhad;
- (iii) An assignment of the sales proceeds of receivables sold by RCEM to RCEA;
- (iv) An irrevocable undertaking by RCEA; and
- (v) Pledge of RCEM's fixed deposit on lien.

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

Revolving Credit 3 (Secured)

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

- (i) An irrevocable corporate guarantee by the Company;
- (ii) An assignment of rights, title, benefit, and interest of receivables under the agreement entered into between RCEM with Koperasi Wawasan Pekerja-Pekerja Berhad;
- (iii) An assignment of the loan receivables that limit the Group and Company not exceeding the loan amount;
- (iv) An irrevocable undertaking by RCEM; and
- (v) An assignment of the designated account and all monies standing to the credit of the account.

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

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

27. BORROWINGS (CONT'D)

Revolving Credit 4 (Secured)

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

- (i) An irrevocable corporate guarantee by the Company;
- (ii) An assignment of rights, title, benefit, and interest of receivables under the agreement entered into between RCEM with Koperasi Wawasan Pekerja-Pekerja Berhad;
- (iii) An assignment of the loan receivables which contain covenants that require the subsidiary company to maintain minimum security coverage;
- (iv) An irrevocable undertaking by RCEM; and
- (v) An assignment of the designated account and all monies standing to the credit of the account.

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

Revolving Credit 5 (Secured)

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

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

Revolving Credit 6 (Unsecured)

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

- (i) An irrevocable corporate guarantee by the Company; and
- (ii) A negative pledge not to encumber or dispose of the subsidiary's assets.

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

Revolving Credit 7 (Unsecured)

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

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

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

27. BORROWINGS (CONT'D)

(f) Others

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

28. OTHER PAYABLES AND ACCRUED EXPENSES

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

Included in other payables of the Group are:

- (i) payment guarantee held by a subsidiary company in respect of a strategic alliance arrangement entered into with a co-operative of RM10,556,756 (2007: RM2,898,746);
- (ii) collections received on behalf of various co-operatives by a subsidiary company in its capacity as the collection and payment agent for those co-operatives of RM7,941,344 (2007: RM7,455,382); and
- (iii) amount owing to a related party relating to the purchase of information technology equipment totaling RM456,343 (2007: RM300,000).

29. CASH AND CASH EQUIVALENTS

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

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

29. CASH AND CASH EQUIVALENTS (CONT'D)

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

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

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

30. CAPITAL COMMITMENTS

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

31. CONTINGENT LIABILITIES

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

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

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

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

(i) Interest rate risk

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

The Group is exposed to interest rate risk mainly from differences in timing between the maturities or repricing 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.

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

The Group	Note	WAEIR %	Total RM	Maturity Profile		
				Within 1 Year RM	2-5 Years RM	After 5 Years RM
2008						
Fixed rate						
Loan receivables	17	16.11	681,086,159	71,737,200	281,442,761	327,906,198
Trade receivables	21	8.85	21,857,362	21,857,362	-	-
Hire-purchase payables	25	4.02	873,817	189,613	667,140	17,064
Finance lease payables	26	8.26	339,152	186,864	152,288	-
Term loans	27	8.72	80,000,000	-	80,000,000	-
MTNs	27	8.69	342,041,106	20,000,000	163,189,278	158,851,828
Bonds	27	7.91	25,000,000	10,000,000	15,000,000	-
ABS	27	7.13	184,000,000	20,000,000	107,000,000	57,000,000

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONT'D)

(i) Interest rate risk (Cont'd)

The Group 2008	Note	WAEIR %	Total RM	Maturity Profile		
				Within 1 Year RM	2-5 Years RM	After 5 Years RM
Floating rate						
Deposits with financial institutions	29	3.20	176,205,852	176,205,852	-	-
Term loan (secured)	27	8.25	10,750,616	1,984,728	7,938,912	826,976
Underwritten commercial papers	27	5.75	10,000,000	10,000,000	-	-
Revolving credit	27	6.64	71,000,000	71,000,000	-	-
Other bank borrowings *	27	2.83	2,931,853	2,931,853	-	-

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

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

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONT'D)

(i) Interest rate risk (Cont'd)

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

(ii) Credit risk

Loan financing services:

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

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

Factoring and confirming:

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

The information on significant concentration of credit risk is disclosed in Note 21(a).

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

(iii) Liquidity risk

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

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONT'D)

(iv) Fair values

Financial Assets

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

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

Financial Liabilities and Equity Instruments

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

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

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

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

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

		2008		2007	
	Note	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Financial Asset					
Investment in quoted REIT	18	31,557,173	30,505,268	31,557,173	31,557,173
Financial Liabilities					
Fixed rate MTNs (including accrued interest of RM6,603,008; 2007: RM6,436,860))	27	342,041,106	335,032,732	340,573,725	331,724,810
Fixed rate serial bonds	27	25,000,000	25,008,916	35,000,000	35,043,368
ABS (including accrued interest of RM1,786,381 (2007: RM nil))	27	184,000,000	184,033,058	-	-

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

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONT'D)

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

33. SUBSEQUENT EVENT

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

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

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

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

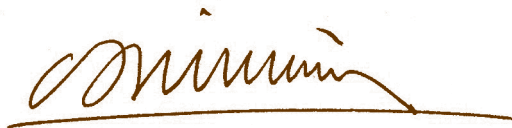
STATEMENT BY DIRECTORS

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

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



TAN SRI DATO' AZMAN HASHIM



SOO KIM WAI

Kuala Lumpur
26 May 2008

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

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



YAP CHOON SENG

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

Before me

COMMISSIONER FOR OATHS



AHMAD BIN BAKAR
COMMISSIONER FOR OATHS
(No. W 482)
LOT 2.42, TKT. 2, THE MALL
100 JLN. PUTRA, PUTRA PLACE
50350 KUALA LUMPUR
WILAYAH PERSEKUTUAN

ANALYSIS OF SHAREHOLDINGS

AS AT 30 JUNE 2008

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	145	1.62	6,865	0.00
100 to 1,000	678	7.58	546,622	0.08
1,001 to 10,000	5,199	58.11	28,696,603	4.03
10,001 to 100,000	2,574	28.77	84,373,296	11.87
100,001 to less than 5% of issued shares	348	3.89	237,167,085	33.36
5% and above of issued shares	3	0.03	360,180,869	50.66
Total	8,947	100.00	710,971,340	100.00

THIRTY LARGEST REGISTERED SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>- AmcorpGroup Berhad for Cempaka Empayar Sdn Bhd</i>	232,092,906	32.64
2.	Aras Kreatif Sdn Bhd	79,403,700	11.17
3.	Cempaka Empayar Sdn Bhd	48,684,263	6.85
4.	Blue Ribbon International Limited	21,847,000	3.07
5.	Kenanga Nominees (Tempatan) Sdn Bhd <i>- Pledged Securities Account for Irama Hasrat Sdn Bhd</i>	20,850,666	2.93
6.	HSBC Nominees (Asing) Sdn Bhd <i>- Exempt AN for The Hongkong and Shanghai Banking Corporation Limited</i>	17,000,000	2.39
7.	Mayban Nominees (Tempatan) Sdn Bhd <i>- Mayban Trustees Berhad for Public Aggressive Growth Fund</i>	7,095,900	1.00
8.	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>- Public Smallcap Fund</i>	5,956,200	0.84
9.	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>- Pledged Securities Account for Goh Kheng Peow</i>	5,800,000	0.82
10.	Irama Hasrat Sdn Bhd	5,058,200	0.71
11.	Mayban Nominees (Tempatan) Sdn Bhd <i>- Mayban Trustees Berhad for Public Balanced Fund</i>	5,000,000	0.70
12.	HSBC Nominees (Tempatan) Sdn Bhd <i>- HSBC (M) Trustee Bhd for OSK-UOB Thematic Growth Fund</i>	4,387,000	0.62
13.	AIBB Nominees (Tempatan) Sdn Bhd <i>- Pledged Securities Account for Wong Yee Hui</i>	4,345,800	0.61
14.	Citigroup Nominees (Asing) Sdn Bhd <i>- UBS AG Singapore for Tan Ah Ee</i>	4,130,666	0.58
15.	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>- PB Asia Equity Fund</i>	4,020,000	0.57
16.	Mayban Nominees (Tempatan) Sdn Bhd <i>- Mayban Trustees Berhad for Public Regular Savings Fund</i>	3,432,900	0.48

ANALYSIS OF SHAREHOLDINGS

AS AT 30 JUNE 2008

No.	Name of Shareholders	No. of Shares	%
17.	Soo Ngik Gee @ Soo Yeh Joo	2,955,000	0.42
18.	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Wong Yee Hui	2,868,700	0.40
19.	Public Invest Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yoong Fui Kien	2,785,000	0.39
20.	Cartaban Nominees (Tempatan) Sdn Bhd - Exempt AN for Allianz Life Insurance Malaysia Berhad	2,458,000	0.35
21.	Citigroup Nominees (Asing) Sdn Bhd - UBS AG for New Harbour Asia Fund (Master) Limited	2,368,700	0.33
22.	Choo Yoke Kuen	2,350,000	0.33
23.	Chow Soi Wah	2,320,000	0.33
24.	Yam Chee Kong	2,107,800	0.30
25.	HSBC Nominees (Asing) Sdn Bhd - TNTC for Ngee Ann Polytechnic	1,836,900	0.26
26.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for OSK-UOB Small Cap Opportunity Unit Trust	1,765,000	0.25
27.	Cartaban Nominees (Asing) Sdn Bhd - Credit Suisse Securities (Europe) Limited for Evenstar Master Fund SPC	1,731,100	0.24
28.	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Chee Peng Kong	1,710,000	0.24
29.	Ng Chee Seng	1,653,766	0.23
30.	Liew Sze Fook	1,610,900	0.23
Total		499,626,067	70.27

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Cempaka Empayar Sdn Bhd	280,777,169	39.49	-	-
Aras Kreatif Sdn Bhd	79,403,700	11.17	-	-
AmcorpGroup Berhad	-	-	280,777,169 ⁽¹⁾	39.49
Clear Goal Sdn Bhd	-	-	280,777,169 ⁽¹⁾	39.49
Tan Sri Dato' Azman Hashim	-	-	280,777,169 ⁽¹⁾	39.49
Mohamed Zamrus bin Ghazali	-	-	79,403,700 ⁽²⁾	11.17
Norsiha binti Othman	-	-	79,403,700 ⁽²⁾	11.17

Notes:

⁽¹⁾ Deemed interested by virtue of Section 6A of the Companies Act, 1965 through shareholdings in Cempaka Empayar Sdn Bhd.

⁽²⁾ Deemed interested by virtue of Section 6A of the Companies Act, 1965 through shareholdings in Aras Kreatif Sdn Bhd.

ANALYSIS OF SHAREHOLDINGS

AS AT 30 JUNE 2008

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Tan Sri Dato' Azman Hashim	-	-	280,777,169 *	39.49
Chew Keng Yong	963,600	0.14	-	-

Note:

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



RCE CAPITAL BERHAD

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

FORM OF PROXY

I/We _____ (NRIC No./Company No. : _____)

of _____

being a member/members of **RCE CAPITAL BERHAD**, hereby appoint _____

of _____

or failing him/her, _____

of _____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Fifty-Fourth Annual General Meeting of the Company to be held at Dewan AmBank Group, 7th Floor, Bangunan AmBank Group, 55, Jalan Raja Chulan, 50200 Kuala Lumpur on Wednesday, 27 August 2008 at 10.30 a.m. and at any adjournment thereof, in the manner as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended 31 March 2008 together with the Reports of the Directors and Auditors thereon.		
2.	To declare a Final Dividend of 10% less 25% income tax for the financial year ended 31 March 2008.		
3.	To re-elect Y. Bhg. Datuk Mohd Zaman Khan @ Hassan bin Rahim Khan as Director.		
4.	To re-elect Mr. Soo Kim Wai as Director.		
5.	To re-elect Encik Shahman Azman as Director.		
6.	To re-appoint Messrs Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	To approve the payment of Directors' fees.		
8.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
9.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
10.	Proposed Renewal of Share Buy-Back Authority.		

Please indicate with an "X" in the space provided above as to how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Dated this _____ day of _____, 2008

Number of Shares Held	CDS Account No.

Signature of Shareholder/Common Seal

Notes:

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

Please fold here

STAMP

The Company Secretary
RCE CAPITAL BERHAD (2444-M)
312, 3rd Floor, Block C
Kelana Square
17 Jalan SS 7/26
47301 Petaling Jaya
Selangor Darul Ehsan

Please fold here



RCE CAPITAL BERHAD

(Company No: 2444-M)

20th Floor, Bangunan AmAssurance
No. 1 Jalan Lumut
50400 Kuala Lumpur, Malaysia
Tel : 03-4047 0988 Fax : 03-4042 8877
www.rce.com.my