

AFFIN MONEYBROKERS SDN BHD (106666-U)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2007

AFFIN MONEYBROKERS SDN BHD
(Incorporated in Malaysia)

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AFFIN MONEYBROKERS SDN BHD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Company for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of a broker in the interbank foreign exchange and money market.

There have been no significant changes in the nature of these activities during the year.

RESULTS

RM

Profit for the year 1,331,644

There were no material transfers to or from reserves or provisions during the year other than as disclosed in the statements of changes in equity.

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

DIVIDEND

RM

The amount of dividends paid by the Company since 31 December 2007 were as follows:

In respect of the financial year ended 31 December 2007:
Interim dividend of 50% less 27% taxation, paid on 3 December 2007 365,000

The Company is not declaring any final dividend in respect of the financial year ended 31 December 2007.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Y Bhg. Tan Sri Dato' Nasruddin bin Bahari
 Mej.Gen (B) Datuk Ahmad Merican bin S.T.Merican
 Tuan Haji Mohd Mokhtar bin Ghazali
 Datuk Haji Abdul Aziz bin Ismail

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement, to which the Company was a party, whereby directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the director as shown in Note 21 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any 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.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and warrants of the Company and its related corporation were as follows:

	At 1.1.2007	Bought	Sold	At 31.12.2007
Affin Holdings Berhad:				
Tuan Haji Mohd Mokhtar bin Ghazali				
- ordinary shares of RM1 each	700,819	-	700,819	-
- warrants #	50,136	-	50,136	-
Datuk Haji Abdul Aziz bin Ismail				
- ordinary shares of RM1 each	15,000	-	-	15,000
- warrants	2,500	-	-	2,500
Y Bhg. Tan Sri Dato' Nasruddin bin Bahari				
- ordinary shares of RM1 each	30,000	-	-	30,000

DIRECTORS' INTERESTS (CONTD.)

As a result of Affin Holdings Berhad Rights Issue in June 2000.

OTHER STATUTORY INFORMATION

- (a) Before the income statement and balance sheet of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provisions for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might expect so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Company; and
 - (ii) the values attributed to current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION (CONTD.)

- (f) In the opinion of the directors:
- (i) 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 will or may affect the ability of the Company to meet its obligations as and when they fall due; and
 - (ii) 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 the operations of the Company for the financial year in which this report is made.

COMMENTARY OF BUSINESS PLANS

1. Business strategy for the current financial year (Year 2007)

The net brokerage income performance for the year 2007 is RM8,988,834. This performance is higher by RM469,260 or 5.5 per cent in comparison with the previous year 2006 of RM8,519,574.

The increase in net brokerage income against year 2006 is mainly due to higher brokerage income received from Foreign Exchange Spot and Forwards & ACU Sections and the success of the strategic plans implemented.

2. Outlook for the next financial year (Year 2008)

(i) Brokerage Liberalization Impact

With the liberalization of brokerage fees, effective April 2006, as outlined in the Financial Sectors Masterplan, competitive negotiations will continue to capture a larger financial market share and this invariable battle of discount will affect brokerage income.

(ii) E-broking

The eventual entry and acceptance by market participants of e-broking platforms will also have a negative impact on conventional voice broking. As witnessed in other major financial centers, the success of e-broking, especially in foreign exchange is extremely detrimental to voice broking. Bursa Malaysia will be implementing an electronic trading platform in early 2008 exclusively for the trading of Bonds. Although money-brokers are allowed to use the said platform, the eventual success of Bursa's platform will certainly erode the revenue earned in Bonds.

COMMENTARY OF BUSINESS PLANS (CONTD.)**2. Outlook for the next financial year (Year 2008) (Contd.)****(iii) Consolidation/Merger of Moneybrokers**

Due to liberalization of brokerage fee structure and the movement of staff, year 2007 has seen the merger of two broking money broking companies and the closure of one money broking company. Also two companies incurred losses for year 2006 with one just breaking-even. With escalating operational cost, and lower income potential, we foresee further mergers in the industry.

(iv) Consolidation of the Financial Industry

The consolidation of financial institutions to form Investment Banks has reduced market players thereby siphoning liquidity in the wholesale market. A further consolidation/merger of Investment Banks is a possibility that cannot be discounted. The Government's plan to establish large and well capitalized commercial banks to compete in the global market place may result in further mergers within the banking industry.

(v) Globalized Markets

The globalisation and liberalization of financial markets, as outlined in the Financial Sectors Masterplan, may see the entry of new banks in the domestic market place. Also, the entry of foreign moneybroking companies competing in the domestic market is a real threat.

(vi) Islamic Banking

The approval by Bank Negara Malaysia ("BNM") to issue the new Islamic Banking License will add greater depth to Islamic banking in the country. The expected growth of approval by Bank Negara Malaysia (BNM) to issue the new Islamic banking licenses will add greater depth to Islamic banking industry thereby paving the way to create an international centre for Islamic banking. The expected growth of Islamic banking products and services will have a tremendous positive effect on the domestic market.

(vii) New Market Participants

The greater dealing requirements of Insurance companies and the probable entry of large corporate bodies like Employees Provident Fund (EPF) and Petronas will be beneficial for the moneybroking industry.

COMMENTARY OF BUSINESS PLANS (CONTD.)

2. Outlook for the next financial year (Year 2008) (Contd.)

(viii) Strategic plan

With the possible consolidation or merger of moneybroking companies the total brokerage income potential will definitely increase. Currently, we are the only moneybroking company to have increased our paid-up capital to RM1 million, effective August 2006 and as such will be viewed favourably by our clients both domestically and internationally. To fully exploit the opportunity and achieve greater growth, the Company's strategy has been carefully considered and in certain areas already implemented. These plans include:

- (a) Enhancing the synergy at group level.
- (b) To finalize a strategic link with an international money broking company for the transfer of technology and professional expertise. This is essential to remain successful in an international environment.
- (c) Introduction of new products such as currency options, interest rate options and bond options.
- (d) Additional staff to increase efficiency.
- (e) Attractive and aggressive marketing plan.
- (f) Provide training to ensure staff are capable and competent.
- (g) A comprehensive performance based remuneration policy to retain and attract talented human capital.
- (h) The ability to provide e-broking services in the near future.

3. Corporate governance

(a) Board responsibility and oversight

The Board of Directors which comprises of four (4) non-executive directors with a wide range of experience and knowledge, has been instrumental in the formulation and crafting of the Company's vision and its strategic business direction.

The Board meets on a bi-monthly basis, to review the Company's financial and business performance, to oversee the conduct of the Company's business as well as to ensure that adequate internal control system are in place.

COMMENTARY OF BUSINESS PLANS (CONTD.)

3. Corporate governance (Contd.)

(b) Internal audit and internal control activities

The internal control systems are based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. The key processes that the Board has established in reviewing the adequacy and integrity of the internal control systems are as follows:

The Company has an organisation chart which clearly defines the responsibilities and accountabilities of the staff.

The Board of Directors meets bi-monthly to ensure that it maintains full and effective supervision over appropriate controls

A comprehensive budget and business strategy is established annually.

The Management meets every month to review, deliberate and approve matters relating to business strategy, performance of the Company, operational issues and financial position.

Continuous review by Internal Audit which is focussed on areas of significant risks and effectiveness of internal control in accordance to the approved Audit Plan.

Establishment of guidelines in respect of control applications and environment of computer information systems.

Establishment of system in maintaining and reviewing control accounts and trial balances.

(c) Management reports

The Management report is submitted to Affin Holding Bhd every month and tabled to the Board on bi-monthly basis.

AUDITORS

The auditors, Ernst & Young have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 February 2008.



Tuan Haji Mohd Mokhtar bin Ghazali



Datuk Haji Abdul Aziz bin Ismail

AFFIN MONEYBROKERS SDN BHD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Tuan Haji Mohd Mokhtar bin Ghazali and Datuk Haji Abdul Aziz bin Ismail, being two of the directors of Affin Moneybrokers Sdn. Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 11 to 37 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia modified by Bank Negara Malaysia guidelines so as to give a true and fair view of the financial position of the Company as at 31 December 2007 and of the results and the cash flows of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 February 2008.



Tuan Haji Mohd Mokhtar bin Ghazali



Datuk Haji Abdul Aziz bin Ismail

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

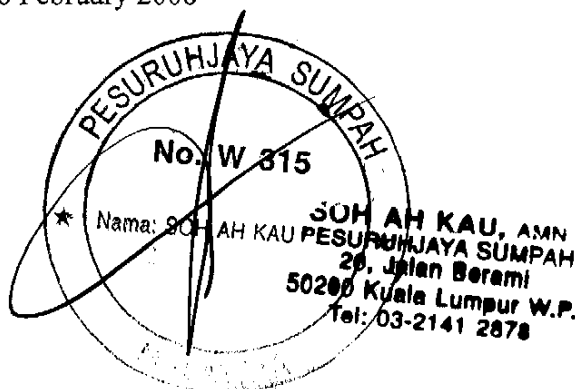
I, Chandra A/L K.V. Sreedharan Nair being the officer primarily responsible for the financial management of Affin Moneybrokers Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 11 to 37 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Chandra A/L K.V. Sreedharan
Nair at Kuala Lumpur in the Federal
Territory on 28 February 2008



Chandra A/L K.V. Sreedharan Nair

Before me:



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**REPORT OF THE AUDITORS TO THE MEMBERS OF
AFFIN MONEYBROKERS SDN BHD
(Incorporated in Malaysia)**

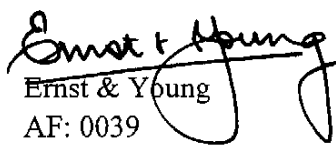
We have audited the financial statements set out on pages 11 to 37. These financial statements are the responsibility of the Company's directors.

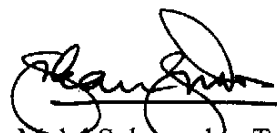
It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia modified by Bank Negara Malaysia guidelines so as to give a true and fair view of:
 - (i) the financial position of the Company as at 31 December 2007 and of the results and cash flows of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.


Ernst & Young
AF: 0039
Chartered Accountants


Mohd Sukarno bin Tun Sardon
No. 1697/03/09(J)
Partner

Kuala Lumpur, Malaysia
28 February 2008

AFFIN MONEYBROKERS SDN BHD
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 RM	2006 RM
Interest income	3	154,013	102,874
Non interest income	4	<u>8,979,627</u>	<u>8,612,792</u>
Net income		9,133,640	8,715,666
Other operating expenses	5	<u>(7,270,895)</u>	<u>(7,081,904)</u>
Profit before taxation		1,862,745	1,633,762
Taxation	6	<u>(531,101)</u>	<u>(602,200)</u>
Net profit for the year		<u>1,331,644</u>	<u>1,031,562</u>
Earnings per share (sen)	7	<u>1.33</u>	<u>2.21</u>

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

AFFIN MONEYBROKERS SDN BHD
(Incorporated in Malaysia)

BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	2007 RM	2006 RM
ASSETS			
Cash and short-term funds	8	1,065,648	1,138,976
Deposit placements with a licensed financial institution	9	4,000,000	2,571,861
Securities available-for-sale	10	46,640	40,900
Property, plant and equipment	11	942,345	1,355,864
Intangible assets	12	22,852	19,585
Trade receivables	13	1,156,193	1,076,443
Other assets	14	386,496	305,937
Amount due from related companies	15	58,184	70,221
Tax recoverable		-	51,826
TOTAL ASSETS		<u>7,678,358</u>	<u>6,631,613</u>
LIABILITIES AND SHAREHOLDER'S FUND			
Other liabilities	16	882,337	859,476
Taxation		107,500	-
Deferred taxation	17	102,000	157,000
Total liabilities		<u>1,091,837</u>	<u>1,016,476</u>
Share capital	19	1,000,000	1,000,000
Reserves	20	5,586,521	4,615,137
Shareholder's fund		<u>6,586,521</u>	<u>5,615,137</u>
TOTAL LIABILITIES AND SHAREHOLDER'S FUND		<u>7,678,358</u>	<u>6,631,613</u>

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

AFFIN MONEYBROKERS SDN BHD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Share Capital RM	Non-distributable Statutory Reserve RM	Equity Reserve RM	Distributable Retained Profit RM	Total RM
As at						
1 January 2006		200,000	200,000	(9,800)	4,469,375	4,859,575
Change in securities available for sale		-	-	2,000	-	2,000
Net profit for for the year		-	-	-	1,031,562	1,031,562
Transfer to deferred tax	17	-	-	2,000	-	2,000
Increase in share capital for the year		800,000	500,000	-	(500,000)	800,000
Dividend	18	-	-	-	(1,080,000)	(1,080,000)
At 31 December 2006		<u>1,000,000</u>	<u>700,000</u>	<u>(5,800)</u>	<u>3,920,937</u>	<u>5,615,137</u>
As at 1 January 2007		1,000,000	700,000	(5,800)	3,920,937	5,615,137
Change in securities available for sale		-	-	5,740	-	5,740
Net profit for the year		-	300,000	-	1,031,644	1,331,644
Transfer to deferred tax	17	-	-	(1,000)	-	(1,000)
Dividend	18	-	-	-	(365,000)	(365,000)
At 31 December 2007		<u>1,000,000</u>	<u>1,000,000</u>	<u>(1,060)</u>	<u>4,587,581</u>	<u>6,586,521</u>

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

AFFIN MONEYBROKERS SDN BHD
(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	2007	2006
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,862,745	1,633,762
Adjustments for:		
Depreciation of property, plant and equipment	376,836	371,463
Depreciation of intangible assets	5,783	3,317
Loss/(gain) on disposal of property, plant and equipment	27,207	(21,217)
Property, plant and equipment written off	-	620
(Recovery of impairment loss)/impairment loss	(37,924)	37,924
Interest income	(154,013)	(102,874)
Operating profit before working capital changes	<u>2,080,634</u>	<u>1,922,995</u>
(Increase)/decrease in operating assets		
Trade receivables	(79,750)	80,868
Related companies	12,037	(7,933)
Other assets	(80,559)	129,308
Increase/(decrease) in operating liabilities	<u>22,861</u>	<u>(17,934)</u>
Cash generated from operations	<u>1,955,223</u>	<u>2,107,304</u>
Tax paid	(427,775)	(632,200)
Interest received	<u>154,013</u>	<u>102,874</u>
Net cash generated from operating activities	<u>1,681,461</u>	<u>1,577,978</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(65,000)	(403,641)
Purchase of intangible assets	(9,050)	(22,902)
Proceeds from disposal of property, plant and equipment	<u>112,400</u>	<u>22,250</u>
Net cash generated from/(used in) investing activities	<u>38,350</u>	<u>(404,293)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(365,000)	(1,080,000)
Proceeds from issuance of shares	-	800,000
Net cash used in financing activities	<u>(365,000)</u>	<u>(280,000)</u>

AFFIN MONEYBROKERS SDN BHD
(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTD.)

	2007	2006
	RM	RM
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,354,811	893,685
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,710,837</u>	<u>2,817,152</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>5,065,648</u>	<u>3,710,837</u>

Cash and cash equivalents comprise the following:

Deposit placements with a licensed financial institution	4,000,000	2,571,861
Cash and short-term funds	<u>1,065,648</u>	<u>1,138,976</u>
	<u>5,065,648</u>	<u>3,710,837</u>

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

AFFIN MONEYBROKERS SDN BHD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

1. CORPORATE INFORMATION

The principal activities of the Company are that of a broker in the interbank foreign exchange and money market. There has been no significant changes in the nature of the principal activities during the financial year.

The Company is a private limited company, incorporated and domiciled in Malaysia. The registered office is located at C15-1, Level 15 Tower C, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur. The principal place at which business is carried on is located at Level 25, Menara Boustead, Jalan Raja Chulan, 50200 Kuala Lumpur.

The number of employees in the Company at the end of the financial year was 47 (2006: 44).

The immediate holding company is Affin Holdings Berhad and the ultimate holding corporate body is Lembaga Tabung Angkatan Tentera (LTAT), a corporate body established under the Tabung Angkatan Tentera Act 1973. Both the holding company and the corporate body are incorporated and domiciled in Malaysia.

The financial statements were authorised for issue by Bank Negara Malaysia via its letter dated 19 February 2008 and by the Board of Directors in accordance with a resolution of the directors on 28 February 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Company have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies in accordance with the applicable Financial Reporting Standards in Malaysia modified by Bank Negara Malaysia guidelines and the provisions of the Companies Act, 1965.

The financial statements are expressed in Ringgit Malaysia.