

RCE CAPITAL BERHAD
(Company No. 2444-M)

QUARTERLY REPORT

Summary of Key Financial Information for the financial period ended 30 June 2005

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---------------------------|------------------------|---------------------------|------------|
| | 30/06/2005 | 30/06/2004 | 30/06/2005 | 30/06/2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| 1. Revenue | 11,025 | 13,304 | 11,025 | 13,304 |
| 2. Profit before taxation | 8,102 | 5,321 | 8,102 | 5,321 |
| 3. Profit after taxation and minority interest | 4,700 | 3,126 | 4,700 | 3,126 |
| 4. Net profit for the period | 4,700 | 3,126 | 4,700 | 3,126 |
| 5. Basic earnings per share (sen) | 1.17 | 0.78 | 1.17 | 0.78 |
| 6. Dividend per share (sen) | - | - | - | - |
| | | | | |
| | | AS AT END OF | AS AT PRECEDING | |
| | | CURRENT QUARTER | FINANCIAL YEAR END | |
| 7. Net tangible assets per share (RM) | | 0.11 | | 0.10 |

Part A3 : ADDITIONAL INFORMATION

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---------------------------|---------------------------|------------|---------------------------|------------|
| | 30/06/2005 | 30/06/2004 | 30/06/2005 | 30/06/2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| 1. Profit from operations | 8,160 | 5,402 | 8,160 | 5,402 |
| 2. Gross interest income | 55 | 146 | 55 | 146 |
| 3. Gross interest expense | 58 | 81 | 58 | 81 |

Quarterly report on consolidated results of the Group for the first financial quarter ended 30 June 2005
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 30/06/2005 RM'000 | 30/06/2004 RM'000 | 30/06/2005 RM'000 | 30/06/2004 RM'000 |
| Revenue | 11,025 | 13,304 | 11,025 | 13,304 |
| Waiver of advances by related company | 1,550 | - | 1,550 | - |
| Other operating income | 252 | 881 | 252 | 881 |
| Staff costs | (283) | (2,289) | (283) | (2,289) |
| Depreciation of property, plant and equipment | (96) | (295) | (96) | (295) |
| Other operating expenses | (4,288) | (6,199) | (4,288) | (6,199) |
| Profit from operations | 8,160 | 5,402 | 8,160 | 5,402 |
| Finance costs | (58) | (81) | (58) | (81) |
| Profit before taxation | 8,102 | 5,321 | 8,102 | 5,321 |
| Taxation | (2,739) | (1,608) | (2,739) | (1,608) |
| Profit after taxation | 5,363 | 3,713 | 5,363 | 3,713 |
| Minority interests | (663) | (587) | (663) | (587) |
| Net profit for the period | 4,700 | 3,126 | 4,700 | 3,126 |
| Earnings per share (sen) | | | | |
| Basic | 1.17 | 0.78 | 1.17 | 0.78 |
| Fully diluted | n/a | n/a | n/a | n/a |

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the Year Ended 31 March 2005)

RCE CAPITAL BERHAD
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CONDENSED CONSOLIDATED BALANCE SHEET

| | AS AT 30/06/2005 RM'000 | AS AT 31/03/2005 RM'000 |
|--|--|--|
| PROPERTY, PLANT AND EQUIPMENT | 10,299 | 10,079 |
| GOODWILL ON CONSOLIDATION | 19,002 | 19,002 |
| LOANS AND HIRE PURCHASE RECEIVABLES | 56,368 | 59,598 |
| LONG TERM INVESTMENT | 29,199 | 29,199 |
| DEFERRED TAX ASSETS | 5,056 | 4,000 |
| CURRENT ASSETS | | |
| Loans and hire-purchase receivables | 12,681 | 10,505 |
| Other receivables and prepaid expenses | 12,165 | 5,762 |
| Fixed deposits with licensed banks | 12,768 | 14,565 |
| Cash and bank balances | 2,389 | 4,187 |
| | 40,003 | 35,019 |
| CURRENT LIABILITIES | | |
| Payables and accrued expenses | 14,674 | 12,753 |
| Hire purchase creditors | 48 | 63 |
| Borrowings | 669 | 7,780 |
| Taxation | 5,058 | 2,186 |
| | 20,449 | 22,782 |
| NET CURRENT ASSETS | 19,554 | 12,237 |
| LONG-TERM AND DEFERRED LIABILITIES | | |
| Hire purchase creditors | 103 | 103 |
| Borrowings | 2,500 | 2,500 |
| Bonds and commercial papers | 70,000 | 70,000 |
| Deferred taxation | 11 | 11 |
| | (72,614) | (72,614) |
| MINORITY INTERESTS | (3,797) | (3,134) |
| | 63,067 | 58,367 |
| FINANCED BY:- | | |
| SHARE CAPITAL | 40,151 | 40,151 |
| RESERVES | 2,155 | 2,155 |
| RETAINED PROFITS | 20,761 | 16,061 |
| SHAREHOLDERS' EQUITY | 63,067 | 58,367 |
| NET TANGIBLE ASSETS PER SHARE (RM) | 0.11 | 0.10 |

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the Year Ended 31 March 2005)

**RCE CAPITAL BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share Capital RM '000 | Revaluation Reserve RM '000 | Reserve on Consolidation RM '000 | Translation Reserve RM '000 | Retained Profits RM '000 | Total RM '000 |
|---|--------------------------------------|--|---|--|---|--------------------------|
| <u>As at 30 June 2005</u> | | | | | | |
| Balance as at 1 April, 2005 | 40,151 | - | 2,155 | - | 16,061 | 58,367 |
| Net profit for the period | - | - | - | - | 4,700 | 4,700 |
| Balance as at 30 June 2005 | <u>40,151</u> | <u>-</u> | <u>2,155 #</u> | <u>-</u> | <u>20,761</u> | <u>63,067</u> |
| <u>As at 30 June 2004</u> | | | | | | |
| Balance as at 1 April, 2004 | 40,151 | 1,718 | 1,440 | (13) | 1,174 | 44,470 |
| Net profit for the period | - | - | - | - | 3,126 | 3,126 |
| Foreign exchange translation difference | - | - | - | 10 | - | 10 |
| Balance as at 30 June 2004 | <u>40,151</u> | <u>1,718</u> | <u>1,440 #</u> | <u>(3)#</u> | <u>4,300 #</u> | <u>47,606</u> |

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 March 2005)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | CUMULATIVE QUARTER 30/06/2005 RM'000 | CUMULATIVE QUARTER 30/06/2004 RM'000 |
|---|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 8,102 | 5,321 |
| Adjustment for: | | |
| Depreciation of property, plant and equipment | 96 | 295 |
| Allowance for doubtful debts | 320 | 3 |
| Finance costs | 1,120 | 457 |
| Interest income | (55) | (615) |
| Gain on disposal of property, plant and equipment | - | (60) |
| Bad debts recovered | (184) | (177) |
| Waiver of advances by a related company | (1,550) | - |
| Operating profit before working capital changes | <u>7,849</u> | <u>5,224</u> |
| (Increase)/Decrease in: | | |
| Other receivables and prepaid expenses | (6,216) | 442 |
| Loan and hire purchase receivables | 919 | (2,636) |
| Increase/(Decrease) in: | | |
| Payables and accrued expenses | 3,470 | (2,134) |
| Cash Generated From Operations | <u>6,022</u> | <u>896</u> |
| Finance costs paid | (1,062) | - |
| Tax paid | (1,108) | (1,627) |
| Net Cash From / (Used In) Operating Activities | <u>3,852</u> | <u>(731)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (317) | (48) |
| Interest received | 55 | 259 |
| Amount owing by other related parties | - | (470) |
| Proceeds from disposal of property, plant and equipment | - | 60 |
| Net Cash Used In Investing Activities | <u>(262)</u> | <u>(199)</u> |

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | CUMULATIVE QUARTER 30/06/2005 RM'000 | CUMULATIVE QUARTER 30/06/2004 RM'000 |
|---|---|---|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Drawdown of commercial papers | 3,000 | - |
| Redemption of commercial papers | (10,000) | |
| Repayment of term loans | - | (1,434) |
| Repayment of hire-purchase creditors | (15) | (26) |
| Finance costs paid | (58) | (50) |
| Net Cash Used In Financing Activities | <u>(7,073)</u> | <u>(1,510)</u> |
| Net decrease in cash and cash equivalents | (3,483) | (2,440) |
| Cash and cash equivalents at beginning of financial period | 17,971 | 12,412 |
| Cash and cash equivalents at end of financial period | <u><u>14,488</u></u> | <u><u>9,972</u></u> |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD COMPRISE THE FOLLOWING: | | |
| Cash and bank balances | 2,389 | 6,477 |
| Fixed deposit with licensed bank | 12,768 | 4,107 |
| Bank overdrafts | (669) | (612) |
| | <u><u>14,488</u></u> | <u><u>9,972</u></u> |

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the Year Ended 31 March 2005)

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NOTES

1. BASIS OF PREPARATION

This interim report is unaudited and has been prepared in accordance with FRS 134 “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group’s annual audited financial statements for the year ended 31 March 2005.

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual audited financial statements for the year ended 31 March 2005.

2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

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

3. SEASONALITY AND CYCLICALITY FACTORS

The Group’s operations were not materially affected by seasonal or cyclical factors.

4. UNUSUAL ITEMS

There were no unusual items in the quarterly financial statement under review.

5. CHANGES IN ESTIMATES

There was no significant change in estimates of amounts reported in current financial period or in previous financial year.

6. DEBT AND EQUITY SECURITIES

During the current quarter under review, RCE Premier Sdn Bhd, a subsidiary of the Company, redeemed its Commercial Papers (“CP”) totaling RM10 million which matured for rollover on 20 April 2005 and 27 May 2005. On 9 May 2005, RCEP issued a fresh RM3 million of its CP for the working capital requirement of the Group.

Other than as disclosed above, there were no issuance, cancellations, repurchases, resale and repayment of either debts or equity security during the financial period ended 30 June 2005.

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7. DIVIDEND

No dividend has been recommended by the Directors or paid for the financial period ended 30 June 2005.

8. SEGMENTAL INFORMATION

Segmental revenue and results for the financial period ended 30 June 2005 were as follows:

| | Investment holding & mgmt services RM'000 | Loan Financing RM'000 | Others RM'000 | Eliminations RM'000 | Group RM'000 |
|---------------------------|---|-----------------------------|------------------|------------------------|-----------------|
| Revenue | | | | | |
| Total sales | 401 | 10,624 | - | - | 11,025 |
| Intersegment sales | 533 | - | - | (533) | - |
| | <u>934</u> | <u>10,624</u> | <u>-</u> | <u>(533)</u> | <u>11,025</u> |
| Results | | | | | |
| Profit from operations | 455 | 6,155 | 1,550 | - | 8,160 |
| Finance costs | | | | | (58) |
| Profit before taxation | | | | | <u>8,102</u> |
| Taxation | | | | | <u>(2,739)</u> |
| Profit after taxation | | | | | <u>5,363</u> |
| Minority interests | | | | | <u>(663)</u> |
| Net profit for the period | | | | | <u>4,700</u> |
| Other Information: | | | | | |
| Depreciation | 53 | 43 | - | - | 96 |

9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The valuations of property, plants and equipments have been brought forward, without amendment from the previous annual financial statements.

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NOTES

10. MATERIAL SUBSEQUENT EVENTS

As at the date of this report, there were no events subsequent to the end of the period reported that materially affect the results of the Group for the financial period ended 30 June 2005.

11. CHANGES IN THE COMPOSITION OF THE GROUP

On 1 July 2005, RCE Marketing Sdn Bhd, a subsidiary of the Company, acquired the entire issued and paid-up capital of RCE Advance Sdn Bhd (formerly known as Perfect Aspiration Sdn Bhd) comprising two (2) ordinary shares of RM1.00 each, for cash consideration of RM2.00.

12. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP FOR THE PERIOD

For the current financial period ended 30 June 2005, the Group recorded lower revenue of RM11.0 million compared to the previous year's corresponding period revenue of RM13.3 million. The previous year's corresponding period took into account revenue of RM8.2 million from a subsidiary, Pos Ad Sdn Bhd, which has since been disposed on 16 July 2004.

Without taking into consideration the revenue contribution from Pos Ad Sdn Bhd in the previous year's corresponding period, the revenue for the current financial period would show an improvement of RM5.9 million. The revenue contribution is from its loan financing operations.

Profit before tax the current financial period ended 30 June 2005 was RM8.1 million. This is higher than RM5.3 million recorded for the corresponding period in the previous year. The improvement was mainly attributed to contribution from its loan financing operations, waiver of advances by a related company, and savings in staff costs and operating expenses after the disposal of Pos Ad Sdn Bhd.

13. CHANGES IN QUARTERLY RESULTS COMPARED TO PRECEDING QUARTER

For the current quarter under review, the Group recorded lower revenue of RM11.0 million compared to RM12.6 million in the preceding quarter. The decrease was mainly due to dividend income of RM1.2 million received in the preceding quarter from its investment in AmFirst Property Trust.

Profit before tax for the current quarter was RM8.1 million, higher than the preceding quarter of RM2.9 million. The increase was mainly attributed to waiver of advances by a related company in the current quarter and higher provision for doubtful debts in the preceding quarter.

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14. CURRENT YEAR PROSPECTS

Building on the favourable loan growth of the Group's loan financing operations in the current financial period under review and barring any unforeseen circumstances, the Group expects to improve its performance for the financial year ending 31 March 2006.

15. PROFIT FORECAST

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

16. TAXATION

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|-----------------------|---------------------------|----------------|---------------------------|----------------|
| | 30/6/2005 | 30/6/2004 | 30/6/2005 | 30/6/2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current year taxation | (3,795) | (1,608) | (3,795) | (1,608) |
| Deferred taxation | 1,056 | - | 1,056 | - |
| | (2,739) | (1,608) | (2,739) | (1,608) |

The effective tax rate of the Group is higher than the statutory income tax rate for both the current and previous year corresponding quarter mainly due to the non-deductibility of certain expenses for taxation purposes.

The deferred taxation of the Group is in respect of recognition of deferred tax assets arising from deductible timing differences.

17. UNQUOTED INVESTMENTS AND PROPERTIES

There were no sale of unquoted investment and properties by the Group for the financial period ended 30 June 2005.

18. QUOTED SECURITIES

a) Investment in quoted property trust units as at 30 June 2005:-

| | CUMULATIVE QUARTER RM'000 |
|-------------------------------------|--|
| Investment at cost | 29,199 |
| Investment at carrying / book value | 29,199 |
| Investment at market value | 33,287 |

b) There were no investment in quoted shares as at 30 June 2005.

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19. STATUS OF CORPORATE PROPOSAL ANNOUNCED

- a) On 29 April 2005, RCE Synergy Sdn Bhd (formerly known as Verbundsoft Sdn Bhd), a wholly-owned subsidiary of the Company, entered into a Conditional Sale and Purchase Agreement with AMDB Berhad (“AMDB”) for the acquisition of 29,064,452 units in AmFirst Property Trust from AMDB for a cash consideration of RM31,970,897.20 (“Proposed Acquisition”).

The Proposed Acquisition is conditional upon the following approvals being obtained:-

- i) Shareholders of the Company and AMDB in their respective Extraordinary General Meeting (“EGM”);
- ii) Any other relevant authorities / parties.

Respectively, AMDB and the Company obtained their shareholders’ approval in their EGM held on 11 August 2005 and 25 August 2005.

- b) On 24 June 2005, Effusion.Com Sdn Bhd (“ECSB”), a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement (“SPA”) with ABI’s Land and Properties Sdn Bhd (“ABILP”) to dispose of its freehold land measuring approximately 30,870 sq.ft in the Town and District of Kuala Lumpur to ABILP, for a cash consideration of RM7,717,500 (the “Proposed Disposal”).

A sum of RM771,750, representing 10% of the sale consideration has been paid by ABILP and the balance sum of RM6,945,750, representing 90% of the sale consideration will be paid upon completion of the SPA.

The proceeds from the Proposed Disposal will be utilized for the Group’s working capital purposes.

20. GROUP BORROWINGS

Total bank borrowings (all denominated in Ringgit Malaysia) of the Group as at 30 June 2005 are as follows:

| | Long Term RM'000 | Short Term RM'000 |
|----------------------------------|---------------------|----------------------|
| Bank Borrowings - Secured | | |
| - Fixed Rate Serial Bonds | 45,000 | - |
| - Underwritten Commercial Papers | 25,000 | - |
| - Revolving Credit | 2,000 | - |
| - Bank Overdraft | - | 669 |
| Bank Borrowings - Unsecured | | |
| - Revolving Credit | 500 | - |
| | <u>72,500</u> | <u>669</u> |

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21. CONTINGENT LIABILITIES

There were no changes in contingent liabilities since the last annual balance sheet as at 31 March 2005.

22. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There is no off balance sheet financial instrument at the date of this report.

23. MATERIAL LITIGATION

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

24. EARNINGS PER SHARE

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---------------------------|---------|---------------------------|---------|
| | 30/6/05 | 30/6/04 | 30/6/05 | 30/6/04 |
| Basic earnings per share: | | | | |
| Net profit for the period (RM'000) | 4,700 | 3,126 | 4,700 | 3,126 |
| Number of ordinary shares in issue ('000) | 401,513 | 401,513 | 401,513 | 401,513 |
| Basic earnings per share (sen) | 1.17 | 0.78 | 1.17 | 0.78 |

Comparative earnings per share were calculated on the basis that the share split was in effect throughout the financial year.

The Company does not have in issue any financial instruments or other contract that may entitle its holder to ordinary shares and therefore dilutive to its basic earnings per share.

BY ORDER OF THE BOARD

JOHNSON YAP CHOON SENG
Company Secretary
Date: 25 August 2005