



Quarterly report on consolidated results of the Group for the third financial quarter ended 31 December 2005  
The figures have not been audited.

### CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31/12/2005 RM'000	31/12/2004 RM'000	31/12/2005 RM'000	31/12/2004 RM'000
Revenue	14,748	11,285	38,543	31,954
Waiver of advances by related company	-	3,940	1,550	3,940
Other operating income	277	256	999	1,851
Staff costs	(452)	(323)	(1,341)	(3,205)
Depreciation of property, plant and equipment	(114)	(76)	(315)	(472)
Other operating expenses	(10,553)	(10,579)	(22,078)	(18,949)
<b>Profit from operations</b>	<b>3,906</b>	<b>4,503</b>	<b>17,358</b>	<b>15,119</b>
Gain on disposal of subsidiary company	-	-	-	1,333
Finance costs	(656)	(199)	(879)	(432)
<b>Profit before taxation</b>	<b>3,250</b>	<b>4,304</b>	<b>16,479</b>	<b>16,020</b>
Taxation	850	(1,496)	(2,201)	(5,261)
<b>Profit after taxation</b>	<b>4,100</b>	<b>2,808</b>	<b>14,278</b>	<b>10,759</b>
Minority interests	(570)	(456)	(1,833)	(1,410)
<b>Net profit for the period</b>	<b>3,530</b>	<b>2,352</b>	<b>12,445</b>	<b>9,349</b>
Earnings per share (sen)				
Basic	<b>0.88</b>	0.59	<b>3.10</b>	2.33
Fully diluted	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

(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**  
**(COMPANY NO. 2444-M)**  
**QUARTERLY REPORT**

**CONDENSED CONSOLIDATED BALANCE SHEET**

	<b>AS AT</b> <b>31/12/2005</b> <b>RM'000</b>	<b>AS AT</b> <b>31/03/2005</b> <b>RM'000</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>10,730</b>	10,079
<b>GOODWILL ON CONSOLIDATION</b>	<b>19,002</b>	19,002
<b>LOANS AND HIRE PURCHASE RECEIVABLES</b>	<b>173,187</b>	59,598
<b>LONG TERM INVESTMENT</b>	<b>61,170</b>	29,199
<b>INVESTMENT IN UNQUOTED CORPORATE BONDS</b>	<b>4,000</b>	-
<b>DEFERRED TAX ASSETS</b>	<b>6,276</b>	4,000
<b>CURRENT ASSETS</b>		
Loans and hire-purchase receivables	<b>12,863</b>	10,505
Other receivables and prepaid expenses	<b>6,244</b>	5,762
Fixed deposits with licensed banks	<b>40,655</b>	14,565
Cash and bank balances	<b>12,384</b>	4,187
	<b>72,146</b>	35,019
<b>CURRENT LIABILITIES</b>		
Payables and accrued expenses	<b>34,840</b>	12,753
Hire purchase creditors	<b>53</b>	63
Borrowings	<b>2,000</b>	7,780
Taxation	<b>3,291</b>	2,186
	<b>40,184</b>	22,782
<b>NET CURRENT ASSETS</b>	<b>31,962</b>	12,237
<b>LONG-TERM AND DEFERRED LIABILITIES</b>		
Hire purchase creditors	<b>66</b>	103
Borrowings	<b>102,471</b>	2,500
Bonds and commercial papers	<b>68,000</b>	70,000
Medium Term Notes	<b>60,000</b>	-
Deferred taxation	<b>11</b>	11
	<b>(230,548)</b>	(72,614)
	<b>75,779</b>	61,501
<b>FINANCED BY:-</b>		
SHARE CAPITAL	<b>40,151</b>	40,151
RESERVES	<b>30,661</b>	18,216
	<b>70,812</b>	58,367
MINORITY INTERESTS	<b>4,967</b>	3,134
SHAREHOLDERS' EQUITY	<b>75,779</b>	61,501
<b>NET ASSETS PER SHARE (RM)</b>	<b>0.19</b>	0.15
<b>NET TANGIBLE ASSETS PER SHARE (RM)</b>	<b>0.13</b>	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**

	<b>Share Capital RM '000</b>	<b>Revaluation Reserve RM '000</b>	<b>Reserve on Consolidation RM '000</b>	<b>Translation Reserve RM '000</b>	<b>Retained Profits RM '000</b>	<b>Total RM '000</b>
<b><u>As at 31 December 2005</u></b>						
Balance as at 1 April, 2005	40,151	-	2,155	-	16,061	58,367
Net profit for the period	-	-	-	-	12,445	12,445
Balance as at 31 December 2005	<u>40,151</u>	<u>-</u>	<u>2,155 #</u>	<u>-</u>	<u>28,506</u>	<u>70,812</u>
<b><u>As at 31 December 2004</u></b>						
Balance as at 1 April, 2004	40,151	1,718	1,440	(13)	1,174	44,470
Acquisition of a subsidiary	-	-	715	-	-	715
Net profit for the period	-	-	-	-	9,349	9,349
Foreign exchange translation difference	-	-	-	13	-	13
Balance as at 31 December 2004	<u>40,151</u>	<u>1,718</u>	<u>2,155 #</u>	<u>- #</u>	<u>10,523 #</u>	<u>54,547</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)

**RCE CAPITAL BERHAD**  
**(COMPANY NO. 2444-M)**  
**QUARTERLY REPORT**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>CUMULATIVE QUARTER 31/12/2005 RM'000</b>	<b>CUMULATIVE QUARTER 31/12/2004 RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	<b>16,479</b>	16,020
Adjustment for:		
Depreciation of property, plant and equipment	<b>315</b>	472
Allowance for doubtful debts	<b>10,779</b>	7,098
Finance costs	<b>5,195</b>	2,592
Interest income	<b>(237)</b>	(1,265)
Gain on disposal of property, plant and equipment	<b>(1)</b>	(59)
Gain on disposal of a subsidiary company	<b>-</b>	(1,333)
Gain on disposal of corporate bonds	<b>-</b>	(39)
Bad debts recovered	<b>(755)</b>	(453)
Waiver of advances by a related company	<b>(1,550)</b>	(3,940)
Dividend income	<b>(1,133)</b>	-
Operating profit before working capital changes	<b>29,092</b>	19,093
(Increase)/Decrease in:		
Loan and hire purchase receivables	<b>(125,972)</b>	(41,381)
Other receivables and prepaid expenses	<b>635</b>	40,324
Increase/(Decrease) in:		
Payables and accrued expenses	<b>23,747</b>	(12,943)
Cash Generated From / (Used In) Operations	<b>(72,498)</b>	5,093
Tax refund	<b>193</b>	-
Finance costs paid	<b>(4,316)</b>	(520)
Tax paid	<b>(4,681)</b>	(4,942)
Net Cash Used In Operating Activities	<b>(81,302)</b>	(369)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property trust units	<b>(31,971)</b>	-
Subscription of corporate bonds	<b>(4,000)</b>	-
Addition to property, plant and equipment	<b>(968)</b>	(277)
Interest received	<b>237</b>	387
Proceeds from disposal of subsidiary company-net of cash	<b>-</b>	9,900
Proceeds from disposal of corporate bonds	<b>-</b>	5,333
Proceeds from disposal of property, plant and equipment	<b>4</b>	61
Dividend received	<b>1,022</b>	715
Net Cash From / (Used In) Investing Activities	<b>(35,676)</b>	16,119

**RCE CAPITAL BERHAD**  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>CUMULATIVE QUARTER 31/12/2005 RM'000</b>	<b>CUMULATIVE QUARTER 31/12/2004 RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance / (Redemption) of commercial papers	(7,000)	27,000
Drawdown of bonds	-	45,000
Drawdown of medium term notes	60,000	-
Drawdown of borrowings	101,971	-
Repayment of borrowings	(2,000)	(31,347)
Redemption of preference shares	-	(60,497)
Repayment of hire-purchase creditors	(46)	(65)
Finance costs paid	(879)	(491)
Net Cash From / (Used In) Financing Activities	<u>152,046</u>	<u>(20,400)</u>
Net increase / (decrease) in cash and cash equivalents	35,068	(4,650)
Cash and cash equivalents at beginning of financial period	17,971	12,412
Cash and cash equivalents at end of financial period	<u>53,039</u>	<u>7,762</u>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD COMPRISE THE FOLLOWING:</b>		
Cash and bank balances	12,384	843
Fixed deposit with licensed banks	40,655	7,672
Bank overdrafts	-	(753)
	<u>53,039</u>	<u>7,762</u>

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

**RCE CAPITAL BERHAD**  
**(Company No. 2444-M)**  
**QUARTERLY REPORT**

**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 prior interim periods of the current financial period or in previous financial year.



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**6. DEBT AND EQUITY SECURITIES**

There were no issuance, cancellations, repurchases, resale and repayment of equity security during the financial period ended 31 December 2005 except for the following:-

- a) Issuance and repayment of the Underwritten Commercial Papers (“CPs”) by RCE Premier Sdn Bhd, a subsidiary of the Company, as follow:-

	<b>CURRENT QUARTER RM'000</b>	<b>CUMULATIVE QUARTER RM'000</b>
Issuance of CPs	-	10,000
Redemption of CPs upon maturity for rollover	4,000	17,000

- b) Issuance of Fixed Rate Medium Term Notes (“MTN”) of RM70 million by RCE Advance Sdn Bhd (formerly known as Perfect Aspiration Sdn Bhd), a subsidiary of the Company on 19 December 2005 of which RM10 million out of the RM70 million MTN was subscribed internally by a subsidiary of the Company.

**7. DIVIDEND**

No dividend has been recommended by the Directors or paid for the financial period ended 31 December 2005.

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**8. SEGMENTAL INFORMATION**

Segmental revenue and results for the financial period ended 31 December 2005 were as follows:

	Investment holding & mgmt services RM'000	Loan Financing RM'000	Others RM'000	Eliminations RM'000	Group RM'000
<b>Revenue</b>					
Total turnover	1,165	37,378	-	-	38,543
Intersegment turnover	2,326	-	-	(2,326)	-
	<u>3,491</u>	<u>37,378</u>	<u>-</u>	<u>(2,326)</u>	<u>38,543</u>
<b>Results</b>					
Profit/(loss) from operations	(1,243)	17,053	1,548	-	17,358
Finance costs					(879)
Profit before taxation					<u>16,479</u>
Taxation					<u>(2,201)</u>
Profit after taxation					14,278
Minority interests					<u>(1,833)</u>
Net profit for the period					<u>12,445</u>
<b>Other Information:</b>					
Depreciation	96	219	-	-	315

**9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

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

**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 31 December 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.

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**NOTES**

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

For the current financial period ended 31 December 2005, the Group's revenue grew by 20.6% or RM6.6 million compared to the previous year's corresponding period. This is a significant improvement compared to the previous year as the revenue for the previous year's corresponding period includes a RM9.5 million contribution from Pos Ad Sdn Bhd, a subsidiary which has since been disposed of.

The Group recorded a net profit of RM12.4 million for the current financial period ended 31 December 2005. This is an improvement of 33.1% compared to previous year's corresponding period and was mainly attributed to better performance of its loan financing operations and lower staff cost following 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 higher revenue of RM14.7 million compared to RM12.8 million in the preceding quarter. The increase was mainly attributed to its loan financing operation's higher interest income arising from its favourable loan growth in earlier quarters.

Net profit for the current quarter was RM3.5 million, lower than the preceding quarter of RM4.2 million. The lower net profit reported in the current quarter was mainly due to additional funding cost and professional fees incurred on additional borrowings as well as the issuance of its Medium Term Notes.

**14. CURRENT YEAR PROSPECTS**

Building on the favourable contribution from the Group's loan financing operations to date and barring any unforeseen circumstances, the Group expects to show an improvement in 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.

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**NOTES**

**16. TAXATION**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	31/12/05	31/12/04	31/12/05	31/12/04
	RM'000	RM'000	RM'000	RM'000
Current year taxation	226	(1,496)	(4,477)	(5,261)
Deferred taxation	624	-	2,276	-
	<u>850</u>	<u>(1,496)</u>	<u>(2,201)</u>	<u>(5,261)</u>

The effective tax rate of the Group is lower than statutory income tax rate for both the current quarter and financial period ended 31 December 2005 mainly due to recognition of deferred tax assets.

**17. UNQUOTED INVESTMENTS AND PROPERTIES**

There were no sale of any unquoted investment and / or properties by the Group for the current quarter and financial period ended 31 December 2005.

**18. QUOTED SECURITIES**

- a) Purchase of quoted property trust units in the current quarter and current financial period ended 31 December 2005 by the Group are as follows:-

	<b>CURRENT QUARTER</b>	<b>CUMULATIVE QUARTER</b>
	<b>RM'000</b>	<b>RM'000</b>
Total purchases	<u>-</u>	<u>31,971</u>

- b) Investment in quoted property trust units as at 31 December 2005:-

	<b>CUMULATIVE QUARTER</b>
	<b>RM'000</b>
Investment at cost	61,170
Investment at carrying / book value	61,170
Investment at market value	67,586

- c) There were no investment in quoted shares as at 31 December 2005.

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**19. STATUS OF CORPORATE PROPOSAL ANNOUNCED**

- a) 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 (“Disposal”).

The balance sum of RM6,945,750, representing 90% of the sale consideration was received by the stakeholder of ECSB on 23 December 2005. The proceeds from the Disposal will be utilized for working capital requirements of the Group.

The Disposal was completed on 16 February 2006.

- b) On 11 November 2005, the Company entered into a Sale and Purchase Agreement (“SPA”) with Meridian Mode Sdn Bhd (“MMSB”) to acquire 10,000 ordinary shares of RM1.00 each representing the remaining 12.5% of the equity interest in RCE Enterprise Sdn Bhd (formerly known as E-Drama Sdn Bhd) (“RCEE”) not owned by the Company for a purchase consideration of RM15.0 million to be wholly satisfied via the issuance of 67,415,730 RCE shares of RM0.10 each at an issue price of RM0.2225 per share (“Proposed Acquisition”).

The Proposed Acquisition is subject to the following approvals being obtained:-

- i) Securities Commission;
- ii) Bursa Securities for the listing and quotation of the new RCE shares to be issued;
- iii) Shareholders of RCE at an Extraordinary General Meeting (“EGM”); and
- iv) Any other relevant authorities / parties

On 17 January 2006, the Company obtained its shareholders’ approval at the EGM.

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**20. GROUP BORROWINGS**

Total borrowings (all denominated in Ringgit Malaysia) of the Group as at 31 December 2005 are as follows:

	Long Term RM'000	Short Term RM'000
Borrowings - Secured		
- Fixed Rate Medium Term Notes	60,000	-
- Fixed Rate Serial Bonds	45,000	-
- Underwritten Commercial Papers	23,000	2,000
- Term Loan	31,971	-
- Revolving Credit	30,000	-
 Borrowings - Unsecured		
- Fixed Rate Term Loan	40,000	-
- Revolving Credit	500	-
	<u>230,471</u>	<u>2,000</u>

**21. CONTINGENT LIABILITIES**

There were no changes in contingent liabilities since the last annual balance sheet as at 31 March 2005 except for the following:-

- a) Corporate Guarantee given to financial institutions for bank loan and facility totalling RM62 million granted to certain subsidiaries.
- b) Corporate Guarantee given to the trustee of the RM420,000,000 Fixed Rate Medium Term Notes Facility granted to a subsidiary.

**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.

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**NOTES**

**24. EARNINGS PER SHARE**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	31/12/05	31/12/04	31/12/05	31/12/04
<b>Basic earnings per share:</b>				
Net profit for the period (RM'000)	3,530	2,352	12,445	9,349
Number of ordinary shares in issue ('000)	401,513	401,513	401,513	401,513
Basic earnings per share (sen)	0.88	0.59	3.10	2.33

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: 22 February 2006**