

RCE CAPITAL BERHAD
(Company No. 2444-M)

QUARTERLY REPORT

Summary of Key Financial Information for the financial period ended 30 September 2007

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
	RM'000	RM'000	RM'000	RM'000
1. Revenue	34,498	23,758	62,554	42,668
2. Profit before tax	15,994	11,935	29,600	20,858
3. Profit for the period	12,950	10,631	22,936	17,591
4. Profit attributable to ordinary equity holders of the parent	12,950	10,631	22,936	17,591
5. Basic earnings per share (sen)	2.00	1.70	3.55	2.81
6. Proposed/Declared dividend per share (sen)	-	-	-	-
		AS AT END OF	AS AT PRECEDING	
		CURRENT	FINANCIAL	
		QUARTER	YEAR END	
7. Net assets per share attributable to ordinary equity holders of the parent (RM)		0.28		0.25
8. Gross interest income	1,400	618	2,618	1,028
9. Gross interest expense	1,038	678	2,067	1,333

Quarterly report on consolidated results of the Group for the second financial quarter ended 30 September 2007.
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30/09/2007 RM'000	30/09/2006 RM'000	30/09/2007 RM'000	30/09/2006 RM'000
Revenue	34,498	23,758	62,554	42,668
Other operating income	1,637	779	3,054	1,372
Staff costs and directors' remuneration	(2,080)	(535)	(3,610)	(1,134)
Depreciation of property, plant and equipment and investment property	(194)	(114)	(324)	(222)
Other operating expenses	(16,829)	(11,275)	(30,007)	(20,493)
Profit from operations	17,032	12,613	31,667	22,191
Finance costs	(1,038)	(678)	(2,067)	(1,333)
Profit before taxation	15,994	11,935	29,600	20,858
Taxation	(3,044)	(1,304)	(6,664)	(3,267)
Profit for the period	12,950	10,631	22,936	17,591
Attributable to:				
Equity holders of the parent	12,950	10,631	22,936	17,591
	12,950	10,631	22,936	17,591
Earnings per share attributable to equity holders of the parent:				
Basic (sen)	2.00	1.70	3.55	2.81
Fully diluted (sen)	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 Financial Year Ended 31 March 2007)

RCE CAPITAL BERHAD
(COMPANY NO. 2444-M)
QUARTERLY REPORT
CONDENSED CONSOLIDATED BALANCE SHEET

	AS AT 30/09/2007 RM'000	AS AT 31/03/2007 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,209	1,759
Investment property	1,716	1,735
Goodwill on consolidation	28,677	28,677
Loans and hire-purchase receivables	488,828	368,968
Long term investments	31,557	31,557
Deferred tax assets	6,143	7,892
	560,130	440,588
Current assets		
Short term investments	8,029	8,500
Trade receivables	15,175	15,035
Loans and hire-purchase receivables	57,775	45,669
Other receivables, deposits and prepayments	11,785	10,668
Fixed deposits with licensed financial institutions	146,231	162,627
Cash and bank balances	14,397	5,355
	253,392	247,854
Total assets	813,522	688,442
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	64,634	64,634
Reserves	115,255	97,102
Total equity	179,889	161,736
Non-current liabilities		
Hire purchase payables	780	56
Finance lease payables	134	145
Borrowings	456,065	456,324
Deferred taxation	189	189
	457,168	456,714
Current liabilities		
Payables and accrued expenses	45,213	36,445
Hire purchase payables	200	56
Finance lease payables	183	207
Borrowings	125,150	30,258
Taxation	1,211	3,026
Dividend payable	4,508	-
	176,465	69,992
Total liabilities	633,633	526,706
Total equity and liabilities	813,522	688,442
NET ASSETS PER SHARE (RM)	0.28	0.25
NET TANGIBLE ASSETS PER SHARE (RM)	0.23	0.21

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the Financial Year Ended 31 March 2007)

RCE CAPITAL BERHAD
(COMPANY NO. 2444-M)
QUARTERLY REPORT

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

	Share Capital RM '000	Non-Distributable Reserves		Distributable Reserve	Total Reserves RM '000	Minority Interest RM '000	Total Equity RM '000
		Share Premium RM '000	Reserve on Consolidation RM '000	Unappropriated Profits RM '000			
<u>As at 30 September 2007</u>							
As at 1 April 2007	64,634	3,563	-	93,539	97,102	-	161,736
Profit for the period	-	-	-	22,936	22,936	-	22,936
Dividend	-	-	-	(4,783)	(4,783)	-	(4,783)
As at 30 September 2007	64,634 #	3,563 #	- #	111,692 #	115,255 #	- #	179,889
<u>As at 30 September 2006</u>							
As at 1 April 2006	46,893	8,042	2,155	35,852	46,049	-	92,942
Effects of adopting FRS 3	-	-	(2,155)	2,155	-	-	-
Restated balance	46,893	8,042	-	38,007	46,049	-	92,942
Share issuance expenses recognised directly in equity	-	(251)	-	-	(251)	-	(251)
Profit for the period	-	-	-	17,591	17,591	-	17,591
Total recognised income and expenses for the period	-	(251)	-	17,591	17,340	-	17,340
Issuance of bonus shares	15,631	(7,791)	-	(7,840)	(15,631)	-	-
As at 30 September 2006	62,524 #	- #	- #	47,758 #	47,758 #	- #	110,282

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the Financial Year Ended 31 March 2007)

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

	CUMULATIVE QUARTER 30/09/2007 RM'000	CUMULATIVE QUARTER 30/09/2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	29,600	20,858
Adjustment for:		
Allowance for doubtful debts, net	1,038	3,866
Bad debts written off	188	22
Interest expense	20,062	12,848
Depreciation of property, plant and equipment and investment property	324	222
Amortisation of discount of medium term notes	734	-
Property, plant and equipment written off	6	-
Bad debts recovered	-	(315)
Interest income	(2,618)	(1,028)
Dividend income	(682)	(2,476)
Gain on disposals of investments	(372)	-
Gain on disposal of property, plant and equipment	(5)	-
Operating Profit Before Working Capital Changes	48,275	33,997
(Increase)/Decrease in:		
Loans and hire purchase receivables	(133,347)	(87,548)
Trade receivables	15	-
Other receivables and prepaid expenses	(908)	(3,265)
Increase/(Decrease) in:		
Payables and accrued expenses	14,278	4,141
Cash Used In Operations	(71,687)	(52,675)
Interest paid	(17,995)	(11,515)
Tax paid	(7,253)	(2,525)
Tax refund	312	399
Net Cash Used in Operating Activities	(96,623)	(66,316)

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

	CUMULATIVE QUARTER 30/09/2007 RM'000	CUMULATIVE QUARTER 30/09/2006 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,618	1,028
Proceeds from disposals of investments	843	-
Dividend received	682	2,452
Proceeds from disposal of property, plant and equipment	145	-
Additions to property, plant and equipment	(332)	(280)
Net Cash Generated From Investing Activities	<u>3,956</u>	<u>3,200</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of other borrowings	100,500	45,000
Repayment of other borrowings	(8,674)	(45,000)
Redemption of commercial papers	(4,000)	(5,000)
Finance costs paid	(2,067)	(1,333)
Dividend paid	(275)	-
Repayment of finance lease payables	(104)	(63)
Repayment of hire-purchase payables	(67)	(33)
Proceeds from issuance of medium term notes	-	106,570
Share issuance expenses	-	(249)
Net Cash Generated From Financing Activities	<u>85,313</u>	<u>99,892</u>
Net change in cash and cash equivalents	(7,354)	36,776
Cash and cash equivalents at beginning of financial period	167,982	56,007
Cash and cash equivalents at end of financial period	<u>160,628</u>	<u>92,783</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD COMPRISE THE FOLLOWING:		
Fixed deposits with licensed financial institutions	146,231	8,051
Cash and bank balances	14,397	84,732
	<u>160,628</u>	<u>92,783</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the Financial Year Ended 31 March 2007)

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

Notes

1 BASIS OF PREPARATION

This interim financial 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. It should be read in conjunction with the Group's annual audited financial statements for the financial year ended 31 March 2007.

2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2007, except for the adoption of FRS 117 "Leases" and FRS 124 "Related Party Disclosures" which are effective for the financial period beginning 1 April 2007 and FRS 119 "Employee Benefits" which are effective immediately.

FRS 117: Leases

FRS 117 requires payments for leasehold land to be prepaid lease payments and are amortised on a straight-line basis over the lease term. Previously, any leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of this FRS has no financial impact to the Group.

FRS 124: 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.

The adoption of this FRS has no financial impact on the Group's consolidated financial statements. The disclosure requirements under FRS 124 will be presented in the annual financial statements for the financial year ending 31 March 2008.

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

Notes

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FRS 119: Employee Benefits

This FRS supersedes FRS119₂₀₀₄ Employee Benefits and Amendment to FRS 119₂₀₀₄ Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures. This FRS which has the same effective date as the original standard has no financial impact on the Group's consolidated financial statements.

As at the date of this report, the Group has not applied the following applicable five new/revised Standards which have been issued by the Malaysian Accounting Standard Board, but are not yet effective:

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

The directors are of the opinion that the abovementioned new/revised FRSs will have no material financial impact on the financial statements of the Group.

3 AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

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

4 SEASONALITY OR CYCLICALITY FACTORS

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

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

Notes

5 UNUSUAL ITEMS

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

6 CHANGES IN ESTIMATES

There were no significant changes in estimates of amounts reported in the current financial period or in the previous financial year.

7 DEBT AND EQUITY SECURITIES

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities during the financial period ended 30 September 2007 except for the repayment of the Underwritten Commercial Papers ("CPs") by RCE Premier Sdn Bhd, a subsidiary of the Company, as follows:

	CURRENT QUARTER RM'000	CUMULATIVE QUARTER RM'000
Redemption of CPs upon maturity	2,000	4,000

8 DIVIDEND

On 28 September 2007, the Company paid a final dividend in respect of the financial year ended 31 March 2007 of 10% less 26% tax on 646,337,640 ordinary shares, amounting to RM4,782,899.

The dividend has been accounted for in the equity as an appropriation of unappropriated profits in the financial period ended 30 September 2007.

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

Notes

9 SEGMENTAL INFORMATION

Segmental revenue and results for the financial period ended 30 September 2007 were as follows:

	Loan Financing	Factoring	Investment Holding & Mgmt Services	Others	Eliminations	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External sales	59,928	1,451	1,175	-	-	62,554
Intersegment sales	5,155	-	7,710	-	(12,865)	-
Total revenue	<u>65,083</u>	<u>1,451</u>	<u>8,885</u>	<u>-</u>	<u>(12,865)</u>	<u>62,554</u>
Results						
Profit/(loss) from operations	28,853	971	6,994	(2)	(5,149)	31,667
Finance costs						<u>(2,067)</u>
Profit before taxation						<u>29,600</u>
Taxation						<u>(6,664)</u>
Profit for the period						<u>22,936</u>
Other information:						
Depreciation and amortisation	1,035	36	23	-	(36)	1,058

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

Notes

10 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The valuation of property, plant and equipment has been brought forward, without amendment from the previous annual financial statements.

11 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 September 2007.

12 CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial period ended 30 September 2007.

13 PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP FOR THE PERIOD

For the current financial period ended 30 September 2007, the Group's revenue grew by 46.6% or RM19.9 million compared to the previous year's corresponding period. The recent salary hike for civil servants have resulted in improved loan disbursements, which contributed to the growth in interest income and commission.

The Group recorded a net profit of RM22.9 million for the current financial period ended 30 September 2007. This is an improvement of 30.4% compared to the previous year's corresponding period, attributed mainly to the improved performance of its loan financing operations.

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

Notes

14 CHANGES IN QUARTERLY RESULTS COMPARED TO PRECEDING QUARTER

For the current quarter under review, the Group recorded a revenue of RM34.5 million compared to RM28.1 million in the preceding quarter. The recent salary hike for civil servants have resulted in improved loan disbursements, which contributed to the growth in interest income and commission.

Net profit for the current quarter was RM13.0 million, higher than the preceding quarter of RM10.0 million. The higher net profit was mainly due to the growth in revenue arising from its loan financing operations.

15 CURRENT YEAR PROSPECTS

With the continued expansion of the Group's loan financing business and barring any unforeseen circumstances, the Group is confident of showing a further improvement in its performance for the financial year ending 31 March 2008.

16 PROFIT FORECAST

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

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

Notes

17 TAXATION

	INDIVIDUAL QUARTER	CUMULATIVE	QUARTER
	30/09/2007	30/09/2006	30/09/2007
	RM'000	RM'000	RM'000
			30/09/2006
			RM'000
Taxation:			
Current period	(2,194)	(1,991)	(4,915)
Over/(Under)provision in prior years	-	60	(1)
	<u>(2,194)‡</u>	<u>(1,931)‡</u>	<u>(4,916)‡</u>
Deferred taxation:			
Current period	(850)	627	(1,748)
	<u>(3,044)</u>	<u>(1,304)</u>	<u>(6,664)</u>
			<u>(3,267)</u>

The effective tax rate of the Group is lower than the statutory income tax rate for the current quarter and financial period ended 30 September 2007 due to certain income which is not taxable and utilisation of unabsorbed tax losses brought forward.

18 UNQUOTED INVESTMENTS AND PROPERTIES

There were no sales of unquoted investments and/or properties by the Group for the current quarter and financial period ended 30 September 2007.

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

Notes

19 QUOTED SECURITIES

a. Details of purchases and disposals of quoted securities are as follows:

	INDIVIDUAL		CUMULATIVE	
	QUARTER		QUARTER	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
	RM'000	RM'000	RM'000	RM'000
Included within short term investments:				
Purchase consideration	-	-	-	-
Sales proceeds	569	-	843	-
Gain on disposals	253	-	372	-

b. Investment in quoted real estate investment trust units as at 30 September 2007:

	CUMULATIVE
	QUARTER
	RM'000
Included within long term investments:	
At cost	35,063
At carrying/book value	31,557
At market value	33,135

c. Investments in quoted securities as at 30 September 2007:

	CUMULATIVE
	QUARTER
	RM'000
Included within short term investments:	
At cost	29
At carrying/book value	29
At market value	84

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

Notes

20 STATUS OF CORPORATE PROPOSALS ANNOUNCED

On 11 September 2007, RCE entered into a Memorandum of Understanding with Southern Bank Vietnam ("SBV") to form a joint venture company to apply for licences to establish a Finance Company in Vietnam ("FinCo"). The FinCo is a non-bank credit institution regulated by the State Bank of Vietnam.

RCE shall take up an equity stake of up to 30% in the FinCo with SBV at 11%, being the maximum permissible holdings under Vietnamese regulations. Definitive agreements will be signed after due diligence to be conducted by RCE.

21 GROUP BORROWINGS

Total borrowings (all denominated in Ringgit Malaysia) of the Group as at 30 September 2007 are as follows:

	Long Term	Short Term	Total
	RM'000	RM'000	RM'000
Secured			
- Fixed Rate Medium Term Notes	# 341,307	-	341,307
- Fixed Rate Serial Bonds	25,000	10,000	35,000
- Underwritten Commercial Papers	-	10,000	10,000
- Term Loan	9,758	1,985	11,743
	<u>376,065</u>	<u>21,985</u>	<u>398,050</u>
Unsecured			
- Trust Receipts	-	1,215	1,215
- Bankers' Acceptance	-	450	450
- Revolving Credit	-	1,500	1,500
- Bridging Loan	-	100,000	100,000
- Fixed Rate Term Loan	80,000	-	80,000
	<u>80,000</u>	<u>103,165</u>	<u>183,165</u>
	<u>456,065</u>	<u>125,150</u>	<u>581,215</u>

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

Notes

22 CONTINGENT LIABILITIES

There were no material changes in contingent liabilities since the last annual balance sheet as at 31 March 2007.

23 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off-balance sheet financial instruments at the date of this report.

24 MATERIAL LITIGATIONS

There were no pending material litigations for the Group at the date of this report.

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

Notes

25 EARNINGS PER SHARE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
Basic earnings per share:				
Profit for the period attributable to equity holders of the parent (RM'000)	12,950	10,631	22,936	17,591
Number of ordinary shares in issue ('000) (weighted)	646,338	625,238	646,338	625,238
Basic earnings per share (sen)	2.00	1.70	3.55	2.81

Comparative earnings per share were calculated on the basis that the bonus issue was in effect from the beginning of 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: 23 November 2007