

RCE CAPITAL BERHAD
(Company No. 2444-M)

QUARTERLY REPORT

Summary of Key Financial Information for the financial period ended 30 September 2006

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30/09/2006	30/09/2005	30/09/2006	30/09/2005
	RM'000	RM'000	RM'000	RM'000
1. Revenue	23,758	12,770	42,668	23,795
2. Profit before tax	11,935	5,127	20,858	13,229
3. Profit for the period	10,631	4,815	17,591	10,178
4. Profit attributable to ordinary equity holders of the parent	10,631	4,215	17,591	8,915
5. Basic earnings per share (sen)	1.70	0.79	2.81	1.67
6. Proposed/Declared dividend per share (sen)	-	-	-	-
		AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END
7. Net assets per share attributable to ordinary equity holders of the parent (RM)		0.18		0.20

RCE CAPITAL BERHAD
(COMPANY NO. 2444-M)

QUARTERLY REPORT

Quarterly report on consolidated results of the Group for the first financial quarter ended 30 September 2006
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30/09/2006	30/09/2005	30/09/2006	30/09/2005
	RM'000	RM'000	RM'000	RM'000
Revenue	23,758	12,770	42,668	23,795
Waiver of advances by related company	-	-	-	1,550
Other operating income	779	470	1,372	722
Staff costs	(390)	(606)	(901)	(889)
Depreciation of property, plant and equipment	(114)	(105)	(222)	(201)
Other operating expenses	(11,420)	(7,237)	(20,726)	(11,525)
Profit from operations	12,613	5,292	22,191	13,452
Finance costs	(678)	(165)	(1,333)	(223)
Profit before taxation	11,935	5,127	20,858	13,229
Taxation	(1,304)	(312)	(3,267)	(3,051)
Profit for the period	10,631	4,815	17,591	10,178
Attributable to:				
Equity holders of the parent	10,631	4,215	17,591	8,915
Minority interest	-	600	-	1,263
	10,631	4,815	17,591	10,178
Earnings per share attributable to equity holders of the parent:				
Basic (sen)	1.70	0.79	2.81	1.67
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 Year Ended 31 March 2006)

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

	AS AT 30/09/2006 RM'000	AS AT 31/3/2006 RM'000
ASSETS		
Non-current assets		
Investment property	1,753	1,771
Property, plant and equipment	1,420	1,344
Goodwill on consolidation	28,344	28,344
Loans and hire-purchase receivables	302,685	220,284
Long term investment	61,170	61,170
Deferred tax assets	8,247	6,597
	403,619	319,510
Current assets		
Short Term Investment	4,000	4,000
Loans and hire-purchase receivables	16,494	14,920
Other receivables, deposits and prepaid expenses	11,082	8,192
Fixed deposits with licensed banks	84,732	48,574
Cash and bank balances	8,051	7,433
	124,359	83,119
Total assets	527,978	402,629
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	62,524	46,893
Share Premium	-	8,042
Reserves	47,758	38,007
Total equity	110,282	92,942
Non-current liabilities		
Hire purchase creditors	74	36
Finance lease payables	156	121
Borrowings	67,400	99,686
Bonds and commercial papers	50,000	53,000
Medium Term Notes	226,570	120,000
Deferred taxation	150	150
Total non-current liabilities	344,350	272,993
Current liabilities		
Payables and accrued expenses	23,494	19,601
Hire purchase creditors	81	67
Finance lease payables	173	105
Borrowings	46,571	16,286
Taxation	3,027	635
Total current liabilities	73,346	36,694
Total liabilities	417,696	309,687
Total equity and liabilities	527,978	402,629
NET ASSETS PER SHARE (RM)	0.18	0.20
NET TANGIBLE ASSETS PER SHARE (RM)	0.13	0.14

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the Year Ended 31 March 2006)

**RCE CAPITAL BERHAD
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QUARTERLY REPORT**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

	Share Capital RM '000	Share Premium RM '000	Reserve on Consolidation RM '000	Retained Profits RM '000	Total RM '000	Minority Interest	Total Equity
<u>As at 30 September 2006</u>							
As at 1 April 2006	46,893	8,042	2,155	35,852	92,942	-	92,942
Effects of adopting FRS 3	-	-	(2,155)	2,155	-	-	-
	46,893	8,042	-	38,007	92,942	-	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
Issue of bonus shares	15,631	(7,791)	-	(7,840)	-	-	-
As at 30 September 2006	62,524 #	- #	- #	47,758 #	110,282 #	- #	110,282
<u>As at 30 September 2005</u>							
As at 1 April, 2005	40,151	-	2,155	16,061	58,367	3,134	61,501
Profit for the period	-	-	-	8,915	8,915	1,263	10,178
As at 30 September 2005	40,151	-	2,155	24,976	67,282	4,397	71,679

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 March 2006)

RCE CAPITAL BERHAD
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	CUMULATIVE QUARTER 30/09/2006 RM'000	CUMULATIVE QUARTER 30/09/2005 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	20,858	13,229
Adjustment for:		
Allowance for doubtful debts	3,866	5,506
Interest expense	12,848	2,457
Depreciation of property, plant and equipment and investment property	222	201
Bad debts written off	22	-
Bad debts recovered	(315)	(535)
Waiver of advances by a related company	-	(1,550)
Interest income	(1,028)	(148)
Dividend income	(2,476)	(1,133)
Gain on disposal of property, plant and equipment	-	(1)
Operating profit before working capital changes	33,997	18,026
(Increase)/Decrease in:		
Loan and hire purchase receivables	(87,548)	(23,624)
Other receivables and prepaid expenses	(3,265)	(1,070)
Increase/(Decrease) in:		
Payables and accrued expenses	4,141	9,568
Cash Generated From/(Used In) Operations	(52,675)	2,900
Interest paid	(11,515)	(2,234)
Tax paid	(2,525)	(2,868)
Tax refund	399	11
Net Cash Generated Used in Operating Activities	(66,316)	(2,191)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property trust units	-	(31,971)
Subscription of corporate bonds	-	(4,000)
Dividend received	2,452	1,022
Interest received	1,028	148
Addition to property, plant and equipment	(280)	(968)
Proceeds from disposal of property, plant and equipment	-	1
Net Cash Generated From / (Used In) Investing Activities	3,200	(35,768)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	CUMULATIVE QUARTER 30/09/2006 RM'000	CUMULATIVE QUARTER 30/09/2005 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of medium term notes	106,570	-
Proceeds from borrowings	45,000	71,971
Redemption of commercial papers	(5,000)	(3,000)
Repayment of borrowings	(45,000)	-
Share issuance expenses	(249)	-
Repayment of hire-purchase creditors	(33)	(31)
Repayment of finance lease	(63)	-
Finance costs paid	(1,333)	(223)
Net Cash Generated From Financing Activities	<u>99,892</u>	<u>68,717</u>
Net increase in cash and cash equivalents	36,776	30,758
Cash and cash equivalents at beginning of financial period	56,007	17,971
Cash and cash equivalents at end of financial period	<u><u>92,783</u></u>	<u><u>48,729</u></u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD COMPRISE THE FOLLOWING:		
Cash and bank balances	8,051	10,784
Fixed deposit with licensed banks	84,732	37,945
	<u><u>92,783</u></u>	<u><u>48,729</u></u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the Year Ended 31 March 2006)

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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 2006.

2. CHANGES IN ACCOUNTING POLICIES

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 2006 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for financial period beginning 1 January 2006 :

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments : Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of FRS 108, 110, 116, 127, 132, 133, 136 and 138 does not have any significant financial impact on the Group for the current quarter under review.

The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are discussed below:

(a) FRS 3: Business Combinations

Under FRS 3, negative goodwill which represents the excess in fair value of the net identifiable assets acquired over the cost of acquisition, is now recognized immediately to the income statement. Prior to 1 April 2006, negative goodwill was capitalized in reserve on consolidation. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 April 2006 of RM2.155 million was derecognized with a corresponding increase in retained profits.

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CHANGES IN ACCOUNTING POLICIES (CONT'D)

(b) FRS 101 : Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity where it requires disclosure, on the face of the statement of changes in equity, total recognized income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with comparatives restated to conform to current period's presentation.

(c) FRS 140 : Investment Property

The adoption of FRS 140 has resulted in a change in accounting policy for investment property. A property that was acquired solely for the purpose of renting to external parties and/or for capital appreciation previously recognized as property, plant and equipment is now reclassified to investment property.

The Group adopted the cost model to measure its investment property. Under the cost model, investment property is measured at cost less accumulated depreciation and any accumulated impairment losses.

The following comparative amounts have been restated due to the adoption of FRS 140 :

At 31 March 2006:	Previously stated RM'000	Adjustments RM'000	Restated RM'000
Property, Plant and Equipment	3,115	(1,771)	1,344
Investment Property	-	1,771	1,771

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 AND CYCLICALITY FACTORS

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

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5. UNUSUAL ITEMS

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

6. CHANGES IN ESTIMATES

There was no significant change in estimates of amounts reported in 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 2006 except for the following:-

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

	CURRENT QUARTER RM’000	CUMULATIVE QUARTER RM’000
Redemption of CPs upon maturity for rollover	3,000	5,000

- b) Issuance of Fixed Rate Medium Term Notes (“MTNs”) by RCE Advance Sdn Bhd (formerly known as Perfect Aspiration Sdn Bhd), a subsidiary of the Company as follow:-

	CURRENT QUARTER RM’000	CUMULATIVE QUARTER RM’000
Issuance of MTNs	67,819	135,930

Out of the RM135.93 million proceeds received from the issuance of RM140 million MTNs, RM29.36 million was paid internally by a subsidiary of the Company to subscribe to RM30 million of the MTNs.

8. DIVIDEND

No dividend has been recommended by the Directors or paid for the financial period ended 30 September 2006.

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9. SEGMENTAL INFORMATION

Segmental revenue and results for the financial period ended 30 September 2006 were as follows:

	Investment holding & mgmt services RM'000	Loan Financing RM'000	Others RM'000	Eliminations RM'000	Group RM'000
Revenue					
Total turnover	2,476	40,192	-	-	42,668
Intersegment turnover	1,620	-	-	(1,620)	-
	<u>4,096</u>	<u>40,192</u>	<u>-</u>	<u>(1,620)</u>	<u>42,668</u>
Results					
Profit/(loss) from operations	3,491	18,704	(4)	-	22,191
Finance costs					<u>(1,333)</u>
Profit before taxation					20,858
Taxation					<u>(3,267)</u>
Profit for the period					<u>17,591</u>
Other Information:					
Depreciation	53	169	-	-	222

10. 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.

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 2006.

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 2006.

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

For the current financial period ended 30 September 2006, the Group's revenue grew by 79.3% or RM18.9 million compared to the previous year's corresponding period. This significant improvement was mainly attributed to the growth in interest income arising from the increase in loan disbursements in the previous financial year.

The Group recorded a net profit of RM17.6 million for the current financial period ended 30 September 2006. This is an improvement of 97.3% compared to previous year's corresponding period and was mainly attributed to the improved performance of its loan financing operations.

14. CHANGES IN QUARTERLY RESULTS COMPARED TO PRECEDING QUARTER

For the current quarter under review, the Group recorded a revenue of RM23.8 million compared to RM18.9 million in the preceding quarter. The current quarter's revenue included dividend income of RM2.5 million received from its investment in AmFirst Property Trust. Excluding this dividend income, the Group's revenue for the current quarter is actually 12.7% higher compared to the preceding quarter and this is mainly generated by its loan financing operations.

Net profit for the current quarter was RM10.6 million, higher than the preceding quarter of RM6.9 million. The increase was mainly due to growth in interest income arising from its loan financing operations and the receipt of dividend income.

15. CURRENT YEAR PROSPECTS

With the continued expansion of the Group's personal financing business and barring any unforeseen circumstances, the Group expects to show a further improvement in its performance for the financial year ending 31 March 2007.

In addition, pursuant to the proposed restructuring and re-branding exercise announced by AmFirst Property Trust ("AMFPT") on 28 March 2006 and AmFIRST Real Estate Investment Trust's ("AmFIRST REIT") Prospectus dated 9 November 2006 ("the Proposals"), the Group is expected to record a gain of approximately RM20.4 million.

16. PROFIT FORECAST

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

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17. TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30/9/2006	30/9/2005	30/9/2006	30/9/2005
	RM'000	RM'000	RM'000	RM'000
Taxation:				
Current year	(1,991)	(908)	(4,977)	(4,703)
Overprovision in prior years	60	-	60	-
Deferred taxation:				
Current year	627	596	1,650	1,652
	<u>(1,304)</u>	<u>(312)</u>	<u>(3,267)</u>	<u>(3,051)</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 2006 mainly due to recognition of deferred tax assets.

18. 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 30 September 2006.

19. QUOTED SECURITIES

- a. Investment in quoted property trust units as at 30 September 2006:-

	CUMULATIVE QUARTER RM'000
Investment at cost	61,170
Investment at carrying / book value	61,170
Investment at market value	79,821

- b. There were no investment in quoted shares as at 30 September 2006.

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20. STATUS OF CORPORATE PROPOSALS ANNOUNCED

- a) The Company had on 19 May 2006 proposed to undertake, amongst others, a proposed special issue of up to 21,100,000 new ordinary shares of RM0.10 each in RCE (“Placement Shares”) to Bumiputra investor(s) (“Proposed Special Issue”).

The approval from Ministry of International Trade and Industry for the recognition of the placee as an approved Bumiputera was obtained on 22 September 2006.

The Proposed Special Issue was completed on 13 October 2006 with the listing of the 21,100,000 Placement Shares on the Main Board of Bursa Malaysia Securities Berhad on even date.

- b) The Company had on 30 August 2006 entered into a Conditional Share Sale Agreement with AMDB Berhad (“AMDB”) for the acquisition of 10,000,000 ordinary shares of RM1.00 each in AMDB Factoring Sdn Bhd (“AFSB”) (“Sale Shares”) representing the entire issued and paid-up share capital of AFSB from AMDB for a total cash consideration of RM10.0 million (“Proposed Acquisition”).

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

- i) Foreign Investment Committee (“FIC”);
- ii) Shareholders of RCE Capital Berhad at an Extraordinary General Meeting (“EGM”); and
- iii) Any other relevant authorities.

The Company has on 2 November 2006 and 27 November 2006 obtained the approval from its shareholders at an EGM and FIC respectively.

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21. GROUP BORROWINGS

Total borrowings (all denominated in Ringgit Malaysia) of the Group as at 30 September 2006 are as follows:

	Long Term RM'000	Short Term RM'000
Borrowings – Secured		
- Fixed Rate Medium Term Notes	226,570	-
- Fixed Rate Serial Bonds	35,000	10,000
- Underwritten Commercial Papers	15,000	2,000
- Term Loan	27,400	4,571
- Revolving Credit	-	30,000
 Borrowings – Unsecured		
- Fixed Rate Term Loan	40,000	-
	<u>343,970</u>	<u>46,571</u>

22. CONTINGENT LIABILITIES

There were no changes in contingent liabilities since the last annual balance sheet as at 31 March 2006.

23. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

24. MATERIAL LITIGATION

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

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25. EARNINGS PER SHARE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30/9/06	30/9/05	30/9/06	30/9/05
Basic earnings per share:				
Profit for the period attributable to equity holders of the parent (RM'000)	10,631	4,215	17,591	8,915
Number of ordinary shares in issue ('000) (weighted)	625,238	535,350	625,238	535,350
Basic earnings per share (sen)	1.70	0.79	2.81	1.67

Comparative earnings per share were calculated on the basis that the bonus issue was in effect from the beginning of the financial period.

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: 29 November 2006