

RCE CAPITAL BERHAD
(Company No. 2444-M)

QUARTERLY REPORT

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
	RM'000	RM'000	RM'000	RM'000
1. Revenue	28,055	18,910	28,055	18,910
2. Profit before tax	13,606	8,923	13,606	8,923
3. Profit for the period	9,986	6,960	9,986	6,960
4. Profit attributable to ordinary equity holders of the parent	9,986	6,960	9,986	6,960
5. Basic earnings per share (sen)	1.55	1.11	1.55	1.11
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)		0.27		0.25

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

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30/06/2007 RM'000	30/06/2006 RM'000	30/06/2007 RM'000	30/06/2006 RM'000
Revenue	28,055	18,910	28,055	18,910
Other operating income	1,417	593	1,417	593
Staff costs	(1,530)	(511)	(1,530)	(511)
Depreciation of property, plant and equipment	(130)	(108)	(130)	(108)
Other operating expenses	(13,123)	(9,306)	(13,123)	(9,306)
Profit from operations	14,689	9,578	14,689	9,578
Finance costs	(1,083)	(655)	(1,083)	(655)
Profit before taxation	13,606	8,923	13,606	8,923
Taxation	(3,620)	(1,963)	(3,620)	(1,963)
Profit for the period	9,986	6,960	9,986	6,960
Attributable to:				
Equity holders of the parent	9,986	6,960	9,986	6,960
	9,986	6,960	9,986	6,960
Earnings per share attributable to equity holders of the parent:				
Basic (sen)	1.55	1.11	1.55	1.11
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 30/06/2007 RM'000	AS AT 31/03/2007 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,658	1,759
Investment property	1,726	1,735
Goodwill on consolidation	28,677	28,677
Loans and hire-purchase receivables	417,703	368,968
Long term investments	31,557	31,557
Deferred tax assets	6,994	7,892
	489,315	440,588
Current assets		
Short term investments	8,345	8,500
Trade receivables	18,739	15,035
Loans and hire-purchase receivables	48,222	45,669
Other receivables, deposits and prepayments	11,353	10,668
Fixed deposits with licensed banks	162,279	162,627
Cash and bank balances	8,479	5,355
	257,416	247,854
Total assets	746,732	688,442
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	64,634	64,634
Reserves	107,088	97,102
Total equity	171,722	161,736
Non-current liabilities		
Hire purchase payables	612	56
Finance lease payables	114	145
Borrowings	456,195	456,324
Deferred taxation	189	189
	457,110	456,714
Current liabilities		
Payables and accrued expenses	38,319	36,445
Hire purchase payables	131	56
Finance lease payables	188	207
Borrowings	77,550	30,258
Taxation	1,712	3,026
	117,900	69,992
Total liabilities	575,010	526,706
Total equity and liabilities	746,732	688,442
NET ASSETS PER SHARE (RM)	0.27	0.25
NET TANGIBLE ASSETS PER SHARE (RM)	0.22	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- Share Premium RM '000	Reserve on Consolidation RM '000	Distributable Reserve- Retained Profits RM '000	Total Reserves RM '000	Minority Interest RM '000	Total Equity RM '000
<u>As at 30 June 2007</u>							
As at 1 April 2007	64,634	3,563	-	93,539	97,102	-	161,736
Profit for the period	-	-	-	9,986	9,986	-	9,986
As at 30 June 2007	64,634 #	3,563 #	- #	103,525 #	107,088 #	- #	171,722
<u>As at 30 June 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
Profit for the period	-	-	-	6,960	6,960	-	6,960
As at 30 June 2006	46,893	8,042	-	44,967	53,009	-	99,902

(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
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	CUMULATIVE QUARTER 30/06/2007 RM'000	CUMULATIVE QUARTER 30/06/2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	13,606	8,923
Adjustment for:		
Allowance for doubtful debts, net	697	323
Interest expense	9,499	6,015
Depreciation of property, plant and equipment and investment property	130	108
Amortisation of discount of medium term notes	367	-
Interest income	(1,218)	(410)
Dividend income	(682)	-
Gain on disposal of investment	(119)	-
Gain on disposal of property, plant and equipment	(5)	-
Operating Profit Before Working Capital Changes	22,275	14,959
(Increase)/Decrease in:		
Loans and hire purchase receivables	(52,076)	(44,110)
Trade receivables	(3,613)	-
Other receivables and prepaid expenses	(552)	3,103
Increase/(Decrease) in:		
Payables and accrued expenses	1,589	(2,531)
Cash Used In Operations	(32,377)	(28,579)
Interest paid	(8,416)	(5,360)
Tax paid	(4,483)	(1,106)
Tax refund	312	-
Net Cash Used in Operating Activities	(44,964)	(35,045)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(223)	-
Proceeds from disposal of investment	274	-
Dividend received	682	-
Interest received	1,218	410
Proceeds from disposal of property, plant and equipment	145	-
Net Cash Generated From Investing Activities	2,096	410

RCE CAPITAL BERHAD
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QUARTERLY REPORT
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	CUMULATIVE QUARTER 30/06/2007 RM'000	CUMULATIVE QUARTER 30/06/2006 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of medium term notes	-	48,751
Drawdown of other borrowings	53,115	30,000
Redemption of bonds and commercial papers	(2,000)	(2,000)
Repayment of other borrowings	(4,319)	(30,000)
Repayment of hire-purchase payables	(19)	(12)
Repayment of finance lease payables	(50)	(42)
Finance costs paid	(1,083)	(655)
Net Cash Generated From Financing Activities	<u>45,644</u>	<u>46,042</u>
Net increase in cash and cash equivalents	2,776	11,407
Cash and cash equivalents at beginning of financial period	167,982	56,007
Cash and cash equivalents at end of financial period	<u>170,758</u>	<u>67,414</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD COMPRISE THE FOLLOWING:		
Fixed deposits with licensed banks	162,279	60,116
Cash and bank balances	8,479	7,298
	<u>170,758</u>	<u>67,414</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 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 financial year ended 31 March 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, presentation and methods of computation adopted for this interim 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.

FRS 117: Leases

FRS 117 requires payments for leases to be prepaid lease payments and amortised on a straight-line basis over the lease term.

FRS 124: Related Party Disclosures

FRS 124 affects the identification of related parties and certain other related party disclosure. The disclosure requirements under FRS 124 will be presented in the annual financial statements for the financial year ending 31 March 2008.

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.

RCE CAPITAL BERHAD
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4. SEASONALITY AND CYCLICALITY FACTORS

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

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 June 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	<u>2,000</u>	<u>2,000</u>

8. DIVIDEND

No dividend has been recommended by the Directors or paid for the financial period ended 30 June 2007.

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9. SEGMENTAL INFORMATION

Segmental revenue and results for the financial period ended 30 June 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						
Total turnover	26,393	823	839	-	-	28,055
Intersegment turnover	8,003	-	3,502	-	(11,505)	-
	<u>34,396</u>	<u>823</u>	<u>4,341</u>	<u>-</u>	<u>(11,505)</u>	<u>28,055</u>
Results						
Profit from operations	10,249	510	4,067	(1)	(136)	14,689
Finance costs						<u>(1,083)</u>
Profit before taxation						13,606
Taxation						<u>(3,620)</u>
Profit for the period						<u>9,986</u>
Other information:						
Depreciation & amortisation	485	18	12	-	(18)	497

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 June 2007.

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12. CHANGES IN THE COMPOSITION OF THE GROUP

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

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

For the current financial period ended 30 June 2007, the Group's revenue grew by 48.4% or RM9.1 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 RM10.0 million for the current financial period ended 30 June 2007. This is an improvement of 43.5% compared to the previous year's corresponding period, attributed mainly 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 RM28.1 million compared to RM31.0 million in the preceding quarter. The slight decline in revenue was mainly due to timing differences in the recognition of interest income from the loan financing operations as well as lower dividend income from AmFirst Real Estate Investment Trust ("AmFIRST REIT").

Net profit for the current quarter was RM10.0 million, lower than the preceding quarter of RM15.9 million. The lower net profit was mainly due to the increase in staff costs and other operating expenses as a result of the continued growth in the loan base of the Group's personal financing business.

Compared to the preceding quarter, loans and hire-purchase receivables grew by 12.4% from RM414.6 million to RM465.9 million as at 30 June 2007.

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15. CURRENT YEAR PROSPECTS

The recent salary hike for civil servants is expected to spur further growth of the Group's personal financing business. Therefore, 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 and profit guarantee made by the Group.

17. TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
	RM'000	RM'000	RM'000	RM'000
Taxation:				
Current period	(2,721)	(2,986)	(2,721)	2,986)
Underprovision in prior years	(1)	-	(1)	-
	<u>(2,722)</u>	<u>(2,986)</u>	<u>(2,722)</u>	<u>(2,986)</u>
Deferred taxation:				
Current period	<u>(898)</u>	<u>1,023</u>	<u>(898)</u>	<u>1,023</u>
	<u>(3,620)</u>	<u>(1,963)</u>	<u>(3,620)</u>	<u>(1,963)</u>

The effective tax rate of the Group approximates the statutory income tax rate for the current quarter and financial period ended 30 June 2007.

18. UNQUOTED INVESTMENTS AND PROPERTIES

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

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19. QUOTED SECURITIES

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

	INDIVIDUAL		CUMULATIVE	
	QUARTER		QUARTER	
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
	RM'000	RM'000	RM'000	RM'000
Included within short term investments:				
Purchase consideration	-	-	-	-
Sales proceeds	274	-	274	-
Gain on disposal	119	-	119	-

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

	CUMULATIVE
	QUARTER
	RM'000
Included within long term investments:	
At cost	35,063
At carrying/book value	31,557
At market value	34,888

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

	CUMULATIVE
	QUARTER
	RM'000
Included within short term investment:	
At cost	345
At carrying/book value	345
At market value	625

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20.STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced or pending completion as at the date of this report.

21.GROUP BORROWINGS

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

	Long Term RM'000	Short Term RM'000	Total RM'000
Secured			
- Fixed Rate Medium Term Notes	340,941	-	340,941
- Fixed Rate Serial Bonds	25,000	10,000	35,000
- Underwritten Commercial Papers	-	12,000	12,000
- Term Loan	10,254	1,985	12,239
	<u>376,195</u>	<u>23,985</u>	<u>400,180</u>
Unsecured			
- Trust Receipts	-	1,899	1,899
- Bankers' Acceptance	-	666	666
- Revolving Credit	-	1,000	1,000
- Bridging Loan	-	50,000	50,000
- Fixed Rate Term Loan	80,000	-	80,000
	<u>80,000</u>	<u>53,565</u>	<u>133,565</u>
	<u>456,195</u>	<u>77,550</u>	<u>533,745</u>

22.CONTINGENT LIABILITIES

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

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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.

25. EARNINGS PER SHARE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
Basic earnings per share:				
Profit for the period attributable to equity holders of the parent (RM'000)	9,986	6,960	9,986	6,960
Number of ordinary shares in issue ('000) (weighted)	646,338	625,238	646,338	625,238
Basic earnings per share (sen)	1.55	1.11	1.55	1.11

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: