

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

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30/09/2005 RM'000	30/09/2004 RM'000	30/09/2005 RM'000	30/09/2004 RM'000
Revenue	12,770	7,365	23,795	20,669
Waiver of advances by related company	-	-	1,550	-
Other operating income	470	1,255	722	2,136
Staff costs	(606)	(593)	(889)	(2,882)
Depreciation of property, plant and equipment	(105)	(101)	(201)	(396)
Other operating expenses	(7,237)	(2,700)	(11,525)	(8,899)
Profit from operations	5,292	5,226	13,452	10,628
Gain on disposal of subsidiary company	-	1,336	-	1,336
Finance costs	(165)	(167)	(223)	(248)
Profit before taxation	5,127	6,395	13,229	11,716
Taxation	(312)	(2,157)	(3,051)	(3,765)
Profit after taxation	4,815	4,238	10,178	7,951
Minority interests	(600)	(367)	(1,263)	(954)
Net profit for the period	4,215	3,871	8,915	6,997
Earnings per share (sen)				
Basic	1.05	0.96	2.22	1.74
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
(COMPANY NO. 2444-M)
QUARTERLY REPORT

CONDENSED CONSOLIDATED BALANCE SHEET

	AS AT 30/09/2005 RM'000	AS AT 31/03/2005 RM'000
PROPERTY, PLANT AND EQUIPMENT	10,846	10,079
GOODWILL ON CONSOLIDATION	19,002	19,002
LOANS AND HIRE PURCHASE RECEIVABLES	77,643	59,598
LONG TERM INVESTMENT	61,170	29,199
INVESTMENT IN UNQUOTED CORPORATE BONDS	4,000	-
DEFERRED TAX ASSETS	5,652	4,000
CURRENT ASSETS		
Loans and hire-purchase receivables	11,114	10,505
Other receivables and prepaid expenses	7,380	5,762
Fixed deposits with licensed banks	37,945	14,565
Cash and bank balances	10,784	4,187
	67,223	35,019
CURRENT LIABILITIES		
Payables and accrued expenses	20,660	12,753
Hire purchase creditors	32	63
Borrowings	4,000	7,780
Taxation	4,579	2,186
	29,271	22,782
NET CURRENT ASSETS	37,952	12,237
LONG-TERM AND DEFERRED LIABILITIES		
Hire purchase creditors	103	103
Borrowings	74,471	2,500
Bonds and commercial papers	70,000	70,000
Deferred taxation	11	11
	(144,585)	(72,614)
MINORITY INTERESTS	(4,398)	(3,134)
	67,282	58,367
FINANCED BY:-		
SHARE CAPITAL	40,151	40,151
RESERVES	2,155	2,155
RETAINED PROFITS	24,976	16,061
SHAREHOLDERS' EQUITY	67,282	58,367
NET TANGIBLE ASSETS PER SHARE (RM)	0.12	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
(COMPANY NO. 2444-M)
QUARTERLY REPORT**

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 September 2005</u>						
Balance as at 1 April, 2005	40,151	-	2,155	-	16,061	58,367
Net profit for the period	-	-	-	-	8,915	8,915
Balance as at 30 September 2005	<u>40,151</u>	<u>-</u>	<u>2,155 #</u>	<u>-</u>	<u>24,976</u>	<u>67,282</u>
<u>As at 30 September 2004</u>						
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	-	-	-	-	6,997	6,997
Foreign exchange translation difference	-	-	-	13	-	13
Balance as at 30 September 2004	<u>40,151</u>	<u>1,718</u>	<u>2,155 #</u>	<u>- #</u>	<u>8,171 #</u>	<u>52,195</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
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	CUMULATIVE QUARTER 30/09/2005 RM'000	CUMULATIVE QUARTER 30/09/2004 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	13,229	11,716
Adjustment for:		
Depreciation of property, plant and equipment	201	396
Allowance for doubtful debts	5,506	6
Finance costs	2,457	978
Interest income	(148)	(1,143)
Gain on disposal of property, plant and equipment	(1)	(59)
Gain on disposal of a subsidiary company	-	(1,336)
Gain on disposal of long term investment	-	(39)
Bad debts recovered	(535)	(318)
Waiver of advances by a related company	(1,550)	-
Dividend income	(1,133)	-
Operating profit before working capital changes	<u>18,026</u>	<u>10,201</u>
Increase in:		
Other receivables and prepaid expenses	(1,070)	(2,817)
Loan and hire purchase receivables	(23,624)	(16,043)
Increase/(Decrease) in:		
Payables and accrued expenses	9,568	(5,608)
Cash Generated From / (Used In) Operations	<u>2,900</u>	<u>(14,267)</u>
Tax refunded	11	-
Finance costs paid	(2,234)	(730)
Tax paid	(2,868)	(2,541)
Net Cash Used In Operating Activities	<u>(2,191)</u>	<u>(17,538)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property trust units	(31,971)	-
Subscription of corporate bonds	(4,000)	-
Addition to property, plant and equipment	(968)	(269)
Amount owing by other related parties	-	1,054
Interest received	148	1,143
Proceeds from disposal of subsidiary company-net of cash	-	9,900
Proceeds from disposal of long term investment	-	5,333
Proceeds from disposal of property, plant and equipment	1	61
Dividend received	1,022	715
Net Cash From / (Used In) Investing Activities	<u>(35,768)</u>	<u>17,937</u>

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

	CUMULATIVE QUARTER 30/09/2005 RM'000	CUMULATIVE QUARTER 30/09/2004 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance / (Redemption) of commercial papers	(3,000)	-
Drawdown of borrowings	71,971	-
Repayment of term loans	-	(12,348)
Repayment of hire-purchase creditors	(31)	(48)
Finance costs paid	(223)	(248)
Net Cash From / (Used In) Financing Activities	<u>68,717</u>	<u>(12,644)</u>
Net increase / (decrease) in cash and cash equivalents	30,758	(12,245)
Cash and cash equivalents at beginning of financial period	17,971	12,412
Cash and cash equivalents at end of financial period	<u><u>48,729</u></u>	<u><u>167</u></u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD COMPRISE THE FOLLOWING:		
Cash and bank balances	10,784	948
Fixed deposit with licensed bank	37,945	-
Bank overdrafts	-	(781)
	<u><u>48,729</u></u>	<u><u>167</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)

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.

6. DEBT AND EQUITY SECURITIES

There were no issuance, cancellations, repurchases, resale and repayment of equity security during the financial period ended 30 September 2005 except for the issuance and 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
Issuance of CPs for working capital of the Group	7,000	10,000
Redemption of CPs upon maturity for rollover	3,000	13,000

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7. DIVIDEND

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

8. SEGMENTAL INFORMATION

Segmental revenue and results for the financial period ended 30 September 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	1,157	22,638	-	-	23,795
Intersegment turnover	1,551	-	-	(1,551)	-
	<u>2,708</u>	<u>22,638</u>	<u>-</u>	<u>(1,551)</u>	<u>23,795</u>
Results					
Profit/(loss) from operations	(771)	12,759	1,464	-	13,452
Finance costs					<u>(223)</u>
Profit before taxation					<u>13,229</u>
Taxation					<u>(3,051)</u>
Profit after taxation					<u>10,178</u>
Minority interests					<u>(1,263)</u>
Net profit for the period					<u>8,915</u>
Other Information:					
Depreciation	70	131	-	-	201

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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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 September 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 September 2005, the Group recorded higher revenue of RM23.4 million, an increase of RM3.1 million compared to the previous year's corresponding period revenue of RM20.7 million.

With the exclusion of RM9.5 million revenue contribution from Pos Ad Sdn Bhd (a subsidiary which has been disposed of on 16 July 2004) in the previous year's corresponding period, the revenue for the current financial period would show an even better improvement of RM12.6 million. The favourable improvement was mainly attributed to its loan financing operations which has achieved a better performance compared to the previous year's corresponding period.

Net profit for the current financial period ended 30 September 2005 was RM8.9 million. This is higher than RM6.9 million recorded for the corresponding period in the previous year. The improvement was mainly attributed to continuous contribution from its loan financing operations, waiver of advances by a related company and saving in staff costs 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 higher revenue of RM12.8 million compared to RM11.0 million in the preceding quarter. The increase was mainly due to dividend income of RM1.1 million received from its investment in AmFirst Property Trust ("AMFPT").

Net profit for the current quarter was RM4.2 million, lower than the preceding quarter of RM4.7 million. A higher net profit reported in the preceding quarter was mainly attributed to a one-off recognition of RM1.5 million gain due to waiver of advances by a related company.

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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	
	30/9/05	30/9/04	30/9/05	30/9/04
	RM'000	RM'000	RM'000	RM'000
Current year taxation	(908)	(2,157)	(4,703)	(3,765)
Deferred taxation	596	-	1,652	-
	<u>(312)</u>	<u>(2,157)</u>	<u>(3,051)</u>	<u>(3,765)</u>

The effective tax rate of the Group is lower than statutory income tax rate for both the current quarter and financial period mainly due to utilization of unabsorbed tax losses by certain subsidiaries.

17. UNQUOTED INVESTMENTS AND PROPERTIES

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

18. QUOTED SECURITIES

a) Purchase of quoted property trust units in the current quarter and current financial period ended 30 September 2005 by the Group are as follows:-

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

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18. QUOTED SECURITIES (CONT'D)

b) Investment in quoted property trust units as at 30 September 2005:-

	CUMULATIVE QUARTER RM'000
Investment at cost	61,170
Investment at carrying / book value	61,170
Investment at market value	64,673

c) There were no investment in quoted shares as at 30 September 2005.

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 ("AMFPT") representing approximately 21% of the total units in AMFPT from AMDB for a cash consideration of RM31,970,897 ("Acquisition").

The Acquisition was completed on 13 September 2005.

b) On 24 June 2005, Effusion.Com Sdn Bhd, 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").

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.

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19. STATUS OF CORPORATE PROPOSAL ANNOUNCED (CONT'D)

- c) On 9 September 2005, RCE Marketing Sdn Bhd ("RCEM"), a subsidiary of the Company entered into a Facility Agreement with EON Bank Berhad and CapOne Berhad for an unsecured fixed rate term loan facility of RM40,000,000. ("Facility").

The facility is obtained under the RM1,000,000,000 Primary Collateralised Loan Obligation Programme arranged by Malaysian International Merchant Bankers Berhad.

As a special condition to the Facility, RCEM has subscribed to the Subordinated Bonds issued by CapOne Berhad of up to 10% of the principal drawdown (i.e up to RM4,000,000). The facility was utilized for RCEM's working capital purposes.

- d) On 28 October 2005, RCE Advance Sdn Bhd (formerly known as Perfect Aspiration Sdn Bhd), a subsidiary of the Company obtained approval from the Securities Commission for the proposed issuance of up to RM420,000,000 Fixed Rate Medium Term Notes Facility comprising of the followings:
- i) RM240,000,000 Class A Fixed Rate Medium Term Notes ("Class A Notes");
 - ii) RM120,000,000 Class B Fixed Rate Medium Term Notes ("Class B Notes"); and
 - iii) RM60,000,000 Class C Fixed Rate Medium Term Notes ("Class C Notes").

The Class A Notes, Class B Notes and Class C Notes has been rated A+, A and BBB+ respectively by Malaysian Rating Corporation Berhad.

- e) On 11 November 2005, the Company has 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 followings 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; and
- iv) Any other relevant authorities / parties

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20. GROUP BORROWINGS

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

	Long Term RM'000	Short Term RM'000
Borrowings - Secured		
- Fixed Rate Serial Bonds	45,000	-
- Underwritten Commercial Papers	25,000	4,000
- Term Loan	31,971	-
- Revolving Credit	2,000	-
Borrowings - Unsecured		
- Fixed Rate Term Loan	40,000	-
- Revolving Credit	500	-
	<u>144,471</u>	<u>4,000</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 Corporate Guarantee given to a financial institution for a bank loan up to RM32 million 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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24. EARNINGS PER SHARE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30/9/05	30/9/04	30/9/05	30/9/04
Basic earnings per share:				
Net profit for the period (RM'000)	4,215	3,871	8,915	6,997
Number of ordinary shares in issue ('000)	401,513	401,513	401,513	401,513
Basic earnings per share (sen)	1.05	0.96	2.22	1.74

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: 21 November 2005