



RCE Capital Berhad (Company No. 2444-M)

Incorporated in Malaysia

Interim Financial Report
for 2nd Quarter Ended 30 September 2011

**SUMMARY OF KEY FINANCIAL INFORMATION FOR THE FINANCIAL
PERIOD ENDED 30 SEPTEMBER 2011**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
1. Revenue	58,803	74,624	119,560	133,508
2. Profit before tax	34,782	41,299	74,592	75,039
3. Profit for the period	26,882	31,238	60,108	54,874
4. Profit attributable to ordinary equity holders of the Company	26,882	31,238	60,108	54,874
5. Basic/diluted earnings per share (sen)	3.44	3.99	7.68	7.01
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 Company (RM)		0.63		0.57
	INDIVIDUAL QUARTER	INDIVIDUAL QUARTER	CUMULATIVE QUARTER	CUMULATIVE QUARTER
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
8. Gross interest income	3,774	2,138	7,508	3,808
9. Gross interest expense	9	6	18	12

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED	30.09.2010	6 MONTHS ENDED	30.09.2010
	30.09.2011	RM'000	30.09.2011	RM'000
	RM'000	RM'000	RM'000	RM'000
Revenue	58,803	74,624	119,560	133,508
Other income	6,960	4,070	15,397	6,914
Interest expense applicable to revenue	(17,186)	(18,712)	(35,407)	(35,868)
Staff costs and directors' remuneration	(3,289)	(2,709)	(6,439)	(5,576)
Depreciation of plant and equipment and investment properties	(337)	(348)	(646)	(696)
Other expenses	(10,160)	(15,620)	(17,855)	(23,231)
Finance costs	(9)	(6)	(18)	(12)
Profit before tax	34,782	41,299	74,592	75,039
Taxation	(7,900)	(10,061)	(14,484)	(20,165)
Profit for the financial period	26,882	31,238	60,108	54,874
Other comprehensive income:				
Financial assets available-for-sale ("AFS"):				
- Unrealised net (loss)/gain on revaluation	(819)	675	(618)	3,038
- Reclassification to profit and loss upon disposal	(2,157)	-	(6,107)	-
Other comprehensive income for the financial period, net of tax	(2,976)	675	(6,725)	3,038
Total comprehensive income for the financial period	23,906	31,913	53,383	57,912
Attributable to:				
Equity holders of the Company	26,882	31,238	60,108	54,874
Earnings per share attributable to equity holders of the Company:				
Basic/Diluted (sen)	3.44	3.99	7.68	7.01

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial report.

**RCE Capital Berhad (Company No. 2444-M)**

Incorporated in Malaysia

Interim Financial Report
for 2nd Quarter Ended 30 September 2011**CONDENSED STATEMENT OF FINANCIAL POSITION**

	AS AT 30.09.2011 RM'000	AS AT 31.03.2011 RM'000
ASSETS		
Non-Current Assets		
Plant and equipment	2,985	2,679
Investment properties	2,694	2,700
Goodwill on consolidation	28,677	28,677
Loans and receivables	853,773	973,164
AFS financial assets	10,455	39,166
Deferred tax assets	26,739	33,783
Total Non-Current Assets	925,323	1,080,169
Current Assets		
Loans and receivables	109,026	112,591
Trade receivables	34,771	37,414
Other receivables, deposits and prepaid expenses	32,864	28,549
Deposits with licensed financial institutions	449,146	512,150
Cash and bank balances	5,955	2,388
Total Current Assets	631,762	693,092
TOTAL ASSETS	1,557,085	1,773,261
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	78,240	78,240
Reserves	411,789	370,142
Total Equity	490,029	448,382
Non-Current Liabilities		
Hire-purchase payables	491	580
Borrowings	533,097	737,379
Deferred tax liabilities	44,337	52,418
Total Non-Current Liabilities	577,925	790,377
Current Liabilities		
Payables and accrued expenses	74,370	89,291
Hire-purchase payables	177	172
Borrowings	402,311	444,715
Tax liabilities	12,273	324
Total Current Liabilities	489,131	534,502
Total Liabilities	1,067,056	1,324,879
TOTAL EQUITY AND LIABILITIES	1,557,085	1,773,261
NET ASSETS PER SHARE (RM)	0.63	0.57

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial report.



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Interim Financial Report
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CONDENSED STATEMENT OF CHANGES IN EQUITY

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

	Share Capital RM'000	Reserves			Retained Earnings RM'000	Total Reserves RM'000	Minority Interest RM'000	Total Equity RM'000
		Share Premium RM'000	Share Options RM'000	AFS RM'000				
As at 1 April 2010	78,207	58,304	6,555	-	275,796	340,655	-	418,862
Effects of adopting FRS 139	-	-	-	6,753	(71,777)	(65,024)	-	(65,024)
Restated as at 1 April 2010	78,207	58,304	6,555	6,753	204,019	275,631	-	353,838
Total comprehensive income	-	-	-	3,038	54,874	57,912	-	57,912
Transactions with owners								
Dividend	-	-	-	-	(11,932)	(11,932)	-	(11,932)
Purchase of shares pursuant to ESOS	33	280	(120)	-	-	160	-	193
Cancellation of share options	-	-	(277)	-	277	-	-	-
Total transactions with owners	33	280	(397)	-	(11,655)	(11,772)	-	(11,739)
As at 30 September 2010	78,240	58,584	6,158	9,791	247,238	321,771	-	400,011
As at 1 April 2011	78,240	58,584	5,976	8,779	296,803	370,142	-	448,382
Total comprehensive income	-	-	-	(6,725)	60,108	53,383	-	53,383
Transactions with owners								
Dividend	-	-	-	-	(11,736)	(11,736)	-	(11,736)
Cancellation of share options	-	-	(141)	-	141	-	-	-
Total transactions with owners	-	-	(141)	-	(11,595)	(11,736)	-	(11,736)
As at 30 September 2011	78,240	58,584	5,835	2,054	345,316	411,789	-	490,029

The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial report.



CONDENSED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER 30.09.2011 RM'000	CUMULATIVE QUARTER 30.09.2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial period	60,108	54,874
Adjustments for:		
Taxation	14,484	20,165
Loss on early redemption of ABS	3,284	-
Allowance for doubtful debts, net	2,680	5,674
Depreciation of plant and equipment and investment properties	646	696
Amortisation of discount on MTNs	479	674
Finance costs	18	12
Loss on early redemption of MTNs	14	146
Plant and equipment written off	2	-
Interest income	(7,508)	(3,808)
Gain on disposal of AFS financial assets	(5,921)	-
Dividend income	(1,668)	(4,450)
Gain on disposal of plant and equipment	(112)	(54)
Operating profit before working capital changes	<u>66,506</u>	<u>73,929</u>
Decrease/(Increase) in working capital:		
Loans and receivables	120,276	(60,569)
Other receivables, deposits and prepaid expenses	5,014	(32,327)
Trade receivables	2,643	(2,516)
(Decrease)/Increase in working capital:		
Payables and accrued expenses	(17,014)	25,700
Cash generated from operations	<u>177,425</u>	<u>4,217</u>
Taxes paid	(13,076)	(8,722)
Taxes refunded	283	-
Net cash generated from/(used in) operating activities	<u>164,632</u>	<u>(4,505)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of AFS financial assets	27,907	-
Interest income	7,508	3,808
Dividend received	1,668	1,648
Proceeds from disposal of plant and equipment	112	375
Additions to plant and equipment	(933)	(512)
Net cash generated from investing activities	<u>36,262</u>	<u>5,319</u>



CONDENSED STATEMENT OF CASH FLOWS (CONT'D)

	CUMULATIVE QUARTER 30.09.2011 RM'000	CUMULATIVE QUARTER 30.09.2010 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of other borrowings	57,454	36,527
Drawdown of revolving credits	27,383	240,184
Proceeds from issuance of ABS	-	209,000
Proceeds from issuance of shares	-	193
Redemption of ABS	(177,284)	(25,000)
Repayment of revolving credits	(74,148)	(220,056)
Repayment of other borrowings	(69,185)	(28,310)
Dividends paid	(11,765)	(6,977)
Redemption of MTNs	(6,514)	(10,146)
Repayment of term loans	(6,170)	(46,132)
Repayment of hire-purchase payables	(84)	(358)
Redemption of CPs	-	(3,000)
Repayment of finance lease payables	-	(27)
Finance costs paid	(18)	(12)
Net cash (used in)/generated from financing activities	(260,331)	145,886
Net change in cash and cash equivalents	(59,437)	146,700
Cash and cash equivalents at beginning of financial period	514,538	289,711
Cash and cash equivalents at end of financial period	455,101	436,411
CASH AND CASH EQUIVALENTS AS AT END OF FINANCIAL PERIOD COMPRISE THE FOLLOWING:		
Deposits with licensed financial institutions	449,146	379,594
Cash and bank balances	5,955	56,817
	455,101	436,411

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial report.



NOTES TO THE INTERIM FINANCIAL REPORT

1 BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standard ("FRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial report should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2011.

2 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the annual audited financial statements for the financial year ended 31 March 2011, except for the adoption of the following standards, amendments to published standards and interpretations to existing standards which are effective for the financial period commencing 1 April 2011:

FRS 3	:	Business Combinations (Revised)
FRS 127	:	Consolidated and Separate Financial Statements (Revised)
IC Interpretation 4	:	Determining Whether an Arrangement Contains a Lease

Amendments to:

FRS 2	:	Share-based Payment
FRS 5	:	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	:	Financial Instruments: Disclosures
FRS 138	:	Intangible Assets
IC Interpretation 9	:	Reassessment of Embedded Derivatives

Amendments to FRSs classified as "Improvements to FRSs (2010)"

The adoption of the above standards, amendments to published standards and interpretations does not give rise to any material effects to the Group.



NOTES TO THE INTERIM FINANCIAL REPORT

3 AUDITORS' REPORT ON PRECEDING ANNUAL AUDITED FINANCIAL STATEMENTS

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

4 SEASONAL OR CYCLICAL FACTORS

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

5 UNUSUAL ITEMS

There were no unusual items for the current quarter and financial period.

6 CHANGES IN ESTIMATES

There were no changes in estimates that have a material effect for the current quarter and financial period.



NOTES TO THE INTERIM FINANCIAL REPORT

7 DEBT AND EQUITY SECURITIES

There were no issuance, repurchase and repayment of debt and equity securities for the financial period except for the following:

- (a) Redemption of the Asset-Backed Securities ("ABS") by Tresor Assets Berhad, a subsidiary of the Company, as follows:

	CURRENT QUARTER RM'000	CUMULATIVE QUARTER RM'000
Early redemption of ABS	(56,000)	(108,000)
Redemption of ABS upon maturity	(27,000)	(66,000)

- (b) Redemption of the Fixed Rate Medium Term Notes ("MTNs") by RCE Advance Sdn Bhd, a subsidiary of the Company, as follows:

	CURRENT QUARTER RM'000	CUMULATIVE QUARTER RM'000
Early redemption of MTNs	-	(1,500)
Redemption of MTNs upon maturity	(5,000)	(5,000)

8 DIVIDEND

The directors declared and paid a final single-tier dividend in respect of the financial year ended 31 March 2011 of 15.0% (1.50 sen) on 782,395,174 ordinary shares, amounting to RM11,735,928 on 23 September 2011. The dividend has been accounted for in the equity as an appropriation of retained earnings in the financial period ended 30 September 2011.

No dividend has been recommended by the directors or paid for the financial period ended 30 September 2011.



NOTES TO THE INTERIM FINANCIAL REPORT

9 SEGMENTAL INFORMATION

Segmental revenue and results for the financial period were as follows:

	Loan Financing RM'000	Investment Holding & Mgmt Services RM'000	Factoring & Confirming RM'000	Eliminations RM'000	Group RM'000
Revenue					
External sales	114,325	2,012	3,223	-	119,560
Intersegment sales	-	45,817	-	(45,817)	-
Total revenue	<u>114,325</u>	<u>47,829</u>	<u>3,223</u>	<u>(45,817)</u>	<u>119,560</u>
Results					
Interest income	7,504	1	3	-	7,508
Segment results	74,313	4,884	(4,587)	-	74,610
Finance costs					<u>(18)</u>
Profit before tax					74,592
Taxation					<u>(14,484)</u>
Profit for the financial period					<u>60,108</u>

10 MATERIAL EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

As at the date of this announcement, there were no material events subsequent to the balance sheet date that affect the results of the Group for the financial period.

11 CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial period.



NOTES TO THE INTERIM FINANCIAL REPORT

12 REVIEW OF PERFORMANCE

The Group's revenue was RM15.8 million lower from RM74.6 million to RM58.8 million over the corresponding quarter due to lower early settlement of loans and receivables.

Arising from the above, net profit correspondingly was lower from RM31.2 million to RM26.9 million. Meanwhile, loans and receivables also decreased by RM130.2 million from RM1.1 billion to RM962.8 million.

Notwithstanding the above and despite the drop in revenue from RM133.5 million to RM119.6 million for the six months ended 30 September 2011, net profit was RM60.1 million, RM5.2 million or 9.5% higher from the corresponding period of RM54.9 million. The higher net profit was mainly attributable to the RM5.9 million capital gain on the disposal of 24.4 million units of AmFirst REITs, lower operating expenses and tax expenses.

13 MATERIAL CHANGE IN RESULTS OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER

The Group recorded a pre-tax profit of RM34.8 million for the current quarter ended 30 September 2011, 12.6% or RM5.0 million lower than that of the preceding quarter's pre-tax profit of RM39.8 million.

This was mainly attributable to lower revenue by RM2.0 million arising from lower early settlement of loans and receivables and higher loan impairment made by RM1.9 million.

14 CURRENT YEAR PROSPECTS

The Group continues to work closely with its major business partner, Koperasi Wawasan Pekerja-Pekerja Berhad ("KOWAJA") on the operational and funding requirements as well as improving its product features, service delivery and new marketing channels.

Barring any unforeseen circumstances, the Group expects to perform satisfactorily for the financial year ending 31 March 2012.



NOTES TO THE INTERIM FINANCIAL REPORT

15 PROFIT FORECAST

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

16 TAXATION

	INDIVIDUAL QUARTER 30.09.2011 RM'000	CUMULATIVE QUARTER 30.09.2011 RM'000
Taxation:		
Current period	7,280	15,521
Deferred taxation:		
Current period	(1,729)	(1,642)
Underprovision in prior year	2,349	605
	<u>620</u>	<u>(1,037)</u>
	<u>7,900</u>	<u>14,484</u>

The effective tax rate of the Group in the current quarter is lower than the statutory tax rate as a result of certain income which is not taxable and utilisation of unabsorbed business losses brought forward.

17 UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no sales of any unquoted investments and/or properties by the Group during the current quarter and financial period.



NOTES TO THE INTERIM FINANCIAL REPORT

18 QUOTED SECURITIES

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

	INDIVIDUAL		CUMULATIVE	
	QUARTER		QUARTER	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
Included within financial assets AFS:				
Non-current assets:				
Purchase consideration	-	-	-	-
Sales proceeds	9,923	-	28,093	-
Gain on disposal	2,091	-	5,921	-
Current assets:				
Purchase consideration	-	-	-	-
Sales proceeds	-	-	-	-
Gain on disposal	-	-	-	-

(b) Investment in quoted real estate investment trust units as at 30 September 2011:

	CUMULATIVE
	QUARTER
	RM'000
Included within financial assets AFS:	
At cost	9,335
At carrying/book value	10,455
At market value	10,455

19 STATUS OF CORPORATE PROPOSALS ANNOUNCED

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



NOTES TO THE INTERIM FINANCIAL REPORT

20 GROUP BORROWINGS AND DEBT SECURITIES

Total borrowings and debt securities (all denominated in Ringgit Malaysia) of the Group as at 30 September 2011 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
At amortised cost			
Secured:			
- Asset-backed securities	83,042	320,000	403,042
- Fixed rate medium term notes	74,672	128,459	203,131
- Revolving credits	151,407	-	151,407
- Term loans	12,635	71,038	83,673
- Bank overdrafts	5	-	5
	<u>321,761</u>	<u>519,497</u>	<u>841,258</u>
Unsecured:			
- Term loans	40,523	-	40,523
- Revolving credits	16,527	13,600	30,127
- Bankers' acceptances	12,636	-	12,636
- Trust receipts	8,409	-	8,409
- Bank overdrafts	2,455	-	2,455
	<u>80,550</u>	<u>13,600</u>	<u>94,150</u>
	<u>402,311</u>	<u>533,097</u>	<u>935,408</u>



NOTES TO THE INTERIM FINANCIAL REPORT

21 CAPITAL COMMITMENTS

30.09.2011

RM'000

Capital expenditure in respect of
plant and equipment:

Approved, contracted but not provided for

480

Other than as disclosed in this report, there were no other material capital commitments as at the date of this report.

22 CHANGES IN CONTINGENT LIABILITIES AND ASSETS

The Group's total letters of credit have decreased from RM4.2 million as at 31 March 2011 to RM3.1 million as at 30 September 2011.

Other than as disclosed above, there were no other changes in contingent liabilities and assets since the last financial year ended 31 March 2011.

23 DERIVATIVES AND FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

(a) There were no derivatives as at 30 September 2011.

(b) There were no fair value gain/(loss) on fair value changes of financial liabilities as all financial liabilities were measured at amortised cost.

24 CHANGES IN MATERIAL LITIGATION

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



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NOTES TO THE INTERIM FINANCIAL REPORT

25 EARNINGS PER SHARE ("EPS")

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		30.09.2011	30.09.2010	30.09.2011	30.09.2010
Basic:					
Profit for the period attributable to equity holders of the Company	(RM'000)	26,882	31,238	60,108	54,874
Weighted average number of ordinary shares in issue	(unit'000)	782,395	782,395	782,395	782,322
Basic EPS	(sen)	3.44	3.99	7.68	7.01

Basic EPS for the quarter is calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the period.

Diluted:

The Group has no dilution in its EPS in the current quarter and the corresponding quarter as there are no dilutive potential ordinary shares.



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NOTES TO THE INTERIM FINANCIAL REPORT

26 DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained earnings of the Group as at 30 September 2011, into realised and unrealised profits, pursuant to Bursa Malaysia Securities Berhad's directive dated 20 December 2010, is as follows:

	INDIVIDUAL QUARTER	
	30.09.2011	31.03.2011
	RM'000	RM'000
Total retained earnings of the Group:		
- Realised	362,914	315,438
- Unrealised	(17,598)	(18,635)
	<u>345,316</u>	<u>296,803</u>

BY ORDER OF THE BOARD
JOHNSON YAP CHOON SENG
Company Secretary
25 November 2011