

Contact Info:

Ph: (250) 376-8989
Fax: (250) 376-7858
info@qiscapital.com
www.qiscapital.com

Research
Doren Quinton

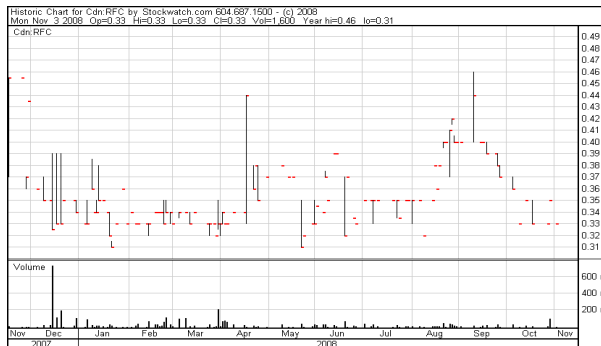
Research Assistants
Josh Kier

INDEPENDENT RESEARCH



RIFCO Inc.
(RFC: TSX-V)

Date: November 14, 2008
Price: \$0.33



KEY INFORMATION

Fiscal Year-end	March 31
52-Week High/Low	\$0.465 - \$0.310
3-Month Avg. Daily Trading Volume	7,104 shares
Market Capitalization	\$6.35 million
Book Value	\$7.64 million
Book Value per Share	\$0.40
Gross Margin Equivalent **	0.44
Interest Coverage Ratio	6.39
Debt to Equity	0.45
Price to f2008 Earnings	11.8
Price to f2009e Earnings	4.1

** net financial income before operating expenses / revenues

FINANCIAL DATA (000's of Canadian Dollars)

	3 Months June 30		Yr ended Mar 31	
	2008	2007	2008	2007
Revenues	3,773	1,496	7,605	6,514
Net Income	607	(83)	540	680
per share	0.032	(0.004)	0.03	0.04

BALANCE SHEET (as at June 30, 2008)

Total Assets	13,661,173
Total Liabilities	6,017,678
Long-Term Debt	4,233,455
Shareholders' Equity	7,643,495

Current assets and current liabilities are not provided as they are not a meaningful measure for financing companies.

SHARES OUTSTANDING (as at August 6, 2008)

Basic	19,229,598
Fully-Diluted	22,495,869

* Insider Ownership of 17.2%

Highlights:

- targeted f2009 growth of 60% in loan originations and 50% in managed assets
- \$1 million increase in retained earnings over the past two quarters
- record quarterly net income
- trading at a discount to book value and a P/E valuation of only 4.1 times f2009e earnings

COMPANY OVERVIEW

RIFCO was founded in 2002 and became a publicly traded entity through a reverse takeover on March 31, 2003, with an opening price of \$0.30. RIFCO has become one of the fastest growing automotive companies in Canada with a focus on providing motorists with non-prime auto financing. The company derives its revenues from interest charged on loans and gain-on-sale of revenues from securitizing groups of loans for amounts greater than their aggregate book value.

RIFCO currently operates in Alberta, Ontario, British Columbia, Manitoba and the Atlantic provinces. The company's services facilitate the easy conversion of vehicle purchases into affordable monthly payments in a quick and convenient manner at the point-of-sale. New and used vehicle retailers benefit by being able to offer customers convenient financing, thus being able to compete effectively to increase sales and profits. RIFCO's online loan origination platform was officially launched in November 2007.

The company is focused on the growth of its loan originations and has identified additional automobile retailers to be key drivers in this growth strategy. With an objective to increase market presence and improve penetration, RIFCO has started an enrolment and training program of about 20 new dealers per month which will positively impact loan originations.

Automotive financing is one of the largest consumer finance markets in Canada. With

nearly 20 million vehicles and over 20% of consumers replacing their vehicles each year, it is estimated that the Canadian auto-related credit market exceeds \$40 billion annually. Of this total, the non-prime automotive finance market is estimated to be about \$4 billion per year and growing. RIFCO has approximately 250 of the over 16,000 auto dealerships in Canada presently enrolled to utilize its services.

The company's focused growth strategies include the expansion of its vehicle dealer base, excellence in credit and collections processes, and exceptional service to its dealer members and its customers supported by its exclusive internet-based loan origination technology platform, proven underwriting and servicing capabilities.

FINANCIAL SUMMARY

For the first quarter ended June 30, 2008, RIFCO posted net income of \$607,346 or \$0.03 per share compared to a loss of \$82,668 in Q1/08. Loan originations increased by 69% to \$9.52 million and securitized loans grew to \$10.62 million compared to \$2.88 million in the same quarter in the previous year. Securitization income increased by 287% to \$3.21 million. RIFCO's operating expense ratio was reduced to 7.45% from 9.61% in the same period during fiscal 2008. The company was also below provisions set aside for loan defaults during the latest period.

RECENT DEVELOPMENTS

On August 11, the company renewed its \$30 million Securcor Trust Securitization Facility albeit with an increased cost of funds which is in line with expectations and industry trends. The new facility continues for a 12 month term expiring June 30, 2009.

The company has also received an increase in its letter of credit from Bank of Montreal from \$2 million to

\$3 million. The increase in LOC will facilitate a \$1.0 million cash release from the retained interest cash holdback that will be deployed towards the pay down of senior debt borrowing and thus lower interest costs.

SUMMARY

RIFCO has steadily grown and established itself as a niche provider of auto purchase loans. The company is projecting revenues of \$11 million for the year ended March 31, 2009, and is targeting a 60% growth rate in loan originations to \$40 million and a 50% growth rate in managed assets to \$45 million. RIFCO's vision is to become a \$100 million per year loan originator.

While many investors may dismiss RIFCO due to its involvement in the loan industry, the company is making significant financial strides with its conservative lending style to Canadian consumers. RIFCO is rapidly expanding its market share due to the recent exit of companies such as Americredit Canada, Wells Fargo Auto Finance, and HSBC Canada which have ceased or suspended auto lending in the Canadian marketplace.

RIFCO has been successful in increasing its book value from \$0.07 in 2004 to \$0.40 in 2008. The company currently trades at only 0.8x times book value. It should be noted that the latest major takeovers in the lending industry occurred in 2006 at approximately 3.7 times book value. While valuations have likely changed considerably since this time, applying this metric would result in a potential share price of \$1.48 per share. Furthermore, with over \$0.05 eps over the past two quarters, RIFCO appears to be well on its way to achieving at least \$0.08 per share in earnings for fiscal 2009, representing a forward p/e multiple of only 4.1 times. Alberta Venture Magazine recently ranked RIFCO in 21st place of the Fast 50 Companies with revenue under \$20 million.

RIFCO Inc.
Suite 500, 5000 Gaetz Avenue
Red Deer, Alberta T4N 6C2
Contact: Bill Graham, President & CEO
Phone: (403) 314-1214
Fax: (403) 314-1132
Email: info@rifco.net
Website: www.rifco.net

The corporate information provided in this report is for informational purposes only. While every effort has been taken to provide accurate information, the completeness or accuracy of such information is not guaranteed. Certain statements in this report may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The company profiled assumes no liability for the information presented. The information contained in this report should not be construed as offering investment advice. Those seeking direct investment advice should consult a qualified, registered, investment professional. This is not a direct or implied solicitation to buy or sell securities. Readers are advised to conduct their own due diligence prior to considering buying or selling any stock. Trading accounts, including personal, family and corporate accounts, under the control of QIS Capital management and employees currently holds nil shares in the company profiled. QIS Capital does not have any financial agreement with the company mentioned in this report but reserves the right to trade in the securities listed. No stock exchange has approved or disapproved of the information contained herein. Copyright ©2008, QIS Capital Corporation.