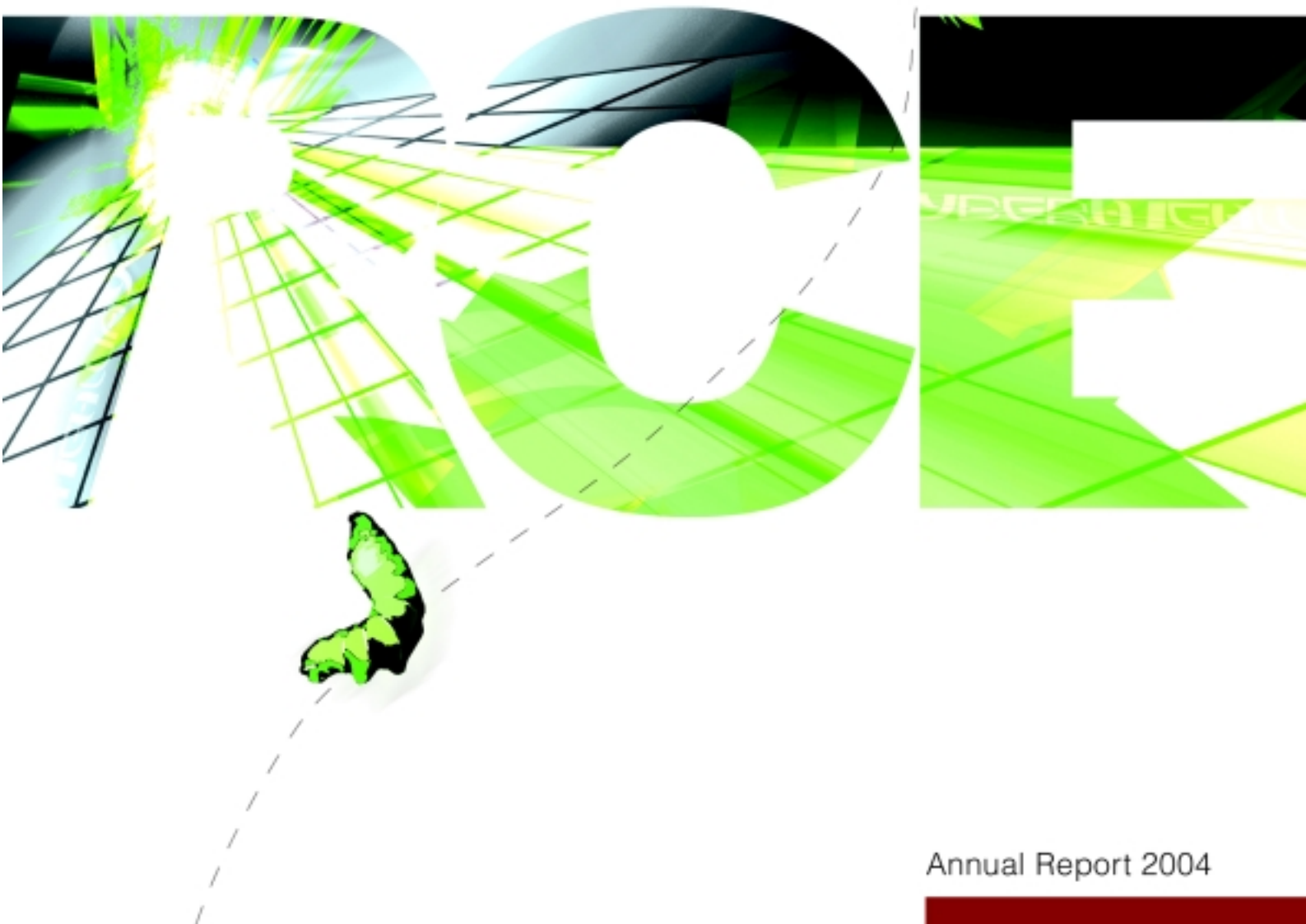


RCE

RCE CAPITAL BERHAD
(formerly known as Rediffusion Berhad)

(Company No. 2444-M)
(Incorporated in Malaysia)



Annual Report 2004

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 50th Annual General Meeting of the Company will be held at Dewan AmBank Group, 7th Floor, Bangunan AmBank Group, 55, Jalan Raja Chulan, 50200 Kuala Lumpur on Monday, 27 September 2004 at 3.30 p.m. to transact the following businesses: -

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2004 and the Reports of Directors and Auditors thereon. **Resolution No. 1**
2. To approve the payment of Directors' fees of RM107,000 for the financial year ended 31 March 2004. **Resolution No. 2**
3. To re-elect the following Directors retiring in accordance with Article 106 of the Company's Articles of Association:-
 - (i) YBhg. Tan Sri Dato' Azman Hashim **Resolution No. 3**
 - (ii) Encik Azmi Hashim **Resolution No. 4**
 - (iii) Mr. Raymond Chew Keng Yong **Resolution No. 5**
4. To consider and if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:-

"THAT Mr. Wong Bin Chen who retires pursuant to Section 129(2) of the Companies Act, 1965 as he has attained the age of 70 years be and is hereby re-appointed a director of the Company to hold office until the next Annual General Meeting of the Company." **Resolution No. 6**
5. To re-appoint Messrs Deloitte KassimChan as Auditors of the Company and to authorise the Directors to determine their remuneration. **Resolution No. 7**
6. As Special Business to consider and if thought fit, to pass the following resolution with or without modifications as an Ordinary Resolution of the Company:-

AUTHORITY TO ISSUE SHARES

Resolution No. 8

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10 per centum of the total issued share capital of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issue."

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

BY ORDER OF THE BOARD

BERNIE OOI CHIN KHOON
SELENA LEONG SIEW TEE
Secretaries

Kuala Lumpur

3 September 2004

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation. The provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an attorney duly authorised.
5. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, shall be deposited at the registered office of the Company at 1st Floor, Lot 271, Jalan Dua, Off Jalan Chan Sow Lin, 55200 Kuala Lumpur not less than forty eight (48) hours before the time for holding the 50th Annual General Meeting or any adjournment thereof.
6. Explanatory note on special business:

Resolution No. 8

The proposed Ordinary Resolution 8 if passed is to give the Directors of the Company flexibility to issue and allot shares for such purposes as the Directors in their absolute discretion consider to be in the interest of the Company, without having to convene a general meeting. This authority will expire at the next Annual General Meeting of the Company.

Statement Accompanying The Notice of Annual General Meeting

1. BOARD MEETINGS

During the financial year under review, the Board met six times. The details of attendance of Directors at Board of Directors meetings are disclosed in the Corporate Governance Statement on page 19 of the Annual Report.

2. DATE, TIME AND VENUE OF THE 50TH ANNUAL GENERAL MEETING

The 50th Annual General Meeting of RCE Capital Berhad will be held as follows:-

Date : 27th September 2004
Time : 3.30p.m.
Venue : **Dewan AmBank Group**
7th Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur

3. DIRECTORS STANDING FOR ELECTION:-

Directors who are standing for re-election are as follows:-

- (i) YBhg. Tan Sri Dato' Azman Hashim retiring pursuant to Article 106.
- (ii) Encik Azmi Hashim retiring pursuant to Article 106.
- (iii) Mr. Raymond Chew Keng Yong retiring pursuant to Article 106.
- (iv) Mr. Wong Bin Chen retiring pursuant to Section 129(2) of the Companies Act, 1965.

4. DETAILS OF DIRECTORS STANDING FOR RE-ELECTION

Details of Directors who are standing for re-election are set out in the Profile of Directors on pages 8 to 12 of the Annual Report.

The Directors' interest are disclosed in the Directors' Report and Analysis of Shareholdings on Page 35 and 79, respectively of the Annual Report.

RCE CAPITAL BERHAD

(formerly known as Rediffusion Berhad)

FINANCING SERVICES

RCE MARKETING SDN BHD
87.5%

RCE PREMIER SDN BHD
(formerly known as Pintar Utara (M) Sdn Bhd)
100%

RCE COMMERCE SDN BHD
(formerly known as Rediffusion.Com Sdn Bhd)
100%

RCE TRADING SDN BHD
100%

RCE SALES SDN BHD
100%

PROPERTY / INVESTMENT

TAIFAB SDN BHD
100%

VERBUNDSOFT SDN BHD
100%

Five-year Financial Highlights

Consolidated balance sheets

As at 31st March (RM'000)

	2004	2003	2002	2001	2000
Property, plant and equipment	14,500	24,356	27,286	28,473	30,052
Loans and hire purchase receivables					
– Non-current portion	57,203	–	–	–	–
Investments	5,294	–	–	–	–
Current assets	66,293	36,490	18,657	18,774	17,179
Long term and deferred liabilities	(716)	(2,721) *	(3,931) *	(4,686) *	(2,062) *
Current liabilities	(50,888)	(36,681)	(15,713)	(17,530)	(22,288)
Share capital	40,151	18,675	18,675	18,675	18,675
Shareholders' funds	44,470	21,121 *	22,222 *	21,783 *	20,642 *
Goodwill on consolidation	–	269	539	808	1,078
Net tangible assets (NTA)	44,470	20,852	21,683	20,975	19,564
NTA per share (sen)	110.76	51.93 #	54.00 #	52.24 #	48.73 #

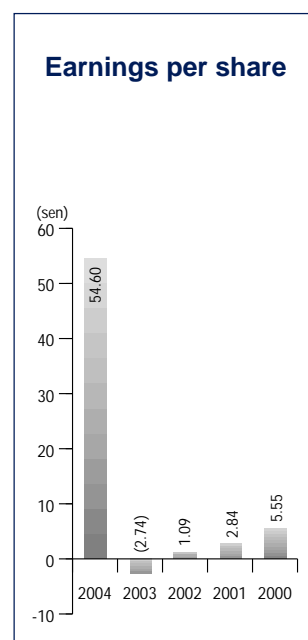
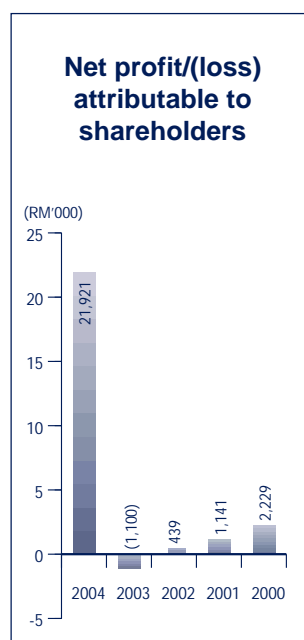
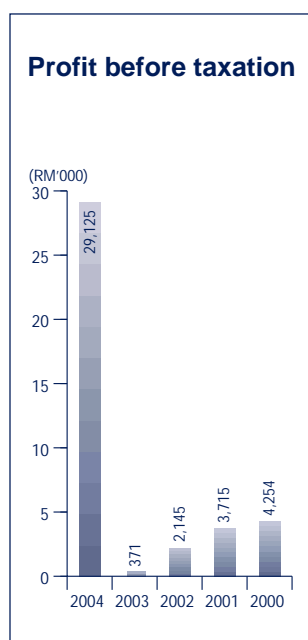
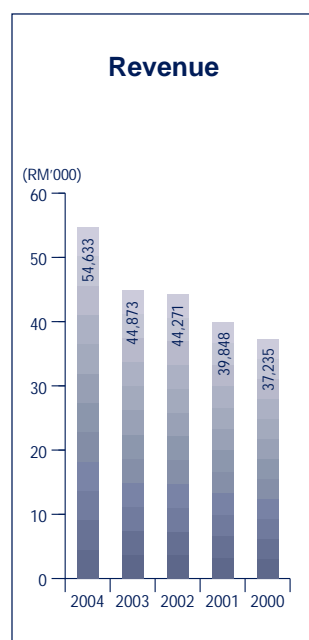
Consolidated income statements

Year ended 31st March (RM'000)

	2004	2003	2002	2001	2000
Revenue	54,633	44,873	44,271	39,848	37,235
Profit before taxation	29,125	371	2,145	3,715	4,254
Profit/(loss) after taxation	23,476	(1,272)	998	1,880	3,340
Net profit/(loss) attributable to shareholders	21,921	(1,100)	439	1,141	2,229
Earnings per share (sen)	54.60	(2.74) #	1.09 #	2.84 #	5.55 #

* with prior year adjustment

Adjusted for bonus issues in December 2003



BOARD OF DIRECTORS

YBhg. Tan Sri Dato' Azman Hashim
Non-Executive Chairman

Encik Azmi Hashim
Non-Executive Vice Chairman

YBhg. Mej. Gen (Rtd) Dato' Haji Fauzi Bin Hussain
Independent Non-Executive Director

YBhg. Datuk Mohd Zaman Khan @ Hassan Bin Rahim Khan
Independent Non-Executive Director

Mr. Wong Bin Chen
Independent Non-Executive Director

Mr. Soo Kim Wai
Non-Executive Director

Pn. Shalina Azman
Non-Executive Director

Mr. Raymond Chew Keng Yong
Non-Executive Director

AUDIT COMMITTEE MEMBERS

Chairman:
YBhg. Mej. Gen (Rtd) Dato' Haji Fauzi Bin Hussain

Members:
Mr. Soo Kim Wai
Mr. Wong Bin Chen

REMUNERATION COMMITTEE MEMBERS

Chairman:
YBhg. Datuk Mohd Zaman Khan @ Hassan Bin Rahim Khan

Members:
YBhg. Mej. Gen (Rtd) Dato' Haji Fauzi Bin Hussain
Mr. Wong Bin Chen

NOMINATION COMMITTEE MEMBERS

Chairman:
YBhg. Datuk Mohd Zaman Khan @ Hassan Bin Rahim Khan

Members:
YBhg. Mej. Gen (Rtd) Dato' Haji Fauzi Bin Hussain
Mr. Wong Bin Chen

COMPANY SECRETARIES

Ooi Chin Khoo (MIA 6245)
Selena Leong Siew Tee (MAICSA 7017630)

REGISTERED OFFICE

1st Floor, Lot 271, Jalan Dua
Off Jalan Chan Sow Lin, 55200 Kuala Lumpur
Tel: 03-92228870
Fax: 03- 92217793

PRINCIPAL PLACE OF BUSINESS

1st Floor, Lot 271, Jalan Dua
Off Jalan Chan Sow Lin, 55200 Kuala Lumpur
Tel: 03-92228870
Fax: 03- 92217793

AUDITORS

Messrs. Deloitte KassimChan
Chartered Accountants
Level 19, Uptown 1, 1 Jalan SS 21/58
Damansara Uptown, 47400 Petaling Jaya
Selangor Darul Ehsan

PRINCIPAL BANKER

Malayan Banking Berhad

SHARE REGISTRAR

PFA Registration Services Sdn Bhd
1301, Level 13, Uptown 1
No. 1, Jalan SS21/58, Damansara Uptown
47400 Petaling Jaya, Selangor Darul Ehsan
Tel: 03-7725 4888
Fax: 03-7722 2311

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad, Second Board

Board of Directors



**Y. BHG. TAN SRI DATO'
AZMAN HASHIM**
Non-Executive Chairman



EN. AZMI HASHIM
*Non-Executive
Vice Chairman*



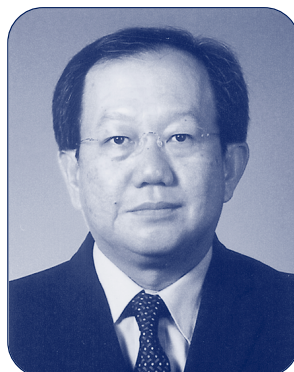
**Y. BHG. MEJ. GEN. (RTD)
DATO' HAJI
FAUZI BIN HUSSAIN**
*Independent
Non-Executive Director*



**Y. BHG. DATUK MOHD
ZAMAN KHAN @
HASSAN BIN RAHIM KHAN**
*Independent
Non-Executive Director*



MR. WONG BIN CHEN
*Independent
Non-Executive Director*



MR. SOO KIM WAI
Non-Executive Director



PN. SHALINA AZMAN
Non-Executive Director



**MR. RAYMOND CHEW
KENG YONG**
Non-Executive Director

Y. BHG. TAN SRI DATO' AZMAN HASHIM***Non-Executive Chairman***

Y. Bhg. Tan Sri Dato' Azman Hashim, a Malaysian, aged 65, was appointed to the Board on 2 December 1988. He is also the Non-Executive Chairman of the Company.

Y. Bhg. Tan Sri Dato' Azman is a Chartered Accountant, a Fellow of the Institute of Chartered Accountants and a Fellow of the Institute of Chartered Secretaries and Administrators. He has been involved in the banking industry since 1960, when he joined Bank Negara Malaysia and served there until 1964. Between 1964 and 1971, he practised as a Chartered Accountant in Azman Wong Salleh & Co and later joined the Board of Malayan Banking Berhad (Maybank) from 1966 to 1980. He was the Executive Director of Maybank from 1971 until 1980. In 1980, Y. Bhg. Tan Sri Dato' Azman was appointed the Executive Chairman of Kwong Yik Bank Berhad, a subsidiary of Maybank. He held the position until April 1982, when he acquired AmMerchant Bank Berhad.

At the national level, Y. Bhg. Tan Sri Dato' Azman is the Chairman of the Association of Merchant Banks in Malaysia, the National Productivity Corporation and the Pacific Basin Economic Council Malaysia and Co-Chairman of Malaysia Singapore Roundtable. In April 2004, Y. Bhg. Tan Sri Dato' Azman was elected the Chairman of the East Asia Business Council. He is the President of the Malaysia South-South Association, Malaysia-Japan Economic Association, the Friends of Prisons Association, the Non-Aligned Movement's Business Council and East Asia Business Council.

Y. Bhg. Tan Sri Dato' Azman also serves as the Treasurer for the Malaysia-US Private Sector Consultative Group and the Malaysia-Australia Foundation and Vice-Chairman of the Malaysian Business Council. He is a member of the APEC Business Advisory Council, The Trilateral Commission (Asia-Pacific Group), the Malaysian-British Business Council, the Malaysia-China Business Council and the UNESCAP Business Advisory Council. He is also the Leader of the ASEAN-Japanese Business Meeting (Malaysia Committee, Keizai Doyukai), Patron of the Malaysian Endurance Riding Society and is on the Board of Advisors, AIM Centre for Corporate Social Responsibility and was recently appointed Vice Chairman of Pacific Basin Economic Council.

Y. Bhg. Tan Sri Dato' Azman is the Executive Chairman of AMMB Holdings Berhad (AHB) and Arab-Malaysian Corporation Berhad. He is the Chairman of several subsidiary companies of AHB, namely AMFB Holdings Berhad, AmFinance Berhad, AmMerchant Bank Berhad, AmBank Berhad, Arab-Malaysian Credit Berhad, AmProperty Trust Management Berhad and AmAssurance Berhad. Apart from the AHB group of companies, his other directorship in public companies are as follows:

- Chairman of AMDB Berhad, MCM Technologies Berhad, Malaysian South-South Corporation Berhad and Pembangunan MasMelayu Berhad
- Director of Cagamas Berhad and Multimedia Development Corporation Berhad

EN. AZMI HASHIM

Non-Executive Vice Chairman

En. Azmi Hashim, a Malaysian, aged 56, was appointed to the Board on 2 December 1988. He is also a member of the Nomination Committee of the Company.

En. Azmi was in the accounting profession with several professional accounting firms both internationally and locally. Prior to his current appointment as Chief Executive Officer of AMDB Berhad (AMDB), he has held the position of General Manager in AMDB and was subsequently promoted to Managing Director in 1991 and Director/Advisor of AMDB in 1998.

His directorship in other public companies are in AMDB Construction & Engineering Berhad, Kesas Holdings Berhad, Sapura Motors Berhad, Sogelease (Malaysia) Berhad and Seban Golf & Marina Berhad.

Y. BHG. MEJ. GEN. (RTD) DATO' HAJI FAUZI BIN HUSSAIN

Independent Non-Executive Director

Y. Bhg. Mej. Gen. (Rtd) Dato' Haji Fauzi Bin Hussain, a Malaysian, aged 64 was appointed to the Board on 25 April 2003. He is also the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees of the Company.

He retired as the Deputy Chief of the Air Force after serving the Malaysia Armed Forces for nearly 35 years. He is a graduate of the Command and Staff College Indonesia and the Joint Services Staff College Australia. He also attended the Defence Logistic Management course in the US and a Senior Officers Management Course in South Korea.

In the military, he served in many capacities from platoon commander, Base Commander, staff officer to Commander of Training, Support and Air Defence Commands of the Air force.

He was Joint-Chairman of the planning and execution Committee of Air Exercise with Thailand and Indonesia Air Forces and was also involved in the training and operations along the common border with these two countries.

Y. Bhg. Mej. Gen. (Rtd) Dato' Haji Fauzi was formerly on the Board of Lembaga Tabung Angkatan Tentera and Armitage Shanks Bhd. His directorship in other public companies are in British American Tobacco (Malaysia) Berhad, MCM Technologies Berhad and Atis Corporation Bhd.

Y. BHG. DATUK MOHD ZAMAN KHAN @ HASSAN BIN RAHIM KHAN

Independent Non-Executive Director

Y. Bhg. Datuk Mohd Zaman Khan @ Hassan Bin Rahim Khan, a Malaysian, aged 62, was appointed to the Board on 26 March 1998. He is also a Chairman of the Nomination and Remuneration Committees of the Company.

He served the Police Forces for 35 years and had held several key positions, namely as Commissioner of Police, Director of Criminal Investigation and Director-General for the Prisons Department. He is a graduate of the Royal College of Defense Studies, United Kingdom and also holds a Graduate Certificate in Management from the Monash Mt. Eliza Business School.

MR. WONG BIN CHEN***Independent Non-Executive Director***

Mr. Wong Bin Chen, a Malaysian, aged 73, was appointed to the Board on 8 October 1993. He is also a member of the Audit, Nomination and Remuneration Committees of the Company.

He is a well-accomplished businessman having interests in many industries, notably in property development in which he has been involved since 1959 - boasting successes in housing projects like Kepong Garden, Selayang Garden, Segambut Jaya, Damai Kompleks, Setapak Heights, Setapak Jaya, Rampai Estate and Bandar Park. He also has significant interests in a palm oil plantation and refinery and is involved in the manufacturing of rubber products through Fung Keong Rubber Manufacturing (Malaya) Sdn Bhd.

In social activities, he has been a director of The Selangor Chinese Assembly Hall (Society), Federation of Nam Ann Association of Malaysia, Selangor Nam Ann Association and has also served as a director in the United Chinese School Committee's Association of Malaysia and is a Director of several Chinese primary and secondary schools.

His directorship in other public companies is in General Corporation Berhad ("GCB"). GCB is involved in investment holding and property development.

MR. SOO KIM WAI***Non-Executive Director***

Mr. Soo Kim Wai, a Malaysian, aged 43, was appointed to the Board on 11 August 1997. He is also a member of the Audit Committee of the Company.

He is a Chartered Accountant (Malaysian Institute of Accountants) and a Certified Public Accountant (Malaysian Institute of Certified Public Accountants).

Mr. Soo Kim Wai joined Arab-Malaysian Corporation Berhad ("AMCORP") in 1989 as Senior Manager-Finance and has since held various positions. He was appointed as a Director of AMCORP on 13 March 1996 and subsequently as Managing Director on 1 January 1999. Prior to that, he was in the accounting profession for 5 years with Deloitte KassimChan from 1980 to 1985 and with Plantation Agencies Sdn Bhd from 1985 to 1988. He is a member of the Audit Committee and Employees' Share Option Scheme Committee of AMCORP.

His directorships in other public companies are in AMMB Holdings Berhad, AMCORP and MCM Technologies Berhad.

PN. SHALINA AZMAN

Non-Executive Director

Pn. Shalina Azman, a Malaysian, aged 37, was appointed to the Board on 6 January 2000. Pn. Shalina's involvement with the Company dates back to 1990 where she first gained invaluable experience in the media industry as a Business Development Officer. Prior to joining the Company, she was with AMCORP from 1995 to 1999 as a Senior Manager, Corporate Planning. She was subsequently appointed as the Managing Director of the Company on 1 September 2000. On 31 July 2002, Puan Shalina resigned as Managing Director of the Company to join AMCORP and on 1 August 2002, she was appointed as the Deputy Managing Director of AMCORP.

She holds a Bachelor of Science in Business Administration majoring in Finance and Economics from the Chapman University in California and in 1993 she obtained her Masters in Business Administration from the University of Hull in United Kingdom in 1993.

Apart from the Company and AMCORP, Pn. Shalina is also a Director of AMMB Holdings Berhad and MCM Technologies Berhad.

MR. RAYMOND CHEW KENG YONG

Non-Executive Director

Mr. Raymond Chew Keng Yong, a Malaysian, aged 50, was appointed to the Board on 17 April 2001 and was redesignated as a Non-Independent Non-Executive Director of the Company on 26 August 2004. He is also the Chief Executive Officer and founder of Pos Ad Sdn Bhd, the first in-store advertising company in Asia.

He spent the past 18 years doing business with practically all fast-moving-consumer-goods companies and supermarkets in East and West Malaysia. In fact, he is regionally known as the "Father" of in-store advertising in Asia.

He is well respected in the advertising and marketing fraternity. He is a board member of Focus-On-The-Family (M) Sdn Bhd, an institution dedicated to the preservation of the home. In 1998, he was selected as one of the 10 winners of the 1998 Chivas Regal Achievement Award given to Malaysian businessmen in recognition of their excellence and accomplishments in business.

NOTES:

1. *None of the Directors have:*

- (a) *any family relationship with any Directors and/or substantial shareholders of the Company, except for Y.Bhg. Tan Sri Dato' Azman Hashim and En. Azmi Hashim, who are brothers and Pn. Shalina Azman who is the daughter of Y.Bhg. Tan Sri Dato' Azman Hashim;*
- (b) *any conflict of interest with the Company; and*
- (c) *any conviction for offences (other than traffic offences) within the past 10 years.*

2. *The respective Directors' interests in the Company's equity securities are set out in page 79 of the Annual Report.*

EN. SHAHMAN AZMAN

Director of Corporate Affairs

En. Shahman Azman, a Malaysian, aged 30, joined RCE as Director of Corporate Affairs on 1 April 2004. He graduated from the Chapman University of United States of America with a degree in Communications, emphasis on Business Communication. He started his working career in Arab-Malaysian Corporation Berhad ("AMCORP") Group in 1996 and was subsequently promoted to the position of General Manager in charge of Corporate Planning and Strategy. He joined MCM Technologies Berhad ("MCMT"), a listed subsidiary of AMCORP which is listed on the Mesdaq market of Bursa Malaysia Securities Berhad as General Manager in charge of Corporate Planning and Strategy in 2001 and his last held position in MCMT was that of Chief Investment Officer.

MR. LOH KAM CHUIN

General Manager, Operations and Finance

Mr. Loh Kam Chuin, a Malaysian, aged 37, was appointed as General Manager of RCE Group on 1 January 2003. He graduated from the University of South Australia with a degree in Banking and Finance. He joined Southern Bank Berhad in 1989 and left in mid-1995 to join AMCORP under Fulcrum Capital Sdn Bhd ("FCSB") as a Manager. He was promoted to Senior Manager and later Associate Director of FCSB. He was appointed as a Director of RCE Marketing Sdn Bhd on 9 June 2001.

MR. GOH JUE JIN

General Manager, Operations

Mr. Goh Jue Jin, a Malaysian, aged 48, joined RCE Marketing Sdn Bhd ("RCEM") as General Manager of Operations in 1993. He started his working experience in 1974 in OCBC Finance Berhad as an Officer. He joined Arab-Malaysian Finance Berhad for eight (8) years from 1982 to 1990, and subsequently left for MBF Advance Sdn Bhd in 1990. He was the Senior Manager of MBF Advance Sdn Bhd for four (4) years before joining RCEM in 1993.



On behalf of the Board of Directors of RCE Capital Berhad (formerly known as Rediffusion Berhad) ("RCE"), I am pleased to present the 50th Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 March 2004.

The year 2003 started with some degree of uncertainty with the war in Iraq and the outbreak of SARS. However, the global economic environment improved following the containment of SARS by the end of the second quarter of 2003. The real gross domestic product ("GDP") growth of the Malaysian economy strengthened in the third and fourth quarters of 2003 to an annualised rate of 5.2%. The positive outlook of the US and Europe economies and the Government's proactive and timely implementation of the Economic Stimulus Packages further boosted business confidence and reinforced the momentum of domestic growth. As a result, the country's GDP is projected to grow by 6.0% - 6.5% in 2004.

FINANCIAL HIGHLIGHTS

The Group's operating revenue grew by 21.6% from RM44.9 million to RM54.6 million in 2004. The Group recorded a profit before taxation of RM29.1 million, an increase of RM28.7 million as compared to a profit before taxation of RM0.4 million in the preceding year. The increase was attributed mainly to the gain arising from the disposal of Radio Rediffusion Sdn. Bhd. and contributions from its newly acquired 87.5% owned subsidiary company, RCE Marketing Sdn. Bhd. (RCEM).

RCE Marketing (M) Sdn. Bhd. ("RCEM")

For the 10 months' period up to 31 March 2004, RCEM contributed revenue of RM18.0 million and profit before taxation of RM11.4 million to the Group. RCEM is principally involved in the provision of general loan financing services and trading of electrical home appliances and other consumer durable products on hire purchase terms.

RCEM has a dedicated and skillful team of personnel to manage various funds and collections. It also has a network of dealers operating throughout Malaysia and to-date it has 22 dealers supporting its business. As at July 2004, RCEM has a total loan portfolio of RM144.0 million represented by 18,570 account holders. The loan portfolio has grown by 23.3% compared to the previous year. Moving forward, RCEM plans to expand and diversify its range of product and services offerings.

Pos Ad Sdn. Bhd. ("POS AD")

The Group's in-store advertising and provision of on-site product trialing services business, POS AD, contributed RM32.9 million towards the Group's revenue, an increase of 30% as compared to preceding year's revenue of RM25.3 million while its profit before taxation increased by 165% from RM1.7 million to RM4.5 million this year.

However, in line with the Board's decision to streamline the Group's business operations, on 24 February 2004, RCE announced the disposal of POS AD for a

cash consideration of RM11.0 million. The disposal which resulted in a gain of RM1.3 million to the Group was approved by the shareholders of RCE at an Extraordinary General Meeting held on 7 May 2004. Approval from the Foreign Investment Committee was obtained on 17 June 2004 and the disposal was completed on 16 July 2004.

DIVIDENDS

The directors do not recommend any payment of dividend for the financial year ended 31 March 2004.

CORPORATE DEVELOPMENT

During the year, the Company embarked on an exercise to increase its paid up capital to RM40,151,250 via a bonus issue in order to reward shareholders of the Company for their support by enabling them to have a greater participation in the equity of the Company in terms of the number of shares held. It has also enabled the Company to meet the listing requirement of the minimum issued and paid-up share capital of RM40 million for companies listed on the Second Board of the Bursa Malaysia Securities Berhad. A total of 21,476,250 new ordinary shares of RM1.00 each were issued on the basis of twenty three new bonus shares for every twenty existing shares held. This exercise was completed in December 2003.

On 28 May 2004, the Company completed its share splitting exercise in which every one ordinary share of RM1.00 each held in RCE was subdivided into ten ordinary shares of RM0.10 each. This was done to improve the liquidity of RCE's shares in the market. Arising from this exercise, the paid-up ordinary share capital of the Company remains at RM40,151,250 but the number of ordinary shares of RM0.10 each in RCE increased to 401,512,500.

On 6 July 2004, the Securities Commission approved the proposed issuance of RM45 million Fixed Rate Serial Bonds and up to RM50 million Underwritten Commercial Papers Programme by its newly acquired indirect subsidiary company, RCE Premier Sdn. Bhd. (formerly known as Pintar Utara (M) Sdn. Bhd.) ("RCEP"). The proceeds will be utilised by RCEP to finance the acquisition of a pool of eligible receivables from RCEM. The proposed financing facilities will enable the Group to raise long term financing at attractive interest rates.

FUTURE OUTLOOK

After the disposal of POS AD Group, RCE will be primarily involved in the provision of general loan financing services and trading of electrical home appliances and other consumer durable products on hire purchase terms via its subsidiary, RCEM.

The performance of RCE in the future is closely tied to the consumer spending ability. Based on the Economic Report 2003/2004 published by the Ministry of Finance, the consumer spending power, measured in terms of purchasing power parity, is expected to increase by 5.3% to USD9,887 while projected per capital income is expected to increase from RM14,343 to RM14,954. The increase in wealth/purchasing power of the general public is expected to translate into increased spending.

The Group will continue to identify and evaluate potential growing and profitable future investments in its efforts to improve its performance. On 13 August 2004, the Company acquired 100% equity interest representing 2 ordinary shares in Taifab Sdn. Bhd. ("TSB") for a cash consideration of RM2.00. TSB is an investment holding company whose principal asset is its indirect investment in 29,199,074 units of AmFirst Property Trust Berhad ("AMFPT"). The acquisition would enable RCE to improve its earnings positively from the constant income distribution by AMFPT.

APPRECIATION

On behalf of the Board of Directors, we wish to express our appreciation to the Directors and employees for their commitment, dedication and loyalty in contributing to a creditable performance during the year.

We also wish to express our sincere gratitude to our valued customers, shareholders, business associates, bankers and regulatory authorities for their continuing support and confidence in the Group.

Tan Sri Dato' Azman Hashim
Chairman



Bagi pihak Lembaga Pengarah RCE Capital Berhad (dahulunya dikenali sebagai Rediffusion Berhad) ("RCE"), saya dengan sukacitanya membentangkan Laporan Tahunan Ke-50 dan Penyata Kewangan Teraudit Kumpulan dan Syarikat bagi tahun kewangan berakhir 31 Mac 2004.

Tahun 2003 bermula dengan beberapa tahap ketidakpastian dengan peperangan di Iraq dan wabak SARS. Walau bagaimanapun, persekitaran ekonomi global meningkat berikutan pembendungan SARS menjelang akhir suku kedua tahun 2003. Pertumbuhan produk dalam negara kasar ("KDNK") sebenar bagi ekonomi Malaysia mengukuh pada suku ketiga dan keempat tahun 2003 kepada kadar disetahunkan 5.2%. Harapan positif bagi ekonomi US dan Eropah dan pelaksanaan proaktif dan tepat pada masa Pakej Ransangan Ekonomi Kerajaan melonjakkan selanjutnya keyakinan perniagaan dan menguatkan momentum pertumbuhan dalam negeri. Akibatnya, KDNK negara diunjurkan untuk tumbuh sebanyak 6.0% - 6.5% pada tahun 2004.

SOROTAN KEWANGAN

Hasil Kumpulan meningkat sebanyak 21.6% daripada RM44.9 juta kepada RM54.6 juta pada tahun 2004. Kumpulan mencatat keuntungan sebelum cukai sebanyak RM29.1 juta, peningkatan sebanyak RM28.7 juta berbanding dengan keuntungan sebelum cukai sebanyak RM0.4 juta pada tahun sebelumnya. Peningkatan berpunca terutamanya daripada keuntungan yang timbul daripada pelupusan Radio Rediffusion Sdn. Bhd. dan sumbangan daripada anak syarikat milik 87.5% barunya, RCE Marketing Sdn. Bhd. (RCEM).

TINJAUAN OPERASI DAN KEPUTUSAN KEWANGAN

RCE Marketing (M) Sdn. Bhd. ("RCEM")

Bagi tempoh 10 bulan sehingga 31 Mac 2004, RCEM menyumbang hasil sebanyak RM18.0 juta dan keuntungan sebelum cukai sebanyak RM11.4 juta kepada Kumpulan. RCEM pada dasarnya terlibat dalam penyediaan perkhidmatan pembiayaan pinjaman am dan perniagaan perkakas elektrik rumah dan produk tahan lama pengguna lain atas terma-terma sewa beli.

RCEM mempunyai sepasukan pekerja yang berdedikasi dan mahir untuk menguruskan pelbagai dana dan kutipan. Ia juga mempunyai rangkaian wakil niaga di seluruh Malaysia dan hingga kini ia mempunyai 22 wakil niaga menyokong perniagaannya. Pada Julai 2004, RCEM mempunyai jumlah portfolio pinjaman sebanyak RM144.0 juta diwakili oleh 18,570 pemegang akaun. Portfolio pinjaman telah meningkat sebanyak 23.3% berbanding dengan tahun sebelumnya. Maju ke hadapan, RCEM merancang untuk mengembangkan dan mempelbagaikan penawaran rangkaian produk dan perkhidmatannya.

Pos Ad Sdn. Bhd. ("POS AD")

Perniagaan Kumpulan dalam pengiklanan dalam gedung dan penyediaan perniagaan perkhidmatan percubaan produk di tapak, Kumpulan POS AD, menyumbangkan RM32.9 juta ke arah hasil Kumpulan, peningkatan 30% berbanding dengan hasil tahun sebelumnya sebanyak RM25.3 juta manakala keuntungannya sebelum cukai meningkat sebanyak 165% daripada RM1.7 juta kepada RM4.5 juta tahun ini.

Walau bagaimanapun, sejajar dengan keputusan Lembaga untuk memperkemaskan operasi perniagaan Kumpulan, pada 24 Februari 2004, RCE mengumumkan pelupusan POS AD bagi balasan tunai sebanyak RM11.0 juta. Pelupusan yang menghasilkan keuntungan sebanyak RM1.3 juta kepada Kumpulan telah diluluskan oleh pemegang-pemegang saham RCE pada Mesyuarat Agung Luar Biasa yang diadakan pada 7 Mei 2004. Kelulusan daripada Jawatankuasa Pelaburan Asing telah diperolehi pada 17 Jun 2004 dan pelupusan telah dilengkapkan pada 16 Julai 2004.

DIVIDEN

Para Pengarah tidak mengesyorkan sebarang bayaran dividen bagi tahun kewangan berakhir 31 Mac 2004.

PERKEMBANGAN KORPORAT

Dalam tahun di bawah kajian, Syarikat memulakan langkah untuk menambahkan modal berbayarnya kepada RM40,151,250 melalui terbitan bonus sebagai ganjaran kepada pemegang-pemegang saham Syarikat atas sokongan mereka dengan membolehkan mereka mempunyai penyertaan yang lebih besar di dalam ekuiti Syarikat dari segi bilangan saham yang dipegang. Ia juga membolehkan Syarikat untuk memenuhi syarat penyenaraian modal saham minimum yang diterbitkan dan berbayar sebanyak RM40 juta bagi syarikat-syarikat disenaraikan pada Papan Kedua Bursa Malaysia Securities Berhad. Jumlah sebanyak 21,476,250 saham biasa baru bernilai RM1.00 sesaham telah diterbitkan berasaskan dua puluh tiga saham bonus baru bagi setiap dua puluh saham sedia ada yang dipegang. Langkah ini telah dilaksanakan pada bulan Disember 2003.

Pada 28 Mei 2004, Syarikat selesai melaksanakan langkah pemecahan sahamnya dalam mana setiap satu saham biasa bernilai RM1.00 sesaham dipegang dalam RCE telah dipecah bahagi kepada sepuluh saham biasa bernilai RM0.10 sesaham. Ini telah dilakukan untuk meningkatkan kecairan saham RCE dalam pasaran. Akibat daripada langkah ini, modal saham biasa Syarikat yang berbayar kekal pada RM40,151,250 tetapi bilangan saham biasa bernilai RM0.10 sesaham dalam RCE meningkat kepada 401,512,500.

Pada 6 Julai 2004, Suruhanjaya Sekuriti telah meluluskan cadangan terbitan sebanyak RM45 juta Bon Bersiri Kadar Tetap dan sehingga RM50 juta Program Surat Niaga Perdagangan Ditaja Jamin oleh anak syarikat barunya, RCE Premier Sdn. Bhd. (dahulunya dikenali sebagai Pintar Utara (M) Sdn. Bhd.) ("RCEP"). Perolehan akan digunakan oleh

RCEP untuk membiayai pengambilalihan sekumpulan penghutang daripada RCEM. Cadangan kemudahan pembiayaan akan membolehkan Kumpulan mendapat pembiayaan jangka panjang pada kadar faedah yang menarik.

HARAPAN MASA HADAPAN

Selepas pelupusan Kumpulan POS AD, RCE akan terlibat terutamanya dalam penyediaan perkhidmatan pembiayaan pinjaman am dan perdagangan perkakas elektrik rumah dan produk tahan lama pengguna lain atas terma-terma sewa beli melalui anak syarikatnya, RCEM.

Prestasi RCE pada masa hadapan adalah amat bergantung pada kebolehan berbelanja pengguna. Berdasarkan Laporan Ekonomi 2003/2004 yang dikeluarkan oleh Kementerian Kewangan, kuasa berbelanja pengguna, dikira dari segi pariti kuasa membeli, dijangkakan akan meningkat sebanyak 5.3% kepada USD9,887 manakala unjuran pendapatan per kapita dijangka akan meningkat daripada RM14,343 kepada RM14,954. Peningkatan dalam kekayaan/kuasa membeli orang awam dijangkakan akan membawakan peningkatan perbelanjaan.

Kumpulan akan terus mengenal pasti dan menilai potensi pertumbuhan dan keuntungan pelaburan masa hadapan dalam usahanya untuk meningkatkan prestasinya. Pada 13 Ogos 2004, Syarikat membeli 100% kepentingan ekuiti mewakili 2 saham biasa dalam Taifab Sdn. Bhd. ("TSB") dengan balasan tunai sebanyak RM2.00. TSB adalah syarikat pemegang pelaburan yang aset utamanya adalah pelaburan tidak langsung dalam 29,199,074 unit AmFirst Property Trust Berhad ("AMFPT"). Pengambilalihan ini akan membolehkan RCE meningkatkan perolehannya dengan positif, hasil daripada sumbangan pendapatan yang tetap daripada AMFPT.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, kami ingin menyampaikan penghargaan kami kepada para Pengarah dan kakitangan atas komitmen, dedikasi dan kesetiaan mereka dalam menyumbang kepada prestasi yang membanggakan dalam tahun.

Kami juga ingin menyatakan rasa terima kasih kami kepada pelanggan, pemegang saham, jurubank dan pihak berkuasa berkaitan yang amat dihargai atas sokongan dan keyakinan berterusan mereka dalam Kumpulan.

Tan Sri Dato' Azman Hashim
Pengerusi

Corporate Governance Statement

The Board of Directors of RCE Capital Berhad (formerly known as Rediffusion Berhad) (“the Company” or “RCE”) [“Board”] recognises that upholding the principles of good corporate governance as set out in the Malaysian Code on Corporate Governance (“Code”) in conducting the affairs of the Company with integrity, transparency and professionalism is vital to the success of the Group’s business. The Board also recognises that corporate governance is a continuous process and is therefore committed in applying and ensuring that the good corporate governance as set out in the Code is practised throughout the Group to safeguard and enhance shareholders’ values.

The Group has implemented the Code and complied with all the best practices of corporate governance as set out in the Code throughout the financial year ended 31 March 2004.

The Board is pleased to report the following statement on how the Company has applied the Code.

I. BOARD OF DIRECTORS

(i) The Board

The Board is primarily entrusted with the responsibility of steering the direction of the Group towards excellence. In addition, the Board also oversees the conduct of the Group’s business, whereby it devises and puts in place adequate systems of control, focused primarily on mitigation of any foreseeable or potential risk besetting the Company.

(ii) Board Balance

The Board currently comprises eight directors, of whom one (1) is an Executive Director and seven (7) are Non-Executive Directors. Tuan Haji Richard Azlan Abas resigned as an Independent Non-Executive Director on 12 June 2003.

The profile of each member of the Board is set out on pages 8 to 12 of the Annual Report.

The Board is a well-balanced board with the presence of three Independent Non-Executive Directors, which represents more than one third (1/3) of the total number of directors. The Independent Non-Executive Directors are independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement on the Board’s deliberations and decision making, each of whom are individuals of calibre with vast and varied exposure, expertise and broad business and commercial experience.

There has been no formal appointment of a Senior Independent Non-Executive Director as there are a number of very experienced and competent Independent Non-Executive Directors on the Board. As such, the Board does not consider it necessary to appoint one person as a Senior Independent Non-Executive Director.

There is a clear division of responsibilities at the head of the Company to ensure a balance of authority and power. The Board recognises the role and contribution played by Independent Non-Executive Directors. This ensures that there is sufficient check and balance so that no one individual has unfettered powers of decision making.

(iii) Board Meetings

In order to ensure that the RCE Group is well managed, the Board meets regularly with a formal schedule of matters reserved for its deliberation and decision. During the financial year under review, six (6) board meetings were held and all the Directors have complied with the requirements in respect of board meeting attendance as provided in the Articles of Association of the Company.

Corporate Governance Statement

The details of Directors' attendances for the Board Meetings are set out below:-

NAME OF DIRECTOR	NUMBER OF MEETINGS ATTENDED	%
YBhg. Tan Sri Dato' Azman Hashim <i>Non-Executive Chairman</i>	5	83
Encik Azmi Hashim <i>Non-Executive Vice Chairman</i>	3	50
YBhg. Mej. Gen. (Rtd) Dato' Haji Fauzi bin Hussain (appointed on 25 April 2003) <i>Independent Non-Executive Director</i>	5	100
YBhg. Datuk Mohd Zaman Khan @ Hassan Bin Rahim Khan <i>Independent Non-Executive Director</i>	6	100
Mr. Wong Bin Chen <i>Independent Non-Executive Director</i>	6	100
Mr. Soo Kim Wai <i>Non-Executive Director</i>	6	100
Puan Shalina Azman <i>Non-Executive Director</i>	5	83
Mr. Raymond Chew Keng Yong <i>Non-Executive Director</i>	5	83
Tuan Haji Richard Azlan Abas <i>Independent Non-Executive Director</i> (resigned on 12 June 2003)	1	—

The Board collectively deliberates, reviews and considers all corporate proposals prior to implementation. Corporate proposals are put to vote after thorough evaluation. In the event of an equality of votes for or against any particular proposal, the Chairman of the meeting shall have a second or casting vote except when only two Directors are competent to vote on the question in issue.

(iv) Supply of information and access to advice

The Board is provided with notice of meetings and the comprehensive Board papers are circulated to the members on a timely manner prior to Board Meetings. This is to ensure and enable the members of the Board to discharge their duties and responsibilities competently and in a well-informed manner. All members of the Board have access to advice and services of the Company Secretaries and where necessary, independent professional advisers. They also have full and unlimited access to all information with regard to the activities of RCE Group.

(v) Appointments to the Board

The Nomination Committee which was established on 28 November 2001, comprises three Independent Non-Executive Directors and one Non-Executive Director. Its primary role is to identify and recommend to the Board suitable nominees for appointment to the Board. The Board upon the recommendation of the Nomination Committee approves the appointment of directors.

The members of the Nomination Committee are set out in paragraph II (ii) of this statement.

The Board is of the opinion that the present mix of experience and expertise is sufficiently capable of overseeing and ensuring that the strategies of RCE Group are properly implemented.

(vi) Re-election of Directors

The Articles of Association of the Company provide that one third of the Directors shall retire from office at each Annual General Meeting and that all Directors shall retire at least once in every three years but may offer themselves for re-election. The Articles of Association also provide that a person who is appointed by the Board as additional director shall hold office until the next Annual General Meeting and be eligible for re-election.

Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act, 1965.

Details of the Directors seeking for re-election and re-appointment at the forthcoming Annual General Meeting ("AGM") are disclosed in the Statement Accompanying the Notice of the AGM on page 4 of this Annual Report.

(vii) Directors' Training

All the Directors have attended the Mandatory Accreditation Programme ("MAP") conducted by the Research Institute of Investment Analysts Malaysia ("RIIAM"), an affiliate of Bursa Malaysia Securities Berhad.

In year 2003, the Directors have attended some seminars and training courses to keep themselves abreast with the latest corporate developments.

To comply with the Listing Requirements of Bursa Malaysia Securities Berhad, the Directors will continue to attend the Continuing Education Programme ("CEP") on an annual basis.

II. BOARD COMMITTEES

The Board delegated certain responsibilities to the Board Committees namely, the Audit Committee, Nomination Committee and Remuneration Committee to support and assist the Board in discharge of its fiduciary duties and responsibilities.

The functions and terms of reference of the respective Board Committees, as well as the authority delegated by the Board to these committees have been clearly defined by the Board.

The Board Committees in RCE are as follows: -

(i) Audit Committee

The Audit Committee made up of three (3) Non-Executive Directors, of whom two-third (2/3) are independent directors, is as follows: -

Chairman : YBhg. Mej. Gen. (Rtd) Dato' Haji Fauzi bin Hussain
Independent Non-Executive Director

Members : Mr. Soo Kim Wai
Non-Executive Director

Mr. Wong Bin Chen
Independent Non-Executive Director

The Audit Committee assists and supports the Board in its responsibility to oversee the Company's operations. The terms of reference of the Audit Committee and the activities are set out on pages 26 to 28 of this Annual Report.

(ii) Nomination Committee

The Nomination Committee made up entirely of Non-Executive Directors, of whom three-fourth (3/4) are independent, is as follows: -

Chairman: YBhg. Datuk Mohd Zaman Khan @ Hassan Bin Rahim Khan
Independent Non-Executive Director

Members: YBhg. Mej. Gen (Rtd) Dato' Haji Fauzi bin Hussain
Independent Non-Executive Director

Mr. Wong Bin Chen
Independent Non-Executive Director

Encik Azmi Hashim
Non-Executive Vice Chairman

The role of the Nomination Committee is to assist the Board of Directors in proposing new nominees for the Board, review regularly the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary, to review the required mix of skills and experience and other qualities and competence which non-executive directors should bring to the Board, to assess the effectiveness of the Board, committees of the Board and contributions of each individual director of the Board, to recommend to the Board the employment of the services of such advisers as it deems necessary to fulfil its responsibilities.

Meetings of the Nomination Committee are held as and when necessary.

(iii) Remuneration Committee

The Remuneration Committee made up entirely of Independent Non-Executive Directors is as follows: -

Chairman: YBhg. Datuk Mohd Zaman Khan @ Hassan Bin Rahim Khan
Independent Non-Executive Director

Members: YBhg. Mej. Gen (Rtd) Dato' Haji Fauzi bin Hussain
Independent Non-Executive Director

Mr. Wong Bin Chen
Independent Non-Executive Director

The role of the Remuneration Committee is to assist the Board of Directors in assessing the remuneration packages of the executive directors, to recommend to the Board the policy and scope of service agreements of the executive, termination payments and compensation commitments, to recommend to the Board any performance related pay schemes for the Company or Group, to oversee any major changes in employee remuneration and benefit structures throughout the Company or Group, to recommend to the Board the appointment of the services of such advisers or consultants as it deems necessary to fulfil its responsibilities.

Meetings of the Nomination Committee are held as and when necessary.

III. DIRECTORS' REMUNERATION

The remuneration for Directors is determined so as to ensure that the Group attracts and retains the right calibre of Directors with the necessary expertise and experience needed to run the Group successfully.

RCE has an established framework of principles to evaluate the performance and reward executive directors. Remuneration packages for Executive Directors are formulated to be competitive and realistic, emphasis being placed on performance, with aims to attract, motivate and retain calibre executive directors to run RCE Group. For Non-Executive Directors, the level of remuneration reflects the experience and responsibilities undertaken by the particular Non-Executive Director concerned.

The Board as a whole determines the remuneration of Non-Executive Directors and Executive Directors with interested Directors abstaining from discussions with respect to their remuneration.

Details of the Directors' Remuneration for the financial year ended 31 March 2004, in successive bands of RM50,000 are tabulated as follows:

Remuneration Band (RM)	Non-Executive Directors	Executive Directors	Total
50,000 and below	7	—	7
50,001 to 100,000	—	—	—
100,001 to 250,000	—	—	—

The details of the remuneration package of the directors of the Company are set out on Page 53 in the Audited Financial Statements of this Annual report.

IV. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Board values the importance of timely and equal dissemination of information to shareholders on RCE Group's performance and direction. Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad, timely announcements are made to the public in regard to the Group's corporate proposal, financial results and other announcements that are required. The Company's Annual General Meeting serves as a forum for dialogue with shareholders. At each Annual General Meeting, the Chairman of the Board briefs the shareholders of the progress and performance of the business of the RCE Group. Shareholders are encouraged to participate in the question and answer session during the Annual General Meeting. Outcome of all resolutions proposed at the Annual General Meeting is submitted to Bursa Malaysia Securities Berhad at the end of the meeting day.

Apart from general meetings, there is no other formal program or schedule of meetings with investors, shareholders, stakeholders and the public generally. However, the management has the option of calling for meetings with investors/analysts if it is deemed necessary. Thus far, the management is of the opinion that this arrangement has been satisfactory to all parties.

V. ACCOUNTABILITY AND AUDIT

(i) Financial Reporting

The Board takes responsibilities in ensuring that the financial statements of the Group and the Company give a true and fair view of RCE Group's financial state of affairs of the Group and the Company as required under Section 169(15) of the Companies Act, 1965. The Board ensures that the Company consistently applies applicable approved accounting standards to its financial statements.

The Board also ensures the timely release of the Group's quarterly and annual financial results to Bursa Malaysia Securities Berhad.

(ii) Internal Control

The Statement of Internal Control which provides an overview of the state of internal controls within the Group is set out on page 25 of this Annual Report.

(iii) Relationship with Auditors

The Company through the Audit Committee, has an appropriate and transparent relationship with the external auditors. Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's Report as set out on pages 26 to 29 of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board is required by the Companies Act, 1965 to prepare the financial statements for each financial year which give a true and fair view of the state of financial affairs of RCE Group and of the Company. In preparing the financial statements of the Group for the financial year ended 31 March 2004, the Directors are satisfied that the Group has adopted and applied consistently appropriate accounting policies, supported by reasonable and prudent judgements and estimates. The Directors also consider that all applicable approved accounting standards in Malaysia have been followed and the financial statements have been prepared on a going concern basis.

The Board is responsible for keeping and maintaining sufficient accounting records of the Group and the Company to ensure that the financial statements are in accordance with the Companies Act, 1965 and applicable approved accounting standards.

The Board is also responsible for taking such steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

i) Non-Audit Fees

During the financial year ended 31 March 2004, the amount of non-audit fees paid and payable to the external auditors by the Company and its subsidiaries was RM6,000.00.

ii) Material Contracts

Material Contracts of the Group, involving Directors and Major Shareholders, entered into during the financial year or still subsisting as at the end of the financial year ended 31 March 2004 are as follows: -

- a) Deed of Settlement dated 23 December 2002 entered into between RCEM and RCEV in respect of the settlement in full by RCEV of its indebtedness amounting to RM32.97 million as at 31 March 2004, including any interest accrued thereon, to RCEM to be satisfied by way of cash from the completion of the acquisition of RCEM until 31 March 2004. RCEM has agreed to extend the period for payment or repayment by RCEV of the indebtedness for a further period of six (6) months with effect from 1 April 2004 and expiring on 30 September 2004.

Statement on Internal Control

The Board of Directors ("Board") is responsible for the Group's system of internal control and for reviewing its adequacy and integrity.

However, the Group's system of internal control is designed to manage and not eliminate the risk of failure to achieve the Group's objectives, hence it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board of RCE Capital Berhad (*formerly known as Rediffusion Berhad*) is pleased to disclose that:

- (i) there is an on-going process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year, and
- (ii) the said process is regularly reviewed by the Board and accords with the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

The Board summarises below the process it has applied in reviewing the adequacy and the integrity of the system of internal control:

- (i) The Board has appointed the Audit Committee to examine the effectiveness of the Group's systems of internal control on behalf of the Board. This is accomplished through the review of the internal audit department's work, which focuses on areas of priority as identified by risk analysis and in accordance with audit plan approved by the Audit Committee.
- (ii) The Group's Risk Management framework is outlined in the Group's Risk Management Policy. The Audit Committee shall assist the Board in evaluating the adequacy of the Group's Risk Management framework. A Risk Management Committee comprising members of senior management monitors the risks faced by the Group and the Risk Management Committee reports to the Audit Committee.
- (iii) The framework of the Group's system of internal control and key procedures include:
 - ☐ A management structure exists with clearly defined lines of responsibility and the appropriate levels of delegation.
 - ☐ Key functions such as accounts, tax, treasury, insurance and legal matters are controlled centrally.
 - ☐ The management determines the applicability of risk monitoring and reporting procedures and is responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls.
 - ☐ Policies and procedures are clearly documented in the Corporate Policy Manual and Standard Operating Procedures of most of the Operating Units in the Group with which its operations must comply.
 - ☐ Corporate values, which emphasise on ethical behaviour, quality products and services, are set out in the Group's Employee Handbook.
- (iv) The Group also practises Annual Budgeting and monitoring process as follows:
 - ☐ There is an annual budgeting process for each area of business and approval of the annual budget by the Board.
 - ☐ Actual performance compared with budget is reviewed monthly with detailed explanation of any major variances and budget for the current year is reviewed at least once in 6 months.

There were no material losses incurred during the financial year as a result of weaknesses in internal control.

Audit Committee Report

The Board of Directors ("Board") is pleased to present the Audit Committee Report for the financial year ended 31 March 2004.

The Audit Committee was established on 8 August 1995 and currently comprises the following members:-

Chairman : YBhg. Mej. Gen. (Rtd) Dato' Haji Fauzi Bin Hussain
(Independent Non-Executive Director)

Members : Mr. Soo Kim Wai
(Non-Executive Director)

Mr. Wong Bin Chen
(Independent Non-Executive Director)

The following are the terms of reference of the Committee: -

TERMS OF REFERENCE

1.0 Composition

- 1.1 The Audit Committee shall be appointed by the Board of Directors from among their number and shall consist of not less than three (3) members, the majority of whom shall be independent non-executive Directors of the Company.
- 1.2 The Board shall at all times ensures that at least one (1) member of the Audit Committee:
 - must be a member of the Malaysian Institute of Accountants (MIA); or
 - if he or she is not a member of the MIA, he must have at least 3 years' working experience and:
 - (a) he or she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - (b) he or she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants' Act 1967; or
 - fulfils such other requirements as prescribed by the Exchange.
- 1.3 If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
- 1.4 The Chairman of the Audit Committee shall be approved by the Board of Directors and shall be an independent non-executive director.
- 1.5 No alternate director is to be appointed as a member of the Audit Committee.
- 1.6 The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three (3) years.

2.0 Quorum and Procedures of Meetings

- 2.1 Meetings shall be held not less than four (4) times in a financial year.
- 2.2 The quorum of meetings of the Audit Committee shall consist of not less than three (3) members; the majority of those present must be Independent Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from among the members present.
- 2.3 The Company Secretary shall act as Secretary of the Audit Committee.
- 2.4 The Head of Finance, the Head of Internal Audit and a representative of the external auditors shall normally attend meetings. The Audit Committee may, as and when deemed necessary, invite other Board members, senior management personnel and external independent professional advisers to attend the meetings.
- 2.5 The Audit Committee shall meet with the external auditor without executive board members' presence, at least once in a financial year.
- 2.6 Minutes of each meeting shall be kept and distributed to each member of the Audit Committee and the Board.

3.0 Authority

- 3.1 The Audit Committee is authorised to seek any information it requires from any employee of the Group and all employees are directed to co-operate with any request made by the Audit Committee.
- 3.2 The Audit Committee shall have full and unrestricted access to any information pertaining to the Company and the Group.
- 3.3 The Audit Committee shall have direct communication channels with the internal and external auditors, and with the management of the Group, and shall be able to convene meetings with the external auditors, whenever deemed necessary.
- 3.4 The Audit Committee shall have the resources that are required to perform its duties. The Committee can obtain, at the expense of the Company, external legal or other independent professional advice it considers necessary.
- 3.5 Where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to the Exchange.

4.0 Duties and Responsibilities

The Audit Committee shall review and, where appropriate, report to the Board of Directors the following: -

(a) Risk Management and Internal Control

- The adequacy and effectiveness of risk management, internal control and governance systems instituted in the Company and the Group
- The Group's risk management policy and implementation of the risk management framework
- The appointment or termination of members of the risk management committee
- The report of the risk management committee

(b) Internal Audit

- The adequacy of the internal audit scope and plan, functions and resources of the internal audit function and that it has the necessary authority to carry out its work
- Any appraisal or assessment of the performance of members of the internal audit function, including the Head of Internal Audit; and approve any appointment or termination of senior members of the internal audit function

(c) External Audit

- The external auditors' audit plan and scope of their audits, including any changes to the planned scope of the audit plan
- The appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board
- The assistance given by the employees to the external auditors, and any difficulties encountered in the course of the audit work

(d) Audit Reports

- Internal and external audit reports to ensure that appropriate and prompt remedial action is taken by the management on major deficiencies in controls or procedures that are identified
- Major internal and external audit findings and management responses, including status of previous audit recommendations

(e) Financing Reporting

- The quarterly results and the year end financial statements of the Company and the Group for recommendation to the Board of Directors for approval, focusing particularly on:
- changes in or implementation of accounting policies and practices
- significant adjustments arising from the audit
- significant and unusual events
- going concern assumption
- compliance with accounting standards and other legal requirements

(f) Related Party Transactions

Any related party transaction and conflict of interest situation that may arise within the Company or the Group.

(g) Allocation of Share Options

Verification on the allocation of share options to ensure compliance with the criteria for allocation of share options pursuant to the share scheme for employees of the Group at the end of each financial year.

(h) Other Functions

Any such other functions as the Audit Committee considers appropriate or as authorised by the Board of Directors.

SUMMARY OF ACTIVITIES OF THE COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 MARCH 2004

During the financial year under review, the Audit Committee convened five (5) meetings. The details of attendance of each members are as follows:

Name of Director	No. of meetings attended	Percentage (%)
YBhg. Mej. Gen. (Rtd) Dato' Haji Fauzi bin Hussain	5/5	100
Mr. Wong Bin Chen	5/5	100
Mr. Soo Kim Wai	5/5	100

The Company engaged the services of Arab-Malaysian Corporation Berhad's internal audit department ("internal audit") to perform its internal audit functions. During the financial year, the Head of the Internal Audit Department attended all the meetings whereas external auditors attended twice during the financial year.

During the period, the Audit Committee carried out its duties as set up in the terms of reference and discussed the following issues:-

- Review of the unaudited quarterly financial statements of the Group before tabling to the Board for approval and releasing to the Exchange and Securities Commission.
- Review of the annual audit plan with the external auditors on their scope of audit including audit procedures, significant accounting and audit issues for the Group for the financial year ended 31 March 2004.
- Review of the audit findings arising from the statutory audit carried by the external auditors.
- Review of the internal audit reports, which highlight the audit issues, recommendations and management's response. Discussed with management, to undertake the corrective measures to ensure sufficient coverage of high risk business areas.
- Review of the draft Audited Financial Statements of the Company and the Group before it was tabled to the Board for approval.
- Review of the Risk Committee Report on the risk profile and control self-assessment of the Group and the adequacy and integrity of internal control systems to manage these risks.
- Review of the Audit Committee Report and Statement of Internal Control.

SUMMARY OF ACTIVITIES OF INTERNAL AUDIT FUNCTION DURING THE FINANCIAL YEAR ENDED 31 MARCH 2004

The scope of internal audit functions performed by the internal audit encompasses audit visits to all relevant subsidiaries and associated companies of the RCE Group on a regular basis. The objectives of such audit visits are to determine whether adequate controls have been established and are operating in the RCE Group, to provide reasonable assurance that:

- business objectives and policies are adhered to;
- operations are cost effective and efficient;
- assets and resources are safeguarded and effectively used;
- integrity is protected on records and information; and
- applicable laws and regulations are complied with.

The emphasis of such audit visits encompass critical areas of the RCE Group such as revenue, cost of sales, expenditure, assets, internal controls, operating performance and financial statement review. Audit reports are issued to highlight any deficiency or findings requiring the management's attention. Such reports also include practical and cost effective recommendations as well as proposed corrective actions to be adopted by the management. The audit reports and management's responses are then circulated to the Audit Committee and the Group Chairman for review and comments. Follow-up audits are then carried out to determine whether corrective actions have been taken by the management.

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Financial Statements

for the year ended March 31, 2004
(in Ringgit Malaysia)

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Directors' Report

The directors of **RCE CAPITAL BERHAD** (formerly known as Rediffusion Berhad) have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended March 31, 2004.

PRINCIPAL ACTIVITIES

The Company's principal activities are investment holding and provision of management services.

The principal activities of the subsidiary companies are as disclosed in Note 13 to the Financial Statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

CHANGE OF NAME

On October 9, 2003, the Company changed its name from Rediffusion Berhad to RCE Capital Berhad.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Profit before tax	29,124,890	15,285,458
Income tax expense	(5,648,628)	(22,649)
Profit after tax	23,476,262	15,262,809
Minority interest	(1,555,150)	–
Net profit for the year	21,921,112	15,262,809

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for the acquisition and disposal of subsidiary companies as disclosed in Note 13 to the Financial Statements.

DIVIDENDS

No dividends have been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

As approved by the shareholders at an Extraordinary General Meeting held on September 25, 2003, the authorised share capital of the Company was increased from RM20,000,000 comprising 20,000,000 ordinary shares of RM1.00 each to RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each by the creation of an additional 30,000,000 ordinary shares of RM1.00 each.

As approved by the shareholders at the same Extraordinary General Meeting, the Company increased its issued and fully paid up ordinary share capital from RM18,675,000 to RM40,151,250 by way of a bonus issue of 21,476,250 new ordinary shares of RM1 each on the basis of twenty-three (23) new ordinary shares of RM1.00 each for every twenty (20) existing ordinary shares of RM1.00 each held in the Company through capitalisation of the following accounts:

	RM
(i) Share premium	5,037,783
(ii) Revaluation reserve	2,086,399
(iii) General reserve	95,818
(iv) Unappropriated profit	14,256,250
	<hr/> 21,476,250 <hr/>

These new shares issued rank pari passu with the then existing shares of the Company except that they shall not be entitled to participate in any dividends, rights, allotments, and/or any other distributions on the entitlement of which is prior to their allotments.

The Company has not issued any new debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER FINANCIAL INFORMATION

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount of bad debts written off or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year other than those subsequent events as mentioned in Note 35 to the Financial Statements.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Tan Sri Dato' Azman Hashim
Datuk Mohd Zaman Khan @ Hassan Bin Rahim Khan
Mej. Gen. (Rtd) Dato' Haji Fauzi Bin Hussain
Azmi Hashim
Chew Keng Yong
Shalina Azman
Soo Kim Wai
Wong Bin Chen

In accordance with Article 106 of the Company's Articles of Association, Tan Sri Dato' Azman Hashim, Mr. Chew Keng Yong and Encik Azmi Hashim retire by rotation at the forthcoming Annual General Meeting of the Company and, being eligible, offer themselves for re-election.

Mr. Wong Bin Chen retires pursuant to Section 129 of the Companies Act, 1965 and that a resolution will be proposed for his reappointment as a director under the provision of Section 129 (6) of the said Act to hold office until the next Annual General Meeting of the Company.

DIRECTORS' INTERESTS

The shareholdings in the Company and in related companies of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act 1965, are as follows:

Shares in the Company	Number of ordinary shares of RM1 each			Balance as of 31.3.2004
	Balance as of 1.4.2003	Bonus Issue	Sold	
Direct				
Azmi Hashim	15	17	—	32
Chew Keng Yong	1,500	1,725	—	3,225
Wong Bin Chen	1,000	1,150	—	2,150
Indirect				
Tan Sri Dato' Azman Hashim	7,724,171	8,882,797	—	16,606,968

By virtue of his shareholdings being more than 15% (indirect) of the share capital of the Company, Tan Sri Dato' Azman Hashim is deemed to have an interest in all its subsidiary companies to the extent that the Company has an interest.

DIRECTORS' BENEFITS

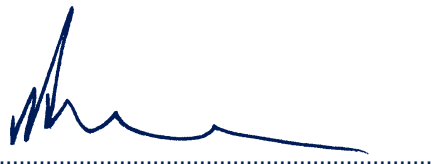
Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements or the fixed salary of full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,



TAN SRI DATO' AZMAN HASHIM



SOO KIM WAI

Kuala Lumpur,
July 27, 2004

Report of the Auditors to the members of RCE Capital Berhad

We have audited the accompanying balance sheets as of March 31, 2004 and the related statements of income, cash flows and changes in equity for the year then ended. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as of March 31, 2004 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of subsidiary companies of which we have not acted as auditors as shown in Note 13 to the Financial Statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements, and we have received satisfactory information and explanations as required by us for these purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Act.



DELOITTE KASSIMCHAN

AF 0080

Chartered Accountants



LAI CAN YIEW

2179/09/05 (J)

Partner

July 27, 2004

Income Statements

FOR THE YEAR ENDED MARCH 31, 2004

	Note	The Group		The Company	
		2004 RM	2003 RM	2004 RM	2003 RM
Revenue	4	54,633,158	44,872,903	977,985	13,438,029
Other operating income	7	2,275,458	520,993	65,000	111,009
Changes in inventories		(3,318)	(26,799)	–	–
Directors' remuneration	6	(2,336,991)	(2,261,988)	(181,173)	(203,040)
Staff costs	7	(9,409,006)	(11,348,391)	–	(77,844)
Amortisation of goodwill on consolidation	15	(269,443)	(269,440)	–	–
Depreciation of property, plant and equipment	12	(1,225,373)	(3,282,270)	(178,348)	(182,089)
Other operating expenses	7	(29,224,692)	(27,249,731)	(844,061)	(558,545)
Profit/(Loss) from operations		14,439,793	955,277	(160,597)	12,527,520
Gain on disposal of subsidiary company	13	14,854,034	–	15,576,115	–
Finance costs	8	(308,501)	(632,419)	(130,060)	(32,886)
Income from other investments	9	139,564	47,941	–	–
Share in results of associated company		–	(2)	–	–
Profit before tax		29,124,890	370,797	15,285,458	12,494,634
Income tax expense	10	(5,648,628)	(1,642,793)	(22,649)	(2,704,487)
Profit/(Loss) after tax		23,476,262	(1,271,996)	15,262,809	9,790,147
Minority interest		(1,555,150)	171,610	–	–
Net profit/(loss) for the year		21,921,112	(1,100,386)	15,262,809	9,790,147
Earnings/(Loss) per ordinary share					
Basic (sen)	11	54.60	(2.74)		

The accompanying Notes form an integral part of the Financial Statements.

Balance Sheets

AS OF MARCH 31, 2004

		The Group		The Company	
	Note	2004 RM	2003 RM	2004 RM	2003 RM
ASSETS					
Property, plant and equipment	12	14,500,059	24,356,342	10,713,349	10,396,697
Investment in subsidiary companies	13	—	—	34,511,208	5,112,208
Investment in associated companies	14	—	—	—	—
Goodwill on consolidation	15	—	269,443	—	—
Investment in quoted corporate bonds	16	5,293,850	—	—	—
Loans and hire–purchase receivables – non–current portion	17	57,203,469	—	—	—
Current Assets					
Inventories	18	85,771	89,089	—	—
Trade receivables	19	5,825,418	10,926,028	—	—
Loans and hire–purchase receivables	17	10,352,605	—	—	—
Other receivables, deposits and prepaid expenses	19	4,114,941	5,949,111	136,810	1,316,060
Amount owing by subsidiary companies	20	—	—	4,519,724	11,999,254
Amount owing by a related party	20	32,965,298	386,659	—	—
Fixed deposits with licensed banks		3,334,846	17,385,764	—	14,649,702
Cash and bank balances	21	9,614,369	1,753,396	8,753	8,803
		66,293,248	36,490,047	4,665,287	27,973,819
Current Liabilities					
Trade payables	22	2,779,128	2,181,193	—	—
Other payables and accrued expenses	23	41,656,571	30,029,124	3,296,566	16,575,466
Amount owing to subsidiary company	20	—	—	1,977,068	—
Amount owing to associated company	20	—	6,203	—	—
Hire–purchase payables	24	58,032	103,281	—	—
Borrowings	25	3,550,670	4,136,216	2,536,890	111,747
Tax liabilities		2,843,706	225,073	21,000	—
		50,888,107	36,681,090	7,831,524	16,687,213

(Forward)

	Note	The Group		The Company	
		2004 RM	2003 RM	2004 RM	2003 RM
Net Current (Liabilities) / Assets		15,405,141	(191,043)	(3,166,237)	11,286,606
Long-term and Deferred Liabilities					
Hire-purchase payables					
– non-current portion	24	165,575	70,960	–	–
Borrowings					
– non-current portion	25	124,659	1,518,739	–	–
Deferred tax liabilities	26	426,000	1,132,000	381,000	381,000
		(716,234)	(2,721,699)	(381,000)	(381,000)
Minority Interest	27	(47,216,516)	(591,770)	–	–
Net Assets		44,469,769	21,121,273	41,677,670	26,414,511
Represented by:					
Issued capital	28	40,151,250	18,675,000	40,151,250	18,675,000
Reserves	29	3,145,054	8,937,670	1,717,670	8,937,670
Unappropriated profit/ (Accumulated loss)		1,173,465	(6,491,397)	(191,600)	(1,198,159)
Shareholders' Equity		44,469,769	21,121,273	41,677,320	26,414,511

The accompanying Notes form an integral part of the Financial Statements.

Statements of Changes in Equity

FOR THE YEAR ENDED MARCH 31, 2004

THE GROUP		Note	Issued Capital RM	Share Premium RM	Revaluation Reserve RM	Reserve from Consolidation RM	Translation Reserve RM	General Reserve RM	Unappropriated Profit/ (Accumulated Loss) RM		Total RM
Balance as of April 1, 2002											
As previously stated			18,675,000	5,037,783	4,185,069	—	—	95,818	(5,391,011)	22,602,659	
Prior years' adjustment	34		—	—	(381,000)	—	—	—	—	(381,000)	
As restated			18,675,000	5,037,783	3,804,069	—	—	95,818	(5,391,011)	22,221,659	
Net loss for the year			—	—	—	—	—	—	(1,100,386)	(1,100,386)	
Balance as of March 31, 2003											
As previously stated			18,675,000	5,037,783	4,185,069	—	—	95,818	(6,491,397)	21,502,273	
Prior years' adjustment	34		—	—	(381,000)	—	—	—	—	(381,000)	
As restated			18,675,000	5,037,783	3,804,069	—	—	95,818	(6,491,397)	21,121,273	
Bonus issue			—	—	—	—	—	—	—	—	
Net profit for the year	28		21,476,250	(5,037,783)	(2,086,399)	—	—	(95,818)	(14,256,250)	—	
Foreign exchange translation difference			—	—	—	—	—	—	21,921,112	21,921,112	
Reserve arising on consolidation			—	—	—	—	(12,553)	—	—	(12,553)	
			—	—	—	1,439,937	—	—	—	1,439,937	
Balance as of March 31, 2004			40,151,250	—	1,717,670	1,439,937	(12,553)	—	1,173,465	44,469,769	
(Forward)											

THE COMPANY	Note	Issued Capital RM	Share Premium RM	Revaluation Reserve RM	General Reserve RM	Accumulated Loss RM	Total RM
Balance as of April 1, 2002							
As previously stated		18,675,000	5,037,783	4,185,069	95,818	(10,988,306)	17,005,364
Prior years' adjustment	34	—	—	(381,000)	—	—	(381,000)
As restated		18,675,000	5,037,783	3,804,069	95,818	(10,988,306)	16,624,364
Net profit for the year		—	—	—	—	9,790,147	9,790,147
Balance as of March 31, 2003							
As previously stated		18,675,000	5,037,783	4,185,069	95,818	(1,198,159)	26,795,511
Prior years' adjustment	34	—	—	(381,000)	—	—	(381,000)
As restated		18,675,000	5,037,783	3,804,069	95,818	(1,198,159)	26,414,511
Net profit for the year		—	—	—	—	15,262,809	15,262,809
Bonus issue	28	21,476,250	(5,037,783)	(2,086,399)	(95,818)	(14,256,250)	—
Balance as of March 31, 2004							
		40,151,250	—	1,717,670	—	(191,600)	41,677,320

The accompanying Notes form an integral part of the Financial Statements.

Cash Flow Statements

FOR THE YEAR ENDED MARCH 31, 2004

The Group	2004 RM	2003 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	29,124,890	370,797
Adjustments for:		
Allowance for doubtful debts	4,580,921	583,581
Finance costs	2,078,844	632,419
Depreciation of property, plant and equipment	1,225,373	3,282,270
Amortisation of goodwill on consolidation	269,443	269,440
Bad debts written off	180,843	—
Goodwill on consolidation written off	171,426	—
Amortisation of premium on corporate bonds	32,650	—
Property, plant and equipment written off	2,531	11,993
Share in results of associated company	—	2
Gain on disposal of subsidiary company	(14,854,034)	—
Interest income	(1,736,291)	(106,909)
Allowance for doubtful debts no longer required	(1,484,449)	—
Gain on disposal of property, plant and equipment	(107,308)	(385,511)
Operating Profit Before Working Capital Changes	19,484,839	4,658,082
(Increase)/Decrease in:		
Loans and hire-purchase receivables	(1,735,466)	—
Inventories	3,318	26,799
Trade receivables	(4,827,162)	442,685
Other receivables, deposits and prepaid expenses	33,207,132	(2,632,932)
Increase/(Decrease) in:		
Trade payables	437,476	(1,243,547)
Other payables and accrued expenses	(14,282,493)	19,419,181
Cash Generated From Operations	32,287,644	20,670,268
Interest received	1,529,584	—
Tax paid	(4,226,236)	(1,548,273)
Interest paid	(1,770,343)	—
Net Cash From Operating Activities	27,820,649	19,121,995

(Forward)

The Group	Note	2004 RM	2003 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of subsidiary company	13	18,171,809	–
Interest received		206,707	106,909
Proceeds from disposal of property, plant and equipment		110,529	461,201
(Increase)/Decrease in amount owing by a related party		(32,578,639)	20,233
Acquisition of subsidiary companies	13	(18,165,243)	–
Purchase of corporate bonds		(5,326,500)	–
Additions to property, plant and equipment		(667,833)	(440,822)
Investment in associated company		–	(2)
Net Cash (Used In)/From Investing Activities		(38,249,170)	147,519
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares to minority shareholder of a subsidiary company		4,371,000	–
Drawdown/(Repayment) of revolving credit		883,439	(1,000,000)
Interest paid		(308,501)	(632,419)
Payment of hire–purchase payables		(121,404)	(236,258)
(Decrease)/Increase in amount owing to associated company		(6,203)	6,203
Dividend paid to minority shareholder of a subsidiary company		(429)	–
Repayment of term loans		–	(1,142,691)
Net Cash From/(Used In) Financing Activities		4,817,902	(3,005,165)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(5,610,619)	16,264,349
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		18,022,944	1,758,595
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	12,412,325	18,022,944

The accompanying Notes form an integral part of the Financial Statements.

	Note	2004 RM	2003 RM
The Company			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		15,285,458	12,494,634
Adjustments for:			
Depreciation of property, plant and equipment		178,348	182,089
Finance costs		130,060	32,886
Allowance for doubtful debts		100,000	–
Gain on disposal of subsidiary company		(15,576,115)	–
Dividend income		–	(12,900,466)
Gain on disposal of property, plant and equipment		(57,000)	(111,009)
Interest income		(74,211)	(71,041)
Operating Loss Before Working Capital Changes		(13,460)	(372,907)
(Increase)/Decrease in:			
Other receivables, deposits and prepaid expenses		1,179,250	(1,307,363)
Amount owing by subsidiary companies		(2,819,470)	110,450
Increase/(Decrease) in:			
Other payables and accrued expenses		(13,278,900)	16,456,620
Amount owing to subsidiary company		1,977,068	–
Cash (Used In)/Generated From Operations		(12,955,512)	14,886,800
Tax paid		(1,649)	(4,021)
Net Cash (Used In)/From Operating Activities		(12,957,161)	14,882,779
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of subsidiary company		16,276,115	–
Proceeds from disposal of property, plant and equipment		57,000	150,500
Interest received		74,211	71,041
Acquisition of subsidiary company		(19,900,000)	–
Additions to property, plant and equipment		(495,000)	–
Net Cash (Used In)/From Investing Activities		(3,987,674)	221,541
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown/(Repayment) of revolving credit		2,000,000	(500,000)
Finance costs paid		(130,060)	(32,886)
Net Cash From/(Used In) Financing Activities		1,869,940	(532,886)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(15,074,895)	14,571,434
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		14,546,758	(24,676)
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	(528,137)	14,546,758

The accompanying Notes form an integral part of the Financial Statements.

1. GENERAL INFORMATION

The Company's principal activities are investment holding and provision of management services.

The principal activities of the subsidiary companies are as disclosed in Note 13.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

On October 9, 2003, the Company changed its name from Rediffusion Berhad to RCE Capital Berhad.

The total number of employees of the Group and of the Company at year-end were 108 (2003: 283) and Nil (2003: 3) respectively.

The registered office and principal place of business of the Company is located at 1st Floor, Lot 271, Jalan Dua, Off Jalan Chan Sow Lin, 55200 Kuala Lumpur.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on July 27, 2004.

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of the Malaysian Accounting Standards Board ("MASB").

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention modified to include the revaluation of certain property, plant and equipment.

Revenue and Revenue Recognition

Revenue of the Group consists of revenue from advertising media services, invoiced value of goods sold on cash, credit and hire-purchase terms less returns and reverts, interest income from hire-purchase and cash loan financing (installment sales), freight charges, insurance charges, sales of gold jewellery and furniture, general trading, licensing and merchandising, commission income, interest income, rental income and broadcasting.

Revenue of the Company consists of management fee and commission, dividend income from subsidiary companies and interest income.

The revenue recognition policies of the Group and the Company are as follows:

- (i) Advertising media services, licensing and merchandising

Advertising media services – upon rendering of services.

Licensing and merchandising – upon derivation of royalty income and sub-licensing.

(ii) Installment sales and general trading

Service charges on installment sales – over the installment period based on the sum-of-digits method (Unearned service charges as of the balance sheet date are deferred to future period, and are deducted from loans and hire-purchase receivables balance).

General trading – upon delivery of goods or trading items.

(iii) Broadcasting

Broadcasting – upon broadcast of commercials on radio.

(iv) Others

Interest income – accrued on a time basis.

Rental income – accrued on a time basis by reference to the agreements entered.

Commission income – upon rendering of services.

Foreign Currency Conversion

Transactions in foreign currencies are converted into Ringgit Malaysia at exchange rates prevailing at the transaction dates, or where settlement has not yet been made at the end of the financial year, at approximate exchange rates prevailing at that date. All foreign exchange gains or losses are taken up in the income statements.

The principal closing rates used in the translation of foreign currency amounts are as follows:

	2004 RM	2003 RM
Foreign currencies		
1 Singapore Dollar	2.266	2.162
1 United States Dollar	3.800	3.800
100 Hong Kong Dollar	50.00	50.00
100 Indonesian Rupiah	0.043	0.041

For the purpose of consolidation, the financial statements of the foreign incorporated subsidiary companies have been translated into Ringgit Malaysia as follows:

Assets and liabilities	–	at closing rate
Share capital	–	at historical rate
Revenue and expenses	–	at average rate

All translation gains or losses are taken up and reflected in translation reserve account under shareholders' equity .

Difference in exchange arising from the retranslation of the opening net investments in foreign subsidiary companies and from the translation of the results of the companies at the average rate, are taken to shareholders' equity .

Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for , using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statements, except when it arises from a transaction which is recognised directly in equity , in which case the deferred tax is also charged or credited directly in equity , or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Prior to the adoption of MASB Standard No. 25, Income T axes, on April 1, 2003, the tax effects of transactions were recognised, using the "liability" method, in the year such transactions entered into the determination of net income, regardless of when they were recognised for tax purposes. However , where timing differences would give rise to net deferred tax asset, the tax effects were generally recognised on actual realisation. This accounting change has been accounted for retrospectively and the effects are disclosed in Note 34.

Impairment of Assets

The carrying amounts of property , plant and equipment, investment in subsidiary companies, investment in associated companies and goodwill on consolidation are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset' s recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an item of asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is charged to the income statements unless it reverses a previous revaluation in which case it is treated as a revaluation decrease.

An impairment loss in respect of goodwill is not reversed unless the loss is caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of the event. In respect of other assets, an impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

Reversal of impairment losses in respect of other assets recognised in prior years is recorded where there is an indication that the impairment losses recognised for an asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised for the asset in prior years. The reversal is recognised in the income statements immediately unless the reversal relates to a revalued asset and will be treated as a revaluation increase to the extent of impairment loss previously recognised in revaluation reserve.

Property, Plant and Equipment

Property , plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment losses.

Freehold land stated at valuation is revalued at regular intervals of at least once in every five (5) years by the directors

based on the valuation reports of independent professional valuers using the “comparison method” basis with additional valuation in the intervening years where market conditions indicate that the carrying values of the revalued assets differ materially from the market value.

An increase in the carrying amount arising from revaluation of property, plant and equipment is credited to the revaluation reserve account as revaluation surplus. Any deficit arising from revaluation is charged against the revaluation reserve account to the extent of a previous surplus held in the revaluation reserve account for the same asset. In all other cases, a decrease in carrying amount is charged to the income statements. An increase in revaluation directly related to a previous decrease in carrying amount for that same asset that was recognised as an expense, is credited to the income statements to the extent that it offsets the previously recorded decrease.

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements. On disposal of revalued assets, the amounts in revaluation reserve account relating to the assets disposed are transferred to the unappropriated profit account.

The annual depreciation rates are as follows:

Building	2%
Studio equipment	10%
Transmitters	10%
Shelves, office equipment, furniture and fittings	20% – 50%
Motor vehicles	10% – 25%
Renovation	20%
Mascot costumes	50%

Property, Plant and Equipment under Hire–Purchase Arrangements

Property, plant and equipment acquired under hire–purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the income statements to give a constant periodic rate of interest on the remaining hire–purchase liabilities.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of all the subsidiary companies controlled by the Company made up to the end of the financial year.

Subsidiary companies are consolidated using the acquisition method of accounting. On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority’s proportion of the fair values of the assets and liabilities recognised.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal, as applicable.

All significant intercompany transactions and balances are eliminated on consolidation.

Subsidiary Companies

Subsidiary companies are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from activities. The financial statements of subsidiary companies are included in the consolidated financial statements from the date control effectively commences until the date that control effectively ceases.

Investment in subsidiary companies, which is eliminated on consolidation, is stated in the Company's financial statements at cost less impairment losses.

Associated Company

An associated company is a non-subsidiary company in which the Group holds not less than 20% of the equity voting rights as long-term investment and in which the Group is in a position to exercise significant influence in its management.

The Group's investment in the associated company is accounted for under the equity method of accounting based on the latest audited and/or management financial statements of the associated company made up to the end of the financial year. Under this method of accounting, the Group's interest in the post-acquisition profit and reserves of the associated company is included in the consolidated results while dividend received is reflected as a reduction of the investment in the consolidated balance sheet.

Unrealised profits and losses arising on transactions between the Group and its associated company are eliminated to the extent of the Group's equity interest in the relevant associated company except where unrealised losses provide evidence of an impairment of the asset transferred.

Goodwill on Consolidation/Reserve on Consolidation

Goodwill arising on consolidation represents the excess of the purchase consideration over the share of the fair value of the identifiable net assets of a subsidiary company at the date of acquisition. Goodwill on consolidation is amortised on a systematic basis following an assessment of the remaining weighted average economic useful life of the acquired assets of the respective subsidiary company, subject to a maximum of 10 years unless, in the opinion of directors, there has been an impairment in value, in which case, the remaining balance is written off.

Reserve on consolidation represents the excess of the share of the fair value of the identifiable net assets of a subsidiary company at the date of acquisition over the purchase consideration. Reserve on consolidation is not amortised and will be transferred directly to income statements upon disposal of the subsidiary company concerned.

Investment in Corporate Bonds

Investment in corporate bonds is stated at cost adjusted for amortisation of premium or accretion of discount, where applicable, to maturity dates.

Inventories

Inventories are valued at the lower of cost (determined principally on the weighted average method) and net realisable value. The cost of inventories comprises the original cost of purchase plus the cost in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of the resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Employee Benefits

(i) Short-term employee benefits

Wages, salaries, social contributions, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by the employees. The Group and the Company accrue for staff annual leaves which are unutilised and carried forward into future period, if any. The cost accrued is based on the basic salary and the number of days of unutilised annual leave.

(ii) Post-employment benefits

The Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. The contributions are charged to the income statements in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

4. REVENUE

	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Advertising media services	25,173,720	21,377,359	—	—
Loan financing services	18,009,484	—	—	—
General trading	5,126,334	2,780,686	—	—
Broadcasting	3,398,000	19,489,178	—	—
Licensing and merchandising	2,640,703	1,132,117	—	—
Commission income	217,774	—	217,774	—
Interest income	67,143	58,968	74,211	71,041
Rental income	—	34,595	—	—
Dividend income from a subsidiary company	—	—	—	12,900,466
Management fee from subsidiary companies	—	—	686,000	466,522
	54,633,158	44,872,903	977,985	13,438,029

5. SEGMENT ANALYSIS

The Group 2004	Advertising media services RM	Loan financing services RM	Broadcasting RM	Investment holding and management services RM	General trading, licensing and merchandising RM	Others RM	Eliminations RM	Consolidated RM
Revenue								
External sales	25,173,720	18,009,484	3,398,000	284,917	7,767,037	—	—	54,633,158
Inter-segment sales	—	—	—	686,000	—	—	(686,000)	—
Total revenue	25,173,720	18,009,484	3,398,000	970,917	7,767,037	—	(686,000)	54,633,158
Results								
Profit/(Loss) from operations	5,249,496	11,432,904	(514,343)	(160,597)	(814,711)	(13,874)	(739,082)	14,439,793
Gain on disposal of subsidiary company								14,854,034
Finance costs								(308,501)
Income from other investments								139,564
Profit before tax								29,124,890
Income tax expense								(5,648,628)
Profit after tax								23,476,262
Other Information								
Capital additions	126,579	9,278	—	495,000	36,976	—	—	667,833
Depreciation and amortisation	745,790	181,858	—	447,791	152,027	—	—	1,527,466
Non-cash expenses other than depreciation and amortisation	173,957	4,715,178	—	—	46,586	—	—	4,935,721
Consolidated Balance Sheet								
Segment assets	16,403,193	113,383,796	—	8,951,876	4,524,174	27,587	—	143,290,626
Segment liabilities	3,128,714	27,350,019	—	8,191,524	3,374,735	6,715,643	—	48,760,635
Unallocated corporate liabilities								2,843,706
Consolidated total liabilities								51,604,341
(Forward)								

5. SEGMENT ANALYSIS (cont'd)

The Group 2003	Advertising media services RM	Broadcasting RM	Investment holding and management services RM	General trading, licensing and merchandising RM	Others RM	Eliminations RM	Consolidated RM
Revenue							
External sales	21,377,359	19,489,178	71,041	3,912,803	22,522	–	44,872,903
Inter-segment sales	–	–	466,522	–	–	(466,522)	–
Total revenue	21,377,359	19,489,178	537,563	3,912,803	22,522	(466,522)	44,872,903
Results							
Profit/(Loss) from operations	4,776,988	(78,713)	(372,946)	(3,006,310)	(41,724)	(322,018)	955,277
Finance costs							(632,419)
Income from other investments							47,941
Share in results of associated company							(2)
Profit before tax							370,797
Income tax expense							(1,642,793)
Loss after tax							(1,271,996)
Other Information							
Capital additions	130,724	256,568	–	53,530	–	–	440,822
Depreciation and amortisation	677,226	2,144,586	451,529	270,385	7,984	–	3,551,710
Non-cash expenses other than depreciation and amortisation	6,083	575,654	–	13,837	–	–	595,574
Consolidated Balance Sheet							
Segment assets	15,229,888	15,625,996	26,371,262	3,877,933	10,753	–	61,115,832
Segment liabilities	7,185,483	11,213,284	17,068,213	3,050,379	660,357	–	39,177,716
Unallocated corporate liabilities							225,073
Consolidated total liabilities							39,402,789

The Group operates substantially in Malaysia. Accordingly, no geographical segment information has been provided.

6. DIRECTORS' REMUNERATION

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Directors of the Company:				
Executive directors				
– Salaries and other emoluments	–	103,040	–	103,040
Non-executive directors				
– Salaries and other emoluments	181,173	100,000	181,173	100,000
	181,173	203,040	181,173	203,040
Directors of the subsidiary companies:				
Executive directors				
– Salaries and other emoluments *	2,146,818	2,049,948	–	–
Non-executive directors				
– Fees	9,000	9,000	–	–
	2,155,818	2,058,948	–	–
	2,336,991	2,261,988	181,173	203,040

* Included in salaries and other emoluments is an amount of RM1,173,180 paid to an executive director of a subsidiary company who is also a director of the Company (2003: RM1,174,970 paid to two executive directors of two subsidiary companies who are also directors of the Company).

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group and the Company amounted to RM46,336 (2003: RM61,100) and RM Nil (2003: RM Nil) respectively.

The number of directors of the Company whose total remuneration during the financial year fall within the following bands, are as follows:

	Number of Directors	
	2004	2003
Executive Director		
RM100,001 to RM150,000	–	1
Non-Executive Directors		
Below RM50,000	7	7

7. OTHER OPERATING INCOME/(EXPENSES) AND STAFF COSTS

Included in other operating income/(expenses) are the following:

	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Interest income received from a related party (Note 20)	1,529,584	—	—	—
Allowance for doubtful debts no longer required	1,484,449	—	—	—
Gain on disposal of property, plant and equipment	107,308	385,511	57,000	111,009
Rental income	49,830	67,800	—	—
Realised gain on foreign exchange	—	4,011	—	—
Allowance for doubtful debts	(4,580,921)	(583,581)	(100,000)	—
Ex-factory and tooling cost	(3,402,854)	(1,828,403)	—	—
Advertising charges	(2,516,613)	(2,161,166)	—	—
Agency commission	(2,402,854)	(5,390,394)	—	—
Interest expense paid to other creditors (Note 23)	(1,770,343)	—	—	—
Rental of premises	(233,170)	(531,682)	(15,000)	—
Bad debts written off	(180,843)	—	—	—
Goodwill on consolidation written off	(171,426)	—	—	—
Marketing research expenses	(142,953)	(223,748)	—	—
Audit fees:				
– Current year	(98,405)	(46,900)	(16,000)	(11,000)
– (Under)/Overprovision in prior year	(2,427)	240	—	—
Amortisation of premium on corporate bonds	(32,650)	—	—	—
Property, plant and equipment written off	(2,531)	(11,993)	—	—
Equipment maintenance	—	(4,463,193)	—	—

Staff costs include salaries, contributions to Employees Provident Fund (“EPF”) and all other staff related expenses.

Contributions to EPF by the Group and the Company during the current financial year amounted to RM709,749 and RM Nil (2003: RM509,315 and RM4,868), respectively.

8. FINANCE COSTS

	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Interest on:				
Revolving credits	143,492	45,561	87,656	20,072
Term loans	78,588	275,961	—	—
Bank overdrafts	59,032	279,624	35,336	12,814
Hire-purchase	27,389	31,273	—	—
Loan from subsidiary company	—	—	7,068	—
	308,501	632,419	130,060	32,886

9. INCOME FROM OTHER INVESTMENTS

	The Group	
	2004 RM	2003 RM
Interest income from:		
Fixed deposits	79,993	47,941
Corporate bonds (Note 16)	38,116	—
Cash balance maintained with AMMB Investment Services Berhad (Note 21)	21,455	—
	<u>139,564</u>	<u>47,941</u>

10. INCOME TAX EXPENSE

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Estimated tax payable:				
Current	5,706,943	1,505,972	21,000	2,700,466
(Over)/Underprovision in prior year	(8,915)	4,021	1,649	4,021
Deferred tax (Note 26)	(49,400)	132,800	—	—
	<u>5,648,628</u>	<u>1,642,793</u>	<u>22,649</u>	<u>2,704,487</u>

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit before tax	29,124,890	370,797	15,285,458	12,494,634
Tax at statutory tax rate of 28% (2003: 28%)	8,126,970	75,823	4,279,928	3,498,497
Tax at rate of 20% (2003: 20%)	20,000	20,000	—	—
Tax effects of expenses/(income) not deductible/(assessable) in determining taxable profit	(2,318,227)	1,370,309	(4,162,128)	(798,031)
Deferred tax assets not recognised	101,500	192,400	—	—
Realisation of deferred tax assets not recognised previously	(272,700)	(19,760)	(96,800)	—
Tax at effective tax rate	5,657,543	1,638,772	21,000	2,700,466
(Over)/Underprovision in prior year	(8,915)	4,021	1,649	4,021
Income tax charged to income statements	<u>5,648,628</u>	<u>1,642,793</u>	<u>22,649</u>	<u>2,704,487</u>

11. EARNINGS/(LOSS) PER ORDINARY SHARE

	The Group	
	2004 RM	2003 RM
Net profit/(loss) attributable to ordinary shareholders	21,921,112	(1,100,386)
	2004 Shares	2003 Shares
Number of shares in issue as of April 1	18,675,000	18,675,000
Effects of bonus issue	21,476,250	21,476,250*
	40,151,250	40,151,250
Earnings per ordinary share (sen)	54.60	(2.74)

* Adjusted to include the bonus element of shares issued during the current year .

12. PROPERTY, PLANT AND EQUIPMENT

The Group

At cost, except otherwise stated	At beginning of year RM	Additions RM	Reclassification RM	Acquisition of subsidiary company RM	Disposals RM	Disposal of subsidiary company RM	Written-off RM	At end of year RM
Freehold land								
– at valuation	10,200,000	–	–	–	–	–	–	10,200,000
Freehold building	2,639,194	–	–	–	–	–	–	2,639,194
Studio equipment	5,148,550	–	–	–	–	(5,148,550)	–	–
Transmitters	13,557,470	–	–	–	–	(13,557,470)	–	–
Shelves, office equipment, furniture and fittings	3,718,779	169,189	–	596,406	–	(1,725,243)	(10,807)	2,748,324
Motor vehicles	2,099,317	498,644	751,911	–	(441,100)	(307,795)	(4,750)	2,596,227
Motor vehicles under hire–purchase	927,876	–	(751,911)	364,055	–	(175,965)	–	364,055
Renovation	2,119,278	–	–	–	–	(1,214,173)	–	905,105
Mascot costumes	90,385	–	–	–	–	–	–	90,385
Total	40,500,849	667,833	–	960,461	(441,100)	(22,129,196)	(15,557)	19,543,290

The Group

Accumulated Depreciation	At beginning of year RM	Charge for the year RM	Reclassification RM	Acquisition of subsidiary company RM	Disposals RM	Disposal of subsidiary company RM	Written-off RM	At end of year RM
Freehold land – at valuation	–	–	–	–	–	–	–	–
Freehold building	189,141	52,784	–	–	–	–	–	241,925
Studio equipment	2,869,921	–	–	–	–	(2,869,921)	–	–
Transmitters	6,838,003	–	–	–	–	(6,838,003)	–	–
Shelves, office equipment, furniture and fittings	2,867,977	435,376	–	503,029	–	(1,313,855)	(10,567)	2,481,960
Motor vehicles	1,433,574	466,642	247,952	–	(437,879)	(242,437)	(2,459)	1,465,393
Motor vehicles under hire–purchase	332,261	91,000	(247,952)	93,788	–	(84,309)	–	184,788
Renovation	1,576,758	160,743	–	–	–	(1,124,036)	–	613,465
Mascot costumes	36,872	18,828	–	–	–	–	–	55,700
Total	16,144,507	1,225,373	–	596,817	(437,879)	(12,472,561)	(13,026)	5,043,231

The Group

Net Book Value	2004 RM	2003 RM
Freehold land – at valuation	10,200,000	10,200,000
Freehold building	2,397,269	2,450,053
Studio equipment	–	2,278,629
Transmitters	–	6,719,467
Shelves, office equipment, furniture and fittings	266,364	850,802
Motor vehicles	1,130,834	665,743
Motor vehicles under hire–purchase	179,267	595,615
Renovation	291,640	542,520
Mascot costumes	34,685	53,513
Total	14,500,059	24,356,342

The Company

At cost, except otherwise stated	At beginning of year RM	Addition RM	Disposal RM	At end of year RM
Freehold land – at valuation	10,200,000	–	–	10,200,000
Office equipment	36,328	–	–	36,328
Motor vehicles	777,999	495,000	(373,000)	899,999
Total	11,014,327	495,000	(373,000)	11,136,327

Accumulated Depreciation	At beginning of year RM	Charge for the year RM	Disposal RM	At end of year RM	Net Book Value 2004 RM	2003 RM
Freehold land – at valuation	–	–	–	–	10,200,000	10,200,000
Office equipment	19,976	6,598	–	26,574	9,754	16,352
Motor vehicles	597,654	171,750	(373,000)	396,404	503,595	180,345
Total	617,630	178,348	(373,000)	422,978	10,713,349	10,396,697

The freehold land of the Company was revalued by the directors on January 5, 2000 based on valuation carried out by Mr . Jerome Hong Boong Peng, a registered valuer of Colliers, Jordan, Lee and Jaafar Sdn. Bhd., an independent firm of professional valuers, using the “Comparison Method” basis. The surplus arising from the revaluation amounting to RM7,621,940 has been credited to revaluation reserve account.

In prior years, the tax effects relating to the surplus amounting to RM381,000 was not recognised in the financial statements as the directors have no intention of disposing the said freehold land in the foreseeable future. However upon adoption of MASB Standard No. 25, Income Taxes on April 1, 2003, the said tax effects of RM381,000 relating to the surplus has been adjusted retrospectively as prior years’ adjustments as disclosed in Note 34.

The historical cost and carrying value of the revalued freehold land are as follows:

	The Group and The Company	
	2004 RM	2003 RM
Freehold land:		
Cost	2,964,964	2,964,964
Accumulated depreciation	–	–
	2,964,964	2,964,964

Freehold land and building of the Group and freehold land of the Company with carrying amounts of RM12,597,269 (2003: RM12,650,053) and RM10,200,000 (2003: RM10,200,000) have been charged as security for certain bank borrowings of the Group and the Company as mentioned in Note 25.

Also included in property, plant and equipment of the Group and the Company are fully depreciated motor vehicles and equipment which are still in use, with cost of approximately RM1,256,392 and RM3,340 (2003: RM2,852,534 and RM248,394) respectively .

13. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2004	2003
	RM	RM
Unquoted shares— at cost	43,761,827	14,362,827
Less: Allowance for impairment loss	(9,250,619)	(9,250,619)
	<u>34,511,208</u>	<u>5,112,208</u>

The details of the subsidiary companies, all incorporated in Malaysia, are as follows:

	Effective Equity Interest		Principal Activities
	2004 %	2003 %	
Direct Subsidiary Companies			
RCE Commerce Sdn. Bhd. (formerly known as Rediffusion.Com Sdn. Bhd.)	100	100	Rental of home appliances
Effusion.com Sdn. Bhd.	100	100	Dormant
Radio Rediffusion Sdn. Bhd.	—	70	Wireless broadcasting
E—Drama Sdn. Bhd.	100	100	Dormant
POS AD Sdn. Bhd. (Note 35)	70	70	Provision of advertising media services
RCE Marketing Sdn. Bhd.^	87.5	—	Provision of general loan financing services and trading in electrical home appliances, other consumer durable products mainly on hire—purchase terms
Indirect Subsidiary Companies			
Jump Retail Merchandising Sdn. Bhd. *	70	70	Providing goods arrangement services in supermarket
Jump Licensing (M) Sdn. Bhd. *	70	70	Provision of advertising media services
Demo Power Sdn. Bhd. *	70	70	Provision of advertising media services
Paragon Premiums Sdn. Bhd. *	59.5	59.5	Design and trading of premium products
Jump Interactive Sdn. Bhd. *	70	70	Dormant
Jump Licensing Pte. Ltd. * (Incorporated under the Federal Territory of Labuan)	70	70	Selling toys sub—licensing activities
Jump Design Sdn. Bhd. *	70	70	Dormant
Jump Licensing (S) Pte. Ltd. * (Incorporated in the Republic of Singapore)	69.3	—	Selling toys sub—licensing activities
(Forward)			

13. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

	Effective Equity Interest		Principal Activities
	2004	2003	
Indirect Subsidiary Companies	%	%	
Pasti Sergap Sdn. Bhd. #^	87.5	—	Inactive other than deriving interest on short-term deposits
RCE Sales Sdn. Bhd. #^	87.5	—	Trading of gold jewellery and furniture and providing administration services
RCE Trading Sdn. Bhd. #^	87.5	—	Trading of gold jewellery and furniture
RCE Management Sdn. Bhd. #^ (Formerly known as Rediffusion Management Services Sdn. Bhd.)	87.5	—	Dormant
R & R Music Sdn. Bhd.#^	87.5	—	Dormant

* Held indirectly through POS AD Sdn. Bhd.

Held indirectly through RCE Marketing Sdn. Bhd.

^ Audited by another firm of auditors.

During the current financial year, the Company's indirect equity interest in Jump Licensing (S) Pte. Ltd. has been increased from 35% (Note 14) to 69.3%.

On June 10, 2003, the Company completed the acquisition of RCE Marketing Sdn. Bhd.

The effect of the acquisition on the financial results of the Group in 2004 was as follows:

Post-acquisition results of RCE Marketing Sdn. Bhd. and Jump Licensing (S) Pte. Ltd. were as follows:

	2004 RM
Revenue	18,252,087
Other operating expenses	(7,708,599)
Profit before tax	10,543,488
Income tax expense	(3,966,655)
Increase in Group's profit attributable to shareholders	6,576,833

13. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

The effects of these acquisitions on the financial position of the Group as of dates of acquisition are as follows:

	2004 RM
Net assets acquired:	
Property, plant and equipment	363,644
Trade receivables	180,630
Loans and hire-purchase receivables	64,336,159
Other receivables, deposits and prepaid expenses	32,315,018
Fixed deposits with licensed banks	99,089
Cash and bank balances	1,635,668
Trade payables	(147,906)
Other payables and accrued expenses	(34,566,221)
Hire-purchase payables	(264,181)
Tax liabilities	(950,427)
Deferred tax liabilities	(4,400)
	<hr/> 62,997,073
Reserve on consolidation on acquisition of RCE Marketing Sdn. Bhd.	(1,439,937)
Goodwill on consolidation on acquisition of Jump Licensing (S) Pte. Ltd.	171,426
Minority interest	(41,828,562)
	<hr/>
Total cash consideration on acquisition	19,900,000
Less: Cash and cash equivalents acquired	(1,734,757)
	<hr/>
Net cash flow on acquisition	<u>18,165,243</u>

On June 23, 2003, the Company completed the disposal of Radio Rediffusion Sdn. Bhd.

Results of operations of Radio Rediffusion Sdn. Bhd. during the current financial year to the date of disposal are as follows:

	2004 RM
Revenue	3,398,000
Other operating expenses	(3,997,343)
	<hr/>
Loss before tax	(599,343)
Income tax expense	—
	<hr/> <u>(599,343)</u>

13. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

The effects of the disposal on the financial position of the Group as of date of disposal are as follows:

	2004 RM
Net assets disposed of:	
Property , plant and equipment	9,656,635
Trade receivables	5,346,638
Other receivables, deposits and prepaid expenses	618,396
Cash and bank balances	16,941
Other payables and accrued expenses	(8,515,041)
Hire—purchase payables	(234,651)
Bank overdraft	(1,912,635)
Borrowings	(2,283,739)
Deferred tax liabilities	(661,000)
	<hr/>
Net assets disposed	2,031,544
Minority interest	(609,463)
	<hr/>
	1,422,081
Gain on disposal of subsidiary company	14,854,034
	<hr/>
Total cash consideration on disposal	16,276,115
Less: Bank overdraft net of cash and bank balances disposed	(1,895,694)
	<hr/>
Net cash flow on disposal	18,171,809
	<hr/>

14. INVESTMENT IN ASSOCIATED COMPANIES

	The Group	
	2004 RM	2003 RM
Unquoted shares — At cost	39,000	39,002
Share of post-acquisition loss	(39,000)	(39,002)
	<hr/>	<hr/>
	—	—
	<hr/>	<hr/>

14. INVESTMENT IN ASSOCIATED COMPANIES (cont'd)

The associated companies of the Group are as follows:

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activities
		2004 %	2003 %	
*Near Field Studio Sdn. Bhd. #	Malaysia	21	21	Rental of studio and production of musical jingles
** Jump Licensing (S) Pte. Ltd ^	Republic of Singapore	—	35	Selling toys sub-licensing activities

* The financial statements of this associated company during the year were audited by another firm of auditors.

** The financial statements of this associated company during the year were audited by a member firm of Deloitte Touche T ohmatsu.

Held indirectly through POS AD Sdn. Bhd.

^ Held indirectly through Jump Licensing Pte. Ltd.

The Group's share of losses in the associated companies has exceeded the cost of investment. The cumulative and current year's unrecognised share of losses in excess of investment cost amounted to RM27,244 (2003: RM9,785) and RM17,459 (2003: RM2,978) respectively.

15. GOODWILL ON CONSOLIDATION

	The Group	
	2004 RM	2003 RM
Cost:		
At beginning of year	2,694,403	2,694,403
Arising from acquisition of subsidiary company	171,426	—
Amount written off	(171,426)	—
At end of year	2,694,403	2,694,403
Cumulative amortisation:		
At beginning of year	(2,424,960)	(2,155,520)
Charge for the year	(269,443)	(269,440)
	(2,694,403)	(2,424,960)
At end of year	—	269,443

16. INVESTMENT IN QUOTED CORPORATE BONDS

	The Group	
	2004 RM	2003 RM
Investment in AmFinance Subordinated Bonds, at cost	5,326,500	—
Less: Accumulated amortisation of premium	—	—
At beginning of year	(32,650)	—
Charge for the year	(32,650)	—
	5,293,850	—
At end of year	5,293,850	—
Market value	5,352,000	—

The investment in corporate bonds of the Group have maturity period of 10 years. The coupon rate is 7.95% per annum.

17. LOANS AND HIRE-PURCHASE RECEIVABLES

	The Group	
	2004 RM	2003 RM
Total receivables	131,914,523	—
Unearned interest income	(37,970,486)	—
	93,944,037	—
Less: Allowance for doubtful debts	(26,387,963)	—
	67,556,074	—
Amount receivable within one year (shown under current assets)	(10,352,605)	—
Non-current portion	57,203,469	—

The non-current portion of the loan and hire-purchase receivables is as follows:

	The Group	
	2004 RM	2003 RM
Financial years ending March 31,		
2006	16,614,239	—
2007	12,748,974	—
2008 and thereafter	27,840,256	—
	57,203,469	—

18. INVENTORIES

	The Group	
	2004	2003
	RM	RM
Trading merchandise:		
At cost	85,771	21,724
At net realisable value	–	67,365
	<hr/>	<hr/>
	85,771	89,089
	<hr/>	<hr/>

19. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group	
	2004	2003
	RM	RM
Trade receivables	6,081,729	12,694,473
Less: Allowance for doubtful debts	(256,311)	(1,768,445)
	<hr/>	<hr/>
	5,825,418	10,926,028
	<hr/>	<hr/>

Trade receivables of the Group represent amounts outstanding from provision of advertising media services and sales of goods. Trade receivables of the Group in 2003 also includes amounts outstanding from broadcasting of commercials.

The credit period granted by the Group ranges from 14 to 120 days (2003: 14 to 120 days). An allowance has been made for estimated irrecoverable amount of RM256,311 (2003: RM1,768,445). This allowance has been determined by reference to past default experience.

	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Other receivables	2,632,264	5,090,955	91,887	1,000,000
Less : Allowance for doubtful debts	–	(100,000)	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
	2,632,264	4,990,955	91,887	1,000,000
Prepaid expenses	1,217,618	716,088	42,263	13,400
Tax recoverable	196,414	–	–	–
Refundable deposits	68,645	242,068	2,660	302,660
	<hr/>	<hr/>	<hr/>	<hr/>
	4,114,941	5,949,111	136,810	1,316,060
	<hr/>	<hr/>	<hr/>	<hr/>

20. RELATED COMPANY TRANSACTIONS

	The Company	
	2004	2003
	RM	RM
Amount owing by subsidiary companies	5,310,861	12,690,391
Less: Allowance for doubtful debts	(791,137)	(691,137)
	4,519,724	11,999,254

Amount owing by/(to) subsidiary companies, which arose mainly from dividend receivable and advances given, is unsecured, interest-free and has no fixed terms of repayment except for an advance of RM2,000,000 (2003: RM270,000) which bears interest at 3% (2003: 8.15%) per annum.

Amount owing by a related party in 2004 represents amount owing by a subsidiary's preference shareholder, RCE Ventures Sdn. Bhd., in which a director of the Company has an indirect interest. The said amount, which is unsecured and is repayable on or before September 30, 2004, bears interest at 6% (2003: Nil) per annum.

Amount owing by a related party in 2003, which arose mainly from expenses paid on behalf, was unsecured, interest-free and had no fixed terms of repayment.

Amount owing to associated company in 2003, which arose mainly from expenses paid on behalf, was unsecured, interest-free and had no fixed terms of repayment.

Other than as disclosed elsewhere in the financial statements, the related party and its relationship with the Company are as follows:

Name of related party	Relationship
RCE Ventures Sdn. Bhd.	A company in which Tan Sri Dato' Azman Hashim, a director of the Company, has an indirect interest and also the preference shareholder of a subsidiary, RCE Marketing Sdn. Bhd.

During the financial year, significant related party transactions are as follows:

	The Company	
	2004	2003
	RM	RM
Subsidiary companies:		
Management fees receivable from:		
RCE Marketing Sdn. Bhd.	532,100	—
POS AD Sdn. Bhd.	153,900	75,600
Radio Rediffusion Sdn. Bhd.	—	390,922
Interest payable to POS AD Sdn. Bhd.	7,068	—
Interest receivable from		
RCE Marketing Sdn. Bhd.	7,068	—
Radio Rediffusion Sdn. Bhd.	—	12,073
Dividend income receivable from POS AD Sdn. Bhd. (gross)	—	12,900,466

20. RELATED COMPANY TRANSACTIONS (cont'd)

	The Group	
	2004 RM	2003 RM
Related party:		
Acquisition of subsidiary company , RCE Marketing Sdn. Bhd., from RCE Ventures Sdn. Bhd.	19,900,000	—
Interest income received from RCE Ventures Sdn. Bhd.	1,529,584	—

Significant outstanding balances arising from non-trade transactions with related party are as follows:

	The Group	
	2004 RM	2003 RM
RCE Ventures Sdn. Bhd.		
Acquisition of RCE Marketing Sdn. Bhd.	2,000,000	—
Interest income	1,529,584	—

The directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

21. CASH AND BANK BALANCES

Included in cash and bank balances as of March 31, 2004 is cash balance amounting to RM2,867,825 maintained with AMMB Investment Services Berhad.

22. TRADE PAYABLES

Trade payables comprise amounts outstanding from trade purchases.

The average credit period granted to the Group ranges from 30 to 90 days (2003: 30 to 90 days).

23. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Other payables	40,652,159	23,807,196	3,134,066	16,413,707
Accrued expenses	1,004,412	6,221,928	162,500	161,759
	41,656,571	30,029,124	3,296,566	16,575,466

- (i) Included in other payables of the Group as of March 31, 2004 are RM13,850,794 (2003: RM Nil) and RM4,939,300 (2003: RM Nil) owing to Koperasi Belia Nasional Berhad and Koperasi Sejati Berhad respectively, which are unsecured and repayable over 72 monthly installments. Interest charges at 7.9% per annum out of these balances which are used to finance the hire-purchase and cash loan financing operations of a subsidiary company, have been included under other operating expenses in the income statements.

23. OTHER PAYABLES AND ACCRUED EXPENSES (cont'd)

- (ii) Included in other payables of the Group and the Company as of March 31, 2004 is an amount of RM1,100,000, representing the deposit received in connection with the proposed disposal of POS AD Sdn. Bhd. as disclosed in Note 35.
- (iii) Included in other payables of the Group and the Company as of March 31, 2003 is an amount of RM16,276,15, representing the purchase consideration received in connection with the proposed disposal of Radio Rediffusion Sdn. Bhd. The said disposal was completed on June 23, 2003.

24. HIRE-PURCHASE PAYABLES

	The Group	
	2004 RM	2003 RM
Total outstanding	251,935	195,768
Less: Interest-in-suspense	(28,328)	(21,527)
Principal outstanding	223,607	174,241
Less: Amount due within one year (shown under current liabilities)	(58,032)	(103,281)
Non-current portion	165,575	70,960

The non-current portion of the hire-purchase obligations payable is as follows:

	The Group	
	2004 RM	2003 RM
Financial years ending March 31,		
2005	—	32,499
2006	62,527	35,428
2007	67,022	3,033
2008	36,026	—
	165,575	70,960

The interest rate implicit in these hire-purchase arrangements of the Group ranges from 9.14% to 12.51% (2003: 9.14% to 12.51%) per annum. The Group's hire-purchase payables are secured by a charge over the assets under hire-purchase.

25. BORROWINGS

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Revolving credit	2,500,000	2,000,000	2,000,000	—
Term loans	638,439	2,538,739	—	—
Bank overdrafts	536,890	1,116,216	536,890	111,747
	3,675,329	5,654,955	2,536,890	111,747
Less: Amount due within one year (shown under current liabilities)	(3,550,670)	(4,136,216)	(2,536,890)	(111,747)
Non-current portion	124,659	1,518,739	—	—

The non-current portion is repayable as follows:

	The Group	
	2004 RM	2003 RM
Financial years ending March 31,		
2005	—	1,141,870
2006	124,659	376,869
	124,659	1,518,739

The Company has bank overdraft facility of RM860,000 (2003: RM860,000) and revolving credit facility of RM2,000,000 (2003: RM2,000,000) with a bank which are secured by way of first legal charge over the freehold land of the Company as mentioned in Note 12. The overdraft facility bears interest at rates ranging from 8.15% to 8.45% (2003: 8.15% to 8.45%) per annum. The revolving credit facility bears interest at rates ranging from 5.41% to 5.65% (2003: 5.41% to 5.65%) per annum.

Certain subsidiary companies have term loan and overdraft facilities with limits totalling RM1,468,439 (2003: RM5,460,700) with banks which are guaranteed by the Company. The overdraft and term loan facility of a subsidiary company are secured by way of first legal charge over its freehold building. The overdraft facilities bear interest at rates ranging from 8.15% to 8.45% (2003: 8.15% to 8.45%) per annum.

Included in the term loans as of March 31, 2003 is an amount of RM2,538,739 which represents an overdraft facility of a subsidiary company acquired and restructured by Danaharta Managers Sdn. Bhd. in 2001. The loan was guaranteed by the Company and bears interest at rates ranging from 8.15% to 8.45% per annum. The said subsidiary company was disposed of during the current financial year.

A subsidiary company has revolving credit facility amounting to RM500,000 (2003: RM500,000) which are guaranteed by the Company. The revolving credit facilities bear interest at rates ranging from 5.41% to 5.65% (2003: 5.41% to 5.65%) per annum.

26. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
At beginning of year:				
As previously reported	751,000	618,200	–	–
Prior years' adjustment (Note 34)	381,000	381,000	381,000	381,000
As restated	1,132,000	999,200	381,000	381,000
Disposal of subsidiary company	(661,000)	–	–	–
Acquisition of subsidiary company	4,400	–	–	–
Transfer (to)/from income statements (Note 10)	(49,400)	132,800	–	–
	426,000	1,132,000	381,000	381,000

The deferred tax liability is in respect of the tax effects of the following:

	Deferred Tax Asset/(Liability)			
	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Temporary differences arising from:				
Property , plant and equipment	(45,000)	(1,498,500)	–	–
Revaluation of freehold land	(381,000)	(381,000)	(381,000)	(381,000)
Unabsorbed tax losses	–	118,400	–	–
Unabsorbed capital allowances	–	625,000	–	–
Others	–	4,100	–	–
Net	(426,000)	(1,132,000)	(381,000)	(381,000)

As mentioned in Note 3, deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of March 31, 2004, the amount of deferred tax asset, calculated at current tax rate which has not been recognised in the financial statements, is as follows:

	Deferred Tax Asset/(Liability)			
	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Temporary differences arising from property , plant and equipment	5,700	(21,700)	(6,500)	(5,200)
Unabsorbed tax losses	2,327,675	2,461,975	144,500	215,300
Unabsorbed capital allowances	662,000	726,300	–	24,700
Net	2,995,375	3,166,575	138,000	234,800

The unabsorbed tax losses and capital allowances are subject to agreement by the tax authorities.

27. MINORITY INTEREST

Included in minority interest as of March 31, 2004 is an amount of RM38,780,000 representing 38,780,000 redeemable convertible non-cumulative preference shares of RM1.00 each ("RCNCPS"), issued by a subsidiary company, RCE Marketing Sdn. Bhd. ("RCEM"), and held by a related party, RCE Ventures Sdn. Bhd. (Note 20).

The salient terms of the RCNCPS are as follows:

- (a) The right to a redeemable convertible non-cumulative preference dividend at not more than 4% per annum out of the profit of RCEM resolved to be distributed in respect of that year.
- (b) The payment of dividend is at the sole and absolute discretion of RCEM.
- (c) In the event that dividend is not declared in respect of the following financial years, the premium for the redemption carry out by the following year-end shall be as follows:

Year End	Redemption Premium
31.3.2004	1.40
31.3.2005	1.60
31.3.2006	1.80

Payment of any dividends shall only be made after the directors of RCEM have recommended the dividend and it has been approved at a general meeting of RCEM.

- (d) RCEM shall at the end of March 31, 2006 has the right to either redeem the RCNCPS as per the schedule or roll-over the redemption period for another three (3) years.
- (e) RCEM shall at a month before March 31, 2006 notifies, the preference shareholder of its intention to redeem or roll-over, or else the preference shareholder shall have the right to convert the preference shares at a conversion ratio to be based on the net tangible assets of the last audited financial statements of RCEM.

28. SHARE CAPITAL

	The Group and The Company	
	2004 RM	2003 RM
Authorised:		
Ordinary shares of RM1 each		
At beginning of year	20,000,000	20,000,000
Created during the year	30,000,000	—
At end of year	50,000,000	20,000,000
Issued and fully paid:		
Ordinary shares of RM1 each		
At beginning of year	18,675,000	18,675,000
Issued during the year	21,476,250	—
At end of year	40,151,250	18,675,000

28. SHARE CAPITAL (cont'd)

As approved by the shareholders at an Extraordinary General Meeting held on September 25, 2003, the authorised share capital of the Company was increased from RM20,000,000 comprising 20,000,000 ordinary shares of RM1.00 each to RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each by the creation of an additional 30,000,000 ordinary shares of RM1.00 each.

As approved by the shareholders at the same Extraordinary General Meeting, the Company increased its issued and fully paid up ordinary share capital from RM18,675,000 to RM40,151,250 by way of a bonus issue of 21,476,250 new ordinary shares of RM1.00 each on the basis of twenty-three (23) new ordinary shares of RM1 each for every twenty (20) existing ordinary shares of RM1.00 each held in the Company through capitalisation of the following accounts:

	RM
(i) Share premium	5,037,783
(ii) Revaluation reserve	2,086,399
(iii) General reserve	95,818
(iv) Unappropriated profit	14,256,250
	21,476,250

These new shares issued rank pari passu with the then existing shares of the Company except that they shall not be entitled to participate in any dividends, rights, allotments, and/or any other distributions on the entitlement of which is prior to their allotments.

29. RESERVES

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Non-distributable reserves:				
Share premium	—	5,037,783	—	5,037,783
Revaluation reserve	1,717,670	3,804,069	1,717,670	3,804,069
Reserve from consolidation	1,439,937	—	—	—
Translation reserve	(12,553)	—	—	—
	3,145,054	8,841,852	1,717,670	8,841,852
Distributable reserve:				
General reserve	—	95,818	—	95,818
	3,145,054	8,937,670	1,717,670	8,937,670

29. RESERVES (cont'd)**Share premium**

Share premium arose from the following:

	The Group and The Company	
	2004	2003
	RM	RM
Issue of 9,059,333 ordinary shares at a premium of RM0.50 per ordinary share for the acquisition of subsidiary companies	4,529,667	4,529,667
Rights issue of 6,225,000 ordinary shares at a premium of RM0.20 per ordinary share	1,245,000	1,245,000
	5,774,667	5,774,667
Listing expenses written off	(736,884)	(736,884)
Bonus issue in 2004	(5,037,783)	—
	—	5,037,783

Revaluation Reserve

The revaluation reserve is used to record the increase and decrease in revaluations of non-current assets, as described in the accounting policies. The surplus arising from the directors' revaluation of the Company's freehold land in 2000 is taken up in the revaluation reserve account.

Revaluation reserve arose from the following:

	The Group and The Company	
	2004	2003
	RM	RM
Revaluation of freehold land	7,621,940	7,621,940
Deferred tax on revaluation surplus	(381,000)	(381,000)
Development expenditure	(386,204)	(386,204)
Capitalised for bonus issue:		
In 1994	(3,050,667)	(3,050,667)
In 2004	(2,086,399)	—
	1,717,670	3,804,069

Translation Reserve

Exchange difference arising from translation of foreign controlled entities is taken to the translation reserve account as disclosed in the accounting policies.

General Reserve

General reserve represents reserve set aside from profit after tax. This reserve is available for distribution by way of dividends.

Reserve On Consolidation

Reserve arising from consolidation represents the excess of the Group's interest in the fair values attributable to the identifiable net assets of certain subsidiary companies at their respective date of acquisition over the purchase consideration.

30. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Fixed deposits with licensed banks	3,334,846	17,385,764	–	14,649,702
Cash and bank balances	9,614,369	1,753,396	8,753	8,803
Bank overdrafts (Note 25)	(536,890)	(1,116,216)	(536,890)	(111,747)
	12,412,325	18,022,944	(528,137)	14,546,758

Fixed deposits with licensed banks of the Group and the Company have an average maturity ranging from 8 to 31 days (2003: 31 days). The average interest rate is 2.9% (2003: 2.9%) per annum.

31. CONTINGENT LIABILITIES – UNSECURED

As of March 31, 2004, the Company is contingently liable in respect of guarantees given for credit facilities utilised by the subsidiary companies totalling RM1,138,439 (2003: RM5,167,954) granted by local licensed banks to the said subsidiary companies.

32. COMMITMENT

As of March 31, 2004, the Group has commitment to acquire property, plant and equipment at a consideration of RM462,000.

33. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including interest rate risk, credit risk, liquidity risk and cash flow risk. The Group has taken measures to minimise its exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

(i) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing borrowings. The interest rates of the Group's borrowings are disclosed in Note 25.

(ii) Credit risk

The Group extends credit to its customers based upon careful evaluation of the customers' financial condition and credit history.

(iii) Liquidity risk

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

33. FINANCIAL INSTRUMENTS (cont'd)

(iv) Cash flow risk

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

Financial Assets

The Group's and the Company's principal financial assets are fixed deposits, cash and bank balances, loans and hire-purchase receivables, trade and other receivables, amounts owing by subsidiary companies and related party.

The accounting policies applicable to the major financial assets are as disclosed in Note 3.

Financial Liabilities and Equity Instruments

Debts and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual agreement.

Significant financial liabilities include trade and other payables, amounts owing to subsidiary and associated companies, hire-purchase payables and borrowings.

Borrowings are recorded at the proceeds received. Finance charges, including premium payable on settlement, are accounted for on an accrual basis.

Equity instruments are recorded at the proceeds received net of direct issue costs.

Fair Values

The carrying amount and the estimated fair value of the Group's non-current financial instruments as of March 31, 2004 are as follows:

	2004		2003	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Financial Assets				
Investment in quoted corporate bonds (Note 16)	5,293,850	5,352,000	—	—
Loans and hire-purchase receivables – non-current portion (Note 17)	57,203,469	53,287,156	—	—
Financial liabilities				
Borrowings				
– non-current portion (Note 25)	124,659	104,824	1,518,739	1,445,558
Hire-purchase payables				
– non-current portion (Note 24)	165,575	120,126	70,960	52,923

The fair value of quoted corporate bonds is determined by reference to market prices at the close of the business on the balance sheet date.

The fair value of borrowings is estimated using discounted cash flow analysis based on current borrowing rate for similar type of borrowing arrangement.

33. FINANCIAL INSTRUMENTS (cont'd)

The related party balances as disclosed in Note 20 are substantially without definite terms and as such, it is not practical to determine the fair values of those balances with sufficient reliability .

Other than disclosed above, fair values of the financial assets and financial liabilities reported in the balance sheet approximate the carrying value because of the immediate or short maturity of these instruments.

34. PRIOR YEARS' ADJUSTMENTS

As mentioned in Note 3, the Group and the Company changed the accounting policy for the recognition of deferred tax assets and liabilities in accordance with MASB 25, Income Tax, during the current financial year .

Such accounting change has also been accounted for retrospectively and the effects on prior years have been taken up as a prior years' adjustments in the financial statements. Accordingly , the following amounts of the Group and the Company have been restated to reflect the effects of the accounting change:

	As previously reported RM	Adjustments RM	As restated RM
As of March 31, 2003			
Revaluation reserve	4,185,069	(381,000)	3,804,069
Deferred tax liabilities	—	381,000	381,000
As of April 1, 2002			
Revaluation reserve	4,185,069	(381,000)	3,804,069
Deferred tax liabilities	—	381,000	381,000

This accounting change has no significant effect on the Group and the Company for the current financial year .

35. SUBSEQUENT EVENTS

- (a) On February 24, 2004, the Company entered into a conditional sale and purchase agreement for the disposal of its entire 70% equity interest in a subsidiary company , POS AD Sdn. Bhd., for a cash consideration of RM11,000,000. As of March 31, 2004, a deposit amounting to RM1,100,000 has been received (Note 23) and the said disposal was subject to the following:

- (i) The approval of the shareholders of the Company; and
- (ii) The approval of the Foreign Investment Committee.

Subsequent to the end of the financial year , the shareholders approved the said disposal at an Extraordinary General Meeting held on May 7, 2004.

The said disposal was completed on July 16, 2004. The estimated gain on disposal to the Group and the estimated loss on disposal to the Company is approximately RM990,000 and RM3,611,206, respectively .

35. SUBSEQUENT EVENTS (cont'd)

- (b) On May 7, 2004, a subsidiary company acquired two ordinary shares of RM1.00 each representing 100% issued and paid-up share capital of RCE Premier Sdn. Bhd. (formerly known as Pintar Utara (M) Sdn. Bhd.) ("RCEP") for a total purchase consideration of RM2. Following this acquisition, RCEP becomes an indirect subsidiary of the Company .
- (c) On May 28, 2004, the Company sub-divided its authorised share capital of 50,000,000 ordinary shares of RM1.00 each into 500,000,000 ordinary shares of RM0.10 each and, accordingly , its existing issued and fully paid-up capital of 40,151,250 ordinary shares of RM1.00 each became 401,512,500 ordinary shares of RM0.10 each.
- (d) On July 6, 2004, the Securities Commission approved the proposed issue of RM45 million Fixed Rate Serial Bonds and up to RM50 million Underwritten Commercial Papers Programme by RCEP ("proposed finance facilities"), for which the proceeds will be utilised by RCEP to finance the acquisition of a pool of eligible receivables from another subsidiary company , RCE Marketing Sdn. Bhd. As of the date of this Report, the Group has not effected any agreement in respect of the said proposed finance facilities.

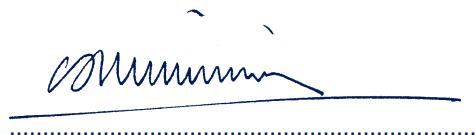
Statement by Directors

The directors of **RCE CAPITAL BERHAD** (formerly known as Rediffusion Berhad) state that, in their opinion, the accompanying balance sheets and statements of income, cash flows and changes in equity , are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as of March 31, 2004 and of the results of the businesses and the cash flows for the year ended on that date.

Signed on behalf of the Board
in accordance with a resolution of the directors,



TAN SRI DATO' AZMAN HASHIM



SOO KIM WAI

Kuala Lumpur ,
July 27, 2004

Declaration by the officer Primarily Responsible for the Financial Management of the Company

I, **OOI CHIN KHOON**, the officer primarily responsible for the financial management of **RCE CAPITAL BERHAD** (formerly known as Rediffusion Berhad), do solemnly and sincerely declare that the accompanying balance sheets and statements of income, cash flows and changes in equity are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



OOI CHIN KHOON

Subscribed and solemnly declared by the abovenamed
OOI CHIN KHOON at PETALING JAYA this 27th day of
July 2004.

Before me,



COMMISSIONER FOR OATHS



No. 76, Jalan SS 2/60
47300 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia

Analysis of Shareholdings AS AT 10 AUGUST 2004

Authorised Capital	: RM50,000,000 divided into 500,000,000 shares of RM0.10 each
Issued and Paid-Up Capital	: RM40,151,250 divided into 401,512,500 of RM0.10 each
Nominal Value	: RM0.10 per ordinary share
Voting Right	: One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	% of Holders	Total Holdings	% of Issued Capital
1 to 99	0	0.00	0	0.00
100 to 1,000	50	5.30	30,720	0.01
1,001 to 10,000	126	13.59	841,900	0.21
10,001 to 100,000	638	68.82	19,726,300	4.91
100,001 to 20,075,624	110	11.87	125,522,150	31.26
20,075,624 and above	3	0.32	255,391,430	63.61
TOTAL	927	100.00	401,512,500	100.00

DIRECTORS' INTEREST AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

No.	Name of Director	No. of Shares Held in The Company			
		Direct Interest	%	Indirect Interest	%
1.	Tan Sri Dato' Azman Hashim	—	—	166,069,680 ⁽¹⁾	41.36
2.	Azmi Hashim	320	0.00	—	—
3.	Wong Bin Chen	21,500	0.01	—	—
4.	Raymond Chew Keng Yong	32,250	0.01	—	—

⁽¹⁾ Deemed interest by virtue of his substantial shareholding in Slan Sdn Bhd pursuant to Section 6A(4) of the Companies Act, 1965.

30 LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS

No.	Name of Shareholders	No. of Shares Held	% of Issued Capital
1.	Cempaka Empayar Sdn Bhd	166,069,680	41.36
2.	Blue Ribbon International Limited	56,932,000	14.18
3.	Charter Green Limited	32,389,750	8.07
4.	Paradigm Heritage Sdn Bhd	19,350,000	4.82
5.	Vital Fortune Sdn Bhd	18,877,000	4.70
6.	Irama Hasrat Sdn Bhd	17,888,000	4.46
7.	Irama Inai Sdn Bhd	15,501,500	3.86
8.	Richard George Azlan Bin Abas	8,380,000	2.09
9.	Kemas Murni Sdn Bhd	6,394,080	1.59
10.	Chow Soi W ah	4,762,000	1.19
11.	DB (Malaysia) Nominee (Asing) Sdn Bhd	3,098,000	0.77
12.	Cheah Hong T oy	2,795,000	0.70
13.	A.A. Assets Nominees (T empatan) Sdn Bhd	2,733,000	0.68
14.	Chin Yin Ngoh	1,634,000	0.41
15.	Chua Teong Kim @ Seow T eong Kim	1,141,000	0.28
16.	United Overseas Nominees (T empatan) Sdn Bhd <i>Pledged Securities Account for Ng Cheng San (MKL)</i>	982,000	0.24
17.	Cimsec Nominees (T empatan) Sdn Bhd <i>Pledged Securities Account for Vernon Victor Vijayasingam</i>	860,000	0.21
18.	Kenanga Nominees (T empatan) Sdn Bhd <i>Pledged Securities Account for Eden @ Mohd Eden Bin Mohd Ali</i>	685,000	0.17
19.	Soo Cham Bock	636,500	0.16
20.	Tan Kok Eng	537,500	0.13
21.	Almaz Salma Binti Rahim	537,500	0.13
22.	Amsec Nominees (T empatan) Sdn Bhd <i>Pledged Securities Account for Tan Kim Kee</i>	516,000	0.13
23.	Lim Teck Shim	516,000	0.13
24.	Superview Development Sdn Bhd	516,000	0.13
25.	Lee Chee Kuang	502,000	0.13
26.	Ter Leong Hing	500,000	0.12
27.	Cheng Lee W ah	494,500	0.12
28.	Chang Mun Kee	473,000	0.12
29.	Chan Chou Chian	408,500	0.10
30.	Chan Sook See	367,220	0.09
TOTAL		366,476,730	91.27

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholder	No. of Shares Held in The Company			
		Direct Interest	%	Indirect Interest	%
1.	Cempaka Empayar Sdn Bhd	166,069,680	41.36	—	—
2.	Blue Ribbon International Limited	56,932,000	14.18	—	—
3.	Charter Green Limited	32,389,750	8.07	—	—
4.	Arab-Malaysian Corporation Berhad	—	—	166,069,680 ⁽¹⁾	41.36
5.	Slan Sdn Bhd	—	—	166,069,680 ⁽²⁾	41.36
6.	Ginagini Sdn Bhd	—	—	166,069,680 ⁽²⁾	41.36
7.	Tan Sri Dato' Azman Hashim	—	—	166,069,680 ⁽³⁾	41.36

⁽¹⁾ Deemed interest by virtue of its substantial shareholding in Cempaka Empayar Sdn Bhd pursuant to Section 6(A)4 of the Companies Act, 1965.

⁽²⁾ Deemed interest by virtue of its substantial shareholding in Arab-Malaysian Corporation Berhad pursuant to Section 6(A)4 of the Companies Act, 1965.

⁽³⁾ Deemed interest by virtue of his substantial shareholding in Slan Sdn Bhd pursuant to Section 6(A)4 of the Companies Act, 1965.

List of Properties Held AS AT 31 MARCH 2004

Location	Tenure	Age of Building (years)	Area	Description	Net Book Value RM '000	Date of Acquisition/ Revaluation*
17, Jalan Pahang 53000 Kuala Lumpur	Freehold	—	30,853 sq. ft. (2,867.88 sm)	Vacant land	10,200	5th January 2000*
Unit 506 and Units 507 to 510 5th Floor Block A Phileo Damansara 2 15 Jalan 16/11 46350 Petaling Jaya	Freehold	5	12,607 sq. ft. (1,171.23 sm)	offices	2,397	22nd March 1999 12th March 1999
					12,597	

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**RCE CAPITAL BERHAD***(formerly known as Rediffusion Berhad)**Company No. 2444-M)**(Incorporated in Malaysia)***Proxy Form**

I/We _____ NRIC No./Company No. _____

of _____

being (a) member(s) of RCE CAPITAL BERHAD (2444-M) hereby appoint _____

of _____

or failing him/her _____

of _____

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the 50th Annual General Meeting of the Company to be held at Dewan AmBank Group, 7th Floor, Bangunan AmBank Group, 55, Jalan Raja Chulan, 50200 Kuala Lumpur on Monday, 27 September 2004 at 3.30 p.m. or at any adjournment thereof.

My/Our proxy is to vote in the manner as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended 31 March 2004 and the Reports of Directors and Auditors thereon.		
2.	To approve the payment of Directors' fees of RM107,000 for the financial year ended 31 March 2004.		
3.	To re-elect YBhg. Tan Sri Dato' Azman Hashim who retires in accordance with Article 106 of the Company's Articles of Association.		
4.	To re-elect Encik Azmi Hashim who retires in accordance with Article 106 of the Company's Articles of Association.		
5.	To re-elect Mr. Raymond Chew Keng Yong who retires in accordance with Article 106 of the Company's Articles of Association.		
6.	To re-elect Mr. Wong Bin Chen who retires pursuant to Section 129(2) of the Companies Act, 1965.		
7.	To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Directors to determine their remuneration.		
8.	To authorise Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		

(Please indicate with a "X" in the space provided on how you wish your votes to be cast. If no specific direction as to voting is given, your proxy will vote or abstain at his/her discretion.)

Dated this _____ day of _____ 2004

No. of Shares Held

Signature of Member(s)/Common Seal**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation. The provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. If the appointer is a corporation, this form must be executed either under its common seal or under the hand of an attorney duly authorised.
5. To be valid, this form must be deposited at the registered office of the Company at 1st Floor, Lot 271, Jalan Dua, Off Jalan Chan Sow Lin, 55200 Kuala Lumpur not less than forty eight (48) hours before the time for holding the 50th Annual General Meeting or any adjournment thereof.

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The Company Secretary
RCE CAPITAL BERHAD (2444-M)
(formerly known as Rediffusion Berhad)
1st Floor, Lot 271, Jalan Dua,
Off Jalan Chan Sow Lin,
55200 Kuala Lumpur

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