

**RCE CAPITAL BERHAD**  
**(Formerly known as Rediffusion Berhad)**  
 (COMPANY NO. 2444-M)

**QUARTERLY REPORT**

Quarterly report on consolidated results of the Group for the second financial quarter ended 30 September 2003.  
 The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/9/2003 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2002 RM'000	CURRENT YEAR TO DATE 30/9/2003 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2002 RM'000
Revenue	12,661	11,505	25,144	21,523
Other operating income	256	66	15,686	132
Changes in inventories	-	(1)	-	4
Purchases	(30)	-	(37)	-
Staff costs	(2,246)	(2,497)	(5,187)	(5,289)
Amortisation of goodwill on consolidation	(67)	(67)	(135)	(135)
Depreciation of property, plant and equipment	(392)	(860)	(1,179)	(1,723)
Directors' Remuneration	(591)	(856)	(1,155)	(1,527)
Other operating expenses	(7,785)	(6,331)	(14,811)	(11,781)
<b>Profit from operations</b>	<b>1,806</b>	959	<b>18,326</b>	1,204
Finance costs	(550)	(179)	(780)	(337)
Income from other investment	496	16	649	30
Share of result of associated company	-	-	-	-
<b>Profit before tax</b>	<b>1,752</b>	796	<b>18,195</b>	897
Income tax expense	(348)	(390)	(947)	(739)
<b>Profit after tax</b>	1,404	406	17,248	158
Minority interests	(310)	(169)	(516)	(92)
<b>Net profit for the period</b>	<b>1,094</b>	237	<b>16,732</b>	66
Earnings per share (sen)				
Basic	5.86	1.27	89.60	0.35
Fully diluted	n/a	n/a	n/a	n/a

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the Year Ended 31 March 2003)

**RCE CAPITAL BERHAD**  
**(Formerly known as Rediffusion Berhad)**  
 (COMPANY NO. 2444-M)  
**QUARTERLY REPORT**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	AS AT END OF CURRENT QUARTER 30/9/2003 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/03/2003 RM'000
PROPERTY, PLANT AND EQUIPMENT	15,003	24,356
GOODWILL ON CONSOLIDATION	135	270
<b>CURRENT ASSETS</b>		
Inventories	89	89
Trade receivables	69,345	10,926
Other receivables and prepaid expenses	37,356	5,949
Amount owing by other related parties	-	386
Fixed deposits with licensed banks	3,219	17,386
Cash and bank balances	4,864	1,753
	<b>114,873</b>	<b>36,489</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	1,309	2,181
Other payables and accrued expenses	36,920	30,029
Amount owing to associated company	-	6
Hire purchase creditors	61	104
Borrowings	3,733	4,136
Tax liabilities	786	225
	<b>42,809</b>	<b>36,681</b>
NET CURRENT ASSETS/(LIABILITIES)	<b>72,064</b>	<b>(192)</b>
<b>LONG-TERM AND DEFERRED LIABILITIES</b>		
Hire purchase creditors - non current portion	195	71
Borrowings -non current portion	393	1,518
Deferred tax liabilities	94	751
	<b>(682)</b>	<b>(2,340)</b>
MINORITY INTERESTS	<b>(46,848)</b>	<b>(591)</b>
	<b>39,672</b>	<b>21,503</b>
<b>FINANCED BY:-</b>		
SHARE CAPITAL	18,675	18,675
RESERVES	10,756	9,319
RETAINED PROFITS/(ACCUMULATED LOSSES)	10,241	(6,491)
SHAREHOLDERS' EQUITY	<b>39,672</b>	<b>21,503</b>
NET TANGIBLE ASSETS PER SHARE (RM)	2.12	1.14

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the Year Ended 31 March 2003)

**RCE CAPITAL BERHAD**  
**(Formerly known as Rediffusion Berhad)**  
**(COMPANY NO. 2444-M)**  
**QUARTERLY REPORT**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Non-Distributable Reserves				Exchange Fluctuation Reserve RM '000	Distributable Reserves - General Reserve RM '000	Retained Profits/ (Accumulated losses) RM '000	Total RM '000
	Issued Capital RM '000	Share Premium RM '000	Revaluation Reserve RM '000	Reserve on Consolidation RM '000				
<b><u>As at 30 September 2003</u></b>								
Balance as at 1 April, 2003	18,675	5,038	4,185	-	-	96	(6,491)	21,503
Acquisition of a subsidiary	-	-	-	1,440	-	-	-	1,440
Translation difference	-	-	-	-	(3)	-	-	(3)
Net profit for the year	-	-	-	-	-	-	16,732	16,732
Balance as at 30 September, 2003	18,675	5,038	4,185	1,440	(3)	96	10,241	39,672
<b><u>As at 30 September 2002</u></b>								
Balance as at 1 April, 2002	18,675	5,038	4,185	-	-	96	(5,391)	22,603
Net profit for the year	-	-	-	-	-	-	66	66
Balance as at 30 September, 2002	18,675	5,038	4,185	-	-	96	(5,325)	22,669

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 March 2003)

**RCE CAPITAL BERHAD**  
**(Formerly known as Rediffusion Berhad)**  
**(COMPANY NO. 2444-M)**  
**QUARTERLY REPORT**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**For The Financial Period Ended 30 September 2003**

	<b>6 months ended 30/9/2003 RM'000</b>	<b>6 months ended 30/9/2002 RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	18,195	897
Adjustment for:		
Depreciation of property, plant and equipment	1,179	1,723
Allowance for doubtful debts	2,645	144
Bad debts written off	0	17
Finance costs	780	337
Amortisation of goodwill on consolidation	135	135
Interest income	(649)	(30)
Gain on disposal of property, plant and equipment	(57)	(31)
Gain on disposal of a subsidiary	(14,854)	0
Operating profit before working capital changes	<u>7,374</u>	<u>3,192</u>
(Increase)/Decrease in:		
Inventories	7	4
Trade receivables	1,617	(473)
Other receivables and prepaid expenses	173	(181)
Increase/(Decrease) in:		
Trade payables	(1,023)	(1,514)
Other payables and accrued expenses	(20,310)	2,960
Cash Generated From Operations	<u>(12,162)</u>	<u>3,988</u>
Tax paid	(1,320)	(754)
Net Cash Used in Operating Activities	<u>(13,482)</u>	<u>3,234</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(580)	(350)
Interest received	649	30
Amount owing by other related parties	386	27
Proceeds from disposal of property, plant and equipment	57	52
Proceeds from disposal of a subsidiary company- net of cash	16,259	
Purchase of a subsidiary company - net of cash	(15,981)	-
Net Cash Generated In Investing Activities	<u>790</u>	<u>(241)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from revolving credit	2,000	-
Proceeds from term loan	950	-
Repayment of term loans	(82)	(425)
Repayment of hire-purchase creditors	(88)	(150)
Amount owing to associated company	(6)	-
Interest paid	(780)	(337)
Net Cash Generated In Financing Activities	<u>1,994</u>	<u>(912)</u>
Net decrease in cash and cash equivalents	(10,698)	2,081
Cash and cash equivalents at beginning of financial period	18,023	1,759
Cash and cash equivalents at end of financial period	<u><u>7,325</u></u>	<u><u>3,840</u></u>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD COMPRISE THE FOLLOWING:</b>		
Cash and bank balances	4,864	4,723
Fixed Deposit with Licensed Bank	3,219	1,216
Bank overdrafts	(758)	(2,099)
	<u><u>7,325</u></u>	<u><u>3,840</u></u>

**RCE CAPITAL BERHAD**  
**(Formerly known as Rediffusion Berhad)**  
**(COMPANY NO. 2444-M)**  
**QUARTERLY REPORT**

**Notes**

**1 BASIS OF PREPARATION**

This interim report is unaudited and has been prepared in accordance with MASB 26 "Interim Financial Reporting" and paragraph 9.22 of the Kuala Lumpur Stock Exchange Listing Requirements, and should be read in conjunction with the Group's annual audited financial statements for the year ended 31 March 2003.

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual audited financial statements for the year ended 31 March 2003.

**2 AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the Group's annual financial statements for the year ended 31 March 2003 was not subject to any qualification.

**3 SEASONALITY OR CYCLICALITY FACTORS**

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

**4 UNUSUAL ITEMS**

There were no items during the period affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

**5 CHANGES IN ESTIMATES**

There are no changes in estimates of amounts reported in the interim period of prior years that have a material effect in the current interim period.

**6 DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale and repayment of either debt and equity securities during the current interim period.

**7 DIVIDENDS PAID**

There was no dividend paid in the six months ended 30 September 2003.

**8 SEGMENTAL INFORMATION**

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

	Advertising media services RM'000	Broadcast RM'000	Investment holding & mgmt services RM'000	General trading, Licensing & merchandising RM'000	Loan Financing RM'000	Others RM'000	Eliminations RM'000	Group RM'000
<b>Revenue:</b>								
Total sales	12,328	3,398	0	4,051	5,367	-	-	25,144
Intersegment sales	-	-	240	-	48	-	(288)	-
	<u>12,328</u>	<u>3,398</u>	<u>240</u>	<u>4,051</u>	<u>5,415</u>	<u>-</u>	<u>-</u>	<u>25,144</u>
<b>Results:</b>								
Profit/(Loss) before operations	2,418	(515)	15,420	(204)	2,065	(1)	(857)	18,326
Finance costs								(780)
Income from other investments								649
								<u>18,195</u>
Profit before tax								18,195
Income tax expense								(947)
Profit after tax								<u>17,248</u>
Minority interest								(516)
Net profit for the period								<u>16,732</u>
<b>Other Information:</b>								
Depreciation	445	504	85	90	55	-	-	1,179
Amortisation of goodwill	-	-	135	-	-	-	-	135

No geographical segment has been presented as the income is derived wholly in Malaysia.

**9 CARRYING AMOUNT OF REVALUED ASSETS**

The valuations of land and buildings have been brought forward, without amendment from the Group's Annual Financial Statements for the year ended 31 March 2003. 3

**10 MATERIAL SUBSEQUENT EVENTS**

There are no events subsequent to the end of the interim period under review that materially affects the interim period.

#### 11 CHANGES IN THE COMPOSITION OF THE GROUP

There is no changes in the composition of the Group during the quarter under review.

#### 12 CONTINGENT LIABILITIES/ASSETS

There were no contingent liabilities/assets as at 30 September 2003.

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

For the 6 months ended 30 September 2003, the Group achieved a profit before tax of RM18.195 million on a revenue of RM25.144 million. Compared to the 6 months period of the preceding year, the Group's revenue increased by RM3.6 million or 17% and net profit increased by RM16.7 million or 25,251%. The improved performance of the Group was mainly due to gain on disposal of a subsidiary company amounting to RM14.854 million.

#### 14 CHANGES IN QUARTERLY RESULTS COMPARED TO PRECEDING QUARTER

The Group's profit before tax for the quarter ended 30 September 2003 decreased by 89% to RM1.752 million compared to the profit before tax recorded in the preceding quarter ended 30 June 2003 of RM16.443 million due mainly to gain on disposal of a subsidiary company amounting to RM14.854 million in the preceding quarter.

However, by excluding the impact of the abovementioned gain in the preceding quarter, the Group's profit before tax for the quarter ended 30 September 2003 was RM1.752 million compared to the preceding quarter of RM1.589 million, an increase of 10%. The increase in profit is in line with the increase in revenue from RM12.483 million in the preceding quarter to RM12.661 million in the current quarter.

#### 15 CURRENT YEAR PROSPECTS

Barring unforeseen circumstances, the Group expects to improve its profitability for the financial year ending 31 March 2004 with advertising media services and loan financing division being the major contributor to the Group's profitability.

#### 16 PROFIT FORECAST

There were no profit forecast prepared and profit guaranteed by the Group.

#### 17 TAXATION

Taxation included :-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/9/2003 RM'000	Preceding Year Corresponding Quarter 30/9/2002 RM'000	Current Year To Date 30/9/2003 RM'000	Preceding Year Corresponding Period 30/9/2002 RM'000
Current year income tax	348	390	947	739

The effective tax rate of the Group is lower than the statutory income tax rate for the financial period due mainly to capital gain on disposal of a subsidiary company which is not taxable.

#### 18 UNQUOTED INVESTMENTS AND PROPERTIES

There were no sale of unquoted investment and properties, respectively for financial period.

#### 19 QUOTED SECURITIES

There were no investments in quoted securities as at 30 September 2003.

#### 20 STATUS OF CORPORATE PROPOSALS

On 25 September 2003, the Company obtained the approval of its shareholders for the proposed bonus issue of up to 21,476,250 new ordinary shares of RM1.00 each ("Bonus Issue") in the Company on the basis of twenty-three (23) new ordinary shares for every twenty (20) existing ordinary shares of RM1.00 each held in the Company.

The approval of the Securities Commission for the Bonus Issue was obtained on 24 September 2003. On 31 October 2003, the Kuala Lumpur Stock Exchange approved the listing of the Bonus Shares to be issued.

Other than the above, there were no pending corporate proposals announced.

#### 21 GROUP BORROWINGS

			RM'000
Long Term Bank Borrowings			
	Unsecured	- Term Loans	393
Short Term Bank Borrowings			
	Secured	- Term Loans	475
		- Revolving Loan	2,000
		- Bank Overdrafts	691
			3,166
	Unsecured	- Revolving Loan	500
		- Bank Overdrafts	67
			567
Total Short Term Bank Borrowings			3,733

## 22 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There are no financial instruments with material off balance sheet risk at the date of this report.

## 23 MATERIAL LITIGATIONS

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

## 24 DIVIDENDS

The directors did not recommend any dividend payment in respect of the current financial period.

## 25 EARNINGS PER ORDINARY SHARE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/9/2003	Preceding Year Corresponding Quarter 30/9/2002	Current Year To Date 30/9/2003	Preceding Year Corresponding Period 30/9/2002
<b>Basic Earnings per share</b>				
Net profit for the period (RM'000)	1,094	237	16,732	66
Number of ordinary shares in issue ('000)	18,675	18,675	18,675	18,675
Basic earnings per share (sen)	5.86	1.27	89.60	0.35

The Company does not have in issue any financial instrument or other contract that may entitle its holder to ordinary shares and therefore, dilutive to its basic earnings per share.

**BY ORDER OF THE BOARD**

**BERNIE OOI CHIN KHOON**  
Company Secretary

Dated : 21 November 2003