

Quarterly report on consolidated results of the Group for the third financial quarter ended 31 December 2004
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31/12/2004 RM'000	31/12/2003 RM'000	31/12/2004 RM'000	31/12/2003 RM'000
Revenue	11,285	13,161	31,954	38,305
Waiver of advances by related company	3,940	-	3,940	-
Other operating income	213	931	1,610	1,763
Changes in inventories	-	-	-	(37)
Staff costs	(323)	(2,128)	(3,205)	(7,315)
Amortisation of goodwill on consolidation	-	(67)	-	(202)
Depreciation of property, plant and equipment	(76)	(403)	(472)	(1,582)
Other operating expenses	(10,579)	(6,029)	(18,949)	(21,995)
Profit from operations	4,460	5,465	14,878	8,937
Gain on disposal of subsidiary company	-	-	1,333	14,854
Finance costs	(199)	(500)	(432)	(1,280)
Income from other investment	43	35	241	684
Profit before tax	4,304	5,000	16,020	23,195
Income tax expense	(1,496)	(1,209)	(5,261)	(2,156)
Profit after tax	2,808	3,791	10,759	21,039
Minority interests	(456)	(618)	(1,410)	(1,134)
Net profit for the period	2,352	3,173	9,349	19,905
Earnings per share (sen)				
Basic	0.59	0.79	2.33	4.96
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 2004)

RCE CAPITAL BERHAD
(COMPANY NO. 2444-M)
QUARTERLY REPORT

CONDENSED CONSOLIDATED BALANCE SHEETS

	AS AT 31/12/2004 RM'000	AS AT 31/03/2004 RM'000
PROPERTY, PLANT AND EQUIPMENT	12,639	14,500
GOODWILL ON CONSOLIDATION	19,002	-
LOANS AND HIRE PURCHASE RECEIVABLES	76,547	57,203
LONG TERM INVESTMENT	29,199	5,294
CURRENT ASSETS		
Inventories	-	86
Trade receivables	577	5,825
Loans and hire-purchase receivables	14,195	10,353
Other receivables and prepaid expenses	3,030	37,080
Fixed deposits with licensed banks	7,672	3,335
Cash and bank balances	843	9,614
	26,317	66,293
CURRENT LIABILITIES		
Trade payables	-	2,779
Other payables and accrued expenses	27,551	41,656
Hire purchase creditors	181	58
Borrowings	3,253	3,551
Taxation	3,163	2,844
	34,148	50,888
NET CURRENT ASSETS/(LIABILITIES)	(7,831)	15,405
LONG-TERM AND DEFERRED LIABILITIES		
Hire purchase creditors - non current portion	-	165
Borrowings -non current portion	72,000	125
Deferred taxation	381	426
	(72,381)	(716)
MINORITY INTERESTS	(2,431)	(47,216)
	54,744	44,470
FINANCED BY:-		
SHARE CAPITAL	40,151	40,151
RESERVES	4,070	3,145
RETAINED PROFITS	10,523	1,174
SHAREHOLDERS' EQUITY	54,744	44,470
NET TANGIBLE ASSETS PER SHARE (RM)	0.09	0.11 *

* Adjusted for share split in May 2004

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the Year Ended 31 March 2004)

RCE CAPITAL BERHAD
(COMPANY NO. 2444-M)
QUARTERLY REPORT

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	← Non-Distributable Reserves →				Translation Reserve RM '000	Distributable Reserves - General Reserve RM '000	Retained Profits/ (Accumulated losses) RM '000
	Issued Capital RM '000	Share Premium RM '000	Revaluation Reserve RM '000	Reserve on Consolidation RM '000			
<u>As at 31 December 2004</u>							
Balance as at 1 April, 2004	40,151	-	1,718	1,440	(13)	-	1,174
Acquisition of a subsidiary	-	-	-	912	-	-	-
Net profit for the period	-	-	-	-	-	-	9,349
Foreign exchange translation difference	-	-	-	-	13	-	-
Balance as at 31 December 2004	<u>40,151</u>	<u>-</u>	<u>1,718</u>	<u>2,352 #</u>	<u>-</u>	<u>-</u>	<u>10,523</u>
<u>As at 31 December 2003</u>							
Balance as at 1 April, 2003	18,675	5,038	4,185	-	-	96	(6,491)
Prior years' adjustment	-	-	(381)	-	-	-	-
As restated	<u>18,675</u>	<u>5,038</u>	<u>3,804</u>	<u>-</u>	<u>-</u>	<u>96</u>	<u>(6,491)</u>
Acquisition of a subsidiary	-	-	-	1,440	-	-	-
Translation difference	-	-	-	-	(8)	-	-
Net profit for the period	-	-	-	-	-	-	19,905
Capitalisation of bonus issue	21,476	(5,038)	(2,086)	-	-	(96)	(14,256)
Balance as at 31 December 2003	<u>40,151</u>	<u>-</u>	<u>1,718</u>	<u>1,440 #</u>	<u>(8)</u>	<u>-</u>	<u>(842)</u>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 March 2004)

**Total
RM '000**

44,470
912
9,349
13

54,744

21,503
(381)

21,122

1,440
(8)

19,905

-

42,459

RCE CAPITAL BERHAD
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	CUMULATIVE QUARTER 31/12/2004 RM'000	CUMULATIVE QUARTER 31/12/2003 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	16,020	23,195
Adjustment for:		
Depreciation of property, plant and equipment	472	1,582
Allowance for doubtful debts	7,098	3,388
Finance costs	2,592	1,280
Amortisation of goodwill on consolidation	-	202
Interest income	(1,265)	(684)
Gain on disposal of property, plant and equipment	(59)	(58)
Gain on disposal of a subsidiary	(1,333)	(14,854)
Gain on disposal of long term investment	(39)	-
Bad debts recovered	(453)	-
Operating profit before working capital changes	23,033	14,051
(Increase)/Decrease in:		
Inventories	-	9
Trade receivables	5,249	(7,092)
Other receivables and prepaid expenses	35,075	299
Hire purchase receivables	(41,381)	-
Increase/(Decrease) in:		
Trade payables	(2,779)	(717)
Other payables and accrued expenses	(14,104)	(16,516)
Cash Generated From/(Used In) Operations	5,093	(9,966)
Interest paid	(520)	(1,280)
Tax paid	(4,942)	(2,333)
Net Cash Used in Operating Activities	(369)	(13,579)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(277)	(697)
Interest received	387	684
Proceeds from disposal of property, plant and equipment	61	58
Proceeds from disposal of a subsidiary company- net of cash	9,900	16,259
Proceed from disposal of long term investment	5,333	-
Purchase of a subsidiary company - net of cash	-	(15,981)
Dividend received	715	-
Net Cash From Investing Activities	16,119	323

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	CUMULATIVE QUARTER 31/12/2004 RM'000	CUMULATIVE QUARTER 31/12/2003 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from revolving credit	-	2,000
Drawdown of bond and CPs	72,000	-
Proceeds from term loan	-	950
Repayment of term loans	(31,347)	(202)
Redemption of preference shares	(60,497)	-
Repayment of hire-purchase creditors	(65)	(107)
Amount owing to associated company	-	(6)
Interest paid	(491)	
Net Cash From / (Used In) Financing Activities	<u>(20,400)</u>	<u>2,635</u>
Net decrease in cash and cash equivalents	(4,650)	(10,621)
Cash and cash equivalents at beginning of financial period	12,412	18,023
Cash and cash equivalents at end of financial period	<u><u>7,762</u></u>	<u><u>7,402</u></u>

CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD COMPRISE THE FOLLOWING:

Cash and bank balances	843	3,824
Fixed deposit with licensed bank	7,672	4,537
Bank overdrafts	(753)	(959)
	<u><u>7,762</u></u>	<u><u>7,402</u></u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the Year Ended 31 March 2004)

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

CUMULATIVE
QUARTER
31/12/2004
RM'000

CUMULATIVE
QUARTER
31/12/2003
RM'000

RCE CAPITAL BERHAD
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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 Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group’s annual audited financial statements for the year ended 31 March 2004.

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 2004.

2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report on the Group’s annual financial statements for the year ended 31 March 2004 was not subject to any qualification.

3. SEASONALITY AND CYCLICALITY FACTORS

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

4. UNUSUAL ITEMS

There were no items during the period affecting assets, liability, 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 in the interim period or prior years that have material effect in the current interim period.

6. DEBT AND EQUITY SECURITIES

On 20 October 2004, RCE Premier Sdn Bhd (formerly known as Pintar Utara (M) Sdn Bhd (“RCEP”)), a subsidiary of the Company issued RM45 million 5-year Fixed Rate Serial Bonds and RM22 million of a total of RM50 million 7-year Underwritten Commercial Papers Programme (“CP Programme”) for the purpose of financing the working capital of the Group.

On 29 November 2004, RCEP issued a further RM5 million of its CP Programme for working capital purposes.

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6. DEBT AND EQUITY SECURITIES (Cont'd)

Other than as disclosed above, there were no issuance, cancellations, repurchases, resale and repayment of either debts or equity security during the current interim period.

7. DIVIDENDS PAID

There was no dividend paid in the current interim period.

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8. SEGMENTAL INFORMATION

Segmental revenue and results for the financial year-to-date were as follows:

	Advertising media services 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
Revenue							
Total sales	7,328	42	2,146	22,438	-	-	31,954
Intersegment sales	-	835	-	-	-	(835)	-
	<u>7,328</u>	<u>877</u>	<u>2,146</u>	<u>22,438</u>	<u>-</u>	<u>(835)</u>	<u>31,954</u>
Results							
Profit/(Loss) from operations	1,087	127	(163)	14,471	(644)	-	14,878
Gain on disposal of subsidiary company							1,333
Finance costs							(432)
Income from other investments							241
Profit before tax							<u>16,020</u>
Income tax expenses							<u>(5,261)</u>
Profit after tax							<u>10,759</u>
Minority interest							<u>(1,410)</u>
Net profit for the period							<u>9,349</u>
Other Information:							
Depreciation	208	140	35	89	-	-	472

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

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9. CARRYING AMOUNT OF REVALUED ASSETS

The valuations of land and building have been brought forward, without amendment from the Group's Annual Financial Statements for the year ended 31 March 2004.

10. MATERIAL SUBSEQUENT EVENTS

There are no events subsequent to the end of interim period under review that materially affect the results of the Group for the interim period.

11. CHANGES IN THE COMPOSITION OF THE GROUP

During the current financial year to-date: -

- a) On 7 May 2004, RCE Marketing Sdn Bhd, a subsidiary of the Company, acquired the entire issued and paid-up capital of RCE Premier Sdn Bhd (formerly known as Pintar Utara (M) Sdn Bhd) comprising 2 ordinary shares of RM1.00 each, for cash consideration of RM2.00.
- b) On 16 July 2004, the Company completed the disposal of its entire 70% equity interest in Pos Ad Sdn Bhd ("Pos Ad"), comprising 10,269,000 ordinary shares of RM1.00 each to Rekaweb.Com Sdn Bhd for a total cash consideration of RM11,000,000. The disposal resulted in a gain of RM1.333 million to the Group.
- c) On 13 August, the Company acquired the entire issued and paid-up share capital of Taifab Sdn Bhd ("TSB"), comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00. The principal assets of TSB is its indirect investment in 29,199,074 units in AmFirst Property Trusts Berhad through its wholly-owned subsidiary, Verbundsoft Sdn Bhd.
- d) On 19 August 2004, the Company carried on an internal re-organisation scheme to dispose off its wholly-owned subsidiary, RCE Commerce Sdn Bhd (formerly known as Rediffusion.Com Sdn Bhd) ("RCEC"), comprising 9,500,000 ordinary shares of RM1.00 each to RCE Marketing Sdn Bhd, a subsidiary of the Company, for a cash consideration of RM1.00. Following the re-organisation, RCE's interest in RCEC was diluted from 100% to 87.5%.

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11. CHANGES IN THE COMPOSITION OF THE GROUP (Cont'd)

- e) On 21 October 2004, the Company undertook an internal re-organisation and amalgamation scheme which inter alia consist of the following salient arrangements: -
- i) E-Drama Sdn Bhd (“E-Drama”), a wholly-owned subsidiary of the Company, acquired the entire issued on paid-up share capital of RCE Marketing Sdn Bhd (“RCEM”), a subsidiary of the Company, comprising 8,000,000 ordinary shares of RM1.00 each and 38,780,000 Redeemable Convertible Non-Cumulative Preference Shares of RM1.00 each (“RCNC Preference Shares”)(Collectively referred as “The Proposed Acquisition”).
 - ii) The total purchase consideration for the Proposed Acquisition of RM63,165,000 was satisfied via the exchange of new issuance of 79,998 new ordinary shares of RM1.00 each and 38,780,000 new RCNC Preference Shares of RM1.00 each in E-Drama to the existing shareholders of RCEM.
 - iii) Following the re-organisation, RCEM became a wholly-owned subsidiary of E-Drama while RCE’s interest in E-Drama was diluted from 100% to 87.5%.
- f) On 3 December 2004, RCE Marketing Sdn Bhd (“RCEM”), an 87.5% owned subsidiary of RCE Capital Berhad (“RCE”) entered into a Sale and Purchase Agreement (“SPA”) with Corporateview Sdn Bhd (“CVSB”), a wholly-owned subsidiary of Arab-Malaysian Corporation Berhad, to acquire the entire issued and paid-up share capital of Indigenous Capital Sdn Bhd (“ICSB”) comprising 1,000,000 ordinary shares of RM1.00 each from CVSB, for a cash consideration of RM2.00 (the “Acquisition”). Following the Acquisition, ICSB became a subsidiary of RCE.

12. CONTINGENT LIABILITIES/ASSETS

There were no changes in contingent liabilities/assets since the last annual balance sheet as at 31 March 2004 except for a Corporate Guarantee given to the trustee for the RM45 million 5-year Fixed rate Serial Bonds and Up to RM50 million 7-year Underwritten Commercial Papers Programme.

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

For the 9 months ended 31 December 2004, the Group recorded a lower revenue of RM31.954 million compared to RM38.305 million recorded in the preceding year’s corresponding period. The decline was mainly due to the disposal of Pos Ad Sdn Bhd on 16 July 2004 which has contributed revenue of RM9.474 million for the current financial year-to-date against RM24.589 million in the preceding year’s corresponding period.

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**13. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP FOR THE PERIOD
(Cont'd)**

Profit before tax for the current financial year-to-date was RM16.020 million compared to RM23.195 million for the preceding year's corresponding period. The decline was mainly due to a gain of RM14.854 million on the disposal of a subsidiary, Radio Rediffusion Sdn Bhd ("RRSB") in the preceding year.

Without taking into consideration the gain on disposal of RRSB in the preceding year's result, the profit before tax for the current financial year-to-date would show an improvement of RM7.679 million, mainly attributed to contribution from loan financing operations which was acquired on 10 June 2003.

14. CHANGES IN QUARTERLY RESULTS COMPARED TO PRECEDING QUARTER

For the current quarter ended 31 December 2004, the Group recorded higher revenue of RM11.285 million compared to RM7.365 million in the preceding quarter. The increase was mainly due to recognition of interest in suspense upon settlement of accounts suspended in prior years.

Profit before tax for the current quarter was RM4.304 million, lower than the preceding quarter of RM6.395 million despite the waiver of advances by a related company. The decline was mainly due to provision for doubtful debts, interest and issuance expenses incurred in relation to the issuance of Bonds and Commercial Paper Programme during the current quarter.

15. CURRENT YEAR PROSPECTS

Barring unforeseen circumstances, the Group's loan financing division is expected to improve on its performance for the financial year ending 31 March 2005.

16. PROFIT FORECAST

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

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17. TAXATION

Taxation included: -

	31/12/2004	31/12/2003	31/12/2004	31/12/2003
	RM'000	RM'000	RM'000	RM'000
Current year taxation	1,496	1,209	5,261	2,156

The effective tax rate of the Group is higher than the statutory income tax rate for the current quarter and financial year-to-date mainly due to certain expenses not deductible for taxation purposes.

18. UNQUOTED INVESTMENTS AND PROPERTIES

There were no acquisition or sale of unquoted investment and properties by the Group for the financial period under review.

19. QUOTED SECURITIES

a) Investment in quoted property trust units as at 31 December 2004: -

	CUMULATIVE QUARTER
	RM'000
Investment at cost	29,199
Investment at carrying / book value	29,199
Investment at market value	26,425

b) There were no investment in quoted shares as at 31 December 2004. There were also no purchases or disposal of quoted shares for the financial period under review.

20. STATUS OF CORPORATE PROPOSAL ANNOUNCED

On 6 January 2005, the Company announced that the number of public shareholders has exceeded the minimum requirement of 1,000 shareholders. The Company's public shareholdings spread as at 31 December 2004 were 1,015 or 36.38%.

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21. DISCONTINUING OPERATIONS

As referred to Note 11, Pos Ad Group ceased to be a subsidiary as at 16 July 2004. The gain on disposal of Pos Ad Group was RM1.333 million.

The results of the Pos Ad Group which have been included in the Consolidated Financial Statements are as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31/12/04 RM'000	31/12/03 RM'000	31/12/04 RM'000	31/12/03 RM'000
Revenue				
Continuing operations	11,285	4,951	22,480	10,318
Discontinuing operations				
- Advertising media services	-	6,664	7,328	18,992
- General trading, licensing & merchandising	-	1,546	2,146	5,597
- Broadcasting	-	-	-	3,398
	11,285	13,161	31,954	38,305
Profit from operations				
Continuing operations	4,460	4,484	13,954	6,257
Discontinuing operations				
- Advertising media services	-	1,303	1,087	3,721
- General trading, licensing & merchandising	-	(322)	(163)	(526)
- Broadcasting	-	-	-	(515)
	4,460	5,465	14,878	8,937
Carrying amount of assets and liabilities			CUMULATIVE QUARTER	
			16/7/04 RM'000	31/12/03 RM'000
Property, plant & equipment			3,599	13,399
Inventories			86	88
Receivables			11,202	16,310
Deposit, cash and bank balances			6,577	6,392
Total assets			21,464	36,189

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21. DISCONTINUING OPERATIONS (Cont'd)

	CUMULATIVE QUARTER	
	16/7/04 RM'000	31/12/03 RM'000
Carrying amount of assets and liabilities (cont'd)		
Payables	6,980	14,147
Taxation	39	(180)
Deferred taxation	90	751
Borrowings	517	4,945
Minority interest	28	24
Total liabilities	<u>7,654</u>	<u>19,687</u>
Net assets	<u>13,810</u>	<u>16,502</u>
Cash flow information	16/7/04 RM'000	30/9/03 RM'000
Net cash flow from/(used in) ordinary activities	(185)	3,975
Net cash flow from/(used in) investing activities	50	(1,713)
Net cash flow from/(used in) financing activities	(4,190)	184
	<u>(4,325)</u>	<u>2,446</u>

22. GROUP BORROWINGS

Total bank borrowings (all denominated in Ringgit Malaysia) of the Group as at 31 December 2004 are as follows:

	Long Term RM'000	Short Term RM'000
Bank Borrowings - Secured		
- Fixed Rate Serial Bonds	45,000	-
- Underwritten Commercial Papers Programme	27,000	-
- Revolving Credit		2,000
- Bank Overdraft	-	753
Bank Borrowings - Unsecured		
- Revolving Credit	-	500
	<u>72,000</u>	<u>3,253</u>

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23. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

24. MATERIAL LITIGATION

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

25. DIVIDENDS

The directors did not recommend any dividend payments in respect of this current financial period.

26. EARNING PER SHARE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31/12/04	31/12/03	31/12/04	31/12/03
Basic earning per share:				
Net profit for the period (RM'000)	2,352	3,173	9,349	19,905
Weighted average number of ordinary shares in issue ('000)	401,513	401,513	401,513	401,513
Basic earning per share (sen)	0.59	0.79	2.33	4.96

Comparative basic earnings per share were calculated using the enlarged ordinary shares capital of 401,512,500 after the sub-division of the issued and paid-up share capital of 40,151,250 ordinary shares of RM1.00 each into 401,512,500 ordinary shares of RM0.10 each in the first quarter ended 30 June 2004.

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

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BY ORDER OF THE BOARD

JOHNSON YAP CHOON SENG
Company Secretaries
Date: 24 February 2005