

RCE CAPITAL BERHAD
(COMPANY NO. 2444-M)

QUARTERLY REPORT

Quarterly report on consolidated results of the Group for the second financial quarter ended 30 September 2004.
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---------------------------|------------|---------------------------|------------|
| | 30/09/2004 | 30/09/2003 | 30/09/2004 | 30/09/2003 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 7,365 | 12,661 | 20,669 | 25,144 |
| Other operating income | 1,203 | 256 | 1,938 | 832 |
| Changes in inventories | - | (30) | - | (37) |
| Staff costs | (593) | (2,246) | (2,882) | (5,187) |
| Amortisation of goodwill on consolidation | - | (67) | - | (135) |
| Depreciation of property, plant and equipment | (101) | (392) | (396) | (1,179) |
| Other operating expenses | (2,346) | (8,376) | (8,169) | (15,966) |
| Profit from operations | 5,528 | 1,806 | 11,160 | 3,472 |
| Gain on disposal of subsidiary company | 1,336 | - | 1,336 | 14,854 |
| Finance costs | (521) | (550) | (978) | (780) |
| Income from other investment | 52 | 496 | 198 | 649 |
| Profit before tax | 6,395 | 1,752 | 11,716 | 18,195 |
| Income tax expense | (2,157) | (348) | (3,765) | (947) |
| Profit after tax | 4,238 | 1,404 | 7,951 | 17,248 |
| Minority interests | (367) | (310) | (954) | (516) |
| Net profit for the period | 3,871 | 1,094 | 6,997 | 16,732 |
| Earnings per share (sen) | | | | |
| Basic | 0.96 | 0.27 | 1.74 | 4.17 |
| 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 30/09/2004 RM'000 | AS AT 31/03/2004 RM'000 |
|---|--|--|
| PROPERTY, PLANT AND EQUIPMENT | 10,895 | 14,500 |
| LOANS AND HIRE PURCHASE RECEIVABLES | 74,159 | 57,203 |
| LONG TERM INVESTMENT | 29,199 | 5,294 |
| CURRENT ASSETS | | |
| Inventories | - | 86 |
| Trade receivables | 522 | 5,825 |
| Loans and hire-purchase receivables | 9,441 | 10,353 |
| Other receivables and prepaid expenses | 3,772 | 4,115 |
| Amount owing by other related parties | 31,911 | 32,965 |
| Fixed deposits with licensed banks | - | 3,335 |
| Cash and bank balances | 948 | 9,614 |
| | 46,594 | 66,293 |
| CURRENT LIABILITIES | | |
| Trade payables | 10 | 2,779 |
| Other payables and accrued expenses | 40,168 | 41,656 |
| Hire purchase creditors | 195 | 58 |
| Borrowings | 3,281 | 3,551 |
| Provision for taxation | 4,190 | 2,844 |
| | 47,844 | 50,888 |
| NET CURRENT ASSETS/(LIABILITIES) | (1,250) | 15,405 |
| LONG-TERM AND DEFERRED LIABILITIES | | |
| Hire purchase creditors - non current portion | - | 165 |
| Borrowings -non current portion | 18,199 | 125 |
| Deferred tax liabilities | 381 | 426 |
| | (18,580) | (716) |
| MINORITY INTERESTS | (42,228) | (47,216) |
| | 52,195 | 44,470 |
| FINANCED BY:- | | |
| SHARE CAPITAL | 40,151 | 40,151 |
| RESERVES | 3,873 | 3,145 |
| RETAINED PROFITS | 8,171 | 1,174 |
| SHAREHOLDERS' EQUITY | 52,195 | 44,470 |
| NET TANGIBLE ASSETS PER SHARE (RM) | 0.13 | 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 30 September 2004</u> | | | | | | | |
| Balance as at 1 April, 2004 | 40,151 | - | 1,718 | 1,440 | (13) | - | 1,174 |
| Acquisition of a subsidiary | - | - | - | 715 | - | - | - |
| Net profit for the period | - | - | - | - | - | - | 6,997 |
| Foreign exchange translation difference | - | - | - | - | 13 | - | - |
| Balance as at 30 September 2004 | <u>40,151</u> | <u>-</u> | <u>1,718</u> | <u>2,155</u> [#] | <u>-</u> | <u>-</u> | <u>8,171</u> |
| <u>As at 30 September 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 | - | - | - | - | (3) | - | - |
| Net profit for the period | - | - | - | - | - | - | 16,732 |
| Balance as at 30 September 2003 | <u>18,675</u> | <u>5,038</u> | <u>3,804</u> | <u>1,440</u> [#] | <u>(3)</u> | <u>96</u> | <u>10,241</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
715
6,997
13

52,195

21,503
(381)

21,122

1,440
(3)

16,732

39,291

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

| | CUMULATIVE QUARTER 30/09/2004 RM'000 | CUMULATIVE QUARTER 30/09/2003 RM'000 |
|---|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 11,716 | 18,195 |
| Adjustment for: | | |
| Depreciation of property, plant and equipment | 396 | 1,179 |
| Allowance for doubtful debts | 6 | 2,645 |
| Finance costs | 978 | 780 |
| Amortisation of goodwill on consolidation | - | 135 |
| Interest income | (1,143) | (649) |
| Gain on disposal of property, plant and equipment | (59) | (57) |
| Gain on disposal of a subsidiary | (1,336) | (14,854) |
| Gain on disposal of long term investment | (39) | - |
| Bad debts recovered | (318) | - |
| Operating profit before working capital changes | 10,201 | 7,374 |
| (Increase)/Decrease in: | | |
| Inventories | - | 7 |
| Trade receivables | (3,160) | 1,617 |
| Other receivables and prepaid expenses | 343 | 173 |
| Hire purchase receivables | (16,043) | - |
| Increase/(Decrease) in: | | |
| Trade payables | (2,770) | (1,023) |
| Other payables and accrued expenses | (2,824) | (20,310) |
| Cash Generated From Operations | (14,253) | (12,162) |
| Interest paid | (255) | (780) |
| Tax paid | (2,541) | (1,320) |
| Net Cash Used in Operating Activities | (17,049) | (14,262) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Additions to property, plant and equipment | (269) | (580) |
| Interest received | 406 | 649 |
| Amount owing by other related parties | 1,054 | 386 |
| Proceeds from disposal of property, plant and equipment | 61 | 57 |
| 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 | 17,200 | 790 |

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

CUMULATIVE
QUARTER
30/09/2004
RM'000

CUMULATIVE
QUARTER
30/09/2003
RM'000

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

| | CUMULATIVE QUARTER 30/09/2004 RM'000 | CUMULATIVE QUARTER 30/09/2003 RM'000 |
|---|---|---|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from revolving credit | - | 2,000 |
| Proceeds from term loan | - | 950 |
| Repayment of term loans | (12,348) | (82) |
| Repayment of hire-purchase creditors | (48) | (88) |
| Amount owing to associated company | - | (6) |
| Net Cash From / (Used In) Financing Activities | <u>(12,396)</u> | <u>2,774</u> |
| Net decrease in cash and cash equivalents | (12,245) | (10,698) |
| Cash and cash equivalents at beginning of financial period | 12,412 | 18,023 |
| Cash and cash equivalents at end of financial period | <u>167</u> | <u>7,325</u> |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD COMPRISE THE FOLLOWING: | | |
| Cash and bank balances | 948 | 4,864 |
| Fixed deposit with licensed bank | - | 3,219 |
| Bank overdrafts | (781) | (758) |
| | <u>167</u> | <u>7,325</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
30/09/2004
RM'000

CUMULATIVE
QUARTER
30/09/2003
RM'000

RCE CAPITAL BERHAD
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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 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, 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 or equity securities during the current interim period.

7. DIVIDENDS PAID

There was no dividend paid in the current interim period.

RCE CAPITAL BERHAD
(Company No. 2444-M)
QUARTERLY REPORT

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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 | 30 | 2,146 | 11,165 | - | - | 20,669 |
| Intersegment sales | - | 499 | - | 66 | - | (565) | - |
| | <u>7,328</u> | <u>529</u> | <u>2,146</u> | <u>11,231</u> | <u>-</u> | <u>(565)</u> | <u>20,669</u> |
| Results: | | | | | | | |
| Profit/(Loss) from operations | 1,087 | 13 | (163) | 10,303 | (80) | - | 11,160 |
| Gain on disposal of subsidiary company | | | | | | | 1,336 |
| Finance costs | | | | | | | (978) |
| Income from other investments | | | | | | | 198 |
| Profit before tax | | | | | | | <u>11,716</u> |
| Income tax expense | | | | | | | <u>(3,765)</u> |
| Profit after tax | | | | | | | 7,951 |
| Minority interest | | | | | | | <u>(954)</u> |
| Net profit for the period | | | | | | | <u>6,997</u> |
| Other Information: | | | | | | | |
| Depreciation | 208 | 93 | 35 | 60 | - | - | 396 |

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

**RCE CAPITAL BERHAD
(Company No. 2444-M)
QUARTERLY REPORT**

NOTES

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 2004.

10. MATERIAL SUBSEQUENT EVENTS

Subsequent to the current interim period:-

- a) On 20 October 2004, RCE Premier Sdn Bhd (formerly known as Pintar Utara (M) Sdn Bhd), a subsidiary of the Company has issued RM45 million Fixed Rate Serial Bonds and RM22 million Underwritten Commercial Papers Programme.
- b) 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 shall be satisfied via the exchange of new issuance of 79,998 new ordinary shares of RM1.00 each and 387,000 new RCNC Preference Shares of RM1.00 each in E-Drama to the existing shareholders of RCEM.
 - iii) Following the re-organisation, RCEM will be wholly-owned by E-Drama while RCE's interest in E-Drama will be diluted from 100% to 87.5%.

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 share capital of RCE Premier Sdn Bhd (formerly known as Pintar Utara (M) Sdn Bhd) comprising of 2 ordinary shares of RM1.00 each, for a cash consideration of RM2.00.

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

- 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 RM1.336 million to the Group,
- c) On 13 August 2004, 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 asset of TSB is its indirect investment in 29,199,074 units of AmFirst Property Trust Berhad through its wholly owned subsidiary, Verbundsoft Sdn Bhd.
- d) On 19 August 2004, the Company carried out 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%.

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 the followings:-

- a) Corporate Guarantee given to a trustee for the Proposed Issuance of up to RM95,000,000 Private Debt Securities by a subsidiary.
- b) Corporate Guarantee given to a financial institution for a bank loan up to RM29,500,000 granted to a subsidiary.

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

For the 6 months ended 30 September 2004, the Group recorded a lower revenue of RM20.669 million compared to RM25.144 million recorded in the preceding year corresponding period. The decline was mainly due to the discontinued advertising media services, general trading, licensing and merchandising operations 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 RM16.379 million in the preceding year 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 RM11.716 million compared to RM18.195 million for the preceding year 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. Netting off the effect on the gain on disposal, the profit before tax of the Group would be improved by RM8.375 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 30 September 2004, the Group recorded a lower revenue of RM7.365 million compared to RM13.304 million in the preceding quarter. The decline was mainly attributed to disposal of Pos Ad Sdn Bhd on 16 July 2004, which contributed revenue of RM1.271 million in the current quarter compared to RM8.203 million in the preceding quarter.

Profit before tax for the current quarter was RM6.395 million compared to RM5.321 million in the preceding quarter. The increase was mainly due to higher contribution from the loan financing operations.

15. CURRENT YEAR PROSPECTS

Barring any 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 guaranteed by the Group.

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17. TAXATION

Taxation included:

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|-----------------------|---------------------------|------------|---------------------------|------------|
| | 30/09/2004 | 30/09/2003 | 30/09/2004 | 30/09/2003 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current year taxation | 2,157 | 348 | 3,765 | 947 |

The effective tax rate of the Group is higher than the statutory income tax rate for the current quarter and financial year-to-date principally due to certain expenses which are not deductible for taxation purposes and losses suffered by the Company and certain subsidiary companies which cannot be set-off against the taxable profits of other subsidiary companies.

18. UNQUOTED INVESTMENTS AND PROPERTIES

There were no acquisition nor sale of unquoted investment and properties by the Group for the financial period under review.

19. QUOTED INVESTMENTS

a) Purchase and disposal of quoted securities

| | INDIVIDUAL QUARTER | CUMULATIVE QUARTER |
|--------------------------|---------------------------|---------------------------|
| | RM'000 | RM'000 |
| Total purchase | - | - |
| Total sale proceeds | 5,333 | 5,333 |
| Total profit on disposal | 39 | 39 |

b) Investment in quoted property trust units as at 30 September 2004:-

| | RM'000 |
|-------------------------------------|--------|
| Investment at cost | 29,199 |
| Investment at carrying / book value | 29,199 |
| Investment at market value | 25,987 |

c) There were no investment in quoted shares as at 30 September 2004.

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20. STATUS OF CORPORATE PROPOSALS ANNOUNCED

On 9 July 2004, the Company announced that Bursa Malaysia Securities Berhad had on 6 July 2004, granted the Company an extension of time up to 31 December 2004 to comply with its public shareholding spread requirement of having a minimum number of 1,000 public shareholders holding not less than 100 shares pursuant to paragraph 8.15(1) of the listing requirements. The Company's public shareholding spread as at 17 September 2004 was 922.

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 RM1.336 million.

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

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|-------------------------------|-------------------|-------------------------------|-------------------|
| | 30/9/04 RM'000 | 30/9/03 RM'000 | 30/9/04 RM'000 | 30/9/03 RM'000 |
| Revenue | | | | |
| Continuing operations | 6,094 | 4,416 | 11,195 | 5,367 |
| Discontinuing operations | | | | |
| - Advertising media services | 1,021 | 6,191 | 7,328 | 12,328 |
| - General trading, licensing & merchandising | 250 | 2,054 | 2,146 | 4,051 |
| - Broadcasting | - | - | - | 3,398 |
| | <u>7,365</u> | <u>12,661</u> | <u>20,669</u> | <u>25,144</u> |
| Profit from operations | | | | |
| Continuing operations | 5,603 | 851 | 10,236 | 1,773 |
| Discontinuing operations | | | | |
| - Advertising media services | (27) | 1,193 | 1,087 | 2,418 |
| - General trading, licensing & merchandising | (48) | (238) | (163) | (204) |
| - Broadcasting | - | - | - | (515) |
| | <u>5,528</u> | <u>1,806</u> | <u>11,160</u> | <u>3,472</u> |

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21. **DISCONTINUING OPERATIONS (Cont'd)**

| | CUMULATIVE QUARTER | |
|---|-------------------------------|---------------|
| | 16/7/04 | 30/9/03 |
| | RM'000 | RM'000 |
| Carrying amount of assets and liabilities | | |
| Property, plant & equipment | 3,599 | 13,577 |
| Inventories | 86 | 5,436 |
| Receivables | 11,159 | 9,990 |
| Deposit, cash and bank balances | 6,577 | 4,768 |
| Total Assets | 21,421 | 33,771 |
| Payables | 4,780 | 12,321 |
| Taxation | 39 | (36) |
| Deferred taxation | 90 | 751 |
| Borrowings | 517 | 5,064 |
| Minority Interest | 25 | 13 |
| Total Liabilities | 5,451 | 18,113 |
| Net Assets | 15,970 | 15,658 |
| Cashflow information | 16/7/04 | 30/9/03 |
| | RM'000 | RM'000 |
| Net cash flow from/(used in) ordinary activities | (185) | 843 |
| Net cash flow from/(used in) investing activities | 50 | (70) |
| Net cash flow from/(used in) financing activities | (4,190) | 693 |
| | (4,325) | 1,466 |

22. **GROUP BORROWINGS**

Total bank borrowings (all denominated in Ringgit Malaysia) of the Group as at 30 September 2004 are as follows:

| | Long Term RM'000 | Short Term RM'000 |
|-----------------|---------------------|----------------------|
| Bank Borrowings | | |
| - Secured | 18,199 | 2,781 |
| - Unsecured | - | 500 |
| | 18,199 | 3,281 |

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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 LITIGATIONS

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

25. DIVIDENDS

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

26. EARNINGS PER SHARE

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---------------------------|------------|---------------------------|------------|
| | 30/09/2004 | 30/09/2003 | 30/09/2004 | 30/09/2003 |
| Basic Earnings per share: | | | | |
| Net profit for the period (RM'000) | 3,871 | 1,094 | 6,997 | 16,732 |
| Weighted average number of ordinary shares in issue ('000) | 401,513 | 401,513 | 401,513 | 401,513 |
| Basic earnings per share (sen) | 0.96 | 0.27 | 1.74 | 4.17 |

Comparative basic earnings per share were calculated using the enlarged ordinary share 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 instrument 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

**BERNIE OOI CHIN KHOON
SELENA LEONG SIEW TEE
Company Secretaries
Date: 25 November 2004**