

Company No: 2444 - M

**RCE CAPITAL BERHAD**  
(Formerly known as Rediffusion Berhad)  
Company No. 2444 - M  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2004**  
(In Ringgit Malaysia)

Company No: 2444 - M

**RCE CAPITAL BERHAD**  
(Formerly known as Rediffusion Berhad)  
(Incorporated in Malaysia)

## **FINANCIAL STATEMENTS**

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## **RCE CAPITAL BERHAD**

(Formerly known as Rediffusion Berhad)

(Incorporated in Malaysia)

## **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:

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

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**DIRECTORS' REPORT (continued)**

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:

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

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**DIRECTORS' REPORT (continued)**

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

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**DIRECTORS' REPORT (continued)**

- (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

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**DIRECTORS' REPORT (continued)**

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:

	<b>Number of ordinary shares of RM1 each</b>			
	<b>Balance as of 1.4.2003</b>	<b>Bonus issue</b>	<b>Sold</b>	<b>Balance as of 31.3.2004</b>
<b>Shares in the Company</b>				
<b>Direct</b>				
Azmi Hashim	15	17	-	32
Chew Keng Yong	1,500	1,725	-	3,225
Wong Bin Chen	1,000	1,150	-	2,150
<b>Indirect</b>				
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.

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**DIRECTORS' REPORT (continued)**

**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,

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**TAN SRI DATO' AZMAN HASHIM**

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**SOO KIM WAI**

Kuala Lumpur,  
July 27, 2004



**REPORT OF THE AUDITORS TO THE MEMBERS OF**

**RCE CAPITAL BERHAD**

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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

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- (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

**RCE CAPITAL BERHAD**  
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**INCOME STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2004**

		<b>The Group</b>		<b>The Company</b>	
	<b>Note</b>	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
		<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Revenue	4	53,103,574	44,872,903	977,985	13,438,029
Other operating income	7	3,805,042	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)
<b>Profit/(Loss) from operations</b>		<b>14,439,793</b>	<b>955,277</b>	<b>(160,597)</b>	<b>12,527,520</b>
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)	-	-
<b>Profit before tax</b>		<b>29,124,890</b>	<b>370,797</b>	<b>15,285,458</b>	<b>12,494,634</b>
Income tax expense	10	(5,648,628)	(1,642,793)	(22,649)	(2,704,487)
<b>Profit/(Loss) after tax</b>		<b>23,476,262</b>	<b>(1,271,996)</b>	<b>15,262,809</b>	<b>9,790,147</b>
Minority interest		(1,555,150)	171,610	-	-
<b>Net profit/(loss) for the year</b>		<b>21,921,112</b>	<b>(1,100,386)</b>	<b>15,262,809</b>	<b>9,790,147</b>
Earnings/(Loss) per ordinary share					
<b>Basic (sen)</b>	11	<b>54.60</b>	<b>(2.74)</b>		

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

**RCE CAPITAL BERHAD**  
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**BALANCE SHEETS**  
**AS OF MARCH 31, 2004**

	Note	The Group		The Company	
		2004 RM	2003 RM	2004 RM	2003 RM
<b>ASSETS</b>					
<b>Property, plant and equipment</b>	12	14,500,059	24,356,342	10,713,349	10,396,697
<b>Investment in subsidiary companies</b>	13	-	-	34,511,208	5,112,208
<b>Investment in associated companies</b>	14	-	-	-	-
<b>Goodwill on consolidation</b>	15	-	269,443	-	-
<b>Investment in quoted corporate bonds</b>	16	5,293,850	-	-	-
<b>Loans and hire-purchase receivables - non-current portion</b>	17	57,203,469	-	-	-
<b>Current Assets</b>					
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
		<u>66,293,248</u>	<u>36,490,047</u>	<u>4,665,287</u>	<u>27,973,819</u>

(Forward)

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	Note	The Group		The Company	
		2004 RM	2003 RM	2004 RM	2003 RM
<b>Current Liabilities</b>					
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	-
		<u>50,888,107</u>	<u>36,681,090</u>	<u>7,831,524</u>	<u>16,687,213</u>
<b>Net Current (Liabilities)/ Assets</b>		15,405,141	(191,043)	(3,166,237)	11,286,606
<b>Long-term and Deferred Liabilities</b>					
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)
<b>Minority Interest</b>	27	<u>(47,216,516)</u>	<u>(591,770)</u>	<u>-</u>	<u>-</u>
<b>Net Assets</b>		<u>44,469,769</u>	<u>21,121,273</u>	<u>41,677,670</u>	<u>26,414,511</u>

(Forward)

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	Note	The Group		The Company	
		2004 RM	2003 RM	2004 RM	2003 RM
<b>Represented by:</b>					
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)		<u>1,173,465</u>	<u>(6,491,397)</u>	<u>(191,600)</u>	<u>(1,198,159)</u>
<b>Shareholders' Equity</b>		<u>44,469,769</u>	<u>21,121,273</u>	<u>41,677,320</u>	<u>26,414,511</u>

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

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**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED MARCH 31, 2004**

<b>The Group</b>	<b>Note</b>	<b>Issued Capital RM</b>	<b>Share Premium RM</b>	<b>Revaluation Reserve RM</b>	<b>Reserve from Consolidation RM</b>	<b>Translation Reserve RM</b>	<b>General Reserve RM</b>	<b>Unappropriated Profit/ (Accumulated Loss) RM</b>	<b>Total RM</b>
<b>Balance as of April 1, 2002</b>									
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)
<b>Balance as of March 31, 2003</b>									
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
(Forward)									

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<b>The Group</b>	<b>Note</b>	<b>Issued Capital RM</b>	<b>Share Premium RM</b>	<b>Revaluation Reserve RM</b>	<b>Reserve from Consolidation RM</b>	<b>Translation Reserve RM</b>	<b>General Reserve RM</b>	<b>Unappropriated Profit/ (Accumulated Loss) RM</b>	<b>Total RM</b>
Bonus issue	28	21,476,250	(5,037,783)	(2,086,399)	-	-	(95,818)	(14,256,250)	-
Net profit for the year		-	-	-	-	-	-	21,921,112	21,921,112
Foreign exchange translation difference		-	-	-	-	(12,553)	-	-	(12,553)
Reserve arising on consolidation		-	-	-	1,439,937	-	-	-	1,439,937
<b>Balance as of March 31, 2004</b>		<u>40,151,250</u>	<u>-</u>	<u>1,717,670</u>	<u>1,439,937</u>	<u>(12,553)</u>	<u>-</u>	<u>1,173,465</u>	<u>44,469,769</u>



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<b>The Company</b>	<b>Note</b>	<b>Issued Capital RM</b>	<b>Share Premium RM</b>	<b>Revaluation Reserve RM</b>	<b>General Reserve RM</b>	<b>Accumulated Loss RM</b>	<b>Total RM</b>
<b>Balance as of April 1, 2002</b>							
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
<b>Balance as of March 31, 2003</b>							
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)	-
<b>Balance as of March 31, 2004</b>							
		<u>40,151,250</u>	<u>-</u>	<u>1,717,670</u>	<u>-</u>	<u>(191,600)</u>	<u>41,677,320</u>

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

**RCE CAPITAL BERHAD**  
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**CASH FLOW STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2004**

<b>The Group</b>	<b>2004</b> <b>RM</b>	<b>2003</b> <b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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	<u>(107,308)</u>	<u>(385,511)</u>
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)

(Forward)

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<b>The Group</b>	<b>Note</b>	<b>2004 RM</b>	<b>2003 RM</b>
Increase/(Decrease) in:			
Trade payables		437,476	(1,243,547)
Other payables and accrued expenses		<u>(14,282,493)</u>	<u>19,419,181</u>
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		<u>(1,770,343)</u>	<u>-</u>
Net Cash From Operating Activities		<u>27,820,649</u>	<u>19,121,995</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
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		<u>-</u>	<u>(2)</u>
Net Cash (Used In)/From Investing Activities		<u>(38,249,170)</u>	<u>147,519</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
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		<u>-</u>	<u>(1,142,691)</u>
Net Cash From/(Used In) Financing Activities		<u>4,817,902</u>	<u>(3,005,165)</u>

(Forward)

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**RCE CAPITAL BERHAD**  
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<b>The Group</b>	<b>2004 RM</b>	<b>2003 RM</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(5,610,619)	16,264,349
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>18,022,944</u>	<u>1,758,595</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	30 <u><u>12,412,325</u></u>	<u><u>18,022,944</u></u>

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

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<b>The Company</b>	<b>2004 RM</b>	<b>2003 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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)
	<hr/>	<hr/>
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	-
	<hr/>	<hr/>
Cash (Used In)/Generated From Operations	(12,955,512)	14,886,800
Tax paid	(1,649)	(4,021)
	<hr/>	<hr/>
Net Cash (Used In)/From Operating Activities	(12,957,161)	14,882,779
	<hr/>	<hr/>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
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)	-
	<hr/>	<hr/>
Net Cash (Used In)/From Investing Activities	(3,987,674)	221,541
	<hr/>	<hr/>

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	<b>Note</b>	<b>2004 RM</b>	<b>2003 RM</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Drawdown/(Repayment) of revolving credit		2,000,000	(500,000)
Finance costs paid		<u>(130,060)</u>	<u>(32,886)</u>
Net Cash From/(Used In) Financing Activities		<u>1,869,940</u>	<u>(532,886)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(15,074,895)	14,571,434
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<u>14,546,758</u>	<u>(24,676)</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	30	<u>(528,137)</u>	<u>14,546,758</u>

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

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**NOTES TO 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.

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**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.



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**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:

	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
<b>Foreign currencies</b>		
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.

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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 Taxes, 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.

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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.

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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.

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**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.

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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.

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**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.

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4. **REVENUE**

	<b>The Group</b>		<b>The Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Advertising media services	25,173,720	21,377,359	-	-
Loan financing services	16,479,900	-	-	-
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
	<u>53,103,574</u>	<u>44,872,903</u>	<u>977,985</u>	<u>13,438,029</u>



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**5. SEGMENT ANALYSIS**

<b>The Group 2004</b>	<b>Advertising media services RM</b>	<b>Loan financing services RM</b>	<b>Broadcasting RM</b>	<b>Investment holding and management services RM</b>	<b>General trading, licensing and merchandising RM</b>	<b>Others RM</b>	<b>Eliminations RM</b>	<b>Consolidated RM</b>
<b>Revenue</b>								
External sales	25,173,720	16,479,900	3,398,000	284,917	7,767,037	-	-	53,103,574
Inter-segment sales	-	-	-	686,000	-	-	(686,000)	-
Total revenue	<u>25,173,720</u>	<u>16,479,900</u>	<u>3,398,000</u>	<u>970,917</u>	<u>7,767,037</u>	<u>-</u>	<u>(686,000)</u>	<u>53,103,574</u>
<b>Results</b>								
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								<u>139,564</u>
Profit before tax								29,124,890
Income tax expense								<u>(5,648,628)</u>
Profit after tax (Forward)								<u>23,476,262</u>

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<b>The Group 2004</b>	<b>Advertising media services RM</b>	<b>Loan financing services RM</b>	<b>Broadcasting RM</b>	<b>Investment holding and management services RM</b>	<b>General trading, licensing and merchandising RM</b>	<b>Others RM</b>	<b>Eliminations RM</b>	<b>Consolidated RM</b>
<b>Other Information</b>								
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
<b>Consolidated Balance Sheet</b>								
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								<u>2,843,706</u>
Consolidated total liabilities								<u>51,604,341</u>
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<b>The Group 2003</b>	<b>Advertising media services RM</b>	<b>Broadcasting RM</b>	<b>Investment holding and management services RM</b>	<b>General trading, licensing and merchandising RM</b>	<b>Others RM</b>	<b>Eliminations RM</b>	<b>Consolidated RM</b>
<b>Revenue</b>							
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	<u>21,377,359</u>	<u>19,489,178</u>	<u>537,563</u>	<u>3,912,803</u>	<u>22,522</u>	<u>(466,522)</u>	<u>44,872,903</u>
<b>Results</b>							
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							<u>(2)</u>
Profit before tax							370,797
Income tax expense							<u>(1,642,793)</u>
Loss after tax							<u><u>(1,271,996)</u></u>

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<b>The Group 2003</b>	<b>Advertising media services RM</b>	<b>Broadcasting RM</b>	<b>Investment holding and management services RM</b>	<b>General trading, licensing and merchandising RM</b>	<b>Others RM</b>	<b>Eliminations RM</b>	<b>Consolidated RM</b>
<b>Other Information</b>							
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
<b>Consolidated Balance Sheet</b>							
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							<u>225,073</u>
Consolidated total liabilities							<u><u>39,402,789</u></u>

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

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**6. DIRECTORS' REMUNERATION**

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

\* 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.

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

	<b>Number of Directors</b>	
	<b>2004</b>	<b>2003</b>
<b>Executive Director</b>		
RM100,001 to RM150,000	<u>-</u>	<u>1</u>
<b>Non-Executive Directors</b>		
Below RM50,000	<u>7</u>	<u>7</u>

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

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
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)	-	-

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	<b>The Group</b>		<b>The Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
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.

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**8. FINANCE COSTS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
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	-
	<u>308,501</u>	<u>632,419</u>	<u>130,060</u>	<u>32,886</u>

**9. INCOME FROM OTHER INVESTMENTS**

	<b>The Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
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>



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10. **INCOME TAX EXPENSE**

	<b>The Group</b>		<b>The Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
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)	<u>(49,400)</u>	<u>132,800</u>	<u>-</u>	<u>-</u>
	<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:

	<b>The Group</b>		<b>The Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Profit before tax	<u>29,124,890</u>	<u>370,797</u>	<u>15,285,458</u>	<u>12,494,634</u>
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	<u>(272,700)</u>	<u>(19,760)</u>	<u>(96,800)</u>	<u>-</u>

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	<b>The Group</b>		<b>The Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Tax at effective tax rate	5,657,543	1,638,772	21,000	2,700,466
(Over)/Underprovision in prior year	<u>(8,915)</u>	<u>4,021</u>	<u>1,649</u>	<u>4,021</u>
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**

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

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

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**12. PROPERTY, PLANT AND EQUIPMENT**

**The Group**

<b>At cost, except otherwise stated</b>	<b>At beginning of year RM</b>	<b>Additions RM</b>	<b>Reclassification RM</b>	<b>Acquisition of subsidiary company RM</b>	<b>Disposals RM</b>	<b>Disposal of subsidiary company RM</b>	<b>Written-off RM</b>	<b>At end of year RM</b>
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
<b>Total</b>	<b>40,500,849</b>	<b>667,833</b>	<b>-</b>	<b>960,461</b>	<b>(441,100)</b>	<b>(22,129,196)</b>	<b>(15,557)</b>	<b>19,543,290</b>

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**The Group**

<b>Accumulated Depreciation</b>	<b>At beginning of year RM</b>	<b>Charge for the year RM</b>	<b>Reclassification RM</b>	<b>Acquisition of subsidiary company RM</b>	<b>Disposals RM</b>	<b>Disposal of subsidiary company RM</b>	<b>Written-off RM</b>	<b>At end of year RM</b>
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
<b>Total</b>	<b>16,144,507</b>	<b>1,225,373</b>	<b>-</b>	<b>596,817</b>	<b>(437,879)</b>	<b>(12,472,561)</b>	<b>(13,026)</b>	<b>5,043,231</b>

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**The Group**

<b>Net Book Value</b>	<b>2004 RM</b>	<b>2003 RM</b>
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
	<hr/>	<hr/>
Total	<u>14,500,059</u>	<u>24,356,342</u>

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<b>At cost, except otherwise stated</b>	<b>At beginning of year RM</b>	<b>Addition RM</b>	<b>Disposal RM</b>	<b>At end of year RM</b>
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
<b>Total</b>	<b>11,014,327</b>	<b>495,000</b>	<b>(373,000)</b>	<b>11,136,327</b>

<b>Accumulated Depreciation</b>	<b>At beginning of year RM</b>	<b>Charge for the year RM</b>	<b>Disposal RM</b>	<b>At end of year RM</b>	<b>Net Book Value</b>	
					<b>2004 RM</b>	<b>2003 RM</b>
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
<b>Total</b>	<b>617,630</b>	<b>178,348</b>	<b>(373,000)</b>	<b>422,978</b>	<b>10,713,349</b>	<b>10,396,697</b>

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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:

	<b>The Group and The Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Freehold land:		
Cost	2,964,964	2,964,964
Accumulated depreciation	-	-
	<u>2,964,964</u>	<u>2,964,964</u>

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.

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13. **INVESTMENT IN SUBSIDIARY COMPANIES**

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

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

<b>Direct Subsidiary Companies</b>	<b>Effective Equity Interest</b>		<b>Principal Activities</b>
	<b>2004</b>	<b>2003</b>	
	<b>%</b>	<b>%</b>	
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

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Indirect Subsidiary Companies	Effective Equity Interest		Principal Activities
	2004 %	2003 %	
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
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

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- \* 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:

	<b>2004</b> <b>RM</b>
Revenue	16,722,503
Other operating income	1,529,584
Other operating expenses	<u>(7,708,599)</u>
Profit before tax	10,543,488
Income tax expense	<u>(3,966,655)</u>
Increase in Group's profit attributable to shareholders	<u>6,576,833</u>

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

	<b>2004</b>
	<b>RM</b>
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>

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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:

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

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

	<b>2004</b> <b>RM</b>
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	<u>(661,000)</u>
Net assets disposed	2,031,544
Minority interest	<u>(609,463)</u>
	1,422,081
Gain on disposal of subsidiary company	<u>14,854,034</u>
Total cash consideration on disposal	16,276,115
Less: Bank overdraft net of cash and bank balances disposed	<u>(1,895,694)</u>
Net cash flow on disposal	<u><u>18,171,809</u></u>

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14. **INVESTMENT IN ASSOCIATED COMPANIES**

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

The associated companies of the Group are as follows:

<b>Name of Company</b>	<b>Place of Incorporation</b>	<b>Effective Equity Interest</b>		<b>Principal Activities</b>
		<b>2004</b>	<b>2003</b>	
		<b>%</b>	<b>%</b>	
*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 Tohmatsu.

# 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.

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**15. GOODWILL ON CONSOLIDATION**

	<b>The Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Cost:		
At beginning of year	2,694,403	2,694,403
Arising from acquisition of subsidiary company	171,426	-
Amount written off	(171,426)	-
	<u>2,694,403</u>	<u>2,694,403</u>
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)
	<u>(2,694,403)</u>	<u>(2,424,960)</u>
At end of year	<u>-</u>	<u>269,443</u>

**16. INVESTMENT IN QUOTED CORPORATE BONDS**

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

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

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**17. LOANS AND HIRE-PURCHASE RECEIVABLES**

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

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

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

**18. INVENTORIES**

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

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

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

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.

	<b>The Group</b>		<b>The Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Other receivables	2,632,264	5,090,955	91,887	1,000,000
Less : Allowance for doubtful debts	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>
	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	<u>68,645</u>	<u>242,068</u>	<u>2,660</u>	<u>302,660</u>
	<u>4,114,941</u>	<u>5,949,111</u>	<u>136,810</u>	<u>1,316,060</u>



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**20. RELATED COMPANY TRANSACTIONS**

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

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:

<b>Name of related party</b>	<b>Relationship</b>
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.

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

	<b>The Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
<b>Subsidiary companies:</b>		
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

	<b>The Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
<b>Related party:</b>		
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:

	<b>The Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
<b>RCE Ventures Sdn. Bhd.</b>		
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.

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**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**

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

- (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.
- (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 RM16,276,115, 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.

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24. **HIRE-PURCHASE PAYABLES**

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

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

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

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.

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**25. BORROWINGS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
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
	<u>3,675,329</u>	<u>5,654,955</u>	<u>2,536,890</u>	<u>111,747</u>
Less: Amount due within one year (shown under current liabilities)	<u>(3,550,670)</u>	<u>(4,136,216)</u>	<u>(2,536,890)</u>	<u>(111,747)</u>
Non-current portion	<u>124,659</u>	<u>1,518,739</u>	<u>-</u>	<u>-</u>

The non-current portion is repayable as follows:

	<b>The Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Financial years ending March 31,		
2005	-	1,141,870
2006	124,659	376,869
	<u>124,659</u>	<u>1,518,739</u>

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.

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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**

	<b>The Group</b>		<b>The Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
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	-	-
	<u>426,000</u>	<u>1,132,000</u>	<u>381,000</u>	<u>381,000</u>

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

	<b>Deferred Tax Asset/(Liability)</b>			
	<b>The Group</b>		<b>The Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
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	-	-
<b>Net</b>	<b><u>(426,000)</u></b>	<b><u>(1,132,000)</u></b>	<b><u>(381,000)</u></b>	<b><u>(381,000)</u></b>

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:

	<b>Deferred Tax Asset/(Liability)</b>			
	<b>The Group</b>		<b>The Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
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
<b>Net</b>	<b><u>2,995,375</u></b>	<b><u>3,166,575</u></b>	<b><u>138,000</u></b>	<b><u>234,800</u></b>

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

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**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:

<b>Year End</b>	<b>Redemption Premium</b>
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.



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28. **SHARE CAPITAL**

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

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:

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

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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**

	<b>The Group</b>		<b>The Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
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)	-	-	-
	<u>3,145,054</u>	<u>8,841,852</u>	<u>1,717,670</u>	<u>8,841,852</u>
Distributable reserve:				
General reserve	-	95,818	-	95,818
	<u>3,145,054</u>	<u>8,937,670</u>	<u>1,717,670</u>	<u>8,937,670</u>

**Share premium**

Share premium arose from the following:

	<b>The Group and The Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
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	<u>1,245,000</u>	<u>1,245,000</u>
	5,774,667	5,774,667
Listing expenses written off	(736,884)	(736,884)
Bonus issue in 2004	<u>(5,037,783)</u>	<u>-</u>
	<u>-</u>	<u>5,037,783</u>

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**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:

	<b>The Group and The Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
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)	-
	<u>1,717,670</u>	<u>3,804,069</u>

**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.

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**30. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise the following:

	<b>The Group</b>		<b>The Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
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)	<u>(536,890)</u>	<u>(1,116,216)</u>	<u>(536,890)</u>	<u>(111,747)</u>
	<u>12,412,325</u>	<u>18,022,944</u>	<u>(528,137)</u>	<u>14,546,758</u>

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.

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**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.

**(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.

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**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:

	<b>2004</b>		<b>2003</b>	
	<b>Carrying Amount RM</b>	<b>Fair Value RM</b>	<b>Carrying Amount RM</b>	<b>Fair Value RM</b>
<b><i>Financial Assets</i></b>				
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	-	-
<b><i>Financial liabilities</i></b>				
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
	<u>165,575</u>	<u>120,126</u>	<u>70,960</u>	<u>52,923</u>

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.

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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 Taxes, 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:

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

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

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**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.

- (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.



Company No: 2444 - M

**RCE CAPITAL BERHAD**

(Formerly known as Rediffusion Berhad)

(Incorporated in Malaysia)

**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,

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**TAN SRI DATO' AZMAN HASHIM**

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**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.

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**OOI CHIN KHOON**

Subscribed and solemnly declared by the  
abovenamed **OOI CHIN KHOON** at  
**KUALA LUMPUR** this 27th day of July  
2004.

Before me,

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**COMMISSIONER FOR OATHS**