



MWE HOLDINGS BERHAD
(5713-D)



Annual Report 2002



MWE HOLDINGS BERHAD
5713-D

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **ANNUAL GENERAL MEETING** of the Company will be held at the Company's Registered Office at 846, Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan, Pulau Pinang on Monday, 23 June 2003 at 10.30 a.m. for the following purposes:-

AGENDA

1. To receive and consider the Audited Accounts for the year ended 31 December 2002 and the Reports of the Directors and Auditors thereon. *(Resolution 1)*

2. To declare a first and final dividend of 1% (less tax) for the year ended 31 December 2002. *(Resolution 2)*

3. (i) To re-elect Dato' Low Hock Peng, the Director retiring in accordance with the Company's Articles of Association and being eligible, offers himself for re-election. *(Resolution 3)*

- (ii) To re-elect Dato' Shahbudin bin Imam Mohamad, the Director retiring in accordance with the Company's Articles of Association and being eligible, offers himself for re-election. *(Resolution 4)*

- (iii) To consider and if thought fit, to pass a resolution pursuant to Section 129(6) of the Companies Act, 1965, to re-appoint Tan Sri Datuk A. Samad bin Idris as Director of the Company to hold office until the conclusion of the next Annual General Meeting. *(Resolution 5)*

4. To approve the payment of Directors' fees of RM110,000 in respect of the year ended 31 December 2002 (2001:RM80,000). *(Resolution 6)*

5. To re-appoint Messrs Moores Rowland as the Company's Auditors and to authorise the Directors to fix their remuneration. *(Resolution 7)*

6. As Special Business:
To consider and, if thought fit, pass the following Ordinary Resolutions:

(A) Authority to Grant Options and to Allot and Issue Shares Pursuant to the Employees' Share Option Scheme

"That pursuant to Section 132D of the Companies Act, 1965, approval be and is hereby given to the Directors to offer and grant options to eligible employees and eligible Directors of the Company and its subsidiary companies ("the Group") pursuant to the MWE Holdings Berhad Employees' Share Option Scheme ("ESOS") which was approved at the Extraordinary General Meeting of the Company held on 20 June 2001, and to allot and issue such new ordinary shares in the Company from time to time during the duration of the ESOS to the eligible employees and eligible Directors of the Group pursuant to their exercise of the options under the ESOS."

(Resolution 8)

NOTICE OF ANNUAL GENERAL MEETING

(B) Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965

"That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue new ordinary shares in the Company, from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional new ordinary shares so issued on the Kuala Lumpur Stock Exchange AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

(Resolution 9)

7. To transact any other ordinary business of which due notice shall have been given.

NOTICE OF BOOKS CLOSURE

NOTICE IS ALSO HEREBY GIVEN THAT the first and final dividend of 1% (less tax) in respect of the financial year ended 31 December 2002, if approved by shareholders, will be paid on 8 August 2003 to depositors registered in the Records of Depositors at the close of business on 16 July 2003.

A Depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 16 July 2003 in respect of ordinary transfers; and
- (b) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

LIM KONG YOW (MIA 4979)
Company Secretary

Penang
29 May 2003

Notes:

1. A member of the Company entitled to attend and vote at the Meeting, is entitled to appoint a proxy or two proxies to attend and vote instead of him. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. A proxy need not be a member of the Company.
2. The form of proxy in the case of an individual shall be signed by the appointor or his attorney and in the case of a corporation, must be executed under seal or under the hand of an officer or attorney duly authorised.
3. The instrument appointing a proxy must be deposited at the Company's Registered Office at 846, Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan, Pulau Pinang not less than 48 hours before the time appointed for holding the Meeting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

4. The Proposed Resolution 8, if passed, will empower the Directors to offer and grant options and issue shares in the Company pursuant to the ESOS which was approved at the Extraordinary General Meeting of the Company held on 20 June 2001.
5. The Proposed Resolution 9, if passed, will renew the powers given to the Directors at the last Annual General Meeting authority to issue up to ten percentum (10%) of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

NOTICE OF ANNUAL GENERAL MEETING

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Kuala Lumpur Stock Exchange)

1. Directors who are standing for re-election at the forthcoming Annual General Meeting of the Company

Pursuant to Article 109 of the Company's Articles of Association

- (i) Dato' Low Hock Peng
- (ii) Dato' Shahbudin bin Imam Mohamad

Pursuant to Section 129(6) of the Companies Act, 1965

- (i) Tan Sri Datuk A. Samad bin Idris

2. Details of attendance of Directors at Board Meetings

There were five (5) Board meetings held during the financial year ended 31 December 2002. Details of attendance of the Directors are set out in the Particulars of Directors appearing on page 12 of the Annual Report.

3. Place, Date and Time of Annual General Meeting

The Annual General Meeting of the Company shall be held at 846, Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan, Pulau Pinang on Monday, 23 June 2003 at 10.30 a.m.

4. Further details of Directors who are standing for re-election

Details of Directors who are standing for re-election are set out in the Directors' Profile appearing on pages 9 to 11 of the Annual Report.

CORPORATE INFORMATION

DIRECTORS

Tan Sri Datuk A. Samad bin Idris
P.M.N., S.P.N.S., D.S.N.S., D.P.M.J.
(Chairman)
Datuk Surin Upatkoorn
D.S.P.N.
Dato' Low Hock Peng
D.S.P.N.
Lawrence Lim Swee Lin
Tang King Hua
Lim Kong Yow
Dato' Ahmad Hasmuni bin Hj. Hussein
D.S.S.A.
Dato' Shahbudin bin Imam Mohamad
D.S.A.P., D.I.M.P., S.A.P., J.S.N., P.J.K.
Tan Chor Teck

AUDIT COMMITTEE

Tan Sri Datuk A. Samad bin Idris
Committee Chairman/Independent Non-Executive Director
Dato' Ahmad Hasmuni bin Hj. Hussein
Independent Non-Executive Director
Dato' Shahbudin bin Imam Mohamad
Independent Non-Executive Director
Lim Kong Yow
Executive Director

NOMINATION COMMITTEE

Tan Sri Datuk A. Samad bin Idris
Committee Chairman/Independent Non-Executive Director
Dato' Ahmad Hasmuni bin Hj. Hussein
Independent Non-Executive Director
Tan Chor Teck
Independent Non-Executive Director

REMUNERATION COMMITTEE

Tan Chor Teck
Committee Chairman/Independent Non-Executive Director
Dato' Ahmad Hasmuni bin Hj. Hussein
Independent Non-Executive Director
Lim Kong Yow
Executive Director

SECRETARY

Lim Kong Yow
MIA 4979

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

846, Jalan Raya,
14209 Sungei Bakap,
Seberang Perai Selatan,
Pulau Pinang
Tel : 04-582 4811
Fax : 04-582 4707

REGISTRARS

Metra Management Sdn Bhd (62169-A)
30.02, 30th Floor,
Menara Multi-Purpose, Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 03-2698 3232
Fax : 03-2698 0313

AUDITORS

Moores Rowland (AF 0539)
Chartered Accountants
7th Floor, South Block,
Wisma Selangor Dredging
142-A, Jalan Ampang,
50450 Kuala Lumpur

DOMICILE

Malaysia

LEGAL FORM AND PLACE OF INCORPORATION

A public listed company incorporated in
Malaysia under the Companies Act, 1965
and limited by shares

PRINCIPAL BANKERS

Malayan Banking Berhad
Southern Bank Berhad

MERCHANT BANKERS

Aseambankers Malaysia Berhad
Affin Merchant Bank Berhad
Alliance Merchant Bank Berhad

SOLICITORS

Ghazi & Lim
Adam Bachek & Associates
C. T. Choo & Co.

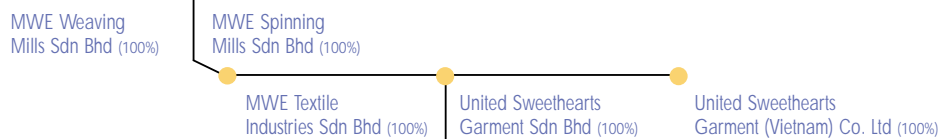
LISTING

The Kuala Lumpur Stock Exchange
Main Board

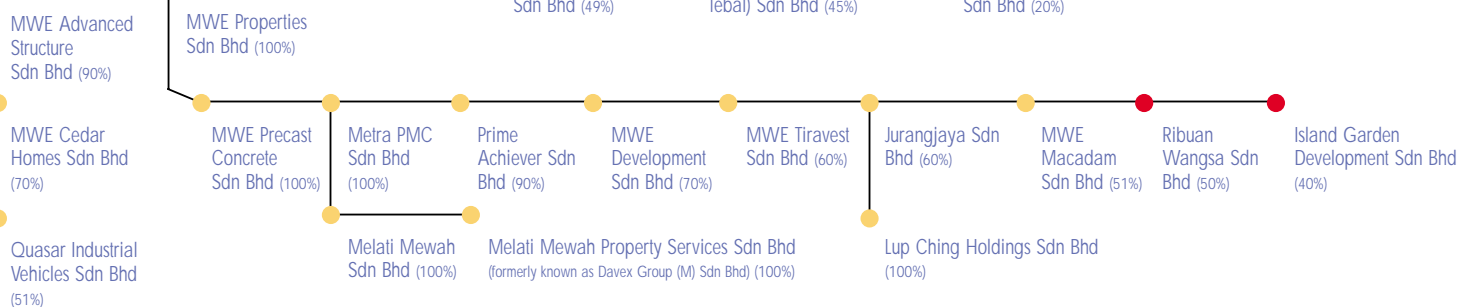


CORPORATE STRUCTURE

TEXTILE DIVISION



PROPERTY DIVISION



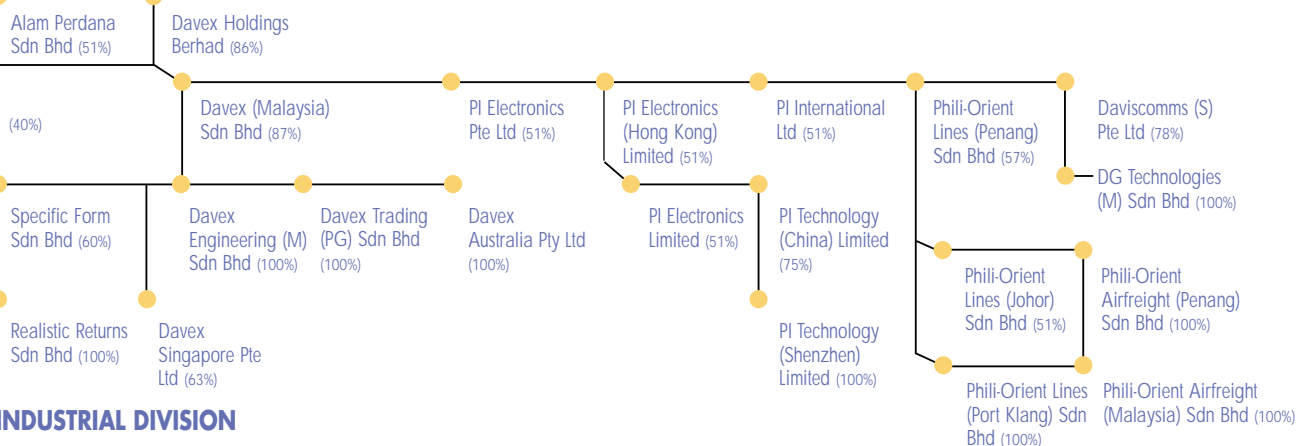
LEISURE DIVISION



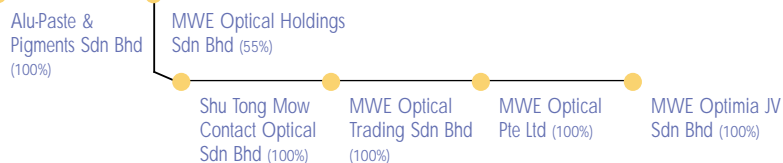
CORPORATE/SERVICES DIVISION



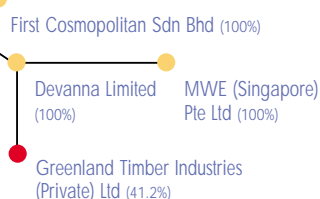
ELECTRONICS DIVISION



INDUSTRIAL DIVISION

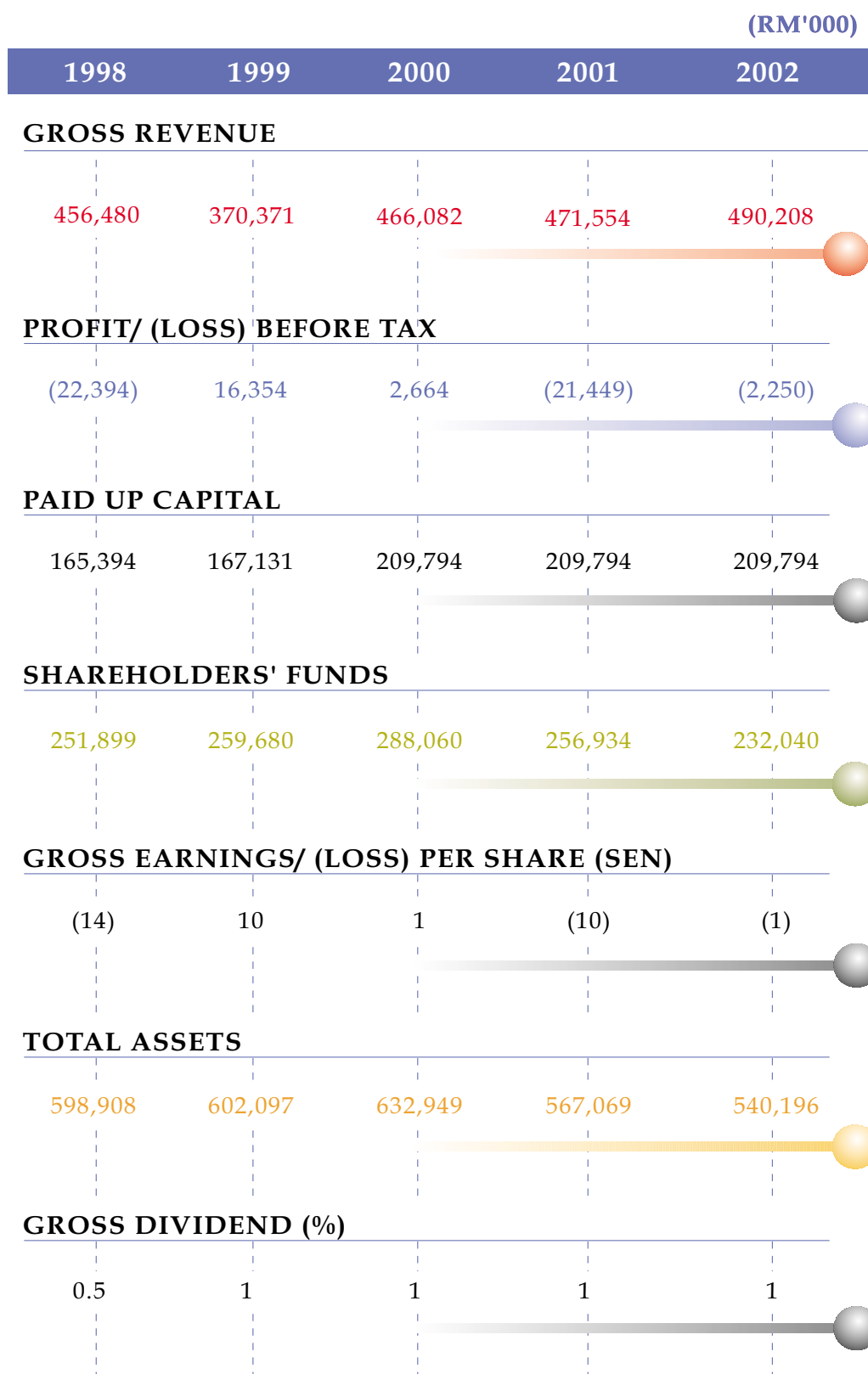


INTERNATIONAL DIVISION



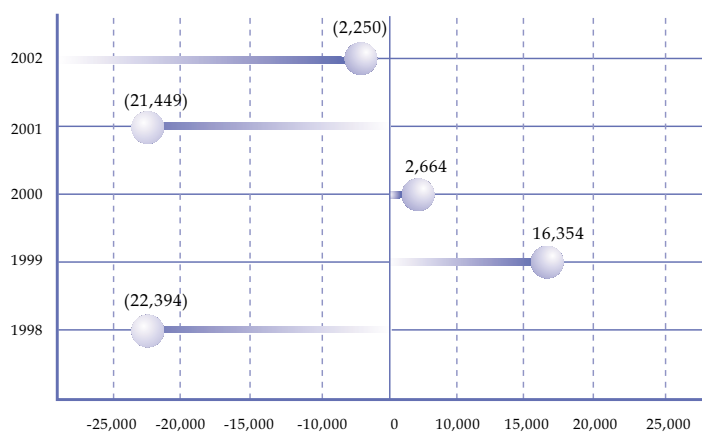
● Associate Company

FIVE YEARS' GROUP FINANCIAL HIGHLIGHTS

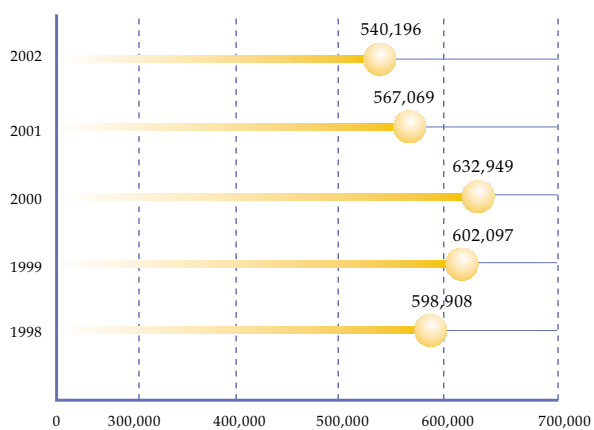


FIVE YEARS' GROUP FINANCIAL HIGHLIGHTS

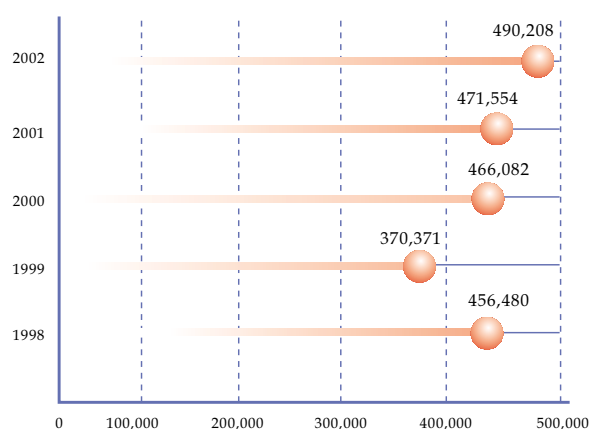
PROFIT/(LOSS) BEFORE TAX (RM'000)



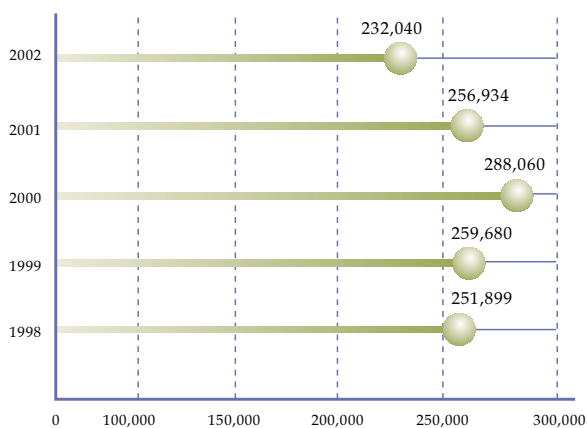
TOTAL ASSETS (RM'000)



GROSS REVENUE (RM'000)



SHAREHOLDERS' FUNDS (RM'000)



DIRECTORS' PROFILE

TAN SRI DATUK A. SAMAD BIN IDRIS

(Chairman & Independent Non-Executive Director), Malaysian, aged 80, was appointed to the Board of MWE on 29 July 1981. Tan Sri Datuk A. Samad was the Chairman and Managing Director of Urusan Malay Transport, Kuala Pilah. He then embarked on a successful political career over a period of 25 years. He was the Exco Member holding the post of Deputy Chief Minister in Negeri Sembilan from 1964 till 1969. He was also the Assistant Minister of National and Rural Development (1969), Assistant Minister of Agriculture (1971), Assistant Minister of Labour and Energy (1973), Assistant Minister of Home Affairs (1974), Minister in the Prime Minister's Department (1976) and Minister of Youth, Culture & Sports (1.7.1976) prior to his retirement from politics in 1980.

Tan Sri Datuk A. Samad was appointed as the Chairman of Bank Pembangunan Malaysia Berhad and Ekovest Berhad from 1981 till 1994 and 1993 till 1995 respectively. He is currently the Chairman of FINAS, a semi-government body which helps to promote, nurture and facilitate the development of film industry of Malaysia to establish the National Film Development Corporation of Malaysia. He also sits on the Board of Utusan Melayu (M) Berhad, a public company listed on the Kuala Lumpur Stock Exchange.

DATUK SURIN UPATKOON

(Executive Director), aged 54, Thai, was appointed to the Board of MWE on 29 July 1976.

Currently, Datuk Upatkoon is also the Managing Director and Chairman of Multi-Purpose Holdings Berhad and Magnum 4D Berhad (formerly known as Leisure Management Berhad) respectively, public companies listed on the Main Board of the Kuala Lumpur Stock Exchange.

Datuk Upatkoon has vast working experience particularly in the textile manufacturing business and played a key role in the expansion and development of MWE Group of Companies. He was first appointed the Managing Director of MWE Spinning Mills Sdn Bhd on 30 November 1974, taking charge of its day-to-day operations. Subsequently, he was appointed the Managing Director of MWE Weaving Mills Sdn Bhd.

Datuk Upatkoon is actively involved in community services for the benefit of education and charity. He is a Director of Han Chiang College in Penang and Vice President of Penang Table Tennis Association. He also sits on the Boards of several private limited companies.

DATO' LOW HOCK PENG

(Executive Director), Malaysian, aged 51, was appointed to the Board of MWE on 28 February 1985. Dato' Low holds a B.Sc. (Econ)(Hon) degree from The London School of Economics & Political Science, The University of London in 1974. He also holds a Master's degree in Business Administration (MBA) from the University of California, Los Angeles in 1975. Upon his return to Malaysia in 1976, Dato' Low commenced work in his family owned companies.

He is actively involved in the corporate matters of the MWE Group of Companies. He is also the Chairman (Non-Executive) of Electrotech Investments Ltd since 1995 - a Singapore company.

Currently, Dato' Low is the Executive Adviser of The Penang Chinese Chamber of Commerce and also the Adviser of the Han Chiang High School. He was the President of The Penang Chinese Chamber of Commerce from 1994 to 1997 and Vice President of The Associated Chinese Chamber of Commerce and Industry of Malaysia (ACCIM) from 1994 to 1997. He also sits on the Boards of several private limited companies in Malaysia and overseas.

DIRECTORS' PROFILE

LAWRENCE LIM SWEE LIN

(Non-Independent Non-Executive Director), Mr Lawrence Lim Swee Lin, a Malaysian, aged 46, was appointed to the Board of MWE on 1 August 1989. Mr Lim holds a Bachelor of Arts degree in Economics (Honours) from the University of Sheffield and a Master's degree in Business Administration from University of Manchester, United Kingdom.

He is also an Executive Director of Magnum 4D Berhad (formerly known as Leisure Management Berhad) and also of its holding company, Magnum Corporation Berhad. Prior to this, Mr Lim was with a leading merchant bank in Malaysia where he was principally involved in syndications, debt securitisation and project financing. In addition, he sits on the Boards of a number of private limited companies both in Malaysia and overseas.

TANG KING HUA

(Managing Director), Malaysian, aged 45, was appointed as an Executive Director of MWE on 2 February 2000 and subsequently as a Managing Director on 28 August 2002. Mr Tang graduated with a Bachelor degree in Industrial Engineering from Canada Technical University of Nova Scotia in 1982. He started his career in 1983 by working in a multi-national electronics company overseeing QC, production and engineering functions.

His vast experience in the field of electronics had enabled him to spearhead the pioneer team in setting-up a company called Eastrade Electronics (M) Sdn Bhd. Currently, Mr Tang is the Managing Director of Davex Group of Companies and he oversees the overall profitability and viability of the Group. He is responsible for the identification and penetration of any new and potential markets for the Group both locally and overseas.

LIM KONG YOW

(Executive Director), Malaysian, aged 48, was appointed to the Board of MWE on 11 December 2001. Mr Lim obtained his professional qualifications from Chartered Institute of Management Accountants (United Kingdom) in 1982 and is a member of Malaysian Institute of Accountants. He has more than 20 years of working experience in the field of audit, accounting, management, tax and secretarial services.

Mr Lim started his career by working in Multi-Purpose Holdings Berhad attached to Internal Audit Department for 2 years before moving to Hong Leong Group of Companies. In December 1989, he joined MWE Group of Companies as a Group Chief Accountant and was later promoted to Group Financial Controller. He is principally involved in the accounting, administration, financial functions and management of the MWE Group. He sits on the Boards of several private limited companies.

DATO' AHMAD HASMUNI BIN HJ. HUSSEIN

(Independent Non-Executive Director), Malaysian, aged 68, was appointed to the Board of MWE on 26 January 2000. Dato' Ahmad Hasmuni holds a Bachelor of Arts degree from University of Malaya (1965). He has served in the Ministry of Education since 1965 and later, became the Secretary to the Senate Parliament of Malaysia in 1970 prior to his retirement from the government service in 1986.

Dato' Ahmad Hasmuni has gained vast experiences in construction, property development and transportation and was appointed to the Boards of several private limited companies. Currently, he is also a Director of Sin Kean Boon Group Berhad, a public listed company on the Kuala Lumpur Stock Exchange.

DIRECTORS' PROFILE

DATO' SHAHBUDIN BIN IMAM MOHAMAD

(Independent Non-Executive Director), Malaysian, aged 61, was appointed to the Board of MWE on 14 September 2000. Dato' Shahbudin graduated with a Bachelor of Arts degree from University of Malaya in 1966.

He spent over 31 years of his career with the Malaysian Government holding various positions such as Assistant Secretary of Malaysian Home & Foreign Service in the Ministry of Labour, Assistant Secretary of Establishment Division in the Public Service Department, Principal Assistant Secretary in the Ministry of Defence, Deputy Secretary-General in the Ministry of Energy, Telecom & Post, Deputy Director Budget in the Treasury, The Honourable State Secretary in Pahang and lastly as a Deputy Secretary General - Operation in the Ministry of Finance before he retired in 1997.

Dato' Shahbudin also sits on the Boards of two public listed companies, namely, Bonia Corporation Berhad and Amanah Capital Partners Berhad. He also sits on the Boards of several private limited companies.

TAN CHOR TECK

(Independent Non-Executive Director), Malaysian, aged 41, was appointed to the Board of MWE on 14 September 2000. Mr Tan graduated with a degree in Law & Arts from the Melbourne University in 1984. He started his career by working on various projects in Sydney before returning to Malaysia in 1996 where he had been involved in residential property development and management.

Currently, Mr Tan sits on the Boards of several private limited companies that are involved in property development and property management. He also runs a film production company that produced a major Malaysian film called "Spinning Gasing".

PARTICULARS OF DIRECTORS

Name	Nationality	Details of membership in Board Committees	Family relationship with any director and/or major shareholder of MWE	Conflict of interest with MWE	Convictions for offences within the past 10 years other than traffic offences	Number of Board Meetings attended by directors
Tan Sri Datuk A. Samad bin Idris (Appointed on 29 July 1981)	Malaysian/ Malay	AC & NC	NIL	NIL	NIL	4/5
Datuk Surin Upatkoorn (Appointed on 29 July 1976)	Thai/ Chinese	–	NIL	NIL	NIL	3/5
Dato' Low Hock Peng (Appointed on 28 February 1985)	Malaysian/ Chinese	–	NIL	NIL	NIL	4/5
Lawrence Lim Swee Lin (Appointed on 1 August 1989)	Malaysian/ Chinese	ESOS	NIL	NIL	NIL	5/5
Tang King Hua (Appointed on 2 February 2000)	Malaysian/ Chinese	–	NIL	NIL	NIL	5/5
Lim Kong Yow (Appointed on 11 December 2001)	Malaysian/ Chinese	ESOS, AC & RC	NIL	NIL	NIL	5/5
Dato' Ahmad Hasmuni bin Hj. Hussein (Appointed on 26 February 2000)	Malaysian/ Malay	AC, NC & RC	NIL	NIL	NIL	5/5
Dato' Shahbudin bin Imam Mohamad (Appointed on 14 September 2000)	Malaysian/ Malay	AC	NIL	NIL	NIL	4/5
Tan Chor Teck (Appointed on 14 September 2000)	Malaysian/ Chinese	NC & RC	NIL	NIL	NIL	5/5

AC – Audit Committee
 RC – Remuneration Committee
 NC – Nomination Committee
 ESOS – Employees' Share Option Scheme Committee

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of MWE Holdings Berhad, I am pleased to present the Annual Report and Accounts of the Company and the Group for the financial year ended 31st December 2002.

FINANCIAL RESULTS

For the year under review, the Group posted revenue of RM490.2 million, which was RM18.7 million higher than that recorded in the year 2001. The increase in revenue was largely contributed by the Electronics subsidiaries. In respect of the Group's performance, the Group reported a lower loss before taxation of RM2.3 million compared to a loss RM21.4 million recorded in the previous year. After accounting for taxation and minority interests, the loss attributable to shareholders was RM18.5 million as compared to a loss of RM32.7 million in the previous year. The lower loss was principally attributed to impairment losses of RM11.0 million and higher operating costs incurred during the reporting year whilst in 2001, higher impairment losses of RM19.5 million were recorded.

At the company level, profit before taxation was higher at RM3.7 million in the year under review compared to RM2.6 million in the previous year. The lower profit in 2001 was mainly attributed to impairment losses of RM3.9 million.

DIVIDEND

For the year under review, the Board is pleased to propose a final dividend of 1.0% less tax (2001: 1% less tax) for the financial year ended 31 December 2002, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

REVIEW OF OPERATIONS

TEXTILE DIVISION

2002 was yet another difficult and challenging year for the Textile Division. Revenue and profit before taxation for the division declined by 8% and 80% to RM129 million and RM1.8 million respectively as compared to RM140 million and RM9.4 million in the previous year. The weak performance of the Textile division, principally from the garment and yarns sections, was attributed to weak overseas demand, particularly from the United States, low efficiency levels of new foreign workers and squeezed profit margins.

On the local front, the yarns and knitted fabrics markets have been very competitive. These sections were badly hit by poor demand and deteriorating selling prices arising from the stiff competition from imported yarns.

The Vietnam factory operating under United Sweethearts Garment (Vietnam) Co. Ltd. commenced business in April 2002. In its maiden year of operations, the company posted a loss before taxation of USD 0.3 million (RM1.1 million) on a turnover of USD1.1 million (RM4.3 million).

The loss was attributed to low efficiency levels of workers in the first 6 months of operations and extra delivery costs incurred to avoid shipment delays. However, the Management is confident that the efficiency level of the Vietnam operations is showing signs of improvement and that the operations should contribute positively in the current financial year.

For the Textile Division to remain competitive, the Division will continue to broaden its product range, maintain stringent production quality controls, adopt cost-efficiency measures and improve delivery lead times to stay afloat in the unpredictable global markets.



CHAIRMAN'S STATEMENT

ELECTRONICS DIVISION

For the year under review, the Electronics division reported an increase of 74% in its profit before tax to RM27.6 million in 2002 as compared to RM15.9 million in 2001, while revenue increased by 6% to RM323.0 million from RM304.5 million previously. The surge in profit before taxation was due to substantial contributions from PI Electronics (HK) Ltd, a subsidiary involved in the design and manufacture of electronic power conversion units and the lighting subsidiaries.

During the year under review, the Lighting Section posted a higher profit before tax of RM4.0 million compared to RM1.45 million in 2001 on the back of an improvement in revenue from RM42 million to RM46 million. The better performance was attributed to higher sales, exchange gains and cost reduction programmes undertaken by the Lighting Section. The improvement in revenue was a result of the strategic alliance with a Singapore marketing company where our products have successfully penetrated into new markets in Bangladesh and Indonesia, in addition to our traditional markets in Singapore and Australia.

PROPERTY DIVISION

During the year under review, the Property Division completed the final phase of the Sri Bintang Heights development in Kuala Lumpur, comprising two blocks of 7-storey and 10-storey apartments. A total of 198 low-cost units have been issued certificates of fitness. Some 90% of the units have already been sold while the remaining units are pending allocation by Dewan Bandaraya Kuala Lumpur under the bumiputra quota system.

Currently, the remaining development in the Klang Valley is at the Montez Golf Resort, comprising 18 units of semi-detached houses and a 10-storey block of condominiums. This development is expected to be launched in the year 2003.

In Penang, our 50% associate company, Ribuan Wangsa Sdn Bhd ("RWSB"), has undertaken a development project comprising two blocks of 862 units of low and medium-cost apartments, of which work will commence in the year 2003. As of to date, RWSB has achieved 70% sales since the launch in early 2003 and is targeted to achieve 100% sales within the next few months.

In the last year, the overall office rental and occupancy rates in Penang have shown a decline, suggesting an oversupply in the office rental sector coupled with the slowdown in the economic situation. Fierce competition for office space by property owners in Penang is still prevalent in which attractive rates

and packages in the form of long rent-free periods were offered to attract new tenants.

We are pleased to inform that despite the sluggish demand in office space, MWE Plaza, our prime property in Penang managed to notch an improvement in its occupancy rate to 98% for the year under review as compared to 90% in 2001. However, another of the Group's lettable property, Prime Plaza which is also located in Penang, managed to maintain an occupancy rate of 51% for the 10-storey building.

Generally, during the period under review, the prices of residential properties in both Kuala Lumpur and Penang were stabilising. Landed properties, however, still command interest among potential buyers, in particular, projects in choice locations and developed by established developers. However, the commercial sector, comprising office and retail space is still in an oversupply situation and therefore demand is projected to be sluggish.

For the year under review, MWE Advanced Structure Sdn Bhd ("MWEAS"), the Group's construction arm, completed and handed over the townhouses development at Montez golf resort and 198 units of low and medium-cost apartments at Sri Bintang Heights, Kepong, Kuala Lumpur. However, the construction of the low and medium-cost township project in Simpang Ampat, Penang, in which MWEAS is the appointed project manager, has been further delayed pending approvals from the relevant authorities.



CHAIRMAN'S STATEMENT

The residential development in Dengkil, Selangor to be undertaken by MWEAS on a joint venture basis is also delayed pending approvals from the relevant authorities.

In early 2003, MWEAS has secured a development contract valued at RM19.3 million to build 68 units and 92 units of medium- high and high-cost condominiums respectively, in Shah Alam, Selangor. Construction work for the above project will commence in the second quarter of 2003.

LEISURE DIVISION

During the year under review, the Monterez Golf and Country Club Bhd ("MGCC") has been operating under difficult conditions arising from the slowdown in the domestic economy and the glut of golf courses operating in the Klang Valley. In order to maintain its share of golfing markets in the Klang Valley, MGCC has, over the years, been aggressively promoting the Club with value for money golf packages with some success.

MGCC anticipates that its popularity in the Klang Valley would be enhanced with increased patronage from both existing and new golfers, due to its easy accessibility as a result of the completion of the Guthrie Corridor Expressway, which is scheduled to be completed in March 2004.

ASSOCIATED COMPANIES

The Group's associated companies reported a lower loss of RM2.8 million during the year as compared to a loss of RM6.7 million in the previous year. The lower loss was attributed to lower provision in the diminution of quoted investments during the year.

PROSPECTS

The prospects for the Malaysian economy for 2003, which are very much dependent on the global markets as a whole and have become more volatile and unpredictable after the Iraqi war and the outbreak of the Severe Acute Respiratory Syndrome ("SARS") epidemic in this region. The uncertainties prevailing in the world, such as oil price fluctuations, the Middle East crisis and the slow global economic recovery have, to a certain extent also dampened consumers' optimism and confidence. Economic activities are expected to be slower with the market turning more cautious.

In view of the above developments, the Malaysian Institute of Economic Research has cut its 2003 economic growth forecast for the country from 5.7% to 3.7%. The Malaysian Government has announced that it intends to introduce new economic stimulus packages to mitigate the impending slowdown in the domestic economy.

Against this backdrop, the Group will be extremely cautious and prudent for the year 2003 and will continue to cut costs wherever possible to improve price competitiveness. At the same time, the Group will be constantly looking out for opportunities to sustain growth and to work towards achieving long-term profitability.

ACKNOWLEDGEMENTS

In conclusion, on behalf of the Board, I would like to thank and convey our appreciation to the Group's employees for their contributions, dedication and commitment during the year.

I would also like to convey our gratitude and appreciation to our shareholders, customers, bankers, business associates, and the authorities for their continued guidance and support.

On behalf of the Board

TAN SRI DATUK A. SAMAD BIN IDRIS
CHAIRMAN

8th May 2003



STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of MWE Holdings Berhad believes that good corporate governance is the key to building and enhancing long-term shareholders' value. As such, the Board is fully committed to the maintenance of high standards of corporate governance by supporting and implementing the principles and best practices set out in Parts 1 and 2 of the Malaysian Code on Corporate Governance (the "Code") respectively.

The Board is pleased to report to the shareholders on the manner in which the Group has applied the principles and the extent of compliance with the Code pursuant to the Paragraph 15.26 of the Listing Requirements of Kuala Lumpur Stock Exchange. Any areas where the Company has not complied with the Code are explained in this report.

1. DIRECTORS

Board of Directors

The Group is led and controlled by an effective Board that has the overall responsibility for corporate governance, strategy direction and overseeing the investments and operations of the Group.

The Board members comprise competent individuals with the appropriate experience as well as skills and knowledge, which are necessary for the effective stewardship of the Group. A profile of each Director is included in pages 9 to 11 of this Annual Report.

The Board intends to meet at least four (4) times a year, with additional meetings convened where necessary. There were five (5) Board meetings held during the financial year ended 31 December 2002. Details of attendance of the Directors are set out in the Particulars of Directors appearing on page 12 of the Annual Report.

On matters requiring urgent Board's approval, Board decisions are obtained via circular resolutions, which are attached with sufficient information required for an informed decision.

Board Balance

The Board currently has nine (9) members comprising a Managing Director, three (3) Executive Directors, a Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors. The Board is currently satisfied that the number of independent Directors comprising more than one-third of the Board fulfills the KLSE listing requirements and reflects the investment of the minority shareholders.

To ensure a balance of power and authority, the roles of the Chairman and the Managing Director and Executive Directors are clearly segregated with clearly defined responsibilities. The Chairman is responsible for effective running of the Board while the Managing Director and Executive Directors oversee the running of the Group operations and the implementation of the Board's decisions and policies.

In view that the current Board's composition has a majority of non-executive directors and the Chairman maintains an active and objective dialogue with Board members and encourages full deliberation of all matters submitted to the Board and Board Committee Meetings, the Board is of the opinion that the appointment of a Senior Independent Non-Executive Director to whom concerns may be conveyed, may not be necessary at the time being.

Supply of Information

Prior to all Board meetings, the Board members are provided with the Agenda of the Board meeting and the relevant documents and information. This is to enable them to obtain a comprehensive understanding of the issues to be deliberated upon and enable them to arrive at an informed decision.

Further, all the Directors have full access to the Senior Management and the advice and services of the Company Secretary. The Directors may also seek independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties, at the Group's expense.

STATEMENT ON CORPORATE GOVERNANCE

Board Committees

The Board has delegated certain responsibilities to Board Committees, which operate with defined terms of reference. The Board Committees include Audit Committee, ESOS Committee, Remuneration Committee and Nomination Committee.

Appointments to the Board

The Nomination Committee was formed on 28 August 2002. The Committee comprises the following members:-

1. Tan Sri Datuk A. Samad bin Idris (Chairman and Independent Non-Executive Director)
2. Dato' Ahmad Hasmuni bin Hj. Hussein (Independent Non-Executive Director)
3. Tan Chor Teck (Independent Non-Executive Director)

The Board, through the Nomination Committee, reviews annually its required mix of skills and experience and other qualities, including core competencies of all Directors, to ensure the effectiveness of the Board as a whole and the committees of the Board.

Re-election of Directors

In accordance with the Company's Articles of Association, all Directors are subject to election at the first Annual General Meeting after their appointment.

The Articles also provide that at least one third of the Directors are subject to re-election by rotation at each Annual General Meeting. Directors over 70 years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Directors' Training

All the Directors have attended the Mandatory Accreditation Programme as required by the Listing Requirements of the Kuala Lumpur Stock Exchange. All Directors are also provided with the opportunity to familiarise themselves with the operations and business of the Group.

2. DIRECTORS' REMUNERATION

The Remuneration Committee was formed on 28 August 2002. The Committee comprises the following members:-

1. Tan Chor Teck (Independent Non-Executive Director)
2. Dato' Ahmad Hasmuni bin Hj. Hussein (Independent Non-Executive Director)
3. Lim Kong Yow (Executive Director)

The Committee is entrusted with the responsibility of developing the policy on Executive Directors' remuneration package and recommending to the Board the remuneration and compensation of the Managing Director and Executive Directors.

The determination of the remuneration package of the Non-Executive Directors shall be a matter for the Board as a whole, with the Director concerned abstaining from deliberation and voting on decisions in respect of his remuneration.

Directors' fees are approved by the shareholders together with the Audited Financial Statements of the Company at the Annual General Meeting.

STATEMENT ON CORPORATE GOVERNANCE

The aggregate remuneration of Directors with categorisation into appropriate components are as follows:-

	COMPANY			GROUP			Total RM
	Fees RM	Allowance RM	Meeting Allowances RM	Salary/Fees RM	Bonus RM	Meeting Allowances RM	
Executive Directors	30,000	1,726	8,500	985,288	57,600	-	1,083,114
Non-Executive Directors	80,000	36,000	11,500	60,276	-	-	187,776
Total	110,000	37,726	20,000	1,045,564	57,600	-	1,270,890

The number of Directors whose total remuneration fall within the following bands:-

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
0 - 50,000	-	4
50,001 - 100,000	-	1
100,001 - 150,000	1	-
150,001 - 200,000	-	-
200,001 - 250,000	1	-
250,001 - 300,000	-	-
300,001 - 350,000	2	-

3. ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statement and quarterly announcements to shareholders, the Board takes responsibility in conveying a balanced and understandable assessment of the Group's position and prospects.

The Statement by Directors of their responsibilities in preparing the financial statements is set out on page 97 of this Annual Report.

Audit Committee

The Audit Committee plays an important role in ensuring that the information disclosed is accurate and adequate. The primary responsibilities of the Audit Committee are set out in the Audit Committee Report.

Internal Controls

The Board of MWE Holdings Berhad recognises the pivotal role of a strong internal control system in keeping the Group on course towards its goals in maximising shareholders' value. The Audit Committee reviews the effectiveness of the Company's system of internal controls periodically.

STATEMENT ON CORPORATE GOVERNANCE

Relationship with the Auditors

Through the Audit Committee, the Group has established a close and transparent relationship with the Company's external auditors. The external auditors report to the Audit Committee and the Management on any weaknesses in the internal control systems and any non-compliance of accounting standards that come to their attention in the course of their audit.

4. SHAREHOLDERS

Shareholders and Investor Relations

The Company recognises the importance of accountability to its shareholders through proper communication with its shareholders. In addition to various announcements made during the year, timely announcement of financial results on quarterly basis was also made to provide shareholders with an overview of the Group's performance and operation.

The Annual General Meeting ("AGM") is the principal forum for dialogue with individual shareholders and investors. All shareholders are encouraged to attend the Company's Annual General Meeting and participate in the proceedings. Every opportunity will be given to the shareholders to ask questions and seek clarification from the Board on the business and performance of the Group.

DIRECTORS' RESPONSIBILITY STATEMENT FOR PREPARING THE AUDITED FINANCIAL STATEMENT

The Directors are required by the Companies Act, 1965, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the results and cash flows of the Company and of the Group for the financial year.

In preparing the financial statement for the financial year ended 31 December 2002, the Directors have used and applied, on consistent basis, the appropriate accounting policies and practices under the applicable approved accounting standards in Malaysia.

AUDIT COMMITTEE

TAN SRI DATUK A. SAMAD BIN IDRIS

Chairman – Independent Non-Executive Director

DATO' AHMAD HASMUNI BIN HJ. HUSSEIN

Independent Non-Executive Director

DATO' SHAHBUDIN BIN IMAM MOHAMAD

Independent Non-Executive Director

LIM KONG YOW

Executive Director

TERMS OF REFERENCE

The terms of reference of the Audit Committee have been amended and revised in consistent with the current Listing Requirements of the Kuala Lumpur Stock Exchange.

OBJECTIVES :-

- i. assist in the fiduciary duties of the Board in matters pertaining to business ethics, policies, financial management, internal control, accounting policies and financial reporting of the Company and its subsidiaries.
- ii. maintain and enhance a line of communication and independence between the Group and the external auditors.
- iii. ensure a system of internal control which will mitigate the likelihood of fraud or error.

COMPOSITION OF AUDIT COMMITTEE

The members of the Audit Committee shall be appointed by the Board from amongst its members which shall fulfil the following requirements:-

- i. the Audit Committee shall be composed of no fewer than 3 members;
- ii. the majority of the Audit Committee shall be independent directors; and
- iii. at least one member of the Audit Committee:-
 - a) must be a member of the Malaysian Institute of Accountants; or
 - b) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
 - must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

The Board must ensure that no alternate director is appointed as a member of the Audit Committee.

The members of the Audit Committee shall elect a Chairman from amongst their members who shall be an independent director.

In the event of any vacancy in the Audit Committee resulting in the non-compliance of the above requirements, the Board must fill the vacancy within 3 months.

AUDIT COMMITTEE

AUTHORITY

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the committee.

The Audit Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Audit Committee is authorised to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

FUNCTIONS AND RESPONSIBILITIES

The functions and responsibilities of the Audit Committee shall include the following:-

- i. review the following and report the same to the Board of Directors of the Company:-
 - a) the audit plan with the external auditors;
 - b) evaluation of the system of internal controls with the external auditors;
 - c) audit report with the external auditors;
 - d) the assistance given by the employees of the Company to the external auditors;
 - e) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
 - changes in or implementation of major accounting policy changes;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements;
 - f) the engagement of Internal Audit Services Provider;
 - g) any related party transactions and conflict of interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - h) any letter of resignation from the external auditors of the Company; and
 - i) whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;
- ii. recommend the nomination of a person or persons as external auditors;
- iii. promptly report to the Kuala Lumpur Stock Exchange on a matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Listing Requirements of the Kuala Lumpur Stock Exchange;
- iv. perform any other function that may be agreed upon by the Committee and the Board.

AUDIT COMMITTEE

MEETINGS AND REPORTING PROCEDURES

Meetings shall be held at least four times a year. The external auditors may request a meeting if they consider this necessary.

The quorum shall consist of a majority of Committee members who must be independent directors.

In the absence of the Chairman of the Committee, the members of the Committee present shall elect one of the independent directors to chair the meeting. A resolution put to vote shall be decided by a majority of votes of the members present, each member having one vote.

Other directors and employees may attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.

The Secretary shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it to the committee members prior to each meeting. The Secretary will also be responsible for keeping the minutes of meetings for the Committee, and circulating them to the Committee members and to other members of the Board as the Committee deems necessary.

The Company Secretary will act as the Secretary of the Committee.

The Committee convened five (5) meetings during the financial year ended 31 December 2002 and the attendance record is as follows:-

	28/2/2002	23/4/2002	30/5/2002	26/8/2002	27/11/2002
Tan Sri Datuk A. Samad bin Idris	✓	✓	✓	–	–
Dato' Ahmad Hasmuni bin Hj. Hussein	✓	✓	✓	✓	✓
Dato' Shahbudin bin Imam Mohamad	✓	✓	✓	✓	✓
Lim Kong Yow	✓	✓	✓	✓	✓

ACTIVITIES

During the year under review, the Audit Committee undertook the following activities:

- Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval. The review and discussions were conducted with the Group Financial Controller of the Company.
- Reviewed the audited financial statements for the financial year ended 31 December 2001 with the external auditors prior to submission to the Board for their consideration and approval.
- Reviewed significant related party transactions entered into by the Group.
- Reviewed the revised Audit Committee Charter in compliance with the Listing Requirements of the Kuala Lumpur Stock Exchange.
- Discussed the formation of the Internal Audit Department for maintaining a sound system of internal controls within the Group.

INTERNAL AUDIT FUNCTION

The Board is of the opinion that the existing system controls are adequate to safeguard the Group's assets and shareholders' investments. Nevertheless, to further strengthen the Group's system of internal controls and risk management framework, the Board has decided to outsource the internal audit function to an external consultant.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. The Kuala Lumpur Stock Exchange (KLSE)'s Revamped Listing Requirements require the Board of Directors of public listed companies to include a statement in their annual reports on the state of their internal control. The KLSE's Statement on Internal Control: Guidance for Directors of Public Listed Companies ("Guidance") provides guidance for compliance with these requirements. Set out below is the Board's Internal Control Statement, which has been prepared in accordance with the Guidance.

BOARD RESPONSIBILITY

The Board recognises its overall responsibility for maintaining a sound system of internal control and the need to regularly review its adequacy and integrity. Such system covers not only financial controls but also controls relating to operational and compliance to applicable laws, regulations, rules, directives and guidelines. It should be noted that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. The system by its nature can provide only reasonable but not absolute assurance against material misstatement, loss and fraud.

RISK MANAGEMENT FRAMEWORK

The Board fully supports the contents of the Internal Control Guidance and, with the assistance of the Audit Committee and senior management, reviews the effectiveness of the internal financial and operating control environment of the Group.

The Board has initiated an ongoing process of identifying, evaluating and managing the significant risks faced by the Group, which has been in place for the financial year under review and up to date of approval of the annual report and financial statements. Regular reviews will be conducted on a yearly basis with additional reviews to be carried out as and when required.

These initiatives would ensure that the Company and the Group have in place an ongoing process to identify, measure and manage the significant risks affecting the achievement of its business objectives.

KEY PROCESSES

The key processes that the directors have established in reviewing the adequacy and integrity of the systems of internal control are as follows:-

1. Clearly defined management structure with lines of accountability and delegated authority established.
2. Clearly defined delegation of responsibilities to Board Committee and Senior management.
3. The Audit Committee reviews the quarterly financial reports and annual financial statements and also the adequacy and integrity of the system of internal control.
4. Monitoring of operational performance/results against budget and where major variances are recorded, appropriate management actions will be taken.
5. Regular comprehensive information provided to Management for the monitoring of performance against business plan and budget covering financial and operational indicators.
6. The Managing Director reviews with the Board on any significant changes in business and external environment, which affects the Group's risk profile.

The system of internal control was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

OTHER INFORMATION

Share Buyback

During the financial year, the Company did not enter into any share buyback transactions.

Utilisation of Proceeds

The Company did not make any corporate proposal to raise proceeds during the financial year.

Options or Warrants

No options or warrants were exercised during the financial year.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

Imposition of Sanctions and Penalties

A penalty of RM3,500.00 on late filing was imposed on the Company by the Companies Commission of Malaysia (formerly known as Registrar of Companies) under Section 80(b) of the Companies Act, 1965.

Non-Audit Fees

The Company did not pay the external auditors any non-audit fees during the financial year.

Profit Estimate, Forecast or Projection

There were no variances of 10% or more between the results for the financial year and the unaudited results and the profit forecast previously announced.

Profit Guarantee

During the financial year, there were no profit guarantees given by the Company.

Material Contracts

During the year, there were no material contracts on the Company and its subsidiaries involving directors' and major shareholders' interests.

Contracts Relating to Loans

There were no contracts relating to loans by the Company in respect of the material contracts involving directors and major shareholders' interests.

Revaluation of Landed Properties

The Company does not have a revaluation policy on landed properties.

Recurrent Related Party Transactions of a Revenue of Trading Nature (RRPTs)

The RRPTs entered by the Group during the financial year ended 31 December 2002 pursuant to the Shareholders' Mandate granted at the Annual General Meeting of the Company held on 24 June 2002 were as follows:

Related Parties

Messrs Teo Chiap Chai ("TCC"), Liew Kee Keong ("LKK"), Toh Kee Wah ("TKW") and Thung Ah Lai @ Thong Chong Tong ("TAL") are common shareholders of DG Technologies (M) Sdn Bhd ("DG") and Daviscomms (S) Pte Ltd ("Davis"). The direct shareholdings of TCC, LKK, TKW and TAL in DG are 1.0%, 1.0%, 2.0% and 2.0% respectively, and their direct shareholdings in Davis are 6.5%, 9.5%, 3.0% and 3.0% respectively. LKK sits on the board of Davis whereas TKW is a director of DG.

Nature of Transactions undertaken by MWE and/or its subsidiaries	Transacting Party	Transacted value for financial year ended 31/12/2002 (RM)
Sale of Pagers and other <u>Telecommunication products</u> <ul style="list-style-type: none"> DG Technologies (M) Sdn Bhd 	Daviscomms (S) Pte Ltd	15,321,292

The relationship between the above parties are disclosed on page 56 of the Annual Report.

However, following the recent reorganisation of the Electronics Division of the Company which was completed in early April 2003, DG Technologies (M) Sdn Bhd has become a wholly-owned subsidiary of Daviscomms (S) Pte Ltd, thus the RRPTs between the above two (2) subsidiaries have ceased. The above reorganisation was subject to the approvals of the Foreign Investment Committee ("FIC") and the Ministry of International Trade and Industry ("MITI") which were obtained on 5 March 2003 and 24 May 2002 respectively. In view of the above, the Company is not seeking the renewal of the Shareholders' Mandate from its shareholders at this forthcoming Annual General Meeting of the Company.

Financial

statements

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DIRECTORS' REPORT

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

The directors have pleasure in submitting their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are indicated in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
(Loss)/Profit after tax	(6,022,523)	2,991,221
Minority interests	(12,507,721)	-
	-----	-----
Net (loss)/profit for the year	(18,530,244)	2,991,221
	=====	=====

DIVIDEND

Dividend paid by the Company since the end of the previous financial year was as follows:

In respect of the financial year ended 31 December 2001 as
disclosed in the directors' report of that financial year -

Interim dividend of 1% less 28% tax paid on 31 January 2002	RM1,510,517
	=====

The directors now recommend the payment of a first and final dividend of 1% less 28% tax amounting to RM1,510,517 for the year ended 31 December 2002, subject to approval of the shareholders at the forthcoming annual general meeting.

DIRECTORS' REPORT

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the consolidated statement of changes in equity.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any shares or debentures during the financial year.

EMPLOYEES' SHARE OPTION SCHEME

In the previous financial year, the Company has granted options to eligible full-time salaried employees including full-time executive directors of the Company and its subsidiary companies to subscribe for 19,037,000 ordinary shares of RM1 each under the Employees' Share Option Scheme ("ESOS") approved by the shareholders and the relevant authorities. The Option may be exercised between 27 November 2001 and 20 September 2006 at RM1.00 per share. The shares issued from the exercise of the option under the ESOS rank pari passu in all respects with the existing issued and paid-up ordinary shares of the Company. The Option granted does not confer any rights to participate in any share issue of any other companies of the Group.

Movements in the share options to take up unissued new ordinary shares of RM1 each and the price at which the employees are entitled to exercise their options are as follows:

	Number of options over ordinary shares at exercise price of RM1
At 1 January 2002	19,992,000
Allocated during the year	1,238,000
Forfeiture due to resignations	(1,593,000)
Relinquished during the year	(600,000)

At 31 December 2002	19,037,000
	=====

DIRECTORS

The directors in office since the date of the last report are:

Tan Sri Datuk A. Samad bin Idris
 Datuk Surin Upatkoon
 Dato' Low Hock Peng
 Mr Lawrence Lim Swee Lin
 Dato' Hj Ahmad Hasmuni bin Hj Hussein
 Mr Tang King Hua
 Dato' Shahbudin bin Imam Mohamad
 Mr Tan Chor Teck
 Mr Lim Kong Yow

DIRECTORS' REPORT

In accordance with the Company's Articles of Association, Dato' Low Hock Peng and Dato' Shahbudin bin Imam Mohamad retire from the board at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Tan Sri Datuk A. Samad bin Idris retires at the forthcoming annual general meeting in accordance with Section 129 of the Companies Act, 1965 and, being eligible, offers himself for re-appointment as director of the Company.

DIRECTORS' INTERESTS IN SHARES

Directors' shareholdings, interests in shares and share options in the Company were as follows:

--- Number of ordinary shares of RM1 each ---				
	At 1-1-2002	Bought	Sold	At 31-12-2002
Tan Sri Datuk A. Samad bin Idris				
- direct interest	968,000	-	-	968,000
Datuk Surin Upatkoon				
- direct interest	786,630	-	-	786,630
- deemed interest	23,231,695	577,000	-	23,808,695
Dato' Low Hock Peng				
- deemed interest	3,317,500	-	-	3,317,500
Mr Lawrence Lim Swee Lin				
- direct interest	105,000	-	-	105,000
Mr Tang King Hua				
- deemed interest	114,200	-	-	114,200
Mr Tan Chor Teck				
- direct interest	350,000	-	-	350,000
- deemed interest	8,602,000	-	-	8,602,000
Mr Lim Kong Yow				
- direct interest	7,000	-	-	7,000
- deemed interest	3,000	-	-	3,000

--- Number of 5.5% ICULS 1999/2004 --- at 90% nominal value					
	At 1-1-2002	Bought	Converted	Sold	At 31-12-2002
Dato' Low Hock Peng					
- deemed interest	987,000	-	-	-	987,000
Mr Lim Kong Yow					
- deemed interest	2,000	-	-	-	2,000

DIRECTORS' REPORT

--- Number of warrants 1999/2004 ---

	At 1-1-2002	Bought	Sold	At 31-12-2002
Datuk Surin Upatkoon				
- deemed interest	10,501,341	-	-	10,501,341
Dato' Low Hock Peng				
- deemed interest	337,000	-	-	337,000
Mr Lawrence Lim Swee Lin				
- direct interest	30,000	-	-	30,000
Mr Tan Chor Teck				
- deemed interest	2,262,500	-	20,000	2,242,500
Mr Lim Kong Yow				
- direct interest	27,000	-	-	27,000
- deemed interest	2,000	-	-	2,000

Share options granted under the ESOS of the Company

----- Number of options over ordinary shares of ----- RM1 each

	At 1-1-2002	Bought	Relinquished	Sold	At 31-12-2002
Datuk Surin Upatkoon	600,000	-	-	-	600,000
Dato' Low Hock Peng	600,000	-	-	-	600,000
Mr Lawrence Lim Swee Lin	600,000	-	600,000	-	-
Mr Tang King Hua	600,000	-	-	-	600,000
Mr Lim Kong Yow	450,000	-	-	-	450,000

None of the other directors held any shares or had any interests in shares in the Company and its related corporations during the financial year except for the direct interest in shares held by Mr Tang King Hua in the following related companies:

--- Number of ordinary shares of RM1 each ---

	At 1-1-2002	Bought	Sold	At 31-12-2002
Alam Perdana Sdn Bhd	380,805	-	-	380,805
Davex Holdings Berhad	651,765	-	-	651,765
Davex (Malaysia) Sdn Bhd	127,000	-	-	127,000

--- Number of ordinary shares of SGD1 each ---

	At 1-1-2002	Bought	Sold	At 31-12-2002
Daviscomms (S) Pte Ltd	30,000	-	-	30,000

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements) 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.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Company and of the Group were made out, the directors took reasonable steps:
- (i) to ascertain the action taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Company and of the Group had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company and of the Group inadequate to any substantial extent, or
 - (ii) which would render the values attributed to the current assets in the financial statements of the Company and of the Group misleading, or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company and of the Group misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Company or its subsidiary companies which has arisen since the end of the financial year which secures the liabilities of any other person, or
 - (ii) any contingent liability of the Company or its subsidiary companies which has arisen since the end of the financial year.
- (d) No contingent or other liability of the Company or its subsidiary companies 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 affect the ability of the Company or its subsidiary companies to meet their obligations as and when they fall due.

DIRECTORS' REPORT

- (e) At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Company and of the Group which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the directors:
- (i) the results of the operations of the Company and of the Group for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company and of the Group for the financial year in which this report is made.

AUDITORS

The auditors, Moores Rowland, Chartered Accountants, have expressed their willingness to continue in office.

On behalf of the Directors

DATUK SURIN UPATKOON

Director

TANG KING HUA

Director

29 April 2003

REPORT OF THE AUDITORS

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements set out on pages 33 to 96. The preparation of the financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved auditing standards issued by the Malaysian Institute of Accountants. 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 an assessment of the accounting principles used and significant estimates made by the directors as well as an evaluation of the overall presentation of the financial statements. We believe our audit has provided us with a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up:

- (i) so as to give a true and fair view of the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company and of the Group;
- (ii) in accordance with the provisions of the Act so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 December 2002 and of their results and cash flows for the year ended on that date; and
- (iii) in accordance with applicable approved accounting standards; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements 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 required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualifications and did not include any comment made under Section 174 (3) of the Act.

MOORES ROWLAND

No. AF: 0539
Chartered Accountants
29 April 2003

GAN MORN GHUAT

No. 1499/5/03 (J)
Partner

BALANCE SHEETS – 31 DECEMBER 2002

		Group		Company	
	Note	2002 RM	2001 RM	2002 RM	2001 RM
PROPERTY, PLANT AND					
EQUIPMENT	3	114,058,553	114,437,823	-	-
DEVELOPMENT PROPERTIES	4	25,045,756	24,631,817	-	-
SUBSIDIARY COMPANIES	5	-	-	134,205,268	150,843,928
AMOUNT OWING BY SUBSIDIARY					
COMPANIES	6	-	-	257,259,944	258,830,414
ASSOCIATED COMPANIES	7	5,117,416	7,335,247	1	1
OTHER INVESTMENTS	8	123,305,534	128,678,244	8,108	8,108
GOODWILL ON ACQUISITION	9	21,568,396	22,279,596	-	-
INTANGIBLE ASSETS	10	214,602	288,073	-	-
CURRENT ASSETS					
Inventories	11	77,912,757	70,093,450	-	-
Development properties	4	5,939,554	21,557,046	-	-
Gross amount due from customers	12	2,115,738	1,834,743	-	-
Trade and other receivables	13	113,143,202	96,512,570	11,502	43,989
Amount owing by associated companies	14	4,557,892	3,354,263	-	-
Tax recoverable		6,970,174	5,889,042	4,612,251	4,386,251
Fixed deposits	15	13,596,898	38,507,426	-	-
Cash and bank balances	16	26,649,350	31,669,934	353,150	8,405
		250,885,565	269,418,474	4,976,903	4,438,645
Less:					
CURRENT LIABILITIES					
Gross amount due to customers	12	348,022	1,340,607	-	-
Trade and other payables	17	77,232,313	87,441,253	11,155,663	13,554,508
Hire purchase liabilities	18	1,206,217	1,066,407	-	-
Bank borrowings	19	83,711,173	75,989,206	66,946,501	64,389,020
Tax payable		3,966,574	6,343,995	-	-
		166,464,299	172,181,468	78,102,164	77,943,528
NET CURRENT ASSETS/(LIABILITIES)		84,421,266	97,237,006	(73,125,261)	(73,504,883)
		373,731,523	394,887,806	318,348,060	336,177,568
		=====	=====	=====	=====

BALANCE SHEETS - 31 DECEMBER 2002 (CONTD)

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
Financed by:					
SHARE CAPITAL	20	209,793,969	209,793,969	209,793,969	209,793,969
RESERVES	21	22,246,187	47,140,265	36,079,631	34,598,927
SHAREHOLDERS' EQUITY		232,040,156	256,934,234	245,873,600	244,392,896
MINORITY INTERESTS		58,687,024	49,978,663	-	-
LONG TERM LIABILITIES	22	57,854,819	67,047,814	52,996,129	61,560,977
AMOUNT OWING TO SUBSIDIARY COMPANIES	6	-	-	19,478,331	30,223,695
DEFERRED TAX LIABILITIES	23	9,781,862	5,401,803	-	-
DEFERRED INCOME	24	15,367,662	15,525,292	-	-
		373,731,523	394,887,806	318,348,060	336,177,568
		=====	=====	=====	=====

Notes to and forming part of the financial statements are set out on pages 33 to 96
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INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

		Group		Company	
	Note	2002 RM	2001 RM	2002 RM	2001 RM
Gross revenue	25	490,207,889	471,554,128	7,194,031	10,795,738
Cost of sales	26	(402,285,336)	(400,306,263)	-	-
Gross profit		87,922,553	71,247,865	7,194,031	10,795,738
Other operating income		14,271,769	8,323,811	8,229,487	9,416,828
Amount owing waived by former subsidiary companies		-	-	14,927,130	-
Selling and distribution costs		(15,050,046)	(11,255,558)	-	-
Administrative and general expenses		(66,378,776)	(54,365,541)	(756,229)	(3,763,912)
Other operating expenses		(1,109,840)	(1,322,651)	-	-
Profit from operations	27	19,655,660	12,627,926	29,594,419	16,448,654
Finance costs	28	(10,203,103)	(9,960,878)	(9,390,630)	(9,850,655)
Gain/(Loss) on disposal of investments in subsidiary companies		2,069,436	2,135,157	(16,472,568)	(99,999)
Impairment loss on value of investments		(11,001,040)	(19,508,215)	-	(3,928,000)
Share of results in associated companies		(2,771,044)	(6,743,467)	-	-
(Loss)/Profit before tax		(2,250,091)	(21,449,477)	3,731,221	2,570,000
Tax expense					
- Company and its subsidiaries	29	(3,744,951)	(3,675,946)	(740,000)	(399,000)
- Share of tax expense in associated companies		(27,481)	(35,839)	-	-
(Loss)/Profit after tax		(6,022,523)	(25,161,262)	2,991,221	2,171,000
Minority interests		(12,507,721)	(7,573,608)	-	-
Net (loss)/profit for the year		(18,530,244)	(32,734,870)	2,991,221	2,171,000
Net dividend per share (sen)		0.72	0.72	0.72	0.72
Loss per share	30				
Basic (sen)		(8.8)	(15.6)		
Diluted (sen)		-	-		

Notes to and forming part of the financial statements are set out on pages 33 to 96
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2002

	Share capital RM	Share premium RM	Exchange translation reserve RM	Capital reserve RM	--- Unappropriated profit/(Accumulated loss) ---			Total RM
					Undistributed RM	Dividends RM	Sub-total RM	
At 1 January 2001	209,793,969	23,586,099	5,859,500	24,603,319	24,217,737	1,510,517	25,728,254	289,571,141
Transfer from capital reserve	-	-	-	(1,055,780)	1,055,780	-	1,055,780	-
Net gain not recognised in income statement	-	-	1,608,480	-	-	-	-	1,608,480
- exchange translation differences	-	-	-	-	(32,734,870)	-	(32,734,870)	(32,734,870)
Net loss for the year	-	-	-	-	-	(1,510,517)	(1,510,517)	(1,510,517)
Dividend paid in respect of year ended 31 December 2000	-	-	-	-	-	(1,510,517)	(1,510,517)	(1,510,517)
Interim dividend payable of 1% less 28% tax	-	-	-	-	(1,510,517)	1,510,517	-	-
At 31 December 2001	209,793,969	23,586,099	7,467,980	23,547,539	(8,971,870)	1,510,517	(7,461,353)	256,934,234
Transfer to capital reserve	-	-	-	315,000	(315,000)	-	(315,000)	-
Net gain not recognised in income statement	-	-	1,865,246	-	-	-	-	1,865,246
- exchange translation differences	-	-	-	-	-	-	-	-
Exchange translation reserve realised on disposal of foreign subsidiaries	-	-	(6,718,563)	-	-	-	-	(6,718,563)
Net loss for the year	-	-	-	-	(18,530,244)	-	(18,530,244)	(18,530,244)
Dividend paid in respect of year ended 31 December 2001	-	-	-	-	-	(1,510,517)	(1,510,517)	(1,510,517)
Proposed first and final dividend of 1% less 28% tax	-	-	-	-	(1,510,517)	1,510,517	-	-
At 31 December 2002	209,793,969	23,586,099	2,614,663	23,862,539	(29,327,631)	3,021,034	(27,817,114)	232,040,156

Notes to and forming part of the financial statements are set out on pages 33 to 96
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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2002

	Share capital RM	Share premium RM	Capital reserve RM	----- Undistributed RM	Unappropriated profit/ (Accumulated loss) ----- Dividends RM	Sub-total RM	Total RM
At 1 January 2001	209,793,969	23,586,099	13,761,928	(4,920,100)	1,510,517	(3,409,583)	243,732,413
Net profit for the year	-	-	-	2,171,000	-	2,171,000	2,171,000
Dividend paid in respect of year ended 31 December 2000	-	-	-	-	(1,510,517)	(1,510,517)	(1,510,517)
Interim dividend payable of 1% less 28% tax	-	-	-	(1,510,517)	1,510,517	-	-
At 31 December 2001	209,793,969	23,586,099	13,761,928	(4,259,617)	1,510,517	(2,749,100)	244,392,896
Net profit for the year	-	-	-	2,991,221	-	2,991,221	2,991,221
Dividend paid in respect of year ended 31 December 2001	-	-	-	-	(1,510,517)	(1,510,517)	(1,510,517)
Proposed first and final dividend of 1% less 28% tax	-	-	-	(1,510,517)	1,510,517	-	-
At 31 December 2002	209,793,969	23,586,099	13,761,928	(2,778,913)	1,510,517	(1,268,396)	245,873,600

Notes to and forming part of the financial statements are set out on pages 33 to 96
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CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before tax	(2,250,091)	(21,449,477)	3,731,221	2,570,000
Adjustments for:				
Amortisation of goodwill on acquisition	4,752,955	1,919,433	-	-
Amortisation of discounts on ICULS	435,153	435,153	435,153	435,153
Depreciation	14,810,227	14,239,722	-	-
Property, plant and equipment written off	345,561	47,608	-	-
Gain on disposal of property, plant and equipment	(157,689)	(412,187)	-	-
Loss on disposal of property, plant and equipment	20,514	68,817	-	-
Amount owing waived by former subsidiary companies	-	-	(14,927,130)	-
(Gain)/Loss on disposal of subsidiary companies	(2,069,436)	(2,135,157)	16,472,568	99,999
Exchange translation reserve realised on disposal of subsidiary companies	(6,718,563)	-	-	-
Impairment loss on value of investments	11,001,040	19,508,215	-	3,928,000
Impairment loss on value of investments written back	-	(56,769)	-	-
Share of results in associated companies	2,771,044	6,743,467	-	-
Intangible assets written off	155,087	60,776	-	-
Inventories written down	4,006,671	86,198	-	-
Allowance for doubtful debts	1,401,967	2,182,903	-	2,355,966
Allowance for doubtful debts written back	(187,743)	(267,037)	(65,000)	-
Bad debts written off	3,363,291	3,396,982	21,007	728,090
Unrealised gain on foreign exchange	(483,671)	839,485	-	-
Dividend income	(72,311)	(108,433)	(7,194,031)	(10,795,738)
Interest income	(1,710,381)	(2,040,526)	(8,163,243)	(9,416,828)
Interest expenses	10,750,762	9,525,725	8,955,477	9,415,502
Operating profit/(loss) before working capital changes	40,164,387	32,584,898	(733,978)	(679,856)
Changes in inventories	(9,851,871)	23,447,190	-	-
Changes in development properties	16,186,365	9,569,779	-	-
Changes in receivables	(22,530,913)	21,452,838	76,480	2,613,119
Changes in payables	(7,150,310)	(21,135,192)	(2,398,846)	(82,330)
Changes in trade line borrowings	4,607,718	(10,860,977)	-	-
Cash generated from/(utilised in) operations	21,425,376	55,058,536	(3,056,344)	1,850,933
Interest received	1,710,381	2,040,526	8,163,243	9,416,828
Interest paid	(10,750,762)	(9,525,725)	(8,955,477)	(9,415,502)
Interest paid capitalised under development properties	(982,812)	(1,130,760)	-	-
Tax paid	(8,209,182)	438,841	-	(250,000)
Net cash from/(used in) operating activities	3,193,001	46,881,418	(3,848,578)	1,602,259



	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(14,754,062)	(7,877,020)	-	-
Purchase of new subsidiary companies, net of cash (Note 31)	43,397	(126,094)	-	-
Purchase of additional shares in subsidiary companies	(1,062,203)	(203,474)	-	(15,000,000)
Purchase of other investments	(7,128,811)	(2,160,916)	-	-
Proceeds from disposal of property, plant and equipment	837,228	686,867	-	-
Disposals of subsidiary companies, net of cash (Note 31)	(86,578)	(9,261)	166,092	3
Redemption of preference shares in investee company	1,500,000	-	-	-
Return of capital by investee companies	-	274,173	-	-
Repayment from subsidiary companies	-	-	1,570,470	12,310,178
Withdrawal of pledged fixed deposits	4,838,007	736,065	-	-
Advances from subsidiary companies	-	-	4,181,766	-
Dividends received from subsidiary companies	-	-	6,227,350	9,817,550
Dividends received from associated companies	69,500	-	-	-
Dividends received from other investments	72,311	108,433	681	988
Expenditure on patents capitalised	(81,417)	(33,165)	-	-
Net cash (used in)/from investing activities	(15,752,628)	(8,604,392)	12,146,359	7,128,719
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to shareholders	(1,510,517)	(1,510,517)	(1,510,517)	(1,510,517)
Dividend paid to minority interests	(4,363,334)	(3,095,767)	-	-
Bank borrowings raised	1,563,246	8,500,000	-	-
Repayment of bank borrowings	(6,290,546)	(7,219,105)	(4,100,000)	(2,000,000)
Repayment to subsidiary companies	-	-	-	(1,833,698)
Payment of hire purchase instalments	(1,287,764)	(1,233,133)	-	-
Net cash used in financing activities	(11,888,915)	(4,558,522)	(5,610,517)	(5,344,215)
NET CHANGES IN CASH AND CASH EQUIVALENTS				
	(24,448,542)	33,718,504	2,687,264	3,386,763
CASH AND CASH EQUIVALENTS BROUGHT FORWARD				
	51,914,841	18,696,205	(7,780,615)	(11,167,378)
EFFECTS OF CHANGES IN EXCHANGE RATES				
	543,976	(499,868)	-	-
	52,458,817	18,196,337	(7,780,615)	(11,167,378)
CASH AND CASH EQUIVALENTS CARRIED FORWARD				
	28,010,275	51,914,841	(5,093,351)	(7,780,615)

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Represented by:				
FIXED DEPOSITS	10,701,774	30,774,295	-	-
CASH AND BANK BALANCES	26,649,350	31,669,934	353,150	8,405
BANK OVERDRAFTS	(9,340,849)	(10,529,388)	(5,446,501)	(7,789,020)
	<u>28,010,275</u>	<u>51,914,841</u>	<u>(5,093,351)</u>	<u>(7,780,615)</u>
	=====	=====	=====	=====

During the financial year, the Group acquired property, plant and equipment amounting to RM15,316,496 (2001 : RM8,140,148) of which RM562,434 (2001 : RM263,128) was financed under hire purchase and the balance of RM14,754,062 (2001 : RM7,877,020) was paid by cash.

Notes to and forming part of the financial statements are set out on pages 33 to 96
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are prepared under the historical cost convention, unless otherwise indicated in the accounting policies set out below.

The financial statements comply with applicable approved accounting standards issued or adopted by the Malaysian Accounting Standards Board ("MASB") and the provisions of the Companies Act, 1965.

The Company has also applied MASB 25 : Income Taxes before its effective date.

(b) Subsidiary companies

A subsidiary company is a company in which the Company has the power to control the financial and operating policies so as to obtain benefits from its activities.

The Company's interests in subsidiary companies are stated at cost less accumulated impairment loss. The investments are written down when there is an impairment loss on the value of such investments. The impairment loss is charged to the income statement.

(c) Basis of consolidation

The consolidated financial statements include the audited financial statements of the Company and all its subsidiary companies made up to the end of the financial year. All material inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only. The financial statements of all subsidiary companies are consolidated on the acquisition method of accounting and the results of the subsidiary companies acquired or disposed of are included in the consolidated financial statements from the date of acquisition or up to the date of disposal.

At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements.

(d) Associated companies

Associated companies are defined as those companies in which the Group holds a long term equity interest, has representation on the board of directors and is in a position to exercise significant influence in their management, but not control, over the financial and operating policies.

Investments in associated companies are stated at cost less accumulated impairment loss. The investments are written down when there is an impairment loss on the value of such investments. The impairment loss is charged to the income statement.

The Group's share of results and reserves of the associated companies are accounted for in the income statement using the equity method of accounting in place of dividends received. On the balance sheet, the Group's share of post-acquisition results and reserves of the associated companies are added to the cost of investments.

The post-acquisition results and reserves of the associated companies accounted for are based on the latest audited or management financial statements of the companies concerned made up to the end of the financial year.

(e) Goodwill or discount on acquisition

The difference, between the acquisition cost and the fair values of attributable net assets acquired is reflected in the financial statements as either goodwill or discount on acquisition. Goodwill on acquisition is amortised over a period of 20 years on the straight line basis while discount on acquisition is retained in the balance sheet and will be credited to the income statement over the suitable period decided in relation to the particular circumstances which give rise to it. The carrying amounts and amortisation periods are reviewed annually and goodwill is written down when its value has deteriorated or when it ceases to have a useful life.

(f) Property, plant and equipment

(i) Measurement basis

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

(ii) Depreciation

Freehold land is not amortised while leasehold land is amortised over the remaining lease period of 30 to 99 years.

Depreciation is calculated to write off the cost of other property, plant and equipment on the straight line basis over their expected useful lives at the following annual rates:

Buildings	1% - 10%
Plant and machinery	7.5% - 40%
Motor vehicles	15% - 20%
Furniture, fixtures and equipment	2% - 50%

(g) Assets acquired under hire purchase and finance lease agreements

Assets financed by hire-purchase and finance lease agreements which transfer substantially all risks and rewards of ownership to the Group are capitalised as property, plant and equipment and corresponding obligation are treated as liabilities. Assets acquired by way of hire-purchase and finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum hire-purchase and lease payments at the inception of the leases. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

In calculating the present value of the minimum hire purchase and finance lease payments, the discount rate is the interest rate implicit in the lease, if this is practicable to determine; if not, the Group's incremental borrowing rates are used.

(h) Development properties

Development properties are stated at cost plus attributable profit less foreseeable losses and progress billings. Cost consists of land and development expenditure which includes interest expenses incurred during the period of development. Development properties are only shown as current assets when significant development work has been undertaken and are expected to be completed within the normal operating cycle.

Profit on development properties is recognised on the percentage of completion method, which is applied in circumstances where the outcome of the contract can be reliably determined. The stage of completion is determined by the proportion of cost incurred to-date bear to estimated total costs, and for this purpose only those costs that reflect actual development work performed are included as costs incurred to-date.

Where the outcome of a development cannot be reasonably estimated, no development revenue is recognised.

When it is probable that the total costs will exceed total revenue, the foreseeable loss is immediately recognised in the income statement irrespective of whether development work has commenced or not, or the stage of completion of development activity or the amounts of profits expected to arise on other unrelated development projects.

(i) Investment properties

Investment properties are stated at cost less accumulated impairment loss and are held for their investment potential and rental income.

The investment properties are written down when there is an impairment loss on the value of such investments. The impairment loss is charged to the income statement.

(j) Other investments

Other investments are stated at cost less accumulated impairment loss and are held for long term. The investments are written down when there is an impairment loss on the value of such investments. The impairment loss is charged to the income statement.

(k) Intangible assets

The cost of acquiring and development of patents, including cost of registration of patents is capitalised and written off on the straight line basis over the expected useful economic life of 5 years.

The carrying amount of the intangible assets are reviewed annually to determine whether there is an impairment loss. The impairment loss, if any, is charged to the income statement.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined principally on the weighted average, first-in first-out and specific identification bases appropriate to the type of inventory. In the case of work-in-progress and finished goods, cost comprises materials, direct labour, other direct charges and an appropriate proportion of factory overheads. The net realisable value is considered to be the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated selling expenses.

(m) Gross amount due from/to customers

On the balance sheet, contracts work-in-progress are reflected either as gross amounts due from or due to customers, where a gross amount due from customers is the surplus of (i) costs incurred plus profits recognised under the percentage of completion method over (ii) recognised foreseeable losses plus progress billings. A gross amount due to customers is the surplus of (ii) over (i).

(n) Receivables

Receivables are stated at their nominal values and an allowance is made for any receivables considered to be doubtful of collection. Known bad debts are written off.

(o) Payables

Payables are stated at their nominal values which are the fair values of the consideration to be paid in the future for goods and services received.

(p) Share capital

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of the shares is accounted for as a deduction from share premium, otherwise, it is charged to the income statement.

Dividends on the ordinary shares, when declared or proposed by the directors of the Company are disclosed within the components of equity. Upon approval and when paid, such dividends will be accounted for in the shareholders' equity as a distribution of unappropriated profit in the financial year in which the dividends are paid.

(q) Foreign currencies*(i) Foreign currency transactions*

Transactions in foreign currencies are converted to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at closing rates or at forward contract rates, if appropriate. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions.

(ii) Financial statements of foreign operations

For consolidation purposes, assets and liabilities of foreign subsidiary companies are converted to Ringgit Malaysia at the closing rates. Goodwill or discount on acquisition and fair value adjustments are translated at the exchange rates at the dates of acquisition. The revenue and expense items in the income statement are translated to Ringgit Malaysia at average exchange rates applicable throughout the financial year. All exchange differences arising on translation are recognised directly in equity through the exchange translation reserve account. On disposal of foreign subsidiaries, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

The closing rates used in translation are as follows:

	2002 RM	2001 RM
USD1	3.77	3.77
SGD1	2.17	2.03
HKD1	0.48	0.48
AUD1	2.12	1.91
RMB1	0.46	0.46
TWD1	0.11	0.11
	=====	=====

(r) Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the higher of the estimated net selling price of the asset and its value in use. Value in use is the value to be generated from continuing use of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an item of asset or the cash generating unit to which it belongs exceeds its recoverable amount. The impairment loss, if any, is charged to the income statement.

Any subsequent increase in recoverable amount is recognised as reversal of previous impairment loss and should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

(s) Income recognition

Income is recognised when it is probable that the economic benefits will flow to the Group and the Company and when the income can be measured reliably, on the following bases:

(i) Sale of goods

Sale of goods is recognised when significant risks and rewards of ownership have been transferred to the customers.

(ii) Construction contracts

The Group's construction contracts are all fixed price contracts and where their outcome can be reasonably estimated, revenue is recognised on the percentage of completion method. The stage of completion is determined by the proportion that contract costs incurred to-date bear to estimated total costs, and for this purpose only those costs that reflect actual contract work performed are included as costs incurred to date.

When the outcome of a construction contract cannot be reasonably estimated, revenue is recognised only to the extent of contract costs incurred that are expected to be recoverable. At the same time, all contract costs incurred are recognised as an expense in the period in which they are incurred.

Where it is probable that the total costs will exceed total revenue, the foreseeable loss is immediately recognised in the income statement irrespective of whether contract work has commenced or not, or the stage of completion of contract activity, or the amounts of profits expected to arise on other unrelated contracts.

(iii) Sale of development properties

Income from sale of development properties is recognised on the percentage of completion method and represents the proportionate sales value of development properties sold attributable to the percentage of development work performed during the financial year.

(iv) Services rendered

Income from services rendered is recognised on an accrual basis when services are rendered.

(v) Dividend income

Dividend income is recognised when the shareholders' right to receive payment is established.

(vi) Interest income

Interest income is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

(vii) Rental income

Rental income is recognised on a time proportion basis over the lease term.

(viii) Licence fee

Licence fee is recognised on time proportion basis over the licence period commencing from the respective dates of signing the licence agreements to 31 August 2089. Licence fees received and receivable which relate to the unexpired licence period are reflected in the consolidated balance sheet as deferred income.

(t) Finance costs

Finance costs comprise interest and other expenses paid and payable on borrowings.

Borrowing costs incurred on development properties that take a substantial period of time for completion are capitalised into the carrying value of the assets. Capitalisation of borrowing costs will cease when the assets are completed or during extended periods in which active development is interrupted.

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of finance costs.

The interest component of hire purchase and finance lease payments is charged to the income statement over the hire purchase and finance lease periods so as to give a constant periodic rate of interest on the remaining hire purchase and finance lease liabilities.

(u) Discount on ICULS

The discount on Irredeemable Convertible Unsecured Loan Stocks ("ICULS") is written off over a period of 5 years, being the tenure of the ICULS so as to give a constant periodic rate of interest on the remaining ICULS, except for the discount on those ICULS already converted, in which case the discount is fully written off in the year of conversion.

(v) Operating leases

Operating leases are those leases other than finance leases. Lease payments under operating leases are charged to the income statement on a time proportion basis over the lease term.

(w) Tax expense

The tax expense in the income statement represents taxation at current tax rate based on profit earned during the year.

Deferred taxation is provided on the liability method for taxation deferred in respect of all material temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognised for material taxable temporary differences and deferred tax assets are recognised for material deductible temporary differences to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are not recognised for temporary differences arising from goodwill for which the amortisation is not deductible for tax purposes, or from the initial recognition of other assets or liabilities 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 calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Current and deferred tax is recognised as income or an expense and included in the income statement, except where it relates to a transaction or event which is recognised directly in equity, in which case the deferred tax is also dealt with in equity.

The Group adopted the above accounting policies during the financial year under review. In prior years, deferred taxation was provided on the liability method for taxation deferred in respect of all material timing differences except where it was thought reasonably probable that the tax effects of such deferrals will continue in the foreseeable future. The effect of the change in the accounting policies in respect of deferred taxation is not material and therefore not adjusted against the opening accumulated loss.

(x) Cash equivalents

Cash equivalents comprise fixed deposits, cash and bank balances, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value.

(y) Financial instruments*(i) Financial instruments recognised in the balance sheet*

The Group's financial instruments which are recognised in the balance sheets comprise cash and cash equivalents, trade and other receivables, long term investments, trade and other payables, bank borrowings and hire purchase liabilities as well as ordinary share capital. These financial instruments are recognised when a contractual relationship has been established. The accounting policies and methods adopted, including the criteria for recognition and the basis of measurement applied are disclosed above. The information on the extent and nature of these recognised financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows are disclosed in the respective notes to the financial statements.

(ii) Financial instruments not recognised in the balance sheet

Certain subsidiary companies within the Group are parties to foreign currency forward contracts which are not recognised in the financial statements at inception. The objective of entering into these foreign currency forward contracts is to protect these companies against unfavourable exchange rate movements for purchases undertaken in foreign currencies. Gains or losses from the forward contracts on receivables offset the corresponding foreign exchange losses or gains on payables covered by the forward contracts.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The overall financial risk management objective of the Group is to ensure that it creates value and maximise returns to its shareholders.

Financial risk management is carried out through risk reviews, internal control systems, benchmarking the industry's best practices and adherence to Group's financial management policies.

The Group has been financing its operations mainly from internally generated funds and bank borrowings.

The main risks arising from the financial instruments of the Group are credit risk, foreign currency exchange risk, interest rate risk, market risk, liquidity and cash flow risk. The management of the Group monitors the financial position closely with an objective to minimise potential adverse effects on the performance of the Group. The management reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged during the financial year.

(a) Credit risk

Credit risk arises when sales are made and services are rendered on deferred terms and when surplus cash is invested.

The Group has credit policies in place to manage the credit risk exposure. The risk is managed through the application of the Group's extensive credit management procedures which include the application of credit approvals, adherence to credit limits, regular monitoring and follow up procedures.

As regards to surplus cash, the Group invests its cash assets safely and profitably by depositing them with licensed financial institutions.

The Group considers the risk of material loss from the non-performance on the part of a financial counter-party to be negligible.

(b) Foreign currency exchange risk

The Group is exposed to foreign currency exchange risk as a result of transactions entered into by the subsidiary companies which are denominated in currencies other than their functional currencies. Certain subsidiary companies entered into foreign currency forward contracts in the normal course of business in order to limit their exposure.

(c) Interest rate risk

The Group is exposed to interest rate risk in respect of its fixed deposits placed with licensed financial institutions, bank borrowings and hire purchase liabilities. This risk is managed through the use of fixed and floating interest rate financial instruments. It is the Group's policy not to trade in interest swap agreements.

(d) Market risk

The Group's exposure to market risk arises mainly from changes in market prices of its quoted investments. The Group is exposed to significant market risk in respect of its quoted investments as it does not use derivatives to hedge these investments.

(e) Liquidity and cash flow risk

Prudent liquidity risk management implies maintaining sufficient cash, time deposits and the availability of funding through adequate amount of committed credit facilities. Due to the nature of the business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land & buildings RM	Long term leasehold land & buildings RM	Short term leasehold land & buildings RM	Plant & machinery RM	Motor vehicles, furniture, fittings & equipment RM	Capital work-in-progress RM	Total RM
2002							
At cost							
At 1 January	5,766,449	80,744,490	9,119,401	91,679,421	27,884,375	7,479	215,201,615
Exchange adjustments	153,958	(1,685)	-	260,853	126,028	5	539,159
	5,920,407	80,742,805	9,119,401	91,940,274	28,010,403	7,484	215,740,774
Acquisition of subsidiaries	-	-	-	-	61,472	-	61,472
Disposal of subsidiaries	-	-	-	(10,304)	(364,822)	-	(375,126)
Additions	-	290,769	2,983,540	7,871,710	4,166,339	4,138	15,316,496
Disposals	-	-	-	(803,745)	(1,018,054)	-	(1,821,799)
Write-off	-	-	-	(775,795)	(253,435)	(11,622)	(1,040,852)
Reclassifications	-	-	-	(1,329,425)	1,329,425	-	-
At 31 December	5,920,407	81,033,574	12,102,941	96,892,715	31,931,328	-	227,880,965
Accumulated depreciation							
At 1 January	376,668	15,685,837	839,487	66,168,401	17,693,399	-	100,763,792
Exchange adjustments	16,210	(2,893)	-	128,328	55,630	-	197,275
	392,878	15,682,944	839,487	66,296,729	17,749,029	-	100,961,067
Acquisition of subsidiaries	-	-	-	-	967	-	967
Disposal of subsidiaries	-	-	-	(644)	(132,168)	-	(132,812)
Charge for the year	94,779	2,280,967	295,503	8,540,976	3,598,002	-	14,810,227
Disposals	-	-	-	(594,040)	(527,706)	-	(1,121,746)
Write-off	-	-	-	(588,766)	(106,525)	-	(695,291)
Reclassifications	-	-	-	(486,368)	486,368	-	-
At 31 December	487,657	17,963,911	1,134,990	73,167,887	21,067,967	-	113,822,412
Net book value at 31 December	5,432,750	63,069,663	10,967,951	23,724,828	10,863,361	-	114,058,553
2001							
Net book value at 31 December	5,389,781	65,058,653	8,279,914	25,511,020	10,190,976	7,479	114,437,823
Depreciation charge for the year	70,976	2,649,395	179,772	8,506,418	2,833,161	-	14,239,722

The leasehold land of a subsidiary company with net carrying amount of RM17,086,222 (2001 : RM17,280,366) is presently licensed to another subsidiary company for 97 years which commenced on 1 September 1992 for the purpose of management of a golf course and a clubhouse. The remaining leasehold land of the said subsidiary company of RM17,760,000 (2001 : RM17,760,000) has been allocated for development purpose and is classified under development properties referred to in Note 4.

The net carrying amounts of property, plant and equipment pledged as securities for banking and other credit facilities granted to the Group are as follows:

	Group	
	2002 RM	2001 RM
Freehold properties	4,458,337	4,406,601
Long term leasehold properties	32,585,731	33,191,641
Plant and machinery	4,085,013	6,755,933
Motor vehicles, furniture, fixtures and equipment	1,417,800	1,001,516
	<u>42,546,881</u>	<u>45,355,691</u>
	=====	=====

Included in the net carrying amount of property, plant and equipment of the Group are plant and machinery, motor vehicles and equipment amounting to RM3,945,394 (2001 : RM4,437,102) acquired under hire purchase.

4. DEVELOPMENT PROPERTIES

	Group	
	2002 RM	2001 RM
Land, at cost	47,120,596	50,870,596
Development expenditure, at cost	109,795,416	107,496,344
	<u>156,916,012</u>	<u>158,366,940</u>
Less:		
Foreseeable loss	-	-
	<u>156,916,012</u>	<u>158,366,940</u>
Less:		
Non-current portion	25,045,756	24,631,817
	<u>131,870,256</u>	<u>133,735,123</u>
Profit attributable to development work to-date	3,985,936	5,316,829
	<u>135,856,192</u>	<u>139,051,952</u>
Less:		
Progress billings	129,916,638	117,494,906
	<u>5,939,554</u>	<u>21,557,046</u>
	=====	=====

	Group	
	2002 RM	2001 RM
Progress billings to-date comprise:		
Progress billings		
- received	128,807,745	113,717,905
- receivable	1,108,893	3,777,001
	<hr/>	<hr/>
	129,916,638	117,494,906
	<hr/>	<hr/>

The Group considers as current assets those portions of development properties on which significant development works have been undertaken and are expected to be completed within the normal operating cycle.

There were no advances received for contract work not yet performed at the end of the financial year.

Included in development expenditure is interest expense capitalised during the year amounting to RM982,812 (2001 : RM1,130,760).

The carrying amounts of development properties of a subsidiary company pledged as security for banking facilities granted to the Company and the said subsidiary are as follows:

	Group	
	2002 RM	2001 RM
Land	1,645,261	1,645,261
Development expenditure	1,679,202	1,703,360
	<hr/>	<hr/>
	3,324,463	3,348,621
	<hr/>	<hr/>

5. SUBSIDIARY COMPANIES

	Company	
	2002 RM	2001 RM
Unquoted shares, at cost	134,205,268	154,771,928
Less:		
Impairment loss	-	3,928,000
	-----	-----
	134,205,268	150,843,928
	=====	=====

The subsidiary companies, all of which are incorporated in Malaysia except where indicated, are as follows:

	Gross equity interest		Principal activities
	2002	2001	
	%	%	
Subsidiaries of the Company			
MWE Spinning Mills Sdn Bhd	100	100	Investment holding, manufacturing and sale of yarn
MWE Weaving Mills Sdn Bhd	100	100	Trading of yarns
MWE Properties Sdn Bhd	100	100	Property investment and development
Metra Management Sdn Bhd	100	100	Provision of share registration and management services
Ganda Pesona Sdn Bhd	100	100	Provision of secretarial and insurance agency services
First Cosmopolitan Sdn Bhd	100	100	Investment holding
MWE Advanced Structure Sdn Bhd	90	90	Building construction
* Davex Holdings Berhad	86	86	Investment holding
MWE Optical Holdings Sdn Bhd	55	55	Investment holding
Alam Perdana Sdn Bhd	51	51	Investment holding
MWE Golf & Country Club Berhad	100	100	Management of a golf course and clubhouse and the provision of landscaping services
* Alu-Paste & Pigments Sdn Bhd	100	100	Investment holding

	Gross equity interest		Principal activities
	2002	2001	
	%	%	
Subsidiaries of the Company			
E & W Wood Industries Sdn Bhd	-	98	Inactive
Inai Idaman Sdn Bhd	-	100	Inactive
MWE Hunza Corporation Sdn Bhd	-	100	Investment holding
Skypark Corporation Sdn Bhd	-	55	Consultancy services on technology of parking system
Subsidiary companies of MWE Spinning Mills Sdn Bhd			
MWE Textile Industries Sdn Bhd	100	100	Manufacturing and sale of dyed knitted fabrics, dyeing and finishing of woven fabrics
United Sweethearts Garment Sdn Bhd	100	100	Manufacturing and sale of garments
* United Sweethearts Garment (Vietnam) Co Ltd (incorporated in Vietnam)	100	-	Production of garment products for export
Multibillion Industrial Sdn Bhd	-	100	Inactive
MWE Apparel Sourcing Sdn Bhd	-	100	Inactive
MWE Garments Sdn Bhd	-	100	Inactive
Subsidiary companies of MWE Properties Sdn Bhd			
Jurangjaya Sdn Bhd	60	60	Property development
MWE Development Sdn Bhd	70	70	Property development
MWE Tiravest Sdn Bhd	60	60	Property development
Melati Mewah Sdn Bhd	100	100	Property investment and development
MWE Macadam Sdn Bhd	51	51	Building construction
Metra PMC Sdn Bhd	100	100	Provision of property management services
Prime Achiever Sdn Bhd	90	90	Rental of properties
MWE Precast Concrete Sdn Bhd	100	100	Manufacture and sale of precast formwork panels
Shanpin Industrial (M) Sdn Bhd	-	96	Property development



	Gross equity interest		Principal activities
	2002	2001	
	%	%	
Subsidiary company of			
Juarangjaya Sdn Bhd			
Lup Ching Holdings Sdn Bhd	100	100	Property development
Subsidiary company of			
Metra Management Sdn Bhd			
Metra Nominees Sdn Bhd	100	100	Provision of nominee services
Subsidiary companies of			
First Cosmopolitan Sdn Bhd			
Devanna Ltd (incorporated in British Virgin Islands)	100	100	Investment holding and general trading
* MWE (Singapore) Pte Ltd (incorporated in the Republic of Singapore)	100	100	Investment holding
Diamond Head International Holdings Ltd (incorporated in British Virgin Islands)	-	100	Inactive
Subsidiary companies of MWE			
Advanced Structure Sdn Bhd			
MWE Cedar Homes Sdn Bhd	70	70	Inactive
Quasar Industrial Vehicles Sdn Bhd	51	-	Assembling and distributing of trucks

	Gross equity interest		Principal activities
	2002 %	2001 %	
Subsidiary companies of Davex Holdings Bhd			
* PI Electronics (Hong Kong) Ltd (incorporated in Hong Kong, SAR)	51	51	Investment holding, designing, manufacturing and sale of electronic power conversion products
*PI Electronics Pte Ltd (incorporated in the Republic of Singapore)	51	51	Importing and exporting of electronic power conversion products
* Davex (Malaysia) Sdn Bhd	87	83	General importer and supplier of electrical fittings, manufacturing and assembling of all range of electrical cable trunkings and lightings
* DG Technologies (M) Sdn Bhd	91	81	Contract manufacturing of electronic products
* Daviscomms (S) Pte Ltd (incorporated in the Republic of Singapore)	71	68	Design, manufacturing and distribution of telecommunication products
* Phili-Orient Lines (Penang) Sdn Bhd	57	54	Provision of sea freight forwarding services
* PI International Ltd (incorporated in British Virgin Islands)	51	51	Dormant
Subsidiary companies of PI Electronics (Hong Kong) Ltd			
* PI Electronics Pte Ltd (incorporated in the Republic of Taiwan)	51	51	Trading in electronic components and products
* PI Techonology (China) Ltd (incorporated in Hong Kong, SAR)	75	75	Investment holding and trading of electronic parts and electronic power conversion products



	Gross equity interest 2002 %	2001 %	Principal activities
Subsidiary companies of Davex (Malaysia) Sdn Bhd			
* Davex Australia Pty Ltd (incorporated in Australia)	100	100	Manufacturer, wholesaler and importer of electrical goods
* Davex Trading (Pg) Sdn Bhd	100	100	Inactive
* Davex Engineering (M) Sdn Bhd	100	100	Manufacturing and assembly of a range of electrical cable trunkings and lightings
* Davex Group (M) Sdn Bhd	100	100	Inactive
* Specific Form Sdn Bhd	100	100	Investment holding
Subsidiary companies of Phili-Orient Lines (Penang) Sdn Bhd			
* Phili-Orient Airfreight (Penang) Sdn Bhd	100	100	Provision of international air and sea freight forwarding services
* Phili-Orient Lines (Port Klang) Sdn Bhd	100	60	Provision of sea freight forwarding services
* Phili-Orient Lines (Johor) Sdn Bhd	51	51	Provision of international air and sea freight forwarding services and warehousing
* P. O. Logistics (Singapore) Pte Ltd (incorporated in the Republic of Singapore)	-	51	Provision of freight forwarding, logistics and warehousing business
Subsidiary company of Phili-Orient Airfreight (Penang) Sdn Bhd			
* Phili-Orient Airfreight (Malaysia) Sdn Bhd	100	100	Provision of air and sea freight forwarding services

	Gross equity interest 2002 %	2001 %	Principal activities
Subsidiary company of PI Techonology (China) Ltd			
* PI Technology (Shenzhen) Ltd (incorporated in the People's Republic of China)	100	100	Manufacturing of electronic products
Subsidiary company of Specific Form Sdn Bhd			
* Realistic Returns Sdn Bhd	100	100	Letting of property
Subsidiary companies of MWE Optical Holdings Sdn Bhd			
MWE Optical Trading Sdn Bhd	100	100	Trading in optical products
MWE Optima JV Sdn Bhd	100	100	Trading in opthalmic products
Shu Tong Mow Contact Optical Sdn Bhd	100	100	Trading in opthalmic products
* MWE Optical Pte Ltd (incorporated in the Republic of Singapore)	100	100	Inactive
Subsidiary company of Alam Perdana Sdn Bhd			
* P & E Holdings (M) Sdn Bhd	100	75	Investment holding
Subsidiary company of MWE Hunza Corporation Sdn Bhd			
MWE Hunza Resort Sdn Bhd	-	100	Inactive

* Subsidiary companies not audited by Moores Rowland or its associates.

6. AMOUNT OWING BY/TO SUBSIDIARY COMPANIES

	Company	
	2002 RM	2001 RM
Amount owing by subsidiary companies	257,259,944	262,169,322
Less:		
Allowance for doubtful debts	-	3,338,908
	<u>257,259,944</u>	<u>258,830,414</u>
	=====	=====
Amount owing to subsidiary companies	19,478,331	30,223,695
	=====	=====

The amount owing by/to the subsidiary companies represents unsecured advances which are not expected to be substantially repayable within the next 12 months.

Amount owing by subsidiary companies totalling RM232,116,807 (2001 : RM228,854,218) earns effective interest rates of between 0.125% and 8.47% (2001 : 0.125% and 8.87%) per annum and the balance is interest free.

Amount owing to subsidiary companies totalling RM4,310,173 (2001 : RM4,658,167) bears effective interest rate of 7% (2001 : 7%) per annum and the balance is interest free.

7. ASSOCIATED COMPANIES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Unquoted shares, at cost	20,160,824	20,160,824	16,747,096	16,747,096
Less:				
Impairment loss	-	-	16,747,095	16,747,095
	20,160,824	20,160,824	1	1
Group's share of post- acquisition reserves and results	(15,043,408)	(12,825,577)	-	-
	5,117,416	7,335,247	1	1
	=====	=====	=====	=====

Represented by:

	2002 RM	2001 RM
Attributable share of net assets of associated companies	5,117,416	7,335,247
	=====	=====

The share of loss in an associated company has been discontinued in the previous financial years as the share of loss had exceeded the carrying amount of the investment. The share of loss for the current year and cumulatively not recognised is as follows:

	Group	
	2002 RM	2001 RM
Share of loss not recognised		
- in the current year	(11,968)	(37,878)
- cumulatively	(8,067,505)	(8,055,537)
	=====	=====

The associated companies, all of which are incorporated in Malaysia except where indicated, are as follows:

	Gross equity interest 2002 %	interest 2001 %	Principal activities
Associated company of the Company			
Premier Capital Holdings Sdn Bhd	30	30	Investment holding
Associated companies of MWE Properties Sdn Bhd			
Island Garden Development Sdn Bhd	40	40	Housing development
Ribuan Wangsa Sdn Bhd	50	50	Property development
Associated companies of United Sweethearts Garment Sdn Bhd			
USJ Embroidery Sdn Bhd	49	49	Embroidery of garments
USH Garment (Nibong Tebal) Sdn Bhd	45	45	Manufacturing of and dealing in textiles
CNT Garments Sdn Bhd	20	20	Manufacturing of and dealing in textiles
Associated company of PI Electronics (Hong Kong) Ltd			
STD PI Technology Limited (incorporated in Hong Kong, SAR)	40	40	Investment holding
Associated company of Devanna Ltd			
* Greenland Timber Industries Pte Ltd (incorporated in the Republic of Singapore)	41	41	Investment holding

* This associated company has 3.50% (2001 : 3.52%) interest in the issued and paid-up share capital of the Company.

8. OTHER INVESTMENTS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Investment properties				
- freehold land, at cost	6,180,000	6,180,000	-	-
- buildings, at cost	78,386,536	78,386,536	-	-
	84,566,536	84,566,536	-	-
Less:				
Impairment loss	8,888,023	-	-	-
	75,678,513	84,566,536	-	-
Quoted shares, at cost				
- quoted in Malaysia	20,520,000	20,520,000	-	-
- quoted outside Malaysia	9,784,460	2,676,384	8,105	8,105
	30,304,460	23,196,384	8,105	8,105
Less:				
Impairment loss on shares				
- quoted in Malaysia	15,105,000	14,829,500	-	-
- quoted outside Malaysia	2,047,969	1,326,133	-	-
	17,152,969	16,155,633	-	-
	13,151,491	7,040,751	8,105	8,105
Unquoted shares, at cost	60,842,287	59,685,365	15,203,920	15,203,920
Less:				
Impairment loss	26,637,290	22,867,830	15,203,917	15,203,917
	34,204,997	36,817,535	3	3
Membership in a golf and country club, at cost	270,533	253,422	-	-
	123,305,534	128,678,244	8,108	8,108
Market value				
- shares quoted in Malaysia	5,415,000	5,690,500	-	-
- shares quoted outside Malaysia	9,073,983	1,930,994	41,804	48,164
	14,488,983	7,621,494	41,804	48,164

All the above shares quoted in Malaysia held by a subsidiary company have been pledged to a licensed bank to secure banking facilities of the Company.

The net carrying amounts of investment properties of certain subsidiary companies pledged as securities for bank term loans granted to the Company are as follows:

	2002 RM	2001 RM
Investment properties		
- freehold land	6,180,000	6,180,000
- buildings	56,515,873	65,403,896
	<u>62,695,873</u>	<u>71,583,896</u>
	=====	=====

9. GOODWILL ON ACQUISITION

	2002 RM	Group 2001 RM
At 1 January	22,279,596	24,232,855
Additions	5,522,421	48,900
Disposals	(1,480,666)	(82,726)
	<u>26,321,351</u>	<u>24,199,029</u>
Less:		
Amortisation for the year	4,752,955	1,919,433
	<u>21,568,396</u>	<u>22,279,596</u>
	=====	=====

10. INTANGIBLE ASSETS

Intangible assets represent patents stated at cost less amount written off.

11. INVENTORIES

Group	At cost	At net	Total
2002	RM	realisable value	RM
		RM	
Raw materials	28,349,836	-	28,349,836
Work-in-progress	11,524,487	-	11,524,487
Finished goods	16,035,348	90,131	16,125,479
Inventories of completed development properties	3,022,391	16,299,000	19,321,391
Consumable stores and spares	2,591,564	-	2,591,564
	<u>61,523,626</u>	<u>16,389,131</u>	<u>77,912,757</u>
	=====	=====	=====
2001			
Raw materials	21,681,128	-	21,681,128
Work-in-progress	8,625,022	-	8,625,022
Finished goods	15,290,080	-	15,290,080
Inventories of completed development properties	23,348,560	-	23,348,560
Consumable stores and spares	1,148,660	-	1,148,660
	<u>70,093,450</u>	<u>-</u>	<u>70,093,450</u>
	=====	=====	=====

Inventories of completed development properties amounting to RM16,299,000 (2001 : RM20,245,228) have been charged to a bank to secure banking facilities granted to the Company.

12. GROSS AMOUNT DUE FROM/TO CUSTOMERS

	Group	
	2002 RM	2001 RM
Cost of contracts	34,843,079	32,804,755
Attributable profits recognised to-date	3,737,993	2,590,919
	-----	-----
	38,581,072	35,395,674
Less:		
Progress billings to-date	36,813,356	34,901,538
	-----	-----
	1,767,716	494,136
	=====	=====
Represented by:		
Gross amount due from customers	2,115,738	1,834,743
Gross amount due to customers	(348,022)	(1,340,607)
	-----	-----
	1,767,716	494,136
	=====	=====
Retention sum receivable	976,145	1,920,524
	=====	=====

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Gross trade receivables	95,734,459	77,952,687	-	-
Less:				
Allowance for doubtful debts	1,717,491	3,957,211	-	-
	-----	-----	-----	-----
	94,016,968	73,995,476	-	-
Other receivables, deposits and prepayments	32,967,529	43,884,788	6,411,307	6,443,794
Less:				
Allowance for doubtful debts	13,841,295	21,367,694	6,399,805	6,399,805
	-----	-----	-----	-----
	19,126,234	22,517,094	11,502	43,989
	-----	-----	-----	-----
	113,143,202	96,512,570	11,502	43,989
	=====	=====	=====	=====

Trade receivables represent amounts receivable from progress billings made to customers on contract works performed, sale of goods and services rendered to customers, rental receivable from tenants, management fees receivable and retention sum receivables. Other receivables are from the normal business transactions of the Group.

All trade receivables are granted credit periods of 14 to 180 days.

The retention sums are receivable upon the expiry of the defect liability periods of the respective construction contracts. The defect liability periods of the construction contracts are between 12 and 18 months.

14. AMOUNT OWING BY ASSOCIATED COMPANIES

The amount owing by the associated companies represent unsecured advances which are interest free except for an amount of RM257,852 (2001 : RM257,852) which earns effective interest rate of between 7.15% and 7.55% (2001 : 7.15% and 7.55%) per annum and have no fixed terms of repayment.

15. FIXED DEPOSITS

	Group	
	2002 RM	2001 RM
Fixed deposits are placed with		
- licensed banks in Malaysia	8,896,458	30,835,820
- foreign banks	4,700,440	7,671,606
	<hr/>	<hr/>
	13,596,898	38,507,426
	<hr/>	<hr/>

The effective interest rates of the fixed deposits placed with licensed banks and foreign banks are from 2.10% to 4.25% and 0.19% to 2.00% per annum respectively.

All the fixed deposits have maturity periods of less than one year.

Fixed deposits amounting to RM2,895,124 (2001 : RM7,733,131) of the Group are pledged as securities for bank guarantees and other credit facilities granted to the Group.

Included in fixed deposits of the Group is an amount of RM677,870 (2001 : RM637,256) placed in trust accounts pursuant to Clause 12.02 and 13.01 of the Trust Deed entered into between two subsidiary companies, AmTrustee Berhad (formerly known as Arab-Malaysian Trustee Berhad) and Licensees of Monterez Golf & Country Club and RM491,126 (2001 : RM454,139) placed in trust accounts pursuant to Section 46 of the Strata Titles Act, 1985 (Act 318) and Schedule III, Clause 5 of the Deed of Covenant entered into between the Developer and the Purchasers. The above trust accounts are only available for specific uses by the said subsidiary companies.

16. CASH AND BANK BALANCES

Included in cash and bank balances of the Group are bank balances not available for use by the Group amounting to RM3,554,733 (2001 : RM1,447,396) maintained in housing development accounts in accordance with the Housing Developers (Housing Development Account) Regulations 1991 and RM8,312 (2001 : RM20,096) placed in trust accounts pursuant to Clause 11.01, 12.02 and 13.01 of the Trust Deed entered into between two subsidiary companies, AmTrustee Berhad (formerly known as Arab-Malaysian Trustee Berhad) and Licensees of Monterez Golf & Country Club. These accounts are only available for specific uses by the said subsidiary companies.

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Trade payables	39,906,402	43,142,710	-	-
Other payables, deposits and accruals	37,325,911	44,298,543	11,155,663	13,554,508
	<u>77,232,313</u>	<u>87,441,253</u>	<u>11,155,663</u>	<u>13,554,508</u>
	=====	=====	=====	=====

Trade payables comprise amounts outstanding for trade purchases, sub-contractors claims on contract works performed and retention sums payable. Other payables are from the normal business transactions of the Group.

The normal credit periods granted by trade suppliers and sub-contractors are between 14 and 120 days whereas retention sums are payable upon the expiry of the defect liability periods of the respective construction contracts. The defect liability periods of the construction contracts are between 12 and 18 months.

Included in other payables of the Company and of the Group is an amount of RM10,500,000 (2001 : RM12,000,000) which represents interest free refundable deposit received from a corporation in relation to the appointment of the said corporation as the developer and project manager for the development of a piece of leasehold land held by a subsidiary company and also to act as a club manager for Monterez Golf & Country Club. To-date, the terms of the appointment has yet to be finalised.

18. HIRE PURCHASE LIABILITIES

	Group	
	2002 RM	2001 RM
Outstanding hire purchase instalments due:		
- not later than one year	1,396,839	1,351,177
- later than one year and not later than five years	1,349,373	2,485,728
- later than five years	158,115	-
	<hr/>	<hr/>
	2,904,327	3,836,905
Less:		
Unexpired term charges	298,970	547,589
	<hr/>	<hr/>
Outstanding principal amount due	2,605,357	3,289,316
Less:		
Outstanding principal amount due later than one year (Note 22)	1,399,140	2,222,909
	<hr/>	<hr/>
Outstanding principal amount due not later than one year (included in current liabilities)	1,206,217	1,066,407
	<hr/>	<hr/>

The effective interest rates of the hire purchase liabilities are between 5.5% and 9.58% per annum.

19. BANK BORROWINGS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Bank overdrafts				
- secured	4,640,394	3,675,266	1,901,332	1,148,915
- unsecured	4,700,455	6,854,122	3,545,169	6,640,105
	9,340,849	10,529,388	5,446,501	7,789,020
Bank loans				
- secured	30,500,000	33,400,000	30,500,000	31,600,000
- unsecured	24,500,000	23,300,000	22,000,000	22,000,000
	55,000,000	56,700,000	52,500,000	53,600,000
Bankers' acceptance and trust receipts				
- secured	5,315,876	2,198,000	-	-
- unsecured	4,961,521	3,475,323	-	-
	10,277,397	5,673,323	-	-
Current portion of bank term loans (Note 22)	9,092,927	3,086,495	9,000,000	3,000,000
	83,711,173	75,989,206	66,946,501	64,389,020

The effective interest rates per annum of the bank borrowings are as follows:

	Group 2002 %	Company 2002 %
Bank overdrafts		
- secured	5.30 to 8.90	8.90
- unsecured	7.15 to 8.90	7.90 to 8.65
Bank loans		
- secured	6.40 to 8.40	6.40 to 7.70
- unsecured	5.00 to 8.90	5.00 to 8.15
Bankers' acceptance and trust receipts		
- secured	2.85 to 4.25	-
- unsecured	1.95 to 7.15	-

The bank borrowings are secured on quoted shares held by a subsidiary company, certain properties of the Group and fixed and floating charges over the assets of certain subsidiary companies and are also guaranteed by the Company.

20. SHARE CAPITAL

	2002 RM	2001 RM
Authorised 500,000,000 ordinary shares of RM1 each	500,000,000 =====	500,000,000 =====
Issued and fully paid 209,793,969 ordinary shares of RM1 each	209,793,969 =====	209,793,969 =====

At 31 December 2002, there were:

- (i) 66,157,283 (2001 : 66,157,283) unexercised warrants in issue which entitle the registered holders to subscribe for one (1) new ordinary share at a price of RM1.00 per ordinary share for every warrant held.
- (ii) 19,037,000 (2001 : 19,992,000) unissued shares under options granted pursuant to the Employees' Share Option Scheme.

21. RESERVES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Non-distributable				
Share premium account	23,586,099	23,586,099	23,586,099	23,586,099
Exchange translation reserve	2,614,663	7,467,980	-	-
	26,200,762	31,054,079	23,586,099	23,586,099
Distributable				
Capital reserve	23,862,539	23,547,539	13,761,928	13,761,928
Accumulated loss	(27,817,114)	(7,461,353)	(1,268,396)	(2,749,100)
	(3,954,575)	16,086,186	12,493,532	11,012,828
	22,246,187	47,140,265	36,079,631	34,598,927
	=====	=====	=====	=====

22. LONG TERM LIABILITIES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Bank term loans				
- secured	44,417,502	47,155,897	41,000,000	44,000,000
- unsecured	134,975	194,526	-	-
	<u>44,552,477</u>	<u>47,350,423</u>	<u>41,000,000</u>	<u>44,000,000</u>
Less:				
Repayments due within 12 months (included in Note 19)	9,092,927	3,086,495	9,000,000	3,000,000
	<u>35,459,550</u>	<u>44,263,928</u>	<u>32,000,000</u>	<u>41,000,000</u>
5.5% Irredeemable Convertible Unsecured Loan Stocks 1999/ 2004	21,757,646	21,757,646	21,757,646	21,757,646
Less:				
Unamortised discount on ICULS	761,517	1,196,669	761,517	1,196,669
	<u>20,996,129</u>	<u>20,560,977</u>	<u>20,996,129</u>	<u>20,560,977</u>
Hire purchase liabilities (Note 18)	1,399,140	2,222,909	-	-
	<u>57,854,819</u>	<u>67,047,814</u>	<u>52,996,129</u>	<u>61,560,977</u>
	=====	=====	=====	=====

The bank term loans of the subsidiary companies bear effective interest rates of between 6.50% and 8.40% per annum. They are secured by leasehold properties, fixed and floating charges over assets of these subsidiary companies and an unconditional, continuing and irrevocable guarantee from another bank. They are also guaranteed by the Company.

The bank term loan of the Company bears effective interest rate of 6.40% and 7.70% per annum. It is secured by freehold, leasehold and investment properties of certain subsidiary companies, a debenture over a fixed and floating charge over the assets of certain subsidiary companies and assignment over a depository account for the proceeds from conversion of warrants.

The bank term loans of the Company and of the Group are repayable by equal monthly, quarterly and semi-annual instalments commencing between 1993 and 2002.

The 5.5% Irredeemable Convertible Unsecured Loan Stocks 1999/2004 ("ICULS") of the Company represents RM66,157,533 nominal amount of ICULS issued and allotted at 90% of the nominal amount with 66,157,533 detachable warrants on the basis of RM2.00 nominal amount of ICULS with two (2) warrants for every five (5) existing ordinary shares of RM1.00 each held.

The ICULS are in registered form and constituted by a Trust Deed dated 11 August 1999 and has a tenure of five years from the date of issue and will not be redeemable in cash. Unless previously converted, all outstanding ICULS will be mandatorily converted by the Company into new ordinary shares at the conversion price on the maturity date. The ICULS shall be convertible into fully paid ordinary shares of RM1.00 each at any time between 1 March to 31 May and 1 September to 30 November during the tenure of the ICULS from 8 October 1999 to the maturity date on 7 October 2004, and at any time during the thirty (30) days prior to and including the maturity date at the rate of RM1.00 nominal amount of ICULS for one fully paid ordinary share of RM1.00 each in the Company. The interest on the ICULS at the rate of 5.5% per annum is payable annually in arrears on 31 August commencing 8 October 1999.

The warrants which were issued together with the ICULS are in registered form and constituted by a Deed Poll dated 11 August 1999 and entitle the registered holders to subscribe for one new ordinary share of RM1.00 each in the Company at a price of RM1.00 per ordinary share for every warrant held at any time during the exercise period of four years and six months commencing from the date of issue of the warrants on 8 October 1999 and expiring on 7 April 2004.

Upon conversion of the ICULS and exercise of the warrants into new ordinary shares, such shares should rank pari passu in all respects with the existing ordinary shares of the Company in issue at the date of allotment of the new ordinary shares except that the new ordinary shares shall not be entitled to any rights, allotments or dividends, the record date of which is on or before the relevant conversion or exercise date.

The conversion and exercise price of the ICULS and warrants may be subject to adjustments under certain circumstances in accordance with the provisions of the Trust Deed and Deed Poll respectively.

23. DEFERRED TAX LIABILITIES

	Group	
	2002 RM	2001 RM
At 1 January	5,401,803	6,138,348
Arising from fair value adjustment on leasehold land under property, plant and equipment	4,823,144	-
Exchange adjustment	4,097	74
Transfer to income statement	(447,182)	(736,619)
At 31 December	9,781,862	5,401,803
	=====	=====

The deferred tax liabilities comprise:

	Group	
	2002 RM	2001 RM
Deferred tax liabilities on taxable temporary differences:		
- relating to fair value adjustment on the leasehold land allocated for development purposes	3,025,898	3,177,151
- between net book value and tax written down value of property, plant and equipment	7,160,180	2,443,383
- on other taxable temporary differences	147,000	17,200
	10,333,078	5,637,734
Less:		
Deferred tax assets recognised on deductible temporary differences		
- on unutilised tax losses and unabsorbed capital allowances	259,163	79,000
- on other deductible temporary differences	292,053	156,931
	551,216	235,931
	9,781,862	5,401,803
	=====	=====

At the end of the year, the Group has the following items giving rise to deferred tax assets, which are not recognised in the financial statements as there is no assurance beyond any reasonable doubt that future taxable income will be available to allow the assets to be utilised:

	Group	
	2002 RM	2001 RM
Unutilised tax losses	47,587,000	50,451,000
Unabsorbed capital allowances	13,283,000	14,926,000
Other deductible temporary differences	536,000	222,000
	61,406,000	65,599,000
	=====	=====

24. DEFERRED INCOME

	Group	
	2002 RM	2001 RM
Licence fees received in advance	14,267,371	14,562,629
Discount on acquisition of subsidiary companies		
At 1 January	962,663	961,301
Addition	137,628	1,362
At 31 December	1,100,291	962,663
	<u>15,367,662</u>	<u>15,525,292</u>
	=====	=====

Licence fees received in advance represent club membership licence fees received by a subsidiary company. The licence fees received are recognised in the income statement on a time proportion basis over the licence period.

25. GROSS REVENUE

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Sale of goods	422,163,823	424,268,365	-	-
Sale of development properties	21,177,926	12,551,803	-	-
Contract revenue	3,131,112	1,613,340	-	-
Services rendered	40,449,475	30,263,253	-	-
Rental income	3,213,242	2,748,934	-	-
Dividend income	72,311	108,433	7,194,031	10,795,738
	<u>490,207,889</u>	<u>471,554,128</u>	<u>7,194,031</u>	<u>10,795,738</u>
	=====	=====	=====	=====

26. COST OF SALES

	Group	
	2002 RM	2001 RM
Cost of goods sold	338,265,128	358,640,036
Cost of development properties sold	23,859,143	12,462,011
Contract costs	3,539,693	2,064,585
Cost of services rendered	36,621,372	27,139,631
	<u>402,285,336</u>	<u>400,306,263</u>
	=====	=====

27. PROFIT FROM OPERATIONS

Profit from operations is stated after charging:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Allowance for doubtful debts	1,401,967	2,182,903	-	2,355,966
Amortisation of goodwill on acquisition	4,752,955	1,919,433	-	-
Auditors' remuneration				
- current year	447,019	424,146	27,000	27,000
- underestimated in prior year	8,291	13,600	3,000	13,000
Bad debts written off	3,363,291	3,396,982	21,007	728,090
Depreciation	14,810,227	14,239,722	-	-
Directors' remuneration				
- fees	338,107	274,000	110,000	80,000
- other emoluments	4,408,025	4,783,548	57,726	46,500
Inventories written down	4,006,671	86,198	-	-
Loss on foreign exchange				
- realised	185,314	245,029	-	-
- unrealised	44,465	859,407	-	-
Loss on disposal of property, plant and equipment	20,514	68,817	-	-
Operating lease rental	2,604,600	2,514,022	-	-
Property, plant and equipment written off	345,561	47,608	-	-
Intangible assets written off	155,087	60,776	-	-
Rental of premises	1,118,961	1,228,466	-	-
Rental of machinery	151,170	283,767	-	-
Retirement benefits	307,284	249,692	-	-
	=====	=====	=====	=====

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
and crediting:				
Allowance for doubtful debts written back	187,743	267,037	65,000	-
Amount owing waived by former subsidiary companies	-	-	14,927,130	-
Bad debts recovered	48,746	42,163	-	-
Exchange translation reserve realised on disposal of subsidiary companies	6,718,563	-	-	-
Gain on foreign exchange				
- realised	2,323,415	255,509	-	-
- unrealised	528,136	19,922	-	-
Gross dividend income from				
- subsidiary companies	-	-	7,193,350	10,794,750
- investments quoted in Malaysia	71,630	107,445	-	-
- investment quoted outside Malaysia	681	988	681	988
Gain on disposal of property, plant and equipment	157,689	412,187	-	-
Interest income	1,710,381	2,040,526	8,163,243	9,416,828
Impairment loss on value of investments written back	-	56,769	-	-
Rental income	3,391,742	2,901,816	-	-
	=====	=====	=====	=====

28. FINANCE COSTS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Finance costs incurred during the financial year comprise:				
- interest on ICULS	1,196,671	1,197,211	1,196,671	1,197,211
- other interest expenses	9,554,091	9,459,274	7,758,806	8,218,291
- amortisation of discounts on ICULS	435,153	435,153	435,153	435,153
	<u>11,185,915</u>	<u>11,091,638</u>	<u>9,390,630</u>	<u>9,850,655</u>
Less:				
Finance costs capitalised under development properties (Note 4)				
- interest expenses	982,812	1,130,760	-	-
	<u>10,203,103</u>	<u>9,960,878</u>	<u>9,390,630</u>	<u>9,850,655</u>
	=====	=====	=====	=====

29. TAX EXPENSE

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Current tax expense				
Malaysian				
- current year	2,306,817	3,486,009	740,000	968,000
- overestimated in prior years	(150,034)	(293,979)	-	(569,000)
	<u>2,156,783</u>	<u>3,192,030</u>	<u>740,000</u>	<u>399,000</u>
Overseas				
- current year	2,065,021	1,270,693	-	-
- overestimated in prior years	(29,671)	(50,158)	-	-
	<u>4,192,133</u>	<u>4,412,565</u>	<u>740,000</u>	<u>399,000</u>
Deferred tax				
- current year	(646,070)	(610,319)	-	-
- under/(over)estimated in prior years	198,888	(126,300)	-	-
	<u>3,744,951</u>	<u>3,675,946</u>	<u>740,000</u>	<u>399,000</u>
	=====	=====	=====	=====

There is tax expense in the Group despite the Group incurring a loss because certain expenses have been disallowed in arriving at the taxable income and also the non-availability of Group relief for losses incurred by certain subsidiary companies.

The effective tax rate of the Company is low compared to the statutory rate because certain income not subject to income tax has been excluded in arriving at the taxable income.

The numerical reconciliation between the tax expense and the product of accounting profit/ loss multiplied by the applicable tax rates is as follows:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Accounting profit/(loss) (excluding share of results in associated companies)	520,953	(14,706,010)	3,731,221	2,570,000
	=====	=====	=====	=====
Tax at the domestic rates applicable to profits in the countries concerned	(2,206,656)	223,363	1,050,342	719,600
Add:				
Tax effect of expenses that are not deductible in determining taxable profit				
- Amortisation and depreciation of non qualifying assets	408,584	397,111	-	-
- Impairment loss on value of investment in subsidiary company	-	-	-	1,099,840
- Restriction of expenses	9,743,058	5,587,075	737,987	1,194,167
Tax effect of current year loss not recognised	2,330,425	2,082,340	-	-
Tax effect of other temporary differences	216,946	44,000	-	-
	-----	-----	-----	-----
	10,492,357	8,333,889	1,788,329	3,013,607
Less:				
Tax effect of non-taxable and tax exempt income				
- Capital gains	18,391	-	-	-
- Tax exempt dividend income	17,659	16,269	1,048,329	2,045,607
- Exchange translation reserve	1,881,198	-	-	-
- Others	932,436	2,417,720	-	-
Tax effect of utilisation of tax losses previously not recognised	533,391	206,663	-	-
Tax effect of tax incentives for the year	3,383,514	1,546,854	-	-
	-----	-----	-----	-----
Current year tax expense	3,725,768	4,146,383	740,000	968,000
	=====	=====	=====	=====

30. LOSS PER SHARE

(i) Basic loss per share

The basic loss per share have been calculated based on the consolidated net loss for the year of RM18,530,244 (2001 : RM32,734,870) and on 209,793,969 (2001 : 209,793,969) ordinary shares in issue during the year.

(ii) Diluted loss per share

The diluted loss per share is not disclosed as the potential ordinary shares arising from the conversion of outstanding ICULS, exercise of warrants and options under ESOS at fair value, have anti-dilutive effect.

31. ANALYSIS OF ACQUISITION AND DISPOSAL OF SUBSIDIARY COMPANIES

The effects of acquisition and disposal of subsidiary companies on the consolidated net loss, the consolidated financial position and the consolidated cash flow statement are as follows:

(A) Acquisition of new subsidiary companies

(a) Quasar Industrial Vehicles Sdn Bhd ("QIVSB")

In accordance with the shareholders' agreement dated 28 November 2002, the Company's 90% owned subsidiary company, MWE Advanced Structure Sdn Bhd, subscribed for 51% equity interest in the issued and paid-up share capital of QIVSB comprising 2,040,000 ordinary shares of RM1 each at a cash consideration of RM2,040,000. At 31 December 2002, the subsidiary company paid RM2,000,000 to subscribe for 2,000,000 ordinary shares of RM1 each in QIVSB.

The effective date of acquisition is 1 December 2002. The principal activities of the newly acquired subsidiary company are importing, distributing, assembling, marketing, promotion, sale and after-sale servicing of the entire civil range of Renault trucks in completely built-up and completely knocked-down. The acquisition was accounted for using the acquisition method of accounting and goodwill arising from the acquisition is RM63,852.

(b) United Sweethearts Garment (Vietnam) Co. Ltd ("USV")

On 5 April 2002, MWE Spinning Mills Sdn Bhd, a wholly-owned subsidiary of the Company, subscribed for 1,200,000 shares of USV at par for USD1,200,000 (RM4,560,390), being the entire paid-up legal capital of USV. The principal activity of the newly acquired subsidiary company is manufacturing and sale of garments. The acquisition was accounted for using the acquisition method of accounting. There was no goodwill or discount on acquisition arising from the acquisition.

(i) *Effect on consolidated net loss for the year*

	Subsidiaries ----- acquired in -----	
	2002 RM	2001 RM
Gross revenue	5,344,825	1,284,503
Cost of sales	(4,013,782)	(1,144,976)
Gross profit	1,331,043	139,527
Other operating income	266,255	3,692
Selling and distribution costs	-	(140,650)
Administrative and general expenses	(2,443,184)	(205,984)
Loss from operations	(845,886)	(203,415)
Finance costs	(3,438)	-
Loss before tax	(849,324)	(203,415)
Tax expense	(75,400)	-
Loss after tax	(924,724)	(203,415)
Minority interest	(85,777)	54,915
Increase in Group's net loss	(1,010,501)	(148,500)
	=====	=====

(ii) *Effect on consolidated financial position*

	Subsidiaries ----- acquired in -----	
	2002 RM	2001 RM
Non-current assets	60,505	116,149
Current assets	8,424,273	329,168
Current liabilities	(141,930)	(141,670)
Minority interest	(1,846,310)	(118,647)
Increase in Group's share of net assets	6,496,538	185,000
	=====	=====

(iii) *Effect on consolidated cash flow statement*

	Subsidiaries ----- acquired in -----	
	2002 RM	2001 RM
Net assets acquired:		
Property, plant and equipment	60,505	116,149
Current assets	8,424,273	329,168
Current liabilities	(141,930)	(141,670)
Minority interest	(1,846,310)	(118,647)
Goodwill on acquisition	63,852	23,080
	-----	-----
Total purchase consideration	6,560,390	208,080
Less:		
Cash and cash equivalents	6,603,787	81,986
	-----	-----
Net cash flows on acquisition	(43,397)	126,094
	=====	=====

(B) Disposal of subsidiary companies

During the financial year, the Group disposed of the following subsidiary companies at a total amount of RM166,092.

Subsidiary companies:

- E & W Wood Industries Sdn Bhd
- Inai Idaman Sdn Bhd
- MWE Hunza Corporation Sdn Bhd
- Skypark Corporation Sdn Bhd
- Multibillion Industrial Sdn Bhd
- MWE Apparel Sourcing Sdn Bhd
- MWE Garments Sdn Bhd
- Shanpin Industrial (M) Sdn Bhd
- Diamond Head International Holdings Ltd
- P.O. Logistics (Singapore) Pte Ltd
- MWE Hunza Resort Sdn Bhd

(i) *Effect on consolidated net loss for the year*

	- Subsidiaries disposed - in 2002		Subsidiaries disposed in 2001
	2002 RM	2001 RM	2001 RM
Gross revenue	4,444,134	690,484	37,773
Cost of sales	(3,945,780)	(660,721)	-
Gross profit	498,354	29,763	37,773
Other operating income	1,293,555	42,737	3,447,510
Selling and distribution costs	-	(140,650)	-
Administrative and general expenses	(21,983,013)	(559,314)	(176,325)
Other operating expenses	-	(2,261,339)	-
(Loss)/Profit before minority interest	(20,191,104)	(2,888,803)	3,308,958
Minority interest	4,889	163,103	-
(Increase)/Decrease in Group's net loss	(20,186,215)	(2,725,700)	3,308,958

(ii) *Effect on consolidated financial position*

	- Subsidiaries disposed - in 2002		Subsidiaries disposed in 2001
	2002 RM	2001 RM	2001 RM
Non-current assets	242,314	486,988	-
Current assets	2,261,933	1,403,055	17,635
Current liabilities	(5,717,280)	(622,556)	(2,180,789)
Minority interest	(170,977)	(187,103)	-
Decrease in Group's share of net (liabilities)/assets	(3,384,010)	1,080,384	(2,163,154)

(iii) Effect on consolidated cash flow statement

	- Subsidiaries disposed - in 2002 RM	Subsidiaries disposed in 2001 RM
Net assets disposed:		
Property, plant and equipment	242,314	-
Current assets	2,261,933	17,635
Current liabilities	(5,717,280)	(2,180,789)
Minority interest	(170,977)	-
Goodwill on acquisition written off on disposal	1,480,666	28,000
Gain on disposal of subsidiary companies	2,069,436	2,135,157
Sale proceeds	166,092	3
Less:		
Cash and cash equivalents	252,670	9,264
Net cash flows on disposal	(86,578)	(9,261)

32. EMPLOYEES INFORMATION

	2002	Group 2001
Staff costs	RM80,308,585	RM70,226,404
Number of employees at year end	6,969	5,301

No staff costs were incurred by the Company as the Company did not have any employee.

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Company has controlling related party relationship with its subsidiary companies.

The Company also has related party relationship with:

(a) The following former subsidiary companies

- MWE Hunza Corporation Sdn Bhd
- Multibillion Industrial Sdn Bhd
- Inai Idaman Sdn Bhd

(b) Star Regent International Limited, a company in which Mr Ho Kwok Pun and Madam Tse Oi, the directors of PI Electronics (Hong Kong) Ltd, have financial interests.

- (c) Gold Apollo Co Ltd, a former minority shareholder of a subsidiary company, DG Technologies (M) Sdn Bhd.
- (d) USH Garment (Nibong Tebal) Sdn Bhd, USJ Embroidery Sdn Bhd and CNT Garments Sdn Bhd, the associated companies.

Transactions with related parties during the financial year are as follows:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Amount owing waived by former subsidiary companies	-	-	14,927,130	-
Interest charged to USH Garment (Nibong Tebal) Sdn Bhd	16,985	-	-	-
Interest charged to subsidiary companies	-	-	8,163,243	9,416,828
Rental income from USH Garment (Nibong Tebal) Sdn Bhd	12,000	-	-	-
Sales to Gold Apollo Co Ltd	-	913,209	-	-
Consultancy fee paid to Star Regent International Ltd	808,644	648,663	-	-
Interest charged by subsidiary companies	-	-	44,650	378,651
Workmanship charged by				
- USH Garment (Nibong Tebal) Sdn Bhd	1,320,416	1,744,920	-	-
- USJ Embroidery Sdn Bhd	653,478	727,376	-	-
- CNT Garments Sdn Bhd	1,238,392	1,261,917	-	-
	=====	=====	=====	=====

The directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business.

34. COMMITMENTS

	Group	
	2002 RM	2001 RM
Capital commitments		
Approved capital expenditure not provided for in the financial statements		
- contracted	477,000	6,456,000
- not contracted	626,000	-
	<u>1,103,000</u>	<u>6,456,000</u>
Operating lease commitments		
- payable not later than one year	4,266,000	2,763,000
- payable later than one year and not later than five years	10,829,000	6,632,000
- payables later than five years	4,031,000	3,895,000
	<u>19,126,000</u>	<u>13,290,000</u>
	<u>20,229,000</u>	<u>19,746,000</u>
	=====	=====

35. CONTINGENT LIABILITIES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Unsecured corporate guarantees given to secure banking and other credit facilities granted to subsidiary companies	-	-	23,000,000	19,000,000
Recourse against a subsidiary company in respect of loans granted by a financial institution to members of Montez Golf and Country Club to finance licence fees payable by the latter to the said subsidiary company	178,000	200,000	-	-
	<u>178,000</u>	<u>200,000</u>	<u>23,000,000</u>	<u>19,000,000</u>
	=====	=====	=====	=====

36. SEGMENT ANALYSIS

Segmental reporting

(a) Primary reporting format - business segment

The Group's operations comprise the following business segments:

- | | |
|---------------------------------|---|
| (i) Textile and garments | - Manufacturing and sale of yarn, garments, dyed knitted and woven fabrics |
| (ii) Properties | - Property investment, construction and development |
| (iii) Power conversion products | - Designing, manufacturing and sale of electronic power conversion products |
| (iv) Lighting and pagers | - Manufacturing and assembling electrical lightings and telecommunication products |
| (v) Other operations | - Investment holding, management of a golf course, trading in optical products, freight forwarding and warehousing services |

Transactions between segments were entered into in the normal course of business and were established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. The effects of such inter-segmental transactions are eliminated on consolidation.

Year ended 31 December 2002	Textile & garments RM	Properties RM	Power conversion products RM	Lighting & pagers RM	Other operations RM	Group RM
REVENUE						
Sales	129,153,643	29,448,266	213,114,460	74,748,422	44,993,578	491,458,369
Less: Intersegment sales	-	342,000	-	-	908,480	1,250,480
External sales	129,153,643	29,106,266	213,114,460	74,748,422	44,085,098	490,207,889
RESULTS						
Segment operating profit/(loss)	1,809,524	(5,635,850)	24,043,508	3,555,521	635,912	24,408,615
Unallocated corporate expenses						(4,752,955)
Profit from operations						19,655,660
Add/(Less): Finance costs						(10,203,103)
Gain on disposal of investments in subsidiary companies						2,069,436
Impairment loss on value of investments						(11,001,040)
Share of results in associated companies	5,279	24,173	(562)	-	(2,799,934)	(2,771,044)
Loss from ordinary activities before tax						(2,250,091)
Less: Tax expense						(3,772,432)
Loss from ordinary activities after tax						(6,022,523)
Minority interests						(12,507,721)
Net loss for the year						(18,530,244)



	Textile & garments RM	Properties RM	Power conversion products RM	Lighting & pagers RM	Other operations RM	Group RM
At 31 December 2002						
OTHER INFORMATION						
Segment assets	70,289,190	184,838,109	91,433,936	65,351,880	94,412,119	506,325,234
Associated companies	289,986	468,380	92,709	-	4,266,341	5,117,416
	<u>70,579,176</u>	<u>185,306,489</u>	<u>91,526,645</u>	<u>65,351,880</u>	<u>98,678,460</u>	<u>511,442,650</u>
Unallocated corporate assets						<u>28,753,172</u>
Total assets						<u>540,195,822</u>
Segment liabilities	<u>6,199,192</u>	<u>11,346,604</u>	<u>29,859,715</u>	<u>13,602,653</u>	<u>30,839,542</u>	<u>91,847,706</u>
Unallocated corporate liabilities						<u>215,207,669</u>
Total liabilities						<u>307,055,375</u>
Capital expenditure						
- Property, plant and equipment	<u>7,355,537</u>	<u>71,118</u>	<u>4,512,023</u>	<u>2,307,044</u>	<u>1,070,774</u>	<u>15,316,496</u>
- Goodwill on acquisition						<u>5,522,421</u>
Depreciation	<u>5,101,419</u>	<u>870,297</u>	<u>3,843,716</u>	<u>2,892,617</u>	<u>2,102,178</u>	<u>14,810,227</u>
Amortisation of goodwill						<u>4,752,955</u>

Year ended 31 December 2001	Textile & garments RM	Properties RM	Power conversion products RM	Lighting & pagers RM	Other operations RM	Group RM
REVENUE						
Sales	140,467,027	17,767,318	193,080,856	87,198,762	34,105,553	472,619,516
Less: Intersegment sales	-	353,248	-	-	712,140	1,065,388
External sales	140,467,027	17,414,070	193,080,856	87,198,762	33,393,413	471,554,128
RESULTS						
Segment operating profit/(loss)	9,421,135	(6,067,150)	11,984,008	4,787,098	(5,577,732)	14,547,359
Unallocated corporate expenses						(1,919,433)
Profit from operations						12,627,926
Add/(Less): Finance costs						(9,960,878)
Gain on disposal of investments in subsidiary companies						2,135,157
Impairment loss on value of investments						(19,508,215)
Share of results in associated companies	107,417	199,828	(2,989)	-	(7,047,723)	(6,743,467)
Loss from ordinary activities before tax						(21,449,477)
Less: Tax expense						(3,711,785)
Loss from ordinary activities after tax						(25,161,262)
Minority interests						(7,573,608)
Net loss for the year						(32,734,870)



	Textile & garments RM	Properties RM	Power conversion products RM	Lighting & pagers RM	Other operations RM	Group RM
--	--------------------------------	------------------	---------------------------------------	-------------------------------	---------------------------	-------------

At 31 December 2001

OTHER INFORMATION

Segment assets	76,620,192	211,954,440	76,159,071	64,466,626	102,076,987	531,277,316
Associated companies	371,761	454,133	93,271	-	6,416,082	7,335,247
	76,991,953	212,408,573	76,252,342	64,466,626	108,493,069	538,612,563
Unallocated corporate assets						28,456,711
Total assets						567,069,274
						=====
Segment liabilities	5,839,451	14,906,094	31,372,622	17,482,854	33,743,468	103,344,489
Unallocated corporate liabilities						205,827,888
Total liabilities						309,172,377
						=====
Capital expenditure						
- Property, plant and equipment	1,238,278	65,364	4,049,660	1,696,832	1,090,014	8,140,148
						=====
- Goodwill on acquisition						48,900
						=====
Depreciation	4,720,947	925,821	3,828,642	2,589,598	2,174,714	14,239,722
						=====
Amortisation of goodwill						1,919,433
						=====

(b) Secondary reporting format - geographical segment

The Group operates mainly in Asia. In determining the geographical segments of the Group, revenue is based on the geographical location of customers. Total assets and capital expenditure are based on the geographical locations of the assets.

	Revenue RM	Capital expenditure RM	Total assets RM
2002			
Malaysia	215,072,095	9,411,843	347,728,156
Asia Pacific	275,064,164	5,904,653	115,860,584
Others	71,630	-	42,736,494
	=====	=====	=====
	490,207,889	15,316,496	506,325,234
	=====	=====	=====
Associated companies			5,117,416
Unallocated assets			28,753,172
			=====
			540,195,822
			=====
2001			
Malaysia	212,177,912	2,573,350	375,629,132
Asia Pacific	259,268,771	5,566,798	108,208,685
Others	107,445	-	47,439,499
	=====	=====	=====
	471,554,128	8,140,148	531,277,316
	=====	=====	=====
Associated companies			7,335,247
Unallocated assets			28,456,711
			=====
			567,069,274
			=====

All inter-segment transactions have been carried out in the normal course of business and have been established under negotiated terms.

37. FINANCIAL INSTRUMENTS

(a) Credit risk

The entire financial assets of the Group are exposed to credit risk except for cash and bank balances and fixed deposits which are placed with licensed financial institutions in Malaysia and in foreign banks. The Group's exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount and period. Concentration of credit risk with respect to trade receivables is limited due to a wide spread of customers in various industries.

The Group does not require collateral in respect of financial assets. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(b) Foreign currency exchange risk

Foreign currency forward contracts are entered into by the Group, where appropriate, to manage exposure to fluctuations in foreign currency exchange rates. These contracts are entered into with licensed financial institutions.

At 31 December 2002, the foreign currency amounts to be received and contractual exchange rates of the Group's outstanding forward contracts are as follows:

Trade receivables	Amounts to be received RM	Average contractual rate	Settlement period within 1 year RM
AUD500,000	1,069,250	2.14	1,069,250
USD2,191,146	8,304,444	3.79	8,304,444

(c) Interest rate risk

The Group is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

The effective interest rates for the interest earning financial assets and interest bearing financial liabilities at balance sheet date are disclosed in the respective notes to the financial statements.

(d) Market risk

The Group is exposed to market risk, which is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

The financial assets which are exposed to market risk at balance sheet date are assessed for any potential impairment loss on their values and allowances are made for such impairment as disclosed in Note 8.

(e) Liquidity and cash flow risk

The Company's exposure to liquidity and cash flow risk is monitored on an ongoing basis. Prudent liquidity risk management implies maintaining sufficient cash, time deposit and availability of funding through the adequate amount of committed credit facilities.

(f) Fair values

The carrying amounts of the financial assets and liabilities of the Group and of the Company at 31 December 2002 approximated their fair values except for other investments as stated below.

	Group		Company	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Quoted shares	13,151,491	14,488,983	8,105	41,804
Unquoted shares	34,204,997	*	3	*
	=====	=====	=====	=====

* A reasonable estimate of fair value could not be made without incurring excessive costs. Such investments are valued at cost subject to review for impairment.

(g) Currency exposure

	Transaction Currencies				
	Ringgit Malaysia RM	United States Dollar RM	Australian Dollar RM	Singapore Dollar RM	Others RM
Functional currencies of the Group					
INVESTMENTS					
Ringgit Malaysia (RM)	-	-	-	1,530,480	-
US Dollar (USD)	15,915,000	-	-	2,003,400	-
Hongkong Dollar (HKD)	-	5,199,363	-	10,783	-
				1,908,777	-
TRADE RECEIVABLES					
Ringgit Malaysia (RM)	-	1,173,186	95,346	1,938,531	337,921
Singapore Dollar (SGD)	-	3,145,898	-	-	-
Hongkong Dollar (HKD)	-	27,583,273	-	-	-
				8,244,614	-
CASH & BANK BALANCES & FIXED DEPOSITS					
Ringgit Malaysia (RM)	-	49,581	267,823	211,811	4,300
US Dollar (USD)	133,605	91,615	-	-	35,439
Singapore Dollar (SGD)	-	3,268,199	-	-	-
Hongkong Dollar (HKD)	-	4,459,858	-	-	43
Renminbi (RMB)	-	184,948	-	-	-
				2,862,385	-
TRADE PAYABLES					
Ringgit Malaysia (RM)	-	2,454,406	321,972	776,963	288,396
US Dollar (USD)	-	-	-	34,961	45,989
Singapore Dollar (SGD)	-	1,273,002	-	-	1,313
Hongkong Dollar (HKD)	-	7,770,739	-	-	402,568
				206,321	-

38. COMPARATIVE FIGURES

The presentation and classification of items in the segment information (Note 36) of the previous financial year have been changed to comply with the requirements of MASB 22: Segment Reporting which was adopted during the year.

Comparatives are not disclosed for certain information relating to financial instruments as permitted by MASB 24 : Financial Instruments: Disclosure and Presentation upon first application.

The following comparative figures have been restated to conform with the current year's presentation.

	Group		Company	
	As stated RM	As previously reported RM	As stated RM	As previously reported RM
Balance sheet at 31 December 2001				
Dividend payable	-	1,510,517	-	1,510,517
Accumulated loss	(7,461,353)	(8,971,870)	(2,749,100)	(4,259,617)
	=====	=====	=====	=====

39. SUBSEQUENT EVENTS

Subsequent to year end,

- (a) Davex (Malaysia) Sdn Bhd ("DMSB"), a subsidiary of Davex Holdings Bhd ("DHB"), which in turn is a subsidiary of the Company has entered into a Share Sale Agreement with Armorcoat International Pte Ltd ("Armorcoat") on 21 February 2003 to acquire 592,200 ordinary shares of SGD1.00 each, representing 63% of the issued and paid-up share capital of Davex Singapore Pte Limited ("DSPL") at a total cash consideration of SGD700,000 (RM1,535,100). The principal activity of DSPL is dealing in electrical products and electrical subcontract works.
- (b) DHB transferred 3,640,000 ordinary shares of RM1.00 each, representing 91% equity interest in DG Technologies (M) Sdn Bhd ("DG") to Daviscomms (S) Pte Ltd ("Daviscomms"), a 71% owned subsidiary of DHB in exchange for 515,159 ordinary shares of SGD1.00 each to be issued by Daviscomms to DHB. As a result of the shares exchange, DG became a wholly-owned subsidiary of Daviscomms and DHB's interest in Daviscomms increased to 78%.

40. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements of the Company and of the Group were authorised for issue by the directors on 29 April 2003.

STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 33 to 96 are drawn up:

- (a) so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 December 2002 and of their results and cash flows for the year then ended; and
- (b) in accordance with applicable approved accounting standards.

On behalf of the Directors

DATUK SURIN UPATKOON
Director

TANG KING HUA
Director

29 April 2003

STATUTORY DECLARATION

I, Datuk Surin Upatkoon, being the director primarily responsible for the financial management of MWE Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 33 to 96 are 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.

Subscribed and solemnly declared at)	
Kuala Lumpur)	
)	
this 29 April 2003)	
)	
)	
)	DATUK SURIN UPATKOON

Before me:

Hamzah bin Haji Sulaiman
PPN., PLP., PIS
Commissioner for Oaths

PROPERTIES HELD BY THE GROUP

Particulars of Titles	Tenure	Land Area	Description/ Existing Use	Net Book Value as at 31.12.02 RM	Approximate Age of Building	Year of Acquisition
PENANG						
Advance certificate of title holding no. 468 Mukim 12 Province Wellesley (South) Penang	Leasehold (999 years - expiring on 31.12.2875)	11.55 acres	Office and Factory Building	4,504,877	28 years	1991
Lots 895, 896 & 1234 Mukim 15, Seberang Perai Tengah Penang	Freehold	3.95 acres	Office and factory building	2,807,413	37 years	1998
Grant (1st Grade) 11818 Lot 1233, Section 1 Georgetown, N.E.D. Penang	Freehold	17,538 sq ft	1 storey out of 8 storey office block for rental	2,064,249	9 years	1988
Lots 198, 199, 200 & 201 Mukim 14, Central District of Province Wellesley Penang	Freehold	46,619 sq ft	Residential house and land for development	1,910,841	-	1991
Lot 278 Bandar Bukit Bendera Penang	Leasehold (99 years - expiring on 30.04.2030)	0.64 acre	Bungalow	1,084,693	71 years	1989
Geran No. 11255 & 11256 Lots 346 & 348, Section 15 Georgetown, N.E.D. Penang	Freehold	0.54 acre	10 storey office block for rental	13,000,000	9 years	1991
H.S. (D) 3245 P.T. 2944, Mukim 11 Daerah Seberang Perai Tengah Penang	Leasehold (60 years - expiring on 29.06.2052)	2.79 acres	Factory building	4,021,886	10 years	1991
Holding No. 243, T.S. 17 North East District Penang	Freehold	0.04 acre	Shophouse - vacant	171,107	82 years	1991
Parcel 1B 1st Floor, Indahmas, Lots 330-333 Title No. 12782-12785 Mukim 13, Daerah Timur Laut Pulau Pinang	Freehold	2,375 sq ft	Apartment	357,200	12 years	1999
H.S.(D) 253 P.T.277, Seksyen 11E Georgetown, D.T.L. Penang	Leasehold (99 years - expiring on 25.11.2089)	5,255 sq ft	3 units of shophouses - office & laboratory	767,585	8 years	1995
H.S.(D) 578 P.T. No. 474, Mukim 6 Daerah Seberang Perai Tengah Penang	Leasehold (60 years - expiring on 23.09.2052)	5.88 acres	Office and factory building	6,897,630	4 years	1992

PROPERTIES HELD BY THE GROUP



Particulars of Titles	Tenure	Land Area	Description/ Existing Use	Net Book Value as at 31.12.02 RM	Approximate Age of Building	Year of Acquisition
Lots 1337, 1334, 1181 1183, Mk. 7 Seberang Perai Utara Penang	Freehold	10.64 acres	Land for development	3,324,463	-	1990
Lot 788, Sek. 19 Bandar Georgetown D.T.L. Penang	Freehold	37,703 sq ft	20 storey out of 25 storey office block with 1 basement car park - office & for rental	45,495,873	6 years	1990
Geran No. 51436 (1st Grade) No. Petak 42, Tingkat No. 7 Bangunan No. 171 Lot No. 1630 Bandar Jelutong, Seksyen 3 Daerah Timur Laut Penang	Freehold	700 sq ft	Apartment	120,344	6 years	1997
KEDAH						
Lot 38, Kulim Industrial Estate Mukim Sg Seluang District of Kulim Kedah Darul Aman	Leasehold (60 years - expiring on (28.01.2048)	9.06 acres	Factory building	3,707,702	13 years	1988
H.S. (D) 85/92, P.T. 18863 Sg. Petani, Daerah Kuala Muda Kedah Darul Aman	Leasehold (60 years - expiring on 12.04.2052)	3.02 acres	Factory building	2,436,913	7 years	1994
SELANGOR						
H.S (M) 3760, P.T. 11 Mukim of Batu Batu Caves Selangor Darul Ehsan	Leasehold (99 years - expiring on 05.09.2074)	9.03 acres	Office and Factory building	16,299,000	11 years	1990
H.S.(D) 57415, P.T. 541 Mukim of Bukit Raja Daerah Petaling Selangor Darul Ehsan	Leasehold (99 years - expiring on 04.12.2090)	209 acres	Golf course & Clubhouse and residential development	69,939,257	8 years	1992
H.S. (D) 116225, P.T. 1880 Mukim Damansara Daerah Petaling Selangor Darul Ehsan	Leasehold (99 years- expiring on 28.12.2096)	1988 sq ft	11/2 Storey terrace factory- office & warehouse	245,192	11 years	1990

PROPERTIES HELD BY THE GROUP

Particulars of Titles	Tenure	Land Area	Description/ Existing Use	Net Book Value as at 31.12.02 RM	Approximate Age of Building	Year of Acquisition
JOHOR						
H.S.(D) 10548, PTD 9170 Mukim of Simpang Kanan Batu Pahat Johor Darul Takzim	Freehold	0.03 acre	Double storey shophouse- tenanted	169,588	15 years	1986
KUALA LUMPUR						
H.S. (D) 30053, P.T.4 Section 19 Town of Kuala Lumpur	Freehold	40,191 sq ft	48 units of penthouses and condominiums for sale & rental	17,938,267	9 years	1991
Lots 1937-1939, 1947, 2507-2512, 2483 P.T. 41670, 41763, 41764, 42051, Kepong, Kuala Lumpur	Freehold	26.6 acres	Joint ventrure development properties	3,014,804	-	1993
AUSTRALIA						
Lot 38 Registered plan 222774 County of Ward Parish of Nerang	Freehold	18,862 sq ft	Solid brick office, factory and warehouse	1,378,910	7 years	1995

ANALYSIS OF EQUITY AND CONVERTIBLE SECURITIES AS AT 28 APRIL 2003

Analysis of Shareholdings As At 28 April 2003

Class of security	: Ordinary Shares of RM1.00 each
Authorised Share Capital	: RM500,000,000
Total Issued and Paid-up capital	: RM209,793,969
Voting right	: 1 vote per share
Number of shareholders	: 14,263

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Shares
Less than 1,000	338	2.37	132,430	0.06
1,000 – 10,000	12,659	88.76	39,034,689	18.61
10,001 – 100,000	1,144	8.02	29,926,608	14.26
100,001 – less than 5% of issued shares	119	0.83	92,770,320	44.22
5% and above of issued shares	3	0.02	47,929,922	22.85
Total	14,263	100.00	209,793,969	100.00

DIRECTORS' SHAREHOLDINGS

Name	No. of shares held			
	Direct	%	Indirect	%
Tan Sri Datuk A. Samad bin Idris	968,000	0.46	-	-
Datuk Surin Upatkoorn	786,630	0.37	24,208,695 (a)	11.54
Dato' Low Hock Peng	-	-	3,317,500 (b)	1.58
Lawrence Lim Swee Lin	105,000	0.05	-	-
Tang King Hua	350,000	0.17	114,200 (c)	0.05
Lim Kong Yow	7,000	(e)	3,000 (d)	(e)
Dato' Ahmad Hasmuni bin Hj. Hussein	-	-	-	-
Dato' Shahbudin bin Imam Mohamad	-	-	-	-
Tan Chor Teck	350,000	0.17	8,602,000 (f)	4.10

Notes:

- (a) Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Casi Management Sdn Bhd.
- (b) Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Golden Bay Holding Sdn Bhd.
- (c) Deemed interested in 114,200 MWE shares held by his spouse, Madam Leong Chooi Yin.
- (d) Deemed interested in 3,000 MWE shares held by his spouse, Madam Yap Siew Chooi.
- (e) Shareholding is insignificant.
- (f) Deemed interested through family members and by virtue of Section 6A(4) of the Companies Act, 1965 held through Simansu Sdn Bhd.

ANALYSIS OF EQUITY AND CONVERTIBLE SECURITIES AS AT 28 APRIL 2003

30 LARGEST SHAREHOLDERS

No.	Name of shareholders	No. of shares held	% of shares
1.	SOUTHERN NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Casi Management Sdn Bhd	23,608,695	11.25
2.	SOUTHERN NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Pinjaya Sdn Bhd	13,665,227	6.51
3.	MAYBAN NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Pinjaya Sdn Bhd	10,656,000	5.08
4.	UMB NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Eastern & Oriental Bhd	8,418,000	4.01
5.	KAMUNTING CORPORATION BERHAD	8,200,000	3.91
6.	SIMANSU SDN BHD	8,058,000	3.84
7.	GREENLAND TIMBER INDUSTRIES (PRIVATE) LIMITED	5,662,000	2.70
8.	BUMIPUTRA-COMMERCE NOMINEES (TEMPATAN) SDN. BHD. Qualifier : Pledged Securities Account for A.A. Anthony Securities Sdn. Bhd.	4,100,000	1.95
9.	LIM TIONG CHIN	4,100,000	1.95
10.	JB NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Bizurai Bijak (M) Sdn Bhd	3,250,000	1.55
11.	EMPLOYEES PROVIDENT FUND BOARD	3,239,000	1.54
12.	JB NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Beh Guet Beng	3,126,500	1.49
13.	MAYBAN NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for A.A. Anthony Securities Sdn. Bhd.	2,863,000	1.36
14.	TAN ENG SENG HOLDINGS SDN BERHAD – IN LIQUIDATION	2,590,000	1.24
15.	JB NOMINEES (TEMPATAN) SDN BHD Qualifier : For Eastern & Oriental Berhad	2,500,000	1.19
16.	U.B. NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for A.A. Anthony Securities Sdn Bhd	2,339,000	1.12
17.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Golden Bay Holding Sdn Bhd	1,967,500	0.94
18.	HDM NOMINEES (ASING) SDN BHD Qualifier : Pledged Securities Account for Ginwah Investments Limited	1,870,000	0.89
19.	GREENLAND TIMBER INDUSTRIES (PRIVATE) LIMITED	1,774,000	0.85
20.	HDM NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Wong Swee Lin	1,650,000	0.79
21.	GOLDEN BAY HOLDING SDN BHD	1,350,000	0.64
22.	CIMSEC NOMINEES (TEMPATAN) SDN BHD Qualifier : Pengurusan Danaharta Nasional Berhad for Raja Zainal Abidin Bin Raja Hussin	1,209,000	0.58
23.	CARTABAN NOMINEES (ASING) SDN BHD Qualifier : Bank of Tokyo Mitsubishi Luxembourg S.A. for Osterreichische Volksbanken AG	1,000,000	0.48
24.	JB NOMINEES (ASING) SDN BHD Qualifier : Pledged Securities Account for Citibase Limited	979,000	0.47
25.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Muhammad Marzuki bin A. Samad	968,000	0.46
26.	PACIFIC & ORIENT INSURANCE CO BERHAD	900,000	0.43

ANALYSIS OF EQUITY AND CONVERTIBLE SECURITIES AS AT 28 APRIL 2003

30 LARGEST SHAREHOLDERS

No.	Name of shareholders	No. of shares held	% of shares
27.	HSBC NOMINEES (ASING) SDN BHD Qualifier : HSBC (M) Trustee Bhd for Surin Upapatthang'Koon @ Lau Kim Khoo	788,392	0.38
28.	MAYBAN NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Sih Lai Peng	759,500	0.36
29.	HUANG PHANG LYE	653,000	0.31
30.	PINJAYA SDN BHD	605,000	0.29
Total		122,848,814	58.56

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%
Pinjaya Sdn Bhd	24,501,227	11.68	-	-
Casi Management Sdn Bhd	24,208,695	11.54	-	-
Datuk Surin Upatkoon	786,630	0.37	24,208,695 (a)	11.54
Eastern & Oriental Berhad	10,918,000	5.20	8,200,000 (b)	3.91

Notes:

(a) Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Casi Management Sdn Bhd.

(b) Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Kamunting Corporation Berhad.

ANALYSIS OF EQUITY AND CONVERTIBLE SECURITIES AS AT 28 APRIL 2003

Analysis of ICULS Holdings As At 28 April 2003

Class of security	:	Irredeemable Convertible Unsecured Loan Stocks (ICULS)
Issue size	:	RM66,157,533 nominal amount of 5.5% ICULS 1999/2004
Amount converted in the financial year	:	Nil
Amount converted to date	:	RM44,399,887
Amount outstanding to date	:	RM21,757,646
Voting right	:	1 vote per ICULS
Number of ICULS holders	:	3,915

Size of Holdings	No. of Holders	% of Holders	No. of ICULS	% of ICULS
Less than 1,000	321	8.20	149,185	0.69
1,000 – 10,000	3,442	87.92	7,745,461	35.60
10,001 – 100,000	142	3.63	3,236,400	14.87
100,001 – less than 5% of the total ICULS issued	7	0.18	3,322,600	15.27
5% and above of the total ICULS issued	3	0.07	7,304,000	33.57
Total	3,915	100.00	21,757,646	100.00

DIRECTORS' ICULS HOLDINGS

Name	No. of ICULS held			
	Direct	%	Indirect	%
Tan Sri Datuk A. Samad bin Idris	-	-	-	-
Datuk Surin Upatkoon	-	-	-	-
Dato' Low Hock Peng	-	-	987,000 (a)	4.54
Lawrence Lim Swee Lin	-	-	-	-
Tang King Hua	-	-	-	-
Lim Kong Yow	-	-	2,000 (b)	(c)
Dato' Ahmad Hasmuni bin Hj. Hussein	-	-	-	-
Dato' Shahbudin bin Imam Mohamad	-	-	-	-
Tan Chor Teck	-	-	-	-

Notes:

- (a) Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Golden Bay Holding Sdn Bhd.
 (b) Deemed interested in 2,000 MWE ICULS held by his spouse, Madam Yap Siew Chooi.
 (c) Number of ICULS held is insignificant.

ANALYSIS OF EQUITY AND CONVERTIBLE SECURITIES AS AT 28 APRIL 2003

30 LARGEST ICULS HOLDERS

No.	Name of ICULS holders	No. of ICULS held	% of ICULS
1.	JB NOMINEES (ASING) SDN BHD Qualifier : Pledged Securities Account for Greenland Timber Industries Pte Ltd	3,004,000	13.81
2.	GREENLAND TIMBER INDUSTRIES (PRIVATE) LIMITED	3,000,000	13.79
3.	JB NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Bizurai Bijak (M) Sdn Bhd	1,300,000	5.97
4.	TAN ENG SENG HOLDINGS SDN BHD – IN LIQUIDATION	1,036,000	4.76
5.	GOLDEN BAY HOLDING SDN BHD	987,000	4.54
6.	GREENLAND TIMBER INDUSTRIES (PRIVATE) LIMITED	530,000	2.43
7.	EASTERN & ORIENTAL BERHAD	368,000	1.69
8.	LA COSTA SDN BHD	173,000	0.80
9.	LIM KOK HOCK	122,000	0.56
10.	MD NOOR BIN NORDIN	106,600	0.49
11.	M.I.T NOMINEES (TEMPATAN) SDN BHD Qualifier : DBS Vickers Secs (S) Pte Ltd for Kuang Eng Kong @ Kuan Yong Kuan	80,000	0.37
12.	CITICORP NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Akbar Khan Bin Hj Mohamed Khan	72,000	0.33
13.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Teh Kweng Seong	70,000	0.32
14.	LIEW YEW MENG	65,000	0.30
15.	GAN ANG KIM	62,000	0.29
16.	FANG PERN KOK	60,000	0.28
17.	LAI KEK CHAU	60,000	0.28
18.	TAN CHIN MING	60,000	0.28
19.	CHIEW LONG @ CHEW PUAN SWEE	58,000	0.27
20.	TASEC NOMINEES (TEMPATAN) SDN BHD Qualifier : TA Asset Management Sdn Bhd for Yeow Lee Fong	57,000	0.26
21.	HDM NOMINEES (TEMPATAN) SDN BHD Qualifier : UOB Kay Hian Pte Ltd for Teoh Kim Eng	50,400	0.23
22.	CASI MANAGEMENT SDN BHD	50,000	0.23
23.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Kwong Keng Wai	50,000	0.23
24.	PUSHPA MALAR A/P YOGALINGAM	50,000	0.23
25.	CHOW CHONG	40,000	0.18
26.	KAF NOMINEES (ASING) SDN BHD Qualifier : DBS Vickers Secs (S) Pte Ltd for Yang Siew	40,000	0.18
27.	LEE KONG KIAN	40,000	0.18
28.	MAYBAN NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Lau Kwai	40,000	0.18
29.	NA BON BEE	40,000	0.18
30.	RGB SYSTEM SDN BHD	40,000	0.18
Total		11,711,000	53.82

ANALYSIS OF EQUITY AND CONVERTIBLE SECURITIES AS AT 28 APRIL 2003

Analysis of Warrant Holdings As At 28 April 2003

Class of security	:	Warrants 1999/2004
Issue size	:	66,157,533
Amount converted in the financial year	:	None
Amount converted to date	:	250
Amount outstanding to date	:	66,157,283
Voting right	:	1 vote per Warrant
Number of warrant holders	:	5,563

Size of Holdings	No. of Holders	% of Holders	No. of Warrants	% of Warrants
Less than 1,000	321	5.77	149,827	0.23
1,000 – 10,000	4,720	84.85	13,319,491	20.13
10,001 – 100,000	478	8.59	12,187,658	18.42
100,001 – less than 5% of the total Warrants issued	40	0.72	20,611,000	31.16
5% and above of total Warrants issued	4	0.07	19,889,307	30.06
Total	5,563	100.00	66,157,283	100.00

DIRECTORS' WARRANT HOLDINGS

Name	No. of Warrants held			
	Direct	%	Indirect	%
Tan Sri Datuk A. Samad bin Idris	-	-	-	-
Datuk Surin Upatkoon	-	-	10,501,341 (a)	15.87
Dato' Low Hock Peng	-	-	337,000 (b)	0.51
Lawrence Lim Swee Lin	30,000	0.05	-	-
Tang King Hua	-	-	-	-
Lim Kong Yow	27,000	0.04	2,000 (c)	(d)
Dato' Ahmad Hasmuni bin Hj. Hussein	-	-	-	-
Dato' Shahbudin bin Imam Mohamad	-	-	-	-
Tan Chor Teck	-	-	2,242,500 (e)	3.42

Notes:

- (a) Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Casi Management Sdn Bhd.
 (b) Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Golden Bay Holding Sdn Bhd.
 (c) Deemed interested in 2,000 MWE Warrants held by his spouse, Madam Yap Siew Chooi.
 (d) Number of Warrants held is insignificant.
 (e) Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Simansu Sdn Bhd.

ANALYSIS OF EQUITY AND CONVERTIBLE SECURITIES AS AT 28 APRIL 2003

30 LARGEST WARRANT HOLDERS

No.	Name of Warrant holders	No. of Warrants held	% of Warrants
1.	CASI MANAGEMENT SDN BHD	8,209,841	12.41
2.	MAYBAN NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Pinjaya Sdn Bhd	4,188,000	6.33
3.	PINJAYA SDN BHD	4,001,466	6.05
4.	SOUTHERN NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Pinjaya Sdn Bhd	3,490,000	5.28
5.	EASTERN & ORIENTAL BERHAD	3,167,000	4.79
6.	GREENLAND TIMBER INDUSTRIES (PRIVATE) LIMITED	2,500,000	3.78
7.	SIMANSU SDN BHD	2,242,500	3.39
8.	SOUTHERN NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Casi Management Sdn Bhd	2,006,000	3.03
9.	JB NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Tan Geok Lan	1,343,000	2.03
10.	JB NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Bizurai Bijak (M) Sdn Bhd	1,300,000	1.96
11.	TAN ENG SENG HOLDINGS SDN BERHAD – IN LIQUIDATION	1,036,000	1.57
12.	HDM NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Lau Kwai	900,000	1.36
13.	AMSEC NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Sim Kay Huan	600,000	0.90
14.	ONG KOK SUE	380,000	0.57
15.	GOLDEN BAY HOLDING SDN BHD	337,000	0.51
16.	CASI MANAGEMENT SDN BHD	285,500	0.43
17.	JB NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Chong You Chun	280,000	0.42
18.	CHEN LAI FUN	234,000	0.35
19.	AMSEC NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Teng Cheng Seng	217,000	0.33
20.	ONG LOO CHOON	214,000	0.32
21.	FOO PAK KHEAN	210,000	0.32
22.	IBRAHIM BIN HJ SAPEH	200,000	0.30
23.	CHEONG KEE WAH	190,000	0.29
24.	GOH KIM SUA	190,000	0.29
25.	F.I.T NOMINEES (ASING) SDN BHD Qualifier : DBS Vickers Secs (S) Pte Ltd for Wong Poh Leng	184,000	0.28
26.	MAYBAN NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Fua Kia Pha	184,000	0.28
27.	AMSEC NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account For Woo Chon Fatt	173,000	0.26
28.	CHANG LEE LEE	164,400	0.25
29.	M.I.T NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Wong Mei Yoke	158,000	0.24
30.	MD NOOR BIN NORDIN	152,600	0.23
Total		38,737,307	58.55

**MWE HOLDINGS BERHAD**

(Company No. 5713-D)
(Incorporated in Malaysia)

FORM OF PROXY

Registered Office :
846, Jalan Raya
14209 Sungei Bakap
Seberang Perai Selatan
Pulau Pinang

NO. OF SHARES HELD

I/We, _____ NRIC No: _____
(FULL NAME IN BLOCK CAPITALS)

of _____

being a member/members of MWE HOLDINGS BERHAD, hereby appoint _____

(FULL NAME)

NRIC No: _____

of _____

or failing whom _____ NRIC No: _____

(FULL NAME)

of _____

or failing whom, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the Company's Registered Office at 846, Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan, Pulau Pinang on Monday, 23 June 2003 at 10.30 a.m. and at any adjournment thereof.

RESOLUTIONS	* FOR	* AGAINST
1. Adoption of Accounts and Reports		
2. Declaration of First and Final Dividend		
3. Re-election of Dato' Low Hock Peng as Director		
4. Re-election of Dato' Shahbudin bin Imam Mohamad as Director		
5. Re-appointment of Tan Sri Datuk A. Samad bin Idris as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965		
6. Approval of Directors' fees		
7. Re-appointment of Auditors		
8. To authorise Directors to grant options and to allot and issue shares pursuant to the Employees' Share Option Scheme		
9. To authorise Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		

* Please indicate with an "X" in the spaces provided how you wish your votes to be cast. (If you do not do so, the Proxy will vote or abstain from voting at his discretion)

Dated this _____ day of _____ 2003.

.....
Signature of Witness

Name:

Address:

Occupation:

.....
Signature of Shareholder (s)

Notes:

- A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy or two proxies to attend and vote instead of him. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy need not be a member of the Company.
- The form of proxy in the case of an individual shall be signed by the appointor or his attorney and in the case of a corporation, must be executed under seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Company's Registered Office at 846, Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan, Pulau Pinang not less than 48 hours before the time appointed for holding the Meeting.

Fold this flap for sealing

Affix
Stamp

The Company Secretary
MWE HOLDINGS BERHAD (5713-D)
846, Jalan Raya
14209 Sungei Bakap
Seberang Perai Selatan
Pulau Pinang

Then fold here

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