



FINANCIAL statements

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MWE HOLDINGS BERHAD
(5713-D)



DIRECTORS' REPORT for the year ended 31 December 2003

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 2003.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are indicated in Note 4 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
Profit after tax	25,336,686	3,688,494
Minority interests	(16,982,511)	-
Net profit for the year	8,354,175	3,688,494

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 2002 as disclosed in the directors' report of that financial year -

First and final dividend of 1% less 28% tax paid on 8 August 2003

RM1,510,517

The directors now recommend the payment of a first and final dividend of 2% less 28% tax amounting to RM3,023,300 for the year ended 31 December 2003, subject to approval of the shareholders at the forthcoming annual general meeting.

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

During the financial year, the Company issued 157,400 ordinary shares of RM1.00 each from the conversion of 157,400 ICULS at RM1.00 nominal value each for one fully paid ordinary share in the Company.

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

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

In 2001, the Company has granted share options to eligible full-time salaried employees including full-time executive directors of the Company and its subsidiary companies to subscribe for ordinary shares of RM1 each under the 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.

The movements in the share options are as follows:

	Number of options over ordinary shares
At 1 January 2003	19,037,000
Forfeiture due to resignations	(1,557,000)
Relinquished	(600,000)
	<hr/>
At 31 December 2003	<u>16,880,000</u>

DIRECTORS

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

Mr Tang King Hua
 Mr Lim Kong Yow
 Datuk Surin Upatkoon
 Mr Lawrence Lim Swee Lin
 Dato' Hj Ahmad Hasmuni bin Hj Hussein
 Dato' Shahbudin bin Imam Mohamad
 Mr Tan Chor Teck
 Tan Sri Datuk A. Samad bin Idris (demised on 15.10.2003)
 Dato' Low Hock Peng (retired on 23.6.2003)

In accordance with the Company's Articles of Association, Datuk Surin Upatkoon and Mr Tang King Hua retire from the board at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN SHARES

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

	----- Number of ordinary shares of RM1 each -----			
	At 1-1-2003	Bought	Sold	At 31-12-2003
The Company				
Mr Tang King Hua				
- direct interest	-	1,347,100	-	1,347,100
- deemed interest	114,200	-	-	114,200
Mr Lim Kong Yow				
- direct interest	7,000	-	-	7,000
- deemed interest	3,000	-	-	3,000
Datuk Surin Upatkoon				
- direct interest	786,630	-	-	786,630
- deemed interest	23,808,695	1,210,200	-	25,018,895
Mr Lawrence Lim Swee Lin				
- direct interest	105,000	-	-	105,000
Mr Tan Chor Teck				
- direct interest	350,000	-	-	350,000
- deemed interest	8,602,000	-	-	8,602,000

The Company

	----- Number of 5.5% ICULS 1999/2004 -----				
	at 90% nominal value				
	At 1-1-2003	Bought	Converted	Sold	At 31-12-2003
Mr Lim Kong Yow					
- deemed interest	2,000	-	-	-	2,000

	----- Number of warrants 1999/2004 -----				
	At 1-1-2003	Bought	Exercised	Sold	At 31-12-2003
Mr Lim Kong Yow					
- direct interest	27,000	-	-	-	27,000
- deemed interest	2,000	-	-	-	2,000
Datuk Surin Upatkoon					
- deemed interest	10,501,341	-	-	-	10,501,341
Mr Lawrence Lim Swee Lin					
- direct interest	30,000	-	-	-	30,000
Mr Tan Chor Teck					
- deemed interest	2,242,500	-	-	2,242,500	-

Share options granted under the ESOS of the Company

	----- Number of options over ordinary shares of RM1 each -----			
	At 1-1-2003	Granted	Exercised Relinquished	At 31-12-2003
Mr Tang King Hua	600,000	-	-	600,000
Mr Lim Kong Yow	450,000	-	-	450,000
Datuk Surin Upatkoon	600,000	-	-	600,000

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 subsidiary companies:

	----- Number of ordinary shares of RM1 each -----		
	At 1-1-2003	Bought	Sold
Davex Holdings Berhad	651,765	-	-
Davex (Malaysia) Sdn Bhd	127,000	-	-
Alam Perdana Sdn Bhd	380,805	-	380,805

	----- Number of ordinary shares of SGD1 each -----		
	At 1-1-2003	Bought	Sold
Daviscomms (S) Pte Ltd	30,000	-	-

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.
- (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

22 April 2004



REPORT OF THE AUDITORS

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements set out on pages 36 to 95. 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 2003 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 4 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

22 April 2004

GAN MORN GHUAT

No. 1499/5/05 (J)
Partner



STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 36 to 95 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 2003 and of their results and cash flows for the year then ended; and
- (b) in accordance with applicable approved accounting standards and the provisions of the Companies Act, 1965.

On behalf of the Directors

DATUK SURIN UPATKOON
Director

TANG KING HUA
Director

22 April 2004

STATUTORY DECLARATION

I, Lim Kong Yow, 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 36 to 95 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 22 April 2004)	
)	
)	
)	LIM KONG YOW

Before me:

HAMZAH BIN HAJI SULAIMAN PPN., PLP., PIS
Commissioner for Oaths



BALANCE SHEETS

31 December 2003

	Note	Group		Company	
		2003 RM	2002 RM	2003 RM	2002 RM
PROPERTY, PLANT AND EQUIPMENT	2	116,909,971	114,058,553	-	-
DEVELOPMENT PROPERTIES	3	25,556,347	25,045,756	-	-
SUBSIDIARY COMPANIES	4	-	-	142,044,660	134,205,268
AMOUNT OWING BY SUBSIDIARY COMPANIES	5	-	-	247,071,149	257,259,944
ASSOCIATED COMPANIES	6	6,986,030	5,117,416	1	1
OTHER INVESTMENTS	7	121,433,745	123,305,534	8,108	8,108
INTANGIBLE ASSETS	8	174,621	214,602	-	-
GOODWILL ON ACQUISITION	9	20,075,970	21,568,396	-	-
DEFERRED TAX ASSETS	10	721,835	-	-	-
CURRENT ASSETS					
Inventories	11	101,702,284	77,912,757	-	-
Development properties	3	5,339,286	5,939,554	-	-
Gross amount due from customers	12	3,622,389	2,115,738	-	-
Trade and other receivables	13	151,339,267	113,143,202	5,141	11,502
Amount owing by associated companies	14	4,398,068	4,557,892	-	-
Tax recoverable		6,972,389	6,970,174	4,631,692	4,612,251
Fixed deposits	15	15,345,670	13,596,898	-	-
Cash and bank balances	16	35,367,728	26,649,350	16,414	353,150
		324,087,081	250,885,565	4,653,247	4,976,903
Less:					
CURRENT LIABILITIES					
Gross amount due to customers	12	322,696	348,022	-	-
Trade and other payables	17	132,377,674	77,232,313	9,775,240	11,155,663
Amount owing to associated companies	14	584,861	-	-	-
Hire purchase liabilities	18	1,281,277	1,206,217	-	-
Bank borrowings	19	69,186,045	83,711,173	29,951,761	66,946,501
Tax payable		3,387,863	3,966,574	-	-
		207,140,416	166,464,299	39,727,001	78,102,164
NET CURRENT ASSETS/(LIABILITIES)		116,946,665	84,421,266	(35,073,754)	(73,125,261)
		408,805,184	373,731,523	354,050,164	318,348,060

	Note	2003 RM	Group 2002 RM	2003 RM	Company 2002 RM
Financed by:					
SHARE CAPITAL	20	209,951,369	209,793,969	209,951,369	209,793,969
RESERVES	21	30,034,267	22,246,187	38,257,608	36,079,631
SHAREHOLDERS' EQUITY		239,985,636	232,040,156	248,208,977	245,873,600
MINORITY INTERESTS		67,418,099	58,687,024	-	-
LONG TERM LIABILITIES	22	75,540,275	57,854,819	73,776,242	52,996,129
AMOUNT OWING TO SUBSIDIARY COMPANIES	5	-	-	32,064,945	19,478,331
DEFERRED TAX LIABILITIES	23	9,627,869	9,781,862	-	-
DEFERRED INCOME	24	16,233,305	15,367,662	-	-
		408,805,184	373,731,523	354,050,164	318,348,060

Notes to and forming part of the financial statements are set out on pages 44 to 95
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INCOME STATEMENTS for the year ended 31 December 2003

	Note	2003 RM	Group 2002 RM	2003 RM	Company 2002 RM
Gross revenue	25	556,297,589	490,967,889	5,987,923	7,194,031
Cost of sales	26	(442,997,965)	(405,320,743)	-	-
Gross profit		113,299,624	85,647,146	5,987,923	7,194,031
Other operating income		16,195,249	14,254,893	7,525,726	8,229,487
Amount owing waived by former subsidiary companies		-	-	-	14,927,130
Selling and distribution costs		(17,037,169)	(15,050,046)	-	-
Administrative and general expenses		(73,218,898)	(64,086,493)	(1,045,350)	(756,229)
Other operating expenses		(872,707)	(1,109,840)	-	-
Profit from operations	27	38,366,099	19,655,660	12,468,299	29,594,419
Finance costs	28	(8,947,010)	(10,203,103)	(7,929,846)	(9,390,630)
Gain/(Loss) on disposal of investments in subsidiary companies		364,370	2,069,436	-	(16,472,568)
Impairment loss on value of investments written back		3,575,786	-	-	-
Impairment loss on value of investments		(5,102,075)	(11,001,040)	-	-
Share of results in associated companies		2,046,372	(2,771,044)	-	-
Profit/(Loss) before tax		30,303,542	(2,250,091)	4,538,453	3,731,221
Tax expense					
- Company and its subsidiaries	29	(4,688,427)	(3,744,951)	(849,959)	(740,000)
- Share of tax expense in associated companies		(278,429)	(27,481)	-	-
Profit/(Loss) after tax		25,336,686	(6,022,523)	3,688,494	2,991,221
Minority interests		(16,982,511)	(12,507,721)	-	-
Net profit/(loss) for the year		8,354,175	(18,530,244)	3,688,494	2,991,221
Net dividend per share (sen)		1.44	0.72	1.44	0.72
Earnings per share	30				
Basic (sen)		3.98	(8.83)		
Diluted (sen)		3.84	-		

Notes to and forming part of the financial statements are set out on pages 44 to 95
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital RM	Share premium RM	Exchange translation reserve RM	Capital reserve RM	----- Undistributed RM	Accumulated loss Dividends RM	----- Sub-total RM	Total RM
At 1 January 2002	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 - exchange translation differences	-	-	1,865,246	-	-	-	-	1,865,246
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)	1,510,517	(27,817,114)	232,040,156
Issue of share capital on conversion of ICULS	157,400	-	-	-	-	-	-	157,400
Transfer to capital reserve	-	-	-	162,621	(162,621)	-	(162,621)	-
Net gain not recognised in income statement - exchange translation differences	-	-	1,728,756	-	-	-	-	1,728,756
Exchange translation reserve realised on liquidation of foreign subsidiaries	-	-	(839,315)	-	-	-	-	(839,315)
Reserve arising from dilution of minority interests in a subsidiary company	-	-	-	4,156	-	-	-	4,156
Realisation of discount on liquidation of a foreign subsidiary company	-	-	-	-	50,825	-	50,825	50,825
Net profit for the year	-	-	-	-	8,354,175	-	8,354,175	8,354,175
Dividend paid in respect of year ended 31 December 2002	-	-	-	-	-	(1,510,517)	(1,510,517)	(1,510,517)
Proposed first and final dividend of 2% less 28% tax	-	-	-	-	(3,023,300)	3,023,300	-	-
At 31 December 2003	209,951,369	23,586,099	3,504,104	24,029,316	(24,108,552)	3,023,300	(21,085,252)	239,985,636

Notes to and forming part of the financial statements are set out on pages 44 to 95
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STATEMENT OF CHANGES IN EQUITY

	Share capital RM	Share premium RM	Capital- reserve RM	- Unappropriated profit/(Accumulated loss) - Undistributed RM	Dividends RM	Sub-total RM	Total RM
At 1 January 2002	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
Issue of share capital on conversion of ICULS	157,400	-	-	-	-	-	157,400
Net profit for the year	-	-	-	3,688,494	-	3,688,494	3,688,494
Dividend paid in respect of year ended 31 December 2002	-	-	-	-	(1,510,517)	(1,510,517)	(1,510,517)
Proposed first and final dividend of 2% less 28% tax	-	-	-	(3,023,300)	3,023,300	-	-
At 31 December 2003	209,951,369	23,586,099	13,761,928	(2,113,719)	3,023,300	909,581	248,208,977

Notes to and forming part of the financial statements are set out on pages 44 to 95
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CASH FLOW STATEMENTS for the year ended 31 December 2003

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	30,303,542	(2,250,091)	4,538,453	3,731,221
Adjustments for:				
Amortisation of goodwill on acquisition	2,115,823	4,752,955	-	-
Amortisation of discount on ICULS	437,513	435,153	437,513	435,153
Amortisation of intangible assets	67,207	155,087	-	-
Depreciation	15,351,762	14,810,227	-	-
Property, plant and equipment written off	28,445	345,561	-	-
Gain on disposal of property, plant and equipment	(896,920)	(157,689)	-	-
Loss on disposal of property, plant and equipment	1,195	20,514	-	-
Amount owing waived by former subsidiary companies	-	-	-	(14,927,130)
(Gain)/Loss on disposal of subsidiary companies	(364,370)	(2,069,436)	-	16,472,568
Exchange translation reserve realised on				
- disposal of subsidiary companies	-	(6,718,563)	-	-
- liquidation of foreign subsidiary companies	(839,315)	-	-	-
Impairment loss on value of investments	5,102,075	11,001,040	-	-
Impairment loss on value of investments written back	(3,575,786)	-	-	-
Share of results in associated companies	(2,046,372)	2,771,044	-	-
Inventories written down	-	4,006,671	-	-
Allowance for doubtful debts	6,598,741	1,401,967	-	-
Allowance for doubtful debts written back	(7,938)	(187,743)	-	(65,000)
Bad debts written off	1,223,577	3,363,291	-	21,007
Unrealised gain on foreign exchange	(2,288,437)	(483,671)	-	-
Dividend income	(75,053)	(72,311)	(5,987,923)	(7,194,031)
Interest income	(1,270,006)	(1,710,381)	(7,525,637)	(8,163,243)
Interest expenses	9,414,521	10,750,762	7,492,333	8,955,477
Operating profit/(loss) before working capital changes	59,280,204	40,164,387	(1,045,261)	(733,978)
Changes in inventories	(20,106,719)	(9,851,871)	-	-
Changes in development properties	89,677	15,203,553	-	-
Changes in receivables	(37,346,139)	(22,530,913)	6,361	76,480
Changes in payables	50,745,709	(7,150,310)	(1,380,423)	(2,398,846)
Changes in trade line borrowings	16,707,926	4,607,718	-	-
Cash generated from/(utilised in) operations	69,370,658	20,442,564	(2,419,323)	(3,056,344)
Interest received	1,270,006	1,710,381	7,525,637	8,163,243
Interest paid	(8,509,497)	(9,767,950)	(7,492,333)	(8,955,477)
Interest paid classified under cost of sales	(131,361)	-	-	-
Interest paid capitalised under development properties	(773,663)	(982,812)	-	-
Tax paid	(6,166,249)	(8,209,182)	-	-
Net cash from/(used in) operating activities	55,059,894	3,193,001	(2,386,019)	(3,848,578)

CASH FLOW STATEMENTS for the year ended 31 December 2003

	2003 RM	Group 2002 RM	2003 RM	Company 2002 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(20,534,865)	(14,754,062)	-	-
Purchase of new subsidiary companies, net of cash (Note 31)	(1,540,637)	43,397	-	-
Purchase of additional shares in subsidiary companies	(6,219,895)	(1,062,203)	(7,839,392)	-
Purchase of other investments	(2,100,000)	(7,128,811)	-	-
Proceeds from disposal of property, plant and equipment	6,086,216	837,228	-	-
Proceeds from disposal of other investments	1,530,480	-	-	-
Disposals of subsidiary companies, net of cash (Note 31)	(37,397)	(86,578)	-	166,092
Redemption of preference shares in investee company	1,500,000	1,500,000	-	-
Repayment from subsidiary companies	-	-	10,188,795	1,570,470
Return of capital by investee company	508,950	-	-	-
Fixed deposits pledged	(791,756)	-	-	-
Withdrawal of pledged fixed deposits	-	4,838,007	-	-
Dividends received from subsidiary companies	-	-	5,115,100	6,227,350
Dividends received from associated companies	-	69,500	-	-
Dividends received from other investments	75,053	72,311	3,423	681
Expenditure on patents capitalised	(26,503)	(81,417)	-	-
Net cash (used in)/from investing activities	(21,550,354)	(15,752,628)	7,467,926	7,964,593
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital injection by minority shareholders	199,998	-	-	-
Dividends paid to shareholders	(1,510,517)	(1,510,517)	(1,510,517)	(1,510,517)
Dividend paid to minority interests	(5,636,102)	(4,363,334)	-	-
Bank borrowings raised	68,218,000	1,563,246	63,000,000	-
Repayment of bank borrowings	(77,455,664)	(6,290,546)	(74,500,000)	(4,100,000)
Advances from subsidiary companies	-	-	12,586,614	4,181,766
Payment of hire purchase instalments	(1,655,482)	(1,287,764)	-	-
Net cash used in financing activities	(17,839,767)	(11,888,915)	(423,903)	(1,428,751)
NET CHANGES IN CASH AND CASH EQUIVALENTS	15,669,773	(24,448,542)	4,658,004	2,687,264
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	28,010,275	51,914,841	(5,093,351)	(7,780,615)
EFFECTS OF CHANGES IN EXCHANGE RATES	258,316	543,976	-	-
	28,268,591	52,458,817	(5,093,351)	(7,780,615)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	43,938,364	28,010,275	(435,347)	(5,093,351)

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Represented by:				
FIXED DEPOSITS	11,658,790	10,701,774	-	-
CASH AND BANK BALANCES	35,367,728	26,649,350	16,414	353,150
BANK OVERDRAFTS	(3,088,154)	(9,340,849)	(451,761)	(5,446,501)
	<u>43,938,364</u>	<u>28,010,275</u>	<u>(435,347)</u>	<u>(5,093,351)</u>

During the financial year, the Group acquired property, plant and equipment amounting to RM21,919,656 (2002 : RM15,316,496) of which RM1,384,791 (2002 : RM562,434) was financed under hire purchase and the balance of RM20,534,865 (2002 : RM14,754,062) was paid by cash.

Notes to and forming part of the financial statements are set out on pages 44 to 95
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NOTES TO AND FORMING PART OF THE

FINANCIAL STATEMENTS for the year ended 31 December 2003

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

The measurement bases applied in the presentation of the financial statements include cost, amortised cost, recoverable value, realisable value and fair value as indicated in the accounting policies set out below. Accounting estimates are used in measuring these values.

(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. Unrealised gains on transactions are eliminated in full and unrealised losses are also eliminated in full unless cost cannot be recovered. 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 consolidated balance sheet, the Group's share of post-acquisition results and reserves of the associated companies are added to the cost of investments which reflects the Group's share of net assets of the associated companies.

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. Discount on acquisition, if any, is retained in the consolidated balance sheet and will be credited to income statement over a suitable period decided in relation to the particular circumstances which give rise to it. Where goodwill is considered to be capable of generating future economic benefits, it is capitalised in the financial statements and amortised on the straight line basis over a period of 20 years, otherwise, it is written off in the income statement in the year of acquisition. The carrying amount and amortisation period are reviewed annually and goodwill is written down when its value has deteriorated or when it ceases to have a useful life. The policy for the recognition and measurement of impairment loss is in accordance with Note 1(p).

(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 periods 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 less accumulated impairment loss 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.

(h) Development properties (cont'd)

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 is 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) 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 an asset's estimated net selling price and its value in use. Value in use is measured by the discounted future cash flows expected 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 of an asset 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.

(q) Share capital

Ordinary shares are recorded at 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.

(r) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies during the financial year 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:

	2003 RM	2002 RM
USD1	3.77	3.77
SGD1	2.21	2.17
HKD1	0.48	0.48
AUD1	2.79	2.12
RMB1	0.46	0.46
TWD1	0.11	0.11

(s) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the Company and when the revenue 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
Revenue 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) Rental income
Rental income is recognised on a time proportion basis over the lease term.
- (vii) Interest income
Interest income is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.
- (viii) Licence fees
Licence fees are 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) Borrowing costs

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of 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. The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on borrowings obtained specifically for the purpose of the development.

(t) Borrowing costs (cont'd)

The interest component of hire purchase and finance lease payments are recognised in 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) Employees benefits

(i) Short term benefits

Salaries, wages, bonuses and social security contributions are recognised as an expense in the financial year in which the services are rendered by the employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlements to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur. Non-monetary benefits such as medical care, housing and other staff related expenses are charged to the income statement as and when incurred.

(ii) Defined contribution plans

The Group has various post-employment benefit schemes in accordance with local conditions and practices in the countries in which it operates. These benefits are called defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"), whereas companies in other countries will make contributions to the respective local pension funds. Such contributions are recognised as an expense in the income statement in the financial year to which they relate.

(iii) Equity compensation benefits

The Company operates an ESOS which allows full-time salaried employees (including full time executive directors) of the Company and its subsidiaries to acquire shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

(iv) Termination benefits

Employee termination benefits are recognised only either after an agreement is in place with the appropriate employee representatives specifying the terms of redundancy or after individual employees have been advised of the specific terms.

(x) Tax expense

The tax expense in the income statement comprises current tax and deferred tax. Current tax is an estimate of tax payable at current tax rate based on profit earned during the year. Deferred taxation is recognised in full, based 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.

Deferred tax assets are recognised 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 is calculated at the tax rate 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.

(y) Cash equivalents

Cash equivalents comprise cash and bank balances, deposits held on call with banks, bank overdrafts and other 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.

(z) Financial instruments

(a) Financial instruments recognised in the balance sheets

The recognised financial instruments of the Group comprise cash and liquid resources, receivables, payables, bank borrowings, hire purchase liabilities and ICULS as well as ordinary share capital. These financial instruments are recognised when a contractual relationship has been established. All the financial instruments are denominated in Ringgit Malaysia, unless otherwise stated. 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.

(b) Financial instruments not recognised in the balance sheets

(i) Foreign currency forward contracts

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.

(ii) Unsecured guarantees

The Group has provided unsecured guarantees in respect of banking and trading facilities which represent present obligations existed at the balance sheet date but are not recognised in the financial statements at inception because it is not probable that an outflow of economic benefits will be required to settle the obligations.

2. PROPERTY, PLANT AND EQUIPMENT

	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
GROUP							
2003							
At cost							
At 1 January	5,920,407	81,033,574	12,102,941	96,892,715	31,931,328	-	227,880,965
Exchange adjustments	247,586	22,199	-	362,760	735,104	-	1,367,649
	6,167,993	81,055,773	12,102,941	97,255,475	32,666,432	-	229,248,614
Acquisition of subsidiaries	-	-	-	507,360	946,647	-	1,454,007
Additions	-	5,246,945	2,833,446	9,414,729	3,794,504	630,032	21,919,656
Disposals	(2,191,479)	-	(3,425,773)	(1,630,222)	(1,297,356)	-	(8,544,830)
Write-off	-	-	-	(9,253)	(158,537)	-	(167,790)
Reclassifications	-	(4,291,486)	-	(37,180)	4,328,666	-	-
At 31 December	3,976,514	82,011,232	11,510,614	105,500,909	40,280,356	630,032	243,909,657
Accumulated depreciation							
At 1 January	487,657	17,963,911	1,134,990	73,167,887	21,067,967	-	113,822,412
Exchange adjustments	29,285	20,001	-	221,359	403,185	-	673,830
	516,942	17,983,912	1,134,990	73,389,246	21,471,152	-	114,496,242
Acquisition of subsidiaries	-	-	-	114,156	531,210	-	645,366
Charge for the year	78,736	1,518,250	290,269	9,474,639	3,989,868	-	15,351,762
Disposals	(258,698)	-	(615,566)	(1,443,413)	(1,036,662)	-	(3,354,339)
Write-off	-	-	-	(9,252)	(130,093)	-	(139,345)
Reclassifications	-	(4,291,486)	-	(8,379)	4,299,865	-	-
At 31 December	336,980	15,210,676	809,693	81,516,997	29,125,340	-	126,999,686
Net book value at 31 December	3,639,534	66,800,556	10,700,921	23,983,912	11,155,016	630,032	116,909,971
2002							
Net book value at 31 December	5,432,750	63,069,663	10,967,951	23,724,828	10,863,361	-	114,058,553
Depreciation charge for the year	94,779	2,280,967	295,503	8,540,976	3,598,002	-	14,810,227

2. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The leasehold land of a subsidiary company with a net book value of RM16,891,678 (2002 : RM17,086,022) 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 (2002 : RM17,760,000) has been allocated for development purpose and is classified under development properties referred to in Note 3.

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

	2003 RM	Group 2002 RM
Freehold properties	3,023,486	4,458,337
Long term leasehold properties	66,408,288	32,585,731
Plant and machinery	1,781,611	4,085,013
Motor vehicles, furniture, fixtures and equipment	2,352,114	1,417,800
	<hr/>	<hr/>
	73,565,499	42,546,881

Included in the net book value of property, plant and equipment of the Group are plant and machinery, motor vehicles and equipment amounting to RM4,634,606 (2002 : RM3,945,394) acquired under hire purchase and finance lease.

3. DEVELOPMENT PROPERTIES

	2003 RM	Group 2002 RM
Land, at cost	47,120,596	47,120,596
Development expenditure, at cost	113,195,133	109,795,416
	<hr/>	<hr/>
	160,315,729	156,916,012
Less:		
Non-current portion	25,556,347	25,045,756
	<hr/>	<hr/>
	134,759,382	131,870,256
Profit attributable to development work to-date	5,678,426	3,985,936
	<hr/>	<hr/>
	140,437,808	135,856,192
Less:		
Progress billings	135,098,522	129,916,638
	<hr/>	<hr/>
Current portion	5,339,286	5,939,554
	<hr/>	<hr/>
Progress billings to-date comprise:		
Progress billings		
- received	132,780,618	128,807,745
- receivable	2,317,904	1,108,893
	<hr/>	<hr/>
	135,098,522	129,916,638

3. DEVELOPMENT PROPERTIES (cont'd)

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 RM773,663 (2002 : RM982,812).

In the previous financial year, development properties with a total carrying amount of RM3,324,463 of a subsidiary company were pledged as security for banking facilities granted to the said subsidiary.

4. SUBSIDIARY COMPANIES

	2003 RM	Company 2002 RM
Unquoted shares, at cost	142,044,660	134,205,268

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

	Gross equity interest		Principal activities
	2003 %	2002 %	
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 accounting, secretarial and insurance agency services
MWE Golf & Country Club Berhad	100	100	Management of a golf course and clubhouse and the provision of landscaping services
MWE Advanced Structure Sdn Bhd	90	90	Building construction and trading in commercial trucks
First Cosmopolitan Sdn Bhd	100	100	Investment holding
* Alu-Paste & Pigments Sdn Bhd	100	100	Investment holding
Alam Perdana Sdn Bhd	100	51	Investment holding
* Davex Holdings Berhad	86	86	Investment holding
MWE Optical Holdings Sdn Bhd	55	55	Investment holding

4. SUBSIDIARY COMPANIES (cont'd)

	Gross equity interest		Principal activities
	2003	2002	
	%	%	
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	100	Production of garment products for export
Subsidiary companies of MWE Properties Sdn Bhd			
MWE Precast Concrete Sdn Bhd	100	100	Manufacture and sale of precast formwork panels
Metra PMC Sdn Bhd	100	100	Provision of property management services
Melati Mewah Sdn Bhd	100	100	Property investment and development
Prime Achiever Sdn Bhd	90	90	Rental of properties
MWE Development Sdn Bhd	70	70	Property development
MWE Tiravest Sdn Bhd	60	60	Property development
Jurangjaya Sdn Bhd	60	60	Property development
MWE Macadam Sdn Bhd	51	51	Building construction
Subsidiary company of Melati Mewah Sdn Bhd			
Melati Mewah Property Services Sdn Bhd (formerly known as Davex Group (M) Sdn Bhd)	100	-	Provision of property management services
Subsidiary company of Jurangjaya 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

4. SUBSIDIARY COMPANIES (cont'd)

	Gross equity interest 2003 %	2002 %	Principal activities
Subsidiary companies of MWE Advanced Structure Sdn Bhd			
MWE Cedar Homes Sdn Bhd	70	70	Inactive
Quasar Industrial Vehicles Sdn Bhd	53	51	Assembling and distributing of trucks
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 (In liquidation, incorporated in the Republic of Singapore)	100	100	Investment holding
Subsidiary company of Alam Perdana Sdn Bhd			
* P & E Holdings (M) Sdn Bhd	-	100	Investment holding
Subsidiary companies of Davex Holdings Berhad			
* 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	93	87	General importer and supplier of electrical fittings, manufacturing and assembling of all range of electrical cable trunkings and lightings
* Daviscomms (S) Pte Ltd (incorporated in the Republic of Singapore)	83	71	Design, manufacturing and distribution of telecommunication products
* Phili-Orient Lines (Penang) Sdn Bhd	57	57	Provision of sea freight forwarding services
* PI International Ltd (incorporated in British Virgin Islands)	51	51	Inactive
* DG Technologies (M) Sdn Bhd	-	91	Contract manufacturing of electronic products

4. SUBSIDIARY COMPANIES (cont'd)

	Gross equity interest		Principal activities
	2003	2002	
	%	%	
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 Technology (China) Ltd (incorporated in Hong Kong, SAR)	75	75	Investment holding and trading of electronic parts and electronic power conversion products
Subsidiary companies of Davex (Malaysia) Sdn Bhd			
* Davex Australia Pty Ltd (incorporated in Australia)	100	100	Manufacturer, wholesaler and importer of electrical goods
* Davex Engineering (M) Sdn Bhd	100	100	Manufacturing and assembling of a range of electrical cable trunkings and lightings
* Davex Singapore Pte Ltd	63	-	Dealing in electrical products and provision of engineering services
* Specific Form Sdn Bhd	100	100	Investment holding
* Davex Trading (Pg) Sdn Bhd	100	100	Inactive
Melati Mewah Property Services Sdn Bhd (formerly known as Davex Group (M) Sdn Bhd)	-	100	Inactive
Subsidiary company of Daviscomms (S) Pte Ltd			
* DG Technologies (M) Sdn Bhd	100	-	Contract manufacturing of electronic products
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

4. SUBSIDIARY COMPANIES (cont'd)

		Gross equity interest 2003 %	2002 %	Principal activities
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
Subsidiary company of PI Technology (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 Optimia JV Sdn Bhd	100	100	Trading in ophthalmic products
	Shu Tong Mow Contact Optical Sdn Bhd	100	100	Trading in ophthalmic products
*	MWE Optical Pte Ltd (In liquidation, incorporated in the Republic of Singapore)	100	100	Inactive

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

5. AMOUNT OWING BY/TO SUBSIDIARY COMPANIES

	2003 RM	Company 2002 RM
Amount owing by subsidiary companies	247,071,149	257,259,944
Amount owing to subsidiary companies	32,064,945	19,478,331

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 RM234,167,508 (2002 : RM240,322,399) earns effective interest rates of between 0.125% and 10.59% (2002 : 0.125% and 8.47%) per annum and the balance is interest free.

Amount owing to subsidiary companies totalling RM11,855,722 (2002 : RM4,310,173) bears an effective interest rate of 7% (2002 : 7%) per annum and the balance is interest free.

6. ASSOCIATED COMPANIES

	2003 RM	Group 2002 RM	2003 RM	Company 2002 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	(13,174,794)	(15,043,408)	-	-
	6,986,030	5,117,416	1	1
Represented by:				
	2003 RM	2002 RM		
Attributable share of net assets of associated companies	6,986,030	5,117,416		

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 profit for the current year and cumulative loss not recognised is as follows:

	2003 RM	Group 2002 RM
Share of profit/(loss) not recognised		
- in the current year	205,223	(11,968)
- cumulatively	(7,862,282)	(8,067,505)

6. ASSOCIATED COMPANIES (cont'd)

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

	Gross equity interest		Principal activities
	2003	2002	
	%	%	
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% (2002 : 3.50%) interest in the issued and paid-up share capital of the Company.

7. OTHER INVESTMENTS

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Investment properties				
- freehold land, at cost	6,180,000	6,180,000	-	-
- buildings, at cost	80,486,536	78,386,536	-	-
	86,666,536	84,566,536	-	-
Less:				
Impairment loss	8,888,023	8,888,023	-	-
	77,778,513	75,678,513	-	-
Quoted shares in Malaysia, at cost	20,520,000	20,520,000	-	-
Less:				
Impairment loss	11,667,900	15,105,000	-	-
	8,852,100	5,415,000	-	-
Quoted shares outside Malaysia, at cost	10,140,149	9,784,460	8,105	8,105
Less:				
Impairment loss	1,934,077	2,047,969	-	-
	8,206,072	7,736,491	8,105	8,105
Unquoted shares, at cost	56,404,536	60,842,287	15,203,920	15,203,920
Less:				
Impairment loss	29,983,876	26,637,290	15,203,917	15,203,917
	26,420,660	34,204,997	3	3
Membership in a golf and country club, at cost	275,405	270,533	-	-
Less:				
Impairment loss	99,005	-	-	-
	176,400	270,533	-	-
	121,433,745	123,305,534	8,108	8,108
Market value				
- shares quoted in Malaysia	8,852,100	5,415,000	-	-
- shares quoted outside Malaysia	9,138,996	9,073,983	53,361	41,804
	17,991,096	14,488,983	53,361	41,804

7. OTHER INVESTMENTS (cont'd)

All the above shares quoted in Malaysia held by a subsidiary company are 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:

	2003 RM	2002 RM
Investment properties		
- freehold land	6,180,000	6,180,000
- buildings	56,515,873	56,515,873
	<u>62,695,873</u>	<u>62,695,873</u>

8. INTANGIBLE ASSETS

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

	2003 RM	Group 2002 RM
At 1 January	214,602	288,073
Exchange adjustment	723	199
	<u>215,325</u>	<u>288,272</u>
Additions	26,503	81,417
	<u>241,828</u>	<u>369,689</u>
Less:		
Amortisation for the year	67,207	155,087
	<u>174,621</u>	<u>214,602</u>

9. GOODWILL ON ACQUISITION

	2003 RM	2002 RM
At 1 January	21,568,396	22,279,596
Increase in effective interests in subsidiary companies	573,024	5,458,569
Decrease in effective interests in subsidiary company	(17,960)	-
Acquisition of new subsidiary companies	68,462	63,852
	<u>22,191,922</u>	<u>27,802,017</u>
Less:		
Disposal of subsidiary companies	129	1,480,666
	<u>22,191,793</u>	<u>26,321,351</u>
Less:		
Amortisation for the year	2,115,823	4,752,955
	<u>20,075,970</u>	<u>21,568,396</u>

10. DEFERRED TAX ASSETS

	2003 RM	Group 2002 RM
At 1 January	-	-
Exchange adjustment	47,906	-
Transfer from income statement	673,929	-
At 31 December	721,835	-

The deferred tax assets comprise:

Deductible temporary differences on		
- unused tax losses	375,043	-
- unused tax credits	341,947	-
- other temporary differences	4,845	-
	721,835	-

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 it is not probable that future taxable profit will be available against which the assets can be utilised.

	2003 RM	Group 2002 RM
Unutilised tax losses	52,750,393	47,587,000
Unabsorbed capital allowances	11,301,400	13,283,000
Other (taxable)/deductible temporary differences	(169,973)	536,000
	63,881,820	61,406,000

11. INVENTORIES

	At cost RM	At net realisable value RM	Total RM
Group 2003			
Raw materials	34,191,338	-	34,191,338
Work-in-progress	10,413,147	-	10,413,147
Finished goods	20,641,945	-	20,641,945
Commercial trucks held for sale	25,981,780	-	25,981,780
Inventories of completed development properties	2,874,658	4,198,949	7,073,607
Consumable stores and spares	3,400,467	-	3,400,467
	97,503,335	4,198,949	101,702,284

11. INVENTORIES (cont'd)

	At cost RM	At net realisable value RM	Total RM
2002			
Raw materials	28,349,836	-	28,349,836
Work-in-progress	11,524,487	-	11,524,487
Finished goods	15,678,989	90,131	15,769,120
Commercial trucks held for sale	356,359	-	356,359
Inventories of completed development properties	3,022,391	16,299,000	19,321,391
Consumable stores and spares	2,591,564	-	2,591,564
	61,523,626	16,389,131	77,912,757

Inventories pledged to banks for banking facilities granted to certain subsidiary companies are as follows:

	2003 RM	Group 2002 RM
Raw materials	397,882	505,190
Finished goods	207,473	205,442
Commercial trucks held for sale	21,777,110	-
Inventories of completed development properties	-	16,299,000
Consumable stores and spares	2,117,493	-
	24,499,958	17,009,632

12. GROSS AMOUNT DUE FROM/TO CUSTOMERS

	2003 RM	Group 2002 RM
Cost of contracts	40,430,503	34,843,079
Attributable profits recognised to-date	4,092,151	3,737,993
	44,522,654	38,581,072
Less:		
Progress billings to-date	41,222,961	36,813,356
	3,299,693	1,767,716
Represented by:		
Gross amount due from customers	3,622,389	2,115,738
Gross amount due to customers	(322,696)	(348,022)
	3,299,693	1,767,716
Retention sum receivable	1,181,890	976,145

13. TRADE AND OTHER RECEIVABLES

	2003 RM	Group 2002 RM	2003 RM	Company 2002 RM
Gross trade receivables	139,974,765	95,734,459	-	-
Less:				
Allowance for doubtful debts	3,706,646	1,717,491	-	-
	136,268,119	94,016,968	-	-
Other receivables, deposits and prepayments	28,841,666	32,967,529	6,404,946	6,411,307
Less:				
Allowance for doubtful debts	13,770,518	13,841,295	6,399,805	6,399,805
	15,071,148	19,126,234	5,141	11,502
	151,339,267	113,143,202	5,141	11,502

Trade receivables comprise 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, deposits and prepayments are from the normal business transactions of the Group. All trade receivables are granted credit periods of 7 to 120 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/TO ASSOCIATED COMPANIES

The amount owing by the associated companies represents unsecured advances which are interest free except for an amount of RM598,068 (2002 : RM257,852) which earns effective interest rates of between 7.15% and 7.55% (2002 : 7.15% and 7.55%) per annum and have no fixed terms of repayment.

The amount owing to the associated companies represents unsecured advances which are unsecured, interest free and have no fixed terms of repayment.

15. FIXED DEPOSITS

	2003 RM	Group 2002 RM
Fixed deposits are placed with		
- Licensed banks in Malaysia	12,474,470	8,896,458
- Foreign banks	2,871,200	4,700,440
	15,345,670	13,596,898

15. FIXED DEPOSITS (cont'd)

The effective interest rates per annum of the fixed deposits are as follows:

	2003 %	Group 2002 %
Fixed deposits placed with		
- Licensed banks in Malaysia	2.30 to 4.00	2.10 to 4.25
- Foreign banks	0.50	0.19 to 2.00

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

Fixed deposits amounting to RM3,686,880 (2002 : RM2,895,124) 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 RM670,704 (2002 : RM677,870) placed in trust accounts pursuant to Clause 12.02 and 13.01 of the Trust Deed entered into by two subsidiary companies with AmTrustee Berhad and Licensees of Montez Golf & Country Club and RM720,924 (2002 : RM491,126) 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 RM256,871 (2002 : RM3,554,733) maintained in housing development accounts in accordance with the Housing Developers (Housing Development Account) Regulations 1991 and RM21,186 (2002 : RM8,312) placed in trust accounts pursuant to Clause 11.01, 12.02 and 13.01 of the Trust Deed entered into by two subsidiary companies with AmTrustee Berhad and Licensees of Montez Golf & Country Club. These accounts are only available for specific uses by the said subsidiary companies.

17. TRADE AND OTHER PAYABLES

	2003 RM	Group 2002 RM	Company 2003 RM	2002 RM
Trade payables	81,316,144	39,906,402	-	-
Other payables, deposits and accruals	51,061,530	37,325,911	9,775,240	11,155,663
	132,377,674	77,232,313	9,775,240	11,155,663

Trade payables comprise amounts outstanding for trade purchases, sub-contractors claims on contract works performed and retention sums payable. Other payables, deposits and accruals 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.

17. TRADE AND OTHER PAYABLES (cont'd)

Included in other payables of the Company and of the Group is an amount of RM9,000,000 (2002 : RM10,500,000) 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 Montez Golf & Country Club. To-date, the terms of the appointment has yet to be finalised.

18. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	2003 RM	Group 2002 RM
Outstanding hire purchase instalments and finance lease rentals due:		
Not later than one year	1,409,160	1,396,839
Later than one year and not later than five years	1,024,218	1,349,373
Later than five years	535,022	158,115
	<hr/> 2,968,400	<hr/> 2,904,327
Less:		
Unexpired term charges	303,509	298,970
	<hr/> 2,664,891	<hr/> 2,605,357
Outstanding principal amount due		
Less:		
Outstanding principal amount due later than one year (Note 22)	1,383,614	1,399,140
Outstanding principal amount due not later than one year (included in current liabilities)	<hr/> 1,281,277	<hr/> 1,206,217

The effective interest rates of the hire purchase and finance lease liabilities are between 2.72% and 9.40% (2002 : 5.50% and 9.58%) per annum.

19. BANK BORROWINGS

	2003 RM	Group 2002 RM	2003 RM	Company 2002 RM
Bankers' acceptance and trust receipts				
- secured	14,475,768	5,315,876	-	-
- unsecured	13,594,707	4,961,521	-	-
	28,070,475	10,277,397	-	-
Bank overdrafts				
- secured	2,031,098	4,640,394	-	1,901,332
- unsecured	1,057,056	4,700,455	451,761	3,545,169
	3,088,154	9,340,849	451,761	5,446,501
Bank loans				
- secured	20,000,000	30,500,000	20,000,000	30,500,000
- unsecured	14,300,000	24,500,000	9,000,000	22,000,000
	34,300,000	55,000,000	29,000,000	52,500,000
Current portion of bank term loans (Note 22)	3,727,416	9,092,927	500,000	9,000,000
	69,186,045	83,711,173	29,951,761	66,946,501

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

	2003 %	Group 2002 %	2003 %	Company 2002 %
Bankers' acceptance and trust receipts				
- secured	2.63 to 4.00	2.85 to 4.25	-	-
- unsecured	1.70 to 8.13	1.95 to 7.15	-	-
Bank overdrafts				
- secured	2.50 to 8.90	5.30 to 8.90	-	8.90
- unsecured	6.75 to 8.50	7.15 to 8.90	8.20 to 8.50	7.90 to 8.65
Bank loans				
- secured	4.90 to 7.75	6.40 to 8.40	4.90 to 7.55	6.40 to 7.70
- unsecured	4.90 to 7.75	5.00 to 8.90	4.90 to 7.75	5.00 to 8.15

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

20. SHARE CAPITAL

	Number of shares	2003 Nominal value RM	Number of shares	2002 Nominal value RM
Authorised				
Ordinary shares of RM1 each	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid				
At 1 January	209,793,969	209,793,969	209,793,969	209,793,969
Issue of shares from conversion of ICULS	157,400	157,400	-	-
At 31 December	209,951,369	209,951,369	209,793,969	209,793,969

At 31 December 2003, there were 66,157,283 (2002 : 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.

In 2001, the Company implemented an Employees' Share Option Scheme ("ESOS") for eligible full-time employees, including full time executive directors of the Company and its subsidiary companies which is governed by the Bye-Laws of the ESOS and was approved by the shareholders and the relevant authorities.

The movements in the share options are as follows:

	2003 RM	2002 RM
At 1 January	19,037,000	19,992,000
Allocated during the year	-	1,238,000
Forfeiture due to resignations	(1,627,000)	(1,593,000)
Relinquished during the year	(600,000)	(600,000)
At 31 December	16,810,000	19,037,000

The principal features of the ESOS are as follows:

- (i) The maximum number of ESOS Shares to be made available under the ESOS which includes options exercised under previous schemes of the Company at any point in time during the existence of the ESOS, shall not exceed ten (10) percent of the enlarged issued and paid-up share capital.
- (ii) Eligibility for participation in the ESOS shall be at the absolute discretion of the Option Committee subject to the eligible employees (including full-time executive directors and contract employees) having been confirmed in the employment of the Group. Foreign employees save and except for foreign executive directors are not eligible for participation in the ESOS.
- (iii) No option shall be granted for less than 1,000 ESOS Shares or for more than 750,000 ESOS Shares to any eligible employee. The Option Committee shall have the discretion to determine the criteria for allotment which will be based on seniority and length of service of the eligible employee.
- (iv) The Option Price shall be at a discount of not more than ten (10) percent from the five (5) day weighted average market price of the ordinary shares of Company as shown in the Daily Official List issued by the Bursa Malaysia Securities Berhad ("BMSB", formerly known as Malaysia Securities Exchange Berhad and Kuala Lumpur Stock Exchange) immediately preceding the Date of Offer of the Option or at the par value of the underlying shares, whichever is higher.

20. SHARE CAPITAL (cont'd)

- (v) Option Period is a period commencing on the Date of Offer or such later date as determined by the Option Committee of each Grantee and expiring on the Date of Expiry.

The duration of the ESOS shall commence from the date of the confirmation letter submitted by merchant bank and that the following approvals have been obtained:-

- (a) the Securities Commission ("SC");
- (b) the BMSB;
- (c) shareholders of the Company in a general meeting;
- (d) any other relevant regulatory authorities whose approvals are necessary in respect of the ESOS;

and shall be continued for a period of five (5) years from the Date of Commencement (the "Initial Scheme Period") subject however to any renewal of the Initial Scheme Period as may be approved by all the parties referred to in (a), (b), (c) and (d) above.

- (vi) Subject to the approvals of the SC, other regulatory authorities, BMSB and/or any other relevant stock exchanges, the Option Committee shall recommend to the board of directors who shall have the power at any time and from time to time by resolution to amend and/or modify all or any part of the provisions of the ESOS provided that no such amendment and/or modification shall be made which would either prejudice the rights then accrued to any Grantee who has accepted an Option without his prior consent or, without the prior approval of the Company in general meeting, which would alter to the advantage of any Grantee the provisions of the ESOS.
- (vii) Upon acceptance of the Offer relating to the Option, the Grantee shall pay to the Company a sum calculated at a rate of One Ringgit Malaysia (RM1.00) for subscription relating to the Option as consideration for acceptance of such Offer. Thereafter, a receipt of acknowledgement will be issued to the Eligible Employee for valid acceptances of the Offer.
- (viii) The ESOS Shares to be allotted upon any exercise of Options under the ESOS shall on allotment rank pari passu in all respects with the then existing issued ordinary shares of the Company, except that the ESOS Shares so issued will not rank for any dividend or other distribution declared, made or paid to the shareholders prior to the exercise of the ESOS and the crediting of the ESOS Shares into the shareholders' CDS accounts prior to the Book Closure Date and will be subject to all provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise.
- (ix) The ESOS shall be administered by the Option Committee in such manner as it shall in its discretion deem fit and with such powers and duties as are conferred upon it by the board of directors.
- (x) The Shares referred in Bye-Law 2 and the Shares (if any) to be allocated to the Grantee will not be listed or quoted on the BMSB, and/or any other relevant stock exchanges until the Option is exercised in accordance with Bye-Law 9 whereupon the Company shall apply to the BMSB, any/or other relevant stock exchanges for the listing of and quotation for such Shares and use its best endeavours to obtain permission for dealing therein.

There were no share options exercised during the financial year under review.

The share options outstanding at year end are as follows:

Exercise period	Exercise price RM	Number of ESOS outstanding	
		2003 RM	2002 RM
27-11-2001 to 20-9-2006	1.00	16,017,000	17,912,000
27-5-2002 to 20-9-2006	1.00	368,000	428,000
27-11-2002 to 20-9-2006	1.00	495,000	697,000
		<hr/> 16,880,000	<hr/> 19,037,000

21. RESERVES

	2003 RM	Group 2002 RM	2003 RM	Company 2002 RM
Non-distributable				
Share premium account	23,586,099	23,586,099	23,586,099	23,586,099
Exchange translation reserve	3,504,104	2,614,663	-	-
	27,090,203	26,200,762	23,586,099	23,586,099
Distributable				
Capital reserve	24,029,316	23,862,539	13,761,928	13,761,928
(Accumulated loss)/ Unappropriated profit	(21,085,252)	(27,817,114)	909,581	(1,268,396)
	2,944,064	(3,954,575)	14,671,509	12,493,532
	30,034,267	22,246,187	38,257,608	36,079,631

22. LONG TERM LIABILITIES

	2003 RM	Group 2002 RM	2003 RM	Company 2002 RM
Bank term loans				
- secured	56,536,401	44,417,502	53,000,000	41,000,000
- unsecured	71,434	134,975	-	-
	56,607,835	44,552,477	53,000,000	41,000,000
Less:				
Repayments due within 12 months (included in Note 19)	3,727,416	9,092,927	500,000	9,000,000
	52,880,419	35,459,550	52,500,000	32,000,000
5.5% Irredeemable Convertible Unsecured Loan Stocks 1999/2004	21,600,246	21,757,646	21,600,246	21,757,646
Less:				
Unamortised discount on ICULS	324,004	761,517	324,004	761,517
	21,276,242	20,996,129	21,276,242	20,996,129
Hire purchase and finance lease liabilities (Note 18)	1,383,614	1,399,140	-	-
	75,540,275	57,854,819	73,776,242	52,996,129

22. LONG TERM LIABILITIES (cont'd)

The bank term loans of the subsidiary companies bear effective interest rates of between 2.63% and 7.4% (2002 : 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 loans of the Company bear effective interest rates of between 5.25% and 7.0% (2002 : 6.40% and 7.70%) per annum. The loans are secured by freehold, leasehold and investment properties of certain subsidiary companies.

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 value 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 issued together with the ICULS were in registered form and constituted by a Deed Poll dated 11 August 1999 and entitled 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. The warrants expired 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

	2003 RM	Group 2002 RM
At 1 January	9,781,862	5,401,803
Arising from fair value adjustment on leasehold land under property, plant and equipment	-	4,823,144
Exchange adjustment	5,905	4,097
Transfer to income statement	(159,898)	(447,182)
At 31 December	9,627,869	9,781,862

The deferred tax liabilities comprise:

	2003 RM	Group 2002 RM
Deferred tax liabilities on taxable temporary differences:		
- relating to fair value adjustment on the leasehold land allocated for development purposes	2,743,746	3,025,898
- between net book value and tax written down value of property, plant and equipment	6,755,230	7,160,180
- on other taxable temporary differences	541,762	147,000
	10,040,738	10,333,078
Less:		
Deferred tax assets recognised on deductible temporary differences		
- on unused tax losses and unabsorbed capital allowances	72,800	259,163
- on other temporary differences	340,069	292,053
	412,869	551,216
	9,627,869	9,781,862

24. DEFERRED INCOME

	2003 RM	Group 2002 RM
Licence fees received in advance	13,976,235	14,267,371
Discount on acquisition of subsidiary companies		
At 1 January	1,100,291	962,663
Acquisition of additional shares in an existing subsidiary	1,218,470	137,628
Disposal of subsidiary companies	(10,866)	-
Discount on acquisition realised upon liquidation of a subsidiary company	(50,825)	-
At 31 December	2,257,070	1,100,291
	16,233,305	15,367,662

24. DEFERRED INCOME (cont'd)

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	
	2003 RM	2002 RM	2003 RM	2002 RM
Sale of goods	491,884,299	422,923,823	-	-
Sale of development properties	13,921,110	21,177,926	-	-
Contract revenue	5,930,586	3,131,112	-	-
Services rendered	40,291,060	40,449,475	-	-
Rental income	4,195,481	3,213,242	-	-
Dividend income	75,053	72,311	5,987,923	7,194,031
	<u>556,297,589</u>	<u>490,967,889</u>	<u>5,987,923</u>	<u>7,194,031</u>

26. COST OF SALES

	2003 RM	Group 2002 RM
Cost of goods sold	386,308,180	339,008,252
Cost of development properties sold	12,117,844	23,689,297
Contract costs	5,435,390	3,539,693
Cost of services rendered	36,213,065	36,439,676
Direct operating costs relating to rental income	2,923,486	2,643,825
	<u>442,997,965</u>	<u>405,320,743</u>

27. PROFIT FROM OPERATIONS

Profit from operations is stated after charging:

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Allowance for doubtful debts	6,598,741	1,401,967	-	-
Amortisation of goodwill on acquisition	2,115,823	4,752,955	-	-
Amortisation of intangible assets	67,207	155,087	-	-
Auditors' remuneration				
- current year	600,450	447,019	27,000	27,000
- underestimated in prior year	2,496	8,291	5,000	3,000
Bad debts written off	1,223,577	3,363,291	-	21,007
Depreciation	15,351,762	14,810,227	-	-
Directors' remuneration				
- fees	334,000	294,000	90,000	110,000
- defined contribution plans	335,966	341,647	-	-
- other emoluments	5,101,720	4,612,440	19,000	57,726
Inventories written down	-	4,006,671	-	-
Loss on foreign exchange				
- realised	257,885	185,314	-	-
- unrealised	675,502	44,465	-	-
Lease rental of land	70,114	93,176	-	-
Loss on disposal of property, plant and equipment	1,195	20,514	-	-
Operating lease rental	4,069,694	2,604,600	-	-
Property, plant and equipment written off	28,445	345,561	-	-
Rental of premises	1,141,255	1,118,961	-	-
Rental of machinery	354,362	151,170	-	-
Research and development expenses	79,391	-	-	-

27. PROFIT FROM OPERATIONS (cont'd)

	2003 RM	Group 2002 RM	2003 RM	Company 2002 RM
and crediting:				
Allowance for doubtful debts written back	7,938	187,743	-	65,000
Amount owing waived by former subsidiary companies	-	-	-	14,927,130
Bad debts recovered	868,280	48,746	-	-
Exchange translation reserve realised on				
- disposal of foreign subsidiary companies	-	6,718,563	-	-
- liquidation of foreign subsidiaries	839,315	-	-	-
Gain on foreign exchange				
- realised	5,952,591	2,323,415	-	-
- unrealised	2,963,939	528,136	-	-
Gross dividend income from				
- subsidiary companies	-	-	5,984,500	7,193,350
- investments quoted in Malaysia	71,630	71,630	-	-
- investments quoted outside Malaysia	3,423	681	3,423	681
Gain on disposal of property, plant and equipment	896,920	157,689	-	-
Interest income				
- subsidiary companies	-	-	7,525,637	8,163,243
- others	1,270,006	1,710,381	-	-
Rental income	4,400,304	3,391,742	-	-

28. FINANCE COSTS

	2003 RM	Group 2002 RM	2003 RM	Company 2002 RM
Finance costs incurred during the financial year comprise:				
- interest on ICULS	1,193,753	1,196,671	1,193,753	1,196,671
- amortisation of discount on ICULS	437,513	435,153	437,513	435,153
- other interest expenses	8,220,768	9,554,091	6,256,699	7,717,925
- interest charged by subsidiary companies	-	-	41,881	40,881
	9,852,034	11,185,915	7,929,846	9,390,630
Less:				
Finance costs capitalised under development properties (Note 3)				
- other interest expenses	773,663	982,812	-	-
Finance costs classified in cost of sales				
- other interest expenses	131,361	-	-	-
	8,947,010	10,203,103	7,929,846	9,390,630

29. TAX EXPENSE

	2003 RM	Group 2002 RM	2003 RM	Company 2002 RM
Current tax expense				
Malaysian				
- current year	4,932,448	2,306,817	858,000	740,000
- overestimated in prior years	(968,245)	(150,034)	(8,041)	-
	3,964,203	2,156,783	849,959	740,000
Overseas				
- current year	1,597,194	2,065,021	-	-
- overestimated in prior years	(39,143)	(29,671)	-	-
	5,522,254	4,192,133	849,959	740,000
Deferred tax expense/(income) relating to the origination and reversal of temporary differences				
- current year	99,230	(646,070)	-	-
- (over)/underestimated in prior years	(933,057)	198,888	-	-
	4,688,427	3,744,951	849,959	740,000

The numerical reconciliations between the tax expense and the product of accounting profit multiplied by the applicable tax rate are as follows:

	2003 RM	Group 2002 RM	2003 RM	Company 2002 RM
Accounting profit (excluding share of results in associated companies)	28,257,170	520,953	4,538,453	3,731,221
Tax at the applicable tax rate of 28% (2002 : 28%)	7,912,007	145,867	1,270,767	1,044,742
Add:				
Tax effect of expenses that are not deductible in determining taxable profit				
- Amortisation and depreciation of non-qualifying assets	355,086	407,983	-	-
- Other non-deductible expenses	4,311,771	10,351,840	394,451	743,587
Tax effect of current year unused tax losses and unabsorbed capital allowances not recognised	1,129,876	2,421,853	-	-
Tax effect of other temporary differences	-	192,101	-	-
Balance carried forward	13,708,740	13,519,644	1,665,218	1,788,329

29. TAX EXPENSE (cont'd)

	2003 RM	Group 2002 RM	2003 RM	Company 2002 RM
Balance brought forward	13,708,740	13,519,644	1,665,218	1,788,329
Less:				
Tax effect of non-taxable and tax exempt income				
- Capital gains	-	18,391	-	-
- Tax exempt dividend income	22,919	40,210	807,218	1,048,329
- Exchange translation reserve	235,008	1,881,198	-	-
- Others	245,579	938,989	-	-
Tax effect of utilisation of unused tax losses previously not recognised	1,055,099	310,061	-	-
Tax effect of tax incentives for the year	687,062	4,493,955	-	-
Tax effect of income taxed at different statutory rates	3,816,914	-	-	-
Tax effect of different rates in foreign tax jurisdictions	1,017,287	2,111,072	-	-
Less:				
Tax under/(over)estimated in prior years	(1,940,445)	19,183	(8,041)	-
	<u>4,688,427</u>	<u>3,744,951</u>	<u>849,959</u>	<u>740,000</u>

Based on estimated tax credits and tax exempt income available and the prevailing tax rate applicable to dividends, the entire unappropriated profit at year end is available for distribution by way of dividends without incurring additional tax liability.

30. EARNINGS PER SHARE

(i) Basic earnings per share

The basic earnings per share have been calculated based on the consolidated net profit for the year of RM8,354,175 (2002 : consolidated net loss of RM18,530,244) and on 209,811,748 (2002 : 209,793,969) weighted average number of ordinary shares in issue during the year after adjusting for shares issued on conversion of ICULS as follows:

	2003	2002
Number of ordinary shares at 1 January	209,793,969	209,793,969
Effect of shares issued pursuant to conversion of ICULS	17,779	-
Weighted average number of ordinary shares	<u>209,811,748</u>	<u>209,793,969</u>

30. EARNINGS PER SHARE (cont'd)

(ii) Diluted earnings per share

The diluted earnings per share is calculated based on:

(a) The adjusted net profit of RM8,889,673 as follows:

	RM
Consolidated net profit for the year	8,354,175
Adjusted tax effects of	
- Interest saving on ICULS	859,502
- Amortisation of discount on ICULS	(324,004)
Adjusted consolidated net profit for the year	<u>8,889,673</u>

(b) The weighted average number of ordinary shares, upon full conversion of ICULS is calculated as follows:

Weighted average number of ordinary shares as in (i)	209,811,748
Weighted average number of ordinary shares that would have been converted at 1 January 2003 pursuant to conversion of ICULS during the year	139,621
Weighted average number of unissued shares under ICULS	<u>21,600,246</u>
Weighted average number of ordinary shares (diluted)	<u>231,551,615</u>
Diluted earnings per share (sen)	3.84

The potential ordinary shares arising from the exercise of warrants and options under ESOS have been excluded from the above computation for the financial year because they have an anti-dilutive effect.

The diluted earnings per share in respect of year 2002 have not been 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 profit, the consolidated financial position and the consolidated cash flow statement are as follows:

(A) Acquisition of a new subsidiary company

On 21 February 2003, Davex (Malaysia) Sdn Bhd, an indirect subsidiary of the Company acquired 592,200 ordinary shares of SGD1.00 each, representing 63% of the issued and paid-up share capital of Davex Singapore Pte Ltd ("DSPL") at a total cash consideration of SGD700,000 (RM1,555,033). The principal activity of DSPL is dealing in electrical products and provision of engineering services. The acquisition was accounted for using the acquisition method of accounting and goodwill arising from the acquisition is RM68,462.

31. ANALYSIS OF ACQUISITION AND DISPOSAL OF SUBSIDIARY COMPANIES (cont'd)

(A) Acquisition of a new subsidiary company (cont'd)

(i) Effect on consolidated net profit for the year

	Subsidiaries ----- acquired in -----	
	2003 RM	2002 RM
Gross revenue	10,110,323	5,344,825
Cost of sales	(8,246,851)	(4,013,782)
Gross profit	1,863,472	1,331,043
Other operating income	16,743	266,255
Selling and distribution costs	(274,421)	-
Administrative and general expenses	(946,674)	(2,443,184)
Other operating expenses	(278,735)	-
Profit/(Loss) from operations	380,385	(845,886)
Finance costs	(97,723)	(3,438)
Profit/(Loss) before tax	282,662	(849,324)
Tax expense	(154,413)	(75,400)
Profit/(Loss) after tax	128,249	(924,724)
Minority interest	(65,248)	(85,777)
Increase in Group's net profit/(loss)	63,001	(1,010,501)

(ii) Effect on consolidated financial position

	Subsidiaries ----- acquired in -----	
	2003 RM	2002 RM
Non-current assets	1,044,623	60,505
Current assets	6,472,412	8,424,273
Current liabilities	(5,206,556)	(141,930)
Minority interest	(823,908)	(1,846,310)
Increase in Group's share of net assets	1,486,571	6,496,538

31. ANALYSIS OF ACQUISITION AND DISPOSAL OF SUBSIDIARY COMPANIES (cont'd)

(A) Acquisition of a new subsidiary company (cont'd)

(iii) Effect on consolidated cash flow statement

	Subsidiaries ----- acquired in -----	
	2003 RM	2002 RM
Net assets acquired:		
Property, plant and equipment	808,641	60,505
Other investment	235,982	-
Current assets	6,472,412	8,424,273
Current liabilities	(5,206,556)	(141,930)
Minority interest	(823,908)	(1,846,310)
Goodwill on acquisition	68,462	63,852
Total purchase consideration	1,555,033	6,560,390
Less:		
Cash and cash equivalents	(14,396)	6,603,787
Net cash flows on acquisition	1,540,637	(43,397)

(B) Disposal of a subsidiary company during the financial year

During the financial year, the Group disposed of P & E Holdings Sdn Bhd, a subsidiary company of Alam Perdana Sdn Bhd, at a nominal sum of RM1.

(i) Effect on consolidated net profit for the year

	- Subsidiary disposed - in 2003		Subsidiaries disposed in
	2003 RM	2002 RM	2002 RM
Gross revenue	193	120,372	4,444,134
Cost of sales	-	-	(3,945,780)
Gross profit	193	120,372	498,354
Other operating income	-	-	1,293,555
Administrative and general expenses	(277,344)	(9,955)	(21,983,013)
(Loss)/Profit before minority interest	(277,151)	110,417	(20,191,104)
Minority interest	135,527	(53,192)	4,889
(Decrease)/Increase in Group's net profit/(loss)	(141,624)	57,225	(20,186,215)

31. ANALYSIS OF ACQUISITION AND DISPOSAL OF SUBSIDIARY COMPANIES (cont'd)

(B) Disposal of a subsidiary company during the financial year (cont'd)

(ii) Effect on consolidated financial position

	- Subsidiary disposed - in 2003	2002	Subsidiaries disposed in 2002
	2003 RM	2002 RM	2002 RM
Non-current assets	-	-	242,314
Current assets	37,419	292,159	2,261,933
Current liabilities	(39,268)	(16,858)	(5,717,280)
Minority interest	(351,783)	(487,310)	(170,977)
Decrease in Group's share of net liabilities	(353,632)	(212,009)	(3,384,010)

(iii) Effect on consolidated cash flow statement

	Subsidiaries -----disposed in -----	
	2003 RM	2002 RM
Net assets disposed:		
Property, plant and equipment	-	242,314
Current assets	37,419	2,261,933
Current liabilities	(39,268)	(5,717,280)
Minority interest	(351,783)	(170,977)
Goodwill on acquisition written off on disposal	129	1,480,666
Discount on acquisition realised on disposal	(10,866)	-
Gain on disposal of subsidiary companies	364,370	2,069,436
Sale proceeds	1	166,092
Less:		
Cash and cash equivalents	37,398	252,670
Net cash flows on disposal	(37,397)	(86,578)

32. EMPLOYEES INFORMATION

	2003 RM	Group 2002 RM
Staff costs		
Salaries, wages, bonuses and other staff related expenses	90,151,135	76,703,802
Defined contribution plans	3,568,828	2,980,259
	<u>93,719,963</u>	<u>79,684,061</u>

	2003	Group 2002
Number of employees at year end	8,227	6,969

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

During the financial year, the Group also has related party transactions with:

- 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.
- 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:

	2003 RM	Group 2002 RM
Interest charged to USH Garment (Nibong Tebal) Sdn Bhd	37,937	16,985
Rental income from USH Garment (Nibong Tebal) Sdn Bhd	12,000	12,000

	2003 RM	Group 2002 RM
Consultancy fee paid to Star Regent International Ltd	976,254	808,644
Workmanship charged by		
- USH Garment (Nibong Tebal) Sdn Bhd	453,525	1,320,416
- USJ Embroidery Sdn Bhd	317,861	653,478
- CNT Garments Sdn Bhd	837,958	1,238,392

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

	2003 RM	Group 2002 RM
Capital commitments		
Approved capital expenditure not provided for in the financial statements in respect of property, plant and equipment		
- contracted	745,931	477,000
- not contracted	42,546	626,000
	<hr/> 788,477	<hr/> 1,103,000
Operating lease commitments		
- payable not later than one year	3,889,082	4,266,000
- payable later than one year and not later than five years	8,886,321	10,829,000
- payable later than five years	2,590,636	4,031,000
	<hr/> 15,366,039	<hr/> 19,126,000
	<hr/> 16,154,516	<hr/> 20,229,000

35. CONTINGENT LIABILITIES

	2003 RM	Group 2002 RM	Company 2003 RM	Company 2002 RM
Unsecured corporate guarantees given to secure banking and other credit facilities granted to subsidiary companies	-	-	38,047,000	23,000,000
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	169,344	178,000	-	-
	<hr/> 169,344	<hr/> 178,000	<hr/> 38,047,000	<hr/> 23,000,000

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.

36. SEGMENT ANALYSIS (cont'd)

	Textile & garments RM	Properties RM	Power conversion products RM	Lighting & pagers RM	Other operations RM	Group RM
Year ended 31 December 2003						
REVENUE						
Sales	119,951,621	28,416,079	208,580,412	131,774,871	70,031,332	558,754,315
Less: Inter-segment sales	-	329,352	-	330,080	1,797,294	2,456,726
External sales	119,951,621	28,086,727	208,580,412	131,444,791	68,234,038	556,297,589
RESULTS						
Segment operating profit/ (loss)	6,464,567	1,243,369	23,866,928	14,745,061	(5,838,003)	40,481,922
Unallocated corporate expenses						(2,115,823)
Profit from operations						38,366,099
Add/(Less): Finance costs						(8,947,010)
Gain on disposal of investments in subsidiary companies						364,370
Impairment loss on value of investments						(5,102,075)
Impairment loss on value of investments written back						3,575,786
Share of results in associated companies	47,887	917,589	(1,420)	-	1,082,316	2,046,372
Profit from ordinary activities before tax						30,303,542
Less: Tax expense						4,966,856
Profit from ordinary activities after tax						25,336,686
Minority interests						(16,982,511)
Net profit for the year						8,354,175

36. SEGMENT ANALYSIS (cont'd)

	Textile & garments RM	Properties RM	Power conversion products RM	Lighting & pagers RM	Other operations RM	Group RM
At 31 December 2003						
OTHER INFORMATION						
Segment assets	67,987,582	163,944,470	138,845,943	84,835,660	125,401,100	581,014,755
Associated companies	316,944	1,128,469	91,289	-	5,449,328	6,986,030
	68,304,526	165,072,939	138,937,232	84,835,660	130,850,428	588,000,785
Unallocated corporate assets						27,944,815
Total assets						615,945,600
Segment liabilities	7,699,488	10,310,446	58,232,889	24,939,443	46,079,200	147,261,466
Unallocated corporate liabilities						226,441,428
Total liabilities						373,702,894
Capital expenditure - Property, plant and equipment	1,499,833	184,419	7,777,005	2,599,304	9,859,095	21,919,656
- Goodwill on acquisition						641,486
Depreciation	4,706,280	810,264	5,178,490	3,202,804	1,453,924	15,351,762
Amortisation of goodwill						2,115,823

36. SEGMENT ANALYSIS (cont'd)

	Textile & garments RM	Properties RM	Power conversion products RM	Lighting & pagers RM	Other operations RM	Group RM
Year ended 31 December 2002						
REVENUE						
Sales	129,153,643	30,208,266	213,114,460	74,748,422	44,993,578	492,218,369
Less: Inter-segment sales	-	342,000	-	-	908,480	1,250,480
External sales	129,153,643	29,866,266	213,114,460	74,748,422	44,085,098	490,967,889
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)

36. SEGMENT ANALYSIS (cont'd)

	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						28,753,172
Total assets						<u>540,195,822</u>
Segment liabilities	6,199,192	11,346,604	29,859,715	13,602,653	30,839,542	91,847,706
Unallocated corporate liabilities						215,207,669
Total liabilities						<u>307,055,375</u>
Capital expenditure						
- Property, plant and equipment	7,355,537	71,118	4,512,023	2,307,044	1,070,774	15,316,496
- Goodwill on acquisition						5,522,421
Depreciation	5,101,419	870,297	3,843,716	2,892,617	2,102,178	14,810,227
Amortisation of goodwill						<u>4,752,955</u>

36. SEGMENT ANALYSIS (cont'd)

(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
2003			
Malaysia	236,283,410	12,833,272	349,852,842
Asia Pacific	319,942,549	9,086,384	191,578,20
Others	71,630	-	39,583,710
	<u>556,297,589</u>	<u>21,919,656</u>	<u>581,014,755</u>
Associated companies			6,986,030
Unallocated assets			27,944,815
			<u>615,945,600</u>
2002			
Malaysia	215,832,095	9,411,843	347,728,156
Asia Pacific	275,064,164	5,904,653	115,860,584
Others	71,630	-	42,736,494
	<u>490,967,889</u>	<u>15,316,496</u>	<u>506,325,234</u>
Associated companies			5,117,416
Unallocated assets			28,753,172
			<u>540,195,822</u>

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) Financial risk management objectives and policies

The overall financial risk management objectives and policies of the Group are to ensure that they create 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 on policies for managing each of these risks and they are summarised below. These policies have remained unchanged during the financial year.

(i) Credit risk

Credit risk arises when sales are made and services are rendered on deferred terms and when surplus cash is invested. The Group invests its cash assets safely and profitably by depositing them with licensed financial institutions.

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.

The Group has credit policies in place to manage the credit risk exposure. The risk is managed through the application of the Group's credit management procedures which include the application of credit approvals whereby credit evaluations are performed on all customers requiring credit over a certain amount and period, adherence to credit limits, regular monitoring and follow up procedures. 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 and considers the risk of material loss from the non-performance on the part of a financial counter-party to be negligible.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(ii) 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 and to manage exposure to fluctuations in foreign currency exchange rates. These contracts are entered into with licensed financial institutions.

37. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management objectives and policies (cont'd)

(ii) Foreign currency exchange risk (cont'd)

At 31 December 2003, the foreign currency amounts to be received or paid and contractual exchange rates of the Group's outstanding forward contracts are as follows:

	Amounts to be received/(paid) RM	Average contractual rate	Settlement period within 1 year RM
Trade receivables			
- AUD 1,250,000	3,298,985	2.64	3,298,985
Trade payables			
- Euro 293,500	(1,371,736)	4.67	(1,371,736)
Committed future transactions			
- USD 1,254,762	4,783,152	3.81	4,783,152
- Euro 2,745,198	11,969,063	4.36	11,969,063

The net unrecognised profit at 31 December 2003 on forward contracts for future sales and purchases amounted to RM1,140,587.

(iii) 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 Group is exposed to interest rate risk in respect of its fixed deposits placed with licensed financial institutions, bank borrowings, hire purchase and finance lease liabilities and advances owing by associated companies.

Interest rate risk arising from fixed deposits placed with financial institutions is managed through fixed rate financial instruments. Interest rate risk arising from bank term loans and bank overdraft facilities is managed through the use of fixed and floating rate financial instruments. Interest rate risk arising from bankers' acceptance and revolving credit facilities are subject to floating interest rate plus an acceptance commission charge which is agreed with the financial institutions before the facilities are accepted.

The Group considers interest rate risk arising from hire purchase financing and leasing to be insignificant as the interest rates are fixed at inception and the repayment terms are fixed. As for interest charged on advances granted to associated companies, the interest rate is agreed before the advances are granted. It is the Group's policy not to trade in interest rate swap agreements.

37. FINANCIAL INSTRUMENTS (cont'd)

(iv) 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 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.

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 the note to the financial statements.

(v) Liquidity and cash flow risk

Prudent liquidity risk management implies maintaining sufficient cash, fixed deposits and the availability of funding through adequate amount of committed credit facilities. The Company's exposure to liquidity and cash flow risk is monitored on an ongoing basis. Due to the nature of the business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

(b) Fair values

The carrying amounts of the financial assets and liabilities of the Group and of the Company at 31 December 2003 approximated their fair values except for other investments as stated below.

	Group		Company	
	Carrying amounts RM	Fair values RM	Carrying amounts RM	Fair values RM
Other investments				
Quoted in Malaysia	8,852,100	8,852,100	-	-
Quoted outside Malaysia	8,206,072	9,138,996	8,105	53,361
Unquoted shares	26,420,660	*	3	*

* A reasonable estimate of fair values could not be made without incurring excessive costs. Such investments are valued at their carrying amounts subject to review for further impairment.

(c) Currency exposure

2003	Transaction Currencies										
	Ringgit Malaysia RM	United States Dollar RM	Australian Dollar RM	Singapore Dollar RM	Euro RM	Sterling Pound RM	Japanese Yen RM	Hongkong Dollar RM	Renminbi RM	New Taiwan Dollar RM	Others RM
Functional currencies of the Group											
Investments											
US Dollar	17,825,100	-	3	2,003,400	-	-	-	3	-	-	-
Hongkong Dollar	-	5,223,124	-	149,949	2,575,329	-	-	-	-	-	-
Trade receivables											
Ringgit Malaysia	-	8,839,521	-	-	927,401	176,799	-	-	-	-	23,499
Singapore Dollar	-	10,615,535	-	-	-	-	-	-	-	-	-
Hongkong Dollar	-	56,881,858	-	-	5,362,346	-	-	-	-	-	-
Other receivables											
Ringgit Malaysia	-	-	-	-	2,201,187	-	-	-	-	-	-
Cash & bank balances & fixed deposits											
Ringgit Malaysia	-	1,047,722	34,312	118,393	1,057	776	-	-	-	-	2,008
Singapore Dollar	-	3,559,975	-	-	-	-	-	-	-	-	-
Hongkong Dollar	-	14,367,213	-	-	6,014,751	-	43	-	-	-	-
Renminbi	-	1,082	-	-	-	-	-	-	-	-	-
New Taiwan Dollar	-	3,661	-	-	-	-	-	2,144	1,837	-	77
Trade payables											
Ringgit Malaysia	-	5,241,569	177,778	236,464	12,381,174	-	672,452	281,496	-	-	44,068
Singapore Dollar	-	283,001	-	-	-	-	-	-	-	-	-
Hongkong Dollar	-	13,743,634	-	-	171,061	-	1,112,817	-	277,370	11,361	-
New Taiwan Dollar	-	-	-	-	-	-	-	294,633	-	-	-
Other payables											
US Dollar	58,627	-	-	-	-	-	-	-	-	-	688,998
Borrowings											
Ringgit Malaysia	-	6,276,540	-	-	-	-	-	-	-	-	-
Singapore Dollar	-	47,952	-	-	-	-	-	-	-	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2003

2002	Transaction Currencies					
	Ringgit Malaysia RM	United States Dollar RM	Australian Dollar RM	Singapore Dollar RM	Euro RM	Others RM
Functional currencies of the Group						
Investments						
Ringgit Malaysia	-	-	-	1,530,480	-	-
US Dollar	15,915,000	-	-	2,003,400	-	-
Hongkong Dollar	-	5,199,363	-	10,783	1,908,777	-
Trade receivables						
Ringgit Malaysia	-	1,173,186	95,346	1,938,531	545,802	337,921
Singapore Dollar	-	3,145,898	-	-	-	-
Hongkong Dollar	-	27,583,273	-	-	8,244,614	-
Cash & bank balances & fixed deposits						
Ringgit Malaysia	-	49,581	267,823	211,811	-	4,300
US Dollar	133,605	91,615	-	-	-	35,439
Singapore Dollar	-	3,268,199	-	-	-	-
Hongkong Dollar	-	4,459,858	-	-	2,862,385	43
Renminbi	-	184,948	-	-	-	-
Trade payables						
Ringgit Malaysia	-	2,454,406	321,972	776,963	759,750	288,396
US Dollar	-	-	-	34,961	-	45,989
Singapore Dollar	-	1,273,002	-	-	-	1,313
Hongkong Dollar	-	7,770,739	-	-	206,321	402,568

38. SUBSEQUENT EVENTS

Subsequent to year end,

- (a) the Group announced that Davex Holdings Berhad will undertake an internal reorganisation of its electronics divisions which will involve the transfer of its 51% owned subsidiary companies, namely, PI Electronics (Hong Kong) Ltd and PI International Limited, to a newly incorporated company PI International Holdings Limited ("PIHL") in exchange for shares in the latter. Upon allotment of its shares, PIHL, a company incorporated in the British Virgin Islands, will be a 51% owned subsidiary company of Davex Holdings Berhad.
- (b) PIHL has also subscribed for one share of USD1.00 in Baby Lion Enterprises Limited ("BLEL"), a company incorporated in British Virgin Islands. With the subscription, BLEL will be a wholly-owned subsidiary company of PIHL.
- (c) Phili-Orient Lines (Penang) Sdn Bhd disposed of its 51% owned subsidiary company, Phili-Orient Lines (Johor) Sdn Bhd at a cash consideration of RM5,100.
- (d) a total of 7,400 warrants of the Company were exercised at its exercise price of RM1.00 each and pursuant to the exercise, 7,400 new ordinary shares of RM1.00 each were issued. The remaining 66,149,883 unexercised warrants lapsed on 7 April 2004 and have been removed from the official list of the Malaysia Securities Exchange Berhad.

39. COMPARATIVE FIGURES

	As restated RM	Group As previously reported RM
Income statement for the year ended 31 December 2002		
Revenue	490,967,889	490,207,889
Cost of sales	(405,320,743)	(402,285,336)
Gross profit	85,647,146	87,922,553
Other operating income	14,254,893	14,271,769
Administrative and general expenses	(64,086,493)	(66,378,776)

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 22 April 2004.



PROPERTIES HELD BY THE GROUP

Particulars of Titles	Tenure	Land Area	Description/ Existing Use	Net Book Value as at 31.12.03 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 building factory	4,364,510	29 years	1991
Lots 895, 896 & 1234 Mukim 15, Seberang Perai Tengah Penang	Freehold	3.95 acres	Office and factory building	2,753,515	38 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	10 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	1,885,201	-	1991
Lot 278 Bandar Bukit Bendera Penang	Leasehold (99 years - expiring on 30.04.2030)	0.64 acre	Bungalow	1,165,600	72 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	10 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	3,966,486	11 years	1991
Holding No. 243, T.S. 17 North East District Penang	Freehold	0.04 acre	Shophouse - vacant	169,941	83 years	1991
H.S.(D) 253 P.T.277, Seksyen 11E Georgetown, D.T.L. Penang	Leasehold (99 years - expiring on 25.11.2089) Leasehold	5,255 sq ft	3 units of shophouses - office & laboratory	758,660	9 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	6,768,409	5 years	1992

Particulars of Titles	Tenure	Land Area	Description/ Existing Use	Net Book Value as at 31.12.03 RM	Approximate Age of Building	Year of Acquisition
PENANG (cont'd)						
Lots 1337, 1334, 1181 1183, Mk. 7 Seberang Perai Utara Penang	Freehold	10.64 acres	Land for development	3,325,968	-	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	7 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	7 years	1997
KEDAH						
Lot 38, Kulim Industrial Estate Mukim Sg Seluang District of Kulim Kedah Darul Aman	Leasehold (60years - expiring on 28.01.2048)	9.06 acres	Factory building	3,613,018	14 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	2,381,335	8 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	9,312,868	12 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	71,655,482	9 years	1992
H.S. (D) 116225, P.T. 1880 Mukim Damansara Daerah Petaling Selangor Darul Ehsan	Leasehold (99 years - expiring on 28.12.2096) Leasehold	1988 sq ft	1 1/2 Storey terrace factory - office & warehouse	239,880	12 years	1990

PROPERTIES HELD BY THE GROUP

Particulars of Titles	Tenure	Land Area	Description/ Existing Use	Net Book Value as at 31.12.03 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	167,545	16 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 or sale & rental	20,038,268	10 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	671,149	-	1993



ANALYSIS OF EQUITY AND CONVERTIBLE

SECURITIES AS AT 5 MAY 2004

Class of security	: Ordinary Shares of RM1.00 each
Authorised Share Capital	: RM500,000,000
Tota Issue and Paid up capital	: RM210,067,869
Voting right	: 1 vote per share
Number of shareholders	: 13,083

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Shares
1 - 99	61	0.47	1,145	0.00
100 - 1,000	3,998	30.56	3,859,564	1.84
1,001 - 10,000	7,819	59.77	31,844,910	15.16
10,001 - 100,000	1,085	8.29	29,283,758	13.94
100,001 - 10,503,392	117	0.89	97,148,570	46.24
10,503,393 and above	3	0.02	47,929,922	22.82
Total	13,083	100.00	210,067,869	100.00

Directors' Shareholding

Name	Direct	No. of Shares held		%
		%	Indirect	
Datuk Surin Upatkoorn	786,630	0.37	25,018,895 (a)	11.91
Tang King Hua	1,476,900	0.70	114,200 (c)	0.05
Lawrence Lim Swee Lin	105,000	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	8,582,000 (f)	4.08

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.

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	11.24
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	5.07
4.	JB NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for E&O Developers Sdn Bhd	8,418,000	4.01
5.	SIMANSU SDN BHD	8,058,000	3.84
6.	GREENLAND TIMBER INDUSTRIES (PRIVATE) LIMITED	5,662,000	2.69
7.	AMMB NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for E&O Property Development Berhad	4,510,000	2.15
8.	BUMIPUTRA-COMMERCE NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for A.A. Anthony Securities Sdn Bhd.	4,100,000	1.95
9.	JB NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for MCC Credit Sdn Bhd	4,100,000	1.95
10.	E&O PROPERTY DEVELOPMENT BERHAD	3,690,000	1.76
11.	JB NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Bizurai Bijak (M) Sdn Bhd	3,250,000	1.55
12.	EMPLOYEES PROVIDENT FUND BOARD	3,239,000	1.54
13.	JB NOMINEES (ASING) SDN BHD Qualifier : Pledged Securities Account for Citibase Limited	2,860,500	1.36
14.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for A.A. Anthony Securities Sdn Bhd	2,804,000	1.33
15.	TAN ENG SENG HOLDINGS SDN BERHAD - IN LIQUIDATION	2,590,000	1.23
16.	JB NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Eastern & Oriental Berhad	2,500,000	1.19
17.	JB NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Beh Guet Beng	2,369,500	1.13
18.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Golden Bay Holding Sdn Bhd	1,967,500	0.94
19.	MULTI-PURPOSE INSURANS BHD	1,849,700	0.88
20.	GREENLAND TIMBER INDUSTRIES (PRIVATE) LIMITED	1,774,000	0.84

30 LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares held	% of Shares
21.	PINJAYA SDN BHD	1,713,000	0.82
22.	JB NOMINEES (TEMPTAN) SDN BHD Qualifier : Pledged Securities Account for Tan Geok Lan	1,646,000	0.78
23.	TANG KING HUA	1,476,900	0.70
24.	GOLDEN BAY HOLDINGS SDN BHD	1,350,000	0.64
25.	CIMSEC NOMINEES (TEMPATAN) SDN BHD Qualifier : Pengurusan Danaharta Nasional Berhad for Raja Zainal Abidin Bin Raja Hussin	1,209,000	0.58
26.	HONG LEONG FINANCE BERHAD Qualifier : Pledged Securities Account for Lau Kwai	1,186,000	0.56
27.	CASI MANAGEMENT SDN BHD	1,010,200	0.48
28.	CARTABAN NOMINEES (ASING) SDN BHD Qualifier : Bank of Tokyo Mitsubishi Luxembourg S.A. for Osterreichische Volksbanken AG	1,000,000	0.48
29.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Muhammad Marzuki bin A. Samad	968,000	0.46
30.	PACIFIC & ORIENT INSURANCE CO BERHAD	900,000	0.43
Total		124,131,222	59.09

Substantial Shareholders

Name	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%
Pinjaya Sdn Bhd	24,801,227	11.80	-	-
Casi Management Sdn Bhd	25,018,895	11.91	-	-
Datuk Surin Upatkoon	786,630	0.37	25,018,895(a)	11.91
Dato' Tham Ka Hon	-	-	19,118,000(b)	9.10
Eastern & Oriental Berhad	10,918,000	5.20	8,200,000(c)	3.90

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 Eastern & Oriental Berhad.
 (c) Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through E & O Property Development Berhad.

ANALYSIS OF EQUITY AND CONVERTIBLE SECURITIES AS AT 5 MAY 2004

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	: RM21,491,146
Voting right	: 1 vote per ICULS
Number of ICULS holders	: 3,207

ICULS Size of Holdings	No. of Holders	% of Holders	No. of ICULS	% of ICULS
1 - 99	26	0.81	750	0.00
100 - 1,000	1,404	43.78	1,293,335	6.02
1,001 - 10,000	1,613	50.30	5,293,761	24.63
10,001 - 100,000	149	4.65	3,690,400	17.17
100,001 - 1,074,556	13	0.40	5,208,900	24.24
1,074,557 and above	2	0.06	6,004,000	27.94
Total	3,207	100.00	21,491,146	100.00

Directors' ICULS holding

Name	Direct	No. of ICULS held		%
		%	Indirect	
Tang King Hua	317,900	1.48	-	-
Datuk Surin Upatkoorn	-	-	-	-
Lim Kong Yow	-	-	2,000 (a)	(b)
Lawrence Lim Swee Lin	-	-	-	-
Dato' Ahmad Hasmuni bin Hj. Hussein	-	-	-	-
Dato' Shahbudin bin Imam Mohamad	-	-	-	-
Tan Chor Teck	-	-	-	-

Notes:

- (a) Deemed interested in 2,000 MWE ICULS held by his spouse, Madam Yap Siew Chooi.
(b) Number of ICULS held is insignificant.

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	13.98
2.	GREENLAND TIMBER INDUSTRIES (PRIVATE) LIMITED	3,000,000	13.96
3.	TAN ENG SENG HOLDINGS SDN BHD - IN LIQUIDATION	1,036,000	4.82
4.	HDM NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Lau Kwai	1,020,000	4.75
5.	GOLDEN BAY HOLDING SDN BHD	987,000	4.59
6.	GREENLAND TIMBER INDUSTRIES (PRIVATE) LIMITED	530,000	2.47
7.	TANG KING HUA	317,900	1.48
8.	CITICORP NOMINEES (ASING) SDN BHD Qualifier : Citigroup GM Inc for Peakmore Finance Limited	283,100	1.31
9.	LA COSTA SDN BHD	173,000	0.80
10.	NG KWENG THEAM	172,600	0.80
11.	TAN POO HONG	170,000	0.79
12.	TIAH THEE SENG	147,600	0.69
13.	WONG HAI LEI @ ONG HAI LAI	143,100	0.66
14.	LIM KOK HOCK	122,000	0.57
15.	MD. NOOR BIN NORDIN	106,600	0.49
16.	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
17.	CITICORP NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Akbar Khan bin Hj Mohamed Khan	72,000	0.34
18.	TEO POO CHOO	71,000	0.33
19.	HUANG PHANG LYE	70,800	0.33
20.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD Qualifier : Pledged Securities Account for Teh Kweng Seong	70,000	0.33
21.	LIEW YEW MENG	65,000	0.30
22.	CHEW SOK FUI @ CHEW KEE TIANG	64,000	0.30
23.	ANG HONG MAI	60,000	0.28
24.	FANG PERN KOK	60,000	0.28

30 LARGEST ICULS HOLDERS

No.	Name of ICULS holders	No. of ICULS held	% of ICULS
25.	LAI KEK CHAU	60,000	0.28
26.	TAN CHIN MING	60,000	0.28
27.	TASEC NOMINEES (TEMPATAN) SDN BHD Qualifier : TA Asset Management Sdn Bhd for Yeow Lee Fong	57,000	0.27
28.	SHA THIAM FOOK	55,000	0.26
29.	HDM NOMINEES (TEMPATAN) SDN BHD Qualifier : UOB Kay Hian Pte Ltd for Teoh Kim Eng	50,400	0.23
30.	CASI MANAGEMENT SDN BHD	50,000	0.23
Total		12,158,100	56.57



MWE HOLDINGS BERHAD

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

PROXY FORM

NO. OF SHARES HELD

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

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, 21 June 2004 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 Datuk Surin Upatkoorn as Director		
4. Re-election of Mr Tang King Hua as Director		
5. Approval of Directors' fees		
6. Re-appointment of Auditors		
7. To authorise Directors to grant options and to allot and issue shares pursuant to the Employees' Share Option Scheme		
8. 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 _____ 2004.

Signature of Witness

Name:

Address:

Occupation:

Signature of Shareholder (s)

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 proportions 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.

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**AFFIX
STAMP**

**The Company Secretary
MWE HOLDINGS BERHAD
846, Jalan Raya
14209 Sungei Bakap
Seberang Perai Selatan
Pulau Pinang**

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