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PWE Industries Berhad 18904-M

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 30th ANNUAL GENERAL MEETING of PWE Industries Berhad will be held at Ballroom I, Santubong Kuching Resort, Jalan Santubong, 93748 Kuching, Sarawak on Monday, 27 September 2004 at 11.30 a.m. for the following purposes :-

- (1) To receive and adopt the Company's Audited Financial Statements for the year ended 31 March 2004 together with the Reports of the Directors and Auditors thereon. **Resolution 1**
- (2) To re-elect Tan Sri Dato' Paduka (Dr) Ting Pek Khiing who retires in accordance with Article 91 of the Company's Articles of Association, as Director of the Company. **Resolution 2**
- (3) To re-appoint YM Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin who retires pursuant to Section 129 of the Companies Act, 1965, as Director of the Company. **Resolution 3**
- (4) To approve the payment of Directors' fees. **Resolution 4**
- (5) To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS

- (6) To consider and, if thought fit, pass the following ordinary resolution :-

" THAT pursuant to Section 132D of the Companies Act, 1965, Articles of Association of the Company and the Listing Requirements of the Bursa Malaysia Securities Berhad, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad for listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

Resolution 6

- (7) To consider any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

YAP BEE LEE

Secretary

KUALA LUMPUR

3 September 2004

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where a member appoints two or more proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. The Form of Proxy, in the case of an individual shall be signed by the appointer or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.
4. The Form of Proxy must be deposited with the Company's Share Registrars, Metra Management Sdn Bhd at Suite 30.02, 30th Floor, Menara Multi-Purpose, Capital Square, No.8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, not less than 48 hours before the time for holding the Meeting or any adjournment thereof.
5. Explanatory notes on Special Business:
The proposed Resolution 6 if passed, will empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next annual general meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF THE 30th ANNUAL GENERAL MEETING OF THE COMPANY

1. Directors who are standing for re-election at the 30th Annual General Meeting of the Company are as follows:-
 - (i) Tan Sri Dato' Paduka (Dr) Ting Pek Khiing
 - (ii) YM Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin
2. A total of two (2) Board of Directors' Meetings were held during the financial year ended 31 March 2004, details of which is as follows:-

Date of Meeting	Venue
15 July 2003	2nd Floor, Wisma Ekran, Jalan Parlimen, 50480 Kuala Lumpur
09 October 2003	2nd Floor, Wisma Ekran, Jalan Parlimen, 50480 Kuala Lumpur

Attendance of the Directors holding office at the end of the financial year ended are as follow:-

Name of Directors	No. of Meeting Attended
Tan Sri Dato' Paduka (Dr) Ting Pek Khiing	2/2
YM Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin	2/2
Mr Nicholas John Lough @ Sharif Lough Abdullah	2/2
Mr Sunny Khoo	2/2

3. Details of Tan Sri Dato' Paduka (Dr) Ting Pek Khiing and YM Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin who are standing for re-election and re-appointment respectively are set out in their respective profile write up in page 5.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Paduka (Dr) Ting Pek Khiing
(Executive Chairman)

YM Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin
(Independent Non-Executive Director)

Mr Nicholas John Lough @ Sharif Lough Abdullah
(Independent Non-Executive Director)

Mr Sunny Khoo
(Non-Independent Non-Executive Director)

AUDIT COMMITTEE

YM Tunku Dato' Seri Mahmud
bin Tunku Besar Burhanuddin
(Chairman)

Mr Nicholas John Lough
@ Sharif Lough Abdullah

Mr Sunny Khoo

COMPANY SECRETARY

YAP BEE LEE
(MAICSA : 0864482)

REGISTERED OFFICE

Level 9, Wisma Ting Pek Khiing
No.1, Jalan Padungan
93100 Kuching
Sarawak
Tel : 082-236908
Fax : 082-236922

SHARE REGISTRARS

Metra Management Sdn Bhd
Suite 30.02,
30th Floor, Menara Multi-Purpose
Capital Square
No.8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : (03) 26948333
Fax : (03) 26948571

AUDITORS

Ernst & Young
Chartered Accountants (AF:0039)
Level 23A Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

PRINCIPAL BANKERS

Alliance Malaysia Bank Berhad
Public Bank Berhad

SOLICITORS

Chor Pee Anwarul & Co
Advocates & Solicitors
Suite 8-16-6
Level 16, Menara Olympia
No.8, Jalan Raja Chulan
50200 Kuala Lumpur

STOCK EXCHANGE LISTING

The Second Board of
Bursa Malaysia Securities Berhad

PROFILE OF THE DIRECTORS

Tan Sri Dato' Paduka (Dr) Ting Pek Khiing, a Malaysian, aged 59. He was appointed to the Board of PWE Industries Berhad ("PWE") on 9 January 1995 as Executive Chairman. Tan Sri Ting, a self-made businessman, has over 25 years of experience in construction, specialising in the technology of using wood-based pre-fabricated standardised components and has successfully completed numerous housing projects for the Sarawak State Government and resort hotels in Sarawak and Pulau Langkawi. He also sits on the boards of Ekran Berhad and Wembley Industries Holdings Berhad, all of which are listed on Bursa Malaysia Securities Berhad, and several private limited companies.

Tan Sri Ting is a major shareholder of PWE. He does not have any family relationship with any Director of the Company and he has no convictions for any offences within the last ten years. Tan Sri has no conflict of interest with PWE other than disclosed in notes 11, 12 and 15 of the Audited Financial Statements for financial year ended 31 March 2004.

YM Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin, a Malaysian, aged 74. He was appointed to the Board of PWE on 11 May 1989 as an Independent Non-Executive Director. He is also the Chairman of the Audit Committee. YM Tunku has been actively involved in the corporate world for 24 years. He joined the Malay Administrative Services in 1953 and was subsequently appointed as the Assistant District Officer of Tampin and later the Assistant District Officer of Jelebu. In 1957, Tunku joined the Royal Customs and Excise Department (Customs) as a Superintendent. Tunku was with the Customs for 23 years and rose to the position of Director. In 1980 he retired from the Customs and joined Island and Peninsular Development Berhad as a General Manager where he remained until 1984. He also sits on the boards of Tamadam Bonded Warehouse Berhad, a company listed on Bursa Malaysia Securities Berhad, and several private limited companies.

YM Tunku does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with PWE and has no convictions for any offences within the last ten years.

Mr Nicholas John Lough @ Sharif Lough a British, aged 52. He was appointed to the Board of PWE on 9 December 1994 as an Independent Non-Executive Director. He is also a member of the Audit Committee. In 1969, he was admitted as a member of the National Association of Goldsmith London and has been a member of the Gemology Association, Great Britain since 1970. In 1985, Mr Sharif Lough joined the Melewar Group as the Group Executive Director and held the position for a period of 8 years. Thereafter he formed the Mediconsult Group of Companies focusing on the healthcare industry. Mr Sharif Lough also holds other directorships in several private limited companies.

Mr Sharif Lough does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with PWE and has no convictions for any offences within the last ten years.

Mr Sunny Khoo a Malaysian, aged 44. He was appointed to the Board of PWE on 29 March 1995 as a Non-Executive Director. He is also a member of the Audit Committee. Mr Khoo is a member of Malaysian Association of Certified Public Accountants. For the period from 1981 to 1986, he was attached with Coopers & Lybrand as an Audit Trainee and did his articleship there. In 1987, he joined Ernst & Young as Audit Senior and subsequently resigned in 1990. Thereafter, he joined Arab Malaysian Corporation Berhad as the Group Accountant and held the position until 1992. He then joined Ekran Berhad on 16 November 1992 as Group Financial Controller. He also holds other directorships in several private limited companies.

Mr Sunny Khoo does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with PWE and has no convictions for any offences within the last ten years.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Accounts of PWE Industries Berhad ("PWE") and the Group for the year ended 31 March 2004.

FINANCIAL PERFORMANCE

For the financial year under review, the Group recorded a pre-tax loss of RM182,216 as compared to pre-tax profit of RM1,285,459 achieved during the previous financial year. The loss for the year was mainly attributable to administrative expenses.

No revenue was recorded this year due to the cessation of our core business activity in December 2001 with the disposal of the timber rights.

The company recorded a loss before taxation of RM482,793 as compared to a pre-tax profit of RM746,000 achieved during the previous financial year. The loss for the current financial year was mainly attributable to administrative expenses.

DIVIDEND

The Directors do not recommend any dividend to be declared for the year ended 31 March 2004.

REVIEW OF OPERATIONS

Presently, the Company is an affected listed issuer as defined under Practice Note 10/2001 of the Listing Requirements ("PN10") of Bursa Malaysia Securities Berhad ("Bursa Securities") as it has ceased its previous core business activities of timber extraction and timber trading. As an affected listed issuer under PN10, the Company is required to comply with certain obligations as prescribed under PN10, which include, inter-alia, the obligation to undertake a corporate proposal which will enable the Company to continue trading and/or listing on Bursa Securities.

CORPORATE DEVELOPMENTS

On 16 July 2003, the Company entered into four conditional agreements with Bintang Mover Bhd ("BMB") and the respective vendors of Bintang Bulk Movers Sdn Bhd ("BBMSB"), Agenda Wira Sdn Bhd, Jitu Transport Sdn Bhd and Panglima Klasik Sdn Bhd setting out the terms and conditions of the Proposed Corporate Restructuring Exercise of PWE as contained in the Requisite Announcement made by PWE to Bursa Securities on the same date and summarised in Note 17 to the audited financial statements for the year ended 31 March 2004 enclosed herein.

On 10 October 2003 and 20 January 2004, the Company announced certain revisions relating to the Proposed Corporate Restructuring of PWE. The applications in respect of the proposals and the revisions thereof were submitted to the Securities Commission ("SC") on 15 October 2003 and 18 February 2004 respectively.

On 24 February 2004, Bursa Securities approved the Company's application for an extension of time of two (2) months from 14 February 2004 to 14 April 2004 to obtain approvals of the relevant regulatory authorities, namely the SC and the Foreign Investment Committee for the Proposed Corporate Restructuring of PWE pursuant to paragraph 6.1(c) of PN10.

Chairman's Statement (continued)

On 6 April 2004, the Company announced that in reply to the Company's application to Bursa Securities for further extension of time to obtain the relevant authorities' approval for the Proposed Corporate Restructuring of PWE, Bursa Securities had, vide its letter dated 5 April 2004, stated that given the fact the Company had submitted its regularisation plans to the relevant authorities, Bursa Securities will await the outcome of the Company's application to the relevant authorities.

On 24 June 2004, the SC had decided not to approve the Proposed Corporate Restructuring of PWE after taken into account certain issues which give rise to concerns to the SC on the suitability of BBMSB and its group of companies to be listed indirectly via BMB. On 23 July 2004, the Company submitted an application to the SC to appeal against the SC's decision not to approve the Proposed Corporate Restructuring of PWE.

On 4 August 2004, the Company announced that Bursa Securities had, vide its letter dated 4 August 2004, stated that given the fact the Company had submitted its application to the SC to appeal against the SC's decision not to approve the Proposed Corporate Restructuring of PWE, Bursa Securities will await the outcome of the Company's appeal to the SC.

PROSPECTS

Future operation of the Group is dependent upon completion of the Proposed Corporate Restructuring of PWE.

ACKNOWLEDGEMENTS

I take this opportunity to express my appreciation to my fellow Board members and advisers for their assistance and commitment in carrying out the Proposed Corporate Restructuring of PWE.

On behalf of the Board, I wish to thank the relevant authorities and shareholders of the Company for their understanding and support.

TAN SRI DATO' PADUKA (DR) TING PEK KHIING

Executive Chairman

16 August 2004

REPORT FROM THE AUDIT COMMITTEE

Members

YM Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin
(Chairman - Independent Non-Executive Director)

Mr Nicholas John Lough @ Sharif Lough Abdullah
(Independent Non-Executive Director)

Mr Sunny Khoo
(Non-Executive Director)

Terms of Reference

Composition

The Audit Committee shall consist of at least three (3) members to be appointed by the Board from amongst the Directors, comprising a majority of directors independent of management and executive functions.

At least one member of the Committee shall be a member of the Malaysian Institute of Accountants (MIA) or if he is not a member of MIA, he must have at least 3 years working experience, and either must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967 or a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967.

The Chairman of the Audit Committee shall be elected from the among the Committee Members who is not an executive director or any employee of the Company or any related company.

Meetings

The Committee shall meet as many times as the Committee deems necessary and in any case, it should not be less than three (3) times a year.

The quorum for meetings of the Audit Committee shall be two (2) members who are independent non-executive Directors.

The Company Secretary shall be the Secretary to the Audit Committee.

The Committee may require the members of management, the internal auditor and representatives of the external auditors to attend any of its meetings as it determines.

Authority

The Audit Committee was appointed under Chapter 15, Part C, paragraph 15.10 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") . The Committee is given the authority to investigate any activity of the Company and its subsidiaries and all employees shall be directed to cooperate as requested by members of the Committee.

Report from the Audit Committee (continued)

Duties and Responsibilities

The Audit Committee shall assist the Board of Directors in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and its subsidiaries and the sufficiency of auditing relating thereto.

The specific duties of the Audit Committee are as follows:-

- (i) To review the accounting policies adopted, any changes in accounting principles or practices and the level of prudence applied in areas requiring judgement.
- (ii) To review the external audit report on the financial statements.
- (iii) To review with the external auditors, the overall scope of the external audit and discuss the results of their examination and their evaluation of the internal control system.
- (iv) To review the scope and results of the internal audit procedures.
- (v) To review the financial statements with management and the external auditors prior to them being approved by the full Board.
- (vi) To review interim financial information and press releases of financial content.
- (vii) To review any significant transactions which are not a normal part of the Company's business.
- (viii) To review any significant related party transactions that may arise within the Company or Group.
- (ix) To recommend to the Board of Directors the appointment or termination of the external auditors.
- (x) Such other responsibilities as may be agreed between the Audit Committee and the Board of Directors.

Attendance at Meetings

During the financial year ended 31 March 2004, the Audit Committee held a total of five (5) meetings. Details of attendance of the members of the Committee are as follows:-

Name of Committee Member	No. of Meetings Attended
YM Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin	5/5
Mr Nicholas John Lough @ Sharif Lough Abdullah	5/5
Mr Sunny Khoo	5/5

Activities

The following activities were performed by the Audit Committee during the financial year ended 31 March 2004:-

- (i) Reviewed the quarterly results and year end audited financial statements of the Company with the external auditors prior to the Board's approval of the accounts.
- (ii) Ensured compliance with approved accounting standards in the preparation of the financial statements.
- (iii) Ensured timely disclosure of the quarterly results and year end audited financial statements of the Company to Bursa Securities.
- (iv) Ensured that the transactions entered into by the Company and the Group are in compliance with requirements of Bursa Securities, Securities Commission and other regulatory bodies.

CORPORATE GOVERNANCE REPORT

The Board of Directors is accountable to the Company's shareholders for good corporate governance. The Board is aware of the principles and best practices as set out in the Malaysian Code on Corporate Governance and have taken steps to progressively implement them to promote good corporate governance within the Group.

THE BOARD

Composition and Balance

The Board presently has four (4) members comprising an Executive Chairman, three (3) Non-Executive Directors, two (2) of whom are Independent. A brief description of each director is presented in the Profile of Directors. Collectively, the Directors bring a balance of skills and experience appropriate to the business. The Executive Chairman, with the support of other members of the Board, has primary responsibilities for managing the Group's day to day operations. The Board also delegates certain of its responsibilities to the Audit Committee with clearly defined terms of reference.

Supply of Information and Board Meetings

In order to discharge their duties, the Directors are provided with the agenda and a full set of Board papers prior to each Board Meeting and are free to seek any further information they consider necessary.

During the financial year ended 31 March 2004, two (2) Board of Directors' Meetings were held and details of the Directors' attendance are disclosed in page 3 herein.

All Directors have access to the advice of the Company Secretary and independent advisers where necessary.

Appointments to the Board and Re-election

The appointment of any additional Director is made as and when it is deemed necessary by the existing Board with due consideration given to the mix of expertise and experience required for a balanced and effective Board. The Board itself functions as the Nominating Committee.

In accordance with Article 91 of the Articles of Association of the Company, at least one third of the Directors shall retire by rotation at each Annual General Meeting and are eligible to offer themselves for re-election at the Annual General Meeting. Directors who are appointed by the Board to fill a casual vacancy are subject to election by shareholders at the next Annual General Meeting following their appointment. All directors shall also retire from office once at least in each three years.

Director's Training

All current Directors of the Company had attended the Mandatory Accreditation Program organised by the Research Institute of Investment Analysis Malaysia as required by the Listing Requirements of Bursa Securities.

To ensure that the Directors continuously participate in training that would serve to enhance their knowledge so as to assist them in the discharging of their duties as directors, all current Directors will attend the Continuing Education Program (CEP) in the manner prescribed by Bursa Securities and accumulate the required CEP points.

Corporate Governance Report (continued)

DIRECTOR'S REMUNERATION

For the year under review, the aggregate of remuneration of Directors proposed/paid is as follows:-

	Directors' Fees (RM)	Allowance (RM)
Executive Director	-	-
Non-Executive Directors	36,000	4,200
Total	36,000	4,200

COMMUNICATON WITH SHAREHOLDERS AND INVESTORS

The Company recognises the importance of keeping shareholders and investors informed of all major developments affecting the Company. The Company's annual reports contain comprehensive information pertaining to the Group, while various disclosures on quarterly and annual results provide the shareholders and investors with financial information.

The principal forum for dialogue with shareholders is the Annual General Meeting, during which the shareholders are given the opportunity to participate and pose questions to the Board regarding operational and financial information. Members of the Board and the external auditors are available to respond to shareholders' queries during the Annual General Meeting.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In preparing the annual financial statements and quarterly announcements to shareholders, the Directors are responsible in ensuring that the financial statements are prepared in accordance with the provisions of the Companies Act, 1965 and applicable accounting standards to give a true and fair view of the state of affairs of the Group. Before releasing to Bursa Securities, the financial results were reviewed by the Audit Committee and approved by the Board of Directors.

Internal Control

The Internal Control Statement for the Group is set up in page 12.

Relationship with Auditors

The Company has established transparent and appropriate relationships with the Company's auditors through the Audit Committee. The external auditors, Ernst & Young has continued to report to the members of the Company their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. From time to time, the auditors highlight to the Audit Committee and the Board of Directors on matters that requires the Board's attention.

STATEMENT ON INTERNAL CONTROL

Responsibility

The Board has overall responsibility for the Group's internal control and for reviewing its effectiveness whilst the role of the management is to implement the Board's policies on risk and control.

The internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives. In pursuing these objectives, internal controls can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk Management Framework

With the cessation of the Group's core business in 2001, the Board determined that it would defer the establishment of an organisational structure for risk management until such time as the Group had a new core business.

In the interim period, the Board extended the responsibilities of the Audit Committee to include the following scope of work, on its behalf:-

- (i) ensuring adequate internal controls were in place;
- (ii) undertaking the process of identifying, evaluating, monitoring and managing risk; and
- (iii) overseeing the care and custody of the Group's remaining assets after cessation of its core business.

The Audit Committee is currently responsible for the internal audit function which involves reviewing the internal controls in respect of the care and custody of the Group's remaining assets after cessation of its core business to ensure continuous improvement of controls and procedures.

External consultants and advisers along with key management staff further provided support to the Audit Committee in their review and deliberations in regard to regulatory compliance issues which are reported to the Board on an as and when required basis.

Upon the Group embarking on a new business, the Board will establish the requisite risk management structure to identify, evaluate, monitor and manage the risks of the new core business reporting to the Audit Committee.

OTHER DISCLOSURES

Non Audit Fees

There was no non-audit fee paid by the Company and the Group to the external auditors for the financial year ended 31 March 2004.

Directors' Responsibility Statement

In preparing the annual financial statements of the Company and the Group for the financial year ended 31 March 2004, the Board of Directors is collectively responsible in ensuring that the annual financial statements are drawn up in accordance with the requirements of the applicable accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The Board is satisfied that the financial reporting of the Group presents a true and fair view of the current position and prospects of the Group.





Financial Statements

PWE Industries Berhad 18904-M

- 16. Directors' Report
- 19. Statement by Directors
- 19. Statutory Declaration
- 20. Auditors' Report
- 21. Income Statements
- 22. Balance Sheets
- 23. Statement of Changes in Equity
- 24. Cash Flow Statements
- 25. Notes to the Financial Statements

DIRECTORS' REPORT

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2004.

Principal Activities

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are described in Note 10 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
Net profit for the year	(261,047)	(550,231)

There were no material transfers to or from reserves or provisions during the year.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend any dividend for the current financial year.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Paduka (Dr) Ting Pek Khiing
 YM Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin
 Nicholas John Lough @ Sharif Lough Abdullah
 Sunny Khoo

Directors' Benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in Note 5 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any 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 other than as disclosed in Note 20 to the financial statements.

Directors' Report (continued)

Directors' Interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 each		
	At 1 April 2003	Bought	Sold
			At 31 March 2004

The Company Indirect Interest

Tan Sri Dato' Paduka (Dr) Ting Pek Khiing	23,637,465	-	-	23,637,465
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Tan Sri Dato' Paduka (Dr) Ting Pek Khiing, by virtue of his interest in shares of the Company, is also deemed interested in the shares in all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Other Statutory Information

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business 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 which would render:
 - (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

Directors' Report (continued)

(f) In the opinion of the directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Significant and Subsequent Events

The significant and subsequent events are as disclosed in Note 17 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors

TAN SRI DATO' PADUKA (DR) TING PEK KHIING

SUNNY KHOO

Kuala Lumpur, Malaysia
26 July 2004

STATEMENT BY DIRECTORS

pursuant to section 169(15) of the Companies Act, 1965

We, Tan Sri Dato' Paduka (Dr.) Ting Pek Khiing and Sunny Khoo, being two of the directors of PWE Industries Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 21 to 38 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and the Company as at 31 March 2004 and of the results and the cash flows of the Group and the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors

TAN SRI DATO' PADUKA (DR) TING PEK KHIING

SUNNY KHOO

26 July 2004

STATUTORY DECLARATION

pursuant to section 169(16) of the Companies Act, 1965

I, **Sunny Khoo**, being the director primarily responsible for the financial management of PWE Industries Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 21 to 38 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed SUNNY KHOO)
at Kuala Lumpur in the)
Wilayah Persekutuan on 26 July 2004)

SUNNY KHOO

Before me,

SOH AH KAU

No. W315

Commissioner for Oaths

AUDITORS' REPORT

to the members of PWE Industries Berhad

We have audited the accompanying financial statements set out on pages 21 to 38. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 March 2004 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

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

Without qualifying our opinion, we draw attention to the following matters in Notes 11 and 12 to the financial statements. As at 31 March 2004, included in the trade and other receivables of the Group and the Company are the remaining outstanding balance of the said advance and other amounts due from Ekran Berhad as follows:

	Group RM million	Company RM million
Trade receivables	2.49	-
Other receivables	7.23	6.24

The recoverability of these debts are dependent on the successful completion of the corporate exercise of Ekran Berhad. The financial statements of the Group and the Company do not include any adjustments relating to the recoverability of the amounts that might be necessary should the Group and the Company be unable to recover these debts.

ERNST & YOUNG
AF: 0039
 Chartered Accountants

Kuala Lumpur
 26 July 2004

ABRAHAM VERGHESE A/L T.V. ABRAHAM
No. 1664/10/04(J)
 Partner

INCOME STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

	Note	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
Revenue		-	-	-	-
Staff costs	3	(184,000)	(189,943)	(36,800)	(36,800)
Depreciation		(8,764)	(8,764)	-	-
Other operating expenses	4	(227,566)	1,242,677	(684,107)	541,780
(Loss)/profit from operations		(420,330)	1,043,970	(720,907)	504,980
Finance income	6	238,114	241,489	238,114	241,489
(Loss)/profit before taxation		(182,216)	1,285,459	(482,793)	746,469
Taxation	7	(78,831)	(16,707)	(67,438)	(16,707)
Net (loss)/profit for the year		(261,047)	1,268,752	(550,231)	729,762
(Loss)/profit per share (sen)	8	(0.6)	3.0		

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 MARCH 2004

		Group		Company	
	Note	2004 RM	2003 RM	2004 RM	2003 RM
NON-CURRENT ASSETS					
Property, plant and equipment	9	19,379	28,143	-	-
Investment in subsidiaries	10	-	-	2	2
		19,379	28,143	2	2
CURRENT ASSETS					
Trade receivables	11	2,496,212	2,496,212	-	-
Other receivables	12	7,230,828	7,263,239	6,241,651	6,274,510
Cash and bank balances	13	319,793	964,534	316,468	940,079
		10,046,833	10,723,985	6,558,119	7,214,589
CURRENT LIABILITIES					
Trade payables	14	148,416	148,416	-	-
Other payables	15	243,966	230,722	209,194	206,320
Taxation		10,234	448,347	10,234	119,347
		402,616	827,485	219,428	325,667
NET CURRENT ASSETS		9,644,217	9,896,500	6,338,691	6,888,922
		9,663,596	9,924,643	6,338,693	6,888,924
FINANCED BY:					
Share capital	16	42,000,000	42,000,000	42,000,000	42,000,000
Accumulated losses		(32,336,404)	(32,075,357)	(35,661,307)	(35,111,076)
		9,663,596	9,924,643	6,338,693	6,888,924
Shareholders' fund		9,663,596	9,924,643	6,338,693	6,888,924

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2004

GROUP	Share capital RM	Accumulated losses RM	Total RM
At 1 April 2002	42,000,000	(33,344,109)	8,655,891
Net profit for the year	-	1,268,752	1,268,752
At 31 March 2003	42,000,000	(32,075,357)	9,924,643
At 1 April 2003	42,000,000	(32,075,357)	9,924,643
Net loss for the year	-	(261,047)	(261,047)
At 31 March 2004	42,000,000	(32,336,404)	9,663,596

COMPANY	Share capital RM	Accumulated losses RM	Total RM
At 1 April 2002	42,000,000	(35,840,838)	6,159,162
Net profit for the year	-	729,762	729,762
At 31 March 2003	42,000,000	(35,111,076)	6,888,924
At 1 April 2003	42,000,000	(35,111,076)	6,888,924
Net loss for the year	-	(550,231)	(550,231)
At 31 March 2004	42,000,000	(35,661,307)	6,338,693

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
CASH FLOW FROM OPERATING ACTIVITIES				
(Loss)/profit before taxation	(182,216)	1,285,459	(482,793)	746,469
Adjustment for:				
Depreciation	8,764	8,764	-	-
Interest income	(238,114)	(241,489)	(238,114)	(241,489)
Provision for doubtful debts	-	55,241	526,143	780,696
Operating (loss)/profit before working capital changes	(411,566)	1,107,975	(194,764)	1,285,676
(Increase)/decrease in receivables	251,025	1,247,067	(274,670)	1,046,643
Increase/(decrease) in payables	13,244	(1,491,309)	2,874	(1,455,877)
Cash (used in)/ generated from operations	(147,297)	863,733	(466,560)	876,442
Taxes paid	(516,944)	(5,367)	(176,551)	(5,367)
Net cash (used in)/generated from operating activities	(664,241)	858,366	(643,111)	871,075
CASH FLOW FROM INVESTING ACTIVITY				
Interest received	19,500	19,123	19,500	19,123
Net cash generated from investing activity	19,500	19,123	19,500	19,123
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(644,741)	877,489	(623,611)	890,198
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	964,534	87,045	940,079	49,881
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 13)	319,793	964,534	316,468	940,079

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

1. CORPORATE INFORMATION

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are described in Note 10. There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Second Board of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 9, Wisma Ting Pek Khiing, No. 1, Jalan Padungan, 93100 Kuching, Sarawak.

The Group and the Company did not have any employees as at the end of the current and previous financial year. The accounting, secretarial and administrative functions of the Group and the Company were carried out by certain employees seconded from Ekran Berhad, a company in which a director of the Company, Tan Sri Dato' Paduka (Dr.) Ting Pek Khiing, has interest.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 July 2004.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

During the financial year ended 31 March 2004, the Group and the Company adopted the following Malaysian Accounting Standards Board ("MASB") standards for the first time:

MASB 25	Income Taxes
MASB 29	Employee Benefits

The above standards became effective during the financial year and have resulted in extended disclosure in policy Notes 2(g) and 2(h). The adoption of the above standards, however, have not given rise to any adjustments to the opening balances of the accumulated losses of the prior and current years or to changes in comparatives.

(b) Basic of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences which were not previously recognised in the consolidated income statement.

Notes to the Financial Statements (continued)

31 March 2004

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(i). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

Goodwill is amortised on a straight-line basis over its estimated useful life of 10 years. However, the goodwill on consolidation has been fully written off when the timber rights and its related operations have been sold.

(d) Investment in Subsidiaries

The Company's investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(i).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statements.

(e) Plant and Equipment and Depreciation

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(i). Depreciation of plant and equipment is provided on a straight line basis to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Office equipment and furniture	10% - 33%
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Upon the disposal of an item of plant or equipment, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

(f) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at banks and deposit at call and short term highly liquid investments which have an insignificant risk of changes in value.

(g) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Notes to the Financial Statements (continued)

31 March 2004

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Prior to the adoption of MASB 25 Income Taxes on 1 April 2003, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

(h) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by 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 entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(i) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(j) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on review of all outstanding amounts as at the balance sheet date.

(ii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iii) Equity Instruments

Ordinary shares are classified as equity. Dividend on ordinary shares are recognised in equity in the period in which they are declared.

Notes to the Financial Statements (continued)

31 March 2004

3. STAFF COSTS

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Wages and salaries	184,000	189,943	36,800	36,800
	184,000	189,943	36,800	36,800

4. OTHER OPERATING EXPENSES

Included in other operating expenses are as follows:

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Rental of premises	60,000	60,000	12,000	12,000
Directors' remuneration	43,500	39,600	43,500	39,600
Auditors' remuneration	22,000	22,000	18,000	18,000
Provision for doubtful debts				
- Trade receivables	-	55,241	-	-
- Subsidiaries	-	-	526,143	780,696
Provision for professional fees written back	-	(1,379,081)	-	(1,379,081)

5. DIRECTORS' REMUNERATION

	Group / Company	
	2004	2003
	RM	RM
Directors of the Company		
Non-Executive:		
- Fees	36,000	36,000
- Other emoluments	7,500	3,600
	43,500	39,600

The number of directors of the Company whose total remuneration during the year fall within the following band is as follows:

	Number of Directors	
	2004	2003
	RM	RM
Non-Executive directors:		
Below RM50,000	3	3

Notes to the Financial Statements (continued)

31 March 2004

6. FINANCE INCOME

	Group and Company	
	2004	2003
	RM	RM
Interest income:		
- on advances to a director related company, Ekran Berhad	218,614	222,366
- on fixed deposits with licensed bank	19,500	19,123
	238,114	241,489

7. TAXATION

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Income tax:				
Malaysian income tax	67,438	63,630	67,438	63,630
(Over)/underprovision in prior years	11,393	(46,923)	-	(46,923)
	78,831	16,707	67,438	16,707

Domestic income tax is calculated at the Malaysian statutory rate of 28% (2003: 28%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2004	2003
	RM	RM
Group		
(Loss)/profit before taxation	(182,216)	1,285,459
Tax expense at Malaysian statutory rate of 28% (2003: 28%)	(51,020)	359,929
Effects of expenses not deductible for tax purposes	118,458	93,985
Effects of income not subject to tax	-	(390,284)
Under/(over)provided of tax expense in prior years	11,393	(46,923)
Tax expense for the year	78,831	16,707
Company		
(Loss)/profit before taxation	(482,793)	746,469
Tax expense at Malaysian statutory rate of 28% (2003: 28%)	(135,182)	209,011
Effects of expenses not deductible for tax purposes	202,620	244,903
Effects of income not subject to tax	-	(390,284)
Overprovision of tax expense in prior years	-	(46,923)
Tax expense for the year	67,438	16,707

Notes to the Financial Statements (continued)

31 March 2004

8. (LOSS)/PROFIT PER SHARE

Basic (loss)/profit per share is calculated by dividing the net (loss)/profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2004	2003
	RM	RM
Net (loss)/profit for the year	(261,047)	1,268,752
Weighted average number of ordinary shares in issue	42,000,000	42,000,000
Basic (loss)/profit per share (sen)	(0.6)	3.0

Dilutive earnings per share has not been presented as there was no potential ordinary shares outstanding during the financial year.

9. PLANT AND EQUIPMENT

Group	Office equipment and furniture
Cost	RM
At 1 April 2003/31 March 2004	<u>117,841</u>
Accumulated Depreciation	
At 1 April 2003	89,698
Charge for the year	<u>8,764</u>
At 31 March 2004	<u>98,462</u>
Net Book Value	
At 31 March 2004	<u>19,379</u>
At 31 March 2003	<u>28,143</u>
Details at 1 April 2002	
Cost	117,841
Accumulated depreciation	<u>80,934</u>
Depreciation charge for 2003	<u>8,764</u>

Notes to the Financial Statements (continued)

31 March 2004

10. INVESTMENT IN SUBSIDIARIES

	Company	
	2004 RM	2003 RM
Unquoted shares, at cost	9,000,002	9,000,002
Provision for diminution in value	(9,000,000)	(9,000,000)
	<u>2</u>	<u>2</u>

Details of the subsidiaries are as follows:

Name of Companies		Effective Interests %		Principal Activities
		2004	2003	
Sastep Sdn. Bhd.	Malaysia	100	100	Timber trading but ceased operation in prior year
PWE Logging Sdn. Bhd.	Malaysia	100	100	Dormant

11. TRADE RECEIVABLES

	Group	
	2004 RM	2003 RM
Trade receivables	14,355,469	14,355,469
Less: Provision for doubtful debts	(11,859,257)	(11,859,257)
	<u>2,496,212</u>	<u>2,496,212</u>

Included in trade receivables are amounts of RM14,171,832 (2003: RM14,171,832) due from Equatorial Timber Marketing Sdn. Bhd., Ekran Timber and Sawmill Sdn. Bhd., Ekran Logging Sdn. Bhd., Ekran Project Management Sdn. Bhd., Ekran Plantation Sdn. Bhd. and Sarawak Pulp Industry Sdn. Bhd., companies in which a director of the Company, Tan Sri Dato' Paduka (Dr) Ting Pek Khiing, has substantial financial interests in respect of which provision for doubtful debts amounting to RM11,675,620 (2003: RM11,675,620) has been made.

No provision for doubtful debts has been made for the above remaining balances as the directors are confident of the recovery upon completion of Ekran Berhad's corporate exercise.

The Group's normal trade credit term ranges from 90 to 120 days (2003: 90 to 120 days). Other credit terms are assessed and approved on a case by case basis.

As at balance sheet date, the Group has a significant concentration of credit risk in form of balance due from a group of debtors related to a director of the Company, Tan Sri Dato' Paduka (Dr.) Ting Pek Khiing, representing approximately 99% (2003: 99%) of the total trade receivables.

Notes to the Financial Statements (continued)

31 March 2004

12. OTHER RECEIVABLES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Due from subsidiaries	-	-	2,144,053	1,618,060
Director related companies				
- Ekran Berhad	7,225,236	7,256,623	6,240,182	6,271,568
- Others	36,153	36,149	36,153	36,149
Sundry receivables	5,588	6,616	1,465	2,792
	7,266,977	7,299,388	8,421,853	7,928,569
Provision for doubtful debts	(36,149)	(36,149)	(2,180,202)	(1,654,059)
	7,230,828	7,263,239	6,241,651	6,274,510

Director related companies refer to companies in which a director, Tan Sri Dato' Paduka (Dr) Ting Pek Khiing, has substantial financial interests. In the previous financial year, an advance of RM7.43 million was given to Ekran Berhad. The advance was reduced to RM7.23 million (2003: RM7.26 million) as at year end via the contra of certain expenses and cash repayment of RM250,000 (2003: RM251,855) by Ekran Berhad. The directors are of the opinion that even though the advance given to Ekran Berhad contravenes Section 133A of the Companies Act, 1965, under the circumstances, the advance was necessary to address the short term needs of Ekran Berhad. Steps have been taken to ensure that the Company will not suffer any loss as a result of this advance and interest is charged to Ekran Berhad at market rate. No provision for doubtful debts has been made for the advance given to Ekran Berhad as the directors are confident of the recovery upon completion of Ekran Berhad's corporate exercise.

The amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment.

As at balance sheet rate, the Group has a significant concentration of credit risk that may arise from exposures to a single debtor representing approximately 99% (2003: 99%) of the total other receivables.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Cash on hand and at banks	50,793	65,534	47,468	41,079
Deposit with licensed banks	269,000	899,000	269,000	899,000
Cash and cash equivalents	319,793	964,534	316,468	940,079

The weighted average effective interest rates of 3.00% (2003: 3.20%) as at balance sheet date and the average maturities of deposits is 30 days (2003: 90 days).

14. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 60 to 90 days.

Notes to the Financial Statements (continued)

31 March 2004

15. OTHER PAYABLES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Due to companies in which a director has substantial financial interests	10,353	10,353	-	-
Other payables	24,419	32,049	-	1,800
Accruals	209,194	188,320	209,194	204,520
	243,966	230,722	209,194	206,320

The amounts due to Gemila Sdn Bhd, Equatorial Timber Marketing Sdn Bhd and Bakun Resorts Sdn Bhd, companies in which a director, Tan Sri Dato' Paduka (Dr.) Ting Pek Khiing, has substantial financial interests, are unsecured, interest free and have no fixed terms of repayment.

16. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2004	2003	2004 RM	2003 RM
Authorised:				
At 1 April/31 March	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid:				
At 1 April/31 March	42,000,000	42,000,000	42,000,000	42,000,000

17. SIGNIFICANT AND SUBSEQUENT EVENTS

On 20 December 2001, the Company announced that it entered into a Deed of Sale with Tirasen Sdn Bhd. for the disposal of timber rights for a consideration of RM1,000,000.

The timber rights represent the only business in the PWE Group. Following the disposal, the turnover of the PWE Group will be less than 5% of the issued and paid-up share capital of the Company. Such circumstances caused the Company to be an affected listed issuer pursuant to Paragraph 2.1 of Practice Note 10 ("PN 10") of the Bursa Malaysia Securities Berhad ("BMSB").

The conditional Sale and Purchase Agreement ("SPA") signed on 21 December 2001 between PWE and Kosma Consolidated Berhad ("KCB") for proposed acquisition of 88,575,000 ordinary shares of RM1.00 each representing approximately 95.76% equity interest in Kosma Nusantara Berhad ("KNB") has expired and terminated with effect from 31 December 2002, as KCB was not able to resolve certain issues in relation to KNB's land. Hence on 6 January 2003, the company has aborted the said proposals.

On 4 July 2003, BMSB has approved an extension of three months to 19 September 2003 for the Company to make the Requisite Announcement under paragraph 6.1(a) of PN10.

Notes to the Financial Statements (continued)

31 March 2004

17. SIGNIFICANT AND SUBSEQUENT EVENTS (continued)

On 16 July 2003, the Company had entered into four separate conditional agreements with Bintang Mover Bhd. ("BMB") and the respective vendors of Bintang Bulk Movers Sdn. Bhd. ("BBMSB"), Agenda Wira Sdn. Bhd. ("AWSB"), Jitu Transport Sdn. Bhd. ("JTSB") and Panglima Klasik Sdn. Bhd. ("PKSB") (BBMSB, AWSB, JTSB and PKSB shall hereinafter collectively be referred to as the "Acquiree Companies") setting out the definitive terms and conditions of the proposed corporate restructuring exercise of PWE ("Proposals") summarised as follows:

- (i) proposed share exchange of 42,000,000 ordinary shares of RM1.00 each in PWE held by the existing shareholders of PWE with 19,764,000 new ordinary shares of RM0.50 each in BMB on the basis of approximately forty seven (47) new BMB Shares for every one hundred PWE Shares held at a date to be determined later by the Board of Directors of PWE, pursuant to a scheme of arrangement between PWE, BMB and the existing shareholders of PWE under Section 176(1) of the Act;
- (ii) proposed settlement and compromise of the shortfall in the profit guaranteed by and receivable from Equatorial Timber Marketing Sdn. Bhd. ("ETM"), a company in which Tan Sri Dato' (Dr) Ting Pek Khiing ("TPK"), a Director and substantial shareholder of PWE has interest and directorship, amounting to RM6,978,359 pursuant to the Profit Guarantee Agreement dated 26 March 1997 executed between ETM and PWE, by way of issuance of 34,563,536 warrants in BMB to the shareholders of BMB after the Proposed Share Exchange (excluding TPK, his nominees and the two subscriber shareholders of BMB) on the basis of four (4) Warrants for every one (1) BMB Share held after the Proposed Share Exchange;
- (iii) proposed acquisitions by BMB of:
 - (a) 1,000,000 BBMSB representing 100% equity interest in BBMSB;
 - (b) 120,000 AWSB representing 30% equity interest in AWSB;
 - (c) 150,000 JTSB representing approximately 3.69% equity interest in JTSB;
 - (d) 500,000 PKSB representing approximately 45.98% equity interest in PKSB;

from the respective vendors of the Acquiree Companies for an aggregate purchase consideration of RM100.0 million to be satisfied by way of issuance of:

- (aa) 114,000,000 new ordinary shares of RM0.50 each in BMB at an issue price of RM0.50 per BMB Share;
- (bb) 64,000,000 new Irredeemable Convertible Preference Shares of RM0.10 each ("ICPS") at the issue price of RM0.50 per ICPS; and
- (cc) RM11,000,000 nominal value of Redeemable Convertible Unsecured Loan Stocks ("RCULS") at 100% of the nominal value of the RCULS.

(hereinafter referred to as the "Proposed Acquisitions")

- (iv) proposed exemption to the vendors of the Acquiree Companies from the obligation to undertake a mandatory offer to acquire the remaining BMB Shares not already held by them pursuant to Part II of the Malaysian Code on Take-overs and Mergers, 1998 consequent to the Proposed Acquisitions (if required);

Notes to the Financial Statements (continued)

31 March 2004

17. SIGNIFICANT AND SUBSEQUENT EVENTS (continued)

- (v) proposed private placement of up to 20,000,000 BMB Shares (or such number of BMB Shares required to be placed out for purposes of meeting the public shareholding spread requirement subject to the listing requirements of the BMSB and the requirement of the National Development Policy) by the substantial shareholders of BMB after the Proposed Share Exchange and Proposed Acquisitions at a placement price(s) to be determined later to persons as prescribed under Schedule II of the Securities Commission Act, 1993; and
- (vi) proposed transfer of the listing status of PWE on the Second Board of BMSB to BMB, by way of delisting of PWE and the listing of BMB on the Second Board of BMSB.

The primary objective of the Proposals is to enable PWE to fulfill its obligations under PN10 such that the level of operations of the BMB and its proposed subsidiary companies ("BMB Group") are adequate to enable BMB to assume the listing status of PWE and be listed on the Second Board of the BMSB after the completion of the Proposals.

On 2 October 2003, BMSB has approved the extension of time of 1 month from 16 September 2003 to 15 October 2003 for the Company to comply with paragraph 6.1 (b) of Practice Note 10/2001 and submit the application in respect of the Proposals of PWE to the Securities Commission ("SC") and the other relevant authorities.

On 15 October 2003 and 18 February 2004 respectively, the Company had submitted certain revisions to the Proposals to the SC.

On 24 June 2004, SC disapproved the Proposals, considering the suitability of BMB Group to assume the listing status of PWE. The Company has submitted an appeal on 22 July 2004 to the SC to reconsider its decision ("Appeal Application").

On 8 July 2004, the Company sought the approval of BMSB for a further extension of time to await for the outcome of the Company's Appeal Application. The extension of time, if granted, is imperative for the Company to implement the Proposals in order to maintain its listing status. The successful implementation of the Proposals would also enable the shareholders of the Company to participate in the future prospects of the BMB Group.

18. CONTINGENT LIABILITY - unsecured

	Group and Company	
	2004	2003
	RM	RM
Corporate guarantee provided for bank facilities granted to a subsidiary	1,493,490	2,008,099

The bank facilities granted to the subsidiary were for the purchase of heavy machinery in the previous financial year. These heavy machinery have been sold to an external party but the lenders did not discharge the Company from the Corporate Guarantee. The Company has received a Letter of Indemnity from the buyer to indemnify the Company from all losses and liabilities that may crystallise in the event that the buyer defaults on the hire purchase facilities.

Notes to the Financial Statements (continued)

31 March 2004

19. CONTINGENT ASSET

	Group	
	2004 RM	2003 RM
Shortfall in profit guarantee receivable from the vendor of timber rights	6,978,359	6,978,359

The contingent asset is in respect of the shortfall in profit guarantee for the financial year ended 31 March 1999. The shortfall is receivable from Equatorial Timber Marketing Sdn. Bhd., the vendor of the timber rights, a company in which a director, Tan Sri Dato' Paduka (Dr) Ting Pek Khiing, has substantial financial interests. The proposed settlement and compromise of the shortfall in the profit guarantee are disclosed in Note 17(ii).

20. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial year, the following transactions were entered into with a company in which a director, Tan Sri Dato' Paduka (Dr) Ting Pek Khiing, has substantial financial interests:

	Group	
	2004 RM	2003 RM
Ekran Berhad		
Staff costs for seconded employees	184,000	184,000
Rental of premises	60,000	60,000
Printing and stationery charges	6,000	6,000
Interest income	218,614	222,366

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established under terms that are not materially different from that obtainable in transactions with unrelated parties.

21. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its liquidity and credit risks. The Group does not engage in speculative transactions.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing assets. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits.

The information on maturity dates and effective interest rates of financial assets are disclosed in the respective notes.

Notes to the Financial Statements (continued)

31 March 2004

21. FINANCIAL INSTRUMENTS (continued)

(c) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

(d) Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade and other receivables are monitored on an ongoing basis via management reporting procedures.

As at balance sheet date, the Group has a significant concentration of credit risk in the form of outstanding balances due from a group of debtors relating to a director of the Company, Tan Sri Dato' Paduka (Dr) Ting Pek Khiing representing approximately 99% and 99% of the trade and other receivables respectively.

(e) Fair Values

The carrying amounts of cash and cash equivalents, trade and other receivables/payables approximate their fair values due to the relatively short term maturity of these financial instruments.

22. SEGMENTAL INFORMATION

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

Notes to the Financial Statements (continued)

31 March 2004

22. SEGMENTAL INFORMATION (continued)

	Timber extraction and timber trading		Investment holding		Elimination		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003
	RM	RM	RM	RM	RM	RM	RM	RM
Revenue								
External sales	-	-	-	-	-	-	-	-
Total revenue	-	-	-	-	-	-	-	-
Result								
Segment results	(225,566)	(2,017,202)	(720,907)	504,980	526,143	2,556,192	(420,330)	1,043,970
Finance income							238,114	241,489
(Loss)/profit before tax							(182,216)	1,285,459
Taxation							(78,831)	(16,707)
Net (loss)/profit for the year							(261,047)	1,268,752
ASSETS AND LIABILITIES								
Segment assets	3,508,093	3,537,539	6,558,119	7,214,589			10,066,212	10,752,128
Segment liabilities	183,188	172,818	209,194	206,320			392,382	379,138
Unallocated corporate liabilities							10,234	448,347
Total liabilities							402,616	827,485
OTHER INFORMATION								
Depreciation	8,764	8,764	-	-			8,764	8,764
Non-cash expenses other than depreciation and impairment losses	-	55,241	-	-			-	55,241

No segmental analysis on a geographical basis is provided as the Group's operation is wholly carried out in Malaysia.

List of properties

Location	Tenure	Year Lease Expiring	Land Area	Existing Use	Net Book Value as at 31.3.2004 (RM)
NIL					

ANALYSIS OF SHAREHOLDERS

As at 2 August 2004

Authorised Capital	:	RM500,000,000
Issued and paid-Up Capital	:	RM42,000,000
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Holdings	No. of Holders	Total Holding	%
Less than 100	7	120	0.00
100 to 1,000	1,928	1,900,506	4.52
1,001 to 10,000	2,863	11,872,110	28.26
10,001 to 100,000	385	9,676,636	23.03
100,001 to 2,999,999	28	9,482,628	22.57
5% and above of issued shares	3	9,068,000	21.59
Total	5,214	42,000,000	100.00

THIRTY LARGEST SHAREHOLDERS

Name	No. of Shares	% of Issued Capital
1. CIMB Nominees (Tempatan) Sdn Bhd (Pledged securities account for Tan Sri Dato' Paduka (Dr) Ting Pek Khiing)	4,000,000	9.52
2. AllianceGroup Nominees (Tempatan) Sdn Bhd (Alliance Merchant Nominees (Tempatan) Sdn Bhd for Ting Pek Khiing)	2,800,000	6.67
3. Lembaga Tabung Haji	2,268,000	5.40
4. CIMB Nominees (Tempatan) Sdn Bhd (Pledged securities account for Tan Sri Dato' Paduka (Dr) Ting Pek Khiing)	1,680,000	4.00
5. Southern Nominees (Tempatan) Sdn Bhd (Pledged securities account for Tan Sri Datuk Ting Pek Khiing)	1,407,728	3.35
6. Kenanga Nominees (Tempatan) Sdn Bhd (Pledged securities account for Ting Lian Siew @ Ting Lian Bo)	685,000	1.63
7. Kenanga Nominees (Tempatan) Sdn Bhd (Pledged securities account for Ting Wee Hua)	600,000	1.43
8. Mayban Securities Nominees (Tempatan) Sdn Bhd (Pledged securities account for Aspek Elit Sdn Bhd)	475,000	1.13
9. Kenanga Nominees (Tempatan) Sdn Bhd (Pledged securities account for Ting Pin Sew)	370,000	0.88
10. Low Ah Kou	354,000	0.84

Analysis of Shareholders (continued)

As at 2 August 2004

THIRTY LARGEST SHAREHOLDERS (continued)

	Name	No. of Shares	% of Issued Capital
11.	PAB Nominee (Tempatan) Sdn Bhd (Pledged securities account for Ting Pek Khiing)	300,000	0.71
12.	Southern Nominees (Tempatan) Sdn Bhd (Pledged securities account for Tan Sri Datuk Ting Pek Khiing)	300,000	0.71
13.	JB Nominees (Tempatan) Sdn Bhd (Multi-Purpose Credit Sdn Bhd for Ting Pek Khiing)	295,000	0.70
14.	Su Meng Ging	293,000	0.70
15.	Public Nominees (Tempatan) Sdn Bhd (Pledged securities account for Ting Lian Siew @ Ting Lian Bo)	260,400	0.62
16.	Yew Kok Soo	232,000	0.55
17.	A.A. Assets Nominees (Tempatan) Sdn Bhd (Pledged securities account for Aspek Elit Sdn Bhd)	216,000	0.51
18.	Faridah Binti Mohd Fuad Stephens	200,000	0.48
19.	Lee Lay Beng	198,600	0.47
20.	Wong Shak On	181,600	0.43
21.	Lok Huey Yen	180,000	0.43
22.	HDM Nominees (Tempatan) Sdn Bhd (Pledged securities account for Lee Boon Hoe)	170,000	0.41
23.	Affin Nominees (Tempatan) Sdn Bhd (Hong Leong Bank Berhad for Esa Bin Mohamed)	160,600	0.38
24.	Wong Hua Ung	130,000	0.31
25.	Ngu Nii Ann	122,000	0.29
26.	Affin Nominees (Tempatan) Sdn Bhd (Pledged securities account for Ooi Beng Heng)	117,700	0.28
27.	Public Nominees (Tempatan) Sdn Bhd (Pledged securities account for Tiang Chiin Yew)	117,000	0.28
28.	HLG Nominee (Tempatan) Sdn Bhd (Hong Leong Bank Berhad for Ting Huong Siang)	114,000	0.27
29.	Citicorp Nominees (Tempatan) Sdn Bhd (Pledged securities account for Lian Ah Kow)	112,000	0.27
30.	TASEC Nominees (Tempatan) Sdn Bhd (Pledged securities account for Chan Lee Shiang)	109,000	0.26
	Total	18,448,628	43.93

Analysis of Shareholders (continued)

As at 2 August 2004

SUBSTANTIAL SHAREHOLDERS

(as defined under Section 69D of the Companies Act, 1965)

Name	No. of Shares	Direct	No. of Shares	Indirect
		% of Issued Capital		% of Issued Capital
Tan Sri Dato' Paduka (Dr) Ting Pek Khiing	23,637,465	56.28	-	-
Lembaga Tabung Haji	2,482,800	5.91	-	-

DIRECTORS' INTEREST

Name	No. of Shares	Direct	No. of Shares	Indirect
		% of Issued Capital		% of Issued Capital
Tan Sri Dato' Paduka (Dr) Ting Pek Khiing	23,637,465	56.28	-	-
YM Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin	-	-	-	-
Mr Nicholas John Lough @ Sharif Lough Abdullah	-	-	-	-
Mr Sunny Khoo	-	-	-	-



FORM OF PROXY

I/We _____

of _____

being a member/members of PWE INDUSTRIES BERHAD hereby appoint _____

of _____

or failing him/her _____

of _____

or the Chairman of the Meeting as my/our proxy to vote and act for me/us on my/our behalf at the 30th Annual General Meeting of the Company to be held at Ballroom I, Santubong Kuching Resort, Jalan Santubong, 93748 Kuching, Sarawak on Monday, 27 September 2004 at 11.30 a.m. and at any adjournment thereof.

My/our Proxy is to vote as indicated below :-

Resolution		For	Against
No. 1	To receive and adopt the Audited Financial Statements and Reports.		
No. 2	To re-elect Tan Sri Dato' Paduka (Dr) Ting Pek Khiing as Director.		
No. 3	To re-appoint YM Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin as Director.		
No. 4	To approve the payment of Directors' fees.		
No. 5	To re-appoint Messrs Ernst & Young as Auditors of the Company.		
No. 6	To authorise Directors to allot and issue shares.		

(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.)

Number of Shares Held

Dated this _____ day of _____ 2004.

Signature

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where a member appoints two or more proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. The Form of Proxy, in the case of an individual shall be signed by the appointer or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.
4. The Form of Proxy must be deposited with the Company's Share Registrars, Metra Management Sdn Bhd at Suite 30.02, 30th Floor, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, not less than 48 hours before the time for holding the Meeting or any adjournment thereof.
5. Any alteration in this form must be initiated.

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STAMP

Metra Management Sdn Bhd
Suite 30.02, 30th Floor, Menara Multi-Purpose
Capital Square, No 8, Jalan Munshi Abdullah
50100 Kuala Lumpur

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