

financial statements

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directors' report for the year ended 31 March 2003

We are pleased to submit this annual report to the members of the Company together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2003.

DIRECTORS

The directors in office at the date of this report are as follows:-

Goh Eng Wah

Mok Yuet Heng

Goh Keng Beng

Goh Keng Soon

Goh Min Lu

Goh Min Yen

Hong Chin Fock

Foo Kok Swee @ Pu Kok Swi (appointed on 5 December 2002)

Mohamed Nazim bin Abdul Razak (appointed on 5 December 2002)

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year have been those relating to the rental of retail space. The Company also acts as a holding company and provides management services to its subsidiaries.

The principal activities of the subsidiaries during the financial year have been as follows:-

- (i) Film distribution and cinema operations.
- (ii) Leasing of office premises and retail space.
- (iii) Operation and management of concession stands.
- (iv) Investment holding and trading.

There have been no significant changes in the activities of the Group or of the Company during the financial year.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

There were no acquisitions or disposals of subsidiaries during the financial year.

FINANCIAL RESULTS

The results of the Group and of the Company for the financial year were as follows:-

	Group \$	Company \$
Profit after taxation	2,245,953	1,352,405
Minority interests	2,052	-
Profit attributable to members of the Company	2,248,005	1,352,405
Accumulated profits brought forward	7,277,914	1,411,423
Profit available for appropriation	9,525,919	2,763,828
Appropriation:		
Final dividend paid in respect of financial year ended 31 March 2002 at 0.75 cents per share less tax at 22%	(877,500)	(877,500)
Accumulated profits carried forward	\$ 8,648,419	\$ 1,886,328

TRANSFERS TO OR FROM RESERVES OR PROVISIONS

There were no material transfers to or from reserves during the financial year. Material movements in provisions are as set out in the accompanying financial statements.

ISSUES OF SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year in shares in the Company and in related corporations are as follows:-

	Holdings in the name of the director		Other holdings in which the director is deemed to have an interest	
	At beginning of the year/date of appointment	At end of the year	At beginning of the year/date of appointment	At end of the year
Company				
Ordinary shares of \$0.25 each fully paid				
Goh Eng Wah	-	560,000	105,000,000	105,000,000
Mok Yuet Heng	-	-	105,000,000	105,000,000
Goh Min Yen	-	-	1,710,000	1,710,000
Holding Company				
Eng Wah Holdings Pte Ltd				
Ordinary shares of \$1 each fully paid				
Goh Eng Wah	18,720,002	18,720,002	-	-
Mok Yuet Heng	17,680,000	17,680,000	-	-
Goh Keng Beng	7,800,000	7,800,000	-	-
Goh Min Yen	7,800,000	7,800,000	-	-
Subsidiary				
Jubilee Leisure (S) Pte Ltd				
Ordinary shares of \$1 each fully paid				
Goh Eng Wah	-	-	70,000	70,000
Mok Yuet Heng	-	-	70,000	70,000

DIRECTORS' INTERESTS (CONT'D)

By virtue of Section 7 of the Act, Goh Eng Wah and Mok Yuet Heng are deemed to have interests in all of the wholly-owned subsidiaries of the Company at the beginning and at the end of the financial year.

Except as disclosed above, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company or of related corporations either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year.

There was no change in any of the above interests in the Company between the end of the financial year and 21 April 2003.

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects 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.

Since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

DIVIDENDS

Since the end of the last financial year, the Company has paid a net dividend of \$877,500 in respect of the previous year as proposed in the directors' report of that year.

No dividend has been paid in respect of the financial year under review and the directors now propose the payment of a net final dividend of \$877,500 and a net special dividend of \$877,500.

BAD AND DOUBTFUL DEBTS

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps to ascertain what action had been taken in relation to writing off of bad debts and providing for doubtful debts of the Company. The directors have satisfied themselves that all known bad debts have been written off and that adequate provision has been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render any amounts written off for bad debts or provided for doubtful debts in the Group inadequate to any substantial extent.

CURRENT ASSETS

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps to ensure that current assets of the Company which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values and that adequate provision has been made for the diminution in value of such current assets.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report which would render the values attributable to current assets in the consolidated financial statements misleading.

CHARGES AND CONTINGENT LIABILITIES

Since the end of the financial year:-

- (i) no charge on the assets of the Group or of the Company has arisen which secures the liabilities of any other person; and
- (ii) no contingent liability of the Group or of the Company has arisen.

ABILITY TO MEET OBLIGATIONS

No contingent liability or other liability of the Group or of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

OTHER CIRCUMSTANCES AFFECTING THE FINANCIAL STATEMENTS

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 which would render any amount stated in the financial statements of the Group or of the Company misleading.

UNUSUAL ITEMS

In the opinion of the directors, no item, transaction or event of a material and unusual nature has substantially affected the results of the operations of the Group or of the Company during the financial year.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SHARE OPTIONS

During the financial year, there were:-

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

AUDIT COMMITTEE

The members of the Audit Committee during the year and at the date of this report comprise the following directors:-

- Hong Chin Fock (Chairman) (Non-executive director)
- Goh Keng Soon (Executive director, resigned on 30 April 2003)
- Gan Choon Beng (Non-executive director, resigned on 30 December 2002)
- Mohamed Nazim bin Abdul Razak (Non-executive director, appointed on 5 December 2002)
- Foo Kok Swee @ Pu Kok Swi (Non-executive director, appointed on 5 December 2002)

The Audit Committee performs the functions specified by Section 201B of the Companies Act, Chapter 50, and the Listing Manual and the Best Practices Guide of the Singapore Exchange.

The Audit Committee held 2 meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work and the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following :

- Assistance provided by the Company's officers to the internal and external auditors;
- The appropriateness of interim and full year announcements and reports;
- Financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- Interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings.

The Audit Committee has recommended to the Board of Directors that the auditors, KPMG, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

AUDITORS

The auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Goh Eng Wah
Director

Goh Min Yen
Director

Singapore

25 July 2003

statement by directors for the year ended 31 March 2003

We, being directors of Eng Wah Organization Limited, do hereby state that in our opinion:-

- (a) the financial statements set out on pages 26 to 55 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2003 and of the results of the business and changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Goh Eng Wah
Director

Goh Min Yen
Director

Singapore

25 July 2003

report of the auditors to the Members of Eng Wah Organization Limited

We have audited the consolidated financial statements of the Group and the financial statements of the Company for the year ended 31 March 2003 as set out on pages 26 to 55. 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 Singapore Standards on Auditing. 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Statements of Accounting Standard so as to give a true and fair view of:-
 - (i) the state of affairs of the Group and of the Company as at 31 March 2003 and of the results and changes in equity of the Group and of the Company and of the cash flows of the Group for the year ended on that date; and
 - (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements;
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the 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 of the Group and we have received satisfactory information and explanations as 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 made under Section 207(3) of the Act.

KPMG
Certified Public Accountants

Singapore

25 July 2003

balance sheets as at 31 March 2003

	Note	Group		Company	
		2003 \$	2002 \$	2003 \$	2002 \$
Non-Current Assets					
Property, plant and equipment	3	30,481,668	33,446,932	1,573,427	1,692,759
Investments in subsidiaries	4	-	-	9,293,376	9,293,376
Interests in associates	5	-	34,616	-	-
Other financial assets	6	405,000	405,000	30,000	30,000
		30,886,668	33,886,548	10,896,803	11,016,135
Current Assets					
Inventories, at cost		39,179	55,816	-	17,096
Trade receivables	7	399,072	546,595	35,860	515
Advances to film producers	8	-	-	-	-
Amounts due from related parties	9	644,205	634,058	10,433,507	13,887,194
Other receivables, deposits and prepayments	10	783,136	985,186	273,882	511,724
Other financial assets	6	13,942,897	11,733,464	13,750,000	11,503,782
Cash and cash equivalents	11	8,174,319	7,605,190	5,415,121	4,168,711
		23,982,808	21,560,309	29,908,370	30,089,022
Less:					
Current Liabilities					
Trade payables and accruals		2,116,381	3,352,240	279,249	469,263
Amounts due to related parties	9	-	3,715	966,474	904,477
Deposits and other payables	12	1,937,552	2,479,613	115,122	739,994
Current tax liabilities		1,900,803	1,689,653	-	-
		5,954,736	7,525,221	1,360,845	2,113,734
Net Current Assets		18,028,072	14,035,088	28,547,525	27,975,288
		48,914,740	47,921,636	39,444,328	38,991,423
Less:					
Non-Current Liabilities					
Deferred tax liabilities	13	1,013,600	1,388,949	58,000	80,000
Minority Interests		157,004	159,056	-	-
Net Assets		\$47,744,136	\$46,373,631	\$39,386,328	\$38,911,423
Capital and Reserves					
Share capital	14	37,500,000	37,500,000	37,500,000	37,500,000
Reserves	15	10,244,136	8,873,631	1,886,328	1,411,423
Shareholders' Equity		\$47,744,136	\$46,373,631	\$39,386,328	\$38,911,423

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

profit & loss accounts for the year ended 31 March 2003

	Note	Group		Company	
		2003 \$	2002 \$	2003 \$	2002 \$
Revenue	16	20,912,671	20,556,761	4,223,209	4,226,712
Cost of sales		(14,046,360)	(14,236,027)	(2,820,638)	(2,585,361)
Gross profit		6,866,311	6,320,734	1,402,571	1,641,351
Other operating income	17	671,531	738,518	615,240	519,099
Distribution costs		(349,185)	(297,895)	-	-
Administrative expenses		(3,632,779)	(3,495,310)	(266,406)	(387,762)
Other operating expenses		(27,414)	(46,721)	-	-
Profit from operations	18	3,528,464	3,219,326	1,751,405	1,772,688
Gain on disposal of assets of discontinued operations		-	37,463	-	-
Share of results of associates		(34,616)	(265,559)	-	-
Profit from ordinary activities before taxation		3,493,848	2,991,230	1,751,405	1,772,688
Taxation	20	(1,247,895)	(725,219)	(399,000)	(483,932)
Profit from ordinary activities after taxation		2,245,953	2,266,011	1,352,405	1,288,756
Minority interests		2,052	44,100	-	-
Net profit for the year		\$2,248,005	\$2,310,111	\$1,352,405	\$1,288,756
Basic earnings per share	21	1.50 cents	1.54 cents		

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

statements of changes in equity

for the year ended 31 March 2003

	Note	Share Capital \$	Capital Reserve \$	Accumulated Profits \$	Total \$
Group					
2002					
At 1 April 2001		37,500,000	1,595,717	5,817,178	44,912,895
Net profit for the year		-	-	2,310,111	2,310,111
Dividends	23	-	-	(849,375)	(849,375)
At 31 March 2002		<u>\$37,500,000</u>	<u>\$1,595,717</u>	<u>\$7,277,914</u>	<u>\$46,373,631</u>
2003					
At 1 April 2002		37,500,000	1,595,717	7,277,914	46,373,631
Net profit for the year		-	-	2,248,005	2,248,005
Dividends	23	-	-	(877,500)	(877,500)
At 31 March 2003		<u>\$37,500,000</u>	<u>\$1,595,717</u>	<u>\$8,648,419</u>	<u>\$47,744,136</u>
Company					
2002					
At 1 April 2001		37,500,000	-	972,042	38,472,042
Net profit for the year		-	-	1,288,756	1,288,756
Dividends	23	-	-	(849,375)	(849,375)
At 31 March 2002		<u>\$37,500,000</u>	<u>-</u>	<u>\$1,411,423</u>	<u>\$38,911,423</u>
2003					
At 1 April 2002		37,500,000	-	1,411,423	38,911,423
Net profit for the year		-	-	1,352,405	1,352,405
Dividends	23	-	-	(877,500)	(877,500)
At 31 March 2003		<u>\$37,500,000</u>	<u>-</u>	<u>\$1,886,328</u>	<u>\$39,386,328</u>

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

consolidated statement of cash flows

for the year ended 31 March 2003

	Group	
	2003 \$	2002 \$
Operating Activities:		
Profit from ordinary activities before taxation	3,493,848	2,991,230
Adjustments for:-		
Depreciation of property, plant and equipment	3,109,173	3,386,425
Property, plant and equipment written off	18,417	7,912
Gain on disposal of property, plant and equipment	(31,900)	-
Share of results of associates	34,616	265,559
Loss on disposal of financial assets	-	127,625
Allowance for diminution in value of financial assets	36,785	(134,959)
Dividend income	(136,913)	(138,269)
Interest income	(218,270)	(311,219)
Operating profit before changes in working capital	6,305,756	6,194,304
Changes in working capital:-		
Inventories	16,637	15,220
Trade receivables	147,520	(70,875)
Other receivables, deposits and prepayments	(114,922)	99,276
Trade payables and accruals	(1,235,859)	(85,947)
Deposits and other payables	(542,061)	(867,391)
Amounts due to an affiliated corporation	-	(2,916)
Cash generated from operations	4,577,071	5,281,671
Income tax paid	(1,092,851)	(494,889)
Cash flows from operating activities	3,484,220	4,786,782
Investing Activities:		
Dividends received	136,913	138,269
Interest received	216,002	308,578
Proceeds from disposal of property, plant and equipment	31,900	259,437
Purchase of property, plant and equipment	(162,326)	(534,150)
Proceeds from disposal of financial assets	10,253,782	624,927
Purchase of financial assets	(12,500,000)	(3,253,782)
Balances with associates (non-trade and loan)	(13,862)	(106,798)
Cash flows from investing activities	(2,037,591)	(2,563,519)
Financing Activities:		
Dividends paid to shareholders of the Company	(877,500)	(849,375)
Net increase in cash and cash equivalents	569,129	1,373,888
Cash and cash equivalents at beginning of year	7,605,190	6,231,302
Cash and cash equivalents at end of year (note 11)	\$ 8,174,319	\$ 7,605,190

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Directors on 25 July 2003.

1. DOMICILE AND ACTIVITIES

Eng Wah Organization Limited (the "Company") is incorporated in the Republic of Singapore and has its registered office at 400 Orchard Road, #16-06 Orchard Towers, Singapore 238875.

The principal activities of the Company are those relating to the rental of retail space. The Company also acts as a holding company and provides management services to its subsidiaries. The principal activities of the subsidiaries are as set out in note 4.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the "Group") and the Group's interest in associates.

The immediate and ultimate holding company is Eng Wah Holdings Pte Ltd, a company incorporated in the Republic of Singapore.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements are prepared in accordance with Singapore Statements of Accounting Standard ("SAS") including related Interpretations promulgated by the Institute of Certified Public Accountants of Singapore and the applicable requirements of the Singapore Companies Act, Chapter 50.

The financial statements, which are expressed in Singapore dollars, are prepared on the historical cost basis.

(b) Consolidation

(i) Subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses. Subsidiaries are consolidated with the Company in the Group's financial statements from the date control commences until the date that control ceases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Consolidation (cont'd)

(ii) Associates

Associates are companies in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are stated in the Company's balance sheet at cost less impairment losses.

The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis from the date that significant influence commences until the date that significant influence ceases. The Group's investment in associates includes goodwill (net of accumulated amortisation) on acquisition. When the Group's share of losses exceeds the carrying amount of the associates, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associates.

(iii) Transactions Eliminated on Consolidation

All significant intra-group transactions, balances and unrealised gains are eliminated on consolidation. Unrealised gains resulting from transactions with associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(c) Foreign Currency Transactions

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange approximate to those ruling at the balance sheet date. Transactions in foreign currencies are translated at rates ruling on transaction dates. Translation differences are included in the profit and loss account.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) **Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided on the straight-line basis so as to write off the cost of the property, plant and equipment over their estimated useful lives as follows:-

Freehold residential unit and renovation	-	5 to 50 years
Freehold office premises	-	50 years
Leasehold land and buildings	-	50 years
Plant and equipment	-	6 2/3 to 10 years
Cinema equipment, fixtures and fittings	-	3 to 10 years
Concession equipment, fixtures and fittings	-	2 to 10 years
Office furniture and equipment	-	3 to 10 years
Game machines - hardware	-	5 years
Game machines - software	-	1 year
Motor vehicles	-	5 years

Fully depreciated assets are retained in the balance sheet until they are no longer in use.

(e) **Other Financial Assets**

Unquoted equity shares held for the long-term are stated at cost less allowance for diminution in value which, in the opinion of the directors, are other than temporary.

Quoted equity shares and unquoted debts securities held for the short-term are stated at the lower of cost and market value/net realisable value, determined on an individual investment basis. Any increases or decreases in carrying amount are included in the profit and loss account.

(f) **Goodwill**

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is stated at cost less accumulated amortisation and impairment losses.

Goodwill on acquisition of subsidiaries prior to 1 January 2001 were written off against reserves and has not been retrospectively capitalised and amortised. Goodwill on acquisition of subsidiaries after 1 January 2001 is amortised in the profit and loss account using the straight-line method over its estimated useful life of not more than 20 years.

Negative goodwill arising on acquisition represents the excess of the fair value of the identifiable net assets acquired over the cost of acquisition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) **Goodwill (cont'd)**

To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over the weighted average useful life of those assets that are depreciable or amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the profit and loss account.

For acquisitions before 1 January 2001, negative goodwill was taken to reserves.

(g) **Inventories**

Inventories, comprising mainly snacks and drinks are stated at the lower of cost and net realisable value.

(h) **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

(i) **Impairment**

The carrying amounts of the Group's assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the profit and loss account.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. All reversals of impairment are recognised in the profit and loss account.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

(j) **Trade and Other Payables**

Trade and other payables are stated at cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) **Deferred Tax**

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liabilities to pay the related dividends.

(l) **Revenue Recognition**

- (i) Film takings, income from filmlets and slides are recognised as revenue when the movies, advertisements or commercials are screened.
- (ii) Rental income is accrued on a time-apportioned basis.
- (iii) Interest income from bank deposits and debt securities is recognised on an accrual basis.
- (iv) Management fee income is recognised as revenue when the services are provided.
- (v) Dividend income:
 - dividends from subsidiaries and associates are recognised when the right to receive payment is established.
 - dividends from other investments are recognised upon receipt.

Revenue excludes goods and services and other sales taxes and is arrived at after deduction of discounts.

(m) **Operating Lease**

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the profit and loss account on a straight-line basis over the terms of the respective leases. Contingent rentals are charged to the profit and loss account in the accounting period in which they are incurred.

(n) **Dividends**

Dividends on ordinary shares are recognised as a liability in the period in which they are approved.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold residential unit and renovation	Freehold office premises	Leasehold land and buildings	Plant and equipment	Cinema equipment, fixtures and fittings	Concession equipment, fixtures and fittings	Office furniture and equipment	Game machines - hardware	Game machines - software	Motor vehicles	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost											
At 1 April 2002	309,361	3,832,924	28,362,742	5,762,178	12,603,341	395,340	630,356	-	-	1,366,916	53,263,158
Additions	1,497	-	15,407	9,080	55,060	4,490	76,792	-	-	-	162,326
Disposals/Write-offs	-	-	-	(795)	(127,830)	(23,280)	(28,911)	-	-	(282,362)	(463,178)
At 31 March 2003	\$310,858	\$3,832,924	\$28,378,149	\$5,770,463	\$12,530,571	\$376,550	\$678,237	-	-	\$1,084,554	\$52,962,306
Accumulated Depreciation											
At 1 April 2002	69,076	1,130,648	4,836,174	3,305,759	8,491,531	294,378	507,918	-	-	1,180,742	19,816,226
Depreciation charge for the year	5,476	76,654	566,023	565,914	1,721,073	51,824	67,823	-	-	54,386	3,109,173
Disposals/Write-offs	-	-	-	(795)	(121,685)	(14,834)	(25,085)	-	-	(282,362)	(444,761)
At 31 March 2003	\$ 74,552	\$1,207,302	\$5,402,197	\$3,870,878	\$10,090,919	\$331,368	\$550,656	-	-	\$ 952,766	\$22,480,638
Depreciation charge for 2002	\$11,348	\$76,654	\$522,042	\$568,313	\$1,828,970	\$59,900	\$92,853	\$136,481	\$13,258	\$76,606	\$3,386,425
Carrying Amount											
At 31 March 2003	\$236,306	\$2,625,622	\$22,975,952	\$1,899,585	\$2,439,652	\$45,182	\$127,581	-	-	\$131,788	\$30,481,668
At 31 March 2002	\$240,285	\$2,702,276	\$23,526,568	\$2,456,419	\$4,111,810	\$100,962	\$122,438	-	-	\$ 186,174	\$33,446,932

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Leasehold land and building \$	Cinema equipment, fixtures and fittings \$	Motor vehicles \$	Office furniture and equipment \$	Total \$
Costs					
At 1 April 2002	2,380,918	601,412	31,165	-	3,013,495
Additions	-	29,720	-	76,090	105,810
Disposal/Write-offs	-	(114,862)	-	-	(114,862)
At 31 March 2003	\$2,380,918	\$ 516,270	\$ 31,165	\$ 76,090	\$3,004,443
Accumulated Depreciation					
At 1 April 2002	1,045,434	274,783	519	-	1,320,736
Depreciation charge for the year	46,162	162,183	6,233	10,564	225,142
Disposal/Write-offs	-	(114,862)	-	-	(114,862)
At 31 March 2003	\$1,091,596	\$ 322,104	\$ 6,752	\$ 10,564	\$1,431,016
Depreciation charge for 2002	\$ 46,162	\$ 130,365	\$ 519	-	\$ 177,046
Carrying Amount					
At 31 March 2003	\$1,289,322	\$ 194,166	\$ 24,413	\$ 65,526	\$1,573,427
At 31 March 2002	\$1,335,484	\$ 326,629	\$ 30,646	-	\$1,692,759

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

At 31 March, the following freehold premises and leasehold land and buildings of the Group are mortgaged to banks to secure banking facilities granted to the Group.

	2003 \$	Group 2002 \$
Carrying value- Freehold office premises	2,625,622	2,702,276
Leasehold land and buildings	21,686,630	22,191,084
	\$24,312,252	\$24,893,360

Particulars of the properties of the Group are as follows:-

Description	Location	Approximate Area (sq. feet)	Tenure
Condominium unit	Lot 208, Section 63, Jalan Binjai, Kuala Lumpur, Malaysia	1,509*	Freehold
Office units	400 Orchard Road, Singapore	7,330*	Freehold
Empress Theatre	321 Clementi Avenue 3, Singapore	16,000#	99 years leasehold commencing July 1978
Jubilee Entertainment Complex	61 Ang Mo Kio Avenue 8, Singapore	18,300#	99 years leasehold commencing June 1979
Mandarin Theatre	535 Kallang Bahru Singapore	15,000#	99 years leasehold commencing May 1975
Toa Payoh Entertainment Centre	450 Toa Payoh Lorong 6, Singapore	15,000#	99 years leasehold commencing August 1970

* denotes floor space

denotes land area

4. INVESTMENTS IN SUBSIDIARIES

	Company	
	2003	2002
Unquoted equity shares, at cost	\$ 9,293,376	\$ 9,293,376

Details of the subsidiaries, all of which are incorporated and carry on business in the Republic of Singapore, are as follows:-

Name of Subsidiary	Principal Activities	Effective Equity Interest held by the Group		Cost of Investments	
		2003	2002	2003	2002
		%	%	\$	\$
Eng Wah Film (Private) Limited	Film distributor, rental of office and retail spaces, cinema operator and investment trading	100	100	2,990,430	2,990,430
Eng Wah Investments Pte Ltd and its subsidiaries:-	Investment holding	100	100	2	2
- EWO Entertainment Concepts Pte Ltd	Investment holding	100	100	-	-
- EWO Food Concepts Pte Ltd	Operation and management of concession stands	100	100	-	-
- Jubilee Leisure (S) Pte Ltd	Dormant	70	70	-	-
EWO Cinemas Pte Ltd	Cinema operator	100	100	25,000	25,000
Goh & Goh Properties Pte Ltd	Cinema operator	100	100	1,745,494	1,745,494
Kin Wah Company (Private) Limited	Cinema operator and rental of retail space	100	100	3,151,201	3,151,201
Wah Pho (Private) Limited	Cinema operator and rental of retail space	100	100	1,381,249	1,381,249
				\$9,293,376	\$9,293,376

KPMG Singapore is the auditor for all the above subsidiaries.

5. INTERESTS IN ASSOCIATES

	Group	
	2003 \$	2002 \$
Unquoted equity shares, at cost	175,000	175,000
Long-term loan receivable	1,219,750	1,219,750
	1,394,750	1,394,750
Share of post-acquisition losses	(1,394,750)	(1,360,134)
	-	\$34,616

The long-term loan to an associate is unsecured, interest-free and not repayable within the next 12 months.

Details of the associates, all of which are incorporated and carry on business in the Republic of Singapore, are as follows:-

Name of Associates	Principal Activities	Effective Equity Interest held by the Group	
		2003	2002
		%	%
Mercurine Pte Ltd #	Cinema operator	50	50
Show Theatres Pte Ltd *	Under liquidation	25	25

Audited by KPMG Singapore

* Not required to be audited

6. OTHER FINANCIAL ASSETS

	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
Long-term :				
Unquoted equity shares, at cost	\$405,000	\$405,000	\$30,000	\$30,000
Short-term :				
Quoted equity shares, at cost	604,583	604,583	-	-
Less:				
Allowance for diminution in value of investment	411,686	374,901	-	-
	192,897	229,682	-	-
Floating rate notes	13,750,000	11,503,782	13,750,000	11,503,782
	\$13,942,897	\$11,733,464	\$13,750,000	\$11,503,782
Market value of quoted equity shares	\$195,237	\$249,302	-	-

6. OTHER FINANCIAL ASSETS (CONT'D)

Movements in allowance for diminution in value of investment during the financial year were as follows:

	Group	
	2003 \$	2002 \$
At 1 April	374,901	509,860
Allowance made/(reversed) during the year (note 18)	36,785	(134,959)
At 31 March	\$411,686	\$374,901

7. TRADE RECEIVABLES

	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
Trade receivables	519,998	587,913	35,860	515
Less:				
Allowance for doubtful receivables:-				
At 1 April	41,318	28,468	-	-
Allowance made during the year (note 18)	84,076	12,850	-	-
Allowance utilised during the year	(4,468)	-	-	-
At 31 March	120,926	41,318	-	-
	\$399,072	\$546,595	\$35,860	\$515

8. ADVANCES TO FILM PRODUCERS

	Group	
	2003 \$	2002 \$
Advances to film producers	-	89,495
Less:		
Allowance for doubtful advances:-		
At 1 April	89,495	86,672
Allowance made during the year (note 18)	-	2,823
Allowance utilised during the year	(89,495)	-
	-	89,495
At 31 March	-	-

9. AMOUNTS DUE FROM/TO RELATED PARTIES

	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
Amounts due from				
- subsidiaries				
• trade	-	-	335,217	300,202
• non-trade	-	-	1,487	603,849
• loan	-	-	9,619,800	12,507,650
	-	-	9,956,504	13,411,701
- associate				
• non-trade	660,196	699,012	493,241	540,447
• trade	247	-	-	-
	660,443	699,012	493,241	540,447
Less:				
Allowance for doubtful receivables:-				
At 1 April	64,954	64,954	64,954	64,954
Allowance reversed during the year (note 18)	(48,716)	-	(48,716)	-
	16,238	64,954	16,238	64,954
	\$644,205	\$634,058	\$10,433,507	\$13,887,194
Amounts due to				
- subsidiaries				
• trade	-	-	-	9,537
• non-trade	-	-	166,474	124,824
• loan	-	-	800,000	770,116
	-	-	966,474	904,477
- associate				
• trade	-	3,715	-	-
	-	\$3,715	\$966,474	\$904,477

The non-trade balances with the related parties are unsecured, interest-free and have no fixed terms of repayment.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
Other receivables	145,615	229,574	118,369	105,093
Less:				
Allowance for doubtful receivables:-				
At 1 April	10,206	10,206	10,000	10,000
Allowance made during the year (note 18)	48,715	-	48,715	-
Allowance utilised during the year	(10,000)	-	(10,000)	-
At 31 March	48,921	10,206	48,715	10,000
	96,694	219,368	69,654	95,093
Deposits	328,594	180,203	124,203	46,015
Prepayments	262,935	227,074	17,819	15,382
Income tax recoverable	94,913	358,541	62,206	355,234
	\$783,136	\$985,186	\$273,882	\$511,724

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
Cash at bank and in hand	1,540,285	2,981,310	185,055	47,586
Fixed deposits	6,634,034	4,623,880	5,230,066	4,121,125
	\$8,174,319	\$7,605,190	\$5,415,121	\$4,168,711

12. DEPOSITS AND OTHER PAYABLES

	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
Rental deposits received	1,118,062	1,224,234	-	52,440
Tender deposits received	29,049	29,049	-	-
Advance receipts from customers	183,962	670,969	-	342,630
Advance billings to tenants	67,737	-	-	-
Amounts due to suppliers of property, plant and equipment	170,662	471,400	20,700	248,385
Other payables	368,080	83,961	94,422	96,539
	\$1,937,552	\$2,479,613	\$115,122	\$739,994

13. DEFERRED TAX LIABILITIES

The deferred taxation account is attributable to the following temporary differences:-

	At 1/4/2002 \$	(Credited)/charged to Profit and Loss Account \$	At 31/3/2003 \$
	Group		
Accelerated tax depreciation	1,507,526	(491,730)	1,015,796
Trade receivables	(6,959)	4,692	(2,267)
Unutilised wear and tear allowances	(63,787)	63,787	-
Unabsorbed tax losses	(47,831)	47,831	-
Others	-	71	71
Net deferred tax liability	\$1,388,949	\$(375,349)	\$1,013,600
Company			
Accelerated tax depreciation	\$80,000	\$(22,000)	\$58,000

14. SHARE CAPITAL

	Company	
	2003	2002
Authorised:-		
200,000,000 ordinary shares of \$0.25 each	\$50,000,000	\$50,000,000
Issued and fully paid:-		
150,000,000 ordinary shares of \$0.25 each	\$37,500,000	\$37,500,000

15. RESERVES

	Group		Company	
	2003	2002	2003	2002
	\$	\$	\$	\$
Capital reserve	1,595,717	1,595,717	-	-
Accumulated profits	8,648,419	7,277,914	1,886,328	1,411,423
	\$10,244,136	\$8,873,631	\$1,886,328	\$1,411,423

Capital reserve of the Group comprises negative goodwill arising on consolidation of subsidiaries.

16. REVENUE

	Group		Company	
	2003	2002	2003	2002
	\$	\$	\$	\$
Film operations	13,774,010	13,369,629	-	-
Property rental income	5,224,969	4,855,623	13,624	81,537
Food operations	1,853,692	1,666,305	-	-
Amusement centre takings	-	605,204	-	-
Gross dividends from subsidiaries	-	-	1,350,000	1,500,000
Management fee income from subsidiaries	-	-	2,859,585	2,645,175
Management fee income from an associate	60,000	60,000	-	-
	\$20,912,671	\$20,556,761	\$ 4,223,209	\$ 4,226,712

Transactions within the Group have been excluded in arriving at revenue of the Group.

17. OTHER OPERATING INCOME

	Group		Company	
	2003	2002	2003	2002
	\$	\$	\$	\$
Gross dividends				
- quoted equity shares	4,613	5,969	-	-
- unquoted equity shares	132,300	132,300	19,800	19,800
Interest income				
- unquoted debt securities	169,987	199,538	169,987	195,496
- banks and others	48,283	111,681	38,000	87,826
Rental of ticketing software	42,000	29,500	252,000	200,500
Accountancy fee income from an associate	60,000	60,000	-	-
Accrual for renovation costs written back	-	113,167	-	-
Gain on foreign exchange	735	2,823	-	-
Gain on disposal of property, plant and equipments	31,900	-	-	-
Miscellaneous income	181,713	83,540	135,453	15,477
	\$671,531	\$738,518	\$615,240	\$519,099

18. PROFIT FROM OPERATIONS

Profit from operations includes the following:-

	Note	Group		Company	
		2003	2002	2003	2002
		\$	\$	\$	\$
Allowance made/(written back)					
- Doubtful receivables					
- trade	7	84,076	12,850	-	-
- non-trade	10	48,715	-	48,715	-
- Doubtful receivables from associates	9	(48,716)	-	(48,716)	-
- Doubtful advances to film producers	8	-	2,823	-	-
- Diminution in value of financial assets	6	36,785	(134,959)	-	-
Auditors' remuneration paid to auditors of the Company					
- Audit fees					
- current year		60,000	60,500	24,000	23,500
- prior years		-	3,000	-	1,000
- Non audit fees		97,068	141,450	11,856	116,250

18. PROFIT FROM OPERATIONS (CONT'D)

Profit from operations includes the following:-

Note	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
Bad debts written off (trade)	50,160	-	-	-
Directors' remuneration 19	1,048,596	975,422	1,009,559	935,523
Depreciation of property, plant and equipment 3	3,109,173	3,386,425	225,142	177,046
Loss on disposal of financial assets	-	127,625	-	-
Loss on disposal/write-off of property, plant and equipment (net) 3	18,417	45,376	-	-
Operating lease expenses*	1,348,847	2,323,704	266,640	266,640
Staff Costs (inclusive of contributions made to Central Provident Fund)	2,505,694	2,396,703	1,093,511	1,012,235
Number of employees as at 31 March	123	113	30	29

* Includes contingent rent paid to lessors of \$650,544 (2002: \$550,731).

19. DIRECTORS' REMUNERATION

	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
Directors of the Company				
- Directors' salaries and related costs	833,895	770,025	833,895	770,025
- Directors' fees	155,000	150,000	155,000	150,000
- Estimated monetary value of benefits	59,701	55,397	20,664	15,498
	\$ 1,048,596	\$ 975,422	\$ 1,009,559	\$ 935,523

19. DIRECTORS' REMUNERATION (CONT'D)

Directors' remuneration includes amounts payable to directors who were appointed/have resigned during the financial year as follows:

		\$
• Gan Choon Beng	(resigned on 30 December 2002)	15,000
• Mohamed Nazim bin Abdul Razak	(appointed on 5 December 2002)	12,500
• Foo Kok Swee @ Pu Kok Swi	(appointed on 5 December 2002)	12,500
		<u>\$40,000</u>

The number of directors in each remuneration band are as follows:-

	2003	2002
\$500,000 and above	-	-
\$250,000 to \$499,999	1	1
\$0 to \$249,999	8	7
Total	<u>9</u>	<u>8</u>

20. TAXATION

	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
Current tax expense				
- Current year	1,238,500	1,050,295	421,000	408,000
- Under/(over) provision in respect of prior years	384,744	(39,025)	-	53,932
	1,623,244	1,011,270	421,000	461,932
Deferred tax expense				
- Movements in temporary differences	(331,258)	(286,051)	(13,858)	22,000
- Change in tax rate	(151,642)	-	(8,142)	-
- Underprovision in respect of prior years	107,551	-	-	-
	(375,349)	(286,051)	(22,000)	22,000
	\$1,247,895	\$725,219	\$399,000	\$483,932

20. TAXATION (CONT'D)

Reconciliation of Effective Tax Rate

	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
Profit from ordinary activities before taxation	\$3,493,848	\$2,991,230	\$1,751,405	\$1,772,688
Income tax at 22% (2002: 24.5%)	768,646	732,851	385,309	434,309
Non-deductible expenses	247,768	190,807	54,298	(4,309)
Tax exempt revenue	(99,127)	(45,484)	(31,948)	-
Change in tax rate	(151,642)	-	(8,142)	-
Utilisation of previously not recognised tax benefit	(20,452)	(113,930)	-	-
Under/(over) provision in prior years				
- current tax	384,744	(39,025)	-	53,932
- deferred tax	107,551	-	-	-
Others	10,407	-	(517)	-
	\$1,247,895	\$725,219	\$399,000	\$483,932

Deferred Tax Benefits

The following temporary differences have not been recognised:

	Group	
	2003 \$	2002 \$
Accelerated tax depreciation	569,447	213,987
Temporary differences on deductible expenses	-	19,142
Unabsorbed wear and tear allowances	(533,928)	(218,967)
Unutilised tax losses	(47,862)	(42,284)
	\$ (12,343)	\$ (28,122)

The deferred tax benefit in respect of the above temporary differences have not been recognised in accordance with the Group's accounting policy as set out in Note 2(k).

The above unutilised tax losses and unabsorbed wear and tear allowances of the Group are available for carry forward and set-off against future taxable profits subject to agreement with the Comptroller of Income Tax and compliance with Sections 37 and 23 respectively of the Income Tax Act, Chapter 134.

21. EARNINGS PER SHARE (GROUP)

Earnings per share are calculated based on the Group's profit attributable to members of \$2,248,005 (2002: \$2,310,111) and the weighted average number of shares in issue during the financial year of 150,000,000 (2002: 150,000,000) ordinary shares.

22. CHANGES IN ACCOUNTING POLICIES

Five revised accounting standards became effective for the year ended 31 March 2003.

There was no impact on the financial statements of the prior and current years arising from the limited revisions to SAS 11 - Construction Contracts, SAS 14 - Property, Plant and Equipment, SAS 16 - Revenue, SAS 17 (2001) - Employee Benefits and SAS 20 - The Effects of Changes in Foreign Exchange Rates coming into effect.

23. DIVIDENDS

	Group and Company	
	2003 \$	2002 \$
Final dividend paid of 0.75 cents (2002: 0.75 cents) per share less tax at 22% (2002: 24.5%)	\$877,500	\$849,375

After the balance sheet date, the Directors have proposed the following dividends, which have not been provided for :

	Group and Company	
	2003 \$	2002 \$
Final dividend proposed of 0.75 cents (2002: 0.75 cents) per share less tax at 22% (2002: 22%)	877,500	877,500
Special dividend proposed of 0.75 cents (2002: nil) per share less tax at 22% (2002: nil)	877,500	-
	\$1,755,000	\$877,500

24. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

Business Segments

The main business segments of the Group comprise film, property leasing and food operations. The family entertainment centre operations ceased during the financial year 2002.

	Film operations	Property leasing operations	Food operations	Family entertainment centre operations	Others	Elimination	Total Group
	\$	\$	\$	\$	\$	\$	\$
Revenue and Expenses							
2003							
Total revenue from external customers	13,774,011	5,224,969	1,853,691	-	60,000	-	20,912,671
Inter-segment revenue	-	637,375	-	-	4,359,585	(4,996,960)	-
Total revenue	\$13,774,011	\$5,862,344	\$1,853,691	-	\$4,419,585	\$(4,996,960)	\$20,912,671
Segment results	\$161,752	\$2,718,254	\$478,879	-	\$454,225	-	3,813,110
Unallocated expenses							(284,646)
Profit from operations							3,528,464
Share of loss of associates							(34,616)
Taxation							(1,247,895)
Minority interests							2,052
Net profit for the year							\$2,248,005

24. SEGMENT INFORMATION (CONT'D)

Business Segments (cont'd)

	Film operations	Property leasing operations	Food operations	Family entertainment centre operations	Others	Elimination	Total Group
	\$	\$	\$	\$	\$	\$	\$
Revenue and Expenses							
2002							
Total revenue from external customers	13,369,264	4,855,988	1,666,305	605,204	60,000	-	20,556,761
Inter-segment revenue	-	980,771	-	-	2,645,175	(3,625,946)	-
Total revenue	\$13,369,264	\$5,836,759	\$1,666,305	\$605,204	\$2,705,175	\$(3,625,946)	\$20,556,761
Segment results	\$208,995	\$2,467,400	\$453,366	\$(282,034)	\$610,021	-	3,457,748
Unallocated expenses							(238,422)
Profit from operations							3,219,326
Share of loss of associates							(265,559)
Gain on disposal of assets of discontinued operations							37,463
Taxation							(725,219)
Minority interests							44,100
Net profit for the year							\$2,310,111
Assets and Liabilities							
2003							
Segment assets	\$12,603,745	\$20,089,158	\$990,666	-	\$20,421,139	-	54,104,708
Income tax recoverable							94,913
Amounts due from associates							644,205
Other unallocated assets							25,650
Total assets							\$54,869,476
Segment liabilities	\$2,032,554	\$1,783,866	\$67,828	-	-	-	3,884,248
Current and deferred tax liabilities							2,914,403
Other unallocated liabilities							169,685
Total liabilities							\$ 6,968,336
2002							
Segment assets	\$15,142,965	\$21,471,223	\$829,029	\$ 486,633	\$16,463,977	-	54,393,827
Investments in associates							34,616
Income tax recoverable							358,541
Amounts due from associates							634,058
Other unallocated assets							25,815
Total assets							\$55,446,857
Segment liabilities	\$3,830,900	\$1,762,276	\$77,353	\$16,818	-	-	5,687,347
Current and deferred tax liabilities							3,078,602
Other unallocated liabilities							148,221
Total liabilities							\$8,914,170

24. SEGMENT INFORMATION (CONT'D)

Business Segments (cont'd)

	Film operations \$	Property leasing operations \$	Food operations \$	Family entertainment centre operations \$	Others \$	Elimination \$	Total Group \$
Capital Expenditure							
2003	\$132,541	\$25,295	\$4,490	-	-	-	\$162,326
2002	\$360,193	\$102,468	\$33,324	\$38,165	-	-	\$534,150
Significant Non-Cash Expenses							
2003							
Depreciation of property, plant and equipment	\$1,781,304	\$1,276,045	\$51,824	-	-	-	\$3,109,173
2002							
Depreciation of property, plant and equipment	\$2,135,360	\$989,733	\$69,086	\$192,246	-	-	\$3,386,425

Geographical Segments

The Group operates predominantly in Singapore.

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Transactions with Directors

Directors' remuneration is disclosed in note 19.

There were no material contracts of the Company and its subsidiaries involving the interests of the chief executive officer, each director or controlling shareholder which are still subsisting at the end of the financial year or entered into since the end of the previous financial year.

25. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Other Related Party Transactions

During the financial year, there were the following significant transactions with related parties, based on terms agreed by the parties:-

	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
Income from subsidiaries				
- Management fees	-	-	2,859,585	2,645,175
- Rental of computer software	-	-	210,000	171,000
- Software maintenance fees	-	-	26,000	-
Office rental paid/payable to subsidiary	-	-	266,640	266,640
Consultancy fees paid to an immediate family member* of a director	112,140	97,060	112,140	97,060

* Mr Oh Chee Eng, who acts as an Investment Consultant for the Company, is the spouse of the executive director Ms Goh Min Yen.

26. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

Exposure to credit, interest rate and currency risk arises in the normal course of business. The Group has risk management policies and guidelines which set out their overall business strategies, tolerance of risk and general risk management philosophy. All policies are reviewed by the Executive Committee, which comprises the executive directors.

(b) Credit Risk

The Group has credit policies in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(c) Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to floating rate notes and fixed deposits.

It is the Group's policy to place surplus cash on deposits on a short-term basis and changes in market interest rates will minimise the interest rate exposure.

26. FINANCIAL INSTRUMENTS (CONT'D)

(d) Effective Interest Rates and Repricing Analysis

In respect of interest-earning financial assets, the following table indicates their effective interest rates at balance sheet date and the periods in which they reprice.

	2003		2002	
	Effective interest rate %	Within 1 year \$	Effective interest rate %	Within 1 year \$
Group				
Floating rate notes	0.89% to 2.00%	13,750,000	1.40% to 3.00%	11,503,782
Fixed deposits	0.01%	6,634,034	0.02%	4,623,880
		<u>\$20,384,034</u>		<u>\$16,127,662</u>
Company				
Floating rate notes	0.89% to 2.00%	13,750,000	1.40% to 3.00%	11,503,782
Fixed deposits	0.01%	5,230,066	0.02%	4,121,125
		<u>\$18,980,066</u>		<u>\$15,624,907</u>

(e) Foreign Currency Risk

The Company's foreign currency risk relates mainly to fixed deposits with banks that are denominated in Malaysian Ringgit. The Company does not use foreign currency forward contracts or currency options to hedge its exposure.

(f) Fair Values

The carrying amounts of the Group's and the Company's financial assets and liabilities recorded at the balance sheet date, except as disclosed in the following paragraph, are approximate to their fair values as these are the amounts receivable and payable under the normal trade credit terms or on demand.

The fair value of short-term quoted equity shares is the quoted bid price at the balance sheet date. For the non-current balances with related parties, the fair value cannot be practically determined as they have no fixed terms of repayment to ascertain the future cash flows reliably. However, the directors are of the view that the fair values of these balances approximate their carrying amounts at the balance sheet date.

It is not practicable to estimate the fair value of the Group's and the Company's long-term unquoted equity investments because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, the directors believe that the carrying amounts recorded at the balance sheet date reflect the corresponding fair values.

27. CONTINGENT LIABILITIES (UNSECURED)

The Company has given formal undertakings, which are unsecured, to provide financial support to an associate, to enable it to operate as a going concern and to meet its obligations as and when due.

At 31 March 2003, the Group's share of the deficit in the shareholders' funds of the associate amounted to \$600,000 (2002: \$515,000).

28. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases as follows:-

	2003 \$	2002 \$
Payable:-		
Within 1 year	1,282,320	1,335,678
After 1 year but within 5 years	3,244,162	2,996,782
After 5 years	2,270,996	2,822,204
	<u>\$ 6,797,478</u>	<u>\$ 7,154,664</u>

The Group leases two cineplexes under operating leases. The leases run from 1998 for a period of 6 years and 14 years respectively. Lease payments for one of the leased cineplexes is determined at the higher of a fixed amount or 15% of gross revenue from film takings whilst the other is determined at the higher of a fixed amount or 16% of gross revenue from film takings and is subject to an upward revision of 15% every three years.

29. COMPARATIVE INFORMATION

Certain comparatives in the financial statements have been changed from the previous year to conform with the current year's presentation.

analysis of shareholdings as at 14 July 2003

Authorised Share Capital	:	\$50,000,000
Issued And Fully Paid-up Capital	:	\$37,500,000
Class Of Shares	:	Ordinary shares of \$0.25 each
Voting Rights	:	1 vote per share

Size Of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	156	4.69	76,002	0.05
1,000 - 10,000	2,860	85.99	8,000,998	5.34
10,001 - 1,000,000	302	9.08	16,323,000	10.88
1,000,001 & above	8	0.24	125,600,000	83.73
Total	3,326	100.00	150,000,000	100.00

Approximately 30% of the issued ordinary share of the Company are held in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

TWENTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	%
Eng Wah Holdings Pte Ltd	105,000,000	70.00
DBS Vickers Securities (S) Pte Ltd	5,714,500	3.81
UOB Kay Hian Pte Ltd	4,294,000	2.86
So Foi Chin	3,758,000	2.51
Philip Securities Pte Ltd	2,428,000	1.62
Hong Leong Finance Nominees Pte Ltd	1,676,000	1.12
Teo Chiang Long	1,500,000	1.00
DBS Nominees Pte Ltd	1,229,500	0.82
Ng Kah Thim @Lau Shee Thim	615,500	0.41
Wong Song Siw@Wong Hong Siew	589,500	0.39
Goh Eng Wah @Goh Kee Wah	560,000	0.37
Teo Cheng Tuan Donald	505,000	0.34
Lim Sai Yang	450,000	0.30
Goh Eng Guan@Goh Kee Guan	405,000	0.27
Khojama Kalimuddin	400,000	0.27
United Overseas Bank Nominees Pte Ltd	363,500	0.24
Citibank Nominees S'pore Pte Ltd	340,000	0.23
Oversea Chinese Bank Nominees Pte Ltd	330,500	0.22
June Song Pte Ltd	330,000	0.22
Raffles Nominees Pte Ltd	308,500	0.21
Total	130,797,500	87.21

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Number of Shares in which Shareholder has an Interest			
	Direct Interest	%	Deemed Interest	%
Eng Wah Holdings Pte Ltd	105,000,000	70.00	-	-
Goh Eng Wah	560,000	0.37	*105,000,000	70.00
Mok Yuet Heng	-	-	*105,000,000	70.00

* These interests arise by virtue of their interests in Eng Wah Holdings Pte Ltd

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Thirty-Fifth ANNUAL GENERAL MEETING of ENG WAH ORGANIZATION LIMITED will be held at the Presidential Suite Room – Level 21, Hilton Singapore, 581 Orchard Road, Singapore 238883 on Thursday, 28 August 2003 at 9.30 a.m. for the following purposes:

As Ordinary Business

- To receive and adopt the Audited Accounts of the Company for the financial year ended 31 March 2003 together with the Reports of the Directors and the Auditors.
- To approve the payment of a first and final dividend of 3 per cent (2002: 3 per cent) less income tax for the financial year ended 31 March 2003; and
 - To approve the payment of a special dividend of 3 per cent (2002: Nil) less income tax for the financial year ended 31 March 2003.
- To re-elect the following Directors:
 - Ms Goh Min Lu; and
 - Mr Goh Keng Beng
 each of whom retires by rotation pursuant to Article 91 of the Articles of Association of the Company.
 - To re-elect the following Directors:
 - Mr Foo Kok Swee @ Pu Kok Swi; and
 - Mr Mohamed Nazim bin Abdul Razak
 each of whom retires pursuant to Article 97 of the Articles of Association of the Company.
- To consider and, if thought fit, to pass the following resolutions:
 - "That pursuant to Section 153(6) of the Companies Act (Cap. 50), Mr Goh Eng Wah be re-appointed as a Director of the Company to continue in office as a Director from the date of this Annual General Meeting until the next Annual General Meeting of the Company."
 - "That pursuant to Section 153(6) of the Companies Act (Cap. 50), Mdm Mok Yuet Heng be re-appointed as a Director of the Company to continue in office as a Director from the date of this Annual General Meeting until the next Annual General Meeting of the Company."
- To approve Directors' fees of \$155,000 (2002: \$150,000) for the financial year ended 31 March 2003.
- To re-appoint Messrs KPMG as Auditors and authorise the Directors to fix their remuneration.
- To transact any other business that may properly be transacted at an Annual General Meeting.

As Special Business

- To consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:

"That pursuant to Section 161 of the Companies Act (Cap. 50), approval be and is hereby given to the Directors to issue shares in the Company at any time and upon such terms and conditions and for such purposes and to such persons 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 per cent of the issued share capital of the Company for the time being."

BY ORDER OF THE BOARD

Melissa Anne Teo Eu-Leng
Joint Secretary

12 August 2003

notice of annual general meeting

Notes:

- (1) A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not also be a member.
- (2) The instrument appointing a proxy must be deposited at the registered office of the Company not less than 48 hours before the time of the Meeting.
- (3) Item 3(ii)(a) and (b) - Re-election of Directors

Mr Foo Kok Swee and Mr Mohamed Nazim, if re-elected, will remain members of the Company's Audit Committee, Nominating Committee and Remuneration Committee, and will be considered as independent Directors for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. Mr Foo and Mr Mohamed Nazim will continue as Chairman of the Remuneration Committee and Chairman of the Nominating Committee, respectively.

proxy form Annual General Meeting

I/We, _____ (Name)
of _____ (Address)

being a member/members of **ENG WAH ORGANIZATION LIMITED** hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company, to be held on 28 August 2003, and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No	Resolution	To be used on a show of hands		To be used in the event of a Poll	
		For*	Against*	No. of Votes For**	No. of Votes Against**
	Ordinary Business				
1	Adoption of Reports and Accounts				
2	(i) Declaration of first & final dividend				
	(ii) Declaration of special dividend				
3	(i) (a) Re-election of Ms Goh Min Lu				
	(b) Re-election of Mr Goh Keng Beng				
	(ii) (a) Re-election of Mr Foo Kok Swee @ Pu Kok Swi				
	(b) Re-election of Mr Mohamed Nazim bin Abdul Razak				
4	(a) Re-appointment of Mr Goh Eng Wah as a Director				
	(b) Re-appointment of Mdm Mok Yuet Heng as a Director				
5	Approval of Directors' Fees				
6	Re-appointment of Messrs KPMG as Auditors				
7	Any other ordinary business				
	Special Business				
8	Authority to issue shares				

* Please indicate your vote "For" or "Against" with a tick (✓) within the box provided.

** If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2003

Total Number of Shares Held	
-----------------------------	--

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

notes

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a member of the Company.
4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 400 Orchard Road #16-06 Orchard Towers, Singapore 238875 not less than 48 hours before the time set for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

GENERAL

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.