

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2004

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2004.

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
 Mohamed Nazim bin Abdul Razak

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:-

	<u>Holdings in the name of the director</u>		<u>Other holdings in which the director is deemed to have an interest</u>	
	<u>At beginning of the year</u>	<u>At end of the year</u>	<u>At beginning of the year</u>	<u>At end of the year</u>
<u>Company</u>				
Ordinary shares of \$0.25 each fully paid				
Goh Eng Wah	560,000	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

DIRECTORS' REPORT**FOR THE YEAR ENDED 31 MARCH 2004****Directors' Interests (cont'd)**

<u>Holding Company</u>	<u>Holdings in the name of the director</u>		<u>Other holdings in which the director is deemed to have an interest</u>	
	<u>At beginning of the year</u>	<u>At end of the year</u>	<u>At beginning of the year</u>	<u>At end of the year</u>
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	-	-
<u>Subsidiary</u>				
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

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 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 2004.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2004

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.

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 non-executive directors:-

- Hong Chin Fock (Chairman)
- Mohamed Nazim bin Abdul Razak
- Foo Kok Swee @ Pu Kok Swi

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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2004

Audit Committee (cont'd)

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 also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and 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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2004

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 June 2004

STATEMENT BY DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2004

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 2004 and of the results 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 June 2004

REPORT OF THE AUDITORS

TO THE MEMBERS OF ENG WAH ORGANIZATION LIMITED

We have audited the accompanying financial statements of EngWah Organization Limited for the year ended 31 March 2004 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 consolidated financial statements of the Group and the balance sheet, profit and loss statement and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2004 and of the results 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) the accounting and other records (excluding 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.

KPMG

Certified Public Accountants

Singapore

25 June 2004

BALANCE SHEETS

AS AT 31 MARCH 2004

	Note	Group		Company	
		2004 \$	2003 \$	2004 \$	2003 \$
Non-Current Assets					
Property, plant and equipment	3	29,531,663	30,481,668	1,758,938	1,573,427
Investments in subsidiaries	4	-	-	9,293,376	9,293,376
Interests in associates	5	-	-	-	-
Other financial assets	6	405,000	405,000	30,000	30,000
		29,936,663	30,886,668	11,082,314	10,896,803
Current Assets					
Inventories, at cost		28,586	39,179	-	-
Trade receivables	7	352,278	399,072	20,540	35,860
Advances to film producers	8	-	-	-	-
Amounts due from related parties	9	755,309	644,205	9,996,576	10,433,507
Other receivables, deposits and prepayments	10	667,562	783,136	264,915	273,882
Other financial assets	6	17,260,365	13,942,897	17,000,000	13,750,000
Cash and cash equivalents	11	6,631,770	8,174,319	3,179,745	5,415,121
		25,695,870	23,982,808	30,461,776	29,908,370
Less:					
Current Liabilities					
Trade payables and accruals		2,073,128	2,116,381	339,090	279,249
Amounts due to related parties	9	2,388	-	892,183	966,474
Deposits and other payables	12	2,650,881	1,937,552	895,141	115,122
Current tax liabilities		2,022,624	1,900,803	-	-
		6,749,021	5,954,736	2,126,414	1,360,845
Net Current Assets		18,946,849	18,028,072	28,335,362	28,547,525
		48,883,512	48,914,740	39,417,676	39,444,328
Less:					
Non-Current Liabilities					
Deferred tax liabilities	13	751,200	1,013,600	26,600	58,000
Minority interests					
		38,844	157,004	-	-
Net Assets		\$ 48,093,468	\$ 47,744,136	\$ 39,391,076	\$ 39,386,328
Capital and Reserves					
Share capital	14	37,500,000	37,500,000	37,500,000	37,500,000
Reserves	15	10,593,468	10,244,136	1,891,076	1,886,328
Shareholders' Equity		\$ 48,093,468	\$ 47,744,136	\$ 39,391,076	\$ 39,386,328

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

PROFIT & LOSS ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2004

	Note	Group		Company	
		2004 \$	2003 \$	2004 \$	2003 \$
Revenue	16	19,788,192	20,912,671	5,237,552	4,223,209
Cost of sales		(13,399,119)	(14,046,360)	(2,750,120)	(2,820,638)
Gross profit		6,389,073	6,866,311	2,487,432	1,402,571
Other operating income	17	613,195	671,531	627,348	615,240
Distribution costs		(394,599)	(349,185)	(6,730)	-
Administrative expenses		(3,272,112)	(3,632,779)	(883,002)	(266,406)
Other operating expenses		(3,777)	(27,414)	-	-
Profit from operations	18	3,331,780	3,528,464	2,225,048	1,751,405
Share of results of associates		-	(34,616)	-	-
Profit from ordinary activities before taxation		3,331,780	3,493,848	2,225,048	1,751,405
Taxation	20	(1,225,608)	(1,247,895)	(465,300)	(399,000)
Profit from ordinary activities after taxation		2,106,172	2,245,953	1,759,748	1,352,405
Minority interests		(1,840)	2,052	-	-
Net profit for the year		\$ 2,104,332	\$ 2,248,005	\$ 1,759,748	\$ 1,352,405
Basic earnings per share (cents)	21	1.40 cents	1.50 cents		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2004

	Note	Share Capital \$	Capital Reserve \$	Accumulated Profits \$	Total \$
Group					
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 paid	22	-	-	(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>
2004					
At 1 April 2003		37,500,000	1,595,717	8,648,419	47,744,136
Net profit for the year		-	-	2,104,332	2,104,332
Dividends paid	22	-	-	(1,755,000)	(1,755,000)
At 31 March 2004		<u>\$ 37,500,000</u>	<u>\$ 1,595,717</u>	<u>\$ 8,997,751</u>	<u>\$ 48,093,468</u>
Company					
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 paid	22	-	-	(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>
2004					
At 1 April 2003		37,500,000	-	1,886,328	39,386,328
Net profit for the year		-	-	1,759,748	1,759,748
Dividends paid	22	-	-	(1,755,000)	(1,755,000)
At 31 March 2004		<u>\$ 37,500,000</u>	<u>-</u>	<u>\$ 1,891,076</u>	<u>\$ 39,391,076</u>

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2004

	Group	
	2004	2003
	\$	\$
Operating Activities		
Profit from ordinary activities before taxation	3,331,780	3,493,848
Adjustments for:-		
Depreciation of property, plant and equipment	2,607,718	3,109,173
Property, plant and equipment written off	1,363	18,417
Gain on disposal of property, plant and equipment	(53,742)	(31,900)
Share of results of associates	-	34,616
Allowance for diminution in value of financial assets (written back)/made	(67,468)	36,785
Dividend income	(4,631)	(136,913)
Interest income	(196,213)	(218,270)
Operating profit before changes in working capital	5,618,807	6,305,756
Changes in working capital:-		
Inventories	10,593	16,637
Trade receivables	46,794	147,520
Other receivables, deposits and prepayments	166,381	(114,922)
Trade payables and accruals	(43,253)	(1,235,859)
Deposits and other payables	713,329	(542,061)
Cash generated from operations	6,512,651	4,577,071
Income tax paid	(1,429,291)	(1,092,851)
Cash flows from operating activities	5,083,360	3,484,220
Investing Activities		
Dividends received	4,631	136,913
Interest received	208,510	216,002
Proceeds from disposal of property, plant and equipment	70,494	31,900
Purchase of property, plant and equipment	(1,675,828)	(162,326)
Proceeds from disposal of financial assets	1,000,000	2,003,782
Purchase of financial assets	(4,250,000)	(4,250,000)
Balances with related parties	(108,716)	(13,862)
Cash flows from investing activities	(4,750,909)	(2,037,591)
Financing Activities		
Dividends paid to minority shareholders of a subsidiary	(120,000)	-
Dividends paid to shareholders of the Company	(1,755,000)	(877,500)
Cash flows from financing activities	(1,875,000)	(877,500)
Net (decrease)/increase in cash and cash equivalents	(1,542,549)	569,129
Cash and cash equivalents at beginning of year	8,174,319	7,605,190
Cash and cash equivalents at end of year (note 11)	\$ 6,631,770	\$ 8,174,319

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Directors on 25 June 2004.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of Preparation*

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Council on Corporate Disclosure and Governance.

The financial statements were previously prepared in accordance with Singapore Statements of Accounting Standard ("SAS"). The transition from SAS to FRS did not give rise to any adjustments to the opening balances of accumulated profits of the current and prior years or to changes in comparatives.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

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
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 and decreases in carrying amount are included in the profit and loss account.

(f) *Trade and Other Receivables*

Trade and other receivables are stated at cost less allowance for doubtful receivables.

(g) *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 that occurred 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) *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.

(h) *Inventories*

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

(i) *Impairment*

The carrying amounts of the Group's assets 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 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

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.

(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 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

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 \$	Motor vehicles \$	Total \$
Cost									
At 1 April 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
Additions	3,524	-	20,365	2,150	1,179,909	1,990	28,890	439,000	1,675,828
Disposals/Write-offs	-	(215)	-	-	(3,317)	(8,284)	(9,978)	(496,912)	(518,706)
At 31 March 2004	\$ 314,382	\$ 3,832,709	\$ 28,398,514	\$ 5,772,613	\$ 13,707,163	\$ 370,256	\$ 697,149	\$ 1,026,642	\$ 54,119,428
Accumulated Depreciation									
At 1 April 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 the year	6,783	76,654	566,439	515,777	1,233,324	35,521	51,770	121,450	2,607,718
Reclassification	-	-	-	399	(399)	-	-	-	-
Disposals/Write-offs	-	-	-	-	(2,546)	(8,088)	(9,386)	(480,571)	(500,591)
At 31 March 2004	\$ 81,335	\$ 1,283,956	\$ 5,968,636	\$ 4,387,054	\$ 11,321,298	\$ 358,801	\$ 593,040	\$ 593,645	\$ 24,587,765
Carrying Amount									
At 31 March 2004	\$ 233,047	\$ 2,548,753	\$ 22,429,878	\$ 1,385,559	\$ 2,385,865	\$ 11,455	\$ 104,109	\$ 432,997	\$ 29,531,663
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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

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

Company	Leasehold land and building \$	Cinema equipment, fixtures and fittings \$	Office furniture and equipment \$	Motor vehicles \$	Total \$
Cost					
At 1 April 2003	2,380,918	516,270	76,090	31,165	3,004,443
Additions	-	18,331	28,890	439,000	486,221
At 31 March 2004	<u>\$ 2,380,918</u>	<u>\$ 534,601</u>	<u>\$ 104,980</u>	<u>\$ 470,165</u>	<u>\$ 3,490,664</u>
Accumulated Depreciation					
At 1 April 2003	1,091,596	322,104	10,564	6,752	1,431,016
Depreciation charge for the year	46,162	135,128	29,404	90,016	300,710
At 31 March 2004	<u>\$ 1,137,758</u>	<u>\$ 457,232</u>	<u>\$ 39,968</u>	<u>\$ 96,768</u>	<u>\$ 1,731,726</u>
Carrying Amount					
At 31 March 2004	<u>\$ 1,243,160</u>	<u>\$ 77,369</u>	<u>\$ 65,012</u>	<u>\$ 373,397</u>	<u>\$ 1,758,938</u>
At 31 March 2003	<u>\$ 1,289,322</u>	<u>\$ 194,166</u>	<u>\$ 65,526</u>	<u>\$ 24,413</u>	<u>\$ 1,573,427</u>

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.

	Group	
	2004 \$	2003 \$
Carrying value-		
Freehold office premises	2,548,753	2,625,622
Leasehold land and buildings	21,186,718	21,686,630
	<u>\$ 23,735,471</u>	<u>\$ 24,312,252</u>

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

4. INVESTMENTS IN SUBSIDIARIES

	Company	
	2004	2003
	\$	\$
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	
		2004	2003	2004	2003
		%	%	\$	\$
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	Under liquidation	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

All the above subsidiaries are audited by KPMG Singapore.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

5. INTERESTS IN ASSOCIATES

	Company	
	2004	2003
	\$	\$
Unquoted equity shares, at cost	175,000	175,000
Long-term loan receivable	1,243,452	1,243,452
	1,418,452	1,418,452
Share of post-acquisition losses	(1,418,452)	(1,418,452)
	-	-

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 Associate	Principal Activities	Effective Equity Interest held by the Group	
		2004	2003
		%	%
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	
	2004	2003	2004	2003
	\$	\$	\$	\$
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 investments	344,218	411,686	-	-
	260,365	192,897	-	-
Floating rate notes	17,000,000	13,750,000	17,000,000	13,750,000
	\$ 17,260,365	\$ 13,942,897	\$ 17,000,000	\$ 13,750,000
Market value of quoted equity shares	\$ 311,507	\$ 195,237	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

6. OTHER FINANCIAL ASSETS (CONT'D)

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

	Group	
	2004 \$	2003 \$
At 1 April	411,686	374,901
Allowance (reversed)/made during the year (note 18)	(67,468)	36,785
At 31 March	\$ 344,218	\$ 411,686

7. TRADE RECEIVABLES

	Group		Company	
	2004 \$	2003 \$	2004 \$	2003 \$
Trade receivables	516,695	519,998	20,540	35,860
Less:				
Allowance for doubtful receivables -				
At 1 April	120,926	41,318	-	-
Allowance made during the year (note 18)	43,491	84,076	-	-
Allowance utilised during the year	-	(4,468)	-	-
At 31 March	164,417	120,926	-	-
	\$ 352,278	\$ 399,072	\$ 20,540	\$ 35,860

8. ADVANCES TO FILM PRODUCERS

	Group	
	2004 \$	2003 \$
Advances to film producers	-	-
Less:		
Allowance for doubtful advances -		
At 1 April	-	89,495
Allowance utilised during the year	-	(89,495)
At 31 March	-	-
	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

9. AMOUNTS DUE FROM/TO RELATED PARTIES

	Group		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Amounts Due From				
Ultimate holding company	374	-	-	-
Subsidiaries				
- trade	-	-	329,718	335,217
- non-trade	-	-	644,475	1,487
- loan	-	-	8,938,557	9,619,800
	-	-	9,912,750	9,956,504
Less:				
Allowance for doubtful receivables (note 18)	-	-	505,000	-
	-	-	9,407,750	9,956,504
Associate				
- non-trade	771,173	660,196	605,064	493,241
- trade	-	247	-	-
	771,173	660,443	605,064	493,241
Less:				
Allowance for doubtful receivables -				
At 1 April	16,238	64,954	16,238	64,954
Allowance reversed during the year (note 18)	-	(48,716)	-	(48,716)
At 31 March	16,238	16,238	16,238	16,238
	754,935	644,205	588,826	477,003
	\$ 755,309	\$ 644,205	\$ 9,996,576	\$ 10,433,507
Amounts due to				
Subsidiaries				
- non-trade	-	-	92,183	166,474
- loan	-	-	800,000	800,000
	-	-	892,183	966,474
Associate (trade)	2,388	-	-	-
	\$ 2,388	-	\$ 892,183	\$ 966,474

The amounts due from/to the related parties are unsecured, interest-free and have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Other receivables	139,880	145,615	71,074	118,369
Less:				
Allowance for doubtful receivables -				
At 1 April	48,921	10,206	48,715	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	48,921	48,715	48,715
	90,959	96,694	22,359	69,654
Deposits	178,289	328,594	53,901	124,203
Prepayments	239,380	262,935	30,399	17,819
Income tax recoverable	158,934	94,913	158,256	62,206
	\$ 667,562	\$ 783,136	\$ 264,915	\$ 273,882

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Cash at bank and in hand	4,089,008	1,540,285	2,102,331	185,055
Fixed deposits	2,542,762	6,634,034	1,077,414	5,230,066
	\$ 6,631,770	\$ 8,174,319	\$ 3,179,745	\$ 5,415,121

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

12. DEPOSITS AND OTHER PAYABLES

	Group		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Rental deposits received	1,162,910	1,118,062	-	-
Tender deposits received	29,049	29,049	-	-
Advance receipts from customers	229,883	183,962	20,651	-
Advance billings to tenants	88,436	67,737	-	-
Amounts due to suppliers of property, plant and equipment	866,467	170,662	708,441	20,700
Other payables	274,136	368,080	166,049	94,422
	\$ 2,650,881	\$ 1,937,552	\$ 895,141	\$ 115,122

13. DEFERRED TAX

Net deferred tax liabilities account is attributable to the following temporary differences:-

	At 1/4/2003	(Credited)/ Charged to Profit and Loss Account (Note 20)	At 31/3/2004
	\$	\$	\$
Group			
Property, plant and equipment	1,015,796	(260,943)	754,853
Trade receivables	(2,267)	(1,000)	(3,267)
Others	71	(457)	(386)
	\$ 1,013,600	\$ (262,400)	\$ 751,200
Company			
Property, plant and equipment	\$ 58,000	\$ (31,400)	\$ 26,600

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

13. DEFERRED TAX (cont'd)

The following temporary differences have not been recognised:

	Group	
	2004	2003
	\$	\$
Deductible temporary differences	259,972	569,447
Unabsorbed wear and tear allowances	(430,177)	(533,928)
Unutilised tax losses	(47,862)	(47,862)
	\$ (218,067)	\$ (12,343)

The 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. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items in accordance with the Group's accounting policy as set out in Note 2(k).

14. SHARE CAPITAL

	Group	
	2004	2003
	\$	\$
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	
	2004	2003	2004	2003
	\$	\$	\$	\$
Capital reserve	1,595,717	1,595,717	-	-
Accumulated profits	8,997,751	8,648,419	1,891,076	1,886,328
	\$ 10,593,468	\$ 10,244,136	\$ 1,891,076	\$ 1,886,328

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

16. REVENUE

	Group		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Film operations	12,723,524	13,774,010	-	-
Property rental income	5,103,067	5,224,969	-	13,624
Food operations	1,901,601	1,853,692	-	-
Gross dividends from subsidiaries	-	-	2,475,000	1,350,000
Management fee income from subsidiaries	-	-	2,762,552	2,859,585
Management fee income from an associate	60,000	60,000	-	-
	\$ 19,788,192	\$ 20,912,671	\$ 5,237,552	\$ 4,223,209

17. OTHER OPERATING INCOME

	Group		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Gross dividends				
- quoted equity shares	4,631	4,613	-	-
- unquoted equity shares	-	132,300	-	19,800
Interest income				
- unquoted debt securities	168,642	169,987	168,642	169,987
- banks and others	27,571	48,283	16,064	38,000
Rental of ticketing software	42,000	42,000	252,000	252,000
Accountancy fee income from an associate	60,000	60,000	-	-
Gain on foreign exchange	-	735	-	-
Gain on disposal of property, plant and equipment	53,742	31,900	-	-
Miscellaneous income	256,609	181,713	190,642	135,453
	\$ 613,195	\$ 671,531	\$ 627,348	\$ 615,240

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

18. PROFIT FROM OPERATIONS

The following items have been included in arriving at profit from operations:-

	Note	Group		Company	
		2004 \$	2003 \$	2004 \$	2003 \$
Allowance made/ (written back)					
- Doubtful receivables					
- trade	7	43,491	84,076	-	-
- non-trade	10	-	48,715	-	48,715
- subsidiary	9	-	-	505,000	-
- associates	9	-	(48,716)	-	(48,716)
- Diminution in value of financial assets	6	(67,468)	36,785	-	-
Auditors' remuneration paid to auditors of the Company					
- Audit fees		50,500	60,000	24,000	24,000
- Non audit fees		59,567	97,068	20,500	11,856
Bad debts written off (trade)		-	50,160	-	-
Directors' remuneration	19	1,040,056	1,048,596	1,017,639	1,009,559
Depreciation of property, plant and equipment	3	2,607,718	3,109,173	300,710	225,142
Property, plant and equipment written off	3	1,363	18,417	-	-
Loss on foreign exchange		2,413	-	-	-
Operating lease expenses*		1,296,038	1,348,847	213,282	266,640
Salaries, wages and other related staff costs		2,083,581	2,177,782	842,507	954,929
Contributions to Central Provident Fund		284,971	327,912	111,767	138,582
Number of employees as at 31 March		119	123	31	30

* Includes contingent rent paid to lessors of \$607,412 (2003: \$650,544) for the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

19. DIRECTORS' REMUNERATION

	Group		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Directors of the Company				
- Directors' salaries and related costs	824,139	833,895	824,139	833,895
- Directors' fees	165,000	155,000	165,000	155,000
- Estimated monetary value of benefits	50,917	59,701	28,500	20,664
	\$ 1,040,056	\$ 1,048,596	\$ 1,017,639	\$ 1,009,559

Number of directors in each remuneration band:-

	2004	2003
\$500,000 and above	-	-
\$250,000 to \$499,999	1	1
\$0 to \$249,999	8	8
Total	9	9

20. TAXATION

	Group		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Current tax				
- Current year	1,026,099	1,238,500	496,700	421,000
- Under provision in respect of prior years	461,909	384,744	-	-
	1,488,008	1,623,244	496,700	421,000
Deferred tax				
- Movements in temporary differences	(167,700)	(331,258)	(23,600)	(13,858)
- Change in tax rate	(91,900)	(151,642)	(5,000)	(8,142)
- Under / (over) provision in respect of prior years	(2,800)	107,551	(2,800)	-
	(262,400)	(375,349)	(31,400)	(22,000)
	\$ 1,225,608	\$ 1,247,895	\$ 465,300	\$ 399,000

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

20. TAXATION (cont'd)

	Group		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Reconciliation of Effective Tax Rate				
Profit from ordinary activities before taxation	\$ 3,331,780	\$ 3,493,848	\$ 2,225,048	\$ 1,751,405
Income tax at 20% (2003: 22%)	666,356	768,646	445,010	385,309
Non-deductible expenses	214,622	247,768	44,972	54,298
Tax exempt revenue	(75,909)	(99,127)	(16,864)	(31,948)
Change in tax rate	(91,900)	(151,642)	(5,000)	(8,142)
Tax benefits not recognised/ (utilised)	53,190	(20,452)	-	-
Under/(over) provision in prior years				
- current tax	461,909	384,744	-	-
- deferred tax	(2,800)	107,551	(2,800)	-
Others	140	10,407	(18)	(517)
	\$ 1,225,608	\$ 1,247,895	\$ 465,300	\$ 399,000

21. EARNINGS PER SHARE (GROUP)

Earnings per share are calculated based on the Group's net profit for the year of \$2,104,332 (2003: \$2,248,005) and the weighted average number of shares in issue during the financial year of 150,000,000 (2003: 150,000,000) ordinary shares.

22. DIVIDENDS

	Group and Company	
	2004	2003
	\$	\$
Final dividend paid of 0.75 cents (2003: 0.75 cents) per share less tax at 22% (2003: 22%)	877,500	877,500
Special dividend paid of 0.75 cents (2003: Nil) per share less tax at 22%	877,500	-
	\$ 1,755,000	\$ 877,500

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

22. DIVIDENDS (cont'd)

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

	Group and Company	
	2004	2003
	\$	\$
Final dividend proposed of 0.75 cents (2003: 0.75 cents) per share less tax at 20% (2003: 22%)	900,000	877,500
Special dividend proposed of 0.75 cents (2003: 0.75 cents) per share less tax at 20% (2003: 22%)	900,000	877,500
	\$ 1,800,000	\$ 1,755,000

23. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

23. SEGMENT INFORMATION (cont'd)

Business Segments

The main business segments of the Group comprise film, property leasing and food operations.

	Film operations	Property leasing operations	Food operations	Others	Elimination	Total Group
	\$	\$	\$	\$	\$	\$
Revenue and Expenses						
2004						
Total revenue from external customers	12,723,524	5,103,067	1,901,601	60,000	-	19,788,192
Inter-segment revenue	-	593,700	-	4,471,526	(5,065,226)	-
Total revenue	<u>\$12,723,524</u>	<u>\$5,696,767</u>	<u>\$1,901,601</u>	<u>\$4,531,526</u>	<u>\$(5,065,226)</u>	<u>\$19,788,192</u>
Segment results	<u>\$ (413,582)</u>	<u>\$2,925,681</u>	<u>\$ 557,330</u>	<u>\$ 405,354</u>	<u>-</u>	<u>3,474,783</u>
Unallocated expenses						(143,003)
Profit from operations						3,331,780
Taxation						(1,225,608)
Minority interests						(1,840)
Net profit for the year						<u>\$2,104,332</u>
2003						
Total revenue from external customers	13,774,010	5,224,969	1,853,692	60,000	-	20,912,671
Inter-segment revenue	-	637,375	-	4,359,585	(4,996,960)	-
Total revenue	<u>\$13,774,010</u>	<u>\$5,862,344</u>	<u>\$1,853,692</u>	<u>\$4,419,585</u>	<u>\$(4,996,960)</u>	<u>\$20,912,671</u>
Segment results	<u>\$ 161,752</u>	<u>\$2,718,254</u>	<u>\$ 478,879</u>	<u>\$ 454,225</u>	<u>-</u>	<u>3,813,110</u>
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						<u>\$ 2,248,005</u>

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

23. SEGMENT INFORMATION (cont'd)

Business Segments (cont'd)

	Film operations	Property leasing operations	Food operations	Others	Elimination	Total Group
	\$	\$	\$	\$	\$	\$
Assets and Liabilities						
2004						
Segment assets	\$ 14,184,776	\$ 19,646,832	\$ 1,420,974	\$ 19,352,708	-	54,605,290
Income tax recoverable						158,934
Amounts due from related parties						755,309
Other unallocated assets						113,000
Total assets						<u>\$55,632,533</u>
Segment liabilities	\$ 2,801,475	\$ 1,638,886	\$ 101,617	\$ 71,674	-	4,613,652
Current and deferred tax liabilities						2,773,824
Other unallocated liabilities						112,745
Total liabilities						<u>\$7,500,221</u>
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						<u>\$54,869,476</u>
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						<u>\$6,968,336</u>

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

23. SEGMENT INFORMATION (cont'd)

Business Segments (cont'd)

	Film operations \$	Property leasing operations \$	Food operations \$	Others \$	Elimination \$	Total Group \$
Capital Expenditure						
2004	\$ 1,647,799	\$ 26,039	\$ 1,990	-	-	\$ 1,675,828
2003	\$ 132,541	\$ 25,295	\$ 4,490	-	-	\$ 162,326

Significant Non-Cash Expenses

2004

Depreciation of property, plant and equipment	\$ 1,683,845	\$ 888,353	\$ 35,520	-	-	\$ 2,607,718
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2003

Depreciation of property, plant and equipment	\$ 1,781,304	\$ 1,276,045	\$ 51,824	-	-	\$ 3,109,173
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Geographical Segments

The Group operates predominantly in Singapore.

24. 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.

Other Related Party Transactions

During the financial year, other than as disclosed in note 16 and 17, there were the following significant transactions with related parties, based on terms agreed by the parties:-

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

24. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

	Group		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Subsidiaries				
- Computer software rental income	-	-	210,000	210,000
- Software maintenance fee income	-	-	39,000	26,000
- Office rental paid/payable	-	-	213,282	266,640
Relative of a director*				
- Consultancy fees paid	93,300	112,140	93,300	112,140
Associate				
- Computer software rental income	42,000	42,000	42,000	42,000
- Software maintenance fee income	7,800	5,200	7,800	5,200

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

25. FINANCIAL RISK MANAGEMENT

(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. Cash and fixed deposits are placed with banks and financial institutions which are regulated. The Group invests its surplus cash in only those financial instruments of high credit rating and with pre-approved counterparties of high credit quality.

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 cash in terms of deposits on a short-term basis and therefore changes in market interest rates will minimise the interest rate exposure.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

25. FINANCIAL RISK MANAGEMENT (cont'd)

	2004		2003	
	Effective interest rate % p.a.	Within 1 year \$	Effective interest rate % p.a.	Within 1 year \$
Group				
Floating rate notes	0.75% to 2.00%	17,000,000	0.89% to 2.00%	13,750,000
Fixed deposits	0.7%	2,542,762	0.7%	6,634,034
		<u>\$ 19,542,762</u>		<u>\$ 20,384,034</u>
Company				
Floating rate notes	0.75% to 2.00%	17,000,000	0.89% to 2.00%	13,750,000
Fixed deposits	0.6%	1,077,414	0.7%	5,230,066
		<u>\$ 18,077,414</u>		<u>\$ 18,980,066</u>

(e) Foreign Currency Risk

The Company's foreign currency risk relates mainly to 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.

26. OPERATING LEASE COMMITMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

26. OPERATING LEASE COMMITMENTS (cont'd)

	2004 \$	2003 \$
Payable:-		
Within 1 year	1,282,000	1,282,000
After 1 year but within 5 years	4,884,000	3,244,000
After 5 years	2,886,000	2,271,000
	\$ 9,052,000	\$ 6,797,000

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.

27. SUBSEQUENT EVENTS

The Group announced on 21 April 2004, the proposed sale of its entertainment business to a newly incorporated company ("Newco") at its net book value, the consideration for which will be satisfied entirely by the issue of shares of Newco to the Company. These shares will in turn be distributed in specie to the shareholders of the Company in proportion to their shareholdings in the Company, effected by way of a capital reduction, under Section 73 of the Companies Act, Chapter 50, of the capital of the Company by an amount representing the net book value of Newco.

The financial information on the entertainment business as at and for the year ended 31 March 2004 with comparatives for 2003, are as follows:-

	2004 \$	2003 \$
Balance Sheet		
Total assets	\$ 11,544,212	\$ 10,088,335
Total liabilities	\$ 8,895,156	\$ 6,774,343
Profit and Loss account		
Revenue	15,078,273	15,900,128
Total expenses	(14,653,133)	(15,139,048)
Profit before taxation	425,140	761,080
Share of results of associate	-	(34,616)
Taxation	(265,632)	(207,264)
Profit after taxation	\$ 159,508	\$ 519,200
Cash Flows		
Cash inflow/(outflow) from operating activities	2,551,071	751,133
Cash inflow/(outflow) from investing activities	797,278	(229,255)
Cash (outflow) from financing activities	(942,604)	-
Net cash inflow/(outflow)	\$ 2,405,745	\$ 521,878

ANALYSIS OF SHAREHOLDINGS

15 JUNE 2004

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	4.74	76,105	0.05
1,000 - 10,000	2,781	84.40	7,720,499	5.15
10,001 - 1,000,000	349	10.59	19,903,896	13.27
1,000,001 & above	9	0.27	122,299,500	81.53
Total	3,295	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
So Foi Chin	3,758,000	2.51
UOB Kay Hian Pte Ltd	3,731,500	2.49
Kea Chee Tong @ Ke Chi Yet @ Kia Chee Yet	2,402,500	1.60
Citibank Nominees S'pore Pte Ltd	1,702,000	1.13
Hong Leong Finance Nominees Pte Ltd	1,660,000	1.11
Teo Chiang Long	1,500,000	1.00
DBS Nominees Pte Ltd	1,311,500	0.87
Kim Eng Securities Pte Ltd	1,234,000	0.82
Ng Kah Thim @ Lau Shee Thim	614,500	0.41
ING Nominees (S'pore) Pte Ltd	605,000	0.40
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
United Overseas Bank Nominees Pte Ltd	454,000	0.30
Lim Sai Yang	450,000	0.30
Raffles Nominees Pte Ltd	417,000	0.28
Ang Hao Yao	408,000	0.27
Goh Eng Guan @ Goh Kee Guan	405,000	0.27
Khojama Kalimuddin	400,000	0.27
Total	127,707,500	85.13

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-Sixth ANNUAL GENERAL MEETING** of **ENG WAH ORGANIZATION LIMITED** will be held at **The Legends Fort Canning Park, Jasmine Room, 11 Canning Walk, Singapore 178881** on **Wednesday, 28 July 2004 at 9.30 a.m.** for the following purposes:

As Ordinary Business

1. To receive and adopt the Audited Accounts of the Company for the financial year ended 31 March 2004 together with the Reports of the Directors and the Auditors.
2. (i) To approve the payment of a first and final dividend of 3 per cent (2003: 3 per cent) less income tax for the financial year ended 31 March 2004; and
(ii) To approve the payment of a special dividend of 3 per cent (2003: 3 per cent) less income tax for the financial year ended 31 March 2004.
3. To re-elect the following Directors:
 - (a) Mr Goh Keng Soon; and
 - (b) Mr Hong Chin Fockeach of whom retires by rotation pursuant to Article 91 of the Articles of Association of the Company.
4. To re-appoint the following Directors pursuant to Section 153(6) of the Companies Act, Chapter 50 to hold office from the date of this Annual General Meeting until the next Annual General Meeting:
 - (a) Mr Goh Eng Wah; and
 - (b) Mdm Mok Yuet Heng.
5. To approve Directors' fees of S\$165,000 (2003: S\$155,000) for the financial year ended 31 March 2004.
6. To re-appoint Messrs KPMG as Auditors and authorise the Directors to fix their remuneration.
7. To transact any other business that may properly be transacted at an Annual General Meeting.

As Special Business

8. 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, Chapter 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

9 July 2004

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 – Re-election of Directors*

Mr Hong Chin Fock, if re-elected, will remain a member of the Company's Audit Committee, Nominating Committee and Remuneration Committee, and will be considered as an independent Director for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. Mr Hong will continue as Chairman of the Audit Committee.

PROXY FORM 31 MARCH 2004

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 July 2004, 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	(a) Re-election of Mr Goh Keng Soon				
	(b) Re-election of Mr Hong Chin Fock				
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 _____ 2004

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Total Number of Shares Held	
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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, Chapter 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.