

Stamping our mark

The business environment presents many challenges which we welcome as potential opportunities. Our Group has stamped its mark on the Malaysian landscape through proactive leadership, clear vision and a focused direction.

Since our inception in 1963, it has been the many challenges that have driven us from strength to strength. This year is our 40th anniversary - the ruby anniversary which reflects our tenacity and endurance.

Having become a Malaysian business leader, we strive continuously to reach our fullest potential.



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of OSK Holdings Berhad will be held at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 30 April 2003 at 2.30p.m. for the purpose of transacting the following businesses:

AGENDA

1. To receive and adopt the Directors' Report, Audited Financial Statements and the Auditors' Report for the year ended 31 December 2002.
(Resolution 1)
2. To sanction the declaration of a final dividend of 2.5 sen per ordinary share less 28% Malaysian income tax in respect of the financial year ended 31 December 2002.
(Resolution 2)
3. To approve the Directors' fees of RM77,500 for the financial year ended 31 December 2002.
(Resolution 3)
4. To re-elect the following Directors who retire in accordance with the Articles of Association of the Company and being eligible, offer themselves for re-election:
 - a. Dato' Nik Mohamed Bin Nik Yahya
(Resolution 4)
 - b. Mr Wong Chong Kim
(Resolution 5)
 - c. Mr Wong Chong Che
(Resolution 6)
5. To re-appoint Messrs. HLB I.M. Chieng & Co. as Auditors and to authorise the Directors to fix their remuneration.
(Resolution 7)
6. As Special Business:

To consider, and if thought fit, to pass the following Ordinary Resolution:

AUTHORITY TO ALLOT AND ISSUE SHARES

"That, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental /regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."
(Resolution 8)

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that the final dividend of 2.5 sen per ordinary share less 28% income tax for the year ended 31 December 2002, if approved by the shareholders at the Thirteenth Annual General Meeting, will be payable on 3 June 2003 to shareholders whose names appear in the Register of Members on 6 May 2003.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- a. Shares deposited into the Depositor's securities account before 12.30p.m. on 2 May 2003 (in respect of shares which are exempted from mandatory deposit);
- b. Shares transferred into the Depositor's securities account before 4.00p.m. on 6 May 2003 in respect of ordinary transfers; and
- c. Shares bought on Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

BY ORDER OF THE BOARD

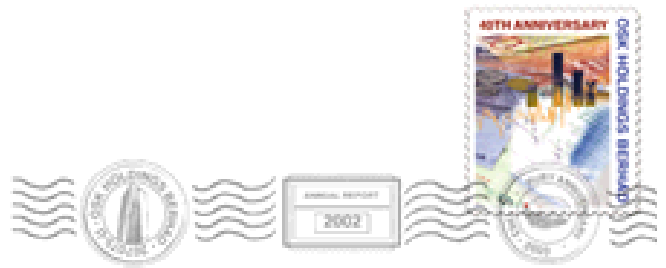
TAN MUI LIAN
Secretary

Kuala Lumpur
8 April 2003

NOTES:

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or in some other manner approved by its Board of Directors.
3. The instrument appointing a proxy must be deposited at the registered office of the Company, 20th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
4. Explanatory Statement on Special Business

The Ordinary Resolution 8, if passed will empower the Directors to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.



STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are standing for re-election at the Thirteenth Annual General Meeting

- i. Dato' Nik Mohamed Bin Nik Yahya
- ii. Mr Wong Chong Kim
- iii. Mr Wong Chong Che

2. Details of attendance of Directors at Board of Directors' Meetings

There were 6 Board of Directors' Meetings held during the financial year ended 31 December 2002. The details of the attendance of the Directors are as follows:

Name of Directors	Attendance
Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	4/6
Ong Leong Huat @ Wong Joo Hwa	6/6
Dato' Nik Mohamed Bin Nik Yahya	6/6
Wong Chong Kim	5/6
Wong Chong Che	6/6
Dato' Mohamed Tarmizi Bin Mohd Tahir	4/6
Dr Choong Tuck Yew	5/6
Dr Kamaruddin Bin Mohd Said (appointed on 22 April 2002)	5/5
Chin Cheng Mei (resigned on 22 April 2002)	1/1
Gan Neap Kai (resigned on 1 September 2002)	4/4

3. Place, date and time of the Thirteenth Annual General Meeting

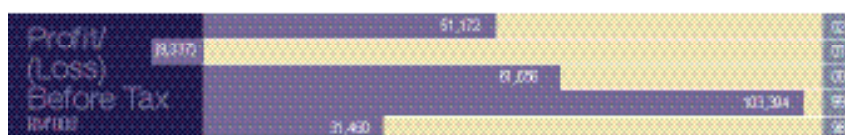
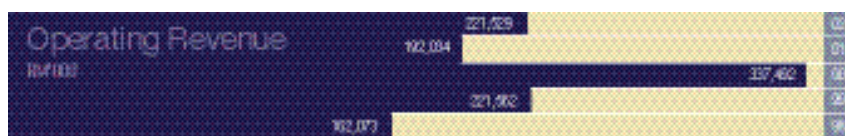
The Thirteenth Annual General Meeting is scheduled to be held on Wednesday, 30 April 2003 at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur at 2.30p.m.

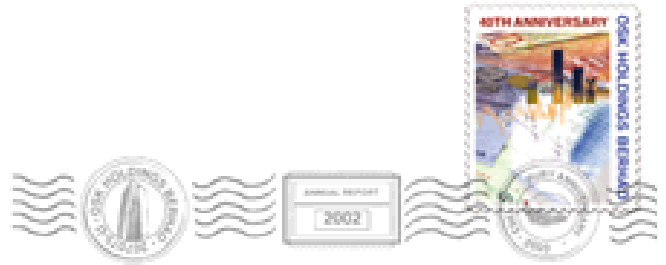
4. Details of Directors who are standing for re-election are set out in the Directors' Profile appearing on page 9 to 11 of this Annual Report.

FIVE-YEAR FINANCIAL SUMMARY

In RM'000	2002	2001	2000	1999	1998
Operating Revenue	221,529	192,034	337,492	221,562	162,073
Profit / (Loss) Before Tax	51,172	(9,337)	61,656	103,394	31,460
Profit / (Loss) After Tax and After Minority Interests	36,692	(12,208)	33,157	96,567	23,961
Paid-up Capital	487,688	514,929	536,423	304,272	298,325
Shareholders' Funds	856,516	1,064,907	1,119,177	772,269	715,956
Basic Earnings / (Loss) Per Share (sen)	7.30	(2.30)	7.30	24.00	8.70
Dividends Per Share (sen)	5.00	2.50*	12.50	15.00	7.50
Net Tangible Assets Per Share (RM)	1.34	1.55*	1.70	2.53	2.39

* Adjusted





CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Nik Mohamed Din Bin Datuk Nik Yusoff
Executive Chairman

Ong Leong Huat @ Wong Joo Hwa
Group Managing Director/Chief Executive Officer (CEO)

Dato' Nik Mohamed Bin Nik Yahya
Executive Director

Wong Chong Kim
Executive Director

Wong Chong Che
Non-Independent Non-Executive Director

Dato' Mohamed Tarmizi Bin Mohd Tahir
Independent Non-Executive Director

Dr Choong Tuck Yew
Independent Non-Executive Director

Dr Kamaruddin Bin Mohd Said
Independent Non-Executive Director

MANAGEMENT BOARD

Dato' Nik Mohamed Din Bin Datuk Nik Yusoff
Executive Chairman

Ong Leong Huat @ Wong Joo Hwa
Group Managing Director/CEO

Dato' Nik Mohamed Bin Nik Yahya
Executive Director

Wong Chong Kim
Executive Director

EXECUTIVE COMMITTEE

Dato' Nik Mohamed Din Bin Datuk Nik Yusoff
Ong Leong Huat @ Wong Joo Hwa
Dato' Nik Mohamed Bin Nik Yahya
Wong Chong Kim

AUDIT COMMITTEE

Dr Choong Tuck Yew
Dato' Mohamed Tarmizi Bin Mohd Tahir
Wong Chong Kim
Dr Kamaruddin Bin Mohd Said

NOMINATION COMMITTEE

Dato' Mohamed Tarmizi Bin Mohd Tahir
Dr Choong Tuck Yew

REMUNERATION COMMITTEE

Dato' Mohamed Tarmizi Bin Mohd Tahir
Dr Choong Tuck Yew
Ong Leong Huat @ Wong Joo Hwa

COMPANY SECRETARIES

Tan Mui Lian (MAICSA 7003356)
Chew Swee Inn (MAICSA 7008403)

AUDITORS

HLB I.M. Chieng & Co.
Chartered Accountants
No.2-E (1st Floor), Jalan SS22/25, Damansara Jaya
47400 Petaling Jaya, Selangor Darul Ehsan

PRINCIPAL BANKERS

- Bumiputra-Commerce Bank Berhad
- Citibank Berhad
- Malayan Banking Berhad
- OCBC Bank (Malaysia) Berhad
- RHB Bank Berhad
- Southern Bank Berhad
- Standard Chartered Bank Malaysia Berhad
- United Overseas Bank (Malaysia) Berhad

SOLICITORS

Cheang & Ariff
Chellam Wong
Rajes Hisham Pillai & Gopal

REGISTRAR

Signet Share Registration Services Sdn Bhd
No.35, Jalan Hussein (First Floor)
30250 Ipoh, Perak Darul Ridzuan

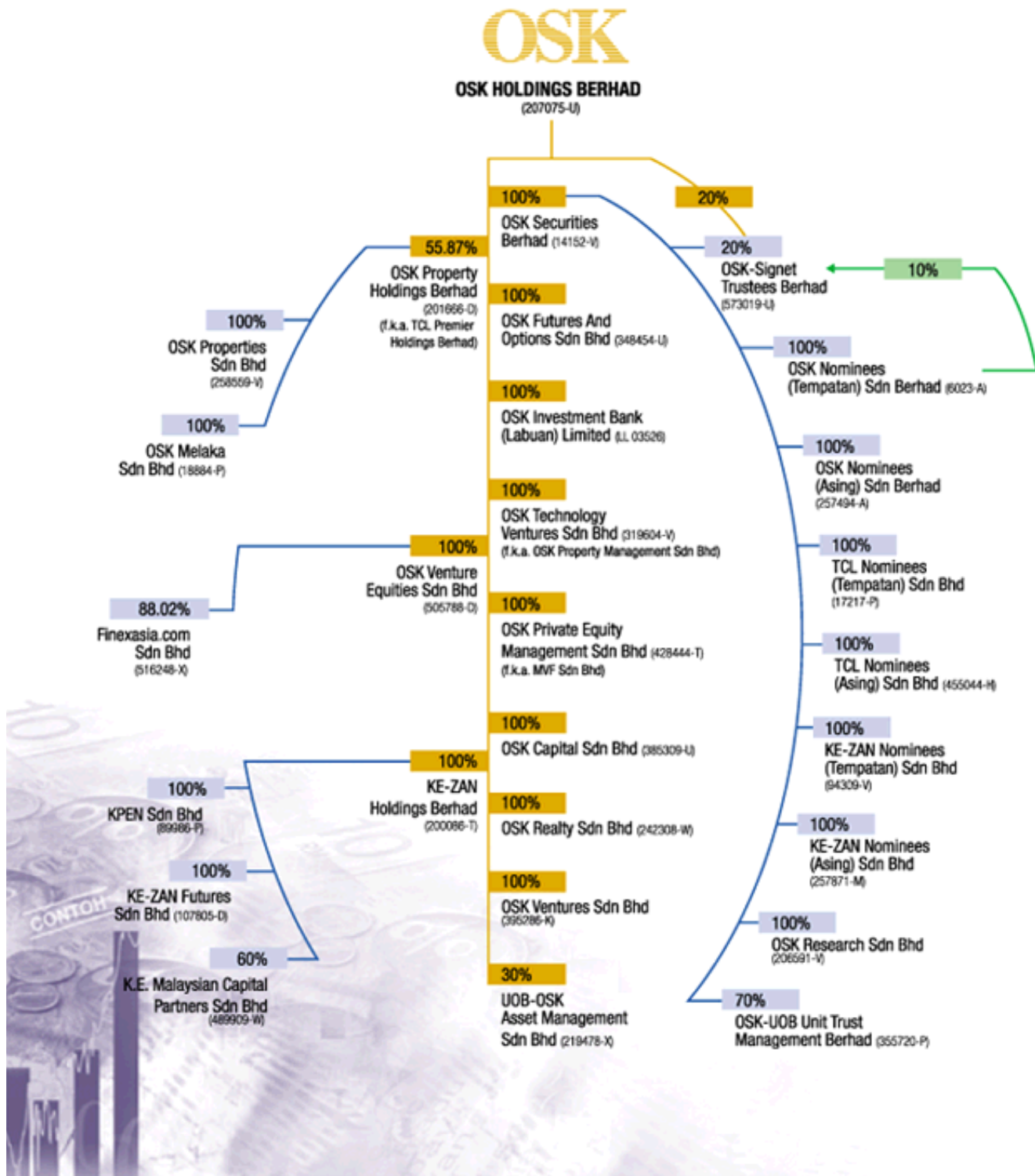
REGISTERED OFFICE / PRINCIPAL BUSINESS ADDRESS

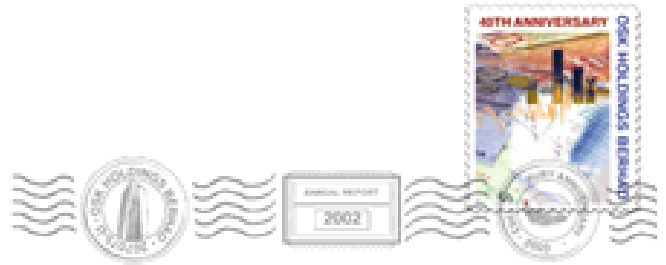
20th Floor, Plaza OSK, Jalan Ampang
50450 Kuala Lumpur
Tel : 03-2162 4388
Fax : 03-2161 8254

STOCK EXCHANGE LISTING

Kuala Lumpur Stock Exchange Main Board

CORPORATE STRUCTURE





MANAGEMENT OF THE OSK GROUP

CAPITAL FINANCING

Voon Pak Keong
Senior Manager

CORPORATE ADVISORY SERVICES

Hugh Loh Siew Hooi
Executive Vice President /
Chief Operating Officer

DEALING & OPERATIONS

Chin Cheng Mei
Executive Director, Dealing

Mohd Idris Bin Ahmad Jais
Executive Director, Dealing

Nik Halim @ Nik Ghazi Bin Nik Daud
Executive Director, Dealing

Diong King Kuang
Executive Director, Operations

William Ng Ghim Ann
Executive Vice President,
Business Development

Izamuddin Bin Ishak
Vice President, Marketing and Dealing

Leong Hon Sze
Vice President, Portfolio Management

Lim Teck Him
Head of Equity, Equity Sales

Steven Lai Choon Lim
General Manager, Derivatives

Yvonne Lee Kwee Yuen
Assistant General Manager,
Credit Control & Supervision

Chan Wai Keong
Senior Manager, Operations

Christina Yong
Deputy Manager, Priority Broking

Lai Yit Loong
Assistant Manager, Risk Management

INVESTMENT RESEARCH

Pankaj Kumar A/L Bipinchandra
Assistant General Manager

OSK188 ONLINE INVESTMENT CHANNEL

Jimmy Loke Kok Cheong
Chief Executive Officer

PROPERTY MANAGEMENT

Teong King Hua
Director / General Manager

UNIT TRUST MANAGEMENT SERVICES

Ho Seng Yee
Chief Executive Officer / General Manager

VENTURE CAPITAL

Eddie Yap Yuh Foh
General Manager

WILLS AND TRUSTEE SERVICES

Ong Eu Jin
Chief Operating Officer

GROUP SUPPORT SERVICES

Albert Tai Lee Chuan
Executive Director, Compliance /
General Manager, Group Compliance

Jaymes Ong Boon Aun
General Manager,
Group Consumer Marketing

Kelvin Tan Sun Seng
General Manager, Group Administration &
Building Management

Mike Ho Kok Cheong
General Manager,
Group Information Technology

**Tuan Haji Azmazuraidi Bin Dato'
Dr Hj Dzulkarnain**
General Manager, Group Human Resource

Woon Chong Boon
General Manager,
Group Corporate & Legal Affairs

Tina Choy Yin Leng
Assistant General Manager,
Group Finance & Accounts

Tong Seong Ann

Senior Manager, Group Internal Audit

Juliana Mohd Daud

Deputy Manager,
Group Corporate Communications

Wong Mee Hong

Deputy Manager, Organisation & Method

NETWORK OFFICES

Chan Kong Ming

Chief Operating Officer /
Head of Melaka Office

Kong Kek Hing

Regional General Manager /
Head of Kuching Office

Alan Chong Chee Choong

General Manager /
Head of SS2, Petaling Jaya Office

Andrew Lu Yieng Kee

General Manager /
Head of Kota Kinabalu Office

Chi On Kang

General Manager /
Head of Johor Bahru Office

Eddy Tan Kheak Geai

General Manager / Head of Penang Office

Shirley Wong I Kiew

General Manager / Head of Kuantan Office

Sy Ban Lee

General Manager /
Head of Batu Pahat Office

David Lau Lee Hian

Assistant General Manager /
Head of Miri Office

Wong Eng Kui

Assistant General Manager /
Head of Ipoh Office

Khoo Guan Cheong

Senior Manager /
Head of Butterworth Office

Sii How Tung

Senior Manager /
Acting Head of Sibul Office

CORPORATE HIGHLIGHTS

2002

March

6

OSK-Signet Trustees Berhad ("OST") was incorporated. OST is jointly owned by OSK Group and Signet Group to provide among others, corporate and private trustee services.



18

OSK Securities Berhad ("OSKS") established its eighth branch office in Batu Pahat, Johor.

April



8

OSKS established its ninth branch office in Kota Kinabalu, Sabah.

May

20

OSK established its tenth branch office in SS2, Petaling Jaya, Selangor.

21

Twelfth Annual General Meeting and Extraordinary General Meeting.



June



27

The Company completed the disposal of OSK Asia Corporation Limited.

July

15

OSKS established its eleventh branch office in Miri, Sarawak.

17

OSKS established its twelfth branch office in Sibu, Sarawak.

18

OSK Venture Equities Sdn.Bhd. ("OSKVE") completed the acquisition of additional equity interest in Finexasia.com Sdn Bhd. Consequently, OSKVE's shareholding in Finexasia increased from 52.81% to 88.02%.

August

2

The Company completed the disposal of 90% equity interest in OSK Properties Sdn Bhd to OSK Property Holdings Berhad ("OSKPH").

15

OSKPH completed the Mandatory General Offer to acquire the remaining 10% equity interest of OSKP.

21

The capital distribution of OSKPH's shares to the Company's shareholders was completed.

September



9

OSKPH was relisted on the main board of Kuala Lumpur Stock Exchange.

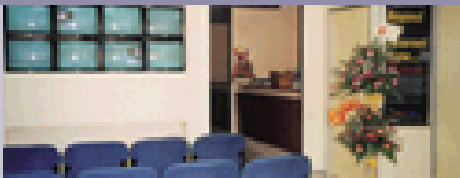
November

26

OSK Investment Bank (Labuan) Limited ("OSKIB") was incorporated. OSKIB is a wholly-owned subsidiary of the Company and provides offshore investment banking services.

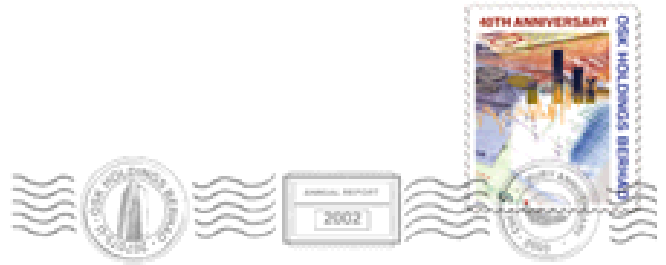


December



31

OSKS has at this date established 28 Electronic Access Facilities with Permitted Activities and 3 Electronic Access Facilities throughout Malaysia.



DIRECTORS' PROFILE

EXECUTIVE CHAIRMAN

DATO' NIK MOHAMED DIN BIN DATUK NIK YUSOFF, a Malaysian, aged 60. He is the Executive Chairman of the Company and was appointed to the Board of the Company on 12 January 1998. Dato' Nik Mohamed Din is a lawyer by profession. He read law at Lincoln's Inn, London and was admitted to the English Bar in 1969.

Dato' Nik Mohamed Din was the Chairman and Executive Chairman of Kuala Lumpur Stock Exchange ("KLSE") for 12 years since 1985. He had previously served as a Magistrate for the Malaysian Judicial Services in 1970. He joined Messrs Mah, Kok and Din as a lawyer for 13 years before assuming the appointment as Executive Chairman of OSK Securities Berhad in 1984.

Dato' Nik Mohamed Din also holds directorship in OSK Property Holdings Berhad (formerly known as TCL Premier Holdings Berhad) and Jerasia Capital Berhad.

Dato' Nik Mohamed Din is the brother in-law of Dato' Nik Mohamed Bin Nik Yahya. He does not have any conflict of interest other than those disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on pages 30 and 31 in this Annual Report. He has no conviction for any offences within the past ten years.

Of the six Board meetings of the Company held during financial year, he attended all except two for which he had extended his apologies.

GROUP MANAGING DIRECTOR/CEO

MR ONG LEONG HUAT @ WONG JOO HWA, a Malaysian, aged 59. He is the Group Managing Director/CEO of OSK Group and was appointed to the Board of the Company on 21 November 1990.

Mr Ong Leong Huat has been the Managing Director/CEO of OSK Securities Berhad since July 1985. He holds a dealer's representative licence issued by the Securities Commission ("SC") under the Securities Industry Act, 1983 and is the Corporate Nominee of the Company on the Board of OSK Securities Berhad. Prior to this, he was attached to a leading financial institution for 17 years since 1969 where he held the position of Senior General Manager.

Mr Ong Leong Huat is also a Director of OSK Property Holdings Berhad (formerly known as TCL Premier Holdings Berhad).

Mr Ong Leong Huat is the brother of Mr Wong Chong Kim and Mr Wong Chong Che. He does not have any conflict

of interest other than those disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on pages 30 and 31 in this Annual Report. He has no conviction for any offences within the past ten years.

Mr Ong Leong Huat has attended all the six Board meetings of the Company held during the financial year.

EXECUTIVE DIRECTOR

DATO' NIK MOHAMED BIN NIK YAHYA, a Malaysian, aged 67. He is the Executive Director and one of the first Directors appointed to the Board of the Company on 1 November 1990. Dato' Nik Mohamed is a lawyer by profession. He read law at Lincoln's Inn, London and was admitted to the English Bar in July 1967.

Dato' Nik Mohamed was the Deputy General Manager of OSK Securities Berhad since December 1986 and then became a Director and Executive Chairman of OSK Securities Berhad in April 1989. He holds a dealer's representative licence issued by SC under the Securities Industry Act, 1983 and is the Corporate Nominee of the Company on the Board of OSK Securities Berhad. He has previously served as an Administrative Officer, in the Kelantan Civil Service from 1956 to 1966 and as a Judicial and Legal Officer in the Federal Judicial and Legal Services from 1967 to 1986. On November 1987, he became an Advocate and Solicitor of the High Court of Malaya. He had also served as a Magistrate, President Sessions Court, Senior Assistant Registrar High Court Malaya, Deputy Public Prosecutor, Senior Federal Counsel, State Legal Advisor, Director Legal Services Malaya and Public Trustee as well as Official Administrator Malaysia, the post he held until his retirement on 2 December 1986. He has also acted as trustee of various funds under Malaysian Unit Trust Schemes and as a Director/Council Member of voluntary organizations and Government Statutory Bodies, such as Dewan Bahasa dan Pustaka, Universiti Teknologi Mara ("UiTM"), Johor State Economic Development Corporation, Yayasan Kebajikan Negara and National Heroes and Defence Fund. He has also served as a Committee Member of KLSE for three years from 1995 to 1998.

Dato' Nik Mohamed is the brother in-law of Dato' Nik Mohamed Din Bin Datuk Nik Yusoff. He does not have any conflict of interest other than those disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on pages 30 and 31 in this Annual Report. He has no conviction for any offences within the past ten years.

Dato' Nik Mohamed has attended all the six Board meetings of the Company held during the financial year.

DIRECTORS' PROFILE (CONT'D)

EXECUTIVE DIRECTOR

MR WONG CHONG KIM, a Malaysian, aged 47. He was appointed to the Board of the Company as Executive Director on 21 November 1990. He is a Fellow of the Chartered Association of Certified Accountants.

Mr Wong Chong Kim joined OSK Securities Berhad as a Finance Manager in 1985 and became Executive Director in April 1989. He holds a dealer's representative licence issued by SC under the Securities Industry Act, 1983 and is the Corporate Nominee of the Company on the Board of OSK Securities Berhad. Prior to this, he was the Accountant and Assistant Credit Manager of a leading financial institution in 1983 for two years.

Mr Wong Chong Kim is also a Director of OSK Property Holdings Berhad (formerly known as TCL Premier Holdings Berhad).

Mr Wong Chong Kim is the brother of Mr Ong Leong Huat and Mr Wong Chong Che. He does not have any conflict of interest other than those disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on pages 30 and 31 in this Annual Report. He has no conviction for any offences within the past ten years.

Of the six Board meetings of the Company held during financial year, he attended all except one for which he had extended his apologies.

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

MR WONG CHONG CHE, a Malaysian, aged 49. He is the Non-Independent Non-Executive Director and one of the first Directors appointed to the Board of the Company on 1 November 1990. He is a Fellow of the Chartered Association of Certified Accountants.

Mr Wong Chong Che joined OSK Securities Berhad as an Accountant in 1982 and became Executive Director in 1984 before assuming the present post of Executive Vice President, Corporate Trading in 1994. He holds a dealer's representative licence issued by SC under the Securities Industry Act, 1983. Prior to this, he was a Personal Assistant to a partner in Thomas and Howe, Chartered Accountants in the United Kingdom in 1980 for two years.

Mr Wong Chong Che is the brother of Mr Wong Chong Kim and Mr Ong Leong Huat. He does not have any conflict of interest other than those disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on pages 30 and 31 in this Annual Report. He has no conviction for any offences within the past ten years.

Mr Wong Chong Che has attended all the six Board meetings of the Company held during the financial year.

INDEPENDENT NON-EXECUTIVE DIRECTOR

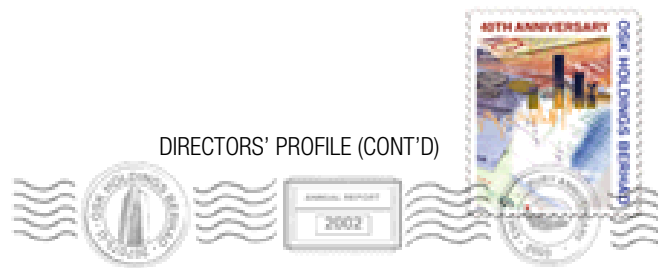
DATO' MOHAMED TARMIZI BIN MOHD TAHIR, a Malaysian, aged 67. He was appointed to the Board of the Company on 21 November 1990 as an Independent Non-Executive Director. He graduated from the University of Malaya in Singapore with a Bachelor of Arts in Geography.

Dato' Mohamed Tarmizi started his career in 1961 as an Assistant District Officer in Kuala Pilah, Negeri Sembilan for four years before assuming the post of the District Officer in Seremban. From 1968 to 1969, he was a Training Officer at the Staff Training Centre in Petaling Jaya. Later, he became the State Development Officer of Negeri Sembilan and also the State Development Officer of Pahang. He was made the first General Manager of the Jengka Development Corporation. He has also served in the Treasury department at the Ministry of Finance for four years as Deputy Director of Budget. In 1978, he was transferred to Perak as the State Financial Officer before assuming the post of the General Manager of the Perak Foundation in 1984 for nine years until his retirement.

Dato' Mohamed Tarmizi is also a Director of PJ Development Holdings Berhad and Intan Utilities Berhad.

Dato' Mohamed Tarmizi does not have any family relationship with any Directors and/or major shareholders of the Company and has no conflict of interest other than those disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on pages 30 and 31 in this Annual Report. He has no conviction for any offences within the past ten years.

Of the six Board meetings of the Company held during the financial year, he attended all except two for which he had extended his apologies.



DIRECTORS' PROFILE (CONT'D)

INDEPENDENT NON-EXECUTIVE DIRECTOR

DR CHOONG TUCK YEW, a Malaysian, aged 65. He was appointed to the Board of the Company on 29 June 2001 as an Independent Non-Executive Director. He possesses a MBA, ACIS (Australia), Registered Accountant (Malaysia), Certified Public Accountant (Malaysia) and Fellow Institute of Internal Auditors (Malaysia).

Currently, he is a Managing Proprietor with Choong Consultants, a financial, training and management consultancy firm. Before his retirement, Dr Choong was the Managing Director of Visia Finance Berhad. Prior to his secondment to Visia Finance Berhad, he was the Chief Manager in Bank Negara Malaysia, where he served for more than 25 years.

Dr Choong Tuck Yew does not have any family relationship with any Directors and/or major shareholders of the Company and has no conflict of interest other than those disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on pages 30 and 31 in this Annual Report. He has no conviction for any offences within the past ten years.

Of the six Board meetings of the Company held during the financial year, he attended all except one for which he had extended his apologies.

INDEPENDENT NON-EXECUTIVE DIRECTOR

DR KAMARUDDIN BIN MOHD SAID, a Malaysian, aged 51. He was appointed to the Board of the Company on 22 April 2002 as an Independent Non-Executive Director. He received his Masters of Arts and Ph.D from University of California at Berkeley. Prior to this, he gained his Bachelor of Arts (Honours) in Anthropology and Sociology and Masters of Arts in Sociology from University of Malaya.

Currently, he is the Head of the Programme of Anthropology and Sociology of Universiti Kebangsaan Malaysia ("UKM"). He teaches Anthropology and Sociology at UKM and specialises in the Sociology of Industrial Relations and Economics Anthropology, which place great emphasis and attention to the economic behaviour in production, distribution, consumption, savings and investments.

Dr Kamaruddin does not have any family relationship with any Directors and/or major shareholders of the Company and has no conflict of interest other than those disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on pages 30 and 31 in this Annual Report. He has no conviction for any offences within the past ten years.

Dr Kamaruddin has attended all five Board meetings of the Company held during the financial year since his appointment to the Board of the Company.

CHAIRMAN'S STATEMENT

THE YEAR 2002 WAS YET ANOTHER CHALLENGING PERIOD FOR OSK HOLDINGS BERHAD ("OSK", "THE COMPANY") AS THE LOCAL BOURSE AGAIN EXPERIENCED LACKLUSTRE TRADING ESPECIALLY DURING THE SECOND HALF OF THE YEAR.

Continuous weakness in the world's major economies as well as falling equity markets around the world caused investors to shy away from investing in the local bourse. The United States of America ("U.S."), being the largest economy in the world, proved to be a disappointment. Despite earlier optimism, the sputtering U.S. economy failed to stage a sustained turn around while rising corporate scandals took its toll on investors' confidence.

For the Malaysian equity market, the year started on a positive note with the KLSE reaching its year high of 808 points in April. As economic fundamentals began to deteriorate, the performance of the KLSE also suffered. The re-weighting of the Malaysian equity markets in the widely followed Morgan Stanley Capital International ("MSCI") Indices in May as well as the Prime Minister's decision to step down further aggravated the situation. Terrorist attacks in Bali as well as the disappointing Budget 2003 further dented market sentiment. After

hitting its year low of 616.46 points in December, mild window dressing activities helped the KLSE to close the year with a loss of 7.1%.

FINANCIAL PERFORMANCE

Despite the poor market conditions, OSK's performance for the financial year ended 31 December 2002 ("FY2002") was indeed commendable as it returned to profitability as compared to the previous corresponding period. OSK reported a 15.4% jump in turnover to RM221.529 million for the FY2002. Pretax profit and net profit stood at RM51.172 million and RM36.692 million respectively as compared to a pretax loss of RM9.337 million and net loss of RM12.208 million in the previous year. 49.1% of OSK's net earnings were attributable to the sale of OSK Asia Corporation Limited ("OSKA") which netted RM18.03 million for the Group. As a result, basic earnings per share improved to 7.33 sen from net loss per share of 2.33 sen in the financial year ended 31 December 2001 ("FY2001"). Net profit on shareholders' funds jumped to 4.3% while net tangible asset per share as at 31 December 2002 stood at RM1.34 as compared with RM1.55 in the previous year. The deterioration was due to a capital distribution exercise completed by the Group in 2002.





DIVIDEND

The Board of Directors are recommending a final gross dividend of 2.5 sen per share for FY2002. Together with the interim gross dividend of 2.5 sen, the total gross dividend for FY2002 will be 5 sen per share, unchanged from the previous year.

REVIEW OF OPERATIONS

OSK Securities Bhd ("OSKS") made a pretax profit of RM8.407 million on a revenue of RM102.133 million for FY2002. Compared to the previous year, OSKS experienced a 56% and 117% jump in revenue and pretax profit respectively as trading volume and value on the KLSE rose by 35% and 11% respectively. OSKS' commission mix was 74% from retail clients, 6% from foreign brokers and 20% from institutional end-clients.

OSK-UOB Unit Trust Management Berhad ("OUTM") achieved a pretax profit of RM4.228 million. FY2002 was a consolidation year for OUTM as it remained focused on expanding its total fund size, which grew by 27.7% to RM811.4 million from RM635.4 million in the previous year.



CORPORATE DEVELOPMENTS

During the year under review, OSKS expanded its market reach with the opening of five new branches located at Batu Pahat, Johor; Kota Kinabalu, Sabah; SS2, Petaling Jaya (Selangor); Miri and Sibu in Sarawak. Thus, together with our principal office, OSKS now has a total of 13 branches throughout Malaysia.

As OSKS was accorded the prestigious Universal Broker status, the Company has been busy setting-up Electronic Access Facilities ("EAF") across the nation during FY2002. To-date, the Company has opened a total of 32 EAFs throughout Malaysia, making OSKS one of the largest stockbroking companies in the country in terms of market reach.

The Group also took bold steps to restructure itself in FY2002. With the completion of the sale of OSKA and the sale of OSK Properties Sdn Bhd ("OSKP") to OSK Property Holdings Bhd ("OSKPH") (formerly known as TCL Premier Holdings Berhad) in June and August 2002, the Group is now focusing on providing investment banking services to its clientele.

The restructuring scheme involved the disposal of 90% equity interest in OSKP by OSK to OSKPH and capital distribution of 46,085,664 ordinary shares of RM1 each of OSKPH to the OSK shareholders on the basis of 1 (one) OSKPH share for every 11 (eleven) OSK shares held. OSKPH was subsequently re-listed on the KLSE on 9 September 2002. With the completion of above restructuring scheme, OSK's equity interest in OSKPH has been reduced from 100% to 53.91%.

Following the above restructuring scheme and as a result of the capital distribution, adjustments were made to the subscription prices of OSK Warrant A, OSK Warrant B and the conversion price of OSK Irredeemable Convertible Unsecured Loan Stocks 2000/2005 ("ICULS"), as indicated below:

	Before Adjustment (RM)	After Adjustment (RM)
Subscription price for Warrant A	1.47	1.20
Subscription price for Warrant B	2.80	2.28
Conversion price for ICULS	2.80	2.28

OSK is reputed to be a keen believer in enhancing shareholder value. Towards this end, the Company cancelled a total of 23,437,000 treasury shares on 24 October 2002. As a result, the total number of shares outstanding has now been reduced by 4.35% to 514.9 million shares as compared to 538.4 million shares previously.

The Group also took another bold step in providing more value added services to its clientele through the establishment of OSK Investment Bank (Labuan) Limited (OSKIB), a provider of offshore investment banking business in Labuan.

During the year, OSK also ventured into the lucrative trustee services via the setting-up of OSK-Signet Trustees Bhd (OST), in which the Group collectively owns a 50% equity interest.

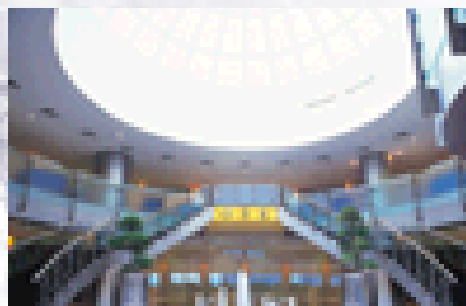
The year 2003 will again be a busy year for OSK. Having extensive network across the country, it is expected to be beneficial to the Group's long-term goal of enlarging its new client base as well as expanding the services offered by the Group. The Group is also expected to be continuously on the lookout for new opportunities to expand its income base. In fact, Internet trading is most



PROSPECTS FOR 2003

After recording a GDP growth of 4.2% in 2002, the Malaysian economy is poised to register a stronger growth rate this year of between 5-6%. The Government's effort to encourage more domestic consumption and to pump prime the economy is expected to mitigate impact on our economy from external shocks. Nevertheless, the impact of changes on the external front will have some bearing on economic growth this year as well as investors' confidence on KLSE.

Going forward, Malaysian equity market should perform well this year, driven by improved liquidity and healthier fundamentals. With the emergence of Valuecap Sendirian Berhad, the Malaysian equity market is expected to see little downside risk, as buying support on undervalued stocks will likely emerge should the market be in for a pullback.



likely to be a new area of growth for OSK as our trading platform and enhanced user friendly features is expected to garner substantial interest among the investing public. OSK188, which is the Group's financial portal and provides live feed prices as well as news and research, is expected to be the main driving force of growth in coming years.

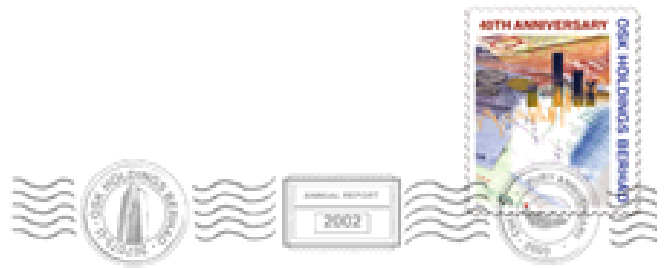
ACKNOWLEDGEMENT

No company can move forward without the continuous support from its valued customers, shareholders and employees. As OSK celebrates its 40th anniversary this year, and on behalf of the Board of Directors, I would like to extend my sincere appreciation to all shareholders, staff and management of OSK that have contributed tremendously to the development of the Company.

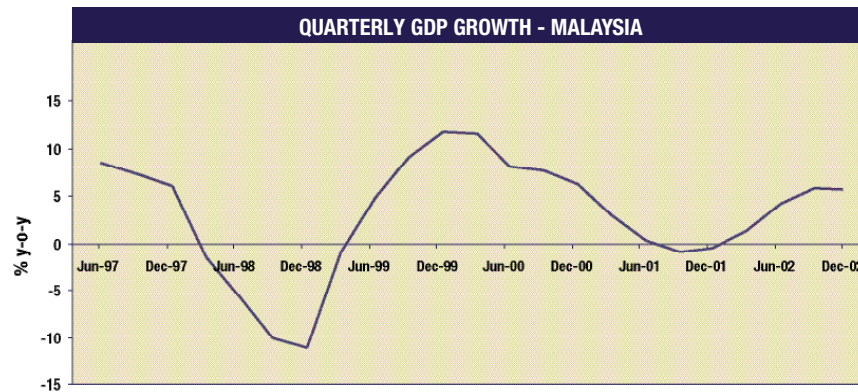
Despite the challenging outlook for the stockbroking industry and with the continuous support from all, we are confident that OSK will again rise to the occasion and meet the challenges facing us in this tough business environment.

Dato' Nik Mohamed Din Bin Datuk Nik Yusoff
Executive Chairman

27 February 2003



2002 ECONOMIC REVIEW



The handling of the economy by the Government cannot be more appropriate. Malaysia's economy rebounded gradually in 2002 led by stronger public sector spending. The right combination of fiscal and monetary measures in 2001 to curb the effect of the downturn has set the stage for a recovery in 2002. By the 2nd quarter, the economy was already on a stronger footing as improvement in domestic demand added further credence to the recovery. While capital investment remained sluggish, it has recovered from the sharp contraction registered in the 2nd half of 2001. External demand too was encouraging with a turn around in the export sector. Exports swung back into force by registering double-digit growth rate of 11.1% in the 3rd quarter for the first time in the past eight quarters.

The performance of the commodity sector was also aided by stronger crude oil and palm oil prices during the year. The average crude oil price rose above USD30/barrel by the end of the year from the average of only USD19/barrel in the early part of the year. Palm oil soared from an average of RM1,128 in January to RM1,704 by December. This has lifted growth in the agriculture and mining sectors.

In general, economic growth in 2002 was smoother and suffered less hiccups than the preceding year, although our financial market is still lacking momentum. A low interest rate environment and accommodative fiscal and monetary policies help revived domestic activities during the year. Consumers were more sanguine about economic prospects and were willing to spend while public sector spending had boosted the construction sector. Robust vehicle sales and construction spending in turn boosted domestic-oriented manufacturing activities.

EXTERNAL SECTOR

The excesses of the past continue to haunt the electronics industry, where pricing power of companies remained elusive. However, demand condition, which was much more stable in 2002 than in 2001, had brought cheers to our manufacturing sector goods and vis-à-vis our exports. Nevertheless, during the year, the unrelenting

effort by the U.S. to disarm Iraq had triggered fears of an imminent war that would cripple crude oil supply and send the price of the commodity sky rocketing. Businesses are concerned that rising crude oil prices will squeeze their bottom line and consumers are worried that the economy will falter. On the currency front, USD fell against the Yen and the Euro. The worsening current account deficits and the widening budget deficits in the U.S. prompted investors to shift away from USD, sending the greenback relatively lower against other international currencies.

OUTLOOK

Our Government's policy has always been in favour of boosting domestic demand as a mean to mitigate the influences of the external sector. Aimed at bolstering domestic demand, fiscal policy continues to be expansionary while monetary policy remains accommodative. These pro-business policies, together with a stable external sector will be the driving force behind the economic growth this year. The labor market is expected to gradually improve as economic activities gather strength while public spending will add stimulation to the economy. Sound macroeconomic fundamentals also lend support to the stability of the fixed exchange rate regime and stronger commodity prices strengthen the flow of foreign exchange into Malaysia. Low inflation, stable exchange rate and strong international reserves allow monetary policy to remain accommodative and continue to support the nurturing of domestic activities.

The diversified nature of our economic activities makes our exposure to cyclical downturn less painful. In the past, while most countries in the region struggled to cushion a severe downturn in the export-led recession, Malaysia managed to achieve a positive growth albeit marginally. The Malaysian government has been instrumental in engineering an economic policy that has successfully shielded the economy from the slowdown in the external sector. We have confidence in our Government in carrying out appropriate policy measures for the good of the country and the people.

STOCK MARKET REVIEW 2002

The year 2002 was indeed another bad year for equity markets as stock markets around the world experienced one of the largest contractions in percentage term. The much-anticipated recovery in global economy failed to materialise as accounting scandals and war jitters took centre stage.

Although the year 2002 started out on a positive note, driven by rising optimism that global economic picture had turned positive, the Enron and Worldcom accounting scandals resulted in investors turning cautious while continuous weak U.S. economic data meant that earnings expectations for Corporate America were too ambitious. Just when things were beginning to look-up, the October 12 Bali bomb blast sent shivers across equity markets, especially the Indonesian, Malaysian, Thailand and Philippines bourses.

In terms of relative performance, both the Dow and Nasdaq fell by 17% and 32% respectively in 2002. In the last three years alone, these two markets have fallen by 27% and 67% respectively.

Asian bourses were mixed with more developed markets experienced steeper falls while less developed markets had mixed results. The Indonesian Composite Index ("JCI") and Thai SET put on credible shows in 2002 and emerged as two of the best performing markets in Asia last year. Taiwan, Japan, Singapore and Hong Kong were among Asia's worst performing markets as their over dependence on the U.S. and rising unemployment in these countries sent their stock markets tumbling.

The slowdown in the U.S. economy had a contagion effect not only on Malaysia, but globally. Asia, whose growth is

largely dependent on exports, suffered a severe blow as U.S.' ability to import was reduced drastically during the course of the year.

As for the local bourse, the KLSE experienced a run-up in the beginning of the year, which witnessed the benchmark Kuala Lumpur Composite Index ("KLCI") hitting the year's high of 808.07 points on 23 April 2002. Two major initial public offerings ("IPO") of Maxis Communications Bhd and PLUS Expressways Bhd, generated strong interest as both were well oversubscribed.

For the local bourse, the year 2002 started out on a positive note as foreign funds poured in following rating upgrades as well as relatively inexpensive valuations. However, MSCI's decision to lower Malaysia's weighting as well as our Prime Minister's decision to step down caused investors to turn cautious on equity markets. Even the economic data churned out and quarterly results released by some of Malaysia's largest corporations too had negative implications on the local bourse. Just as the market was stabilising, the unexpected occurred. The October 12 Bali blast sent most regional bourses sharply down, causing investors to turn jittery due to heightened risks and fears of terrorism.

The last couple of months on the KLSE was dictated by external factors as rising fear of war in the Middle East as well as expectations that the U.S. may be in for a double dip recession caused investors to be cautious. The KLCI hit the year's low of 616.46 pts on 3 December 2002. However, thanks largely to mild window dressing activities, the benchmark 100 stock index managed to close the year with a loss of just over 7%.





SECTORAL PERFORMANCE

On the local bourse, although the widely followed KLCI fell, the KLSE all-stock EMAS Index outperformed the KLCI as it fell by less than 5%. The Second Board Index performed miserably, falling by almost 27%. Two conclusions can be drawn from the above performance. The first is that KLCI fell at a faster pace than the EMAS index mainly due to poor performance of stocks like

Telekom, Tenaga, Maybank, Petronas Gas and MISC, which fell by 9-23% in 2002. The second is that investors clearly avoided the Second Board stocks as most of these stocks have poor following. At the same time the classification of some of these stocks into the PN4 sector caused investors to be mindful of investing in the sector.

Country	Index	Index as at End of 2001	Index as at End of 2002	% change
Thailand	SET	303.85	356.48	17.3
Indonesia	JCI	392.036	424.945	8.4
Malaysia	KLCI	696.09	646.32	(7.1)
Korea	KOSPI	693.70	627.55	(9.5)
Philippines	PCOMP	1168.08	1013.71	(13.2)
US	Dow Jones	10021.50	8341.63	(17.4)
Singapore	STI	1623.60	1341.03	(17.4)
Hong Kong	Hang Seng	11397.21	9321.29	(18.2)
Japan	Nikkei	10542.62	8578.95	(18.6)
Taiwan	TWSE	5551.24	4452.45	(19.8)
US	S&P 500	1148.08	879.82	(23.4)
UK	FTSE 100	5217.40	3940.40	(24.5)
US	Nasdaq	1950.40	1335.51	(31.5)

KLSE	31-Dec-01	31-Dec-02	% change
Composite	696.09	646.32	(7.1)
Emas	165.23	157.25	(4.8)
2nd Board	134.13	98.24	(26.8)
Mesdaq	88.08	83.25	(5.5)
Plantations	1615.35	1852.70	14.7
Consumer	167.14	167.94	0.5
Industrial Products	67.60	65.64	(2.9)
Finance	5095.67	4857.54	(4.7)
Mining	204.09	193.75	(5.1)
Trading/Services	103.77	97.47	(6.1)
Property	599.64	640.91	(9.8)
Construction	177.35	150.84	(14.9)
Technology	54.84	45.04	(17.9)
Average Daily Value (RM'm)	349.00	471.18	35.0
Average Daily Volume (m)	203.91	227.20	11.4

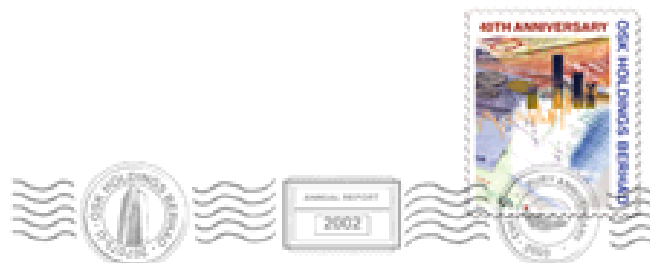
STOCK MARKET REVIEW 2002 (CONT'D)

Despite the weak market in 2002, whereby external factors ruled market direction, certain sectors and specifically selected key blue chips were clear winners in 2002, notably the plantation, timber, construction and selected gaming, power, and banking stocks. A look at the top ten market performers for 2002 suggests that investors would be duly rewarded had they invested in the above sectors. In fact, the KLSE Plantation Index and the KLSE Consumer Index were the only two sub-indices of the market that provided positive returns to investors. The

KLSE Construction and Technology indices were clear losers, dropping by 15% and 18% respectively.

A look at 2002 winners and losers suggest investors basically flocked to stocks which were deemed undervalued as well as stocks which underwent restructuring during the course of the year. Losers were clearly PN4 companies as well as selected Second Board stocks.

TOP TEN PERCENTAGE GAINERS IN 2002		TOP TEN PERCENTAGE LOSERS IN 2002	
Company	% change	Company	% change
NWP Holdings Bhd	246.5	Jutajaya Holdings Bhd	(95.1)
Killinghall Bhd	101.1	General Lumber Fab	(92.3)
Hume Industries Bhd	91.1	Aokam Perdana	(91.2)
Pohmay Holdings Bhd	83.5	Tongkah Holdings	(90.7)
Kulim Malaysia Bhd	81.7	General Soil Engineering	(89.8)
Uchi Tech Bhd	69.7	PICA	(89.7)
Powertek Bhd	69.0	Penas Corp	(89.3)
Multi-Purpose Holdings Bhd	68.9	Sriwani Holdings Bhd	(88.3)
DMIB Bhd	66.7	UCP Resources	(85.3)
Ranhill Bhd	65.8	Geahin Engineering	(84.8)



STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors of OSK ("the Company") recognises and subscribes to the importance of the principles and best practices set out in the Malaysian Code of Corporate Governance ("the Code") as a key factor towards achieving an optimal governance framework and maximising the shareholders' value of the Company.

With this in mind, measures and efforts have and shall be taken to ensure as far as practicable the adoption and implementation of the Code's Best Practices and the Listing Requirements of Kuala Lumpur Stock Exchange ("the Listing Requirements") in the Company's governance.

A. THE BOARD

The Board's principal responsibilities are to determine the strategic direction of the Company and to oversee the conduct of the Company's business to evaluate whether the business is being managed properly.

In line with the Code, the Chairman and Chief Executive Officer/Managing Director of the Company are different persons with accepted division of responsibilities.

The Board currently consists of eight Directors, three of whom are Independent Non-Executive and another who is Non-Independent Non-Executive, compliant with the Listing Requirements. The Independent Non-Executive Directors are persons of calibre and credibility with the ability to exercise independent judgement to the Board without fear or favour. Their role is to ensure that any decision of the Board is deliberated fully and objectively having regard to the long term interest of all stakeholders.

The current composition of the Board contributes extensive experience and expertise to the Company in the areas of stockbroking, finance, accounting, economics, sociology and law. The profiles of all members of the Board are set out in the Directors' Profile appearing on Pages 9 to 11 of the Annual Report.

All the Directors of the Company have attended and completed the Mandatory Accreditation Programme prescribed by KLSE for directors of public listed companies.

Currently, the newly formed Nomination Committee, comprising a majority of Independent Non-Executive Directors recommends all appointments to the Board. Details of the Nomination Committee are set out on Page 23 of this Annual Report.

During the financial year in review, the Board met 6 times. Details of the Directors' attendance at such meetings are as set out below:

Directors	Total No of Meetings	Meetings Attended
1. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	6	4
2. Ong Leong Huat @ Wong Joo Hwa	6	6
3. Dato' Nik Mohamed Bin Nik Yahya	6	6
4. Wong Chong Kim	6	5
5. Wong Chong Che	6	6
6. Dato' Mohamed Tarmizi Bin Mohd Tahir	6	4
7. Dr Choong Tuck Yew	6	5
8. Dr Kamaruddin Bin Mohd Said (appointed on 22 April 2002)	5	5
9. Chin Cheng Mei (resigned on 22 April 2002)	1	1
10. Gan Neap Kai (resigned on 1 September 2002)	4	4

STATEMENT OF
CORPORATE GOVERNANCE (CONT'D)

B. SUPPLY OF INFORMATION

Directors are provided with notices and Board papers prior to Board Meetings to give Directors time to deliberate on issues to be raised at meetings.

All Directors have direct access to the services of the Company Secretary and to the Senior Management. Independent professional advice is also made available to the Directors in furtherance of their duties in the event such services are required.

C. REMUNERATION OF DIRECTORS

The Directors' fees are approved by the shareholders at the Annual General Meeting. At present, a Remuneration Committee comprising a majority of Independent Non-Executive Directors recommends the remuneration of the Executive Directors to the Board. The Chairman of this Committee is an Independent Non-Executive Director. Details of the Remuneration Committee are set out on Page 23 of this Annual Report.

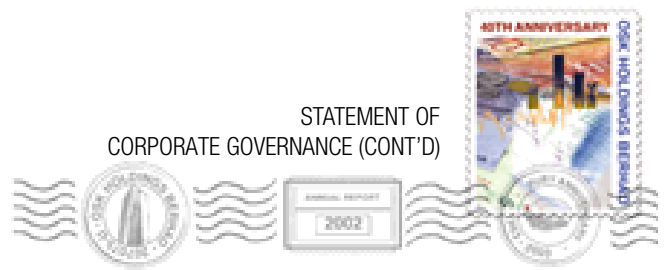
The Directors' remuneration for the current financial year consists of the following:

	Executive RM	Non-Executive RM	Total RM
Amount received/receivable from the Company:			
Fee	40,000	40,000	80,000
Amount received/receivable from subsidiary companies:			
Fee - current financial year	74,000	13,000	87,000
- under provision in prior year	9,000	750	9,750
Bonus / Incentive	705,250	188,720	893,970
Gratuity *	200,000	-	200,000
Salaries	2,026,800	-	2,026,800
	3,015,050	202,470	3,217,520
Benefits-in-kind	44,600	-	44,600

* This was paid to a resigned director during the financial year.

The number of Directors of the Company in each remuneration band in respect of services rendered to the Company and subsidiaries for the current financial year are as follows:

	Executive	Non-Executive	Total
Group			
RM50,000 and below	-	3	3
RM50,001 - RM100,000	2	-	2
RM150,001 - RM200,000	-	1	1
RM350,001 - RM400,000	2	-	2
RM650,001 - RM700,000	1	-	1
RM1,500,001 - RM1,550,000	1	-	1
	6	4	10



D. RELATIONS WITH SHAREHOLDERS

The Board has always recognised the importance of accurate and timely dissemination of information to its shareholders and potential investors. The maintenance of an effective communication policy between all members of the public and the Company is also of primary importance.

The main methods with which this is achieved are:

- a. Timely and accurate disclosures and announcements made to KLSE.
- b. The Annual General Meeting. This is the principal forum of dialogue with the shareholders whereby ample opportunities are given to all shareholders to raise any issues pertaining to the Company as deemed fit.
- c. The Group Corporate Communications Department in the Company which amongst others addresses any inquiries that the public may have in respect of the Company.
- d. The Company's web site at www.osk.com.my

E. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board takes responsibility for presenting a balanced, clear and understandable assessment of the Group's financial positions and prospects in the annual financial statements to the shareholders, investors and regulatory authorities.

The Statement by Directors pursuant to section 169 of the Companies Act, 1965 is set out on page 104 of this Annual Report.

Internal Control

The setting up of an effective system of internal control is a primary responsibility of the Board of Directors in ensuring a proper risk management environment. With this, the Board has ensured that the system of internal control which has already been put in place, takes into account the process of identifying the principal risks, the likelihood of occurrence, the materiality and adequacy of the internal control associated with these risks.

The Board of Directors recognises that risks cannot be eliminated completely, however, with the implementation of a proper system of internal control, the Directors and Senior Management of the Group aim to provide reasonable assurance against material misstatements, losses and frauds.

In order to ensure that the system of internal control remains effective, efficient and is being monitored adequately and enhanced as and when the need arises, the Board has set up an Internal Audit Department ("IAD"), which is completely independent from all the operations departments to perform regular reviews and examinations of the existing activities in accordance to compliance and risk management requirements. The IAD reports directly to the Audit Committee of which majority of the members are Independent Directors.

The Board has also set up the Risk Management and Compliance Departments to review on regular basis, the effectiveness of the risk policies as well as compliance to the regulatory requirements.

Relationship with Auditors

The Board has via the Audit Committee ("AC") established formal and transparent relationship with both the internal and external auditors. Both auditors have been invited to attend and present their audit results in AC meetings, where key issues concerning the independence and objectivity of the auditors, have also been stressed in the meeting. In addition, the AC takes responsibility to ensure that adequate resources are allocated and provided to the internal auditors to carry out their duties according to the annual audit plan.

F. SANCTIONS AND/OR PENALTIES IMPOSED

The Company is not aware of any sanctions/penalties imposed on the Company, its subsidiaries, directors or management by the relevant regulatory bodies that have been made public.

G. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

The following are the particulars of the material contracts still subsisting at the end of the financial year:

1. Project Management Services Agreement dated 30 June 1999 entered between OSK Properties Sdn Bhd ("OSKP"), a subsidiary of OSK Property Holdings Berhad ("OSKPH") which in turn is a subsidiary of the Company, and PJD Management Services Sdn Bhd ("the Project Manager") appointing the Project Manager to manage the project of Phase 1 of the development of the land held under Lot 18479 and 14215, Mukim Sungei Petani, Kedah Darul Aman into a housing and commercial development comprising housing estates and commercial areas together with all ancillary and related development ("the Development Project") for a period of three years commencing 1 July 1999 at the fee of RM50,000.00 per month subject to the terms and conditions of the Agreement.

Relationship

The Project Manager is a wholly owned subsidiary of PJ Development Holdings Berhad ("PJD"), a construction company listed on the Main Board of Kuala Lumpur Stock Exchange. PJD is a substantial shareholder of OSK Holdings Berhad. Mr Ong Leong Huat ("OLH"), Mr Wong Chong Kim ("WCK") and Mr Wong Chong Che ("WCC"), Directors of the Company, are the brothers of Mr Wong Ah Chiew ("WAC") and Mr Wong Chong Shee ("WCS") who are Directors of PJD. Also, WAC is a Director of the Project Manager whilst OLH and WCK are Directors of OSKPH. Madam Khor Chai Moi, a Director of PJD and the Project Manager, is the wife of OLH.

Dato' Mohamed Tarmizi Bin Mohd Tahir is Independent Non-Executive Director of both the Company and PJD.

2. Power of Attorney dated 24 August 1999 granted by OSKP to the Project Manager to do and execute any or all the acts, deeds and documents in connection with the Development Project.

Relationship

As described in (1) above.

3. Supplemental Project Management Services agreement dated 10 November 2000 entered between OSKP and the Project Manager in respect of the continued appointment of the Project Manager for Phase 1, Phase 2 and other Phases of the Development Project mentioned in (1) above for an extended period of 52 months commencing from 1 July 1999 at an increased fee of RM75,000.00 per month with effect from 1 October 2000.

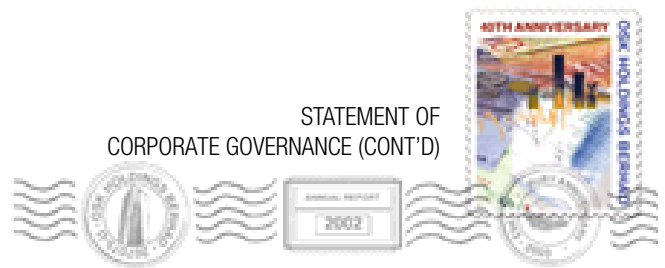
Relationship

As described in (1) above.

4. Power of Attorney dated 10 January 2001 granted by OSKP to the Project Manager to do any or all acts, deeds and documents in connection with Phase 2 and all other phases of the Development Project mentioned in (1) above.

Relationship

As described in (1) above.



H. BOARD COMMITTEES

There are three committees established to assist the Board in the discharge of its duties, namely the Audit Committee, Remuneration Committee and the Nomination Committee.

Audit Committee

Particulars of the Audit Committee are on page 25 of this Annual Report.

Remuneration Committee

Composition

- | | | |
|----------|---|---|
| Chairman | - | Dato' Mohamed Tarmizi Bin Mohd Tahir – Independent Non-Executive Director |
| Members | - | Dr Choong Tuck Yew – Independent Non-Executive Director |
| | | Mr Ong Leong Huat – Group Managing Director/CEO |

Authority

The Committee is granted the authority to recommend to the Board of Directors the remuneration of the Executive Directors in all its forms.

Frequency of Meeting

The Committee is to meet at least once a year.

Terms of Reference

- To review that the existing level of remuneration of Executive Directors is compatible with their corporate and individual performance.
- To recommend to the Board of Directors the remuneration of Executive Directors which is structured to link rewards to corporate and individual performance. Executive Directors should play no part in decisions on their own remuneration.
- In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the particular Non-Executive Director(s) concerned. Determination of remuneration packages shall be a matter for the Board as a whole. The individual(s) concerned shall abstain from discussion of their own remuneration.
- The Company shall establish a formal and transparent procedure on Executive Directors' remuneration and fix the remuneration packages of individual Director.

Nomination Committee

Composition

- | | | |
|----------|---|---|
| Chairman | - | Dato' Mohamed Tarmizi Bin Mohd Tahir – Independent Non-Executive Director |
| Member | - | Dr Choong Tuck Yew – Independent Non-Executive Director |

Authority

The Committee is granted the authority to propose new nominee(s) for the Board and to assess Directors on an on going basis and is obliged to report its recommendations back to the full Board for its consideration and implementation. The actual decision as to who shall be nominated should be the responsibility of the full Board after considering the recommendations of the Committee.

H. BOARD COMMITTEES (CONT'D)

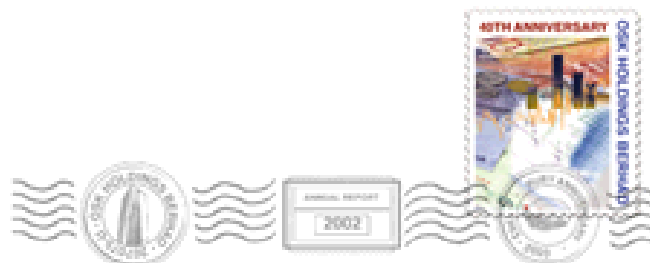
Nomination Committee (Cont'd)

Frequency of Meeting

The Committee is to meet at least once a year.

Terms of Reference

- To recommend to the Board, the candidates for all directorships to be filled by the shareholders or the Board.
- To consider, in making its recommendations, candidates for directorships proposed by the Group Managing Director/Chief Executive Officer and, within the bounds of practicability, by any other senior executive(s) or any Director(s) or shareholder.
- To recommend to the Board, the Director(s) to fill the seat(s) on Board Committees.
- To review annually the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board.
- To assess the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.



AUDIT COMMITTEE REPORT

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2002.

MEMBERSHIP

The Committee shall be appointed by the Board from amongst the Directors of the Company, a majority of whom must be independent. At least one member of the Committee:

- must be a member of the Malaysian Institute of Accountants; or
- if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years of working experience and
 - he must have passed the examination specified in Part I of the 1st Schedule to the Accountants Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule to the Accountants Act, 1967.

The members of the Committee shall elect the Chairman from among their number who shall be an Independent Director. No alternate director is to be appointed as a member of the Committee. The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three (3) years. In the event of any vacancy in an Audit Committee resulting in the non-compliance of sub-paragraph 15.14(1) of the Listing Requirement, the vacancy must be filled within 3 months.

The Audit Committee consists of the following members:

Name	Designation
Dr Choong Tuck Yew (Independent Non-Executive Director)	Chairman
Dato' Mohamed Tarmizi Bin Mohd Tahir (Independent Non-Executive Director)	Member
Mr Wong Chong Kim (Executive Director)	Member
Dr Kamaruddin Bin Mohd Said (appointed on 22 April 2002) (Independent Non-Executive Director)	Member

TERMS OF REFERENCE

- a. Review and report to the Board of Directors:
 - with the external auditor, the audit plan;
 - with the external auditor, his evaluation of the system of internal controls;
 - with the external auditor, his audit report;
 - the assistance given by the employees of the listed issuer to the external auditor;
 - the adequacy of the scope, functions and resources of Internal Audit functions and that it has the necessary authority to carry out its work;
 - the Internal Audit programme, processes, the results of the Internal Audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the Internal Audit function;
 - the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
 - changes in implementation of major accounting policies and practices;
 - the going concern assumptions;
 - significant adjustments arising from audit;
 - major judgemental areas;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements.

AUDIT COMMITTEE REPORT (CONT'D)

- any related party transactions and conflict of interest situation that may arise within the listed issuer of the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - any letter of resignation from the external auditors of the listed issuers; and
 - whether there is reason (supported by grounds) to believe that the listed issuer's external auditor is not suitable for reappointment; and
- b. To recommend the nomination of a person or persons as external auditor;
- c. To perform such other functions or duties as may be agreed to by the Audit Committee and the Board of Directors.

AUTHORITY

The Audit Committee shall:

1. have the authority to investigate any activity of the Company and its subsidiaries within its terms of reference, and all employees are directed to cooperate as requested by members of the Audit Committee;
2. have the resources which are required to perform its duties;
3. have full and unrestricted access to any information pertaining to the Company within its terms of reference;
4. have direct communication channels with the external auditors and persons performing the internal audit functions or activities;
5. be able to obtain independent legal or other professional advice and secure the attendance of outsiders with relevant experience or expertise and expenses if it considers necessary; and
6. be able to convene meetings with the external auditors, without the presence of the executive members of the Committee, whenever deemed necessary.

ATTENDANCE AT MEETINGS

During the financial year ended 31 December 2002, the Audit Committee held a total of 4 meetings. The details of attendance of the Committee members are as follows:

Name of Committee Member	No of meetings attended
Dr Choong Tuck Yew	3 / 4
Dato' Mohamed Tarmizi Bin Mohd Tahir	3 / 4
Mr Wong Chong Kim	4 / 4
Dr Kamaruddin Bin Mohd Said (appointed on 22 April 2002)	3 / 4

The quorum for meetings of the Audit Committee shall be two (2) members and the majority of members present must be Independent Directors.

Head of Group Internal Audit, Head of Group Finance and Accounts, Head Of Group Compliance and the representatives of the external auditors are invited to attend the Committee meetings. The Company Secretary shall be the Secretary to the Audit Committee.

SUMMARY OF ACTIVITIES

During the year under review, the following were the activities of the Audit Committee:

1. Reviewed and discussed the observations, recommendations and Audit Report and the Management's comments in respect of the issues raised by the external auditors on their evaluation of the system of internal control;
2. Reviewed the staffing requirements of the Internal Audit Department to ensure that the Internal Audit Department was adequately staffed by employees with the relevant skills, knowledge and experience to enable the Internal Audit Department to perform its role including the provision of training.



3. Reviewed the adequacy of the scope, functions and resources of the internal audit function, and that it had the necessary authority to carry out its work;
4. Reviewed the performance of the staff of the internal audit function, approved any appointment or termination of senior staff and to be informed of resignation of any internal audit staff members;
5. Reviewed and discussed the internal audit reports. The Committee were briefed by the Head of Group Internal Audit that in a few instances, the audit process identified certain control and operational weaknesses which were brought to the attention of the management, and that adequate corrective action had been taken to rectify the weaknesses;
6. Reviewed the quarterly and year end financial statements and ensured that the financial reporting and disclosure requirements of relevant authorities had been complied with, focusing particularly on;
 - changes in or implementation of major accounting policies and practices;
 - the going concern assumption;
 - significant adjustments arising from audit;
 - major judgemental areas, significant and unusual events; and
 - compliance with accounting standards and other legal requirements.
7. Reviewed the related party transactions and conflict of interest situation that arised within the Company or Group including any transactions, procedures or course of conduct that raised questions of management integrity.

INTERNAL AUDIT FUNCTION

The Board recognises the importance of the internal audit function and the independent status required for it to carry out the job effectively. Therefore, in order to establish an effective system of internal control, an Internal Audit Department has been established by the Board since 1994. In the year 1999, the Board has set up Information Technology Audit after considering the advancement of Information Technology applicable to the financial services industry. It is the duty of the Audit Committee and Board to ensure that sufficient staff has been allocated to this department. The Group Internal Audit has introduced risk based auditing approach with risk focused audit programme in order to ensure that the principal risks are being established and mapped with the existing system of internal control. The Group Internal Audit will carry out its duties according to the audit plan, and areas of concern that need further improvement are highlighted in audit reports and discussed in the Audit Committee meetings openly. The Board has via the Audit Committee evaluated the effectiveness of the Group Internal Audit by reviewing the results of its work in the Audit Committee meetings.

STATEMENT ON THE STATE OF INTERNAL CONTROL

INTRODUCTION

Risk, which is inherent in the business, is an uncertainty faced by the Group in its day to day operations. Therefore, it is vital for the Group to have a sound system of internal control and risk management strategies to mitigate the risks faced by the Group. The Board acknowledges the risk impact and recognises that it is its primary responsibility to ensure that risks related to the Group are identified, measured, managed with appropriate system of internal control, and monitored on an ongoing basis throughout the year. Once risks have been identified, appropriate control systems to manage and control these risks are maintained and reviewed regularly. A sound system of internal control will safeguard shareholders' investment and the Group's assets against potential shortcomings.

TYPES OF RISKS

The principal business activity of the Group is stockbroking, complemented by unit trust, futures trading, capital financing, venture capital and properties development.

The risk exposure faced by the Group can be broadly categorised into market, credit and operational risks as:

- | | |
|-------------------------|--|
| Market Risk | - Market risk is the risk of potential losses due to changes in the market value of financial or non-financial assets held by the Group. Market risk normally stems from equities, fixed-income, commodities and foreign exchange. The market risk that OSK is exposed to, stems mainly from equities by virtue of our activities in underwriting, investments, trading, and unsold properties developments. |
| Credit Risk | - Credit risk is the risk of economic loss due to the failure of a counterparty to fulfill its obligations under a contractual agreement with the Group. At OSK, credit risk comes mainly in the form of settlement risk, margin financing default risk, concentration credit risk and credit assessment risk. |
| Operational Risk | - Operational risk is the risk of opportunity cost or economic loss due to inadequate procedures and policies, system failure, human error, lack of basic internal control, settlement failure, liquidity problem, non-compliance with the rules and regulations or other management failure i.e. oversight, unauthorised dealings, fraud in trading, legal and reputation, etc. |

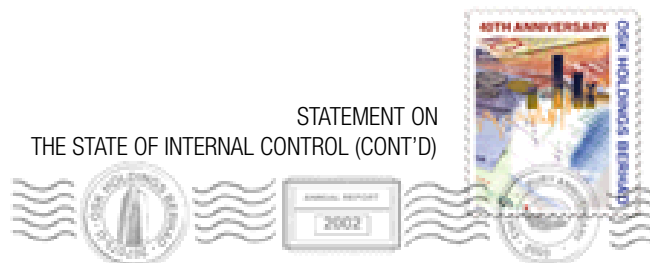
ONGOING PROCESS FOR IDENTIFYING, EVALUATING AND MANAGING RISKS

The Board is responsible for the identifying, measuring and managing the principal risks encountered by the Group. This duty has been carried out via regular Board Meetings to discuss and comment on significant events, policies and procedures and financial impact within each business area.

Governing bodies on risk assessment and ongoing risk identification, measurement and management of principal risks, within the Group are as follows:

- The Audit Committee whose main role is to review, on behalf of the Board, the key risks inherent in the business and the system of control necessary to manage such risks, and to present its findings to the Board. The Audit Committee assumes its roles and responsibilities via Group Internal Audit. To ensure that risks are managed effectively, Risk Based Auditing ("RBA") approach which begins with risk identification, measuring, and mapping of control has been introduced and implemented. Ongoing risk assessments are performed by Group Internal Audit and to test how adequate risks are being managed adequately.
- Risk Management Department / Risk Management Committee in one of the key subsidiaries which plays a significant role in contributing to the establishment of a more conducive risk management environment. New products introduced during the year have been evaluated via New Product Committee with a view to ensure that principal risks are being identified, measured and managed with an adequate system of control.

STATEMENT ON THE STATE OF INTERNAL CONTROL (CONT'D)



- Other parts of the business entities in the Group also play important roles in ensuring that the above risk management process is being carried out on an ongoing basis. These include the Credit Control Department which is primarily responsible for managing credit risk related activities and the Operations Department which is primarily in charge of managing settlement risks. The supervision of funding and liquidity risk activities is under the purview of Group Finance and Accounts Department. The Group Compliance Department established under the key subsidiaries operating under the regulated environment plays a vital role in ensuring compliance with the relevant rules and regulations.

SYSTEM OF INTERNAL CONTROL

- Establishment of a conducive control environment in respect of the overall attitude, awareness and actions of Directors and management regarding the internal control system and its importance in the entity;
- Recruitment of experienced, skilled and professional staff with the necessary caliber to fulfill the allotted responsibilities. This should also ensure that sufficient employees are allocated in ensuring that minimum control is in place;
- Clear organisation structure and reporting lines. Clearly defined lines of responsibilities and appropriate levels of delegation;
- Adequate segregation of duties to prevent human errors, fraud and abuses via independent checks, review and reconciliation activities;
- Adequate physical control is in place to safeguard the Group's assets;
- Documented limits of Approving Authorities ("AA") for key aspects of the businesses which have been approved by the Board. This provides a sound framework of authority and accountability within the organisation and facilitates proper corporate decision making at the appropriate level in the organisation's hierarchy. Such AA list is subject to periodic review either via Policy Review Committee or as and when there are changes due to special circumstances;
- Establishment of specific structure limits for managing market, credit and operational risks such as single security, single client, single product, proprietary position, individual trader and business unit and stop loss limit etc. Procedures for authorising limit excesses must be established and serious breaches reported to the supervisory board. These limits should be reviewed and revised regularly;
- Documented policies and procedures of most of the key operating units in the Group;
- Regular and comprehensive management reports to the Board from various lines of business units, on key operating statistics, environmental and regular matters. This will allow for an effective monitoring of significant variances against budget and plan;
- Disaster recovery backup plan to provide business continuity has been established for one of the key business activities. There are also off-line procedures for branches to implement in case of system failure at branches. These disaster recovery plans are tested from time to time and enhanced whenever required;
- Internal Audit independently reviews the risk identification procedures and control processes implemented by management, and reports to the Audit Committee on a quarterly basis. The Internal Audit provides assurance over the operation and validity of the system of internal control.

The Board believes that the system of internal control in the Group is adequate and has been effective in its function. There has been no major breakdown of the system of internal control that has caused any material losses. While the Board believes that the implemented system is adequate and effective, it can only provide a reasonable and not an absolute assurance against material misstatement or loss.

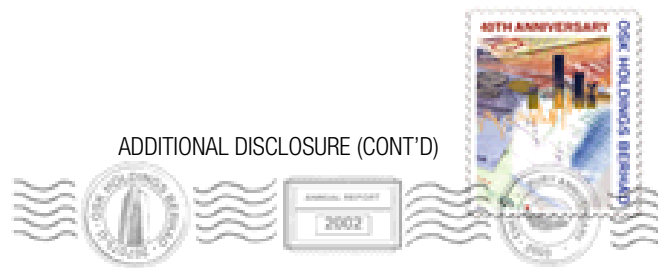
Moving forward, the Group will endeavour to continue improving and enhancing the existing system of internal control in the Group pertaining to the identified risks, with the anticipation of changing business environment due to change in technologies and regulatory requirements etc.

ADDITIONAL DISCLOSURE

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Details of recurrent related party transactions made during the financial year ended 31 December 2002 pursuant to the shareholders' mandate obtained by the Company at the Extraordinary General Meeting held on 21 May 2002 are as follows:

Name of Company/ Group Involved	Nature of Transaction	Name of Related Party	Relationship with Listed Issuer – Interested Directors, Major Shareholders and Persons Connected	Aggregate Value of Transactions ¹ (RM)
OSK Group	Rental of office space by the PJD Group	PJD Group	OLH,WCK,WCC,DT (See Note 2)	642,944
OSK Group	Construction works by the PJD Group	PJD Group	OLH,WCK,WCC,DT (See Note 2)	11,325,060
OSK Group	Provision of project management services by the PJD Group	PJD Group	OLH,WCK,WCC,DT (See Note 2)	1,256,511
OSK Group	Accommodation in hotels owned by the PJD Group	PJD Group	OLH,WCK,WCC, DT (See Note 2)	207,078
OSK Group	Procurement of insurance policies by the OSK Group	Dindings Group	OLH,WCK,WCC (See Note 3)	1,050,157 (See Note 4)
OSK Group	Office maintenance and renovation by the Dindings Group	Dindings Group	OLH,WCK,WCC (See Note 3)	230,326
OSK Group	Construction works by the Dindings Group	Dindings Group	OLH,WCK,WCC (See Note 3)	7,048,435
OSK Group	Rental of office space by the Dindings Group	Dindings Group	OLH,WCK,WCC (See Note 3)	97,153
OSK Securities Bhd (“OSKS”)	Rental of office space by Finexasia	Finexasia.com Sdn Bhd (“Finexasia”)	(See Note 5)	-



Name of Company/ Group Involved	Nature of Transaction	Name of Related Party	Relationship with Listed Issuer – Interested Directors, Major Shareholders and Persons Connected	Aggregate Value of Transactions' (RM)
OSK Realty Sdn Bhd ("OSKR")	Rental of office space by OUTM	OSK-UOB Unit Trust Management Bhd ("OUTM")	(See Note 6)	405,300
OSKS	Rental of office space by OUTM	OUTM	(See Note 7)	118,933
OUTM	Rental of office space by OSKC	OSK Capital Sdn Bhd ("OSKC")	(See Note 8)	6,600

NOTES:

1. Aggregate value of recurrent related party transactions incurred during the financial year ended 31 December 2002.
2. PJD is a substantial shareholder of OSK through its wholly-owned subsidiaries Pengerang Jaya Pte Ltd and PJ Equity Sdn Bhd. As at 31 December 2002, PJD's indirect shareholding in OSK was 7.25%. Mr Ong Leong Huat ("OLH"), Mr Wong Chong Kim ("WCK") and Mr Wong Chong Che ("WCC"), directors of OSK, are the brothers of Mr Wong Ah Chiew ("WAC") and Mr Wong Chong Shee ("WCS"), who in turn are directors of PJD. Madam Khor Chai Moi ("KCM"), a director of PJD, is the wife of OLH. Dato' Mohamed Tarmizi Bin Mohd Tahir ("DT") is a director of both OSK and PJD. As at 31 December, 2002 WCK held 1.54% shareholding in PJD. OLH and WCC do not hold any shares in PJD.
3. WAC and KCM are directors and substantial shareholders of Dindings Consolidated Sdn Bhd ("DCSB"). As at 31 December 2002 their shareholdings in DCSB were 17.5% and 14.2%, respectively. WAC is the brother of OLH, WCK and WCC, who in turn are directors of OSK. KCM is the wife of OLH.
4. The OSK Group procures general insurance policies from insurance companies via Dindings Risk Management Services Sdn Bhd ("DRMS"), DC Services Sdn Bhd ("DCSSB") and Dindings Life Agency Sdn Bhd ("DLASB"), being insurance agents and subsidiaries of DCSB. These companies do not charge any fees to the OSK Group as it is the practice of the insurance business to charge fees directly to the insurance companies.
5. Finexasia is an 88% owned subsidiary of OSK Venture Equities Sdn Bhd ("OSKVE"). OSKS and OSKVE are wholly-owned subsidiaries of OSK. Dato' Nik Mohamed Bin Nik Yahya ("DNM") and OLH are common directors of OSKS and OSKVE. OLH is also a director of Finexasia. WCK, a director of OSKS, is the brother of OLH.
6. OSKS and OSKR are wholly-owned subsidiaries of OSK, while OUTM is a 70% owned subsidiary of OSKS.
7. OUTM is a 70% owned subsidiary of OSKS.
8. OSKS and OSKC are wholly-owned subsidiaries of OSK, while OUTM is a 70% owned subsidiary of OSKS.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Statement of Directors' Responsibilities in relation to Financial Statements (in respect of the audited Financial Statements pursuant to Paragraph 15.27 of the Listing Requirement)

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the Group and of the Company at the end of the financial year and of the results of the Group and of the Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group and the Company for the year ended 31 December 2002, appropriate accounting policies have been adopted and applied consistently. In preparing these statements, the Directors have made statements and estimates that are reasonable and prudent. The Directors also consider that all relevant approved accounting standards have been followed in the preparation of these financial statements.

The Directors have a general responsibility for taking such steps to safeguard the assets of the Group and the Company, and to detect and prevent fraud as well as other irregularities.



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The principal activities of the subsidiary and associated companies are described in Note 48 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year other than the disposal of a foreign subsidiary company and subscription of shares in an associated company as disclosed in the financial statements.

FINANCIAL RESULTS

	GROUP RM	COMPANY RM
Profit after taxation	37,155,185	124,044,177
Minority interests	(463,450)	-
Profit for the financial year	36,691,735	124,044,177
Retained profits brought forward - restated	270,829,344	226,868,462
Profits available for appropriation	307,521,079	350,912,639
Dividends	(18,096,277)	(18,096,277)
Retained profits carried forward	289,424,802	332,816,362

DIVIDENDS

Dividends paid or declared by the Company since the end of the previous financial year were as follows:

- A final dividend of 2.5 sen per share less 28% income tax amounting to RM9,152,142 in respect of the financial year ended 31 December 2001 was approved by the shareholders at the Annual General Meeting on 21 May 2002 and paid on 26 July 2002.
- An interim dividend of 2.5 sen per share less 28% income tax amounting to RM8,944,135 in respect of the financial year ended 31 December 2002 was paid on 1 November 2002.
- The directors recommend the payment of a final dividend of 2.5 sen per share less 28% income tax for the financial year ended 31 December 2002.

The adoption of Malaysian Accounting Standards Board ("MASB") No. 19 on "Events After the Balance Sheet Date" resulted in a change in accounting policy which required a reversal of the dividend provided for but proposed after the balance sheet date to be made. This change of accounting policy is applied retrospectively and the opening balance of retained earnings is restated as disclosed in the Statements of Changes in Equity.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.



DIRECTORS' REPORT (CONT'D)

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts had been written off and adequate allowance has been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount of bad debts written off or the allowance for doubtful debts in the financial statements inadequate to any material extent.

CURRENT ASSETS

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets which would be unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- i. any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- ii. any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

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 (12) 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.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than those as disclosed in the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, 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.

SIGNIFICANT EVENTS

Significant events during the financial year are disclosed in Note 44 to the financial statements.

DIRECTORS' REPORT (CONT'D)

SUBSEQUENT EVENTS

Subsequent events are disclosed in Note 45 to the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year other than additional 3,052 new ordinary shares of RM1.00 each arising from the exercise of 3,052 Warrants A 1994/2004 in August 2002.

SHARE BUY-BACK

The shareholders of the Company, by a special resolution passed at the Extraordinary General Meeting ("EGM") held on 18 December 2000, approved the Company's plan to repurchase its own shares. The directors are committed to enhance the value of the Company to its shareholders and are of the opinion that the repurchase plan is to the best interests of the Company and its shareholders. The shareholders of the Company had during the EGM held on 21 May 2002 approved the renewal of authorisation for the aforesaid shares buy-back exercise. In accordance with Kuala Lumpur Stock Exchange's guidelines governing the purchase of own shares by a listed company, the aforesaid approval will continue in force until the conclusion of the forthcoming Annual General Meeting of the Company. On 24 April 2002 and 23 August 2002 respectively, the directors made a Solvency Declaration pursuant to Section 67A of the Companies Act, 1965 and Part IIIA of Companies Regulations, 1966 that amongst others, the Company is and will remain solvent at the time of its purchase of its own shares and that it will not become insolvent by incurring debts involved in the obligation for the shares so purchased.

During the financial year, the Company repurchased 27,244,000 (2001: 21,494,000) of its issued and paid up share capital from the open market at a total cost of RM43,763,386 (2001: RM37,667,229). The highest, lowest and average price paid for the shares repurchased were RM1.98, RM1.31 and RM1.61 (2001: RM2.14, RM1.34 and RM1.75) per share respectively. The repurchase transactions were financed by internally generated funds.

The shares repurchased are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965. The Company may distribute the treasury shares as dividend to the shareholders or re-sell the treasury shares in the market in accordance with the Rules of KLSE or cancel the shares in accordance with Section 67A of the Companies Act, 1965. Pursuant to a special resolution and announcement dated 24 October 2002, 23,437,000 ordinary shares repurchased at a total value of RM41,144,283 were cancelled in accordance with Section 67A of the Companies Act, 1965.

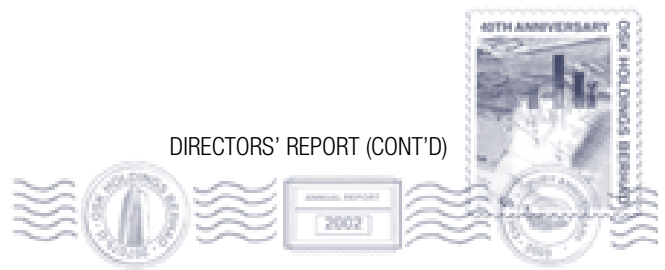
OPTIONS GRANTED OVER UNISSUED SHARES AND DEBENTURES

a. Warrant A 1994/2004

Pursuant to a circular dated 22 December 1998, options granted by way of a detachable Warrant A with the issue of 7% Redeemable Unsecured Bonds 1994/2004 on 23 March 1994 were extended by an additional period of 5 years expiring on 22 March 2004.

Statutory information concerning the Warrant A 1994/2004 is set out below:

- i. Each warrant entitles the holder to subscribe for one (1) new ordinary share of RM1 each in the Company at an adjusted price of RM1.20* (2001: RM1.47) per share;
- ii. The Warrant A 1994/2004 may be exercised at any time during normal business hours up to 5.00 pm on 22 March 2004;
- iii. Full provisions regarding the transferability of Warrant A 1994/2004 to new ordinary shares, which will thereafter rank *pari passu* with the existing ordinary shares of the Company, adjustment of the Exercise Price in certain circumstances, quotation on Kuala Lumpur Stock Exchange and other terms and conditions pertaining to the Warrant A 1994/2004 are set out in detail in a Deed Poll executed by the Company on 19 January 1994 and two Supplementary Deed Polls dated 3 April 1997 and 9 February 1999, which are available for inspection at the registered office of the Company;
- iv. The number of Warrant A 1994/2004 remaining outstanding at the end of the financial year was 102,565,945.



DIRECTORS' REPORT (CONT'D)

OPTIONS GRANTED OVER UNISSUED SHARES AND DEBENTURES (CONT'D)

b. Warrant B 2000/2005

Pursuant to an abridged prospectus dated 7 January 2000, options were granted by way of a detachable Warrant B 2000/2005 with the issue of 3.5% Redeemable Unsecured Bonds 2000/2005 and 6% Irredeemable Convertible Unsecured Loan Stocks 2000/2005 on 2 March 2000. Warrant B 2000/2005 will expire on 1 March 2005.

Statutory information concerning the Warrant B 2000/2005 is set out below:

- i. Each warrant entitles the holder to subscribe for one (1) new ordinary share of RM1 each in the Company at a price of RM2.28* (2001: RM2.80) per share;
 - ii. The Warrant B 2000/2005 may be exercised at any time during normal business hours up to 5.00 pm on 1 March 2005;
 - iii. Full provisions regarding the transferability of Warrant B 2000/2005 to new ordinary shares, which will thereafter rank *pari passu* with the existing ordinary shares of the Company, adjustment of the Exercise Price in certain circumstances, quotation on Kuala Lumpur Stock Exchange and other terms and conditions pertaining to the Warrant B 2000/2005 are set out in detail in a Deed Poll executed by the Company on 6 January 2000, which is available for inspection at the registered office of the Company;
 - iv. The number of Warrant B 2000/2005 remaining outstanding at the end of the financial year was 101,423,828.
- * Pursuant to the capital distribution by the Company of 46,085,664 shares of OSK Property Holdings Berhad (formerly known as TCL Premier Holdings Berhad) ("OSKPH"), a subsidiary company, to all the Company's shareholders for free on the basis of one (1) OSKPH share for eleven (11) shares held in the Company, the subscription price of Warrant A and Warrant B have been adjusted in accordance with the provisions of the relevant deed polls and trust deed respectively.

There were no options granted over unissued debentures as at the end of the financial year.

DIRECTORS IN OFFICE

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

Dato' Nik Mohamed Din Bin Datuk Nik Yusoff

Ong Leong Huat @ Wong Joo Hwa

Dato' Nik Mohamed Bin Nik Yahya

Wong Chong Kim

Wong Chong Che

Dato' Mohamed Tarmizi Bin Mohd Tahir

Dr Choong Tuck Yew

Dr Kamaruddin Bin Mohamed Said

Chin Cheng Mei

Gan Neap Kai

- Appointed on 22 April 2002
- Resigned on 22 April 2002
- Resigned on 1 September 2002

In accordance with Article 102 (1) of the Company's Articles of Association, Dato' Nik Mohamed Bin Nik Yahya, Mr Wong Chong Kim and Mr Wong Chong Che retire from the Board at the forthcoming AGM and, being eligible, offer themselves for re-election.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the directors in office at the end of the financial year have direct interests in the ordinary share capital, options and debentures of the Company and its subsidiaries during the financial year as follows:

i. OSK Holdings Berhad

	Number of ordinary shares of RM1.00 each			As at 31.12.2002
	As at 1.1.2002	Acquired	Disposed	
Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	14,687,241	-	(50,000)	14,637,241
Ong Leong Huat @ Wong Joo Hwa	124,773,666	-	-	124,773,666
Dato' Nik Mohamed Bin Nik Yahya	4,511,782	-	-	4,511,782
Wong Chong Kim	17,333,333	-	-	17,333,333
Wong Chong Che	8,666,666	-	-	8,666,666

	Number of Warrant A 1994/2004			As at 31.12.2002
	As at 1.1.2002	Acquired	Disposed	
Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	472,034	-	-	472,034
Ong Leong Huat @ Wong Joo Hwa	39,608,360	-	-	39,608,360
Dato' Nik Mohamed Bin Nik Yahya	155,918	-	-	155,918
Wong Chong Kim	57,000	-	-	57,000

Each Warrant A 1994/2004 entitles the registered holder to subscribe for one (1) new ordinary share in the Company at an exercise price of RM1.20 (2001: RM1.47) per share, at any time before the expiry date of 22 March 2004.

	Number of Warrant B 2000/2005			As at 31.12.2002
	As at 1.1.2002	Acquired	Disposed	
Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	3,596,810	-	-	3,596,810
Ong Leong Huat @ Wong Joo Hwa	35,191,249	666,666	-	35,857,915
Dato' Nik Mohamed Bin Nik Yahya	700,782	-	(50,000)	650,782
Wong Chong Che	666,666	-	(666,666)	-

Each Warrant B 2000/2005 entitles the registered holder to subscribe for one (1) new ordinary share in the Company at an exercise price of RM2.28 (2001: RM2.80) per share, at any time before the expiry date of 1 March 2005.

	Number of 6% ICULS 2000/2005			As at 31.12.2002
	As at 1.1.2002	Acquired	Disposed	
Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	3,596,810	-	-	3,596,810
Ong Leong Huat @ Wong Joo Hwa	35,191,249	666,666	-	35,857,915
Dato' Nik Mohamed Bin Nik Yahya	1,208,782	-	-	1,208,782
Wong Chong Kim	17,666	-	-	17,666
Wong Chong Che	666,666	-	(666,666)	-

Each 6% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") entitles the registered holder to convert it into one (1) new ordinary share in the Company at a conversion price of RM2.28 (2001: RM2.80) per ICULS, at any time before the expiry date of 1 March 2005.



DIRECTORS' INTERESTS (CONT'D)

ii. OSK Property Holdings Berhad (formerly known as TCL Premier Holdings Berhad)

	Number of ordinary shares of RM1.00 each		
	As at 1.1.2002	Acquired	As at 31.12.2002
Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	-	1,328,294	1,328,294
Ong Leong Huat @ Wong Joo Hwa	-	11,343,059	7,343,059
Dato' Nik Mohamed Bin Nik Yahya	-	400,647	400,647
Wong Chong Kim	-	1,575,757	875,757
Wong Chong Che	-	787,878	787,878

iii. OSK Asia Corporation Limited

	Number of ordinary shares of HK\$0.10 each		
	As at 1.1.2002	Acquired	As at 27.6.2002

Ong Leong Huat @ Wong Joo Hwa	10,890,000	-	-	-*
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	Options over ordinary shares of HK\$0.10 each		
	As at 1.1.2002	Acquired	As at 27.6.2002

Ong Leong Huat @ Wong Joo Hwa	1,875,000	-	-	-*
Wong Chong Kim	1,875,000	-	-	-*

* OSK Asia Corporation Limited ("OSKA") ceased to be a subsidiary company of the Company upon disposal of its entire equity interests in OSKA on 27 June 2002 (Note 44(b)(ii)).

Mr Ong Leong Huat @ Wong Joo Hwa, by virtue of his interest in the Company, is also deemed to have an interest in the shares of all the Company's subsidiaries to the extent the Company has an interest. The particulars of his deemed interest in the subsidiaries, except wholly-owned subsidiaries, are as follows:

	Number of ordinary shares of RM1.00 each		
	As at 1.1.2002	Acquired	As at 31.12.2002

OSK-UOB Unit Trust Management Berhad	7,000,000	-	-	7,000,000
OSK Properties Sdn Bhd	36,000,000	4,000,000	-	40,000,000
Finexasia.com Sdn Bhd	6,000,000	4,000,000	-	10,000,000
OSK Property Holdings Berhad	99,996,000	1,958,000	(46,085,664)	55,868,336

	Number of ordinary shares of HK\$0.10 each		
	As at 1.1.2002	Acquired	As at 31.12.2002

OSK Asia Corporation Limited	363,428,618	-	(363,428,618)	-
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Other than the above, none of the directors in office at the end of the financial year had any interest in the shares in the Company or its subsidiaries during and as at the end of the financial year.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or has become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements of the Group and the Company or the fixed salary of full time employees of related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of any transaction entered into in the ordinary course of business between the Company and corporations in which the directors are deemed to have an interest.

During and at the end of the financial year, the Company was not a party to any arrangement whose object is to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

The auditors, Messrs.HLB I.M.Chieng & Co.,Chartered Accountants,have expressed their willingness to continue in office.

On behalf of the Board,

.....
DATO' NIK MOHAMED BIN NIK YAHYA

.....
WONG CHONG KIM

Kuala Lumpur
26 February 2003



BALANCE SHEETS

AS AT 31 DECEMBER 2002

		Group		Company	
	Note	2002 RM	2001 RM	2002 RM	2001 RM
PROPERTY, PLANT AND EQUIPMENT	4	202,612,219	204,412,766	-	-
LAND AND DEVELOPMENT EXPENDITURE	5	152,836,295	162,233,099	-	-
INVESTMENTS IN SUBSIDIARY COMPANIES	6(a)	-	-	982,808,717	1,315,582,501
INVESTMENTS IN ASSOCIATED COMPANIES	7	2,197,580	1,646,435	1,300,000	1,200,000
OTHER INVESTMENTS	8	6,838,197	8,024,177	-	-
SECURITY DEPOSIT	9	1,000,000	1,000,000	-	-
DEVELOPMENT COST	10	5,975,396	6,051,911	-	-
DEFERRED EXPENDITURE	11	-	1,950,040	-	1,000,000
INTANGIBLE ASSETS	12	194,871,978	258,486,544	-	-
CURRENT ASSETS					
Land and development expenditure	5	22,026,815	9,565,038	-	-
Trade receivables	13	384,212,035	493,602,587	-	-
Other receivables, deposits and prepayments	14	9,028,647	10,343,892	498,894	276,688
Tax recoverable		17,031,689	22,651,009	7,806,318	17,219,664
Amount due from subsidiary companies	6(b)	-	-	296,659,671	272,575,952
Investments in shares	15	25,848,423	47,783,359	-	-
Cash, bank balances and deposits					
- General accounts	16(a)	255,010,499	309,140,276	44,644,555	43,906,291
- Segregated accounts	16(b)	88,656,360	131,131,213	1,219	839
		801,814,468	1,024,217,374	349,610,657	333,979,434

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

BALANCE SHEETS (CONT'D)

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
Less:					
CURRENT LIABILITIES					
Trade payables	17	148,117,136	257,311,409	-	-
Other payables, deposits and accruals	18	49,076,025	50,807,038	3,473,357	13,540,387
Amount due to subsidiary companies	6(c)	-	-	235,951,313	431,001,920
Bank overdrafts	19	474,790	3,923,831	-	-
Provision for taxation		15,297,576	15,635,306	4,893,455	14,301,784
		212,965,527	327,677,584	244,318,125	458,844,091
NET CURRENT ASSETS/(LIABILITIES)		588,848,941	696,539,790	105,292,532	(124,864,657)
		1,155,180,606	1,340,344,762	1,089,401,249	1,192,917,844
CAPITAL AND RESERVES					
Share capital	20	514,931,932	538,365,880	514,931,932	538,365,880
Reserves	21	385,347,757	567,685,523	418,555,246	496,018,790
Less: Treasury shares	22	(43,763,386)	(41,144,283)	(43,763,386)	(41,144,283)
SHAREHOLDERS' FUNDS		856,516,303	1,064,907,120	889,723,792	993,240,387
MINORITY INTERESTS		95,339,191	74,080,878	-	-
LONG TERM LIABILITIES					
3.5% Redeemable Unsecured Bonds 2000/2005	23	101,423,995	101,423,995	101,423,995	101,423,995
6% Irredeemable Convertible Unsecured Loan Stocks 2000/2005	24	98,253,462	98,253,462	98,253,462	98,253,462
Deferred taxation	25	3,647,655	1,679,307	-	-
		1,155,180,606	1,340,344,762	1,089,401,249	1,192,917,844

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



INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

		Group		Company	
	Note	2002 RM	2001 RM	2002 RM	2001 RM
Revenue	26	221,529,456	192,033,808	41,380,811	18,709,706
Direct cost	27	(83,282,190)	(74,620,882)	-	-
Gross profit		138,247,266	117,412,926	41,380,811	18,709,706
Other operating income	28	66,005,900	18,245,589	105,041,512	26,800
Administrative expenses	29	(101,044,397)	(95,064,338)	(952,645)	(921,518)
Other operating expenses	30	(39,771,196)	(37,530,326)	(304,901)	-
Profit from operations		63,437,573	3,063,851	145,164,777	17,814,988
Finance costs	31	(13,038,733)	(12,837,846)	(12,374,907)	(13,644,828)
		50,398,840	(9,773,995)	132,789,870	4,170,160
Share of profit of associated companies		772,720	437,448	-	-
Profit/(Loss) before taxation		51,171,560	(9,336,547)	132,789,870	4,170,160
Taxation	33	(14,016,375)	(10,206,439)	(8,745,693)	(1,807,684)
Profit/(Loss) after taxation		37,155,185	(19,542,986)	124,044,177	2,362,476
Minority interests		(463,450)	7,335,407	-	-
Profit/(Loss) for the year		36,691,735	(12,207,579)	124,044,177	2,362,476
Earnings/(Loss) per share (sen)	34				
Basic		7.33	(2.33)		
Fully diluted		6.47	-		
Dividend paid per share (sen)	35	5.00	2.50		

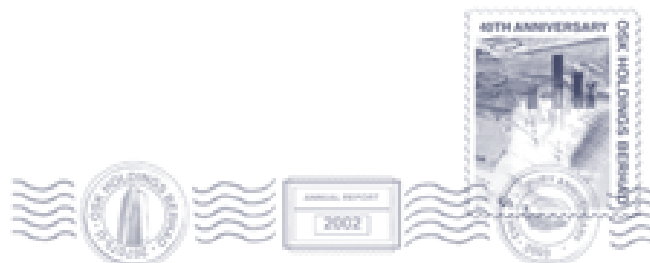
The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY - GROUP

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

	Share capital (Note 20) RM	Capital Redemption Reserve (Note 21) RM	Share premium (Note 21) RM	Exchange fluctuation reserve (Note 21) RM	Reserve on consolidation (Note 21) RM	Retained profits (Note 21) RM	Treasury shares (Note 22) RM	Total RM
At 1 January 2001:								
As previously reported	538,365,880	-	269,150,328	17,304,982	5,994,896	291,875,504	(3,477,054)	1,119,214,536
Changes in accounting policy (Note 35 and 46)	-	-	-	-	-	18,835,142	-	18,835,142
Restated balance	538,365,880	-	269,150,328	17,304,982	5,994,896	310,710,646	(3,477,054)	1,138,049,678
Foreign exchange losses arising from translation of foreign entities' financial statements	-	-	-	(649)	-	-	-	(649)
Reserve arising from purchase of additional shares in subsidiary	-	-	-	-	4,406,622	-	-	4,406,622
Net gains / (losses) not recognised in the income statement	-	-	-	(649)	4,406,622	-	-	4,405,973
Loss for the year	-	-	-	-	-	(12,207,579)	-	(12,207,579)
Restated dividends (Note 35 and 46)	-	-	-	-	-	(27,673,723)	-	(27,673,723)
Shares repurchased	-	-	-	-	-	-	(37,667,229)	(37,667,229)
At 31 December 2001 / 1 January 2002 (Note a)	538,365,880	-	269,150,328	17,304,333	10,401,518	270,829,344	(41,144,283)	1,064,907,120
Exercise of Warrant A	3,052	-	1,434	-	-	-	-	4,486
Bonus issue for capital distribution purpose	164,445,280	-	(164,445,280)	-	-	-	-	-
Capital reduction for capital distribution purpose	(164,445,280)	-	-	-	-	-	-	(164,445,280)
Shares cancelled on repurchase of 23,437,000 ordinary shares and redemption reserve transfer	(23,437,000)	23,437,000	-	-	-	-	-	-
Cost of treasury shares cancelled	-	-	(41,144,283)	-	-	-	41,144,283	-
Expenses for restructuring scheme	-	-	(260,315)	-	-	-	-	(260,315)
Contribution fee to KLSE written off	-	-	(1,000,000)	-	-	-	-	(1,000,000)
Allowed expenses written off against share premium	-	-	(1,260,315)	-	-	-	-	(1,260,315)
Realised upon disposal of subsidiary	-	-	-	(17,304,333)	(2,392,547)	-	-	(19,696,880)
Acquisition of additional shares in subsidiary	-	-	-	-	2,175,100	-	-	2,175,100
Profit for the year	-	-	-	-	-	36,691,735	-	36,691,735
Dividends paid (Note 35)	-	-	-	-	-	(18,096,277)	-	(18,096,277)
Shares repurchased	-	-	-	-	-	-	(43,763,386)	(43,763,386)
At 31 December 2002	514,931,932	23,437,000	62,301,884	-	10,184,071	289,424,802	(43,763,386)	856,516,303
Total equity at 31 December 2002 is analysed as follows:								
Non-distributable	514,931,932	23,437,000	62,301,884	-	10,184,071	-	(43,763,386)	567,091,501
Distributable	-	-	-	-	-	289,424,802	-	289,424,802
	514,931,932	23,437,000	62,301,884	-	10,184,071	289,424,802	(43,763,386)	856,516,303
Note a								
At 1 January 2002								
As previously reported	538,365,880	-	269,150,328	17,304,333	10,363,507	261,560,624	(41,144,283)	1,055,600,389
Changes in accounting policy (Note 35 and 46)	-	-	-	-	-	9,268,720	-	9,268,720
Effect of offsetting (Note 21 and 46)	-	-	-	-	38,011	-	-	38,011
As restated	538,365,880	-	269,150,328	17,304,333	10,401,518	270,829,344	(41,144,283)	1,064,907,120

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



STATEMENT OF CHANGES IN EQUITY - COMPANY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

	Share capital (Note 20) RM	Capital Redemption Reserve (Note 21) RM	Share premium (Note 21) RM	Retained profits (Note 21) RM	Treasury shares (Note 22) RM	Total RM
At 1 January 2001:						
As previously reported	538,365,880	-	269,150,328	233,344,567	(3,477,054)	1,037,383,721
Changes in accounting policy (Note 35 and 46)	-	-	-	18,835,142	-	18,835,142
Restated balance	538,365,880	-	269,150,328	252,179,709	(3,477,054)	1,056,218,863
Profit for the year	-	-	-	2,362,476	-	2,362,476
Restated dividends (Note 35 and 46)	-	-	-	(27,673,723)	-	(27,673,723)
Shares repurchased	-	-	-	-	(37,667,229)	(37,667,229)
At 31 December 2001 / 1 January 2002 (Note a)	538,365,880	-	269,150,328	226,868,462	(41,144,283)	993,240,387
Exercise of Warrant A	3,052	-	1,434	-	-	4,486
Bonus issue for capital distribution purpose	164,445,280	-	(164,445,280)	-	-	-
Capital reduction for capital distribution purpose	(164,445,280)	-	-	-	-	(164,445,280)
Shares cancelled on repurchase of 23,437,000 ordinary shares and redemption reserve transfer	(23,437,000)	23,437,000	-	-	-	-
Cost of treasury shares cancelled	-	-	(41,144,283)	-	41,144,283	-
Expenses for restructuring scheme	-	-	(260,315)	-	-	(260,315)
Contribution fee to KLSE written off	-	-	(1,000,000)	-	-	(1,000,000)
Allowed expenses written off against share premium	-	-	(1,260,315)	-	-	(1,260,315)
Profit for the year	-	-	-	124,044,177	-	124,044,177
Dividends paid (Note 35)	-	-	-	(18,096,277)	-	(18,096,277)
Shares repurchased	-	-	-	-	(43,763,386)	(43,763,386)
At 31 December 2002	514,931,932	23,437,000	62,301,884	332,816,362	(43,763,386)	889,723,792
Total equity at 31 December 2002 is analysed as follows:						
Non-distributable	514,931,932	23,437,000	62,301,884	-	(43,763,386)	556,907,430
Distributable	-	-	-	332,816,362	-	332,816,362
	514,931,932	23,437,000	62,301,884	332,816,362	(43,763,386)	889,723,792
Note a						
At 1 January 2002						
As previously reported	538,365,880	-	269,150,328	217,599,742	(41,144,283)	983,971,667
Changes in accounting policy (Note 35 and 46)	-	-	-	9,268,720	-	9,268,720
As restated	538,365,880	-	269,150,328	226,868,462	(41,144,283)	993,240,387

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

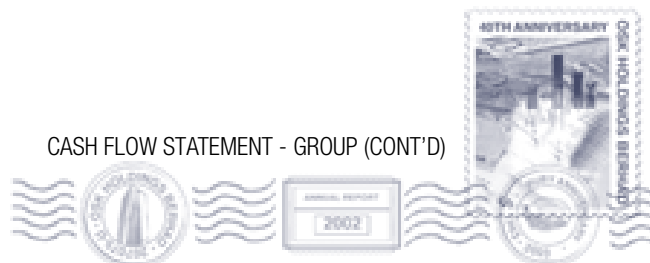
CASH FLOW STATEMENT - GROUP

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

	Note	2002 RM	2001 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation		51,171,560	(9,336,547)
Adjustments for:			
Additional compensation from government on compulsory acquisition of land		-	(564,861)
Allowance for bad and doubtful debts		20,272,487	4,672,748
Allowance for bad and doubtful debts written back		(5,895,095)	(8,666,781)
Adjustment on plant and equipment		72,880	-
Impairment loss of marketable securities written back		(3,279)	(4,179,105)
Amortisation of:			
- development cost		995,899	-
- goodwill on consolidation		7,564,618	7,965,391
- MESDAQ adviser and sponsor admission fee		10,000	-
- purchased goodwill		2,395,698	2,395,698
- trading right		101,951	113,310
Bad debts written off		4,543	100,701
Development cost written off		-	43,570
Depreciation of property, plant and equipment		12,364,443	11,710,359
Exchange difference		(4,872)	(1,065)
Gain on disposal of a foreign subsidiary company		(18,030,030)	-
Gain on disposal of plant and equipment		(321,029)	(107,042)
Net gain on disposal of securities in equity and futures markets		(1,114,706)	(130,833)
Goodwill on consolidation written off in subsidiary		-	3,904,439
Gross dividend income		(430,336)	(855,354)
Impairment loss of:			
- investment		-	13,219,090
- marketable securities		7,064,414	45,947
Interest expense		10,225,455	9,661,346
Interest income		(35,010,316)	(37,593,214)
MDEX membership fee written down		428,608	-
MESDAQ member admission fee written off		375,000	-
Property, plant and equipment written off		59,721	174,681
Reserves realised upon disposal of foreign subsidiary company			
- Exchange fluctuation reserve		(17,304,333)	-
- Capital reserve on consolidation		(2,392,547)	-
Share of profit of associated companies		(772,720)	(437,448)
Operating profit/(loss) before working capital changes		31,828,014	(7,864,970)
(Increase)/Decrease in land and development expenditure		(12,461,777)	8,093,917
Decrease/(Increase) in investment in shares		2,220,060	(9,237,836)
Decrease in tax recoverable		14,508,413	-
Decrease in trade and other receivables		40,802,873	97,189,084
Decrease/(Increase) in cash held in segregated accounts		42,474,853	(42,392,585)
Decrease in trade and other payables		(54,515,768)	(69,660,463)
Cash generated from/(used in) operations		64,856,668	(23,872,853)
Dividend paid		(18,096,277)	(28,149,805)
Income tax paid		(21,041,792)	(12,622,752)
Interest paid		(10,225,455)	(9,661,346)
Interest received		32,959,629	34,260,950
Net cash from/(used in) operating activities		48,452,773	(40,045,806)

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

CASH FLOW STATEMENT - GROUP (CONT'D)



	Note	2002 RM	2001 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of additional shares in subsidiary company	37	(27,262,614)	(25,506,068)
Additional compensation from government on compulsory acquisition of land		-	564,861
Deferred expenditure		-	(73,080)
Dividend received		430,336	855,354
Interest received		2,050,687	3,332,264
Land and development expenditure		9,396,804	(19,544,204)
Net cash outflow of acquisition of subsidiary company	38	-	(32,935,763)
Net cash outflow from disposal of foreign subsidiary	36	(22,532,062)	-
Part payment for purchase of intellectual property		(125,000)	(62,500)
Partial disposal of subsidiary company		(11,643,680)	-
Payment for development cost		(919,384)	(3,096,617)
Payment of MESDAQ adviser and sponsor admission fee		(250,000)	-
Dividend received from associated company		241,920	-
Proceeds from disposal of plant and equipment		584,226	842,902
Proceeds from disposal of investment		-	298,000
Proceeds from disposal of securities in equity and futures markets		43,881,436	10,085,625
Purchase of club membership		-	(8,200)
Purchase of property, plant and equipment		(15,618,656)	(11,117,084)
Payment of investment in associated company		(250,000)	-
Purchase of investment		(8,965,361)	-
Purchase of securities in equity and futures markets		(22,897,624)	(9,885,364)
Purchase of trading right		-	(1,559,040)
Refund of MESDAQ member admission fee		375,000	500,000
Net cash used in investing activities		(53,503,972)	(87,308,914)
CASH FLOWS FROM FINANCING ACTIVITIES			
Expenses for restructuring scheme		(260,315)	-
Dividend paid to minority interest		(1,610,322)	-
Proceeds from issuance of shares to MI		-	(2,050,306)
Proceeds from exercise of warrants		4,486	-
Purchase of own shares		(43,763,386)	(37,667,229)
Net cash used in financing activities		(45,629,537)	(39,717,535)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(50,680,736)	(167,072,255)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		305,216,445	472,288,700
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		254,535,709	305,216,445
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR COMPRISED:			
Cash, bank balances and deposits - general accounts	16(a)	255,010,499	309,140,276
Bank overdrafts	19	(474,790)	(3,923,831)
		254,535,709	305,216,445

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

CASH FLOW STATEMENT - COMPANY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

	Note	2002 RM	2001 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		132,789,870	4,170,160
Adjustments for:			
Dividend income		(29,237,208)	(8,790,508)
Gain on disposal of a subsidiary company		(58,629,899)	-
Gain on disposal of a foreign subsidiary company		(46,411,613)	-
Interest expense		12,374,907	13,644,828
Interest income		(12,143,603)	(9,919,198)
Operating loss before working capital changes		(1,257,546)	(894,718)
(Increase)/Decrease in amount due from subsidiaries		(24,083,719)	95,620,698
(Decrease)/Increase in amount due to subsidiaries		(195,050,607)	220,844,653
Increase in other receivables		(222,206)	(276,219)
(Decrease)/Increase in other payables		(67,030)	10,161,330
Increase in segregated accounts		(380)	(839)
Cash (used in)/generated from operations		(220,681,488)	325,454,905
Interest paid		(12,374,907)	(13,644,828)
Interest received		12,143,603	9,919,198
Income tax paid		(934,358)	(1,549,754)
Net cash (used in)/from operating activities		(221,847,150)	320,179,521
CASH FLOWS FROM INVESTING ACTIVITIES			
Deposit received for proposed disposal of subsidiary		-	10,000,000
Dividend received		32,230,458	13,134,062
Payment for acquisition of subsidiary companies		-	(203,098,000)
Payment for acquisition of additional shares in subsidiary companies		(1,815,836)	(30,506,067)
Payment for subscription of shares in associated company		(100,000)	-
Payment for increased share capital in subsidiary companies		(299,996)	-
Proceeds from disposal of subsidiary company		162,800,000	-
Proceeds from disposal of foreign subsidiary company		91,886,280	-
Net cash from/(used in) investing activities		284,700,906	(210,470,005)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(18,096,277)	(28,149,805)
Expenses for restructuring scheme		(260,315)	-
Proceeds from exercise of Warrant A 1994/2004		4,486	-
Purchase of own shares		(43,763,386)	(37,667,229)
Net cash used in financing activities		(62,115,492)	(65,817,034)
NET INCREASE IN CASH AND CASH EQUIVALENTS		738,264	43,892,482
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		43,906,291	13,809
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		44,644,555	43,906,291
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR COMPRISED:			
Cash, bank balances and deposits - general accounts	16(a)	44,644,555	43,906,291

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



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2002

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Company is an investment holding company.

The principal activities of the subsidiary and associated companies are described in Note 48 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year other than the disposal of a foreign subsidiary company and subscription of shares in an associated company as disclosed in the financial statements.

The Company is a public company limited by shares, incorporated under the Companies Act, 1965, domiciled in Malaysia and listed on the Main Board of Kuala Lumpur Stock Exchange ("KLSE").

The total number of employees of the Group at the end of the financial year was 1,141 (2001: 1,027) inclusive of Paid Dealer's Representatives and Futures Broker Representatives in the stockbroking and futures subsidiaries. The Company does not have any employee as all operating and administrative functions are performed by the subsidiary companies.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution on 26 February 2003.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of financial statements

The financial statements of the Company have been prepared under the historical cost convention unless otherwise indicated in the subsequent significant accounting policies and comply with applicable approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965.

b. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's significant accounting policies.

The carrying amount of the Company's investment in subsidiary companies is eliminated on consolidation as well as all intragroup balances and transactions and resulting unrealised profits. Unrealised losses resulting from intragroup transactions are eliminated unless cost cannot be recovered.

The financial statements of the Company and its subsidiary companies have been drawn up to the same reporting date.

Separate disclosure is made of minority interests that represents part of the net result of operations and the net assets of subsidiary companies attributable to interests which are not owned, directly or indirectly through subsidiary companies, by the Company.

Minority interests in the net income of the consolidated subsidiary companies for the reporting financial year are identified and adjusted against the income of the Group in order to arrive at the net income attributable to the shareholders of the Company.

Subsidiary companies are consolidated using the acquisition method of accounting from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The excess or deficit of the purchase price over the fair value of the net assets of subsidiary companies at the date of acquisition is included in the consolidated financial statements as goodwill or reserve arising on consolidation.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any exchange differences where applicable.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c. Investments in subsidiary companies

A subsidiary company is a company in which the Company, directly or indirectly, controls more than 50% of the voting power or issued share capital or controls the composition of the board of the directors. The investment is held for long term.

Investments in subsidiary companies are stated at cost and are written down when there is a permanent impairment in the value of such investments. The impairment loss is recognised in the income statement of the Company.

On disposal, the difference between the net disposal proceeds and the carrying amount of the subsidiary company disposed is recognised in the income statement of the Company.

Dividend income from subsidiary companies is included in the income statement of the Company upon receipt.

d. Investments in associated companies

An associated company is a company in which the Company holds a long term equity interest between 20% and 50%, has representation on the board of directors and is in a position to exercise significant influence over the financial and operating policy decisions.

Investments in associated companies are stated at cost and are written down when there is an impairment in the value of such investments. The impairment loss is recognised in the income statements of the Company.

On disposal, the difference between the net disposal proceeds and the carrying amount of the associated company disposed is recognised in the income statement.

Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting. The equity method of accounting involves recognising in the consolidated financial statements the Group's share of the results of associated companies for the financial year. The Group's investments in associated companies are carried in the consolidated balance sheet at an amount that reflects its share of net assets of the associated companies.

e. Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. The Group does not revalue its properties comprising land and buildings unless the fair value of the properties is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the property revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statement.

Freehold land is not depreciated. Long term leasehold land is land held on long term lease with an unexpired period of fifty (50) years or more.

Depreciation of other property, plant and equipment is calculated on a straight line basis to write off the cost of each item over their expected useful lives. The principal annual rates of depreciation are as follows:

Freehold buildings	2%
Leasehold improvements	20% - 50%
Leasehold land and buildings	Over the period of lease (40 - 99 years)
Plant and machinery	20%
Motor vehicles	15% - 25%
Office equipment	15% - 25%
Furniture and fittings	10% - 25%
Renovations	10%



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f. Foreign currency conversion and translation

i. Transactions in foreign currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange ruling on the transaction dates. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at the rates of exchange ruling at that date. Gains or losses on foreign exchange are taken up in the income statement.

ii. Translation of financial statements of foreign entities

Assets and liabilities of foreign entities are translated into Ringgit Malaysia at the rates of exchange ruling on the balance sheet date while income and expense items are translated at the average rates of exchange for the financial year, a rate that approximates the actual exchange rate. The translation differences arising therefrom are taken into Exchange Fluctuation Reserve and are taken to the income statement upon the disposal of the respective foreign entities.

The exchange rates used in translation are as follows:

	2002	2001
Closing rate		
Hong Kong Dollar	Not applicable	0.4872
Average rate		
Hong Kong Dollar	Not applicable	0.4872

g. Other investments

Short term investments

i. Unquoted investments

Unquoted investments held as short term investments are stated at cost. Impairment loss is recognised in the income statement when there is a permanent impairment in the value of the investments.

ii. Marketable securities

These are quoted securities stated at the lower of cost and market value, determined on an aggregate portfolio basis. Cost is derived using the weighted average basis. Market value is calculated by reference to stock exchange quoted selling price at the close of business at the balance sheet date. Increases or decreases in the carrying amount of marketable securities are credited or charged to the income statement as allowance for diminution in value of marketable securities or as allowance written back. Allowance for write-down is made when the marketable securities become less marketable state in accordance with the relevant rules of Kuala Lumpur Stock Exchange ("KLSE").

On disposal, the gain or loss representing the difference between net disposal proceeds and its carrying amount is credited or charged to the income statement.

iii. Managers' stocks

Managers' stocks represent units held by subsidiary companies in unit trust funds and are stated at the lower of cost and market value. Cost is determined on weighted average basis. Market value of the trust units is based on the underlying value of the respective trust funds.

Long term investments

Investments are stated at cost. Impairment loss is recognised in the income statement when there is a permanent impairment in the value of the investments.

h. Deferred taxation

Deferred taxation is provided using the liability method on all material timing differences except where there is reasonable evidence that the timing differences will not reverse in the foreseeable future. Deferred tax assets are not recognised unless realised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i. Deferred expenditure

The contribution to KLSE in relation to the Company's admission as a Corporate Member and the contribution to the Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited were deferred at cost. During the current financial year, the contribution to KLSE was written off to share premium account and the Company had disposed the subsidiary company in Hong Kong.

Preliminary and pre-operating expenses are written off when they are incurred.

j. Land and development expenditure

Land and development expenditure are stated at cost plus attributable development profit recognised, less attributable loss recognised and progress billings and impairment losses. Property development project costs comprise all costs that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities; these costs include interest on borrowings used to finance the purchase and construction of specific projects and other direct expenditure and related overheads incurred while awaiting or in the process of development.

Land and related development expenditure at the date of acquisition of a subsidiary company are stated in the Group's financial statements at values reflecting approximately the effective acquisition cost by the Group of these assets. Development expenditure incurred subsequent to the acquisition date is stated at cost.

The Group considers portion of land and development expenditure as current asset where significant development work has been undertaken and is expected to be completed within the normal operating cycle of two to three years. The portion transferred to current assets includes the related profit attributable to development work performed to date less applicable progress billings.

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

k. Trade and other receivables, bad and doubtful debts and interest-in-suspense

The receivables are stated at gross amount less any allowances for bad and doubtful debts and any interest-in-suspense. Known bad debts are written off to income statement when identified. For trade receivables, specific allowance is made for debts which are considered doubtful or have been classified as non-performing, net of interest-in-suspense and taking into consideration any collateral held; and a general allowance is made on the balance total trade receivables less margin debtors. The allowance for bad and doubtful debts and interest-in-suspense of stockbroking subsidiary are dealt with in accordance with the relevant rules of KLSE.

l. Intangible assets

i. Goodwill on consolidation

This represents the difference between the consideration paid for the investments in subsidiary companies and the fair value of the attributable net assets acquired. Goodwill on consolidation is amortised through the Group's income statement over twenty five (25) years. Goodwill on consolidation is reviewed at each balance sheet date and impairment loss will be recognised where it is considered necessary.

ii. Purchased goodwill

This represents the excess of the purchase price over the fair value of the attributable net assets of the business acquired. Purchased goodwill is amortised over twenty five (25) years from the commencement date of the business operation. Purchased goodwill is reviewed at each balance sheet date and impairment loss will be recognised where it is considered necessary.

iii. Trading rights

The trading rights in the Stock Exchange of Hong Kong Limited and Hong Kong Futures Exchange Limited were amortised on a straight line basis over ten (10) years. During the current financial year, the Company had disposed the subsidiary company in Hong Kong.



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

I. Intangible assets (Cont'd)

iv. Business and intellectual property

This represents amount paid to acquire business and intellectual property and is amortised on a straight line basis over seven (7) years upon commencement of commercial operation.

m. Revenue and income recognition

Company

Revenue comprises gross dividend income and interest income.

Subsidiary companies

Revenue comprises interest income, gross brokerage fees, rental income, facility and commitment fees, underwriting commission, advisory and arrangement fees, handling charges, carrying charges, service charges and manager's fees on sale of trust units, revenue from property development project and from sales of oil palm produce harvested.

Revenue is measured at the fair value of the consideration receivable and is recognised in the income statement when significant risks and rewards of ownership have been transferred to the buyers.

i. Dividend Income

Dividends from subsidiary and associated companies and other investments are recognised upon receipt.

ii. Interest Income

Interest income from clients is recognised as it accrues, taking into account the effective yield on the amount.

Interest income from clients in stockbroking subsidiary is generally recognised on an accrual basis except when the receivable is classified as non-performing. Interest income from non-performing accounts will be suspended until it is realised on a cash basis, except for margin accounts where interest will be suspended until the account is reclassified as performing again. Classification as non-performing account is dealt with in accordance with the relevant rules of KLSE.

Interest income from short term placements and fixed deposits with licensed financial institutions is recognised on an accrual basis.

Interest income from marketable securities is recognised on a cash basis.

iii. Gross brokerage fees

Gross brokerage fees in stockbroking subsidiary are recognised on an accrual basis.

iv. Rental income, facility and commitment fees

These are recognised on an accrual basis.

v. Underwriting commission, advisory and arrangement fees

These are recognised on a cash basis.

vi. Handling and carrying charges

These are recognised on an accrual basis.

vii. Sale of trust units

Service charges on sale of trust units are recognised upon allotment of units net of cost of units sold. Manager's fees are recognised on an accrual basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

m. Revenue and income recognition (Cont'd)

viii. Revenue from property development projects

Property development project revenue and expenses are recognised in the income statement when the outcome of a development project can be estimated reliably. The amounts of such revenue and expenses are determined by reference to the stage of completion of development activity at the balance sheet date.

The stage of completion of a project is determined based on the work performed which represents surveys work performed or the proportion of the development costs incurred for work performed to date bear to the estimated total development costs.

When it is probable that development costs will exceed total development revenue, the expected loss is recognised as an expense immediately.

ix. Revenue from sales of oil palm produce

This represents oil palm produce sold and invoiced, net of transportation and manufacturing costs.

n. Development cost

Development costs are expensed to the income statement in the financial year in which it is incurred except when the costs incurred on the development projects are recognised as development assets to the extent that such expenditure is expected to generate future economic benefits.

Such development cost is capitalised and amortised on a straight line basis over seven (7) years upon commencement of commercial operation where future economic benefits from development activities are probable and measurable.

o. Capitalisation of borrowing costs

Borrowing costs incurred on financing the construction of assets are capitalised and included as part of the cost of the assets. Capitalisation of the borrowing costs will cease when the assets are completed and ready for their intended use.

p. Cash flow statements and cash and cash equivalents

Cash flow statements are prepared using indirect method. Changes in cash and cash equivalents are classified into operating, investing and financing activities.

Cash and cash equivalents comprise cash in hand and at banks inclusive of bank balances held under Housing Development Accounts and Sinking Fund, short term placements and fixed deposits with licenced financial institutions less bank overdrafts, excluding bank balances, short term placements and fixed deposits under segregated accounts held in trust.

q. Financial instruments

i. Financial instruments recognised on balance sheet

Financial assets and financial liabilities carried on the balance sheets include short term funds and borrowings, current and non-current investments, trade and other receivables and payables, provision for liabilities and long term borrowings, including loan stocks. The accounting policies on recognition and measurement of these items are disclosed in their respective accounting policies.

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

ii. Financial instruments not recognised on balance sheet

Other than a subsidiary company which had entered into futures trading in the ordinary course of business and the underwriting commitment as disclosed in the financial statements, the Group and the Company did not enter into any contract involving financial instruments with off balance sheet risk.



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

q. Financial instruments (Cont'd)

iii. Fair value estimation for disclosure purposes

The carrying amount of the short term and long term financial assets and liabilities are assumed to approximate their fair values, except for the investment in quoted and unquoted subsidiary companies, marketable securities and 6% Irredeemable Convertible Unsecured Loan Stocks 2000/2005 where their fair values are as indicated in Note 49.

r. Leases

i. Finance leases

Leases in which the Group substantially acquired all benefits and risks of ownership are classified as finance leases. Plant and equipment acquired under finance leases are capitalised as assets at the lower of fair value at the inception of the leases or the present value of the minimum lease payment in the financial statements and the corresponding obligations are treated as liabilities.

The finance charge is allocated to periods during the lease term so as to provide a constant periodic rate of interest on the remaining balance of the liability for each period.

The leased plant and equipment are carried in the financial statements at the amount capitalised less accumulated depreciation and impairment loss, if any. The depreciation policy is consistent with the depreciable plant and equipment which are owned.

ii. Operating leases

Leases of assets under which all the risks and benefits of ownership are retained by the lessor are classified as operating leases. Lease payments are recognised as an expense in the income statement over the lease term.

s. Treasury shares

These are shares repurchased and accounted for using the treasury stock method. The treasury shares are measured and carried at the cost of purchase which comprise the amount of the consideration paid and direct attributable costs.

The carrying amount of the treasury shares are offset against equity. The excess of the carrying amount over the share premium account is considered as a reduction of any other reserves.

The treasury shares can either be distributed as share dividends or re-issued by re-sale in the open market. Where treasury shares are distributed as share dividends, the cost of the treasury shares is accounted as a reduction of the share premium and/or distributable reserves in accordance with subsection (3D) of Section 67 of the Companies Act, 1965. Where treasury shares are resold in the open market, no gain or loss is recognised and the differences between the sales consideration and the carrying amount of the treasury shares is recorded as a movement in equity.

t. Change of accounting policies

The accounting policy with respect to dividends declared or proposed has been changed. In the previous financial year ended 31 December 2001, a proposed final dividend of RM9,268,720 (2.5 sen per share less 28% income tax) was accrued as a liability as was the accounting practice then. To comply with Malaysian Accounting Standards Board ("MASB") No. 19 on "Events After the Balance Sheet Date" (which states that dividends should not be recognised as a liability at the balance sheet date if those dividends are proposed after the balance sheet date), the proposed dividend is restated which is disclosed in Note 35 and has the effect of increasing the retained profits as at 31 December 2001 as follows:

	Group RM	Company RM
At 31 December 2001 as reported	261,560,624	217,599,742
Add: Proposed final dividend for 2001	9,268,720	9,268,720
At 31 December 2001 as restated	270,829,344	226,868,462

3. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policies are to ensure adequate financial resources for business development and manage its credit, liquidity, cash flow, market, interest rate and currency risks. The Group manages and allocates its capital resources centrally to ensure that all business units of the Group maintain the required levels of capital and prudent levels of liquidity at all times. The Group operates within clearly defined guidelines that are approved by the Board of Directors.

The Group's stockbroking business in Malaysia is supervised by the Securities Commission and KLSE. The Group is required to maintain capital adequacy requirements in accordance with the rules of KLSE, which are principally designed to ensure that the stockbroking subsidiary is an entity of substance so as to foster confidence in the stock market and to create an environment in which the stockbroking subsidiary is able to wind down its business without direct loss to its clients and without disruption to the stock market.

The Group's policies in respect of the major areas of financial risk activities are set out as follows:

a. Credit Risk

Credit risk is the risk of default by clients. The Group conservatively manages its credit risk by controlling the granting of credit approvals, revision in limits and other monitoring procedures. Credit risk is minimised via emphasising the Group's associations with business partners of high creditworthiness. A credit approval authority limit structure approved by the Board of Directors is in place for all share margin financing activities of the Group. Trade and financial receivables are monitored on an ongoing basis via group-wide management reporting procedures.

Allowances for bad and doubtful debts are made and interest income is suspended in accordance with the relevant rules of KLSE. Write-off of debts against specific allowances are made only when avenues of recovery have been exhausted and the loans are deemed to be irrecoverable in the foreseeable future.

The Group does not generally commit itself to have any significant or concentration of credit risk that may arise from exposures to a single receivable or to groups of related receivables except under special circumstances as further approved by the relevant authorities. This risk, if any, will be managed with increased monitoring and requirements for limit reduction, lower margin of finance or additional collateral requirement on a rigorous basis.

b. Liquidity Risk

Liquidity risk, also referred to as funding risk, is the risk that the Group will encounter difficulties in raising funds to meet commitments associated with financial instruments.

The Group seeks to achieve a balance between certainty of funding even in difficult times for the markets and a flexible, cost-effective borrowing structure. The Group's policy seeks to ensure that all projected net borrowing needs are covered by commitment facilities. Also, debt maturities are closely monitored to ensure that the Group is able to meet its obligations as and when they fall due and any refinancing needs are met with.

The Group manages the funding needs and allocates funds in such manner that all business units maintain optimum levels of liquidity sufficient for their operations.

c. Cash flow risk

Cash flow risk is the risk that the future cash flows associated with a monetary financial instrument will fluctuate in amount. Cash flow forecasts are prepared taking into account all major transactions. Any excess funds from operating cash cycles, which are temporary in nature, are invested in short term placements and fixed deposits as and when available with a wide array of licensed financial institutions at the most competitive interest rates obtainable.



3. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

d. Market Risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market prices. The Group participates in arbitrage activities involving derivatives to manage equity risk. The risk of loss in value is minimised via adherence of qualifying criteria before making the investments and by continuous monitoring of the performance and medium term market risk of the investment. Allowances are made in the income statement for adverse changes in the fair values of short to medium term investments whilst reversals are recognised to the extent of the allowances previously made. Except for where there is indication of impairment losses, changes in the market values of long term investments do not affect the book value of the investments.

The Group minimises its exposure to adverse fluctuation in property value before investing in the property and continuous monitoring of the state of the property market. The Group optimises its returns on realisation by managing the timing of launching of the development properties based on the current and expected future trends of the property market. Allowance for impairment losses will be made in the income statement when there is adverse changes in fair values of these properties. Reversals are made immediately to the extent of the allowances previously made in the income statement when the adverse condition which leads to the impairment of assets no longer exists.

External conditions such as global and domestic economic climates that are generally unpredictable and uncontrollable may still affect the overall performance of the Group.

e. Interest Rate Risk

Interest rate risk is the risk that the value or yield of a financial instrument will fluctuate due to changes in market interest rate. A mix between fixed and floating rate borrowings are set by the Group to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall. The floating rate borrowings are monitored and negotiated according to changes in the interest rates to ensure that the Group benefits from enjoying the lowest possible finance cost. The Group does not generally hedge interest rate risks. However, hedging of risks through the use of medium term financial instruments may be adopted should its use result in cost savings. The Group does not presently invest significantly in activities that require interest rates hedging.

f. Currency Risk

The currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is not exposed to any significant foreign exchange risk arising from foreign currency transactions that may affect the overall activities of the Group.

Currency risks relating to operating activities in the ordinary course of business of the Group are minimal and hedged through operational course of business. Currency exposures arising on the holding of monetary assets and liabilities denominated in foreign currencies, mainly bank balances and deposits with financial institutions are deemed insignificant in relation to the Group's activities.

Foreign exchange translation differences arising on consolidation are recorded and disclosed as exchange fluctuate reserve as part of shareholders' fund of the Group. The Group does not hedge the value of its foreign currency denominated investments in subsidiaries.

Overseas businesses, by its nature, is subject to risks including, but not limited to changing economic conditions, changes in global political scenes, changes in financial and trade regulations and foreign exchange rate volatility. Overall, the Group's reserves are sufficient to absorb any foreseeable adverse currency depreciation as the Ringgit Malaysia is currently pegged at fixed rate and the Group's activities are mostly in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2002 (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT - GROUP

	As at 1.1.2002 RM	Additions RM	Disposal of a foreign subsidiary RM	Adjustment/ Reclassification RM	Disposals RM	Written off RM	As at 31.12.2002 RM
At cost							
Freehold land	89,914,708	-	-	-	-	-	89,914,708
Freehold buildings	81,637,238	-	-	-	-	-	81,637,238
Leasehold improvements	4,170,307	-	(4,170,307)	-	-	-	-
Long term leasehold land and buildings	1,644,356	-	-	-	-	-	1,644,356
Short term leasehold land and buildings	2,627,180	-	-	-	-	-	2,627,180
Plant and machinery	20,765,320	22,046	-	-	-	-	20,787,366
Motor vehicles	9,156,344	1,350,046	(359,825)	(98,889)	(1,601,661)	-	8,446,015
Office equipment	42,785,919	9,199,567	(6,110,042)	(43,087)	(28,317)	(29,143)	45,774,897
Furniture and fittings	9,143,991	1,049,794	(556,799)	(2,145)	(5,366)	(17,737)	9,611,738
Renovations	11,301,578	3,997,203	-	-	-	(50,227)	15,248,554
	273,146,941	15,618,656	(11,196,973)	(144,121)	(1,635,344)	(97,107)	275,692,052

	As at 1.1.2002 RM	Charge for the year RM	Disposal of a foreign subsidiary RM	Adjustment/ Reclassification RM	Reversal for Disposals RM	Written off RM	As at 31.12.2002 RM
Accumulated depreciation							
Freehold land	-	-	-	-	-	-	-
Freehold buildings	10,929,909	1,631,425	-	-	-	-	12,561,334
Leasehold improvements	1,203,604	417,031	(1,620,635)	-	-	-	-
Long term leasehold land and buildings	207,806	19,825	-	-	-	-	227,631
Short term leasehold land and buildings	260,497	65,679	-	-	-	-	326,176
Plant and machinery	19,674,077	336,572	-	-	-	-	20,010,649
Motor vehicles	5,079,577	1,143,635	(359,824)	(42,638)	(1,362,630)	-	4,458,120
Office equipment	24,838,486	6,222,770	(4,238,601)	(26,458)	(6,834)	(15,675)	26,773,688
Furniture and fittings	3,880,030	1,005,701	(318,951)	(2,145)	(2,683)	(6,128)	4,555,824
Renovations	2,660,189	1,521,805	-	-	-	(15,583)	4,166,411
	68,734,175	12,364,443	(6,538,011)	(71,241)	(1,372,147)	(37,386)	73,079,833

	Net book value		Depreciation charge 2001 RM
	2002 RM	2001 RM	
Freehold land	89,914,708	89,914,708	-
Freehold buildings	69,075,904	70,707,329	1,626,662
Leasehold improvements	-	2,966,703	748,950
Long term leasehold land and buildings	1,416,725	1,436,550	43,114
Short term leasehold land and buildings	2,301,004	2,366,683	65,680
Plant and machinery	776,717	1,091,243	332,164
Motor vehicles	3,987,895	4,076,767	1,147,503
Office equipment	19,001,209	17,947,433	5,682,147
Furniture and fittings	5,055,914	5,263,961	977,946
Renovations	11,082,143	8,641,389	1,086,193
	202,612,219	204,412,766	11,710,359

Included in the net book value of the assets at the end of the previous financial year was an amount of RM6,565,126 which was acquired by a subsidiary company, OSK Securities Berhad, resulting from the completion of the merger of the entire stockbroking business of OSK Melaka Sdn Bhd and KPEN Sdn Bhd as previously disclosed.

At the end of the financial year, fully depreciated assets at a total cost of RM28,969,992 (2001:RM26,437,703) are still in use.

Depreciation charges for the previous financial year amounting to RM311,578 has been capitalised to development cost.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2002 (CONT'D)



5. LAND AND DEVELOPMENT EXPENDITURE

	Group	
	2002 RM	2001 RM
Freehold land at cost	109,435,815	112,569,735
Development expenditure	201,569,009	138,868,454
Attributable profit (Note)	311,004,824 45,837,898	251,438,189 28,548,269
Progress billings	356,842,722 (181,979,612)	279,986,458 (108,188,321)
Current portion of development properties classified as current asset	174,863,110 (22,026,815)	171,798,137 (9,565,038)
	152,836,295	162,233,099
Note		
Proportion of aggregate sales value recognised on a percentage of completion method:		
- At 31 December	160,420,176	104,555,809
- At 1 January	(104,555,809)	(50,121,741)
	55,864,367	54,434,068
Attributable cost:		
- At 31 December	(114,582,279)	(76,007,540)
- At 1 January	76,007,540	36,761,243
	(38,574,739)	(39,246,297)
Attributable profit recognised:		
- up to end of current financial year	45,837,898	28,548,269
- up to end of previous financial year	(28,548,269)	(13,360,498)
- for current financial year	17,289,629	15,187,771
Borrowing costs capitalised to development expenditure during the financial year include:		
Interest expense paid to holding company	1,951,128	678,223

The Group, through its subsidiary company, OSK Properties Sdn Bhd, entered into a Joint Venture Agreement and a Supplementary Agreement on 23 October 1994 and 15 April 1998 respectively with Majlis Perbandaran Sungei Petani ("MPSP") to carry out a development project on land alienated by the Kedah State Authority to MPSP.

Under the Joint Venture Agreement, the subsidiary company is committed to construct 1,800 units of low cost houses and to clear and level a piece of vacant land of about 50 acres, for the benefit of MPSP with a minimum guaranteed value of RM71,000,000.

6. SUBSIDIARY COMPANIES

	Company	
	2002 RM	2001 RM
a. Investments in subsidiary companies		
At cost:		
Quoted shares in Malaysia (Note)	177,230,715	350,659,727
Quoted shares outside Malaysia	-	45,474,667
Unquoted shares in Malaysia	805,578,002	919,448,107
	982,808,717	1,315,582,501
At market value:		
Quoted shares in Malaysia	48,605,452	325,986,960
Quoted shares outside Malaysia	-	44,265,606
	48,605,452	370,252,566

The effects of the disposal and acquisition of subsidiary companies are disclosed in Note 36 and 38 respectively.

The particulars of the subsidiary companies are disclosed in Note 48.

Note

	Company	
	2002 RM	2001 RM
Cost of investment in OSK Property Holdings Berhad ("OSKPH") (formerly known as TCL Premier Holdings Berhad)		
At beginning of financial year	350,659,727	356,810,965
Less: Bonus issue for capital distribution	(164,445,280)	-
Less: Dividends out of pre-acquisition profits	(10,799,568)	(6,151,238)
Add: Cost of additional shares purchased from open market	1,815,836	-
At end of financial year	177,230,715	350,659,727

During the previous financial year, OSKPH paid an interim dividend of 15% less 28% income tax to the Company amounting to RM10,799,568 out of which RM6,151,238 was out of pre-acquisition profits.

During the current financial year, OSKPH paid a final dividend of 15% less 28% income tax in respect of the previous financial year to the Company amounting to RM10,799,568 out of pre-acquisition profits and declared a bonus issue of 1 OSKPH share for 11 OSKH shares for the purpose of implementing the capital distribution of OSKPH, amounting to RM164,445,280.

Pursuant to a Stakeholder Agreement entered into between the Company, Cheang & Ariff ("the Stakeholder", a law firm), and OSKPH on 19 July 2002, the Company has transferred and deposited 31,300,000 OSKPH shares with the Stakeholder as at 31 December 2002 as a form of security to OSKPH in respect of the profit guarantee as stated in Note 44(f).

The difference between the cost and the market value is not provided for in the financial statements as it is not considered as a permanent impairment.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2002 (CONT'D)



6. SUBSIDIARY COMPANIES (CONT'D)

	Company	
	2002 RM	2001 RM
b. Amount due from subsidiary companies		
Interest bearing	177,158,296	153,477,650
Non interest bearing	119,501,375	119,098,302
	296,659,671	272,575,952

The amounts due from subsidiary companies are unsecured and have no fixed terms of repayment. The interest bearing portion of the outstanding amounts are charged interest at 2.5% to 8% (2001:7% to 9%) per annum.

	Company	
	2002 RM	2001 RM
c. Amount due to subsidiary companies		
Interest bearing	-	(162,788,612)
Non interest bearing	(235,951,313)	(268,213,308)
	(235,951,313)	(431,001,920)

The amounts due to subsidiary companies are unsecured and have no fixed terms of repayment. The interest bearing portion of the outstanding amounts during the financial year bear interest at 3% (2001:3% to 4%) per annum.

7. INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Unquoted shares, at cost	1,200,000	1,200,000	1,200,000	1,200,000
Subscription of shares in an associated company	250,000	-	100,000	-
	1,450,000	1,200,000	1,300,000	1,200,000
Share of post-acquisition results	747,580	446,435	-	-
	2,197,580	1,646,435	1,300,000	1,200,000
Represented by:				
Share of net assets	2,197,580	1,646,435		

The particulars of the associated companies are disclosed in Note 48 to the financial statements.

7. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

The Group's share of assets, liabilities, revenue and profit of associated companies are as follows:

	2002 RM	Group 2001 RM
Plant and equipment	52,107	61,191
Security deposit	50,000	-
Current assets	2,141,240	1,635,355
Current liabilities	(45,767)	(50,111)
	2,197,580	1,646,435

	2002 RM	Group 2001 RM
Revenue	1,271,322	901,232
Profit from ordinary activities before taxation	772,720	437,448
Taxation	(229,656)	(103,659)
Profit after tax	543,064	333,789

During the current financial year, dividend amounting to RM241,920 was received from an associated company.

8. OTHER INVESTMENTS

	Note	2002 RM	Group 2001 RM
Shares quoted outside Malaysia, at cost		-	15,216,459
Less: Impairment loss		-	(13,219,090)
Net carrying value	(a)	-	1,997,369
Unquoted in Malaysia at cost:			
- Shares		4,239,997	2,490,000
- One class "A" preference share in Malaysia		1,500,000	1,500,000
Derivatives Exchange Berhad ("MDEX")		5,739,997	3,990,000
Membership fee in MDEX		1,128,608	1,128,608
Less: Amount written-down during the financial year		(428,608)	-
Net carrying value	(b)	700,000	1,128,608
Fees paid to MESDAQ market of KLSE in relation to a subsidiary company's admission as member		750,000	750,000
Less: Refund during the financial year		(375,000)	-
Write-off during the financial year		(375,000)	-
Net carrying value	(c)	-	750,000

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2002 (CONT'D)



8. OTHER INVESTMENTS (CONT'D)

	Note	Group 2002 RM	2001 RM
Admission fees as adviser and sponsor on MESDAQ market of KLSE		250,000	-
Less: Amortisation for the financial year		(10,000)	-
Net carrying value		240,000	-
Transferable club memberships		158,200	158,200
		6,838,197	8,024,177
Market value of shares quoted outside Malaysia		-	2,012,222

Note (a)

This represented approximately 7.48% interest in I.T. & e Limited ("IT&e"), a listed company in Australia, which is principally engaged in the provision of services in the information technology and e-commerce industries. The investment in IT&e was held by OSK Asia Corporation Limited ("OSKA"), a subsidiary of the Company in Hong Kong, for a long term strategic purpose.

During the current financial year, the Company completed the disposal of OSKA as disclosed in Note 36 to the financial statements, together with the above investments.

Note (b)

The net carrying amount comprises one class "B" and one class "C" preference shares in MDEX amounting to RM500,000 and RM200,000 respectively.

Note (c)

The merger of MESDAQ with KLSE was completed on 14 March 2002. During the current financial year, of the RM750,000 member admission fee paid to MESDAQ, RM375,000 was refunded to the subsidiary company and the balance of RM375,000 was written off to income statement.

9. SECURITY DEPOSIT

This represents a security deposit paid to Malaysian Derivatives Clearing House Berhad by a subsidiary company.

10. DEVELOPMENT COST

	Group 2002 RM	2001 RM
At beginning of financial year	6,051,911	2,998,864
Expenditure incurred during the financial year	919,384	3,096,617
Less: Amount written off during the financial year	-	(43,570)
Amortisation during the financial year	(995,899)	-
At end of financial year	5,975,396	6,051,911

10. DEVELOPMENT COST (CONT'D)

Included in the development cost are the following expenditure incurred in the financial year:

	2002 RM	2001 RM
Consultancy fees	-	878,501
Depreciation	-	331,578
Software development cost	919,384	534,553
Staff costs	-	1,208,010

11. DEFERRED EXPENDITURE

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Contribution fees to Kuala Lumpur Stock Exchange	1,000,000	1,000,000	1,000,000	1,000,000
Less: Write off to share premium account	(1,000,000)	-	(1,000,000)	-
	-	1,000,000	-	1,000,000
Fidelity and Compensation Fund contributions to the Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited (Note)	-	950,040	-	-
	-	1,950,040	-	1,000,000

Note

During the current financial year, the Company completed the disposal of OSKA as disclosed in Note 36, together with the above deferred expenditure.

12. INTANGIBLE ASSETS

	Note	2002 RM	2001 RM
Goodwill on consolidation	(a)	140,730,916	200,186,024
Purchased goodwill	(b)	53,703,562	56,099,260
Business and intellectual property	(c)	437,500	312,500
Trading rights	(d)	-	1,888,760
		194,871,978	258,486,544



12. INTANGIBLE ASSETS (CONT'D)

	Group	
	2002 RM	2001 RM
Note (a) - Goodwill on consolidation		
At cost:		
At beginning of financial year	209,979,537	140,290,250
Realised upon capital distribution of a subsidiary company	(64,656,280)	-
Restatement for effect of offsetting in previous year (Note 46)	-	38,011
Addition during the financial year	7,720,596	69,651,276
Existing goodwill in a subsidiary company acquired	-	3,904,439
Written off during the financial year	-	(3,904,439)
At end of financial year	153,043,853	209,979,537
Accumulated amortisation:		
At beginning of financial year	(9,793,513)	(1,828,122)
Realised upon capital distribution of a subsidiary company	5,045,194	-
Amortised during the financial year	(7,564,618)	(7,965,391)
At end of financial year	(12,312,937)	(9,793,513)
Net carrying value	140,730,916	200,186,024

The amount written off in the previous financial year resulted from the merger of the stockbroking business in subsidiary companies between OSK Securities Berhad ("OSKS") and KPEN Sdn Bhd.

	Group	
	2002 RM	2001 RM
Note (b) - Purchased goodwill		
At cost:		
At beginning/end of financial year	59,892,449	59,892,449
Accumulated amortisation:		
At beginning of financial year	(3,793,189)	(1,397,491)
Amortised during the year	(2,395,698)	(2,395,698)
At end of financial year	(6,188,887)	(3,793,189)
Net carrying value	53,703,562	56,099,260

The purchased goodwill represents the excess of the total cash consideration paid by OSKS, the stockbroking subsidiary company, on the acquisition of the entire stockbroking business of Premier Capital Securities Sdn Bhd over the fair value of the attributable net assets acquired. The acquisition was completed on 19 June 2000. OSKS has since then operated the business acquired as a branch in Ipoh, Perak Darul Ridzuan.

12. INTANGIBLE ASSETS (CONT'D)

Note (c) - Business and intellectual property

On 23 March 2001, Finexasia.com Sdn Bhd, a subsidiary company, entered into a conditional Sale and Purchase Agreement with Softaction.com Sdn Bhd to purchase its QuoteVision Intellectual Property and business excluding all liabilities and other assets for a total consideration of RM500,000. The consideration is to be satisfied by the issuance of 250,000 new ordinary shares of RM1 each in Finexasia.com Sdn Bhd and RM250,000 cash.

The issuance of new ordinary shares had been completed on 19 September 2001. The cash payment is to be paid in eight (8) quarterly instalments in arrears. The unpaid portion of the consideration is disclosed as capital commitment in Note 41.

	Group	
	2002 RM	2001 RM
Note (d) - Trading rights		
At cost:		
At beginning of financial year	2,042,537	483,497
Addition during the year	-	1,559,040
Disposal of subsidiary companies	(2,042,537)	-
At end of financial year	-	2,042,537
Accumulated amortisation:		
At beginning of financial year	(153,777)	(40,459)
Effects on foreign exchange translation	-	(8)
Amortised during the year	(101,951)	(113,310)
Reversal for disposal of subsidiary companies	255,728	-
At end of financial year	-	(153,777)
Net carrying value	-	1,888,760
At 31 December 2001, the trading rights at cost comprised:		
Three trading rights in the Stock Exchange of Hong Kong Limited	-	1,969,652
One trading right in the Hong Kong Futures Exchange Limited	-	72,885
	-	2,042,537

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13. TRADE RECEIVABLES

	Note	Group 2002 RM	2001 RM
Amount owing by clients		435,934,811	564,730,148
Less: Interest-in-suspense	(a)	(46,961,571)	(69,360,222)
Specific allowance for bad and doubtful debts	(b)	(55,646,380)	(80,315,292)
General allowance for bad and doubtful debts	(c)	(208,786)	(186,502)
		333,118,074	414,868,132
Amount owing by brokers		27,755,958	52,600,985
Amount due from clearing house		5,153,443	8,663,362
Other trade receivables		18,454,030	17,599,821
Less: Allowance for bad and doubtful debts		(269,470)	(129,713)
		18,184,560	17,470,108
		384,212,035	493,602,587
Outstanding amount of non-performing accounts classified as:			
- doubtful		17,082,923	14,799,145
- bad		52,224,887	65,516,147
		69,307,810	80,315,292

Note (a) - Movement of interest-in-suspense are as follows:

	Group 2002 RM	2001 RM
At beginning of financial year	69,360,222	90,997,573
Arising from merger of stockbroking operations of subsidiary companies	-	18,231,910
Addition during the financial year	20,515,743	24,676,607
Reversal during the financial year	(444,439)	(20,457,844)
Write-off during the financial year	(42,469,955)	(44,088,024)
At end of financial year	46,961,571	69,360,222

Note (b) - Movement of specific allowance for bad and doubtful debts are as follows:

	Group 2002 RM	2001 RM
At beginning of financial year	80,315,292	165,883,926
Arising from merger of stockbroking operations of subsidiary companies	-	25,616,595
Addition during the financial year	4,190,446	4,672,748
Reversal during the financial year	(5,423,588)	(39,142,094)
Write-off during the financial year	(14,241,662)	(76,715,883)
Disposal of subsidiary companies	(9,194,108)	-
At end of financial year	55,646,380	80,315,292

13. TRADE RECEIVABLES (CONT'D)

Note (c) - Movement of general allowance for bad and doubtful debts are as follows:

	2002 RM	Group 2001 RM
At beginning of financial year	186,502	106,666
Arising from merger of stockbroking operations of subsidiary companies	-	176,354
Addition/(Reversal) during the financial year	22,284	(96,518)
At end of financial year	208,786	186,502

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2002 RM	Group 2001 RM	Company 2002 RM	2001 RM
Other receivables	19,353,511	15,561,360	494,394	272,188
Less: Allowance for doubtful debts	(15,800,000)	(9,895,134)	-	-
Deposits	3,553,511	5,666,226	494,394	272,188
Prepayments	2,674,221	3,385,483	4,500	4,500
	2,800,915	1,292,183	-	-
	9,028,647	10,343,892	498,894	276,688

15. INVESTMENTS IN SHARES

	2002 RM	Group 2001 RM
a. Marketable securities		
Quoted in Malaysia		
At cost:		
- Manager's stock - unit trusts	404,493	1,204,858
- Securities	38,751,837	45,633,944
Less: Impairment loss	39,156,330 (13,550,255)	46,838,802 (10,183,983)
	25,606,075	36,654,819
Quoted outside Malaysia		
At cost:		
- Manager's stock - unit trusts	-	1,132,740
- Securities	503,970	10,964,497
Less: Impairment loss	503,970 (262,051)	12,097,237 (969,126)
	241,919	11,128,111

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2002 (CONT'D)



15. INVESTMENTS IN SHARES (CONT'D)

	Group	
	2002 RM	2001 RM
b. Investments in shares		
Unquoted shares in Malaysia, at cost	429	429
	25,848,423	47,783,359
Quoted market value:		
In Malaysia		
- Manager's stock - unit trusts	400,221	1,222,894
- Securities	28,094,195	35,786,334
	28,494,416	37,009,228
Outside Malaysia		
- Manager's stock - unit trusts	-	689,584
- Securities	242,123	10,444,527
	242,123	11,134,111
	28,736,539	48,143,339

The securities quoted in Malaysia mainly comprise securities subscribed by a subsidiary company via four underwriting commitments in 2000 and 2001. The cost and the market value of these securities at the end of the financial year is RM31,230,324 (2001: RM32,454,324) and RM18,619,297 (2001: RM26,297,821) respectively.

16. CASH, BANK BALANCES AND DEPOSITS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
a. General accounts:				
Cash and bank balances	12,034,557	27,279,873	667,420	466,756
Bank balances				
- Housing Development Accounts - Note (i)	10,473,964	3,421,347	-	-
Short term placements with:				
- licensed banks	118,032,000	44,297,028	23,500,000	-
- licensed discount houses	4,790,000	8,632,466	-	-
Fixed deposits with:				
- licensed banks	71,795,620	195,229,890	-	33,210,000
- licensed finance companies	17,407,223	20,050,137	-	-
Sinking Fund				
- fixed deposits with licensed financial institutions - Note (ii)	20,477,135	10,229,535	20,477,135	10,229,535
	255,010,499	309,140,276	44,644,555	43,906,291

16. CASH, BANK BALANCES AND DEPOSITS (CONT'D)

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
b. Segregated accounts - Note (iii):				
Bank balances	5,404,793	30,990,781	1,219	839
Short term placements with licensed banks	50,111,947	41,535,013	-	-
Fixed deposits with licensed banks	33,139,620	58,605,419	-	-
	88,656,360	131,131,213	1,219	839
	343,666,859	440,271,489	44,645,774	43,907,130

- i. Balances held under the Housing Development Accounts represents monies received from purchasers of residential properties less payments or withdrawals in accordance with the Housing Developers (Control and Licensing) Act, 1966 and the Housing Developers (Housing Development Account) Regulations, 1991.
- ii. Balances held under Sinking Fund represents monies received from exercise of Warrant B and/or internally generated funds set aside for the redemption of 3.5% Redeemable Unsecured Bonds 2000/2005 (Note 23).
- iii. Segregated accounts represent monies held in trust accounts and dividend accounts for clients and dealer's representatives. Trust accounts are maintained with banks in accordance with the rules of the relevant authorities.

17. TRADE PAYABLES

	Group	
	2002 RM	2001 RM
Amount due to clients	91,903,832	152,952,516
Amount due to brokers	42,720,444	83,717,657
Other trade payables	13,492,860	20,641,236
	148,117,136	257,311,409

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18. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Other payables	5,602,029	6,407,413	219,508	231,888
Deposits:				-
- trading deposits from dealers' representative	27,602,688	30,939,193	-	-
- rental and utilities deposits from tenants	957,606	921,520	-	-
- deposit received for proposed disposal (Note)	-	-	-	10,000,000
- other deposits	6,600	-	-	-
	28,566,894	31,860,713	-	10,000,000
Accruals:				-
- commission payable to dealers' representatives	547,041	1,439,438	-	-
- commission payable to unit trusts agents	1,338,219	820,018	-	-
- RUB and ICULS interests	3,148,349	3,148,349	3,148,349	3,148,349
- other accruals and provisions	9,873,493	7,131,107	105,500	160,150
	14,907,102	12,538,912	3,253,849	3,308,499
	49,076,025	50,807,038	3,473,357	13,540,387

Note

The deposit received for proposed disposal in respect of previous financial year was for the 90% equity interest in OSK Properties Sdn Bhd to OSK Property Holdings Berhad as mentioned in Note 44(f). This deposit is realised as part of the disposal proceeds during the current financial year.

19. BANK OVERDRAFTS (UNSECURED) - GROUP

The bank overdrafts of RM474,790 (2001: RM3,923,831) pertaining to subsidiary companies are supported by corporate guarantees from the Company. Interest is charged at 1.20% to 2.00% (2001: 1.20% to 2.00%) per annum above the banks' base lending rates or cost of funds where relevant.

20. SHARE CAPITAL

	Group/Company	
	2002 RM	2001 RM
Authorised:		
1,500,000,000 ordinary shares of RM1 each		
At beginning/end of financial year	1,500,000,000	1,500,000,000
Issued and fully paid:		
Ordinary shares of RM1 each		
At beginning of financial year	538,365,880	538,365,880
Cancellation of shares repurchased	(23,437,000)	-
Exercise of Warrants A 1994/2004	3,052	-
At end of financial year	514,931,932	538,365,880

21. RESERVES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Non-distributable:				
Share premium (Note a)	62,301,884	269,150,328	62,301,884	269,150,328
Capital redemption reserve (Note b)	23,437,000	-	23,437,000	-
Exchange fluctuation reserve				
- unrealised (Note c)	-	17,304,333	-	-
Reserve on consolidation (Note d)	10,184,071	10,401,518	-	-
	95,922,955	296,856,179	85,738,884	269,150,328
Distributable:				
Retained profits				
As previously reported	289,424,802	261,560,624	332,816,362	217,599,742
Changes in accounting policy (Note 35)	-	9,268,720	-	9,268,720
As restated	289,424,802	270,829,344	332,816,362	226,868,462
	385,347,757	567,685,523	418,555,246	496,018,790

	Group/Company	
	2002 RM	2001 RM
Note a - Share premium		
At beginning of financial year	269,150,328	269,150,328
Less: Expenses for restructuring scheme	(260,315)	-
Contribution fee to KLSE written off	(1,000,000)	-
Cost of treasury shares cancelled	(41,144,283)	-
Bonus issue for capital distribution purpose	(164,445,280)	-
Add: Exercise of Warrants A	1,434	-
At end of financial year	62,301,884	269,150,328
Note b - Capital redemption reserve		
At beginning of financial year	-	-
Less: Cancellation of shares repurchased 23,437,000 ordinary shares	23,437,000	-
At end of financial year	23,437,000	-

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2002 (CONT'D)



21. RESERVES (CONT'D)

	2002 RM	Group 2001 RM
Note c - Exchange fluctuation reserve		
At beginning of financial year	17,304,333	17,304,982
Foreign exchange losses arising from translation of foreign subsidiary company's financial statements	-	(649)
Realised upon disposal of foreign subsidiary company	(17,304,333)	-
At end of financial year	-	17,304,333
Note d - Reserve on consolidation		
At beginning of financial year	10,401,518	5,956,885
Effect of offsetting (Note 46)	-	38,011
Arising from acquisition of additional shares in a subsidiary company	2,175,100	4,406,622
Realised upon disposal of foreign subsidiary company	(2,392,547)	-
At end of financial year	10,184,071	10,401,518

22. TREASURY SHARES

	2002 RM	Group/Company 2001 RM
At cost (RM):		
At beginning of financial year	41,144,283	3,477,054
Repurchased during the financial year	43,763,386	37,667,229
Cancelled during the financial year	(41,144,283)	-
At end of financial year	43,763,386	41,144,283
Number of shares repurchased/held as treasury shares:		
At beginning of financial year	23,437,000	1,943,000
Repurchased during the financial year	27,244,000	21,494,000
Cancelled during the financial year	(23,437,000)	-
At end of financial year	27,244,000	23,437,000
Total number of outstanding shares as issued and fully paid	487,687,932	514,928,880
Total number of outstanding shares of the Company	514,931,932	538,365,880

22. TREASURY SHARES (CONT'D)

The shareholders of the Company, by a special resolution passed at the Extraordinary General Meeting ("EGM") held on 18 December 2000, approved the Company's plan to repurchase its own shares. The directors are committed to enhance the value of the Company to its shareholders and are of the opinion that the repurchase plan is to the best interests of the Company and its shareholders. The shareholders of the Company had during the EGM held on 21 May 2002 approved the renewal of authorisation for the aforesaid shares buy-back exercise. In accordance with KLSE's guidelines governing the purchase of own shares by a listed company, the aforesaid approval will continue in force until the conclusion of the forthcoming Annual General Meeting of the Company. On 24 April 2002 and 23 August 2002 respectively, the directors made a Solvency Declaration pursuant to Section 67A of the Companies Act, 1965 and Part IIIA of Companies Regulations, 1966 that amongst others, the Company is and will remain solvent at the times of purchase of own shares and that it will not become insolvent by incurring the debts involved in the obligation for the shares so purchased.

During the financial year, the Company repurchased 27,244,000 (2001: 21,494,000) of its issued share capital from the open market at a total cost of RM43,763,386 (2001: RM37,667,229). The highest, lowest and average price paid for the shares repurchased were RM1.98, RM1.31 and RM1.61 (2001: RM2.14, RM1.34 and RM1.75) per share respectively. The repurchase transactions were financed by internally generated funds.

The shares repurchased are being held as treasury shares, in accordance with the requirement of Section 67A of the Companies Act, 1965. The Company may distribute the treasury shares as dividend to the shareholders or resell the treasury shares in the market in accordance with the relevant rules of KLSE.

Pursuant to a special resolution and announcement dated 24 October 2002, 23,437,000 ordinary shares repurchased were cancelled in accordance with Section 67A of the Companies Act, 1965, at a total value of RM41,144,283. The issued and paid-up share capital of the Company is diminished by the share cancelled and the same amount of which, is transferred to the Capital Redemption Reserve (Note 21).

Details of the share repurchased are as follows:

Month	Number of shares repurchased	Highest price RM	Lowest price RM	Average price RM	Total amount paid RM	Number of shares held as treasury shares
Balance b/f	23,437,000	2.14	1.34	1.76	41,144,283	23,437,000
January 2002	604,000	1.81	1.70	1.77	1,071,873	604,000
February 2002	991,000	1.81	1.72	1.77	1,750,889	991,000
March 2002	669,000	1.81	1.76	1.80	1,202,858	669,000
April 2002	968,000	1.98	1.78	1.93	1,868,885	968,000
May 2002	997,000	1.95	1.70	1.92	1,916,046	997,000
June 2002	2,247,000	1.78	1.64	1.71	3,844,301	2,247,000
July 2002	1,090,000	1.75	1.62	1.70	1,852,333	1,090,000
August 2002	1,818,000	1.75	1.58	1.64	2,978,171	1,818,000
September 2002	8,475,000	1.62	1.49	1.57	13,339,340	8,475,000
October 2002	5,969,000	1.60	1.31	1.52	9,093,396	5,969,000
November 2002	739,000	1.53	1.35	1.43	1,059,306	739,000
December 2002	2,677,000	1.48	1.37	1.41	3,785,988	2,677,000
	27,244,000	1.98	1.31	1.61	43,763,386	27,244,000
Cancelled in 2002	(23,437,000)	2.14	1.34	1.76	(41,144,283)	(23,437,000)
Balance c/f	27,244,000	1.98	1.31	1.61	43,763,386	27,244,000

All the shares repurchased are conducted through the stockbroking subsidiary company, OSK Securities Berhad which have been entered into in the ordinary course of business and are not less favourable than those arranged with independent third parties.



23. 3.5% REDEEMABLE UNSECURED BONDS 2000/2005 ("RUB")

On 2 March 2000, the Company made a rights issue of RM101,423,995 nominal value of 3.5% RUB at 100% nominal value and RM101,423,995 nominal value of 6% ICULS at 100% nominal value together with 101,423,995 detachable Warrant B on the basis of RM1 nominal value of 3.5% RUB and RM1 nominal value of 6% ICULS with one (1) Warrant B for every three (3) existing ordinary shares of RM1 each held prior to the Bonus Issue. The 3.5% RUB are constituted under a Trust Deed dated 6 January 2000.

The 3.5% RUB will be redeemed by the Company for cash at 100% nominal value together with the interest accrued thereon on maturity, unless previously purchased or cancelled.

In accordance with the Trust Deed, a Sinking Fund has been set up under the legal control of the Trustee for the redemption of the 3.5% RUB. The contribution to the Sinking Fund will include all proceeds receivable from the exercise of Warrant B and/or internally generated funds and shall be no less than the following percentages at each anniversary of the issue date:

Year	Date	Contribution of nominal value of 3.5% RUB	
		Per annum (%)	Amount RM
1	2 March 2001	10	10,142,400
2	2 March 2002	10	10,142,400
3	2 March 2003	20	20,284,799
4	2 March 2004	20	20,284,799
5	2 March 2005	40	40,569,597
		100	101,423,995

At the end of the financial year, the cash maintained in the Sinking Fund is RM20,477,135 (2001: RM10,229,535) [Note 16].

Each Warrant B carries the right to subscribe for one (1) new ordinary share of RM1 at a subscription price of RM2.80 per share by cash at any time on or before 1 March 2005. The subscription price and the number of outstanding Warrant B are subject to adjustments in accordance with the provisions as set out in a Deed Poll dated 6 January 2000. At the end of the financial year, the total number of Warrant B remaining unexercised is 101,423,828 (2001: 101,423,828).

Pursuant to the capital distribution by the Company of 46,085,664 shares of OSKPH as stated in Note 44(f), the subscription price of Warrant B has been adjusted on 13 August 2002 from RM2.80 to RM2.28.

The detachable Warrants A which were issued pursuant to the issuance of 7% RUB in prior year were extended by an additional period of five (5) years expiring on 22 March 2004.

Each Warrant A carries the right to subscribe for one (1) new ordinary share of RM1 at a subscription price of RM1.47 per share by cash at any time on or before 22 March 2004. The subscription price and the number of outstanding Warrant A are subject to adjustments in accordance with the provisions as set out in a Deed Poll dated 19 January 1994 and two Supplementary Deed Polls dated 3 April 1997 and 9 February 1999. At the end of the financial year, the total number of Warrant A remaining unexercised is 102,564,449 (2001: 102,567,501).

Pursuant to the capital distribution by the Company of 46,085,664 shares of OSKPH as stated in Note 44(f), the subscription price of Warrant A has been adjusted on 13 August 2002 from RM1.47 to RM1.20.

24. 6% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2000/2005 ("ICULS")

	Group/Company	
	2002 RM	2001 RM
At beginning/end of financial year	98,253,462	98,253,462

On 2 March 2000, RM101,423,995 nominal value of 6% ICULS were issued together with the 3.5% RUB and Warrant B as an integral part of the rights issue. Each 6% ICULS is convertible into one (1) new ordinary share of RM1 at any time on or before 1 March 2005 at the conversion price of RM2.80 per share payable by any combination of 6% ICULS and cash. The 6% ICULS are constituted under a Trust Deed dated 6 January 2000.

Unless previously converted, all outstanding 6% ICULS will be fully converted into new ordinary shares at RM2.80 per share on maturity.

Pursuant to the capital distribution by the Company of 46,085,664 shares of OSKPH as stated in Note 44(f), the conversion price of ICULS has been adjusted on 13 August 2002 from RM2.80 to RM2.28.

25. DEFERRED TAXATION

	Group	
	2002 RM	2001 RM
At beginning of financial year	1,679,307	2,276,307
Transfer to income statement (Note 33)	1,968,348	(597,000)
At end of financial year	3,647,655	1,679,307

The deferred taxation is in respect of material timing differences between depreciation and corresponding capital allowances which are expected to reverse in the foreseeable future.

On 13 September 2001, the Ministry of Finance had approved OSK Securities Berhad ("OSKS") the tax portion of 50% of the unabsorbed tax losses of Premier Capital Securities Sdn Bhd ("PCS") estimated at RM112,748,554 to be offset against OSKS's tax payable for the previous and current financial years. The amount is subject to finalisation of the relevant tax assessment years of PCS by the Inland Revenue Board.

Where the above becomes available for utilisation, the estimated deferred taxation asset is as follows:

	Group	
	2002 RM	2001 RM
Tax credit transferable (estimated)	5,704,548	2,195,548
Less: Deferred taxation balance of the Group	(3,647,655)	(1,679,307)
	2,056,893	516,241

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26. REVENUE

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Advisory and arrangement fees	5,095,011	1,283,370	-	-
Carrying charges and facility fees	6,456,774	4,011,183	-	-
Gains from investment in shares	674,570	-	-	-
Gross dividends from:				
- an unquoted associated company in Malaysia	-	-	336,000	-
- a quoted subsidiary in Malaysia	-	-	1,386,208	6,456,014
- unquoted subsidiaries in Malaysia	-	-	27,515,000	-
- a quoted subsidiary outside Malaysia	-	-	-	2,334,494
	-	-	29,237,208	8,790,508
Gross brokerage fees	83,979,876	74,886,311	-	-
Handling and service charges	15,985,136	9,821,813	-	-
Interest income:				
- from operating activities	32,959,629	34,260,950	1,450,277	593,503
- from subsidiary companies	-	-	10,693,326	9,325,695
	32,959,629	34,260,950	12,143,603	9,919,198
Institutional Unit Trust Agent commission	325,711	144,504	-	-
Manager's fee	11,928,957	7,916,186	-	-
Others	109,823	31,630	-	-
Revenue from property development projects	55,864,367	54,434,069	-	-
Rental income	3,748,582	3,727,666	-	-
Sales of oil palm produce	839,801	817,768	-	-
Underwriting commission	3,561,219	698,358	-	-
	221,529,456	192,033,808	41,380,811	18,709,706

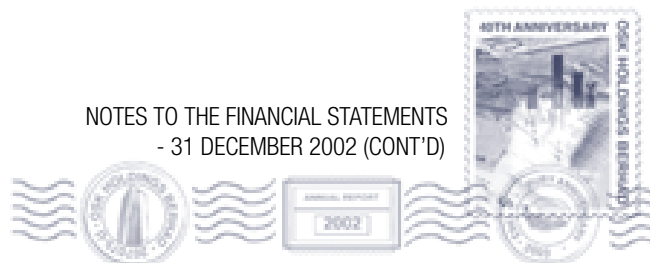
27. DIRECT COSTS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Assessment and quit rent	1,094,849	1,093,917	-	-
Commission to dealer's representatives	18,029,230	12,949,452	-	-
Commission to unit trust agents	16,424,504	8,470,478	-	-
Clearing and exchange guarantee fees	90,189	84,005	-	-
Hosting fee for internet	71,600	-	-	-
Property development project costs	41,713,367	42,164,297	-	-
Execution fees	164,828	74,222	-	-
Incentive fees	1,074	49,697	-	-
MCD charges	629,766	439,187	-	-
MESDAQ trading fee	6	9	-	-
Plantation expenses	242,867	373,519	-	-
SCORE fees	344,333	353,244	-	-
Securities Commission levy	1,188,824	920,259	-	-
Settlement expenses	474,518	974,033	-	-
Share handling charges	2,777,762	6,674,563	-	-
Tenancy renewal commission	34,473	-	-	-
	83,282,190	74,620,882	-	-

28. OTHER OPERATING INCOME

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Other operating income include:				
Exceptional items:				
i. Gain on disposal of a foreign subsidiary company	18,030,030	-	46,411,613	-
ii. Gain on disposal of a subsidiary company	-	-	58,629,899	-
iii. Exchange fluctuation reserve realised upon disposal as stated in (i)	17,304,333	-	-	-
iv. Capital reserve on consolidation realised upon disposal as stated in (i)	2,392,547	-	-	-
v. Post-acquisition profits recognised upon disposal as stated in (i)	8,684,703	-	-	-
vi. Dividend received from pre-acquisition profit realised upon capital distribution as stated in Note 44(f)	7,642,514	-	-	-
vii. Additional compensation received from the Government of Malaysia on compulsory acquisition of a parcel of land	-	564,861	-	-
Allowance for bad and doubtful debts written back:				
- specific	5,895,095	8,570,263	-	-
- general	-	96,518	-	-
	5,895,095	8,666,781	-	-
Bad debts recovered	90,243	139,793	-	-
Gain on foreign exchange	3,103	-	-	-
Gain on disposal of plant and equipment	321,029	107,042	-	-
Gain on disposal of quoted securities:				
- in Malaysia	931,206	-	-	-
- outside Malaysia	-	136,642	-	-
	931,206	136,642	-	-
Gross dividends from:				
- unquoted securities in Malaysia	78,437	39,233	-	-
- securities quoted in Malaysia	351,899	457,898	-	-
- securities quoted outside Malaysia	-	358,223	-	-
	430,336	855,354	-	-
Impairment loss of marketable securities written back	3,279	4,179,105	-	-
Interest income	2,050,687	3,332,264	-	-
Gain on investment in futures market	500,821	-	-	-
Rental income from rubber plantation	157,000	199,000	-	-
Reference site fee	601,663	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
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29. ADMINISTRATIVE EXPENSES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Administrative expenses include:				
Audit fee:				
- statutory audit	300,731	438,524	27,000	27,000
- under/(over) provision in prior year	38,431	(7,295)	-	-
- others	6,510	28,400	3,000	1,250
	345,672	459,629	30,000	28,250
Depreciation	12,364,443	11,710,359	-	-
Directors' remuneration:				
- fees:current year	167,000	154,300	80,000	86,000
- fees:under provision in prior year	9,750	-	-	-
- gratuity	200,000	-	-	-
- other emoluments	2,920,770	2,609,450	-	-
	3,297,520	2,763,750	80,000	86,000
Fee paid to a firm in which a partner is also a past director of the Company	-	12,000	-	-
Lease rental in respect of:				
- premises	1,750,190	2,686,251	-	-
- equipment	-	3,448,576	-	-
Rental of equipment	1,809,981	1,621,689	-	-
Rental of premises	2,027,651	506,655	-	-
Staff cost other than directors of the Company	47,531,145	46,537,354	-	-

30. OTHER OPERATING EXPENSES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Other operating expenses include:				
Allowance for bad and doubtful debts:				
- specific	20,130,203	4,672,748	-	-
- general	22,284	-	-	-
	20,152,487	4,672,748	-	-
Amortisation:				
- development cost	995,899	-	-	-
- goodwill on consolidation	7,564,618	7,965,391	-	-
- MESDAQ adviser and sponsor admission fee	10,000	-	-	-
- purchased goodwill	2,395,698	2,395,698	-	-
- trading rights	101,951	113,310	-	-
	11,068,166	10,474,399	-	-
Amount due from subsidiary companies written off	-	-	304,901	-
Bad debts written off	4,543	100,701	-	-
MDEX membership fee written down	428,608	-	-	-
Development cost written off	-	43,570	-	-
Goodwill on consolidation written off in a subsidiary company acquired	-	3,904,439	-	-
Impairment loss of:				
- investment	-	13,219,090	-	-
- marketable securities	7,064,414	45,947	-	-
	7,064,414	13,265,037	-	-
Loss on foreign exchange	-	1,078	-	-
Loss on disposal of quoted securities				
- in Malaysia	-	5,809	-	-
- outside Malaysia	317,321	-	-	-
	317,321	5,809	-	-
MESDAQ member admission fee written off	375,000	-	-	-
Plant and equipment written off	59,721	174,681	-	-
Pre-operating expenses written off	-	6,614	-	-

31. FINANCE COSTS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Finance costs include:				
Interest expense:				
- bank overdrafts	780,277	216,348	-	-
- subsidiary company	-	-	2,929,906	4,199,830
- 3.5% RUB 2000/2005	3,549,793	3,549,790	3,549,793	3,549,790
- 6% ICULS 2000/2005	5,895,208	5,895,208	5,895,208	5,895,208
Others	177	-	-	-
	10,225,455	9,661,346	12,374,907	13,644,828



32. DIRECTORS' REMUNERATIONS

The remunerations of the directors of the Company consist of the following:

	Executive RM	Non-Executive RM	Total RM
Amount received/receivable from the Company:			
Fee - 2002	40,000	40,000	80,000
Fee - 2001	60,000	26,000	86,000
Amount received/receivable from subsidiary companies:			
2002			
Fee - current financial year	74,000	13,000	87,000
- under provision in prior year	9,000	750	9,750
Bonus / Incentive	705,250	188,720	893,970
Gratuity *	200,000	-	200,000
Salaries	2,026,800	-	2,026,800
	3,015,050	202,470	3,217,520
Benefits-in-kind	44,600	-	44,600

* This was paid to a resigned director during the financial year.

2001			
Fee	65,000	3,300	68,300
Bonus / Incentive	375,050	-	375,050
Salaries	2,234,400	-	2,234,400
	2,674,450	3,300	2,677,750
Benefits-in-kind	89,046	3,600	92,646

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

	Executive	Non-Executive	Total
2002			
Group			
RM50,000 and below	-	3	3
RM50,001 - RM100,000	2	-	2
RM150,001 - RM200,000	-	1	1
RM350,001 - RM400,000	2	-	2
RM650,001 - RM700,000	1	-	1
RM1,500,001 - RM1,550,000	1	-	1
	6	4	10
2001			
Group			
RM50,000 and below	-	3	3
RM50,001 - RM100,000	1	-	1
RM200,001 - RM250,000	1	-	1
RM300,001 - RM350,000	1	-	1
RM350,001 - RM400,000	1	-	1
RM550,001 - RM600,000	1	-	1
RM1,200,001 - RM1,250,000	1	-	1
	6	3	9

33. TAXATION

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Provision for the financial year	11,808,062	9,826,862	8,677,318	1,807,684
Transfer from deferred taxation (Note 25)	1,968,348	(597,000)	-	-
Share of taxation of associated companies	229,656	103,659	-	-
	14,006,066	9,333,521	8,677,318	1,807,684
Under provision in prior years	10,309	872,918	68,375	-
	14,016,375	10,206,439	8,745,693	1,807,684

The effective tax rate of the Company for the current financial year is lower than the statutory rate mainly due to capital gain on disposal of a foreign subsidiary company.

Subject to agreement by the Inland Revenue Board:

- the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt income under Section 12 of the Income Tax (Amendment) Act, 1999 to frank the payment of dividends out of its entire retained profits as at 31 December 2002 without incurring additional tax liability; and
- the Group has estimated unabsorbed tax losses and capital allowances amounting to RM3,379,000 (2001: RM56,253,000) and RM507,000 (2001: RM538,000) respectively.

A subsidiary company was granted Multimedia Super Corridor status on 3 October 2000 by Multimedia Development Corporation, which entitles the subsidiary company to enjoy the incentives and benefits backed by the Malaysian Government's Bill of Guarantee. The incentives include five (5) years exemption from Malaysian income tax commencing from the date the subsidiary company starts generating income or a 100% Investment Tax Allowance. The subsidiary company has opted for the five (5) years tax exemption incentive. On 19 December 2002, the Ministry of International Trade and Industry has confirmed that the effective date for the incentive was 21 September 2001.

34. EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share is calculated based on the Group's profit after taxation and minority interests of RM36,691,735 (2001: Loss of RM12,207,579) over the weighted average number of ordinary shares in issue during the financial year of 500,747,327 (2001: 522,971,444).

The fully diluted earnings per share of the current financial year is calculated based on the adjusted Group profit after taxation and minority interests of RM40,936,285 over the adjusted number of shares in issue and issuable of 632,808,447. The adjusted Group profit after taxation and minority interests is arrived at after adding back interest (net of tax) on the 6% ICULS which are assumed to be fully converted on 1 January 2002. The adjusted number of shares is calculated based on the weighted average number of shares in issue during the current financial year, the incremental shares deemed issuable at no consideration pursuant to the exercise of warrants and the shares issuable pursuant to the conversion of 6% ICULS on 1 January 2002.

Fully diluted loss per share for the previous financial year is not presented as the computation resulted in a lower loss per share (anti-dilutive).

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35. DIVIDENDS

	Group/Company	
	2002 RM	2001 RM
Interim dividend of 2.5 sen per share less 28% income tax	8,944,135	9,314,663
Proposed final dividend of 2.5 sen per share less 28% income tax	-	9,268,720
Reversal of proposed final dividend for year 2000 arising from shares buy-back during year 2001	-	(476,082)
As previously reported	8,944,135	18,107,301
Prior year adjustments due to change of accounting policy for de-recognition of proposed dividend as liabilities:		
i. Reversal of proposed final dividend of 2.5 sen per share less 28% income tax	-	(9,268,720)
ii. Payment of proposed final dividend for year 2000 of 5 sen per share less 28% income tax in year 2001	-	18,835,142
As restated	8,944,135	27,673,723
Final dividend of 2.5 cents per share less 28% income tax for 2001 paid in 2002	9,152,142	-
	18,096,277	27,673,723

The adoption of Malaysian Accounting Standards Board ("MASB") No.19 on "Events After the Balance Sheet Date" resulted in a change in accounting policy which required a reversal of the dividend provided for but proposed after the balance sheet date to be made. This change of accounting policy is applied retrospectively and the opening balance of retained earnings is restated as disclosed in the Statements of Changes in Equity. The proposed final dividend for year 2001 of 2.5 sen per share less 28% income tax amounting to RM9,268,720 was approved by the shareholders at the Annual General Meeting on 21 May 2002 and paid on 26 July 2002.

On 1 November 2002, the Board of Directors paid an interim dividend of 2.5 sen per share less 28% income tax amounting to RM8,944,135 for the current financial year (2001 interim dividend: 2.5 sen per share less 28% income tax).

36. DISPOSAL OF FOREIGN SUBSIDIARY COMPANY

On 27 June 2002, the Company had completed the disposal of its entire equity interests in OSK Asia Corporation Limited ("OSKA") in Hong Kong together with all of its subsidiary companies, representing 60.57% of the issued and paid-up share capital of OSKA for cash as stated in Note 44(b).

The effect of the disposal on the Company's and consolidated financial statements

The disposal of OSKA Group gave rise to an exceptional gain of RM46,411,613 and RM18,030,030 at the Company level and Group level respectively. Details of the disposal are as follows:

	RM
Disposal proceeds	95,553,222
Less : Adjustment made to disposal proceeds	(1,635,397)
	93,917,825
Less : Incidental costs	(2,031,545)
Net disposal proceeds	91,886,280
Less : Cost of investment	(45,474,667)
Gain on disposal at Company level	46,411,613
Post-acquisition profits recognised up to the date of disposal	(8,684,703)
Exchange fluctuation reserve realised upon disposal	(17,304,333)
Capital reserve on consolidation realised upon disposal	(2,392,547)
Gain on disposal at Group level	18,030,030

36. DISPOSAL OF FOREIGN SUBSIDIARY COMPANY (CONT'D)

The financial results of OSKA Group which were included in the consolidated income statements up to the date of disposal were as follows:

	1.1.2002 to 27.6.2002 RM	12 months ended 31.12.2001 RM
Revenue	11,819,001	28,196,815
Direct costs and other operating expenses	(15,960,510)	(50,957,092)
Loss from operations	(4,141,509)	(22,760,277)
Finance costs	(6,817)	(14,536)
Loss before taxation	(4,148,326)	(22,774,813)
Taxation	6,202	(62)
Loss after taxation	(4,142,124)	(22,774,875)
Minority interests	1,633,239	9,237,212
Loss attributable to the Company's shareholders	(2,508,885)	(13,537,663)

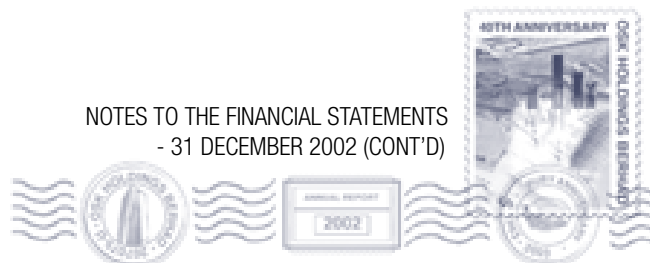
The effect of the disposal of OSKA Group on the financial position of the Group was as follows:

	At date of disposal 27.6.2002 RM	As at 31.12.2001 RM
Plant and equipment	4,658,961	5,474,523
Investments	1,997,369	1,997,369
Intangible assets	2,741,721	2,838,800
Current assets	169,944,380	175,240,704
Current liabilities	(57,399,615)	(59,466,456)
Minority interests	(48,082,810)	(49,715,293)
Net assets	73,860,006	76,369,647
Gain on disposal	18,030,030	
Net proceeds from disposal	91,890,036	
Net proceeds from disposal	91,890,036	
Cash and bank balances net of bank overdraft disposed	(114,422,098)	
Net cash outflow from disposal	(22,532,062)	

37. EFFECTS OF ACQUISITION OF ADDITIONAL SHARES IN SUBSIDIARY COMPANY

	Group 2002 RM	2001 RM
Share of net assets acquired from minority interest	21,688,312	24,019,129
Reserve on consolidation	(2,146,294)	(4,406,622)
Goodwill on consolidation	7,720,596	5,893,561
Cash outflow on acquisition	27,262,614	25,506,068

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38. ACQUISITION OF SUBSIDIARY COMPANIES

Subsidiary companies

The effects of acquisition are as follows:

	2002 RM	Group 2001 RM
Property, plant and equipment	-	3,605,076
Long term assets	-	298,000
Net current assets	-	136,548,320
Net assets acquired	-	140,451,396
Goodwill on consolidation	-	63,757,715
Total purchased consideration	-	204,209,111
Less: Portion discharged by issuance of shares	-	(1,111,111)
Portion discharged by cash	-	203,098,000
Less: Cash and bank balances of the subsidiary companies acquired	-	(170,162,237)
Net cash inflow on acquisition, net of cash acquired	-	32,935,763

On 8 January 2001 and 29 January 2001, the Group completed the acquisition of Stock 188.com Sdn Bhd and KE-ZAN Holdings Berhad respectively.

39. SIGNIFICANT RELATED COMPANIES/PARTIES TRANSACTIONS - COMPANY

	2002 RM	2001 RM
a. Subsidiary companies		
i. Gross dividends received from:		
- OSK Property Holdings Berhad ("OSKPH") (Formerly known as TCL Premier Holdings Berhad)	1,386,208	6,456,014
- OSK Asia Corporation Limited	-	2,334,494
- KE-ZAN Holdings Berhad	2,115,000	-
- OSK Realty Sdn Bhd	300,000	-
- OSK Securities Berhad	25,000,000	-
- OSK Venture Equities Sdn Bhd	100,000	-
	28,901,208	8,790,508
ii. Interest income received/receivable from:		
- OSK Capital Sdn Bhd	6,992,617	7,871,066
- OSK Properties Sdn Bhd	1,951,128	678,223
- OSKPH	1,578	-
- OSK Venture Equities Sdn Bhd	1,748,003	776,405
	10,693,326	9,325,694
iii. Interest expense paid to OSKPH	2,929,906	4,199,830

39. SIGNIFICANT RELATED COMPANIES/PARTIES TRANSACTIONS - COMPANY (CONT'D)

b. Directors' remunerations

The directors' remunerations included in the administrative expenses as disclosed in Note 32 are paid/payable to the following directors:

Executive Directors

Dato' Nik Mohamed Din Bin Datuk Nik Yusoff
Ong Leong Huat @ Wong Joo Hwa
Dato' Nik Mohamed Bin Nik Yahya
Wong Chong Kim
Chin Cheng Mei (resigned during the financial year)
Gan Neap Kai (resigned during the financial year)

Non-Executive Directors

Wong Chong Che
Dato' Mohamed Tarmizi Bin Mohd Tahir
Dr Choong Tuck Yew
Dr Kamaruddin Bin Mohd Said

c. Other related corporations

Related corporation	Nature of transactions	2002 RM	2001 RM
PJD Hotels Sdn Bhd (Formerly known as PJD Properties Sdn Bhd)	Hotel accommodation and related charges paid	-	14,100
Certain directors of the aforesaid company are the brothers of certain directors of the Company.			
Cheang & Ariff	Legal fees paid	48,150	43,500

A partner of the aforesaid company is a director of OSK Securities Berhad.

39. SIGNIFICANT RELATED COMPANIES/PARTIES TRANSACTIONS - GROUP

Related corporation	Nature of transactions	2002 RM	2001 RM
Damai Laut Golf Resort Sdn Bhd	i. Hotel accommodation and related charges paid	36,662	6,087
	ii. Office rental received	(27,530)	-
DC Services Sdn Bhd	Insurance premium paid	170,285	144,255
Dindings Construction Sdn Bhd	Amount paid for office maintenance/renovations/construction works	7,278,761	31,633,725
Dindings Life Agency Sdn Bhd	Insurance premium paid	291,249	-
Dinding Risks Management Services Sdn Bhd	Insurance premium paid	588,623	488,957
e-frame Sdn Bhd	Fees paid for information technology services	4,800	-

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2002 (CONT'D)



39. SIGNIFICANT RELATED COMPANIES/PARTIES TRANSACTIONS - GROUP (CONT'D)

Related corporation	Nature of transactions	2002 RM	2001 RM
Golden Parade Sdn Bhd	Rental paid for storage space	24,000	24,000
MM Hotels Sdn Bhd (Formerly known as Ming Ming Centre Sdn Bhd)	Hotel accommodation and related charges paid	45,855	34,820
PJD Construction Sdn Bhd	Amount paid for construction works for property development projects	11,325,060	12,983,925
PJD Marketing Sdn Bhd	Amount paid for building materials	-	-
PJD Management Services Sdn Bhd	i. Fees paid for project management services ii. Office rental received	1,256,511 (509,372)	900,000 (513,265)
PJD Hotels Sdn Bhd (Formerly known as PJD Properties Sdn Bhd)	Hotel accommodation and related charges paid	41,427	32,256
Swiss Garden Management Services Sdn Bhd	Hotel accommodation and related charges paid	83,134	-
Dindings Consolidated Sdn Bhd	Office rental received	(97,153)	(98,954)
Swiss Garden International Sdn Bhd	Office rental received	(106,042)	(102,783)

Certain directors/major shareholders of the aforesaid companies are the spouse or brothers of certain directors of the Company and certain subsidiary companies.

Related corporation	Nature of transactions	2002 RM	2001 RM
Cheang & Ariff	Legal fees paid	177,092	289,143

A partner of the aforesaid company is a director of OSK Securities Berhad.

The directors are of the opinion that the above transactions have been entered into in the ordinary course of business at terms mutually agreed between the companies concerned and are not less favourable than those arranged with independent third parties.

- i. During the current financial year, OSK Securities Berhad ("OSKS") entered into a few rental arrangements with OSK-UOB Unit Trust Management Berhad ("OUTM"), a subsidiary company of OSKS, for rent of office to OUTM at various OSKS's branch locations which include Ipoh, Melaka, Penang, Butterworth, Johor Bahru, Kuantan, Kuching, Batu Pahat, Kota Kinabalu and SS2 (Petaling Jaya). These transactions are expected to contribute positive earnings to OSKS and not expected to have material effect on the consolidated earnings and net tangible assets of the Group and will not have any effect on the issued share capital and shareholding structure of the Company.

None of the other directors of the Company or persons connected with the directors or other substantial shareholders of the Company have any interest, directly or indirectly, in these transactions other than via their respective interests as disclosed.

39. SIGNIFICANT RELATED COMPANIES/PARTIES TRANSACTIONS - GROUP (CONT'D)

- ii. On 18 February 2002, OSKS entered into a tenancy agreement with Swiss Garden Management Services Sdn Bhd ("SGMS"), a wholly owned subsidiary company of PJ Development Berhad ("PJD"), for rent of office at Swiss Inn, Sungai Petani, for OSKS to operate an Electronic Access Facility where its clients can access its online trading services. These transactions are expected to incur expenses for OSKS and not expected to have material effect on the consolidated earnings and net tangible assets of the Group and will not have any effect on the issued share capital and shareholding structure of the Company.

PJD is a substantial shareholder of the Company. Mr Ong Leong Huat @ Wong Joo Hwa ("OLH"), Mr Wong Chong Kim ("WCK") and Mr Wong Chong Che ("WCC") who are the directors of the Company, are the brothers of Mr Wong Ah Chiew ("WAC") and Mr Wong Chong Shee ("WCS"), who in turn are the directors of PJD. WCS is also a director of SGMS. Madam Khor Chai Moi ("KCM"), a director of PJD, is the wife of OLH.

Therefore, OLH, WCK and WCC are deemed to have interests in these transactions.

Dato' Mohamed Tarmizi Bin Mohd Tahir is a director of both the Company and PJD and thus also deemed to have interest in these transactions.

None of the other directors of the Company or persons connected with the directors or other substantial shareholders of the Company have any interest, directly or indirectly, in these transactions.

- iii. On 5 March 2002, OSKS entered into an underwriting agreement with Willowglen MSC Berhad ("WMSC") and AmMerchant Bank Berhad (formerly known as Arab-Malaysian Merchant Bank Berhad) to underwrite a total of 62,000,000 new ordinary shares of RM0.10 each in the share capital of WMSC to be issued at the issue price of RM0.20 per share at an underwriting commission of three per centum (3%). The agreement was entered into in conjunction with the initial public offer of WMSC and its listing on MESDAQ market of KLSE and is subject to the terms and conditions of the prospectus.

Pursuant to the underwriting agreement, OSKS agreed to act as Joint-Managing Underwriter and to underwrite a total of 58,900,000 new ordinary shares of RM0.10 each for an underwriting commission of three per centum (3%) of the issue price of RM0.20 per share, which amounted to an aggregate value of RM11,780,000. The initial public offer was over-subscribed by the public. The underwriting commission paid by WMSC to OSKS was amounted to RM353,400.

WAC and KCM who are the directors of WMSC, are connected to the directors and substantial shareholders of OSKS and the Company as set out in table below:

	Relationship with KCM	Relationship with WAC
OLH, director of OSKS and the Company	Spouse	Brother
WCK, director of OSKS and the Company	Brother-in-law	Brother
WCC, director of the Company	Brother-in-law	Brother

Dr Kamaruddin Bin Mohd Said, the Chairman of WMSC, is a director of the Company. Mr Diong King Ewu, the Managing Director of WMSC, is the brother of Mr Diong King Kuang who is a director of OSKS.

The directors are of the opinion that the above transactions have been entered into in the ordinary course of business at terms mutually agreed between the companies concerned and are not less favourable than those arranged with independent third parties.

40. CONTINGENT LIABILITIES - COMPANY

There were no contingent liabilities as at the end of the financial year (2001:Nil).



41. COMMITMENTS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
i. Capital commitments:				
Capital expenditure in respect of acquisition of plant and equipment and investments				
- contracted but not provided for	546,292	225,700	-	-
- approved and contracted for	404,750	-	-	-
- approved but not contracted for	737,000	-	-	-
	1,688,042	225,700	-	-

	Group	
	2002 RM	2001 RM
ii. Operating lease commitments:		
The obligations under operating lease commitments were repayable as follows:		
- within one year	-	272,832
- in the second to fifth year inclusive	-	2,773,353
- over five years	-	-
	-	3,046,185
iii. Underwriting commitments	46,935,450	46,250,000

See Note 45(b) on subsequent events in relation to the underwriting commitment as at the end of the current financial year.

- iv.** As mentioned in Note 5, under the Joint Venture Agreement, the subsidiary company is committed to construct 1,800 units of low cost houses and to clear and level a piece of vacant land of about 50 acres for the benefit of Majlis Perbandaran Sungai Petani with a minimum guaranteed value of RM71,000,000.
- v.** As mentioned in Note 16 and 23, a Sinking Fund has been set up under the legal control of the Trustee for the redemption of the 3.5% RUB.

42. LIABILITIES PAYABLE BY AND DEBTS PAYABLE TO THE GROUP AND THE COMPANY

The amount estimated by the directors are as follows:

	Not later than 2 years RM	2 - 5 years RM	Later than 5 years RM
GROUP			
At 31 December 2002			
Liabilities payable by the Group			
Trade and other payables	197,193,161	-	-
Short term borrowings	474,790	-	-
Taxation	15,297,576	-	-
3.5% Redeemable Unsecured Bonds 2000/2005	-	101,423,995	-
Deferred taxation	-	-	3,647,655
	212,965,527	101,423,995	3,647,655
Debts payable to the Group			
Trade and other receivables	397,239,767	-	-
Tax recoverable	17,031,689	-	-
	414,271,456	-	-
At 31 December 2001			
Liabilities payable by the Group			
Trade and other payables	308,118,447	-	-
Short term borrowings	3,923,831	-	-
Taxation	15,635,306	-	-
3.5% Redeemable Unsecured Bonds 2000/2005	-	101,423,995	-
Deferred taxation	-	-	1,679,307
	327,677,584	101,423,995	1,679,307
Debts payable to the Group			
Trade and other receivables	502,654,296	-	-
Tax recoverable	22,651,009	-	-
	525,305,305	-	-
COMPANY			
At 31 December 2002			
Liabilities payable by the Company			
Other payables	3,473,357	-	-
Taxation	4,893,455	-	-
3.5% Redeemable Unsecured Bonds 2000/2005	-	101,423,995	-
	8,366,812	101,423,995	-
Debts payable to the Company			
Other receivables	498,894	-	-
Tax recoverable	7,806,318	-	-
Subsidiary companies balances - net	60,708,358	-	-
	69,013,570	-	-

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2002 (CONT'D)



42. LIABILITIES PAYABLE BY AND DEBTS PAYABLE TO THE GROUP AND THE COMPANY (CONT'D)

	Not later than 2 years RM	2 - 5 years RM	Later than 5 years RM
COMPANY (CONT'D)			
At 31 December 2001			
Liabilities payable by the Company			
Other payables	13,540,387	-	-
Taxation	14,301,784	-	-
3.5% Redeemable Unsecured Bonds 2000/2005	-	101,423,995	-
Subsidiary companies balances - net	158,425,968	-	-
	186,268,139	101,423,995	-
Debts payable to the Company			
Other receivables	276,688	-	-
Tax recoverable	17,219,664	-	-
	17,496,352	-	-

43. SEGMENT INFORMATION - GROUP

Segment information is presented in respect of the Group's business and geographical segments.

Segment revenue, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Unallocated income mainly comprise interest income from short term deposits, dividend from other investments and gain on disposal of marketable securities and derivatives derived by the Group's non-core business. Segment assets consist primarily of long term and current assets and mainly exclude short term investment in shares of the Group's non-core business and taxation recoverable. Segment liabilities comprise operating liabilities and exclude taxation payable and borrowings.

Inter-segment sales comprise custodial and handling fee, office rental and interest charged on inter-company loans. The inter-segment transactions have been entered into in the ordinary course of business at terms mutually agreed between the companies concerned and are not less favourable than those arranged with independent third parties.

Primary reporting format - business segments

The Group comprises the following main business segments:

Stockbroking and related activities	-	Stockbroking, futures and options broking, nominees services, corporate finance, management of unit trust funds and investment research services.
Property investment and development	-	Property investment, development and construction of properties.
Investment holding	-	Investment holding.
Capital financing	-	Licensed money lender for initial public offers and share option schemes.
Venture capital	-	Provision of venture capital business.
Others	-	Not significant to be separately disclosed.

Secondary reporting format - geographical segments

The stockbroking segment operates in two principal geographical areas, Malaysia and Hong Kong. The Hong Kong subsidiary has been disposed off during the current financial year. Other segments are operated solely in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2002 (CONT'D)

43. SEGMENT INFORMATION - GROUP (CONT'D)

2002

Primary reporting format - business segments

	Stockbroking and related activities		Property investment and development	Investment holding	Capital financing	Venture Capital	Others	Eliminations	Consolidated
	Malaysia RM'000	Hong Kong RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue									
Revenue from external customers	134,588	11,819	60,453	1,787	11,564	1,288	30	-	221,529
Inter-segment revenue	1,206	-	6,569	42,983	-	100	12	(50,870)	-
Total revenue	135,795	11,819	67,022	44,770	11,564	1,388	42	(50,870)	221,529
Results									
Segment profit / (loss)	16,332	(4,359)	12,592	39,524	8,115	(14,620)	(3,325)	-	54,259
Add: Unallocated income									9,178
Profit from operations									63,437
Less: Finance costs									(13,039)
									50,398
Share of profit/(loss) of associated companies	796	-	-	-	-	-	(23)	-	773
Profit before taxation									51,171
Taxation									(14,016)
Profit after taxation									37,155
Minority interests	-	-	-	-	-	-	-	-	(463)
Profit for the year									36,692
Other information									
Segment assets	590,764	-	365,683	175,118	147,102	33,219	11,181	-	1,323,067
Investment in associated companies	1,971	-	-	-	-	-	227	-	2,198
Unallocated assets									42,881
Total assets									1,368,146
Segment liabilities	175,866	-	14,354	3,520	2,870	49	534	-	197,193
Unallocated liabilities									15,772
Total liabilities									212,965
Capital expenditure	14,427	196	438	-	5	30	523	-	15,619
Allowance for bad and doubtful debts	1,713	-	259	-	2,500	15,800	-	-	20,272
Amortisation and depreciation	11,817	1,114	3,944	5,919	113	23	503	-	23,433
Impairment loss of marketable securities	7,064	-	-	-	-	-	-	-	7,064
MDEX membership fee written down	429	-	-	-	-	-	-	-	429
MESDAQ member admission fee written off	375	-	-	-	-	-	-	-	375
Plant and equipment written off	14	-	1	-	45	-	-	-	60
									51,633

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2002 (CONT'D)



43. SEGMENT INFORMATION - GROUP (CONT'D)

2002

Secondary reporting format - geographical segments

	Malaysia RM'000	Hong Kong RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
Revenue from external customers	209,710	11,819	-	221,529
Other information				
Segment assets	1,323,067	-	-	1,323,067
Investment in associated companies	2,198	-	-	2,198
Unallocated assets				42,881
Total assets				1,368,146
Capital expenditure	15,423	196	-	15,619

2001

Primary reporting format - business segments

	Stockbroking and related activities		Property investment and deve- lopment	Invest- ment holding	Capital financing	Venture Capital	Others	Elimina- tions	Conso- lidated
	Malaysia RM'000	Hong Kong RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue									
Revenue from external customers	86,318	28,197	58,762	2,507	10,431	-	5,820	-	192,034
Inter-segment revenue	1,188	-	6,529	22,316	-	-	-	(30,034)	-
Total revenue	87,506	28,197	65,291	24,823	10,431	-	5,820	(30,034)	192,034
Results									
Segment results	13,012	(26,008)	10,336	(10,554)	4,671	(318)	(1,970)	-	(10,831)
Add: Unallocated income									13,895
Profit from operations									3,064
Less: Finance costs									(12,838)
Share of profit of associated company	437	-	-	-	-	-	-	-	(9,774)
Loss before taxation									437
Taxation								(10,206)	(9,337)
Loss after taxation									(19,543)
Minority interests									7,335
Loss for the year									(12,208)

43. SEGMENT INFORMATION - GROUP (CONT'D)

2001

Primary reporting format - business segments (Cont'd)

	Stockbroking and related activities		Property investment and development	Investment holding	Capital financing	Venture Capital	Others	Eliminations	Consolidated
	Malaysia RM'000	Hong Kong RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other information									
Segment assets	645,075	185,551	353,382	275,059	127,431	45,262	26,559	-	1,658,320
Investment in associated company	1,646	-	-	-	-	-	-	-	1,646
Unallocated assets									8,056
Total assets									1,668,022
Segment liabilities	226,663	59,451	17,298	3,582	967	25	133	-	308,119
Unallocated liabilities									19,559
Total liabilities									327,678
Capital expenditure	7,905	1,221	440	40	-	-	1,511	-	11,117
Allowance for bad and doubtful debts	763	1,280	130	-	2,500	-	-	-	4,673
Amortisation and depreciation	9,566	2,096	1,965	7,942	150	21	445	-	22,185
Goodwill on consolidation written off in a subsidiary acquired	-	-	-	3,904	-	-	-	-	3,904
Impairment loss of marketable securities	1	13,227	-	-	-	-	37	-	13,265
									55,144

Secondary reporting format - geographical segments

	Malaysia RM'000	Hong Kong RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
Revenue from external customers	163,837	28,197	-	192,034
Other information				
Segment assets	1,472,769	185,551	-	1,658,320
Investment in associated company	1,646	-	-	1,646
Unallocated assets				8,056
Total assets				1,668,022
Capital expenditure	9,896	1,221	-	11,117



44. SIGNIFICANT EVENTS

a. Additional Branches of the Stockbroking Subsidiary Company, OSK Securities Berhad ("OSKS")

- i. On 18 March 2002, OSKS established its eighth branch office in Batu Pahat, Johor.
- ii. On 8 April 2002, OSKS established its ninth branch office in Kota Kinabalu, Sabah.
- iii. On 20 May 2002, OSKS established its tenth branch office in SS2, Petaling Jaya, Selangor.
- iv. On 15 July 2002, OSKS established its eleventh branch office in Miri, Sarawak.
- v. On 17 July 2002, OSKS established its twelfth branch office in Sibul, Sarawak.
- vi. During the year, OSKS has also established 28 Electronic Access Facilities with Permitted Activities and another 3 Electronic Access Facilities.

b. Changes in Group Structure

- i. On 6 March 2002, OSK-Signet Trustees Berhad ("OST") was incorporated with 50,000 ordinary shares of RM10.00 each. OST is 50% owned by the OSK group of companies collectively.
- ii. On 13 March 2002, the Company entered into a conditional sale and purchase agreement with Kingly Profits Corporation ("Purchaser") and TKR Finance Limited ("Guarantor") for the proposed disposal of 363,428,618 ordinary shares of HK\$0.10 each in OSK Asia Corporation Limited ("OSKA") in Hong Kong together with all of its subsidiary companies, representing 60.57% of the issued and paid-up share capital of OSKA, which is the entire equity interest held by the Company, for cash.

On 27 June 2002, the Company completed the disposal at a sale consideration of HK\$192,770,575 based on the Determination Accounts as defined in the agreement. The financial effects of the disposal are disclosed in Note 36.
- iii. On 21 May 2002, the Company and its wholly-owned subsidiary OSK Venture Equities Sdn Bhd ("OSKVE"), entered into a Settlement Agreement with I.T. & e Limited ("IT&e") and IT&e Commerce Solutions Ptd Ltd (both are incorporated in Australia) to effect the sale of IT&e's interest in Finexasia.com Sdn Bhd ("Finexasia") which represented 4,000,000 ordinary shares of RM1 each to OSKVE for a cash consideration of AUD2,482,000 (equivalent to RM5,239,750). The sale transaction was completed on 18 July 2002. Consequently, OSKVE's shareholding in Finexasia has increased from 52.81% to 88.02%.
- iv. On 26 November 2002, OSK Investment Bank (Labuan) Limited ("OSKIB") was incorporated pursuant to the Offshore Companies Act, 1990 with an authorised share capital of USD15 million comprising 15 million ordinary shares of USD1.00 each. The existing issued and paid-up share capital of OSKIB is USD1.00 comprising 1 ordinary share of USD1.00. OSKIB is a wholly-owned subsidiary of the Company.

c. Shareholders' Mandate for Recurrent Related Parties Transactions ("RRPT")

On 21 May 2002, the shareholders of the Company approved the mandate at the Extraordinary General Meeting ("EGM") for the Group to enter into RRPT.

d. Executive Share Option Scheme for Eligible Directors and Eligible Executives of the Company and its Subsidiary Companies ("ESOS")

The ESOS had been approved by the SC on 12 April 2002 and the Company's shareholders during the EGM held on 21 May 2002. The ESOS by-laws have been approved by the directors on 17 February 2003. The effective date for the implementation of the ESOS was 18 February 2003. However, as at 19 February 2003, no options have been granted as yet.

e. Share Buy-back

On 21 May 2002, the Company had obtained its shareholders' approval at the EGM on the renewal of authorisation for the Company to purchase its own shares in accordance with Section 67A of the Companies Act, 1965 and the amendments to the Articles of the Association of the Company as per KLSE's Listing Requirements.

44. SIGNIFICANT EVENTS (CONT'D)

- f. **Proposed Disposal of 90% of OSK Properties Sdn Bhd ("OSKP") by the Company to OSK Property Holdings Berhad ("OSKPH") (formerly known as TCL Premier Holdings Berhad) ("Proposed Disposal") and the Proposed Capital Distribution of up to 48,998,000 ordinary shares of OSKPH of RM1.00 each to the shareholders of the Company upon completion of the Proposed Disposal ("Proposed Capital Distribution"). (collectively known as "Proposed Restructuring Scheme").**

On 28 March 2002 and 29 March 2002, the Foreign Investment Committee and the SC respectively approved the Proposed Restructuring Scheme.

The approval of SC was subject to the Company providing a profit guarantee to OSKPH in respect of OSKP's profit under which the Company will deposit OSKPH's shares with a stakeholder in order to secure the profit guarantee.

On 21 May 2002, the shareholders of the Company approved the Proposed Restructuring Scheme at the EGM.

On 19 July 2002, the Company entered into a Profit Guarantee Agreement with OSKPH and a Stakeholder Agreement with Cheang & Ariff ("the Stakeholder", a law firm), and OSKPH.

Pursuant to the Profit Guarantee Agreement, the Company provided profit guarantee to OSKPH in respect of three financial years ended / ending 31 December 2001, 2002 and 2003 of OSKP. The respective amount of profit guarantee, actual profit and surplus for the relevant financial years are as follows:

Financial years ended/ ending 31 December	Total forecast/projected profit after taxation arising from 90% shareholdings in OSKP under guarantee RM	Surplus brought forward RM	Net profit after taxation under guarantee RM	Actual profit after taxation (90%) RM	Surplus to be carried forward RM
2001	9,464,616	-	9,464,616	9,801,131	336,515
2002	10,151,540	(336,515)	9,815,025	10,719,889	904,864
2003	11,042,370	(904,864)	10,137,506	N/A*	N/A*

* N/A :Not applicable.

For both the financial years ended 31 December 2001 and 2002, OSKP reported a higher profit after taxation than the guaranteed amount and the surplus is applied to the following year.

Pursuant to the Stakeholder Agreement, the Company transferred and deposited 31,300,000 OSKPH shares with the Stakeholder as at 31 December 2002 as a form of security to OSKPH in respect of the profit guarantee. The number of OSKPH shares is equivalent to 150% of the outstanding profit guarantee of the guaranteed financial years for the purpose of maintaining the margin as stipulated in the Profit Guarantee Agreement.

The Proposed Disposal was completed on 2 August 2002.

Pursuant to the Proposed Capital Distribution:

- i. On 13 August 2002, the subscription prices of Warrant A and Warrant B and the conversion price of ICULS have been adjusted in accordance with the provisions of the relevant deed polls and trust deed constituting Warrant A, Warrant B and ICULS respectively, as follows:

	Before adjustment RM	After adjustment RM
Subscription price for Warrant A	1.47	1.20
Subscription price for Warrant B	2.80	2.28
Conversion price for ICULS	2.80	2.28



44. SIGNIFICANT EVENTS (CONT'D)

f. Proposed Restructuring Scheme (Cont'd)

- ii. On 21 August 2002, 46,085,664 shares of OSKPH have been distributed to all the Company's shareholders on the basis of one (1) OSKPH's share for every eleven (11) shares held in the Company.

On 15 August 2002, OSKPH completed the Mandatory General Offer to acquire the remaining 10% equity interest of OSKP owned by a minority shareholder by way of cash consideration of RM19,200,000. As such, OSKP become a wholly-owned subsidiary of OSKPH effective from that date.

The effects of the Restructuring Scheme are as follows:

Company	Before Restructuring Scheme	After Restructuring Scheme
OSKP	90% owned by the Company	Wholly-owned by OSKPH
OSKPH	Wholly-owned by the Company	53.91% owned by the Company

On 9 September 2002, OSKPH was relisted on the Main Board of KLSE.

g. Additional shares in subsidiary companies

On 29 September 2002, the Company subscribed an additional 149,998 ordinary shares of RM1 each at par, in the share capital of each of the two wholly-owned subsidiary companies, OSK Technology Ventures Sdn Bhd (formerly known as OSK Property Management Sdn Bhd) and OSK Private Equity Management Sdn Bhd (formerly known as MVF Sdn Bhd).

45. SUBSEQUENT EVENTS

- a. Subsequent to the balance sheet date, the Company repurchased 967,000 shares of its issued and paid up share capital from the open market at a total cost of RM1,384,889.

Details of the share buy-back exercise are as follows:

Month	Number of shares purchased	Highest price	Lowest price	Average price	Total amount paid	Number of shares held as treasury shares
Balance as at 31 Dec 2002	27,244,000	1.98	1.31	1.61	43,763,386	27,244,000
Jan 2003	718,000	1.50	1.37	1.44	1,033,667	718,000
Feb 2003(*)	249,000	1.45	1.38	1.41	351,222	249,000
Total	28,211,000	1.98	1.31	1.60	45,148,275	28,211,000

Note*: Up to 19 February 2003.

- b. Pursuant to an underwriting commitment undertaken during the current financial year, OSK Securities Berhad ("OSKS"), a subsidiary company, paid a total cost of RM31,535,340 on 6 January 2003 to subscribe for 28,668,491 shares being their portion of the undersubscribed securities. The resultant shareholding comprises 32.38% in the shares of a listed company on KLSE and are included as marketable securities of OSKS as it is not the present intention of OSKS to hold these securities as a long term investment. As at the report date, a total of 16,500,000 shares have been disposed at a total proceeds of RM18,131,250. The remaining 12,168,491 shares comprise 13.74% in the shares of the listed company and the market value of these securities amounted to RM12,533,546.
- c. On 9 January 2003, the Company subscribed for 2,632,000 ordinary shares of USD1.00 each in OSK Investment Bank (Labuan) Limited at par for cash (equivalent to RM10,004,232).

46. COMPARATIVE FIGURES

On adoption of Malaysian Accounting Standards Board ("MASB")'s Standards, certain comparative figures have been restated as to comply with these MASBs, which include the following:

- a. Amounts due from and due to subsidiary companies have been excluded from investments in subsidiary companies and disclosed as current assets and liabilities respectively.
- b. Security deposit of RM1,000,000 paid to Malaysian Derivatives Clearing House Berhad has been excluded from current assets under other receivables, deposits and prepayments and separately shown as long term asset to reflect its nature.
- c. Goodwill and reserve on consolidation have been restated to account for the effect of RM38,011 that have been previously offset.
- d. Tax recoverable has been excluded from other receivables and separately shown in the balance sheets under current assets to conform with the requirements of MASB 1 on "Presentation of Financial Statements".
- e. Cash, bank balances and deposits have been split into general accounts and segregated accounts in the balance sheet for better presentation.
- f. Opening balances of retained earnings as at 1 January 2001 and 1 January 2002 have been restated as a result of a change of accounting policy in respect of the dividends provided for but proposed after the balance sheet dates which is required under MASB 19 on "Events After the Balance Sheet Date". The financial effects are disclosed in Note 35.
- g. Other operating income, administrative expenses and other operating expenses in the income statement have been restated to conform with the requirements of MASB 1.
- h. Depreciation and staff costs in the income statement are included in administrative expenses to conform with the requirements of MASB 1.
- i. Exceptional items are not shown on the income statements but is disclosed in the relevant note according to its nature.
- j. Cash and cash equivalent in the cash flow statements have been restated to exclude bank balance, short term placements and fixed deposits under segregated accounts held in trust; and Housing Development Accounts have been reclassified from segregated accounts to general accounts.

47. MATERIAL LITIGATIONS

Saved as disclosed below, the Group and the Company are not engaged in any material litigation either as plaintiff or defendant and the directors are not aware of any proceedings pending or threatened against the Group or the Company or any facts likely to give rise to any proceeding which might materially or adversely affect the financial position or business operations of the Group or the Company.

i. OSK Securities Berhad ("OSKS") vs Lee Yoon Tai and Wong Yeon Chai
Melaka High Court No.22-240/98
Date of suit: 22 December 1998

The suit commenced with OCBC Securities (Melaka) Sdn Bhd ("OCBCS") as plaintiff against the defendants, Lee Yoon Tai and Wong Yeon Chai. OCBCS subsequently changed its name to OSK Securities (Melaka) Sdn Bhd which had on 27 March 2001 merged its business together with all its rights under this suit with OSKS by a vesting order granted by the Kuala Lumpur High Court on 9 March 2001.

The claim is for the sum of RM34,212,024 and interest thereon at 11.5% per annum from 22 December 1999 until full realisation being margin account losses against the client and his guarantor. Summary Judgement for the sum of RM34,212,024 was obtained against the defendants on 3 August 2000. The defendants' appeal against Summary Judgement was allowed on 27 March 2001. Matter has been set down for full trial on 17 and 18 April 2003. The solicitors having conduct of this matter view the probable outcome as fairly good.



47. MATERIAL LITIGATIONS (CONT'D)

- ii. **Port Dickson Land Development Sdn Bhd ("PDLD") & Safuan Group Berhad ("SGB") & Safuan Holdings Sdn Bhd ("SHSB") vs Sena Maju Sdn Bhd ("SMSB") & OSK Securities Berhad ("OSKS")**
Kuala Lumpur High Court Civil Suit No.S5-22-1065-2001
Date of suit: 23 October 2001

This is an action against SMSB and OSKS for a declaration, damages and losses amounting to RM28.0 million for alleged breach of oral contract/indemnity/arrangement. The Writ of Summons and Statement of Claim were served on 23 November 2001.

An application to strike off the plaintiffs' Writ of Summons and Statement of Claim was filed on 28 January 2002 on grounds that the suit initiated by the plaintiffs scandalous, frivolous or vexatious and unsustainable.

On the hearing date, the Deputy Registrar ordered that PDLD's action be struck out on account that it was instituted without authority. However, the Deputy Registrar declined to order a striking out against SGB's and SHSB's actions. OSKS's appeal against the Deputy Registrar's decision is fixed for hearing on 18 March 2003. The solicitors having conduct of this matter are of the view that OSKS has meritorious grounds for the appeal.

48. SUBSIDIARY AND ASSOCIATED COMPANIES

The subsidiary and associated companies of the Group are as follows:

		Equity interest		Place of incorporation
		As at 31.12.2002 %	As at 31.12.2001 %	
Name of company	Principal activities			
A. Subsidiary companies of the Company:				
OSK Securities Berhad	Stockbroking and related activities	100	100	Malaysia
OSK Realty Sdn Bhd	Property investment	100	100	Malaysia
OSK Futures And Options Sdn Bhd	Futures and options broking and related activities	100	100	Malaysia
OSK Capital Sdn Bhd	Capital financing	100	100	Malaysia
OSK Venture Equities Sdn Bhd	Provision of venture capital business	100	100	Malaysia
OSK Ventures Sdn Bhd	Dormant	100	100	Malaysia
OSK Technology Ventures Sdn Bhd (Formerly known as OSK Property Management Sdn Bhd)	Provision of venture capital business	100	100	Malaysia
OSK Private Equity Management Sdn Bhd (Formerly known as MVF Sdn Bhd)	Management of investments in securities of venture capital business	100	100	Malaysia
*OSK Property Holdings Berhad (Formerly known as TCL Premier Holdings Berhad)	Investment holding	55.87	100	Malaysia
*KE-ZAN Holdings Berhad	Investment holding and letting of commercial properties	100	100	Malaysia

48. SUBSIDIARY AND ASSOCIATED COMPANIES (CONT'D)

Name of company	Principal activities	Equity interest		Place of incorporation
		As at 31.12.2002 %	As at 31.12.2001 %	
A. Subsidiary companies of the Company (cont'd):				
*OSK Investment Bank (Labuan) Limited	Offshore investment banking activities	100	-	Malaysia
OSK Properties Sdn Bhd	Property development and cultivation and sale of oil palm produce	-	90	Malaysia
*OSK Asia Corporation Limited	Investment holding with interest in stockbroking and related activities	^ -	60.57	Bermuda
B. Subsidiary companies of OSK Securities Berhad:				
OSK Nominees (Tempatan) Sdn Bhd	To act as attorneys,nominees, agents, trustees and engage in the related activities for local beneficial shareholders	100	100	Malaysia
OSK Nominees (Asing) Sdn Bhd	To act as attorneys,nominees, agents, trustees and engage in the related activities for foreign beneficial shareholders	100	100	Malaysia
*TCL Nominees (Tempatan) Sdn Bhd	To act as attorneys,nominees, agents, trustees and engage in the related activities for local beneficial shareholders	100	100	Malaysia
*TCL Nominees (Asing) Sdn Bhd	To act as attorneys,nominees, agents, trustees and engage in the related activities for foreign beneficial shareholders	100	100	Malaysia
*KE-ZAN Nominees (Tempatan) Sdn Bhd	To act as attorneys,nominees, agents, trustees and engage in the related activities for local beneficial shareholders	100	100	Malaysia
*KE-ZAN Nominees (Asing) Sdn Bhd	To act as attorneys, nominees, agents, trustees and engage in the related activities for foreign beneficial shareholders	100	100	Malaysia
OSK Research Sdn Bhd	Investment research services	100	100	Malaysia
*OSK-UOB Unit Trust Management Berhad	Management of unit trust funds	70	70	Malaysia



48. SUBSIDIARY AND ASSOCIATED COMPANIES (CONT'D)

Name of company	Principal activities	Equity interest		Place of incorporation
		As at 31.12.2002 %	As at 31.12.2001 %	
C. Subsidiary company of OSK Venture Equities Sdn Bhd:				
Finexasia.com Sdn Bhd	Development and provision of internet financial solutions and related activities	88.02	52.81	Malaysia
D. Subsidiary company of Finexasia.com Sdn Bhd:				
Stock 188.com Sdn Bhd	Application service provider to facilitate access to online equity trading, other online information and financial services	100	100	Malaysia
E. Subsidiary company of OSK Property Holdings Berhad:				
OSK Properties Sdn Bhd	Property development sale and cultivation and of oil palm produce	100	-	Malaysia
#*OSK Melaka Sdn Bhd	Stockbroking and related activities (ceased operations)	100	100	Malaysia
F. Subsidiary companies of KE-ZAN Holdings Berhad:				
#*KPEN Sdn Bhd	Stockbroking and related activities (ceased operations)	100	100	Malaysia
+*KE-ZAN Futures Sdn Bhd	Dormant	100	100	Malaysia
#*K.E.Malaysian Capital Partners Sdn Bhd	Investment advisory (ceased operations)	60	60	Malaysia
G. Subsidiary company of OSK Asia Corporation Limited:				
*OSK Asia Holdings Limited	Investment holding	^ -	100	British Virgin Islands
H. Subsidiary company of OSK Asia Holdings Limited:				
*OSK Asia Limited	Investment holding	^ -	100	Hong Kong

48. SUBSIDIARY AND ASSOCIATED COMPANIES (CONT'D)

Name of company	Principal activities	Equity interest		Place of incorporation
		As at 31.12.2002 %	As at 31.12.2001 %	
I. Subsidiary company of OSK Asia Limited:				
*OSK Asia Asset Management Limited services	Investment advisory and fund management	^ -	100	Hong Kong
*OSK Asia Capital Limited	Corporate finance and advisory services	^ -	100	Hong Kong
*OSK Asia Corporate Services Limited	Corporate secretarial services	^ -	100	Hong Kong
*OSK Asia Finance Limited	Money lending	^ -	100	Hong Kong
*OSK Asia Futures Limited	Futures and commodities dealing	^ -	100	Hong Kong
*OSK Asia Management Limited	Management services	^ -	100	Hong Kong
*OSK Asia Nominee Limited	Nominees services	^ -	100	Hong Kong
*OSK Asia Realty Limited	Investment holding	^ -	100	Hong Kong
*OSK Asia Research Limited	Research services	^ -	100	Hong Kong
*OSK Asia Securities Limited	Securities dealing and margin financing	^ -	100	Hong Kong
+*Ibrokers Company Limited	Dormant	^ -	100	Hong Kong
*OSK Asia Online Limited	Internet securities dealing and information services	^ -	100	Hong Kong
+*OSK Alternative Investment Fund Limited	Dormant	^ -	100	Hong Kong
J. Subsidiary company of OSK Asia Realty Limited:				
*Betamax International Limited	Investment holding	^ -	100	Hong Kong
K. Associated companies of the Company:				
*UOB-OSK Asset Management Sdn Bhd	Investment management services and related activities	30	30	Malaysia
L. Associated companies of the Group:				
OSK-Signet Trustees Berhad	Provision of trustee services	50	-	Malaysia

* Not audited by Messrs.HLB I.M.Chieng & Co.

+ These subsidiary companies have not commenced operations during the current financial year.

These subsidiary companies have ceased operations during the previous financial year.

^ Subsidiary companies disposed during the current financial year.



49. FINANCIAL INSTRUMENTS

a. Credit risk

The Group and the Company have no significant concentrations of credit risk except that the majority of their fixed deposits and short term placements are placed with major licensed financial institutions in Malaysia.

b. Fair values

The carrying amounts of financial assets and liabilities of the Group and Company at the balance sheet date approximated their fair values except as set out below:

	Group		Company	
	Carrying amount 2002 RM	Fair value 2002 RM	Carrying amount 2002 RM	Fair value 2002 RM
Investment in subsidiary companies {Note 6(a)}				
- quoted shares	-	-	177,230,715	48,605,452
- unquoted shares	-	-	805,578,002	*
Marketable securities {Note 15(a)}				
- quoted shares in Malaysia	25,606,075	28,494,416	-	-
- quoted shares outside Malaysia	241,919	242,123	-	-
	25,847,994	28,736,539	982,808,717	48,605,452
6% ICULS 2000/2005	98,253,462	60,917,146	98,253,462	60,917,146

The fair values as stated above are the closing market price at the balance sheet date of each financial instrument in the respective stock exchanges.

The terms and conditions for conversion of 6% ICULS are in accordance with the provisions as set out in the Trust Deed (Note 24).

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

- c. As at the end of the current financial year, other than OSK Futures And Options Sdn Bhd, a subsidiary company which has entered into futures trading in the ordinary course of business and the underwriting commitment as disclosed in Note 41, the Group and the Company did not enter into any contract involving financial instruments with off balance sheet risk.

STATEMENT BY DIRECTORS

Pursuant to Section 169 (15) of the Companies Act, 1965

We, Dato' Nik Mohamed Bin Nik Yahya and Wong Chong Kim, being two of the directors of OSK HOLDINGS BERHAD, do hereby state that, in the opinion of the directors, the financial statements set out on pages 41 to 103 are drawn up in accordance with applicable approved Accounting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2002, and of their results and cash flows for the financial year then ended.

On behalf of the Board,

.....
DATO' NIK MOHAMED BIN NIK YAHYA

.....
WONG CHONG KIM

Kuala Lumpur
26 February 2003

STATUTORY DECLARATION

Pursuant to Section 169 (16) of the Companies Act, 1965

I, Tina Choy Yin Leng, being the officer primarily responsible for the financial management of OSK HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 41 to 103 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)	
the abovenamed Tina Choy Yin Leng)	
at Kuala Lumpur in the state of)
Wilayah Persekutuan on 26 February 2003)	TINA CHOY YIN LENG

Before me,

Commissioner for Oaths
Kuala Lumpur



AUDITORS' REPORT TO THE SHAREHOLDERS OF OSK HOLDINGS BERHAD

(Incorporated in Malaysia under the Companies Act, 1965)

We have audited the financial statements set out on pages 41 to 103 of OSK HOLDINGS BERHAD. The financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatements. Our audit includes examining, on test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- a. the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2002 and of their results and cash flows for the financial year ended on that date in accordance with applicable approved Accounting Standards and comply with the Companies Act, 1965; and
- b. the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors, as indicated in Note 48 to the financial statements.

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

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

HLB I.M.CHIENG & CO.

No.AF 0311
Chartered Accountants

CHIENG ING MUI

CA(M), FCA, CPA
No.711/6/04 (J/PH)

Petaling Jaya, Selangor Darul Ehsan
26 February 2003

LIST OF PROPERTIES

LOCATION	DESCRIPTION	EXISTING USE	AGE OF BUILDING	NET BOOK VALUE RM'000
1. Plaza OSK, Jalan Ampang, Kuala Lumpur	24 storey building situated on Lot 148, Section 43, Bandar Kuala Lumpur, Negeri Wilayah Persekutuan. Land status: freehold land Land area: 5,351 square meters Title no: Geran 11034 Date of acquisition: 30 December 1993	Office building	18 years	103,144
2. Jalan Ampang, Kuala Lumpur	2 storey building situated on Lot 26, Seksyen 43, Bandar Kuala Lumpur, Negeri Wilayah Persekutuan. Land Status: freehold land Land area: 1a.2r.18.3p Title no: Geran 5692 Date of acquisition: 30 October 1996	Restaurant	75 years	42,786
3. No.40 Jalan Radin Anum 2, Bandar Baru Sri Petaling, Kuala Lumpur	3 storey shop house situated on Lot 21315 Mukim Petaling, Negeri Wilayah Persekutuan. Land status: leasehold land (expiring on 5/4/2078) Land area: 167 square meters Title no: PM1958 (formerly known as H.S.(M)2895) Date of acquisition: 28 April 1995	Storage facilities	17 years	712
4. Raub, Pahang	Lot 569, Mukim of Tras, District of Raub. Land status: freehold agriculture land Land area: 85a.3r10p Title no: C.T.4823 Date of acquisition: 23 June 1995	Agriculture land	-	1,288
5. Raub, Pahang	Lot 431, Mukim of Tras, District of Raub. Land status: freehold agriculture land Land area: 4a.1r.30p Title no: EMR 1050 Date of acquisition: 23 June 1995	Agriculture land	-	336
6. A-34, Lot 89 Jalan Pekeliling/ Padang Golf/Bungalow, 39000 Tanah Rata, Cameron Highlands	Riverview Bungalow situated on Lot 89 Mukim of Tanah Rata in the District of Cameron Highlands, Pahang. Land area: 2a.2r.27p Land status: leasehold land (expiring on 1/11/2038) Title no: C.T.3506 Date of acquisition: 7 September 1998	Staff accommodation and recreation	44 years	2,301
7. Sungai Petani, Kedah Darul Aman	Lot 18479 and 14215 Mukim Sungai Petani, Daerah Kuala Muda, Kedah Darul Aman. Land status: freehold development land Land area: 2,500 acres Date of acquisition: 29 January 1996	Commercial and housing development	-	109,436



LOCATION	DESCRIPTION	EXISTING USE	AGE OF BUILDING	NET BOOK VALUE RM'000
8. Lot 47450 Jalan Kuala Ketil, 08000 Sungai Petani, Kedah Darul Aman	Single storey building situated on H.S.(D) 12898/96, PT No.47450,Mukim Sungai Petani, Daerah Kuala Muda,Kedah Darul Aman. Land status: freehold Land area:80,912 square metres Date of acquisition:29 January 1996	Sales office	3 years	498
9. 21-25, Jalan Seenivasagam, Greentown, Ipoh, Perak	7 storey office building including sub basement measuring 7,200 square feet at Town of Ipoh, District of Kinta,States of Perak held under the following titles: CT 22450-Lot 2269N CT 22452-Lot 2271N CT 22453-Lot 2272N CT 22411-Lot 2279N CT 22412-Lot 2280N CT 22413-Lot 2281N Land status:freehold (7,152 square feet) Pajakan negeri no:81190-Lot 2270N Land status: leasehold (48 square feet) expiring on 21/9/2894 Date of acquisition: 21 February 2000	Office building	6 years	7,957
10.No.579-580, Taman Melaka Raya, 75000 Melaka	3 storey shoplot held under Lot No.365 Pajakan Negeri 2082 and Lot No.366 Pajakan Negeri 2083 both in the Town Area XXXIX, District of Melaka Tengah, Melaka. Land area:466 square metres Land status: leasehold (99 years expiring on 4 October 2082) Date of acquisition:9 March 2001	Office	16 years	705
11.No.39 & 39 A, Jalan Saujana 2/2, Taman Saujana Seksyen 2, Bukit Katil, 75450 Melaka	Double storey shop/office unit Held under Lot No.5645 Geran 18872 (formerly known as H.S.(D) 29176, P.T. No.4379) in Mukim Bukit Katil,Daerah Melaka Tengah, Melaka. Land area: 143 square metres Land status: freehold Date of acquisition:9 March 2001	Storage facilities	5 years	240
12.Lot Nos:377 & 378 Town Section 20, Town of Georgetown, Daerah Timur Laut, Pulau Pinang	5 storey office building held under title nos. Geran 36826 and 36827,Section 20, Bandar Georgetown, Daerah Timur Laut, Pulau Pinang. Land status: freehold Land area for lot 377:1,358 square feet Land area for lot 378:2,277 square feet Date of acquisition: 29 May 2001	Office	Approx 23 years	2,742

STATEMENT OF SHAREHOLDINGS

AS AT 27 FEBRUARY 2003

Authorised Capital	: RM 1,500,000,000
Issued and fully paid-up capital	: RM 486,687,932 (Excluding 28,244,000 Treasury Shares)
Class of Shares	: Ordinary shares of RM1.00 each fully paid
Voting Rights	: One vote per RM1.00 share

BREAKDOWN OF SHAREHOLDINGS

Range of Shareholdings	No of Holders	Percentage of Holders	No of RM1.00 Shares	Percentage of Issued Capital
Less than 1,000	1,011	4.15	350,261	0.07
1,000 - 10,000	20,376	83.57	59,541,625	12.24
10,001 - 100,000	2,789	11.44	66,153,857	13.59
100,001 - 24,334,395	204	0.83	278,781,856	57.28
24,334,396 and above	2	0.01	81,860,333	16.82
TOTAL	24,382	100.00	486,687,932	100.00

SUBSTANTIAL HOLDERS

According to the register required to be kept under section 69L of the Companies Act, 1965, the following are the substantial holders of the Company:

Name of Substantial Shareholders	No of Shares held		% of Shareholding	
	Direct	Indirect	Direct	Indirect
1. Ong Leong Huat @ Wong Joo Hwa	124,773,666	-	25.64	-
2. Wong Ah Chiew	852,085	35,369,483 [^]	0.18	7.27
3. Dindings Consolidated Sdn Bhd	153	35,369,330 ^{^^}	-	7.27
4. PJ Development Holdings Berhad	-	35,369,330 ^{^^^}	-	7.27
5. Pengerang Jaya Pte Ltd	26,580,331	-	5.46	-

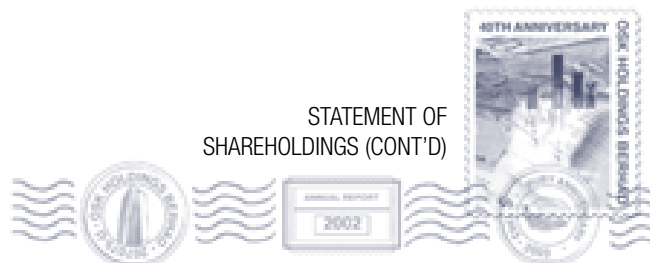
NOTE :

[^] Deemed interest through his interest in Dindings Consolidated Sdn Bhd

^{^^} Deemed interest through its interest in PJ Development Holdings Berhad

^{^^^} Deemed interest through its subsidiary companies, Pengerang Jaya Pte.Ltd. and PJ Equity Sdn Bhd

STATEMENT OF
SHAREHOLDINGS (CONT'D)



THIRTY LARGEST REGISTERED HOLDERS

	Name and Address	No of Shares	Percentage
1.	Ong Leong Huat @ Wong Joo Hwa	53,560,333	11.01
2.	Southern Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ong Leong Huat @ Wong Joo Hwa (KUL)</i>	28,300,000	5.81
3.	Employees Provident Fund Board	20,778,333	4.27
4.	Wong Chong Kim	17,333,333	3.56
5.	AMMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ong Leong Huat @ Wong Joo Hwa (BK 7/745-5)</i>	17,000,000	3.49
6.	Amsec Nominees (Tempatan) Sdn Bhd <i>AmBank Berhad for Ong Leong Huat @ Wong Joo Hwa</i>	17,000,000	3.49
7.	Cimsec Nominees (Asing) Sdn Bhd <i>Kim Eng Ong Asia Securities Pte Ltd (69001)</i>	15,000,000	3.08
8.	RHB Merchant Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Pengerang Jaya Pte Ltd</i>	13,761,500	2.83
9.	Southern Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Dato' Nik Mohamed Din Bin Datuk Nik Yusoff</i>	11,500,000	2.36
10.	RC Nominees (Tempatan) Sdn Bhd <i>Chin Cheng Mei (SBB KLMP)</i>	10,019,333	2.06
11.	OSK Nominees (Tempatan) Sdn Berhad <i>UOB Kay Hian Pte Ltd for Ong Leong Huat @ Wong Joo Hwa</i>	8,913,333	1.83
12.	OSK Nominees (Tempatan) Sdn Berhad <i>Pledged Securities Account for Wong Chong Che</i>	8,666,666	1.78
13.	UOBM Nominees (Asing) Sdn Bhd <i>Pledged Securities Account for Pengerang Jaya Pte Ltd (MP)</i>	8,223,331	1.69
14.	Malaysian Assurance Alliance Berhad	6,000,000	1.23
15.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for PJ Equity Sdn Bhd (PMB)</i>	5,608,999	1.15
16.	HSBC Nominees (Asing) Sdn Bhd <i>MSCO NY for Liberty Square Offshore Partners Ltd (SEA)</i>	5,280,000	1.08
17.	Mirzan Bin Mahathir	4,700,000	0.97
18.	Dato' Nik Mohamed Bin Nik Yahya	4,407,129	0.91
19.	Amsec Nominees (Asing) Sdn Bhd <i>Kim Eng Ong Asia Securities Pte Ltd</i>	4,000,000	0.82
20.	OSPL Holdings Sdn Bhd	3,875,500	0.80
21.	Permodalan Nasional Berhad	3,625,000	0.74
22.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)</i>	3,299,000	0.68
23.	Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	3,111,241	0.64
24.	Citicorp Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Khor Chai Moi (472724)</i>	3,000,000	0.62
25.	HSBC Nominees (Asing) Sdn Bhd <i>DZ Bank Intl for Uni Em Fernost Treuhandkonto, Luxembourg</i>	2,909,000	0.60
26.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Pengerang Jaya Pte Ltd (PMB)</i>	2,892,500	0.59
27.	Mayban Securities Nominees (Asing) Sdn Bhd <i>Kim Eng Ong Asia Securities Pte Ltd</i>	2,516,000	0.52
28.	Yeoh Kean Hua	2,289,000	0.47
29.	Tan Soo Sum	2,237,777	0.46
30.	HSBC Nominees (Asing) Sdn Bhd <i>MSCO NY for Liberty Square Partners LP (SEA)</i>	2,220,000	0.46

STATEMENT OF ICULS HOLDINGS

AS AT 27 FEBRUARY 2003

Total ICULS : RM 98,253,462

BREAKDOWN OF HOLDINGS

Range of Holdings	No of Holders	Percentage of Holders	No of ICULS	Percentage of Issued Capital
Less than 1,000	2,774	30.05	972,547	0.99
1,000 - 10,000	5,956	64.53	13,720,797	13.96
10,001 - 100,000	443	4.80	12,202,363	12.42
100,001 - 4,912,672	55	0.60	35,499,840	36.13
4,912,673 and above	2	0.02	35,857,915	36.50
TOTAL	9,230	100.00	98,253,462	100.00

THIRTY LARGEST REGISTERED HOLDERS

	Name and Address	No of ICULS	Percentage
1.	Ong Leong Huat @ Wong Joo Hwa	30,857,915	31.41
2.	Amsec Nominees (Tempatan) Sdn Bhd <i>AmBank Berhad for Ong Leong Huat @ Wong Joo Hwa</i>	5,000,000	5.09
3.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for PJ Equity Sdn Bhd (JIRC)</i>	4,697,249	4.78
4.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Pengerang Jaya Pte Ltd (JIRC)</i>	4,478,331	4.56
5.	Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	3,596,810	3.66
6.	Chin Cheng Mei	2,552,499	2.60
7.	Employees Provident Fund Board	2,254,333	2.29
8.	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Growth Fund</i>	2,224,000	2.26
9.	EB Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account for Loh Siew Hooi</i>	1,310,000	1.33
10.	Dato' Nik Mohamed Bin Nik Yahya	1,208,782	1.23
11.	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Savings Fund</i>	938,000	0.95
12.	Khor Chai Moi	892,000	0.91
13.	Tiah Thee Seng	685,000	0.70
14.	UOBM Nominees (Asing) Sdn Bhd <i>United Overseas Bank Nominees (Pte) Ltd for JY Ltd</i>	666,666	0.68
15.	Wang Heng Tsuey	629,995	0.64
16.	Khor Chei Yong	541,000	0.55
17.	Bee Yong Sdn Berhad	540,000	0.55
18.	Citicorp Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Khor Chai Moi (472724)</i>	500,000	0.51
19.	OSK Nominees (Tempatan) Sdn Bhd <i>Sanguine (M) Sdn Bhd</i>	465,000	0.47
20.	Loh Siew Hooi	400,000	0.41
21.	Citicorp Nominees (Asing) Sdn Bhd <i>MLPFS for Ong Leong Huat @ Wong Joo Hwa</i>	395,000	0.40
22.	UOBM Nominees (Asing) Sdn Bhd <i>United Overseas Bank Nominees (Pte) Ltd for YS Ltd</i>	333,333	0.34
23.	Jen Shek Chuen	324,000	0.33
24.	Malaysia Export Credit Insurance Berhad	320,555	0.33
25.	Land Management Sdn Bhd	320,000	0.33
26.	UOBM Nominees (Asing) Sdn Bhd <i>United Overseas Bank Nominees (Pte) Ltd for YC Ltd</i>	250,000	0.25
27.	UOBM Nominees (Asing) Sdn Bhd <i>United Overseas Bank Nominees (Pte) Ltd for JX Ltd</i>	250,000	0.25
28.	Tan Suet Mei	240,000	0.24
29.	Teng U Heng	234,666	0.24
30.	Teoh Kim Hooi	229,000	0.23



STATEMENT OF WARRANT A HOLDINGS

AS AT 27 FEBRUARY 2003

No of Warrants Issued : 102,564,449

BREAKDOWN OF HOLDINGS

Range of Holdings	No of Holders	Percentage of Holders	No of Warrant A	Percentage of Issued Capital
Less than 1,000	641	11.11	325,404	0.32
1,000 - 10,000	4,264	73.90	14,580,250	14.21
10,001 - 100,000	800	13.87	20,507,389	19.99
100,001 - 5,128,221	63	1.09	26,870,327	26.20
5,128,222 and above	2	0.03	40,281,079	39.28
TOTAL	5,770	100.00	102,564,449	100.00

THIRTY LARGEST REGISTERED HOLDERS

	Name and Address	No of Warrant A	Percentage
1.	Ong Leong Huat @ Wong Joo Hwa	33,937,428	33.09
2.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for PJ Equity Sdn Bhd (JRC)</i>	6,343,651	6.19
3.	Amsec Nominees (Tempatan) Sdn Bhd <i>AmBank Berhad for Ong Leong Huat @ Wong Joo Hwa</i>	5,000,000	4.87
4.	RC Nominees (Tempatan) Sdn Bhd <i>Chin Cheng Mei (SBB KLMP)</i>	2,891,306	2.82
5.	GKS Holdings Sdn Bhd	1,923,000	1.87
6.	Lee Sui Hee	1,288,000	1.26
7.	HDM Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tiang Ming Sing (Memo5)</i>	1,000,000	0.97
8.	Hii Yu Chong @ Hii Yui Chiong	921,333	0.90
9.	Lau Wai Fong	845,000	0.82
10.	Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tiang Ming Sing</i>	722,000	0.70
11.	BHLB Trustee Berhad <i>TA Growth Fund</i>	581,000	0.57
12.	UOBM Nominees (Asing) Sdn Bhd <i>United Overseas Bank Nominees (Pte) Ltd for JY Ltd</i>	549,333	0.54
13.	Olive Lim Swee Lian	548,000	0.53
14.	OSK Nominees (Tempatan) Sdn Berhad <i>Pledged Securities Account for Teoh Siew Chuan</i>	516,000	0.50
15.	Khor Chai Moi	472,000	0.46
16.	Evelyn Lim Swee Sim	437,774	0.43
17.	AmFinance Berhad <i>Pledged Securities Account for Gan Eng Kwong (SMART)</i>	436,333	0.43
18.	UOBM Nominees (Tempatan) Sdn Bhd <i>United Overseas Bank Nominees (Pte) Ltd for Ong Leong Huat</i>	400,000	0.39
19.	OSK Nominees (Tempatan) Sdn Berhad <i>Chan Heng Koon</i>	367,000	0.36
20.	United Overseas Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tee Jin Gee Enterprise Sdn Bhd (MKU)</i>	322,000	0.31
21.	Chan Chee Beng	310,000	0.30
22.	OSK Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tiang Ming Sing</i>	302,333	0.29
23.	Lee Ngee Moi	300,000	0.29
24.	Loh Siew Hooi	300,000	0.29
25.	Mah King Woon Sendirian Berhad	286,333	0.28
26.	Ang Poh Goon	272,332	0.27
27.	OSK Nominees (Tempatan) Sdn Berhad <i>UOB Kay Hian Private Limited for Ong Leong Huat @ Wong Joo Hwa</i>	270,932	0.26
28.	Citicorp Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Salimah Binti Haji Mohamad (472325)</i>	221,000	0.22
29.	Jen Shek Chuen	217,866	0.21
30.	OSK Nominees (Tempatan) Sdn Berhad <i>OSK Capital Sdn Bhd for Lee Moong Lin</i>	207,000	0.20

STATEMENT OF WARRANT B HOLDINGS

AS AT 27 FEBRUARY 2003

No of Warrants Issued : 101,423,828

BREAKDOWN OF HOLDINGS

Range of Holdings	No of Holders	Percentage of Holders	No of Warrant B	Percentage of Issued Capital
Less than 1,000	2,757	21.77	960,669	0.95
1,000 - 10,000	8,932	70.55	24,301,985	23.96
10,001 - 100,000	913	7.21	23,643,430	23.31
100,001 - 5,071,190	58	0.46	16,659,829	16.43
5,071,191 and above	1	0.01	35,857,915	35.35
TOTAL	12,661	100.00	101,423,828	100.00

THIRTY LARGEST REGISTERED HOLDERS

	Name and Address	No of Warrant B	Percentage
1.	Ong Leong Huat @ Wong Joo Hwa	35,857,915	35.35
2.	Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	3,596,810	3.55
3.	Citicorp Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Khor Chai Moi (472724)</i>	1,392,000	1.37
4.	Dato' Nik Mohamed Bin Nik Yahya	650,782	0.64
5.	Khor Chei Yong	525,000	0.52
6.	Rajendran A/L Karuppiah	522,000	0.51
7.	OSK Nominees (Tempatan) Sdn Berhad <i>Sanguine (M) Sdn Bhd</i>	465,000	0.46
8.	Wong Chee Kheong	446,000	0.44
9.	Yeoh Kean Hua	427,000	0.42
10.	BHLB Trustee Berhad <i>TA Comet Fund</i>	403,000	0.40
11.	Southern Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Teoh Eng Chooi @ Thew Ying Swee</i>	379,166	0.37
12.	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>UBS AG Singapore for Ngeh Toong See</i>	350,000	0.35
13.	Hong Yeam Wah	305,000	0.30
14.	Wong Kok Hou	266,000	0.26
15.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Sim Siok Tze @ Sim Soh Hoon</i>	262,000	0.26
16.	BHLB Trustee Berhad <i>TA Comet Fund</i>	256,000	0.25
17.	Hoo Wan Fatt	252,000	0.25
18.	Jen Shek Chuen	244,000	0.24
19.	Lai Soo Kiew @ Lai Kon Kiew	210,000	0.21
20.	HDM Nominees (Asing) Sdn Bhd <i>OCBC Securities Pte Ltd for Biltmore Equities Inc</i>	202,555	0.20
21.	United Overseas Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ng Thin Yow (MKU)</i>	201,000	0.20
22.	Affin-Acf Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chia Suei Chong</i>	200,000	0.20
23.	F.I.T Nominees (Asing) Sdn Bhd <i>Pledged Securities Account for Tan Kim Tee @ Tan Kum Tee (ZZ611-009)</i>	200,000	0.20
24.	HDM Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Saw Kok Leng (Memo)</i>	200,000	0.20
25.	Hii Kiong Hua	200,000	0.20
26.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ng Gheok Kian (100308)</i>	195,000	0.19
27.	Mayban Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tey Chern Chern (REM 611)</i>	175,000	0.17
28.	Mayban Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chin Khuen Sann (C10076)</i>	171,000	0.17
29.	JB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wong Chin Lai</i>	168,000	0.17
30.	Won Yoon Kiau	166,000	0.16



OSK HOLDINGS BERHAD
207075-U (Incorporated in Malaysia)

FORM OF PROXY

No of Shares Held	
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I/We _____

of _____

being a member/members of OSK Holdings Berhad hereby appoint _____

_____ of _____

or failing him/her _____

of _____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Thirteenth Annual General Meeting of the Company to be held at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 30 April 2003 at 2.30p.m. and any adjournment thereof.

My/our proxy is to vote as indicated below:

No	Resolutions	For	Against
1	Adoption of Reports and Financial Statements		
2	Sanction the declaration of a final dividend		
3	Approve payment of Directors' Fees		
4	Re-election of Director:Dato' Nik Mohamed Bin Nik Yahya		
5	Re-election of Director:Mr Wong Chong Kim		
6	Re-election of Director:Mr Wong Chong Che		
7	Re-appointment of Auditors and authorising Directors to fix their remuneration		
8	Authorise the Directors under Section 132D of the Companies Act, 1965 to allot and issue shares in the Company		

Please indicate with "X" in the appropriate space how you wish your proxy to vote.If you do not indicate how you wish your proxy to vote on any resolution,the proxy shall vote as he thinks fit or, at his discretion, abstain from voting.

Signed this _____ day of _____ 2003

Signature of Shareholder(s)

NOTES

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or in some other manner approved by its Board of Directors.
3. The instrument appointing a proxy must be deposited at the registered office of the Company, 20th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.