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OSK

NOTICE OF Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of **OSK HOLDINGS BERHAD** will be held at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 8 April 2004 at 2.30 p.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 2003. **Resolution 1**
2. To sanction the declaration of a final dividend of 5 sen per ordinary share less 28% Malaysian income tax in respect of the financial year ended 31 December 2003. **Resolution 2**
3. To approve the Directors' fees of RM84,000 for the financial year ended 31 December 2003. **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 Din Bin Datuk Nik Yusoff **Resolution 4**
 - b) Dato' Mohamed Tarmizi Bin Mohd Tahir **Resolution 5**
5. To re-appoint Messrs. HLB I.M. Chieng & Co. as Auditors and to authorise the Directors to fix their remuneration. **Resolution 6**

AS SPECIAL BUSINESS

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

6. 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 7

7. PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of the Malaysia Securities Exchange Berhad ("MSEB"), approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the Company and/or its subsidiary companies ("Related Parties") as specified in Section 2.1.1 of the Circular to Shareholders dated 17 March 2004, provided that such arrangements and/or transactions are:

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations;
- (iii) carried out on an arm's length basis, in the ordinary course of business and on normal commercial terms which are not more favorable to the Related Parties than those generally available to the public; and
- (iv) are not to the detriment of the minority shareholders

AND THAT the shareholders' mandate, unless revoked or varied by the Company in a general meeting, shall take effect from the date of the passing of this Ordinary Resolution and will continue in force until:

- (a) the conclusion of the next Annual General Meeting of the Company at which time it will lapse unless authority is renewed by a resolution passed at the next Annual General Meeting;
- (b) the expiration of the period within which the next Annual General Meeting is to be held pursuant Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by shareholders in a general meeting before the next Annual General Meeting

whichever is earlier.

AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or give effect to the Mandate."

Resolution 8

8. PROPOSED RENEWAL OF AUTHORISATION TO ENABLE OSK HOLDINGS BERHAD TO PURCHASE UP TO 10% OF THE ISSUED AND PAID-UP ORDINARY SHARE CAPITAL OF THE COMPANY PURSUANT TO SECTION 67A OF THE COMPANIES ACT, 1965

“THAT, subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of the Malaysia Securities Exchange Berhad (“MSEB”) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through the MSEB upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- (i) the aggregate number of shares purchased does not exceed 10 per cent of the total issued and paid-up share capital of the Company as quoted on the MSEB as at the point of purchase;
- (ii) an amount not exceeding the Company’s audited retained profit of RM318.9 million and/or the share premium account of RM64.4 million for the financial year ended 31 December 2003 at the time of the purchase(s) will be allocated by the Company for the purchase of own shares; and
- (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends.

AND THAT the authority conferred by this resolution will commence immediately and will, subject to renewal thereat, expire at the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution (unless earlier revoked or varied by an Ordinary Resolution of the shareholders of the Company in a general meeting) but shall not prejudice the completion of purchase(s) by the Company or any person before that aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by the MSEB or any other relevant authorities;

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares or to resell the shares or distribute the shares as dividends) in accordance with the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company and the requirements and/or guidelines of the MSEB and all other relevant governmental and/or regulatory authorities.”

Resolution 9

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

By Order of The Board

TAN MUI LIAN

Kuala Lumpur
17 March 2004

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. Where a member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his holding(s) to be represented by each proxy.
3. 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.
4. 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.
5. Explanatory Notes on Special Business

(i) Ordinary Resolution 7 – Authority to Allot and Issue Shares

The Ordinary Resolution 7, 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.

(ii) Ordinary Resolution 8 – Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Please refer to the Circular to Shareholders dated 17 March 2004 for further information.

(iii) Ordinary Resolution 9 – Proposed Renewal of Authorisation to enable OSK Holdings Berhad to purchase up to 10% of the Issued and Paid-up Ordinary Share Capital of the Company pursuant to Section 67A of the Companies Act, 1965

Please refer to the Share Buy-Back Statement dated 17 March 2004 for further information.

STATEMENT ACCOMPANYING Notice of Annual General Meeting

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

- i. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff
- ii. Dato' Mohamed Tarmizi Bin Mohd Tahir

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

There were 4 Board of Directors' Meetings held during the financial year ended 31 December 2003. The details of the attendance of the Directors are as follows:

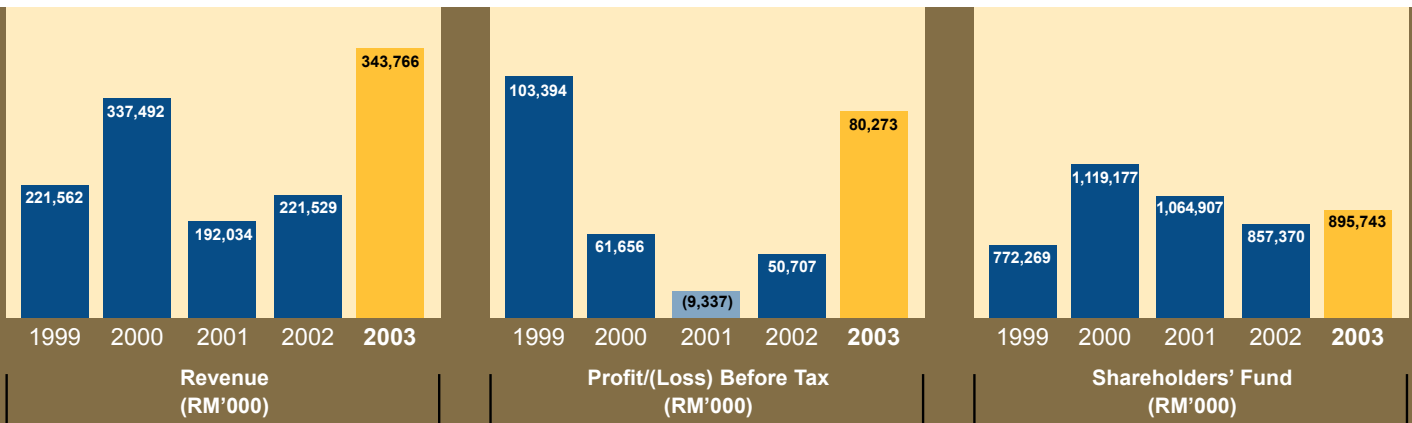
Name of Directors	Attendance
Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	4/4
Mr Ong Leong Huat @ Wong Joo Hwa	4/4
Dato' Nik Mohamed Bin Nik Yahya	4/4
Mr Wong Chong Kim	4/4
Mr Wong Chong Che	4/4
Dato' Mohamed Tarmizi Bin Mohd Tahir	4/4
Dr Choong Tuck Yew	4/4
Dr Kamaruddin Bin Mohd Said (Resigned on 18 July 2003)	0/2

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

The Fourteenth Annual General Meeting is scheduled to be held on Thursday, 8 April 2004 at the OSK Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur at 2.30 p.m.

4. Details of Directors who are standing for re-election are set out in the Directors' Profile appearing on page 12 to 14 of this Annual Report.

FIVE-YEAR Financial Summary



In RM'000	2003	2002	2001	2000	1999
Revenue	343,766	221,529	192,034	337,492	221,562
Profit / (Loss) Before Tax	80,273	50,707*	(9,337)	61,656	103,394
Profit / (Loss) After Tax and After Minority Interests	50,506	38,228*	(12,208)	33,157	96,567
Paid-up Capital	489,342	487,688	514,929	536,423	304,272
Shareholders' Funds	895,743	857,370*	1,064,907	1,119,177	772,269
Basic Earnings / (Loss) Per Share (sen)	10.37	7.63*	(2.30)	7.30	24.00
Dividends Per Share (sen)	7.50	5.00	5.00	12.50	15.00
Net Tangible Assets Per Share (RM)	1.45	1.36*	1.55*	1.70	2.53

* Restated

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
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

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

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 (MA/CSA 7003356)
 Chew Swee Inn (MA/CSA 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

Affin Bank Berhad
 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
 11th Floor, Tower Block
 Kompleks Antarabangsa
 Jalan Sultan Ismail
 50250 Kuala Lumpur
 Tel: 03-2145 4337
 Fax: 03-2142 1353

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

Main Board, Malaysia Securities Exchange Berhad

MANAGEMENT Team

ASSET MANAGEMENT

Leong Hon Sze
Chief Investment Officer

CAPITAL FINANCING

Voon Pak Keong
Senior Manager

CORPORATE ADVISORY

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*

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*

Hoong Ngen Cheong
Manager/Head of Operations

Christina Yong
*Manager,
Priority Broking*

Lai Yit Loong
*Assistant Manager,
Risk Management*

INVESTMENT BANK (LABUAN)

Leong Hon Sze
Director

INVESTMENT RESEARCH

Pankaj Kumar A/L Bipinchandra
General Manager

OSK188 ONLINE INVESTMENT CHANNEL

Jimmy Loke Kok Cheong
Chief Executive Officer

PROPERTY MANAGEMENT

Teong King Hua
Director/General Manager

UNIT TRUST MANAGEMENT

Ho Seng Yee
*Chief Executive Officer/
General Manager*

VENTURE CAPITAL

Eddie Yap Yuh Foh
Chief Operating Officer

ESTATE PLANNING AND TRUSTEE

Ong Eu Jin
Chief Operating Officer

GROUP SUPPORT SERVICES

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

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

Craig Bruce
*General Manager,
Group Information Technology*

Tuan Haji Azmazuraiddi 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/
Head of Sibu Office*

CORPORATE Highlights

31 March 2003

OSK Properties Sdn Bhd, a wholly owned subsidiary of OSK Property Holdings Berhad ("OSKPH") which is in turn a subsidiary of the Company, entered into a Joint Venture Agreement with Menang Development (M) Sdn Bhd to develop various residential units and shophouses in Mukim of Rasah, Negeri Sembilan.

30 April 2003

Thirteenth Annual General Meeting and Extraordinary General Meeting.

9 June 2003

OSKPH acquired 100% equity interest in Profile Summary Sdn Bhd ("PSSB"). On 26 June 2003, PSSB changed its name to OSK Properties (Seremban) Sdn Bhd.

16 July 2003

KE-ZAN Futures Sdn Bhd ("KZF") become a direct wholly-owned subsidiary of the Company. On 10 September 2003, KZF changed its name to OSK Asset Management Sdn Bhd.

7 August 2003

OSKPH acquired 100% equity interest in Aspect Empire Sdn Bhd ("AESB"). On 3 December 2003, AESB changed its name to OSK Properties Management Sdn Bhd.

26 August 2003

AESB entered into two separate management agreements with Country Wheels Sdn Bhd ("CWSB") and Semponia Sdn Bhd ("SSB"), the developers for two parcels of development land of approximately 50 acres each at Tapak Taman Botani at Sungai Buluh, Selangor.

CWSB and SSB has signed separate Joint Venture Agreements with Permodalan Negeri Selangor Berhad ("PNSB") to develop various residential units and shophouses on the lands.

11 November 2003

The Board of Directors of OSKPH has approved for the:

- (i) proposed issue of RM100,000,000 nominal value seven (7) year Serial Al-Bai' Bithaman Ajil Debt Securities; and
- (ii) proposed renounceable rights issue of 49,998,000 warrants ("Rights Warrant") on the basis of one (1) Rights Warrant for every two (2) existing ordinary shares of RM1 each in OSKPH.

13 November 2003

The wholly-owned subsidiary, OSK Venture Equities Sdn Bhd had transferred 4,550,000 ordinary shares of RM1.00 each representing 40.05% of the issued and paid-up share capital of its subsidiary, Finexasia.com Sdn Bhd to OSK Securities Berhad ("OSKS").

5 December 2003

The Company incorporated a new wholly owned subsidiary, OSK Ventures International Berhad ("OSKVI") with twenty (20) ordinary shares of RM0.10 each, representing the entire issued and paid-up share capital of OSKVI.

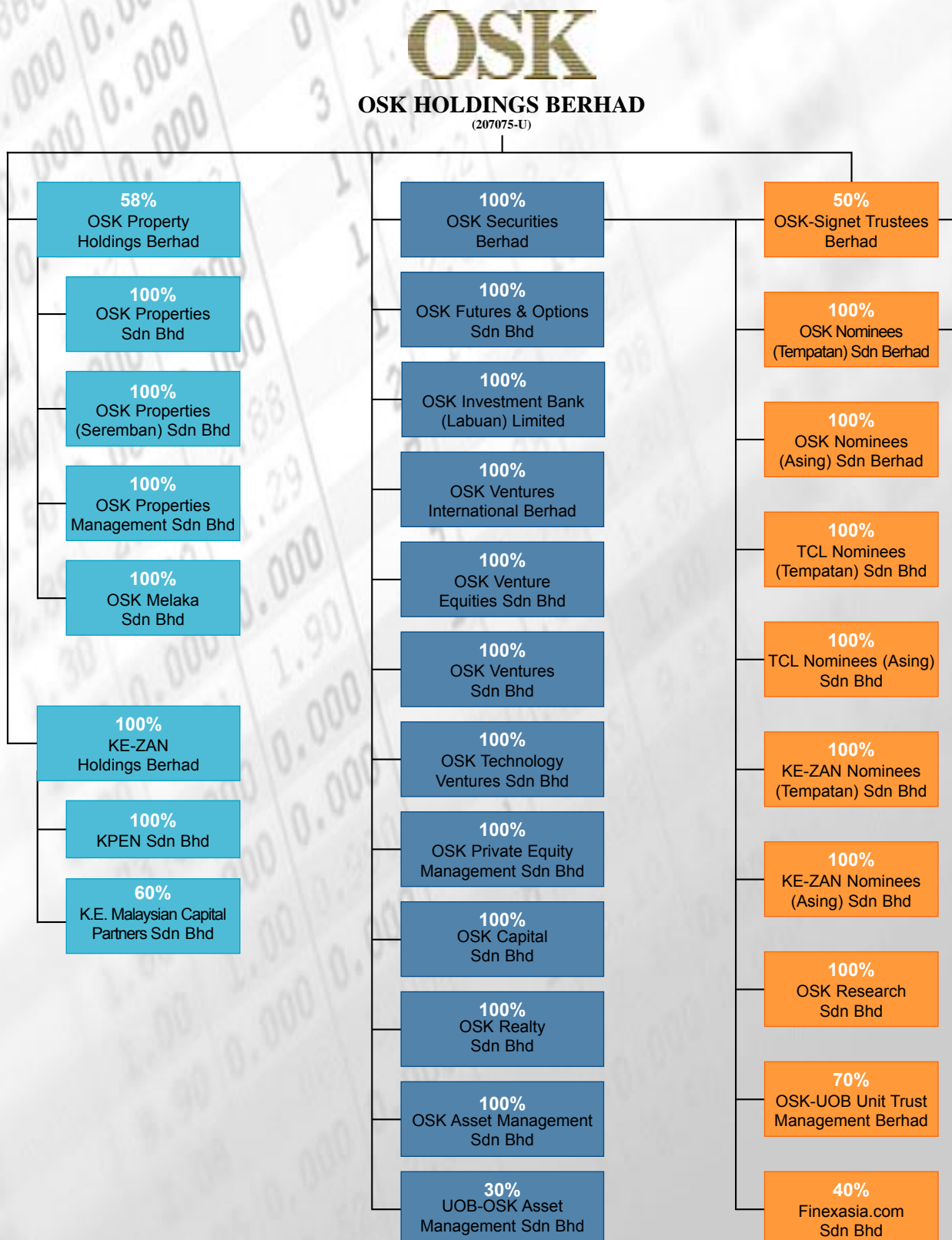
30 December 2003

The Company announced its proposal, subject to the approval of the relevant authorities and shareholders, to list OSKVI on the MESDAQ Market of Malaysia Securities Exchange Berhad.

31 December 2003

OSK Securities Berhad has at this date established 50 network offices nationwide.

CORPORATE Structure



DIRECTORS' Profile

EXECUTIVE CHAIRMAN

DATO' NIK MOHAMED DIN BIN DATUK NIK YUSOFF, a Malaysian, aged 61. 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 Executive Chairman of the then 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 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 35 to 37 in this Annual Report. He has no conviction for any offences within the past ten years.

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

GROUP MANAGING DIRECTOR/CEO

MR ONG LEONG HUAT @ WONG JOO HWA, a Malaysian, aged 60. 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. 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 35 to 37 in this Annual Report. He has no conviction for any offences within the past ten years.

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

EXECUTIVE DIRECTOR

DATO' NIK MOHAMED BIN NIK YAHYA, a Malaysian, aged 68. 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 reads law at Lincoln's Inn, London and 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 35 to 37 in this Annual Report. He has no conviction for any offences within the past ten years.

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

EXECUTIVE DIRECTOR

MR WONG CHONG KIM, a Malaysian, aged 48. He was appointed to the Board of the Company as the 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 representatives licence issued by SC under 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.

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 35 to 37 in this Annual Report. He has no conviction for any offences within the past ten years.

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

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

MR WONG CHONG CHE, a Malaysian, aged 50. 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 representatives 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 35 to 37 in this Annual Report. He has no conviction for any offences within the past ten years.

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

INDEPENDENT NON-EXECUTIVE DIRECTOR

DATO' MOHAMED TARMIZI BIN MOHD TAHIR, a Malaysian, aged 68. 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 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 35 to 37 in this Annual Report. He has no conviction for any offences within the past ten years.

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

INDEPENDENT NON-EXECUTIVE DIRECTOR

DR CHOONG TUCK YEW, a Malaysian, aged 66. 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 35 to 37 in this Annual Report. He has no conviction for any offences within the past ten years.

Dr Choong Tuck Yew has attended all the four Board meetings of the Company held during the financial year.

CHAIRMAN'S Statement

Dato' Nik Mohamed Din Bin Datuk Nik Yusoff
Executive Chairman



2003 proved to be yet another year filled with numerous challenges, including the SARS epidemic, the war in Iraq and the threat of terrorism, which depressed the Asian capital market during the first half of the year. However, with sound business strategies and concerted efforts from all, we managed to weather the difficult times and performed well given the circumstances. Our tireless efforts to venture into new business activities and to expand our distribution network in the previous years have contributed significantly to our achievements in 2003. I am pleased to report that all our business units, with the exception of certain newly established concerns, have been competitive and profitable in 2003.

For the Malaysian equity market, the year 2003 began on a sober note with the KLCI reaching a low of 610 points in March on concerns of the war in Iraq as well as the impact of SARS on Asian economies. Following the implementation of the RM7.3 billion economic stimulus package in May 2003 coupled with the end of the war in Iraq and the SARS epidemic, global equity markets rallied on improved economic fundamentals. With the strong liquidity factor and rising confidence, the local bourse rallied during the second half of 2003. The KLCI began to scale greater heights and by 31 October 2003, the benchmark 100-stock index hit the year's high at 817.91 points. A mild pullback on regional markets as well as major US indices on concerns of the weakening Dollar caused investors to turn cautious. The year 2003 ended with the KLCI closing some 22.8% higher at 793.94 points, its strongest annual gain in four years.

FINANCIAL PERFORMANCE

The Group's performance for the financial year ended 31 December 2003 ("FY 2003") was indeed commendable as it posted strong earnings growth, due largely to its diversified earnings stream. The Group reported a 55.18% jump in turnover to RM343.77 million for the FY2003. Pre-tax profit rose by 58.31% to RM80.27 million while net profit increased by 32.12% to RM50.51 million in FY2003. This is a marked improvement as the profit for the financial year ended 31 December 2002 ("FY 2002") also included the gain from the disposal of OSK Asia Corporation Limited in Hong Kong. Basic earnings per share improved to 10.37 sen in FY2003 from 7.63 sen in FY2002. The Group's net tangible asset as at 31 December 2003 stood at RM1.45 per share as compared with RM1.36 per share in the previous year.



REVIEW OF OPERATIONS

In 2003, the OSK Group had many achievements that we should all be proud of. Our stockbroking operations continues to grow with increased market share due to our extensive distribution network. The Group undertook further expansion during the course of the year with the opening of another six Electronic Access Facilities with Permitted Activities ("EAF-PA") and an additional EAF-PA to date. This brings the total number of network offices nationwide currently to 51 (including the principal office in Kuala Lumpur).

Our unit trust management business accomplished a milestone in surpassing the RM1.0 billion fund size mark in June 2003. Our funds, which presently stood at over RM1.4 billion, also won several awards for providing good returns to unitholders. Our futures trading operation managed to break through, and today OSK is considered as one of the leaders in the industry. Several of our venture capital investee companies were successfully quoted on the MESDAQ market of Malaysia Securities Exchange Berhad ("MSEB") last year, earning commendable returns for our investments. Our corporate finance team has grown rapidly within a short span of 3 years to meet the increasing demand for our advisory services. For example, of the 20 new MESDAQ listings last year, OSK was involved in 4 as the adviser, sponsor, underwriter and placement agent. Our corporate finance team has also expanded its services to include bond origination activities. Our many achievements in 2003 have raised our profile in the marketplace, which augurs well with our vision to become an outstanding investment house.

CORPORATE DEVELOPMENTS

After months of planning, the Group announced its intention to list its venture capital arm on the MESDAQ market of MSEB via OSK Ventures International Berhad ("OSKVI"). The Initial Public Offering will entail a public issue of 675 million new OSKVI shares of RM0.10 each to increase the fund under management to over RM250 million. The Group's shareholdings in OSKVI will be reduced to about 55% post listing based on the eventual paid-up share capital of RM150 million.

OSK Property Holdings Berhad ("OSKPH"), a 58%-owned subsidiary listed on the Main Board of MSEB, announced a capital raising exercise to issue RM100 million nominal value 7-year Serial Al-Bai' Bithaman Ajil Debt Securities. OSKPH also proposed to undertake a renounceable rights issue of 49.99 million warrants on the basis of one rights warrant for every two OSKPH shares held. The proceeds will be used for repayment of existing borrowings and working capital for future development activities.



PROSPECTS FOR 2004

The Malaysian economy is poised to register a strong growth rate this year of between 5.5% and 6.0%. With the improved global economic outlook especially from major economies like the United States, European Union and Japan, Asian economies are expected to register stronger growth this year. As for Malaysia, the stronger domestic consumption as well as expectations that the external sector will perform well, is likely lead to strong earnings growth this year.

The year 2004 will be a year of consolidation and capitalisation of OSK's strength in the industry. With the Universal Broker status and the rising market share, OSK is expected to forge ahead, barring any unforeseen adverse circumstances. Earnings drivers, apart from the conventional stockbroking business, will also come from the venture capital, corporate finance and fixed income, unit trust and fund management services.

DIVIDENDS

The Board of Directors is recommending a final gross dividend of 5.0 sen per share for FY2003. Together with the interim gross dividend of 2.5 sen, the total gross dividend for FY2003 will be 7.5 sen per share compared with 5.0 sen per share in FY2002.

ACKNOWLEDGEMENT

As OSK embarks on its next phase of growth, I would like to extend my sincere appreciation to all shareholders, board of directors, management, employees and our valued customers for your continued commitment and support.

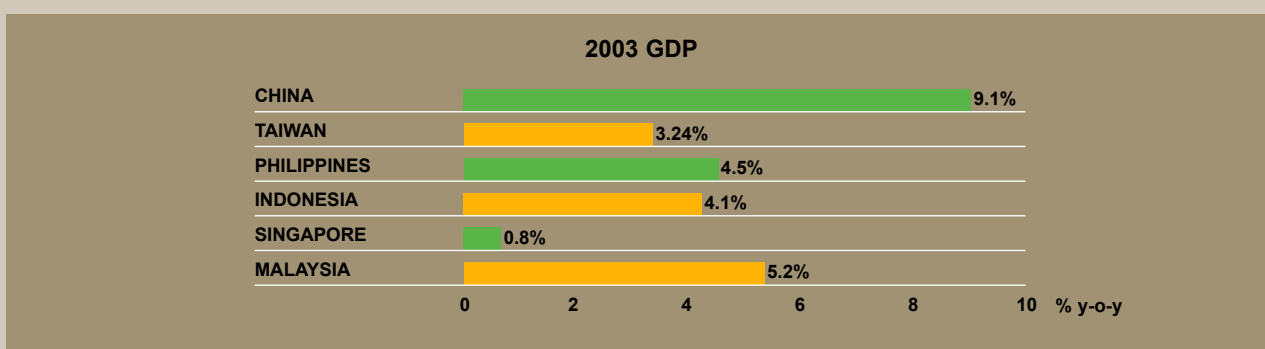
Riding on the improved outlook for the capital market and the buoyant stock market, we are confident that the year 2004 will again be a milestone for the Group.

Dato' Nik Mohamed Din Bin Datuk Nik Yusoff
Executive Chairman

12 February 2004

2003 Economic Review

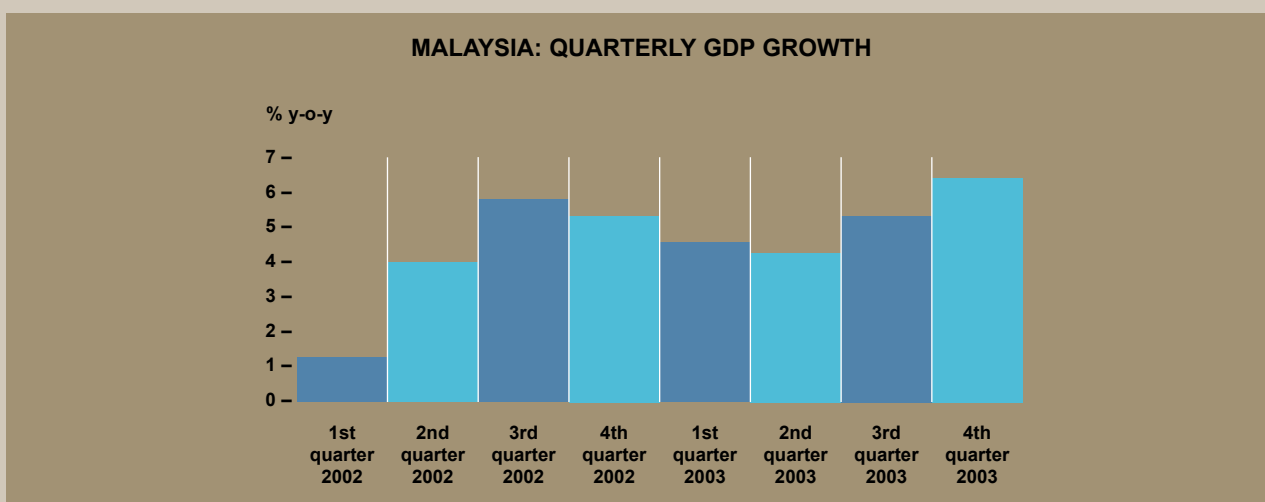
2003 was an eventful year for the world. The external environment was challenging in 1st half of 2003 amidst the uncertain geopolitical conditions and the spread of SARS. As a result of the war and disease, business confidence plummeted, consumers optimism disappeared and equity markets around the world fell sharply in the 1st quarter of 2003. Global economic growth came under severe siege and was almost grounded. The performance of our economy was not spared by the downturn in the global economy. Fortunately, the shocks were transitory and have only a temporary effect on growth.



On the policy front, Malaysian Government was swift to implement the RM7.3 billion fiscal stimulus to cushion the unfavourable external development in the 1st half of 2003. On the same day as the government announced the fiscal stimulus, Bank Negara also surprised the market with a 50 bps cut in the intervention rate. As a result of the decisive actions and aided by the strong performance of the commodity prices, especially crude oil and palm oil, Malaysia's economy held up extremely well. The economy expanded by 4.5% in the 1st half of 2003.

During the 2nd half of 2003, global economy started to turn positive led by a strong rebound in the United States economy. By the end of the 3rd quarter of 2003, the economies in the SARS affected countries were virtually back to normal. The global equity markets then started to price in recovery and the renewed optimism in the equity markets added further credence to the global demand conditions.

For the year, Malaysia's economy grew 5.2% on the back of stronger public spending and resilient domestic demand. Inflation was benign and grew only 1.2% while international reserves rose by a whopping RM39 billion during the year. On the supply side, growth was driven by stronger expansion in manufacturing and agriculture sectors. Manufacturing and agriculture sectors grew 8.2% and 5.5% respectively while the services sector was sustained at 4.1%.



OUTLOOK FOR 2004

With the threat of war and spread of SARS behind us, global economy looks set to make a come back. Asia and the United States ("U.S.") will lead the global recovery this year with the prospects of catch-up growth in Europe and Japan aiding to the pace. Global growth is moving to a more balanced scenario with the U.S. economy expected to expand by a strong 4.4% and Asia ex-Japan at between 5-6%. Following the progress in labour and tax policy adjustment in the Europe and improved reform agenda in Japan, the two are decisively turning for the better and are forecast to return to growth with the economy expected to expand by a moderate 1-2% this year.

On the domestic front, Government's GDP forecast for this year is in the range of 5.5-6% while our forecast is not far behind at 5.7%. Macroeconomic policy will remain supportive of growth although fiscal policy will shift from pro-growth to pro-prudence. Monetary tightening is possible toward the last quarter of the year, but is unlikely to unsettle growth because benign inflation suggests that any tightening will be gradual and mild. Private sector will continue to benefit from government's policy of promoting domestic demand while weak USD and improved global demand conditions should drive our exports to a higher level. The strengthening of the recovery in the global electronic demand will also boost the manufacturing and trade related services sector in our economy.

With the supply side of the economy showing signs of firmer growth, it is expected that the demand side of the economy will also start to pick up strength. Notably, private sector capital investment cycle will kick in this year but somewhat offset by the slower public sector investment in view of the government's resolve to tackle the budget deficit. On balance, private sector capital investment growth will likely to outpace the slowdown in the public sector spending and allowing a net improvement in the total fixed capital formation. At the same time, labour productivity growth continues to outpace the growth in real wages in the manufacturing sector, allowing improved competitiveness and ensure that Malaysia will remain a choice location for investment. Domestic demand is also expected to improve further aided by better labour market conditions and asset prices. Retail Group Malaysia forecast that retail sales will rise from 2.6% last year to 6.0% this year.

However, the exchange rate volatility and rising commodity prices globally if persist may have negative impact on the growth trajectory. Metal-based commodity prices and the crude oil prices have stubbornly maintain at a high level. At the same time, the volatile exchange rate environment with respect to the fall in the USD against Euro and Yen may affect the ability of manufacturers to plan ahead and may force them to postpone planned capital investment, notably in countries where the currencies are weakening.

Barring unforeseen circumstances, the economy is expected to register a more stable growth this year. It is expected that the rebalancing in the economy will also take place where private sector will assume the engine of growth and public sector will begin to trim the 7-year old budget deficit.

STOCK MARKET Review 2003

Despite the uncertainties that prevailed during the 1st quarter of 2003, the year 2003 indeed turned out to be one of the best years for equities in recent times. The 22.8% gain on the KLCI was seen among the best gains that the market had made in the last three years. The catalyst for our market for 2003 was RM7.3 billion economic stimulus package that the Government unveiled in May last year while the performance of major world bourses too played its pivotal role in instilling confidence on the local bourse.

There is no doubt that the year 2003 was the year for equity markets. From Sydney to London and from Tokyo to New York, global equity markets provided the best returns to investors with gains ranging from as low as 10% to as high as more than 100%. The positive returns on equities were largely aided by strong economic recovery in the United States ("U.S.") as well as record low interest rates. As for Malaysia, the benchmark KLCI's 22.8% gain for the year was among the lowest compared to major regional markets. Regionally, markets like Thailand, Indonesia and Philippines were strong performers in 2003. In the U.S., all three major indices posted strong gains, led by the Nasdaq Composite Index with a gain of 50% in 2003. All equity indices in the U.S. in fact posted its first annual gain in four years.

WORLD INDICES IN 2003

Country	Index	Index as at End of 2002	Index as at End of 2003	% chg y-t-d	% chg y-t-d (in USD terms)
Thailand	SET	356.48	772.15	116.6%	135.8%
Indonesia	JCI	424.945	691.895	62.8%	73.1%
US	Nasdaq	1335.51	2003.37	50.0%	50.0%
Philippines	PCOMP	1013.71	1442.37	42.3%	36.7%
Germany	DAX	2892.63	3965.16	37.1%	63.0%
Hong Kong	Hang Seng	9321.29	12575.95	34.9%	35.5%
Taiwan	TWSE	4452.45	5890.69	32.3%	35.6%
Singapore	STI	1341.03	1764.52	31.6%	34.4%
Korea	KOSPI	627.55	810.71	29.2%	28.5%
US	S&P 500	879.82	1111.92	26.4%	26.4%
US	Dow Jones	8341.63	10453.92	25.3%	25.3%
Japan	Nikkei	8578.95	10676.64	24.5%	37.7%
Malaysia	KLCI	646.32	793.94	22.8%	22.8%
UK	FTSE 100	3940.40	4476.90	13.6%	26.2%
Australia	ASX200	3007.10	3299.80	9.7%	47.0%

For the local bourse, the year 2003 started out on a positive note with the emergence of ValueCap in early January. Armed with RM10 billion in equity fund, the new government-backed asset-management company quickly went into action and within days pulled the benchmark index up by almost 80 points. However, as the spread of the Severe Acute Respiratory Syndrome (SARS) outbreak became more pervasive and threatened the hope of the economic recovery in Asia, investors turned away from the equity markets and went to other asset classes, which provided safer returns. The SARS outbreak, which killed almost 800 people worldwide was compounded by the impact of an attack on Iraq by the U.S. and its allies.

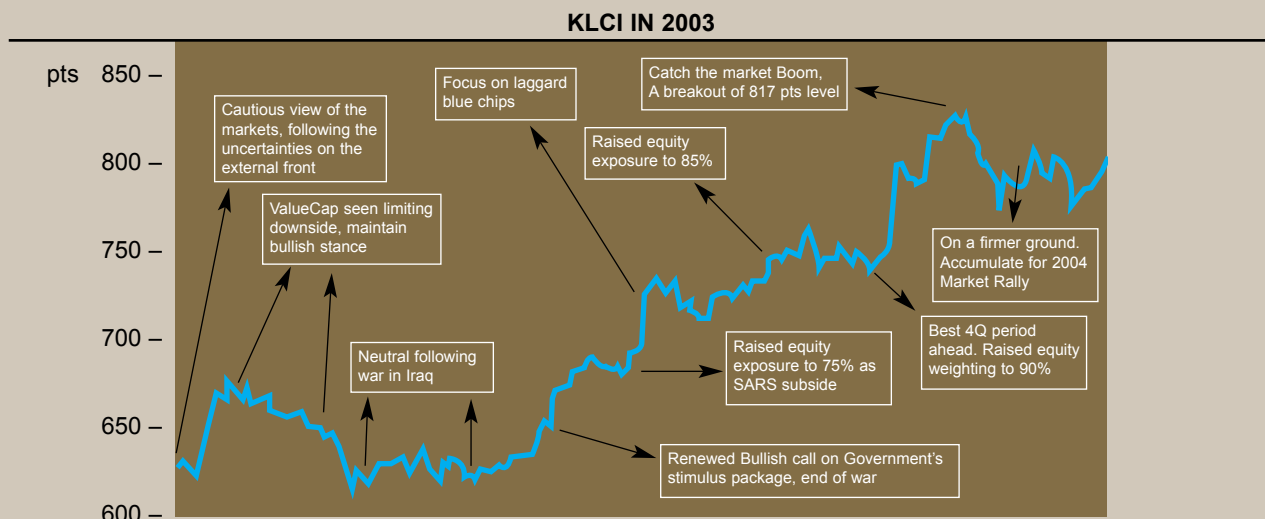
The end of the war marked the start of the new upturn in the equity markets around the world, as investors looked forward to the cyclical rebound in the global economy. Low interest rate and generous liquidity, the legacy of SARS and war, further instilled a conducive environment for the re-pricing in the equity markets globally.

The market rallied strongly in the month of September and October and reached its peak of the year at 817.91 points on 31 October 2003 - the day the country experienced its first leadership change in 22 years.

The last couple of months on the KLSE was dictated by external factors, notably the slide in the US Dollar and renewed fear of terror attacks in the light of the strike in Turkey. To add salt to the wound, the Government's decision to defer the RM14.5 billion double tracking railway job, initially awarded to the MMC-Gamuda Consortium, caused investors to unload construction related stocks.

However, as the year came to a close, mild window dressing as well as positioning for 2004 helped the benchmark 100-stock index to close on a firmer note, with a gain of 22.8% for the year.

OSK RESEARCH'S MONTHLY GUIDE TO KLSE COMPOSITE INDEX IN 2003



SECTORAL PERFORMANCE

On the local bourse, as the KLCI advanced some 22.8% for 2003, the not-so-widely-followed all-share Main Board Emas Index too performed in-line with the 100-stock index with a gain of 24.4%. However, after three consecutive years of cumulative loss of about 45% (between end of 1999 close of 180.57 pts and end of 2002 close of 98.24 pts), the KLSE Second Board Index came to life in 2003 with a strong gain of 43.2%. Strong performers among the Second Board stocks were selective new listings as well as stocks that have clearly shown turnaround from their post-restructuring.

However, the best for 2003 belonged to the little followed MESDAQ Composite Index, which gained a staggering 83%. Big gains were seen not only in new listings but also stocks which have been listed prior to the merger of between the MESDAQ market and the KLSE. Strong gainers were stocks like **MCM Technologies** (+287%); **Brite-Tech** (+237%) and **Intelligent Edge** (+141%) in 2003.

INDEX	END OF 2002	END OF 2003	% CHANGE
KLSE Composite	646.32	793.94	22.8%
KLSE Emas	157.25	195.57	24.4%
KLSE Second Board	98.24	140.64	43.2%
MESDAQ Composite	83.25	152.25	82.9%
KLSE Mining	193.75	338.70	74.8%
KLSE Properties	540.91	750.70	38.8%
KLSE Technology	45.04	60.30	33.9%
KLSE Finance	4857.54	6472.17	33.2%
KLSE Industrial	1349.37	1772.39	31.3%
KLSE Consumer	167.94	216.29	28.8%
KLSE Construction	150.84	187.97	24.6%
KLSE Industrial Product	65.64	81.39	24.0%
KLSE Syariah	99.73	122.86	23.2%
KLSE Plantation	1852.70	2209.75	19.3%
KLSE Trading & Services	97.47	115.34	18.3%

Compared to the 22.8% gain on the KLCI, clearly certain sectors performed much better than others. Notably, only the KLSE Plantation and KLSE Trading & Services Index underperformed the KLCI with a gain of 19.3% and 18.3%.

In the technology sector, big winners were stocks like **Unisem** (+67%); **CSA** (+48%) and **Globetronics** (+35%) while in the property sector, stocks like **Hunza Properties** (+126%); **Glomac** (+116%) and **I&P** (+114%) were clearly ahead of the rest. Among finance stocks, only **Public Bank** and **EON Capital** were strong winners among large capitalised stocks, adding 56% and 72% gain in 2003. Lesser known names like **MBSB** (+143%) and **Pacificmas** (+88%) while brokers like **TA Enterprise** (+90%) and **KL City** (+87%) did well too, thanks largely to the strong market volume.

TOP TEN KLCI GAINERS IN 2003			TOP TEN KLCI LOSERS IN 2003		
COMPANY	PRICE (RM)	% CHANGE	COMPANY	PRICE (RM)	% CHANGE
Hume Industries	5.25	114.3	Padiberas	1.03	(16.9)
Nylex Malaysia	1.14	96.6	WTK Holdings	4.16	(14.1)
TA Enterprise	0.94	89.9	John Hancock	2.00	(9.1)
Bandar Raya	2.15	82.2	Lingui	0.95	(7.8)
Unisem	11.10	66.9	IJM	4.66	(4.5)
PPB Group	6.55	66.2	Proton	8.45	(4.0)
MISC	11.30	65.0	NSTP	4.06	(1.9)
DiGi.Com	3.60	63.6	Alcom	1.12	(1.8)
CCM	2.41	58.6			
IGB	1.35	57.9			

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 the Malaysia Securities Exchange Berhad (“MSEB”) (‘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 an accepted division of responsibilities.

The Board currently consists of seven Directors, two 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 with 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 and law. The profiles of all members of the Board are set out in the Directors’ Profile appearing on Pages 12 to 14 of the Annual Report.

All the Directors of the Company have attended and completed the Mandatory Accreditation Programme prescribed by the MSEB for directors of public listed companies. The Directors of the Company shall also attend MSEB’s Continuing Education Programme on an annual basis within the time frame stipulated by the MSEB.

Currently, the Nomination Committee, comprising Independent Non-Executive Directors recommends all appointments to the board. Details of the Nomination Committee are set out on Page 28 of this Annual Report.

During the financial year in review, the board met 4 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	4	4
2. Ong Leong Huat @ Wong Joo Hwa	4	4
3. Dato’ Nik Mohamed Bin Nik Yahya	4	4
4. Wong Chong Kim	4	4
5. Wong Chong Che	4	4
6. Dato’ Mohamed Tarmizi Bin Mohd Tahir	4	4
7. Dr Choong Tuck Yew	4	4
8. Dr Kamaruddin Bin Mohd Said (Resigned on 18.07.03)	2	0

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 27 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:			
2003			
Fee – provision for the year	48,000	36,000	84,000
– over provision in prior year	–	(2,500)	(2,500)
	48,000	33,500	81,500

Amount received/receivable from subsidiary companies:

2003			
Fee – provision for the year	86,000	11,000	97,000
– under provision in prior year	9,000	2,000	11,000
	95,000	13,000	108,000
Incentive	339,000	33,200	372,200
Salaries	1,831,200	–	1,831,200
Provision for bonus	343,350	–	343,350
	2,513,550	33,200	2,546,750
	2,608,550	46,200	2,654,750
Benefits-in-kind	94,211	–	94,211

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

	Executive	Non-Executive	Total
2003			
Group			
RM50,001 - RM100,000	1	4	5
RM400,001 - RM450,000	1	—	1
RM650,001 - RM700,000	1	—	1
RM1,450,001 - RM1,500,000	1	—	1
	<hr/>	<hr/>	<hr/>
	4	4	8
	<hr/>	<hr/>	<hr/>

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 MSEB.
- (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) 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 127 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

Save as disclosed in Additional Disclosure on Pages 35 to 37 of this Annual Report, there are no other material contracts involving directors and substantial shareholders still subsisting at the end of the financial year or entered into since the end of the previous financial year.

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 at pages 29 to 31 of this Annual Report.

REMUNERATION COMMITTEE

Composition

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

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 Directors.

NOMINATION COMMITTEE

Composition

- Chairman – Dato' Mohamed Tarmizi Bin Mohd Tahir - *Independent Non-Executive Director*
 Members – 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 who shall be nominated should be the responsibility of the full Board after considering the recommendations of the Committee.

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 2003.

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.
- a degree/masters/doctorate in accounting or finance and at least 3 years' post qualification experience in accounting or finance; or
- at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the finance affairs of corporation.

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 subparagraphs 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 (<i>Independent Non-Executive Director</i>)	Chairman
Dato' Mohamed Tarmizi Bin Mohd Tahir (<i>Independent Non-Executive Director</i>)	Member
Mr Wong Chong Kim (<i>Executive Director</i>)	Member
Dr.Kamaruddin Bin Mohd Said (<i>Independent Non-Executive Director</i>) (Resigned on 18 July 2003)	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 Director, focusing particularly on:
 - changes in or implementation of accounting policies and practices;
 - the going concern assumption;
 - significant adjustments arising from the audit;
 - major judgemental areas;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements;
 - any related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - external auditors' management letter and management's response;
- b) To consider the major findings of internal investigations and management's response;
- c) To discuss problems and reservations arising from the audit and any matter the auditor may wish to discuss (in the absence of management where necessary);
- d) To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
- e) To recommend the nomination of a person or persons as external auditors';
- f) To consider any other functions or duties as may be agreed to by the Committee and the Board.

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 function or activity;
5. be able to obtain independent professional or other advice within its terms of reference; and
6. be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

ATTENDANCE AT MEETINGS

During the financial year ended 31 December 2003, 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	4/4
Dato' Mohamed Tarmizi Bin Mohd Tahir	4/4
Mr Wong Chong Kim	4/4
Dr Kamaruddin Bin Mohd Said (Resigned on 18 July 2003)	0/2

The quorum of meetings of the 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 Auditor on their evaluation of the system of internal controls;
2. Reviewed the staffing requirements of the Internal Audit Department to ensure that the Internal Audit Department is 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 has the necessary authority to carry out its work;
4. Reviewed the performance of the staff of the internal audit function, approve 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 was 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;
 - 6.1 changes in or implementation of major accounting policies and practices;
 - 6.2 the going concern assumption;
 - 6.3 significant adjustment arising from the audit;
 - 6.4 major judgemental areas,
 - 6.5 significant and unusual events; and
 - 6.6 compliance with accounting standards and other legal requirements.
7. Reviewed the related party transactions and conflict of interest situation that may arise within the company or group including any transactions, procedures or course of conduct that raises questions of management integrity.

INTERNAL AUDIT FUNCTION

The Board recognized 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 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 carries out its duties according to the audit plan, and areas of concern which require further improvement is highlighted in the audit report and discussed in the Audit Committee meetings. The Board has via the Audit Committee evaluated the effectiveness of the Internal Audit by reviewing the results of its work in the Audit Committee meetings.

STATEMENT ON The State of Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The Malaysia Securities Exchange Berhad ("MSEB") Revamped Listing Requirements require directors of listed companies to include a statement in their annual reports on the state of their internal controls. The MSEB's Statement on Internal Control : Guidance for Directors of Public Listed Companies (Guidance) provides guidance for compliance with these requirements. Set out below is the Board's Internal Control Statement, which has been prepared in accordance with the Guidance.

RESPONSIBILITY

Risk, which is inherent in the business, is an uncertainty faced by the Group in its day to day operations and a sound system of internal control and risk management strategies are required to manage it. The Board recognises the importance of this and acknowledges its primary responsibility to ensure that risks related to the group are identified, measured with appropriate system of internal control and reviewing of this system for effectiveness, adequacy and integrity on an on going basis. It should be noted that a sound system of internal controls reduces, but cannot eliminate, the possibility of poor judgement in decision making; human error; breakdown in control due to collusion; control processes being deliberately circumvented by employees and others; management overriding controls and occurrence of unforeseeable circumstances. A sound system of internal control therefore provides reasonable, but not absolute, assurance that a company will not be hindered in achieving its business objectives, or in the orderly and legitimate conduct of its business, by circumstances which may reasonably be foreseen.

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 follows:

Market Risk	Market risk is the risk of potential losses due to unfavorable 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 the Group's 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 rules and regulations or other management failure i.e. oversight, unauthorised dealings and fraud in trading etc.

RISK MANAGEMENT

The Board confirms that an ongoing process for identifying, measuring and managing the Group's principal risks has been carried out throughout the year under review. This process is regularly reviewed by the Board via regular Board meetings and the following governing bodies:

- 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 risk, 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 approach which begins with risk identification, risk evaluation and mapping of control has been introduced and implemented. Ongoing risk assessments are performed by Group Internal Audit to test how adequate risks are being managed.
- 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.
- 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 risk. 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.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from the above, the other key elements of the Group's internal control system which has been established and reviewed by the Board are described below:

- 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 Group structure, reporting lines of responsibilities and appropriate levels of delegation;
- Establishment of an effective segregation of duties via independent checks, review and reconciliation activities to prevent human errors, fraud and abuses;
- The Board has clearly defined delegation of specific responsibilities to committees of the Board and to management, which is delegated as and when the Board deems fit to do so. These committees or management have the authority to examine all matters within their scope and report back to the Board with their recommendations.
- Internal policies and procedures which are set out in a series of clearly documented operation manuals covering a majority of areas within the Group are maintained and subjected to review as and when necessary. All standard policies and guidelines are approved by the Board and posted on the Group's intranet for all employees' easy access and reference;

- 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 are established and serious breaches reported to the supervisory board. These limits are also being reviewed and revised regularly;
- Outsourced property development activities to Project Management company that specialises in managing of property development related activities. Appropriate level of coordination and monitoring are being established to ensure the quality of services delivered by the said management company and their ability to complete projects in accordance with the approved budget;
- 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;
- Regular and comprehensive management reports to the Board from various lines of operations & business units, on key business performance, operating statistics and regular matters. This allows for an effective monitoring of significant variances and deviation from standard operating procedures and budget;
- Group 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 Group Internal Audit provides assurance over the operation and validity of the system of internal control in relation to the level of risk involved using Risk Based Auditing methodology.

The Board believes that the system of internal control in the Group is adequate and has been effective in its function.

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 2003 pursuant to the shareholders' mandate obtained by the Company at the Extraordinary General Meeting held on 30 April 2003 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	Estimated Value of Transactions ¹ (RM)
Renewal of Shareholders' Mandate for Recurrent Related Party Transactions				
OSK Group	Accommodation in hotels owned by the PJD Group	PJD Group (See Note 12)	OLH, WCK, WCC, DT (See Note 2)	95,517
OSK Group	Rental of office space by the PJD Group	PJD Group (See Note 12)	OLH, WCK, WCC, DT (See Note 2)	697,823
OSK Group	Construction works by the PJD Group	PJD Group (See Note 12)	OLH, WCK, WCC, DT (See Note 2)	12,580,076
OSK Group	Provision of project management services by the PJD Group	PJD Group (See Note 12)	OLH, WCK, WCC, DT (See Note 2)	1,006,172
OSK Group	Rental of office space by OSK Group	PJD Group (See Note 12)	OLH, WCK, WCC, DT (See Note 2)	24,000
OSK Group	Provision of information technology services by the PJD Group	PJD Group (See Note 12)	OLH, WCK, WCC, DT (See Note 2)	15,650
OSK Group	Rental of office space by the Dindings Group	Dindings Group (See Note 12)	OLH, WCK, WCC (See Note 3)	97,963

Name of Company/ Group Involved	Nature of Transaction	Name of Related Party	Relationship with Listed Issuer - Interested Directors, Major Shareholders and Persons Connected	Estimated Value of Transactions ¹ (RM)
Renewal of Shareholders' Mandate for Recurrent Related Party Transactions				
OSK Group	Office maintenance and renovation by the Dindings Group	Dindings Group (See Note 12)	OLH, WCK, WCC (See Note 3)	107,978
OSK Group	Construction works by the Dindings Group	Dindings Group (See Note 12)	OLH, WCK, WCC (See Note 3)	1,397,571
OSK Group	Rental of storage space by OSK Group	Dindings Group (See Note 12)	OLH, WCK, WCC (See Note 2)	24,000
OSK Group	Procurement of insurance policies by OSK Group	Dindings Group (See Note 12)	OLH, WCK, WCC (See Note 2 & 4)	1,011,091
OSKR	Rental of office space by OSK-UOB	OSK-UOB	(See Note 5)	405,300
OSKR	Rental of parking space by OSK-UOB	OSK-UOB	(See Note 5)	13,314
OSKS	Rental of office space by OSK-UOB	OSK-UOB	(See Note 6)	162,848
OSKS	Annual fee and quarterly online trading user access fee	Finexasia	(See Note 9)	3,700,569
OSKR	Rental of office space by Finexasia	Finexasia	(See Note 10)	58,723

Name of Company/ Group Involved	Nature of Transaction	Name of Related Party	Relationship with Listed Issuer - Interested Directors, Major Shareholders and Persons Connected	Estimated Value of Transactions ¹ (RM)
Renewal of Shareholders' Mandate for Recurrent Related Party Transactions				
OSKR	Rental of parking space by Stock188	Stock188	(See Note 11)	1,512
OSK Group	Provision of legal services by Cheang & Ariff	Cheang & Ariff	LTB (See Note 7)	56,980

NOTES:

1. Estimated value of recurrent related party transactions from date of the AGM to date of the next AGM based on historical values, which are subject to changes.
2. 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 1 March 2004 WCK held a 0.45% shareholding in PJD. OLH and WCC do not hold any shares in PJD. The shareholdings of the interested directors OLH, WCK, WCC and DT in OSK as at 1 March 2004 are 24.97%, 0.36%, 1.73% and 0.00% respectively.
3. WAC and KCM are directors and major shareholders of DCSB. As at 1 March 2004 their shareholdings in DCSB are 17.46% and 14.21%, 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.
5. OSKS and OSKR are wholly-owned subsidiaries of OSK, while OSK-UOB is a 70% owned subsidiary of OSKS.
6. OSK-UOB is a 70% owned subsidiary of OSKS.
7. Cheang & Ariff is a legal firm providing legal services to the OSK Group. Mr Loy Tuan Bee (LTB) is a partner of the legal firm and he is also a director of OSKS.
8. OSKPROP is a 58.34% owned subsidiary of OSK.
9. Finexasia is a 40.05% owned associated company of OSKS. OSKS is a wholly-owned subsidiary of OSK.
10. Finexasia is a 40.05% owned associated company of OSKS. OSKS and OSKR are wholly-owned subsidiaries of OSK.
11. Stock188 is a wholly-owned subsidiary of Finexasia, which is in turn an 40.05% owned associated company of OSKS. OSKS and OSKR are wholly-owned subsidiaries of OSK.
12. The PJ Development Group's principal business comprises of property development and construction, hotel/resort management, and manufacturing. The principal activity of the Dindings Group is in investment holdings, insurance and construction.

NON-AUDIT FEES

The non-audit fees paid by the Company to external auditors for the financial year ended 31 December 2003 are disclosed in the Note 30 to the financial statements.

PROFIT FORECAST / PROFIT GUARANTEE

- (a) The Company did not issue any profit forecast in any public documents during the current financial year.
- (b) Pursuant to a Profit Guarantee Agreement between the Company and OSK Property Holdings Berhad ("OSKPH") dated 19 July 2002, the profit after tax of OSK Properties Sdn Bhd ("OSKP") for the current financial year as guaranteed by the Company to OSKPH was RM10,137,506 (after taking into account the 2002 surplus). The audited profit after tax of OSKP for the current financial year was RM12,962,396. The profit guarantee has been met by the Company. The Company will be released from the profit guarantee accordingly.

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 Requirements)

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 2003, 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 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.

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DIRECTORS' Report

for the Financial Year ended 31 December 2003

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 2003.

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The principal activities of the subsidiary and associated companies are described in Note 47 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year other than the new activities undertaken by additional subsidiary companies as disclosed in the financial statements.

FINANCIAL RESULTS

	Group RM	Company RM
Profit after taxation	55,246,862	3,663,045
Minority interests	(4,740,876)	—
Profit for the financial year	50,505,986	3,663,045
Retained profits brought forward - restated	290,278,365	332,816,362
Profits available for appropriation	340,784,351	336,479,407
Dividends	(17,557,467)	(17,557,467)
Retained profits carried forward	323,226,884	318,921,940

DIVIDENDS

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

- i) A final dividend of 2.5 sen per share less 28% income tax amounting to RM8,754,163 in respect of the financial year ended 31 December 2002 was approved by the shareholders at the Annual General Meeting on 30 April 2003 and paid on 3 June 2003.
- ii) An interim dividend of 2.5 sen per share less 28% income tax amounting to RM8,803,304 in respect of the financial year ended 31 December 2003 was paid on 21 November 2003.
- iii) The Board of Directors recommends a final dividend of 5.0 sen per share less 28% income tax for the financial year ended 31 December 2003. The entitlement date to the final dividend shall be determined by the Board of Directors at a subsequent stage.

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.

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 43 to the financial statements.

SUBSEQUENT EVENTS

Subsequent events are disclosed in Note 44 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 the additional ordinary share issuance of RM1.00 each arising from the following:

	Number of shares
Conversion of 6% Irredeemable Convertible Unsecured Loan Stocks 2000/2005	1,222,788
Exercise of Warrants A 1994/2004	777,433
Exercise of Warrants B 2000/2005	2
Exercise of Executive Share Option Scheme	1,165,700
	<hr/> 3,165,923 <hr/>

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 30 April 2003 approved the renewal of authorisation for the aforesaid shares buy-back exercise. In accordance with the guidelines of Malaysia Securities Exchange Berhad ("MSEB") 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 21 February 2003 and 20 August 2003 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 purchase of its own shares and that it will not become insolvent by incurring debts involved in the obligation for the shares so purchased.

SHARE BUY-BACK (Continued)

As at the end of the financial year, the Company repurchased 28,756,100 (2002: 27,244,000) of its issued and paid up share capital from the open market at a total cost of RM45,891,586 (2002: RM43,763,386). The highest, lowest and average price paid for the shares repurchased were RM1.98, RM1.28 and RM1.60 (2002: RM1.98, RM1.31 and RM1.61) per share respectively. The repurchase transactions were financed by internally generated funds.

The shares repurchased are being held as treasury shares in accordance with 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 MSEB or cancel the shares 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 1994/1999 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 (2002: RM1.20*) 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 MSEB 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 101,789,016 (2002: 102,566,449).

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 (2002: RM2.28*) 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;

OPTIONS GRANTED OVER UNISSUED SHARES AND DEBENTURES (Continued)

b) Warrant B 2000/2005 (Continued)

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 MSEB 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 101,423,826 (2002: 101,423,828).

* Pursuant to the capital distribution by the Company of 46,085,664 shares of OSK Property 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.

c) Executive Share Option Scheme

During the financial year, the Company had granted options under the Executive Share Option Scheme ("ESOS") governed by the ESOS By-Laws that was approved by the Company's shareholders at the Extraordinary General Meeting held on 21 May 2002.

The salient features of the ESOS are as follows:

- (i) Eligible grantees are executives of the Group (including executive directors) who have been in the full time employment or under an employment contract of the Group for a period of at least twelve (12) full months of continuous service and whose employment have been confirmed in writing on or prior to the date of the offer. The eligibility for participation in the ESOS shall be based on the performance of the eligible grantees and shall be at the discretion of the ESOS Committee appointed by the Board of Directors.
- (ii) The total number of shares to be offered shall not exceed in aggregate 10% of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS.
- (iii) The ESOS shall be in force for a duration of five (5) years from the date of implementation of the ESOS, i.e. from 18 February 2003 to 17 February 2008.
- (iv) The option price for each share shall be at a discount of not more than ten per cent (10%) from the weighted average of the market quotation of the Company's shares in the daily list issued by MSEB for the five (5) market days preceding the date of offer, or at par value of the ordinary shares of the Company, whichever is higher.
- (v) The shares to be allotted upon any exercise of the option will upon allotment and issue rank pari passu in all respects with the existing ordinary shares of the Company.
- (vi) No option shall be granted for less than 1,000 shares and shall not be more than the maximum allowable allotment for each eligible grantee allowed under their respective categories.

OPTIONS GRANTED OVER UNISSUED SHARES AND DEBENTURES (Continued)**c) Executive Share Option Scheme (Continued)**

The movement in the ESOS during the financial year is as follows:

Option price (RM)	As at 1.1.2003	Granted	Exercised	As at 31.12.2003
1.33	–	9,110,200	(1,165,700)	7,944,500

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 – Resigned on 18 July 2003

In accordance with Article 102 (1) of the Company's Articles of Association, Dato' Nik Mohamed Din bin Datuk Nik Yusoff and Dato' Mohamed Tarmizi bin Mohd. Tahir retire from the Board at the forthcoming AGM and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

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

(i) OSK Holdings Berhad

	Number of ordinary shares of RM1.00 each			
	As at 1.1.2003	Acquired	Disposed	As at 31.12.2003
Direct interest				
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	14,637,241	–	–	14,637,241
Ong Leong Huat @ Wong Joo Hwa	124,773,666	–	–	124,773,666
Dato' Nik Mohamed bin Nik Yahya	4,511,782	150,000	–	4,661,782
Wong Chong Kim	17,333,333	–	(1,250,000)	16,083,333
Wong Chong Che	8,666,666	25,000	–	8,691,666

DIRECTORS' INTERESTS (Continued)

	Number of Warrant A 1994/2004			
	As at 1.1.2003	Acquired	Disposed	As at 31.12.2003
Direct interest				
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	18,000	—	75,000

Indirect interest

Wong Chong Kim	—	120,666	—	120,666
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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 (2002: RM1.20) per share, at any time before the expiry date of 22 March 2004.

	Number of Warrant B 2000/2005			
	As at 1.1.2003	Acquired	Disposed	As at 31.12.2003
Direct interest				
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	3,596,810	—	—	3,596,810
Ong Leong Huat @ Wong Joo Hwa	35,857,915	—	—	35,857,915
Dato' Nik Mohamed bin Nik Yahya	650,782	—	—	650,782

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 (2002: RM2.28) per share, at any time before the expiry date of 1 March 2005.

	Number of 6% ICULS 2000/2005			As at 31.12.2003
	As at 1.1.2003	Acquired	Disposed	
Direct interest				
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	3,596,810	—	—	3,596,810
Ong Leong Huat @ Wong Joo Hwa	35,857,915	—	—	35,857,915
Dato' Nik Mohamed bin Nik Yahya	1,208,782	—	—	1,208,782
Wong Chong Kim	17,666	—	—	17,666

DIRECTORS' INTERESTS (Continued)

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 (2002: RM2.28) per ICULS, at any time before the expiry date of 1 March 2005.

	Number of options over ordinary shares of RM1.00 each		
	As at 1.1.2003	Granted	As at 31.12.2003
Direct interest			
Dato' Nik Mohamed Din bin			
Datuk Nik Yusoff	—	300,000	—
Ong Leong Huat @ Wong Joo Hwa	—	300,000	—
Dato' Nik Mohamed bin Nik Yahya	—	300,000	(150,000)
Wong Chong Kim	—	300,000	—
Wong Chong Che	—	195,700	(25,000)

The options over ordinary shares of the Company were granted pursuant to the Company's ESOS.

(ii) OSK Property Holdings Berhad

	Number of ordinary shares of RM1.00 each		
	As at 1.1.2003	Acquired	As at 31.12.2003
Direct interest			
Dato' Nik Mohamed Din bin			
Datuk Nik Yusoff	1,328,294	—	—
Ong Leong Huat @ Wong Joo Hwa	7,343,059	—	(1,000,000)
Dato' Nik Mohamed bin Nik Yahya	400,647	—	—
Wong Chong Kim	875,757	—	—
Wong Chong Che	787,878	—	(647,000)

Indirect interest

Wong Chong Kim	—	4,300	—
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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 subsidiary companies to the extent the Company has an interest. The particulars of his deemed interest in the subsidiary companies, except wholly-owned subsidiary companies, are as follows:

DIRECTORS' INTERESTS (Continued)

	Number of ordinary shares of RM1.00 each			As at 31.12.2003
	As at 1.1.2003	Acquired	Disposed	
OSK Property Holdings Berhad	55,868,336	2,046,500	—	57,914,836
OSK Properties Sdn Bhd	40,000,000	—	—	40,000,000
Finexasia.com Sdn Bhd	10,000,000	—	—	10,000,000
OSK-UOB Unit Trust Management Berhad	7,000,000	—	—	7,000,000

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 subsidiary companies during and as at the end of the financial year.

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.

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

DATO' NIK MOHAMED BIN NIK YAHYA

WONG CHONG KIM

Kuala Lumpur

12 February 2004

BALANCE Sheets

as at 31 December 2003

	Note	Group		Company	
		2003 RM	2002 (Restated) RM	2003 RM	2002 RM
PROPERTY, PLANT AND EQUIPMENT	4	201,912,618	202,612,219	—	—
LAND HELD FOR PROPERTY DEVELOPMENT	5	179,430,479	180,455,874	—	—
INVESTMENTS IN SUBSIDIARY COMPANIES	6(a)	—	—	996,600,307	982,808,717
INVESTMENTS IN ASSOCIATED COMPANIES	7	2,557,890	2,197,580	1,300,000	1,300,000
OTHER INVESTMENTS	8	3,078,200	6,838,197	—	—
SECURITY DEPOSIT	9	1,000,000	1,000,000	—	—
DEVELOPMENT COST	10	4,979,497	5,975,396	—	—
DEFERRED TAX ASSETS	11(a)	36,704	676,025	—	—
DEFERRED EXPENDITURE	12	—	—	—	—
INTANGIBLE ASSETS	13	185,919,360	194,871,978	—	—
CURRENT ASSETS					
Property development costs	5	47,412,602	21,722,995	—	—
Trade receivables	14	729,641,981	384,212,035	—	—
Other receivables, deposits and prepayments	15	21,268,067	9,332,467	665,703	498,894
Tax recoverable		7,914,920	17,031,689	3,261,862	7,806,318
Amount due from subsidiary companies	6(b)	—	—	264,553,556	296,659,671
Investments in shares	16	21,556,118	25,451,001	—	—
Fund manager's stocks	17	3,353,568	397,422	—	—
Cash, bank balances and deposits					
– General accounts	18(a)	157,543,804	255,010,499	41,569,481	44,644,555
– Segregated accounts	18(b)	121,842,913	88,656,360	—	1,219
		1,110,533,973	801,814,468	310,050,602	349,610,657
Less:					
CURRENT LIABILITIES					
Trade payables	19	216,414,458	148,117,136	—	—
Other payables, deposits and accruals	20	69,127,694	49,076,025	3,267,084	3,473,357
Amount due to subsidiary companies	6(c)	—	—	228,821,889	235,951,313
Short term borrowings	21(a)	154,398,067	474,790	—	—
Provision for taxation		10,223,962	15,297,576	—	4,893,455
		450,164,181	212,965,527	232,088,973	244,318,125
NET CURRENT ASSETS		660,369,792	588,848,941	77,961,629	105,292,532
		1,239,284,540	1,183,476,210	1,075,861,936	1,089,401,249

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

BALANCE Sheets (Continued)

as at 31 December 2003

	Note	Group		Company	
		2003 RM	2002 (Restated) RM	2003 RM	2002 RM
CAPITAL AND RESERVES					
Share capital	22	518,097,855	514,931,932	518,097,855	514,931,932
Reserves	23	423,537,013	386,201,320	406,766,168	418,555,246
Less: Treasury shares	24	(45,891,586)	(43,763,386)	(45,891,586)	(43,763,386)
SHAREHOLDERS' FUNDS		895,743,282	857,369,866	878,972,437	889,723,792
MINORITY INTERESTS		93,800,975	95,339,191	—	—
LONG TERM LIABILITIES					
3.5% Redeemable Unsecured Bonds 2000/2005	25	101,423,995	101,423,995	101,423,995	101,423,995
6% Irredeemable Convertible Unsecured Loan Stocks 2000/2005	26	95,465,504	98,253,462	95,465,504	98,253,462
Long term borrowings	21(b)	22,500,000	—	—	—
Deferred tax liabilities	11(b)	30,350,784	31,089,696	—	—
		1,239,284,540	1,183,476,210	1,075,861,936	1,089,401,249

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

INCOME Statements

for the Financial Year ended 31 December 2003

	Note	Group		Company	
		2003	2002	2003	2002
		RM	(Restated) RM	RM	RM
Revenue	27	343,766,435	221,529,456	14,083,351	41,380,811
Direct costs	28	(153,412,825)	(83,764,562)	–	–
Gross profit		190,353,610	137,764,894	14,083,351	41,380,811
Other operating income	29	24,701,105	66,005,900	221	105,041,512
Administrative expenses	30	(96,065,898)	(101,026,756)	(710,915)	(952,645)
Other operating expenses	31	(24,089,301)	(39,771,196)	–	(304,901)
Profit from operations		94,899,516	62,972,842	13,372,657	145,164,777
Finance costs	32	(15,362,743)	(13,038,733)	(9,367,401)	(12,374,907)
		79,536,773	49,934,109	4,005,256	132,789,870
Share of profit of associated companies		736,614	772,720	–	–
Profit before taxation		80,273,387	50,706,829	4,005,256	132,789,870
Tax expense	33	(25,026,525)	(12,014,981)	(342,211)	(8,745,693)
Profit after taxation		55,246,862	38,691,848	3,663,045	124,044,177
Minority interests		(4,740,876)	(463,450)	–	–
Profit for the financial year		50,505,986	38,228,398	3,663,045	124,044,177
Earnings per share (sen)	34				
Basic		10.37	7.63		
Fully diluted		8.94	6.71		

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

STATEMENT OF Changes in Equity - Group

for the Financial Year ended 31 December 2003

	Share capital (Note 22) RM	Capital redemption reserve (Note 23) RM	Share premium (Note 23) RM	Exchange fluctuation reserve (Note 23) RM	Reserve on consolidation (Note 23) RM	Retained profits (Note 23) RM	Treasury shares (Note 24) RM	Total RM
At 1 January 2002	538,365,880	–	269,150,328	17,304,333	10,401,518	270,829,344	(41,144,283)	1,064,907,120
As previously reported								
Prior year adjustments:								
– deferred tax assets [Note 11(a)]	–	–	–	–	–	939,873	–	939,873
– deferred tax liabilities [Note 11(b)]	–	–	–	–	–	(1,622,973)	–	(1,622,973)
As restated	538,365,880	–	269,150,328	17,304,333	10,401,518	270,146,244	(41,144,283)	1,064,224,020
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 a subsidiary company	–	–	–	(17,304,333)	(2,392,547)	–	–	(19,696,880)
Acquisition of additional shares								
in a subsidiary company	–	–	–	–	2,175,100	–	–	2,175,100
Profit for the year	–	–	–	–	–	38,228,398	–	38,228,398
Dividends paid (Note 35)	–	–	–	–	–	(18,096,277)	–	(18,096,277)
Shares repurchased	–	–	–	–	–	–	(43,763,386)	(43,763,386)
At 31 December 2002/1 January 2003								
– As restated (Note a)	514,931,932	23,437,000	62,301,884	–	10,184,071	290,278,365	(43,763,386)	857,369,866
Conversion of 6% ICULS	1,222,788	–	1,565,173	–	–	–	–	2,787,961
Exercise of Warrant A	777,433	–	155,487	–	–	–	–	932,920
Exercise of Warrant B	2	–	3	–	–	–	–	5
Exercise of ESOS	1,165,700	–	384,681	–	–	–	–	1,550,381
Acquisition of additional shares								
in a subsidiary company	–	–	–	–	2,281,830	–	–	2,281,830
Profit for the year	–	–	–	–	–	50,505,986	–	50,505,986
Dividend paid (Note 35)	–	–	–	–	–	(17,557,467)	–	(17,557,467)
Shares repurchased	–	–	–	–	–	–	(2,128,200)	(2,128,200)
At 31 December 2003	518,097,855	23,437,000	64,407,228	–	12,465,901	323,226,884	(45,891,586)	895,743,282
Total equity at 31 December 2003								
is analysed as follows:								
Non-distributable	518,097,855	23,437,000	64,407,228	–	12,465,901	–	(45,891,586)	572,516,398
Distributable	–	–	–	–	–	323,226,884	–	323,226,884
	518,097,855	23,437,000	64,407,228	–	12,465,901	323,226,884	(45,891,586)	895,743,282
Note a								
At 1 January 2003								
As previously reported	514,931,932	23,437,000	62,301,884	–	10,184,071	289,424,802	(43,763,386)	856,516,303
Prior year adjustment								
– deferred tax assets [Note 11(a)]	–	–	–	–	–	676,025	–	676,025
– deferred tax liabilities [Note 11(b)]	–	–	–	–	–	177,538	–	177,538
As restated	514,931,932	23,437,000	62,301,884	–	10,184,071	290,278,365	(43,763,386)	857,369,866

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

STATEMENT OF Changes in Equity - Company

for the Financial Year ended 31 December 2003

	Share capital (Note 22) RM	Capital redemption reserve (Note 23) RM	Share premium (Note 23) RM	Retained profits (Note 23) RM	Treasury shares (Note 24) RM	Total RM
At 1 January 2002	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	—
Shares repurchased	—	—	—	—	(43,763,386)	(43,763,386)
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 financial year	—	—	—	124,044,177	—	124,044,177
Dividends paid (Note 35)	—	—	—	(18,096,277)	—	(18,096,277)
At 31 December 2002/ 1 January 2003	514,931,932	23,437,000	62,301,884	332,816,362	(43,763,386)	889,723,792
Conversion of 6% ICULS	1,222,788	—	1,565,173	—	—	2,787,961
Exercise of Warrant A	777,433	—	155,487	—	—	932,920
Exercise of Warrant B	2	—	3	—	—	5
Exercise of ESOS	1,165,700	—	384,681	—	—	1,550,381
Profit for the financial year	—	—	—	3,663,045	—	3,663,045
Dividend paid (Note 35)	—	—	—	(17,557,467)	—	(17,557,467)
Shares repurchased	—	—	—	—	(2,128,200)	(2,128,200)
At 31 December 2003	518,097,855	23,437,000	64,407,228	318,921,940	(45,891,586)	878,972,437
Total equity at 31 December 2003 is analysed as follows:						
Non-distributable	518,097,855	23,437,000	64,407,228	—	(45,891,586)	560,050,497
Distributable	—	—	—	318,921,940	—	318,921,940
	518,097,855	23,437,000	64,407,228	318,921,940	(45,891,586)	878,972,437

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

CASH FLOW Statement - Group

for the Financial Year ended 31 December 2003

	Note	2003 RM	2002 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		80,273,387	50,706,829
Adjustments for:			
Allowance for bad and doubtful debts		2,569,993	20,272,487
Allowance for bad and doubtful debts written back		(7,267,628)	(5,895,095)
Adjustment on property, plant and equipment		26,454	72,880
Impairment loss on marketable securities written back		(13,587,184)	(3,279)
Amortisation of:			
– development costs		995,899	995,899
– goodwill on consolidation		6,101,018	7,564,618
– MESDAQ adviser and sponsor admission fee		10,000	10,000
– purchased goodwill		2,395,698	2,395,698
– trading right		–	101,951
Bad debts written off		495,937	4,543
Depreciation of property, plant and equipment		11,577,668	12,364,443
Exchange difference		–	(4,872)
Gain on disposal of a foreign subsidiary company		–	(18,030,030)
Gain from disposal of plant and equipment		(142,918)	(321,029)
Gain on investment in futures market		(386,372)	(500,821)
Loss/(Gain) from disposal of quoted securities		9,957,804	(613,885)
Gross dividend income		(481,423)	(430,336)
Impairment loss on marketable securities		1,448,752	6,372,276
Impairment loss on fund manager's stocks		100,227	7,071
Allowance for write down of marketable securities		–	685,067
Interest expense		12,833,174	10,225,455
Interest income		(36,287,071)	(35,010,316)
MDEX membership fee written down		–	428,608
MESDAQ member admission fee written off		–	375,000
Property, plant and equipment written off		13,972	59,721
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		(736,614)	(772,720)
Operating profit before working capital changes		69,910,773	31,363,283
Increase in land and development expenditure		(25,689,607)	(11,997,046)
Decrease in investment in shares		3,749,997	2,220,060
Decrease in tax recoverable		–	14,508,413
(Increase)/Decrease in trade and other receivables		(353,194,923)	40,802,873
(Increase)/Decrease in cash held in segregated accounts		(33,186,553)	42,474,853
Decrease/(Increase) in trade and other payables		88,348,991	(54,515,768)
Cash (used in)/generated from operations		(250,061,322)	64,856,668
Dividend paid		(17,557,467)	(18,096,277)
Income tax paid		(26,397,019)	(21,041,792)
Interest paid		(12,833,174)	(10,225,455)
Interest received		34,944,853	32,959,629
Refund of income tax		5,293,007	–
Net cash (used in)/from operating activities		(266,611,122)	48,452,773

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

CASH FLOW Statement - Group (Continued)

for the Financial Year ended 31 December 2003

	Note	2003 RM	2002 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of additional shares in subsidiary company	37	(1,787,356)	(27,262,614)
Dividend received		352,058	430,336
Interest received		1,342,218	2,050,687
Land and development expenditure		1,025,395	9,396,804
Net cash outflow from disposal of foreign subsidiary	36	—	(22,532,062)
Part payment for purchase of intellectual property		(62,500)	(125,000)
Partial disposal of subsidiary company		—	(11,643,680)
Payment for development cost		—	(919,384)
Payment of MESDAQ adviser and sponsor admission fee		—	(250,000)
Dividend received from associated company		172,800	241,920
Proceeds from disposal of property, plant and equipment		308,248	584,226
Proceeds from disposal of securities in equity and futures markets		79,361,711	43,881,436
Purchase of property, plant and equipment		(11,083,823)	(15,618,656)
Payment of investment in associated company		—	(250,000)
Purchase of investments		(8,639,462)	(8,965,361)
Purchase of securities in equity and future markets		(63,879,969)	(22,897,624)
Purchase of fund manager's stocks		(3,056,373)	—
Refund of MESDAQ member admission fee		—	375,000
Refund of stamp duty		518,402	—
Net cash used in investing activities		(5,428,651)	(53,503,972)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid to minority interest		(2,205,305)	(1,610,322)
Drawdown of revolving credit		107,500,000	—
Expenses for restructuring scheme		—	(260,315)
Proceeds from exercise of Warrant A 1994/2004		932,920	4,486
Proceeds from exercise of Warrant B 2000/2005		5	—
Proceeds from exercise of ESOS		1,550,381	—
Purchase of own shares		(2,128,200)	(43,763,386)
Net cash from/(used in) financing activities		105,649,801	(45,629,537)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(166,389,972)	(50,680,736)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		254,535,709	305,216,445
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		88,145,737	254,535,709
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR COMPRISED:			
Cash, bank balances and deposits-general accounts	18 (a)	157,543,804	255,010,499
Bank overdrafts	21	(69,398,067)	(474,790)
		88,145,737	254,535,709

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

CASH FLOW Statement - Company

for the Financial Year ended 31 December 2003

	2003 RM	2002 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,005,256	132,789,870
Adjustments for:		
Dividend income	(6,910,147)	(29,237,208)
Gain on disposal of a subsidiary company	—	(58,629,899)
Gain on disposal of a foreign subsidiary company	—	(46,411,613)
Interest expense	9,367,401	12,374,907
Interest income	(7,173,204)	(12,143,603)
Operating loss before working capital changes	(710,694)	(1,257,546)
Decrease/(Increase) in amount due from subsidiary companies	32,106,115	(24,083,719)
Decrease in amount due to subsidiary companies	(7,129,424)	(195,050,607)
Increase in other receivables	(166,809)	(222,206)
Decrease in other payables	(206,273)	(67,030)
Decrease/(Increase) in segregated accounts	1,219	(380)
Cash generated from/(used in) operations	23,894,134	(220,681,488)
Interest paid	(9,367,401)	(12,374,907)
Interest received	7,173,204	12,143,603
Income tax paid	(375,527)	(934,358)
Refund of income tax	693,936	—
Net cash from/(used in) operating activities	22,018,346	(221,847,150)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	5,900,531	32,230,458
Payment for acquisition of additional shares in subsidiary company	(1,787,356)	(1,815,836)
Payment for subscription of shares in associated company	—	(100,000)
Payment for increased share capital in subsidiary companies	(12,004,234)	(299,996)
Proceeds from disposal of a subsidiary company	—	162,800,000
Proceeds from disposal of a foreign subsidiary company	—	91,886,280
Net cash (used in)/from investing activities	(7,891,059)	284,700,906

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

CASH FLOW Statement - Company (Continued)

for the Financial Year ended 31 December 2003

	Note	2003 RM	2002 RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(17,557,467)	(18,096,277)
Expenses for restructuring scheme		–	(260,315)
Proceeds from exercise of Warrant A 1994/2004		932,920	4,486
Proceeds from exercise of Warrant B 2000/2005		5	–
Proceeds from exercise of ESOS		1,550,381	–
Purchase of own shares		(2,128,200)	(43,763,386)
Net cash used in financing activities		(17,202,361)	(62,115,492)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(3,075,074)	738,264
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		44,644,555	43,906,291
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		41,569,481	44,644,555
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR COMPRISED:			
Cash, bank balances and deposits			
– General accounts	18(a)	41,569,481	44,644,555

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

NOTES TO The Financial Statements

31 December 2003

1. GENERAL INFORMATION

The Company is an investment holding company.

The principal activities of the subsidiary and associated companies are described in Note 47 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year other than the new activities undertaken by the additional subsidiary companies 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 Malaysia Securities Exchange Berhad ("MSEB").

The total number of employees of the Group at the end of the financial year was 1,080 (2002: 1,141) inclusive of Paid Dealer's Representatives and Futures Broker Representatives in the stockbroking and futures subsidiaries. The Company does not have any employee other than the 7 directors (2002: 8 directors) as all operating and administrative functions are performed by its subsidiary companies.

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution on 12 February 2004.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements of the Group and of the Company have been prepared in compliance with the applicable approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965.

During the financial year ended 31 December 2003, the Group adopted the following Malaysian Accounting Standards Board ("MASB") Standards for the first time:-

MASB 25: Income Tax
MASB 27: Borrowing Costs
MASB 29: Employee Benefits

As a result of the adoption of MASB 25, the Group's retained profits at the beginning of the financial year was restated. The financial implication on the adoption of MASB 25 is disclosed in the Statement of Changes in Equity, Note 11 and Note 33. There is no impact on the Company's retained profits on the adoption of MASB 25.

The policy for recognition and measurement of deferred taxation is in accordance with Note 2(n).

The adoption of MASB 25 constitutes a change in accounting policy, the effects of the change in accounting policy is applied retrospectively. Certain comparative figures have been adjusted for the change in accounting policy as disclosed in Note 45.

The adoption of MASB 27 and 29 have not given rise to any adjustment to the opening balance of retained profits of the previous financial year and current financial year or to changes in comparative figures for the Group and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(c) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(k).

The Group does not revalue its properties which comprise of land and buildings unless the fair value of the properties is expected to differ materially from their carrying values.

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. All leasehold land and building are depreciated over the period of lease (40 to 99 years).

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

Freehold buildings	2%
Plant and machinery	20%
Motor vehicles	15%
Office equipment	15%
Furniture and fittings	10%
Renovations	10%

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Land held for property development and property development costs

Property development costs are classified as current assets when significant development work has been undertaken and is expected to be completed within the normal operating cycle, which are stated at cost plus attributable profits less foreseeable losses and progress billings. Costs include cost of land, all direct building costs and other related development expenditure, including interest expenses incurred during the period of active development.

Land held for property development is classified as non-current assets and consists of land held for future development where no significant development has been undertaken, and is stated at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(k).

(e) Investments in subsidiary companies

A subsidiary company is a company in which the Company, directly or indirectly, controls the financial and reporting policies of an investee company or controls the composition of the board of directors so as to obtain benefits from its activities. The investment is held for long term.

Investments in subsidiary companies are stated at cost and are written down when there is an impairment in the value of such investments. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(k). 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 are included in the income statement of the Company when the right to receive payment is established.

(f) Investments in associated companies

An associated company is a company in which the Group and the Company hold a long term equity interest, have representation on the board of directors and are 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. 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 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 recognition of the Group's share of the results of associated companies in the consolidated income statement. 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 and goodwill on acquisition.

Dividend income from associated companies are included in the income statement of the Company when the right to receive payment is established.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Other investments

Long term investments

Long term investments are stated at cost less accumulated amortisation and are written down when there is an impairment in the value of such investments. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(k). Impairment loss is recognised in the income statement.

Short term investments

(i) Unquoted investments

Unquoted investments are stated at cost and are written down when there is an impairment in the value of such investments. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(k). Impairment loss is recognised in the income statement.

(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 impairment loss 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 MSEB.

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) Fund manager's stocks

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

(h) Development cost

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

The capitalised development cost is 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, and less impairment loss, if any.

(i) Deferred expenditure

The contribution to MSEB in relation to the Company's admission as a Corporate Member was deferred at cost. During the previous financial year, the contribution was written off to the share premium account.

Preliminary and pre-operating expenses are written off to the income statement when they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) 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 consolidated income statement over twenty five (25) years. Goodwill on consolidation is reviewed at each balance sheet date and impairment loss is recognised in the income statement where the recoverable amount is less than the net carrying amount.

(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 is recognised in the income statement where the recoverable amount is less than the net carrying amount.

(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 previous financial year, the Company had disposed the subsidiary company in Hong Kong.

(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. Business and intellectual property is reviewed at each balance sheet date and impairment loss is recognised in the income statement where the recoverable amount is less than the net carrying amount.

(k) Impairment of assets

The carrying amount of the assets is reviewed at each balance sheet date to assess whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. If the recoverable amount is less than the net carrying amount, the carrying amount should be reduced to the recoverable amount. The reduction is an impairment loss that is recognised in the income statement as an expense immediately. A reversal of impairment loss should not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

(l) Trade and other receivables, bad and doubtful debts and interest-in-suspense

Trade and other 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 a stockbroking subsidiary company are made in accordance with the relevant rules of MSEP.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Trade and other payables

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

(n) Deferred taxation

During the financial year, the Company adopted MASB 25: Income Taxes of which the accounting policy has been changed with respect to deferred taxation provisioning method.

At each balance sheet date, full provision is made for deferred taxation by using liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Prior to this, deferred taxation is provided using liability method on all material timing differences except where there is reasonable evidence that the timing differences will not reverse in the foreseeable future.

A deferred tax liability is recognised for all taxable temporary differences, unless the deferred tax liability arises from goodwill for which amortisation is not deductible for tax purposes; or the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit or tax loss.

A deferred tax asset is recognised for all deductible temporary differences including unused tax losses and unused tax credit to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised unless the deferred tax asset arises from negative goodwill which is treated as deferred income; or the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit or tax loss.

Deferred tax liability and asset are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised as income or expense in the income statement, except to the extent that the tax rate arises from a transaction or event which is recognised, in the same or a different period, directly in equity or a business combination that is an acquisition.

(o) Revenue and income recognition

Company

Revenue comprises of gross dividend income and interest income.

Subsidiary companies

Revenue comprises of advisory and arrangement fees, carrying charges and facility fees, dividend income, fund manager's fees on sale of trust units, gain from disposal of fixed income instruments, gross brokerage fees and commission, handling, service and registration charges, Institutional Unit Trust Agent commission, interest income, placement fee, processing fees, rental income, revenue from sale of development properties, revenue from plantation, service charges on sale of trust units and underwriting commission.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Revenue and income recognition (Continued)

Subsidiary companies (Continued)

Revenue is recognised in the income statement when:

- significant risks and rewards of ownership have been transferred to the buyers;
- it is probable that the economic benefits associated with the transaction will flow to the Company or Group; and
- the amount of revenue can be measured reliably.

Revenue is measured at the fair value of the consideration receivable and is recognised on the following basis:

(i) Rendering of services

- Advisory and arrangement fees, Institutional Unit Trust Agent commission, placement fee and underwriting commission are recognised on a cash basis.
- Carrying charges and facility fees, handling, services and registration charges and processing fees are recognised on an accrual basis.
- Gross brokerage fees and commission of the stockbroking and futures broking subsidiary companies are recognised upon execution of trades.

(ii) Dividend Income

Dividends from subsidiary and associated companies and other investments are recognised when the right to receive payment is established.

(iii) Gain from disposal of fixed income instruments

This is recognised on an accrual basis.

(iv) 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 the stockbroking subsidiary company 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 account. Classification of non-performing account is dealt with in accordance with the relevant rules of MSEB.

Interest income from fixed income instruments, short term placements and fixed deposits with licensed financial institutions is recognised on a time proportionate basis that reflects the effective yield on the amount.

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

(v) Management of unit trust funds

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

(vi) Rental income

This is recognised on an accrual basis.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Revenue and income recognition (Continued)

Subsidiary companies (Continued)

(vii) Revenue from sale of development properties

Revenue from sale of development properties is accounted for by the stage of completion method in respect of all building units that have been sold. The stage of completion is determined by reference to the costs incurred to date to the total estimated costs where the outcome of the project can be reliably estimated.

(viii) Revenue from plantation

This relates to the sales of oil palm produced which is recognised net of discounts and returns when the goods are invoiced.

Other operating income is recognised on the following basis:

- (i) Allowance for bad and doubtful debts written back, bad debts recovered, gain on disposal of property, plant and equipment and sundry income are recognised on a cash basis. Dividend income is recognised when the right to receive payment is established.
- (ii) Gain on foreign exchange is recognised upon execution of foreign exchange contracts.
- (iii) Gain on disposal of quoted securities and investment in futures market are recognised upon execution of trades.
- (iv) Impairment loss of marketable securities written back is recognised upon disposal of the marketable securities, or based on the market price at the balance sheet date.
- (v) Rental income from rubber plantation is recognised on an accrual basis.

(p) 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 entity

Assets and liabilities of foreign entity 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 foreign entity.

The exchange rates used in translation are as follows:

	2003	2002
Closing rate		
United States Dollar	3.80	3.80
Average rate		
United States Dollar	3.80	3.80

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Capitalisation of borrowing costs

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended sale. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of obtaining another qualifying asset. For borrowings made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the financial year less any investment income on the temporary investment of that borrowing.

All other borrowing costs are recognised as an expense in the income statement in the financial year in which they are incurred.

(r) 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 licensed financial institutions less short term borrowings, excluding bank balances, short term placements and fixed deposits under segregated accounts held in trust.

(s) Treasury shares

Treasury shares 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 of 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 reissued by resale in the open market. Where treasury shares are distributed as shares dividends, the cost of the treasury shares is accounted for 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.

Cancellation of treasury shares is dealt with in accordance with Section 67A of the Companies Act, 1965. The issued and paid-up share capital of the Company is diminished by the shares cancelled and the same amount of which is transferred to the Capital Redemption Reserve.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Financial instruments

(i) Financial instruments recognised on the balance sheets

Financial assets and financial liabilities carried on the balance sheets include short term and long term funds and borrowings, current and non-current investments, trade and other receivables/payables. 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 the balance sheets

Other than a subsidiary company which has entered into futures trading in the ordinary course of business and the underwriting commitments 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.

(iii) Fair value estimation for disclosure purposes

The carrying amounts of the short term and long term financial assets and liabilities are assumed to approximate their fair values other than as disclosed in Note 48.

(iv) Equity instruments

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

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

3. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policies are to ensure that adequate financial resources are available for business development and to 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 and within the guidelines imposed by the relevant authorities in respect of firewall restrictions for the Universal Broker lending to the firewall sectors.

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

3. FINANCIAL RISK MANAGEMENT POLICIES (Continued)

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 MSEB (for the stockbroking subsidiary company) or when deemed necessary based on estimates of possible losses that may arise from non-collection of debts. 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.

The Group manages the funding needs and allocates funds in such manner that all business units maintain optimum levels of liquidity which are 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.

(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. 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.

3. FINANCIAL RISK MANAGEMENT POLICIES (Continued)

(d) Market risk (continued)

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 of floating rate borrowings based on banks' base lending rates or cost of funds 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.

4. PROPERTY, PLANT AND EQUIPMENT – GROUP

	As at 1.1.2003 RM	Additions RM	Adjustment/ Reclassification RM	Disposals RM	Written off RM	As at 31.12.2003 RM
At cost						
Freehold land	1,564,521	–	–	–	–	1,564,521
Freehold land and buildings	169,989,702	550	–	–	–	169,990,252
Long term leasehold land	–	2,142,063	–	–	–	2,142,063
Long term leasehold land and buildings	1,644,356	–	–	–	–	1,644,356
Short term leasehold land and buildings	2,627,180	87,000	–	–	–	2,714,180
Plant and machinery	20,787,365	1,001	–	–	–	20,788,366
Motor vehicles	8,325,170	617,743	(209,930)	(810,450)	–	7,922,533
Office equipment	45,234,814	4,187,629	(39,353)	(39,588)	(41,081)	49,302,421
Furniture and fittings	9,619,358	1,575,018	–	–	–	11,194,376
Renovations	15,230,247	2,472,819	–	–	(1,567)	17,701,499
	275,022,713	11,083,823	(249,283)	(850,038)	(42,648)	284,964,567

	As at 1.1.2003 RM	Charge for the year RM	Adjustment/ Reclassification RM	Reversal for disposals RM	Written off RM	As at 31.12.2003 RM
Accumulated depreciation						
Freehold land	–	–	–	–	–	–
Freehold land and buildings	12,562,245	1,633,221	–	–	–	14,195,466
Long term leasehold land	–	23,033	–	–	–	23,033
Long term leasehold land and buildings	227,631	19,825	–	–	–	247,456
Short term leasehold land and buildings	326,176	67,854	–	–	–	394,030
Plant and machinery	20,010,649	336,491	–	–	–	20,347,140
Motor vehicles	4,278,222	1,043,620	(188,092)	(673,103)	–	4,460,647
Office equipment	26,299,516	5,634,377	(34,737)	(11,605)	(28,519)	31,859,032
Furniture and fittings	4,556,585	1,072,711	–	–	–	5,629,296
Renovations	4,149,470	1,746,536	–	–	(157)	5,895,849
	72,410,494	11,577,668	(222,829)	(684,708)	(28,676)	83,051,949

4. PROPERTY, PLANT AND EQUIPMENT – GROUP (Continued)

	Net book value		Depreciation
	2003	2002	charge for
	RM	RM	2002
			RM
Freehold land	1,564,521	1,564,521	—
Freehold buildings	155,794,786	157,427,457	1,631,425
Leasehold improvements	—	—	417,031
Long term leasehold land	2,119,030	—	—
Long term leasehold land and buildings	1,396,900	1,416,725	19,825
Short term leasehold land and buildings	2,320,150	2,301,004	65,679
Plant and machinery	441,226	776,716	336,572
Motor vehicles	3,461,886	4,046,948	1,143,635
Office equipment	17,443,389	18,935,298	6,222,770
Furniture and fittings	5,565,080	5,062,773	1,005,701
Renovations	11,805,650	11,080,777	1,521,805
	201,912,618	202,612,219	12,364,443

At the end of the financial year, fully depreciated assets at a total cost of RM37,228,859 (2002: RM28,969,992) are still in use.

5. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

	Group	
	2003	2002
	RM	RM
Freehold land	132,438,693	135,928,966
Development costs	315,311,105	210,694,444
	447,749,798	346,623,410
Less: Non-current portion, classified as land held for property development	(179,430,479)	(180,455,874)
	268,319,319	166,167,536
Add: Attributable profit	54,530,938	37,535,071
	322,850,257	203,702,607
Less: Progress billings	(275,437,655)	(181,979,612)
Current portion classified as property development costs	47,412,602	21,722,995

Included in development costs of the Group is interest capitalised during the financial year amounting to RM1,288,739 (2002: RM630,681).

Property development costs of the Group recognised as an expense during the financial year amounted to RM92,358,760 (2002: RM42,178,098) as disclosed in Note 28.

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 Sungai Petani ("MPSP") to carry out a development project on land alienated by the Kedah State Authority to MPSP. (Note 39)

6. SUBSIDIARY COMPANIES

	Company	
	2003 RM	2002 RM
(a) Investments in subsidiary companies		
At cost:		
Quoted shares in Malaysia (Note)	179,018,071	177,230,715
Unquoted shares in Malaysia	817,582,236	805,578,002
	996,600,307	982,808,717
At market value:		
Quoted shares in Malaysia	57,914,836	48,605,452

The effects of the disposal and acquisition of additional shares in subsidiary companies are disclosed in Note 36 and 37 respectively.

The particulars of the subsidiary companies are disclosed in Note 47.

Note

	Company	
	2003 RM	2002 RM
Cost of investment in OSK Property Holdings Berhad ("OSKPH")		
At beginning of financial year	177,230,715	350,659,727
Less: Bonus issue for capital distribution	—	(164,445,280)
Less: Dividends out of pre-acquisition profits	—	(10,799,568)
Add: Cost of additional shares purchased from open market	1,787,356	1,815,836
At end of financial year	179,018,071	177,230,715

During the previous financial year, OSKPH paid a final dividend of 15% less 28% income tax in respect of the financial year ended 31 December 2001 to the Company amounting to RM10,799,568 out of pre-acquisition profits and declared a bonus issue of 1 OSKPH share for 11 shares of the Company for the purpose of implementing the capital distribution of OSKPH, amounting to RM164,445,280.

In the previous financial year, the Company entered into a Profit Guarantee Agreement with OSKPH and a Stakeholder Agreement with Cheang & Ariff ("the Stakeholder", a law firm) and OSKPH, in respect of the disposal of 90% of OSK Properties Sdn Bhd ("OSKP") by the Company to OSKPH and the capital distribution of 46,085,664 ordinary shares of OSKPH of RM1 each to the shareholders of the Company.

6. SUBSIDIARY COMPANIES (Continued)

Pursuant to the Profit Guarantee Agreement, the Company provided profit guarantee to OSKPH in respect of three financial years ended 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 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	11,666,156	N/A*

* N/A : Not applicable.

For the three financial years ended 31 December 2001, 2002 and 2003, OSKP reported a higher profit after taxation than the guaranteed amount. Therefore, the profit guarantee has been met.

Pursuant to the Stakeholder Agreement, the Company has transferred and deposited 20,479,810 (2002: 31,300,000) OSKPH shares with the Stakeholder as at the balance sheet date as a form of security to OSKPH in respect of the profit guarantee. As the profit guarantee has been met, all the 20,479,810 OSKPH shares will be transferred back to the Company.

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

	Company	
	2003 RM	2002 RM
(b) Amount due from subsidiary companies		
Interest bearing	113,445,264	177,158,296
Non interest bearing	151,108,292	119,501,375
	264,553,556	296,659,671

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 6.0% (2002: 2.5% to 8.0%) per annum.

	Company	
	2003 RM	2002 RM
(c) Amount due to subsidiary companies		
Non interest bearing	(228,821,889)	(235,951,313)

The amounts due to subsidiary companies are unsecured and have no fixed terms of repayment.

7. INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Unquoted shares, at cost	1,450,000	1,200,000	1,300,000	1,200,000
Subscription of shares in an associated company	—	250,000	—	100,000
	1,450,000	1,450,000	1,300,000	1,300,000
Share of post-acquisition results	1,107,890	747,580	—	—
	2,557,890	2,197,580	1,300,000	1,300,000
Represented by:				
Share of net assets	2,557,890	2,197,580		

The cost of investment in one of the associated companies represents the first call (50%) of the shares subscribed. The balance is disclosed in the Note 39.

The particulars of the associated companies are disclosed in Note 47.

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

	Group	
	2003 RM	2002 RM
Plant and equipment	142,947	52,107
Security deposit	52,011	50,000
Current assets	2,420,230	2,141,240
Current liabilities	(35,358)	(45,767)
Deferred tax liabilities	(21,940)	—
	2,557,890	2,197,580
Revenue	1,523,417	1,271,322
Profit from ordinary activities before taxation	736,614	772,720
Tax expense	(203,504)	(229,656)
Profit after tax	533,110	543,064

During the financial year, dividend amounting to RM172,800 (2002: RM241,920) was received from an associated company.

8. OTHER INVESTMENTS

		Group	
	Note	2003 RM	2002 RM
Unquoted in Malaysia at cost:			
– Shares		490,000	4,239,997
– One class "A" preference share in Malaysia Derivatives Exchange Berhad ("MDEX")		1,500,000	1,500,000
		1,990,000	5,739,997
Membership fees in MDEX		700,000	1,128,608
Less: Impairment loss		–	(428,608)
Net carrying value	(a)	700,000	700,000
Fees paid to MESDAQ market of MSEB in relation to a subsidiary company's admission as member		–	750,000
Less: Refund during the financial year		–	(375,000)
Impairment loss		–	(375,000)
Net carrying value	(b)	–	–
Admission fees as adviser and sponsor on MESDAQ market of MSEB		250,000	250,000
Less: Amortisation			
At beginning of financial year		(10,000)	(5,000)
Amortisation for the financial year		(10,000)	(5,000)
At end of financial year		(20,000)	(10,000)
Net carrying value		230,000	240,000
Transferable golf club memberships		158,200	158,200
		3,078,200	6,838,197

Note (a)

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 (b)

The merger of MESDAQ with MSEB was completed on 14 March 2002. During the previous financial year, of the RM750,000 member admission fee paid by the stockbroking subsidiary company 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	
	2003 RM	2002 RM
At beginning of financial year	5,975,396	6,051,911
Expenditure incurred during the financial year	–	919,384
Less: Amortisation during the financial year	(995,899)	(995,899)
At end of financial year	4,979,497	5,975,396

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

	Group	
	2003 RM	2002 RM
Software development cost	–	919,384

11. DEFERRED TAXATION

	Group	
	2003 RM	2002 RM
(a) Deferred tax assets		
Balance at beginning of financial year		
As previously reported	–	–
Prior year adjustments - retained profits	676,025	939,873
As restated	676,025	939,873
Transfer to income statements (Note 33)	(639,321)	(263,848)
Balance at end of financial year	36,704	676,025
The deferred tax assets relate mainly to temporary differences arising from in respect of:		
Accelerated capital allowances	–	106,981
Unutilised tax losses and capital allowances	36,704	569,044
Deferred tax assets	36,704	676,025

11. DEFERRED TAXATION (Continued)

	Group	
	2003 RM	2002 RM
(b) Deferred tax liabilities		
Balance at beginning of financial year		
As previously reported	3,647,655	1,679,307
Prior year adjustments		
– Retained profits	(177,538)	1,622,973
– Fair value on land held for development	27,619,579	28,084,310
As restated	31,089,696	31,386,590
Transfer to income statements (Note 33)	(738,912)	(296,894)
Balance at end of financial year	30,350,784	31,089,696
The deferred tax liabilities relate mainly to temporary differences arising from:		
Accelerated capital allowances	3,750,367	3,480,656
Fair value on land held for development	26,638,771	27,619,579
Other temporary differences	(38,354)	(6,240)
Unutilised tax losses and capital allowances	–	(4,299)
Deferred tax liabilities	30,350,784	31,089,696

The utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of the existing taxable temporary differences; and the Company had suffered a loss in prior years.

On 13 September 2001, the Ministry of Finance approved the transfer of tax portion of 50% of the unutilised tax losses of Premier Capital Securities Sdn Bhd ("PCS") to OSK Securities Berhad ("OSKS"). The unutilised tax losses is estimated at RM112,748,554. Deferred tax asset arising from the transfer has not been recognised in OSKS's balance sheet as the confirmation letter from the Ministry of Finance has yet to be received by OSKS. Upon finalisation, the tax portion of 50% of the unutilised tax losses would be offset against OSKS's tax liabilities for the financial years ended 31 December 2001 and 2002.

Where the above becomes available for utilisation, the estimated deferred tax assets for the Group would be as follows:

	Group	
	2003 RM	2002 RM
Tax credit transferable from PCS to OSKS	4,992,217	4,992,217
(equivalent to OSKS's 2001 and 2002 tax liabilities)		
Amount recognised	36,704	676,025
	5,028,921	5,668,242

12. DEFERRED EXPENDITURE

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Contribution fees to MSEB	—	1,000,000	—	1,000,000
Less: Write off to share premium account	—	(1,000,000)	—	(1,000,000)
	—	—	—	—

13. INTANGIBLE ASSETS

		Group	
		2003 RM	2002 RM
Goodwill on consolidation	(a)	134,111,496	140,730,916
Purchased goodwill	(b)	51,307,864	53,703,562
Business and intellectual property	(c)	500,000	437,500
Trading rights	(d)	—	—
		185,919,360	194,871,978

Note (a) - Goodwill on consolidation

At cost:

At beginning of financial year	153,043,853	209,979,537
Reversal due to refund of stamp duty	(518,402)	—
Realised upon capital distribution of a subsidiary company	—	(64,656,280)
Addition during the financial year	—	7,720,596

At end of financial year

152,525,451 153,043,853

Accumulated amortisation:

At beginning of financial year	(12,312,937)	(9,793,513)
Realised upon capital distribution of a subsidiary company	—	5,045,194
Amortised during the financial year	(6,101,018)	(7,564,618)

At end of financial year

(18,413,955) (12,312,937)

Net carrying value

134,111,496 140,730,916

Note (b) - Purchased goodwill

At cost:

At beginning/end of financial year	59,892,449	59,892,449
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Accumulated amortisation:

At beginning of financial year	(6,188,887)	(3,793,189)
Amortised during the financial year	(2,395,698)	(2,395,698)

At end of financial year

(8,584,585) (6,188,887)

Net carrying value

51,307,864 53,703,562

13. INTANGIBLE ASSETS (Continued)

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.

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 had been satisfied by the issuance of 250,000 new ordinary shares of RM1 each in Finexasia.com Sdn Bhd and RM250,000 cash.

	Group	
	2003 RM	2002 RM
Note (d) - Trading rights		
At cost:		
At beginning of financial year	—	2,042,537
Disposal of subsidiary companies	—	(2,042,537)
At end of financial year	—	—
Accumulated amortisation:		
At beginning of financial year	—	(153,777)
Amortised during the financial year	—	(101,951)
Reversal for disposal of subsidiary companies	—	255,728
At end of financial year	—	—
Net carrying value	—	—

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 previous financial year, the Company had disposed off the subsidiary company in Hong Kong.

14. TRADE RECEIVABLES

	Group	
Note	2003 RM	2002 RM
Amount owing by clients	697,326,876	435,934,811
Less: Interest-in-suspense	(a) (43,325,387)	(46,961,571)
Specific allowance for bad and doubtful debts	(b) (44,705,258)	(55,646,380)
General allowance for bad and doubtful debts	(c) (238,469)	(208,786)
	609,057,762	333,118,074

14. TRADE RECEIVABLES (Continued)

	Note	Group 2003 RM	2002 RM
Amount owing by brokers		88,272,334	27,755,958
Amount due from clearing house		9,275,499	5,153,443
Other trade receivables			
– property development activities		18,309,749	14,664,768
– others		4,726,637	3,789,262
Less: Allowance for bad and doubtful debts		–	(269,470)
		23,036,386	18,184,560
		729,641,981	384,212,035

The trade credit term for securities trading of the stockbroking subsidiary company is 3 market days in accordance with MSEB's Fixed Delivery and Settlement Trading Rule. In addition, for margin clients, the carrying period for each transaction shall be on a maximum term of 3 months.

The trade credit term for fixed income instruments trading of the stockbroking subsidiary company generally ranges from the same trading day to 2 market days.

The trade credit term for purchasers of the development properties is 21 days and for others are assessed and approved on a case-by-case basis.

The increase in trade receivables is mainly attributable to the stockbroking subsidiary company due to increased volume of share trading in MSEB.

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Other receivables (Note)	12,198,838	19,657,331	661,203	494,394
Less: Allowance for doubtful debts	–	(15,800,000)	–	–
	12,198,838	3,857,331	661,203	494,394
Deposits	2,564,330	2,674,221	4,500	4,500
Prepayments	6,504,899	2,800,915	–	–
	21,268,067	9,332,467	665,703	498,894

Note

Included in the other receivables of the Group and the Company is interest receivable on short-term placements and fixed deposits of RM698,296 (2002: RM833,366) and RM661,203 (2002: RM494,394) respectively.

The rate of interest of the short-term placements and fixed deposits is disclosed in Note 18.

16. INVESTMENTS IN SHARES

	Group	
	2003 RM	2002 RM
(a) Marketable securities		
Quoted in Malaysia, at cost		
Securities	20,576,986	38,751,837
Less: Impairment loss	(763,685)	(12,858,117)
Allowance for write down	(685,067)	(685,067)
	19,128,234	25,208,653
Quoted outside Malaysia, at cost		
Securities	503,970	503,970
Less: Impairment loss	(218,051)	(262,051)
	285,919	241,919
(b) Investments in shares		
Unquoted shares in Malaysia, at cost	2,141,965	429
	21,556,118	25,451,001
Quoted market value:		
In Malaysia		
Securities	34,166,788	28,094,195
Outside Malaysia		
Securities	286,178	242,123
	34,452,966	28,336,318

The cost of securities quoted in Malaysia mainly comprise securities invested by OSK Venture Equities Sdn Bhd and OSK Technology Ventures Sdn Bhd which are engaged in the venture capital business amounting to RM13,713,076 (2002: RM7,215,364) and securities subscribed by OSK Securities Berhad ("OSKS") via underwriting commitments in 2000, 2001 and 2003 amounting to RM6,624,551 (2002: RM31,230,324) respectively. The market value of these securities at the end of the financial year is RM27,751,725 (2002: RM9,149,640) and RM6,160,794 (2002: RM18,619,297) respectively.

On 6 January 2003, pursuant to the underwriting commitment as at the end of the previous financial year as stated in Note 39(b), OSKS paid a total cost of RM31,535,340 to subscribe for 28,668,491 shares being the portion of the undersubscribed securities. The resultant shareholding comprised 32.38% in the shares of a listed company on MSEB and was included as marketable securities as it was not the intention of OSKS to hold these securities as a long-term investment. All the shares have been disposed of during the financial year at a total proceeds of RM32,679,686.

17. FUND MANAGER'S STOCKS

	Group	
	2003 RM	2002 RM
Quoted in Malaysia, at cost		
Fund manager's stocks - unit trusts	3,460,866	404,493
Less: Impairment loss	(107,298)	(7,071)
	3,353,568	397,422
Quoted market value	3,358,948	400,221

18. CASH, BANK BALANCES AND DEPOSITS

	Group		Company	
	As at 2003 RM	As at 2002 RM	As at 2003 RM	As at 2002 RM
(a) General accounts				
Cash and bank balances	50,990,680	12,034,557	266,259	667,420
Bank balances - Housing Development Accounts				
– Note (i)	12,358,078	10,473,964	–	–
Short-term placements with:				
– licensed banks	34,300,000	118,032,000	–	23,500,000
– licensed discount houses	12,497,250	4,790,000	–	–
Fixed deposits with:				
– licensed banks	3,553,057	71,795,620	–	–
– licensed finance companies	1,291,517	17,407,223	–	–
Sinking Fund:				
– bank balances – Note (ii)	1,250,000	–	–	–
– fixed deposits with licensed financial institutions-Note (iii)	41,303,222	20,477,135	41,303,222	20,477,135
	157,543,804	255,010,499	41,569,481	44,644,555
(b) Segregated accounts – Note (iv)				
Bank balances	24,382,289	5,404,793	–	1,219
Short-term placements with licensed banks	63,600,000	50,111,947	–	–
Fixed deposits with licensed banks	31,860,624	33,139,620	–	–
Fixed deposits with licensed finance companies	2,000,000	–	–	–
	121,842,913	88,656,360	–	1,219
	279,386,717	343,666,859	41,569,481	44,645,774

18. CASH, BANK BALANCES AND DEPOSITS (Continued)

- (i) Amounts held in the Housing Development Accounts represent monies received from purchasers of development 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) Bank balances held in sinking fund represent monies pledged to a bank for revolving credit facilities granted to a subsidiary company as disclosed in Note 21.
- (iii) Fixed deposits held in Sinking Fund represent 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 25).
- (iv) Segregated accounts represent monies held in trust accounts and dividend accounts for clients and dealer's representatives. Trust accounts are maintained with licensed financial institutions in accordance with the rules of the relevant authorities.

The effective interest rates of short term placements and fixed deposits at the balance sheet date are as follows:

	Group		Company	
	2003 %	2002 %	2003 %	2002 %
General accounts	0.95 to 4.00	2.20 to 4.00	2.75 to 4.00	2.60 to 4.00
Segregated accounts	2.20 to 4.00	2.10 to 4.00	—	—

The average maturities of short term placements and fixed deposits at the balance sheet date are as follows:

	Group		Company	
	2003 Days	2002 Days	2003 Days	2002 Days
General accounts	86	48	103	171
Segregated accounts	27	39	—	—

19. TRADE PAYABLES

	Group	
	2003 RM	2002 RM
Amount due to clients	139,615,903	91,903,832
Amount due to brokers	49,452,327	42,720,444
Other trade payables		
– property development activities	17,798,520	12,187,446
– others	9,547,708	1,305,414
	27,346,228	13,492,860
	216,414,458	148,117,136

19. TRADE PAYABLES (Continued)

The trade credit term for securities trading of the stockbroking subsidiary company is 3 market days in accordance with the MSEB's Fixed Delivery and Settlement Trading Rule.

The trade credit term for fixed income instruments trading of the stockbroking subsidiary company generally ranges from the same trading day to 2 market days.

The trade credit term for suppliers or sub-contractors of the development properties generally ranges from 30 days to 60 days.

The increase in trade payables is mainly attributable to the stockbroking subsidiary company due to increased volume of share trading in MSEB.

20. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	As at 2003 RM	As at 2002 RM	As at 2003 RM	As at 2002 RM
Other payables	6,883,136	5,602,029	64,850	219,508
Deposits:				
– trading deposits from dealer's/ futures broker representatives	32,435,747	27,602,688	–	–
– rental and utilities deposits from tenants	1,074,081	957,606	–	–
– other deposits	5,400	6,600	–	–
	33,515,228	28,566,894	–	–
Accruals:				
– commission payable to dealer's/ futures broker representatives	4,407,506	547,041	–	–
– commission payable to unit trusts agents	3,377,767	1,338,219	–	–
– RUB and ICULS interests	3,092,635	3,148,349	3,092,634	3,148,349
– other accruals and provisions	17,851,422	9,873,493	109,600	105,500
	28,729,330	14,907,102	3,202,234	3,253,849
	69,127,694	49,076,025	3,267,084	3,473,357

The increase in other payables, deposits and accruals is mainly due to the increase in trading deposits from and commission payable to dealer's/futures broker representatives and accruals for operating expenses which is in turn due to increased volume of activities undertaken by the Group.

21. SHORT TERM/LONG TERM BORROWINGS

	Group	
	2003 RM	2002 RM
(a) Short term borrowings (unsecured)		
Bank overdrafts [Note (i)]	69,398,067	474,790
Revolving credits [Note (ii)]	85,000,000	—
	154,398,067	474,790

Note (i)

The bank overdrafts are supported by corporate guarantees from the Company. Interest was charged at 1.2% to 2.0% (2002: 1.2% to 2.0%) per annum above the banks' base lending rates or cost of funds where relevant.

Note (ii)

RM80,000,000 of the short term revolving credits are supported by corporate guarantees from the Company and the remaining RM5,000,000 is supported by corporate guarantees from the Company and OSKPH. Interest was charged at 1.5% (2002: Not applicable) per annum above the banks' cost of funds.

	Group	
	2003 RM	2002 RM
Repayment schedules of the short term revolving credits are as follows:		
– Repayable in amounts of RM2,500,000 at six-month intervals, commencing six months after the first drawdown until full settlement	5,000,000	—
– Repayable one month after each drawdown	80,000,000	—
	85,000,000	—
(b) Long term borrowings		
Revolving credits - secured [Note (iii)]	10,000,000	—
- unsecured [Note (iv)]	12,500,000	—
	22,500,000	—

Note (iii)

The secured revolving credit of RM10,000,000 is repayable by way of bullet payment at the end of the four years tenor. A sinking fund to secure the revolving credit is built up over the tenor of the facility by way of quarterly instalments of RM625,000 each, commencing within 90 days from the date of the first drawdown, until a total amount of RM10,000,000 is achieved. The amount held in the sinking fund at the end of the financial year amounted to RM1,250,000 (2002: Not applicable) as disclosed in Note 18.

Note (iv)

The unsecured revolving credit amounted to RM20,000,000 and is supported by corporate guarantees from the Company and OSKPH.

21. SHORT TERM/LONG TERM BORROWINGS (Continued)

	Group	
	2003 RM	2002 RM
Repayment schedule of the unsecured revolving credit is as follows:		
Repayable in amounts of RM2,500,000 at six-month intervals, commencing six months after the first drawdown until full settlement	20,000,000	—
Less: Amount repaid during the financial year	(2,500,000)	—
Less: Amount classified as short term as stated in Note (ii)	(5,000,000)	—
	12,500,000	—
Maturity of total revolving credits:		
Within one year	85,000,000	—
More than one year and less than two years	5,000,000	—
More than two years and less than five years	17,500,000	—
	107,500,000	—

22. SHARE CAPITAL

	Group/Company	
	2003 RM	2002 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	514,931,932	538,365,880
Cancellation of shares repurchased	—	(23,437,000)
Conversion of 6% ICULS	1,222,788	—
Exercise of Warrant A 1994/2004	777,433	3,052
Exercise of Warrant B 2000/2005	2	—
Exercise of ESOS	1,165,700	—
At end of financial year	518,097,855	514,931,932

23. RESERVES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Non-distributable:				
Share premium (Note a)	64,407,228	62,301,884	64,407,228	62,301,884
Capital redemption reserve (Note b)	23,437,000	23,437,000	23,437,000	23,437,000
Exchange fluctuation reserve - unrealised (Note c)	—	—	—	—
Reserve on consolidation (Note d)	12,465,901	10,184,071	—	—
	100,310,129	95,922,955	87,844,228	85,738,884
Distributable:				
Retained profits	323,226,884	290,278,365	318,921,940	332,816,362
	423,537,013	386,201,320	406,766,168	418,555,246

	Group/Company	
	2003 RM	2002 RM
Note a - Share premium		
At beginning of financial year	62,301,884	269,150,328
Less: Expenses for restructuring scheme	—	(260,315)
Contribution fee to MSEB written off	—	(1,000,000)
Cost of treasury shares cancelled	—	(41,144,283)
Bonus issue for capital distribution purpose	—	(164,445,280)
Add: Conversion of 6% ICULS	1,565,173	—
Exercise of Warrant A 1994/2004	155,487	1,434
Exercise of Warrant B 2000/2005	3	—
Exercise of ESOS	384,681	—
At end of financial year	64,407,228	62,301,884
Note b - Capital redemption reserve		
At beginning of financial year	23,437,000	—
Less: Cancellation of shares repurchased 23,437,000 ordinary shares	—	23,437,000
At end of financial year	23,437,000	23,437,000

23. RESERVES (Continued)

	Group/Company	
	2003	2002
	RM	RM
Note c - Exchange fluctuation reserve		
At beginning of financial year	—	17,304,333
Realised upon disposal of a foreign subsidiary company	—	(17,304,333)
At end of financial year	—	—
Note d - Reserve on consolidation		
At beginning of financial year	10,184,071	10,401,518
Arising from acquisition of additional shares in a subsidiary company	2,281,830	2,175,100
Realised upon disposal of a foreign subsidiary company	—	(2,392,547)
At end of financial year	12,465,901	10,184,071

24. TREASURY SHARES

	Group/Company	
	2003	2002
At cost (RM):		
At beginning of financial year	43,763,386	41,144,283
Repurchased during the financial year	2,128,200	43,763,386
Cancelled during the financial year	—	(41,144,283)
At end of financial year	45,891,586	43,763,386
Number of shares repurchased/held as treasury shares:		
At beginning of financial year	27,244,000	23,437,000
Repurchased during the financial year	1,512,100	27,244,000
Cancelled during the financial year	—	(23,437,000)
At end of financial year	28,756,100	27,244,000
Total number of outstanding shares as issued and fully paid	489,341,755	487,687,932
Total number of outstanding shares of the Company	518,097,855	514,931,932

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 30 April 2003 approved the renewal of authorisation for the aforesaid shares buy-back exercise. In accordance with MSEB'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.

24. TREASURY SHARES (Continued)

On 21 February 2003 and 20 August 2003 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 its own shares and that it will not become insolvent by incurring debts involved in the obligation for the shares so purchased.

As at the end of the financial year, the Company repurchased 28,756,100 (2002: 27,244,000) of its issued and paid up share capital from the open market at a total cost of RM45,891,586 (2002: RM43,763,386). The highest, lowest and average price paid for the shares repurchased were RM1.98, RM1.28 and RM1.60 (2002: RM1.98, RM1.31 and RM1.61) per share respectively. The repurchase transactions were financed by internally generated funds.

The shares repurchased are being held as treasury shares in accordance with 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 Rules of MSEC 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. The issued and paid-up share capital of the Company was diminished by the share cancelled and the same amount of which was transferred to the Capital Redemption Reserve (Note 23).

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 as at 1.1.2003	27,244,000	1.98	1.31	1.61	43,763,386	27,244,000
January 2003	718,000	1.50	1.37	1.44	1,033,667	718,000
February 2003	342,000	1.45	1.37	1.41	480,649	342,000
March 2003	205,000	1.39	1.28	1.33	272,132	205,000
April 2003	80,000	1.36	1.28	1.33	106,539	80,000
May 2003	82,400	1.42	1.28	1.31	107,637	82,400
June 2003	84,700	1.51	1.48	1.51	127,576	84,700
	1,512,100	1.51	1.28	1.41	2,128,200	1,512,100
Balance as at 31.12.2003	28,756,100	1.98	1.28	1.60	45,891,586	28,756,100

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 more favourable than those arranged with independent third parties.

25. 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

As at the end of the financial year, the total amount held in the Sinking Fund is RM41,303,222 (2002: RM20,477,135) [Note 18].

Each Warrant B carries the right to subscribe for one (1) new ordinary share of RM1.00 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. On 13 August 2002, pursuant to the capital distribution by the Company of 46,085,664 shares of OSKPH, the subscription price of Warrant B had been adjusted from RM2.80 to RM2.28. During the current financial year, 2 Warrant B have been exercised at RM2.28 each for subscription of 2 new ordinary shares of RM1.00. At the end of the financial year, the total number of Warrant B remaining unexercised is 101,423,826 (2002: 101,423,828).

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 RM1.00 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. On 13 August 2002, pursuant to the capital distribution by the Company of 46,085,664 shares of OSKPH, the subscription price of Warrant A had been adjusted from RM1.47 to RM1.20. At the end of the financial year, the total number of Warrant A remaining unexercised is 101,789,016 (2002: 102,566,449).

26. 6% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2000/2005 ("ICULS")

	Group/Company	
	2003 RM	2002 RM
At beginning of financial year	98,253,462	98,253,462
Conversion and exercise of ICULS	(2,787,958)	—
At end of financial year	95,465,504	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 RM1.00 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, the conversion price of ICULS had been adjusted on 13 August 2002 from RM2.80 to RM2.28.

During the current financial year, 2,787,958 ICULS have been converted into 1,222,788 new ordinary shares of RM1.00 each which comprises conversion of 2,787,956 ICULS for 1,222,786 ordinary shares and exercise of 2 ICULS at conversion price of RM2.28 each.

27. REVENUE

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Advisory and arrangement fees	3,877,198	5,095,011	—	—
Carrying charges and facility fees	7,273,731	4,809,489	—	—
Gain on disposal of fixed income instruments	854,433	—	—	—
Gain from investment in shares	4,490,541	674,570	—	—
Gross dividends from:				
– investment in shares	222,628	—	—	—
– a quoted subsidiary company in Malaysia	—	—	2,837,022	1,386,208
– unquoted subsidiary companies in Malaysia	—	—	3,833,125	27,515,000
– an unquoted associated company in Malaysia	—	—	240,000	336,000
	222,628	—	6,910,147	29,237,208
Gross brokerage fees and commission	139,157,835	83,979,876	—	—
Handling, service and registration charges	309,530	187,455	—	—
Interest income:				
– from operating activities	34,944,853	32,959,629	1,423,083	1,450,277
– from subsidiary companies	—	—	5,750,121	10,693,326
	34,944,853	32,959,629	7,173,204	12,143,603

27. REVENUE (Continued)

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Institutional Unit Trust				
Agent commission	211,798	325,711	—	—
Fund manager's fee	15,002,575	11,928,957	—	—
Processing fees	3,567,586	1,647,285	—	—
Placement fees	697,641	—	—	—
Property development revenue	107,305,548	55,864,367	—	—
Rental income	3,803,665	3,748,582	—	—
Revenue from plantation	987,542	839,801	—	—
Service charges on sale of trust units	18,170,319	15,797,681	—	—
Underwriting commission	2,556,667	3,561,219	—	—
Others	332,345	109,823	—	—
	343,766,435	221,529,456	14,083,351	41,380,811

28. DIRECT COSTS

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Assessment and quit rent	1,109,795	1,094,849	—	—
Commission to dealer's/ futures broker representatives	33,949,098	18,029,230	—	—
Commission to unit trust agents	20,534,714	16,424,504	—	—
Clearing and exchange guarantee fees	42,225	90,189	—	—
Hosting fee for internet	44,767	71,600	—	—
Property development expenses (Note)	92,358,760	42,178,098	—	—
Execution fees	228,921	164,828	—	—
Incentive fees	—	1,074	—	—
Management fees	18,252	17,641	—	—
MCD charges	910,279	629,766	—	—
MESDAQ trading fee	—	6	—	—
Plantation expenses	200,118	242,867	—	—
Referral fees	568,562	—	—	—
SCORE fees	610,503	344,333	—	—
Securities Commission levy	2,032,041	1,188,824	—	—
Settlement expenses	—	474,518	—	—
Share handling charges	639,642	2,777,762	—	—
Sub-underwriting commission	8,880	—	—	—
Tenancy renewal commission	156,268	34,473	—	—
	153,412,825	83,764,562	—	—

Note

Included in property development expenses is the proportionate allocation of fair value for land cost of RM2,522,078 (2002: RM1,195,022).

29. OTHER OPERATING INCOME

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 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	—	7,642,514	—	—
Specific allowance for bad and doubtful debts written back	7,267,628	5,895,095	—	—
Bad debts recovered	118,708	90,243	—	—
Gain on foreign exchange realised	28,619	3,103	—	—
Gain on disposal of plant and equipment	142,918	321,029	—	—
Gain on disposal of quoted securities in Malaysia	—	931,206	—	—
Gross dividends from:				
– unquoted securities in Malaysia	73,520	78,437	—	—
– securities quoted in Malaysia	407,903	351,899	—	—
	481,423	430,336	—	—
Impairment loss of marketable securities written back	13,587,184	3,279	—	—
Interest income	1,342,218	2,050,687	—	—
Gain on investment in futures market	386,372	500,821	—	—
Rental income from rubber plantation	156,000	157,000	—	—

30. ADMINISTRATIVE EXPENSES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Administrative expenses include:				
Auditors' remuneration:				
(i) Statutory audit				
– current year	212,960	300,731	27,000	27,000
– under provision in prior year	19,000	38,431	–	–
(ii) Other services				
– current year	11,000	6,510	–	3,000
– under provision in prior year	23,800	–	3,750	–
	266,760	345,672	30,750	30,000
Depreciation	11,577,668	12,364,443	–	–
Directors' remuneration [Note 38(b)]:				
(i) Fees - current year	181,000	167,000	84,000	80,000
– under/(over) provision in prior year	8,500	9,750	(2,500)	–
(ii) Gratuity	–	200,000	–	–
(iii) Other emoluments	2,546,750	2,920,770	–	–
	2,736,250	3,297,520	81,500	80,000
Lease rental of premises	–	1,750,190	–	–
Rental of equipment	5,437,029	1,809,981	–	–
Rental of premises	2,741,921	2,027,651	–	–
Staff costs other than directors of the Company	46,993,269	47,531,145	–	–

31. OTHER OPERATING EXPENSES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Other operating expenses include:				
Allowance for bad and doubtful debts:				
– specific	2,540,310	20,250,203	–	–
– general	29,683	22,284	–	–
	2,569,993	20,272,487	–	–
Amortisation:				
– development cost	995,899	995,899	–	–
– goodwill on consolidation	6,101,018	7,564,618	–	–
– MESDAQ adviser and sponsor admission fee	10,000	10,000	–	–
– purchased goodwill	2,395,698	2,395,698	–	–
– trading rights	–	101,951	–	–
	9,502,615	11,068,166	–	–

31. OTHER OPERATING EXPENSES (Continued)

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Amount due from subsidiary companies written off	—	—	—	304,901
Bad debts written off	495,937	4,543	—	—
MDEX membership fee written down	—	428,608	—	—
Impairment loss of marketable securities	1,448,752	6,372,276	—	—
Impairment loss of fund manager's stocks	100,227	7,071	—	—
Allowance for write down of marketable securities	—	685,067	—	—
Loss on disposal of quoted securities				
– in Malaysia	9,957,804	—	—	—
– outside Malaysia	—	317,321	—	—
	9,957,804	317,321	—	—
MESDAQ member admission fee written off	—	375,000	—	—
Plant and equipment written off	13,972	59,721	—	—

32. FINANCE COSTS

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Bank facilities commitment fees	2,442,541	2,751,778	—	—
Commission on letter of credit and bank guarantee	87,028	61,500	—	—
Interest expense:				
– bank overdrafts/revolving credits	3,465,579	780,277	—	—
– subsidiary company	—	—	—	2,929,906
– 3.5% RUB 2000/2005	3,549,840	3,549,793	3,549,840	3,549,793
– 6% ICULS 2000/2005	5,817,561	5,895,208	5,817,561	5,895,208
– others	194	177	—	—
	12,833,174	10,225,455	9,367,401	12,374,907
	15,362,743	13,038,733	9,367,401	12,374,907

33. TAX EXPENSE/(INCOME)

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Tax charge for the financial year:				
In respect of the current financial year				
– Malaysian income tax	25,524,330	11,808,062	1,282,379	8,677,318
– Deferred tax assets [Note 11(a)]	639,321	263,848	–	–
– Deferred tax liabilities [Note 11(b)]	(738,912)	(296,894)	–	–
Share of taxation of associated companies	203,504	229,656	–	–
	25,628,243	12,004,672	1,282,379	8,677,318
In respect of the prior financial year				
– Malaysian income tax	(601,718)	10,309	(940,168)	68,375
	25,026,525	12,014,981	342,211	8,745,693

With effect from year of assessment 2003, chargeable income of certain subsidiary companies (being residents in Malaysia with paid-up capital of less than RM2.5 million) are taxed at the following rates:

On the first RM100,000: 20%
In excess of RM100,000: 28%

In the previous financial year, these subsidiary companies' income tax were calculated based on the statutory income tax rate of Malaysia at 28%.

Income tax expense for the Company is calculated based on the statutory income tax rate of Malaysia at 28% (2002: 28%) of the estimated taxable profit for the financial year.

33. TAX EXPENSE/(INCOME) (Continued)

The reconciliation between tax at the statutory tax rate of 28% (2002: 28%) on the profit before taxation and the tax expense is as follows:

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Profit before taxation ("PBT")	80,273,387	50,706,829	4,005,256	132,789,870
Taxation at the statutory tax rates of 28% on PBT	22,476,548	14,197,912	1,121,472	37,181,164
Taxation savings at the statutory tax rates of 20% on PBT	(29,247)	—	—	—
Balancing charge on plant and equipment disposed/written off	55,170	109,172	—	—
Effects on loss in associated company	2,748	6,566	—	—
(Over)/under provision of income tax expense in prior year(s)	(601,718)	10,309	(940,168)	68,375
Provision of deferred taxation	(99,591)	(33,046)	—	—
Tax effects on income not subject to tax	(3,235,243)	(17,273,500)	—	(29,791,723)
Tax effects on non-business income	—	9,207	—	—
Tax effects on non-deductible expenses	10,718,463	18,356,711	160,907	1,287,877
Utilisation of capital allowances	(3,044,761)	(2,472,559)	—	—
Deferred tax asset not recognised	128,344	—	—	—
Utilisation of previously unrecognised tax losses	(1,344,188)	(895,791)	—	—
Tax expense for the financial year	25,026,525	12,014,981	342,211	8,745,693

Subject to agreement by the Inland Revenue Board:

- (i) As at 31 December 2003, 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 amounting to RM281,138,000 (2002: RM291,140,000) out of its entire retained profits as at 31 December 2003 without incurring additional tax liability. If the balance of the retained profits were to be distributed out as dividends prior to there being sufficient tax credit, the Company would have a Section 108 shortfall of approximately RM10,579,000 (2002: RM11,669,000); and
- (ii) the Group has the following tax relief to offset against future taxable profits:

	Group	
	2003 RM	2002 RM
Unabsorbed tax losses	14,475,134	3,379,000
Unutilised pioneer losses	878,919	—
Unabsorbed capital allowances	7,113,623	507,000
	22,467,676	3,886,000

33. TAX EXPENSE/(INCOME) (Continued)

Finexasia.com Sdn Bhd, 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 confirmed that the effective date for the incentive was 21 September 2001.

On 13 May 2003, Securities Commission approved the application of OSK Technology Ventures Sdn Bhd ("OSKTV"), a wholly-owned subsidiary, for tax exempt income for venture capital industry in respect of the previous financial year ended 31 December 2002 which is governed by the Guidelines on Annual Confirmation on Tax Incentive for Venture Capital Industry. OSKTV has to fulfil the criteria where at least 70% of its funds shall be reinvested into venture companies and in the form of initial financing. The tax exempt period is effective from years of assessment 2002 to 2011 inclusively. Nevertheless, the exemption for the previous financial year is subject to the agreement by Inland Revenue Board.

34. EARNINGS PER SHARE

Basic earnings per share of the Group is calculated by dividing the net profit for the financial year by weighted average number of ordinary shares in issue during the financial year.

	Group	
	2003 RM	2002 RM
Net profit for the financial year	50,505,986	38,228,398
Weighted average number of ordinary shares in issue	487,257,159	500,747,327
Earnings per share (sen)	10.37	7.63

The fully diluted earnings per share of the current financial year is calculated based on the adjusted consolidated profit after taxation and minority interests of RM54,694,630 (2002: RM42,472,948) over the adjusted number of shares in issue and issuable of 611,629,518 (2002: 632,808,447). The adjusted consolidated 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 2003. 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 2003.

35. DIVIDENDS PAID

	AMOUNT		Net dividend per share	
	2003 RM	2002 RM	2003 Sen	2002 Sen
For the financial year ended 31 December 2003				
Interim dividend of 2.5 sen per share less 28% income tax, paid on 21 November 2003	8,803,304	—	1.8	—
For the financial year ended 31 December 2002				
Final dividend of 2.5 sen per share less 28% income tax, paid on 3 June 2003	8,754,163	—	1.8	—
Interim dividend of 2.5 sen per share less 28% income tax, paid on 1 November 2002	—	8,944,135	—	1.8
For the financial year ended 31 December 2001				
Final dividend of 2.5 sen per share less 28% income tax, paid on 26 July 2002	—	9,152,142	—	1.8
	17,557,467	18,096,277	3.6	3.6

At the forthcoming Annual General Meeting, a final dividend of 5.0 sen per share less 28% income tax in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2004.

36. DISPOSAL OF A FOREIGN SUBSIDIARY COMPANY

During the previous financial year, on 27 June 2002, the Company completed the disposal of its entire equity interest 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.

36. DISPOSAL OF A FOREIGN SUBSIDIARY COMPANY (Continued)**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)
	<hr/> 93,917,825
Less: Incidental costs	(2,031,545)
	<hr/> 91,886,280
Net disposal proceeds	91,886,280
Less: Cost of investment	(45,474,667)
	<hr/> 46,411,613
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)
	<hr/> 18,030,030
Gain on disposal at Group level	<hr/> <hr/> 18,030,030

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
Revenue	11,819,001
Direct costs and other operating expenses	(15,960,510)
	<hr/> (4,141,509)
Loss from operations	(4,141,509)
Finance costs	(6,817)
	<hr/> (4,148,326)
Loss before taxation	(4,148,326)
Taxation	6,202
	<hr/> (4,142,124)
Loss after taxation	(4,142,124)
Minority interests	1,633,239
	<hr/> (2,508,885)
Loss attributable to the Company's shareholders	<hr/> <hr/> (2,508,885)

36. DISPOSAL OF A FOREIGN SUBSIDIARY COMPANY (Continued)**The effect of the disposal on the Company's and consolidated financial statements (continued)**

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
Plant and equipment	4,658,961
Investments	1,997,369
Intangible assets	2,741,721
Current assets	169,944,380
Current liabilities	(57,399,615)
Minority interests	(48,082,810)
Net assets	73,860,006
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

	As at 2003 RM	Group As at 2002 RM
Share of net assets acquired from minority interest	4,069,186	21,688,312
Reserve on consolidation	(2,281,830)	(2,146,294)
Goodwill on consolidation	—	7,720,596
Cash outflow on acquisition	1,787,356	27,262,614

38. SIGNIFICANT RELATED PARTY TRANSACTIONS AND RELATIONSHIPS**Company****(a) Subsidiary/associated companies**

In accordance with Paragraph 5(a) and 5(b) of MASB 8: Related Party Disclosure, the Company is not required to disclose transaction between the Company and its subsidiary/associated companies.

38. SIGNIFICANT RELATED PARTY TRANSACTIONS AND RELATIONSHIPS (Continued)**Company****(b) Directors' remuneration**

The Directors' remuneration included in administrative expenses as disclosed in Note 30 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 previous financial year)
 Gan Neap Kai (resigned during the previous financial year)

Non-Executive Directors

Wong Chong Che
 Dato' Mohamed Tarmizi Bin Mohd. Tahir
 Dr Choong Tuck Yew
 Dr Kamaruddin Bin Mohd. Said (resigned during the current financial year)

The remuneration of the Directors of the Company consist of the following:

	Executive RM	Non- Executive RM	Total RM
Amount received/receivable from the Company:			
2003			
Fee – provision for the year	48,000	36,000	84,000
– over provision in prior year	–	(2,500)	(2,500)
	48,000	33,500	81,500
2002			
Fee – provision for the year	40,000	40,000	80,000

38. SIGNIFICANT RELATED PARTY TRANSACTIONS AND RELATIONSHIPS (Continued)**Company (Continued)****(b) Directors' remuneration (Continued)**

	Executive RM	Non- Executive RM	Total RM
Amount received/receivable from subsidiary companies:			
2003			
Fee – provision for the year	86,000	11,000	97,000
– under provision in prior year	9,000	2,000	11,000
	95,000	13,000	108,000
Incentive	339,000	33,200	372,200
Salaries	1,831,200	–	1,831,200
Provision for bonus	343,350	–	343,350
	2,513,550	33,200	2,546,750
	2,608,550	46,200	2,654,750
Benefits-in-kind	94,211	–	94,211
2002			
Fee – provision for the year	74,000	13,000	87,000
– under provision in prior year	9,000	750	9,750
	83,000	13,750	96,750
Bonus/Incentive	705,250	188,720	893,970
Gratuity paid to a director resigned during the year	200,000	–	200,000
Salaries	2,026,800	–	2,026,800
	2,932,050	188,720	3,120,770
	3,015,050	202,470	3,217,520
Benefits-in-kind	44,600	–	44,600

38. SIGNIFICANT RELATED PARTY TRANSACTIONS AND RELATIONSHIPS (Continued)**Company (Continued)****(b) Directors' remuneration (Continued)**

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

	Executive	Non-Executive	Total
2003			
Group			
RM50,001 - RM100,000	1	4	5
RM400,001 - RM450,000	1	—	1
RM650,001 - RM700,000	1	—	1
RM1,450,001 - RM1,500,000	1	—	1
	4	4	8
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

(c) Other related corporations

<u>Related corporation</u>	<u>Nature of transactions</u>	2003 RM	2002 RM
Cheang & Ariff	Legal fees paid	—	48,150

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

38. SIGNIFICANT RELATED PARTY TRANSACTIONS AND RELATIONSHIPS (Continued)**Group****Related parties:****(i) Companies in PJ Development Holdings Berhad Group**

<u>Identities</u>	<u>Nature of transactions</u>	2003 RM	2002 RM
Damai Laut Golf Resort Sdn Bhd	Hotel accommodation and related charges paid	12,758	36,662
MM Hotels Sdn Bhd	Hotel accommodation and related charges paid	23,706	45,855
PJD Concrete Products Sdn Bhd	Office rental received	(56,841)	—
PJD Construction Sdn Bhd	Amount paid for construction works for property development projects	12,580,076	11,325,060
PJD Hotels Sdn Bhd	Hotel accommodation and related charges paid	20,587	41,427
PJD Management Services Sdn Bhd	(i) Fees paid for project management services	1,006,172	1,256,511
	(ii) Office rental received	(507,828)	(509,372)
Swiss Garden International Sdn Bhd	Office rental received	(107,210)	(106,042)
Swiss Garden Management Services Sdn Bhd	Hotel accommodation and related charges paid	38,466	83,134

(ii) Companies in Dindings Consolidated Sdn Bhd Group

DC Services Sdn Bhd	Insurance premium paid	189,893	170,285
Dindings Consolidated Sdn Bhd	Office rental received	(97,963)	(97,153)
Dindings Construction Sdn Bhd	Office maintenance/renovations/construction works paid	1,505,549	7,278,761
Dindings Life Agency Sdn Bhd	Insurance premium paid	212,688	291,249
Dinding Risks Management Services Sdn Bhd	Insurance premium paid	608,510	588,623

38. SIGNIFICANT RELATED PARTY TRANSACTIONS AND RELATIONSHIPS (Continued)**Group (Continued)****Related parties (continued):**

Certain directors/major shareholders of PJ Development Holdings Berhad and Dindings Consolidated Sdn Bhd are the family members of Mr. Ong Leong Huat @ Wong Joo Hwa, Mr. Wong Chong Kim and Mr. Wong Chong Che.

Identities	Nature of transactions	2003 RM	2002 RM
(iii) Cheang & Ariff	Legal fees paid	56,980	177,092

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 more favourable than those arranged with independent third parties.

39. COMMITMENTS

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
(a) Capital commitments:				
Capital expenditure:				
(i) Authorised and contracted for				
– office equipment	404,750	404,750	–	–
– property management agreement	6,200,000	–	–	–
(ii) Authorised but not contracted for				
– office equipment	512,752	737,000	–	–
(iii) Contracted but not provided for in the financial statements				
– business and intellectual property	–	62,500	–	–
– renovation costs	–	483,792	–	–
– cost of investment in associated company (Note 7)	250,000	250,000	100,000	100,000
	7,367,502	1,938,042	100,000	100,000

39. COMMITMENTS (Continued)

	Group	
	2003 RM	2002 RM
(b) Underwriting commitments	3,817,917	46,935,450
(c) 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. As at 31 December 2003, the development project on the land is in progress.		
(d) As mentioned in Note 18 and 25, a Sinking Fund has been set up under the legal control of the Trustee for the redemption of the 3.5% RUB.		

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

The amount estimated by the Directors are as follows:

Group	Within 1 year RM	More than 1 year and less than 5 years RM	5 years and above RM
2003			
Liabilities payable by the Group			
Trade and other payables	285,542,152	—	—
Short term borrowings	154,398,067	—	—
Long term borrowings	—	22,500,000	—
Taxation	10,223,962	—	—
3.5% Redeemable Unsecured Bonds 2000/2005	—	101,423,995	—
Deferred tax liabilities	—	—	30,350,784
	450,164,181	123,923,995	30,350,784
Debts payable to the Group			
Trade and other receivables	744,405,149	—	—
Tax recoverable	7,914,920	—	—
Deferred tax assets	—	—	36,704
	752,320,069	—	36,704

40. LIABILITIES PAYABLE BY AND DEBTS PAYABLE TO THE GROUP AND THE COMPANY (Continued)

The amount estimated by the directors are as follows:

Group	Within 1 year RM	More than 1 year and less than 5 years RM	5 years and above RM
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 tax liabilities	—	—	31,089,696
	212,965,527	101,423,995	31,089,696
Debts payable to the Group			
Trade and other receivables	390,743,587	—	—
Tax recoverable	17,031,689	—	—
Deferred tax assets	—	—	676,025
	407,775,276	—	676,025
Company	Within 1 year RM	More than 1 year and less than 5 years RM	5 years and above RM
2003			
Liabilities payable by the Company			
Other payables	3,267,084	—	—
3.5% Redeemable Unsecured Bonds 2000/2005	—	101,423,995	—
	3,267,084	101,423,995	—
Debts payable to the Company			
Other receivables	665,703	—	—
Tax recoverable	3,261,862	—	—
Subsidiary companies balances - net	35,731,667	—	—
	39,659,232	—	—

40. LIABILITIES PAYABLE BY AND DEBTS PAYABLE TO THE GROUP AND THE COMPANY (Continued)

The amount estimated by the directors are as follows:

Company	Within 1 year RM	More than 1 year and less than 5 years RM	5 years and above RM
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	—	—

41. SEGMENT INFORMATION - GROUP

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

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

Segment assets consist of current and long term assets including deferred tax assets. Segment liabilities comprise operating liabilities, taxation payable and long term liabilities including long term borrowings and deferred tax liabilities.

Inter-segment sales comprise custodial and handling fee, office rental, interest charged on inter-company loans, annual fees and system access fees. 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 more favourable than those arranged with independent third parties and have been eliminated to arrive at the Group's results.

41. SEGMENT INFORMATION - GROUP (Continued)

Primary reporting format – business segments

The Group comprises the following main business segments:

Stockbroking and related activities	– Stockbroking, corporate advisory, nominees services and investment research services.
Property development	– Development and construction of properties.
Financing	– Licensed money lender for initial public offers and share option schemes.
Venture capital	– Provision of venture capital services and investee entities.
Property investment	– Management and letting of properties.
Unit trust	– Management of unit trust funds.
Futures and options	– Futures and options broking.
Holding entities	– Public listed holding companies.
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 had been disposed of during the previous financial year. Other segments are operated solely in Malaysia.

2003

[illegible]

41. SEGMENT INFORMATION - GROUP (Continued)**2003****Primary reporting format – business segments (continued)**

	<u>Stockbroking activities</u>	<u>Property development</u>	<u>Financing</u>	<u>Venture capital</u>	<u>Property investment</u>	<u>Unit trust</u>	<u>Futures and options</u>	<u>Holding entities</u>	<u>Others</u>	<u>Elimina- tions</u>	<u>Conso- lidated</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other information											
Tangible assets	662,749	270,081	219,055	57,262	155,215	36,028	42,373	45,674	9,976	–	1,498,413
Intangible assets	172,268	10,681	–	2,971	–	–	–	–	–	–	185,920
Investment in associated companies	–	–	–	–	–	–	–	–	2,558	–	2,558
Total segment assets	835,017	280,762	219,055	60,233	155,215	36,028	42,373	45,674	12,534	–	1,686,891
Segment liabilities	261,200	75,742	112,049	350	1,739	15,584	32,965	3,329	57	–	503,015
Capital expenditure	7,468	707	11	2	2,252	535	70	–	39	–	11,084
Non-cash expenses											
Allowance for bad and doubtful debts	2,570	–	–	–	–	–	–	–	–	–	2,570
Amortisation	7,940	460	–	1,103	–	–	–	–	–	–	9,503
Depreciation	8,500	184	86	446	1,903	347	106	–	6	–	11,578
Impairment loss and write down on marketable securities	1,449	–	–	–	–	–	–	–	–	–	1,449
Impairment loss on fund manager's stocks	–	–	–	–	–	100	–	–	–	–	100
Plant and equipment written off	14	–	–	–	–	–	–	–	–	–	14

Secondary reporting format - geographical segments : Not applicable

41. SEGMENT INFORMATION - GROUP (Continued)

2002

Primary reporting format – business segments

[illegible]

41. SEGMENT INFORMATION - GROUP (Continued)**2002****Primary reporting format – business segments (continued)**

	Stockbroking activities			Property develop- ment	Financing	Venture capital	Property investment	Unit trust	Futures and options	Holding entities	Others	Elimina- tions	Conso- lidated
	Malaysia	Hong Kong	Total										
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other information													
Tangible assets	504,437	–	504,437	229,596	147,105	46,952	155,059	23,528	29,990	55,436	7,269	–	1,199,372
Intangible assets	180,197	–	180,197	11,659	–	3,016	–	–	–	–	–	–	194,872
Investment in associated companies	–	–	–	–	–	–	–	–	–	–	2,198	–	2,198
Total segment assets	684,634	–	684,634	241,255	147,105	49,968	155,059	23,528	29,990	55,436	9,467	–	1,396,442
Segment liabilities	161,966	–	161,966	42,141	2,924	139	1,204	4,665	22,139	8,405	472	–	244,055
Capital expenditure	14,017	196	14,213	28	5	553	410	220	190	–	–	–	15,619
Non-cash expenses													
Allowance for bad and doubtful debts	1,712	–	1,712	–	2,500	–	260	–	–	–	15,800	–	20,272
Amortisation	9,700	102	9,802	200	–	1,066	–	–	–	–	–	–	11,068
Depreciation	8,291	1,012	9,303	116	113	456	1,909	327	140	–	–	–	12,364
Impairment loss and write down on marketable securities	7,057	–	7,057	–	–	–	–	–	–	–	–	–	7,057
Impairment loss on fund manager's stocks	–	–	–	–	–	–	–	7	–	–	–	–	7
MDEX membership fee written down	–	–	–	–	–	–	–	–	429	–	–	–	429
MESDAQ member admission fee written off	375	–	375	–	–	–	–	–	–	–	–	–	375
Plant and equipment written off	12	–	12	–	45	–	1	2	–	–	–	–	60

41. SEGMENT INFORMATION - GROUP (Continued)**2002****Secondary reporting format - geographical segments**

	Malaysia RM'000	Hong Kong RM'000	Consolidated RM'000
Revenue			
Revenue from external customers	209,710	11,819	221,529
Profit/(Loss) from operations	74,022	(2,506)	71,516
Less: Funding costs	(13,031)	(7)	(13,038)
Less: Amortisation of goodwill	(8,544)	–	(8,544)
	52,447	(2,513)	49,934
Share of profit of associated companies	773	–	773
Profit before taxation	53,220	(2,513)	50,707
Tax expense			(12,015)
Profit after taxation			38,692
Minority interests			(464)
Net profit for the financial year			38,228
Other information			
Tangible assets	1,199,372	–	1,199,372
Intangible assets	194,872	–	194,872
Investment in associated companies	2,198	–	2,198
Total segment assets	1,396,442	–	1,396,442
Segment liabilities	244,055	–	244,055
Capital expenditure	15,423	196	15,619

42. EXECUTIVE SHARE OPTION SCHEME

During the financial year, the Company had granted options under the Executive Share Option Scheme ("ESOS") governed by the ESOS By-Laws that was approved by the Company's shareholders at the Extraordinary General Meeting held on 21 May 2002.

The salient features of the ESOS are as follows:

- (i) Eligible grantees are executives of the Group (including executive directors) who have been in the full time employment or under an employment contract of the Group for a period of at least twelve (12) full months of continuous service and whose employment have been confirmed in writing on or prior to the date of the offer. The eligibility for participation in the ESOS shall be based on the performance of the eligible grantees and shall be at the discretion of the ESOS Committee appointed by the Board of Directors.
- (ii) The total number of shares to be offered shall not exceed in aggregate 10% of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS.
- (iii) The ESOS shall be in force for a duration of five (5) years from the date of implementation of the ESOS, i.e. from 18 February 2003 to 17 February 2008.
- (iv) The option price for each share shall be at a discount of not more than ten per cent (10%) from the weighted average of the market quotation of the Company's shares in the daily list issued by MASEB for the five (5) market days preceding the date of offer, or at par value of the ordinary shares of the Company, whichever is higher.
- (v) The shares to be allotted upon any exercise of the option will upon allotment and issue rank pari passu in all respects with the existing ordinary shares of the Company.
- (vi) No option shall be granted for less than 1,000 shares and shall not be more than the maximum allowable allotment for each eligible grantee allowed under their respective categories.

The movement in the ESOS during the financial year is as follows:

Option price (RM)	As at 1.1.2003	Granted	Exercised	As at 31.12.2003
1.33	—	9,110,200	(1,165,700)	7,944,500

43. SIGNIFICANT EVENTS

- (a) On 9 January 2003, the Company subscribed for 2,632,000 ordinary shares of USD1 each in OSK Investment Bank (Labuan) Limited, a wholly owned subsidiary of the Company, at par for cash (equivalent to RM10,004,232).
- (b) On 31 March 2003, OSK Properties Sdn Bhd ("OSKPH"), a wholly owned subsidiary of OSK Property Holdings Berhad ("OSKPH") which is in turn a subsidiary of the Company, entered into a Joint Venture Agreement ("JVA") with Menang Development (M) Sdn Bhd ("MDSB") to develop various residential units and shophouses in Mukim of Rasah, Negeri Sembilan ("the Project").

On 9 June 2003, OSKPH acquired 100% equity interest in Profile Summary Sdn Bhd ("PSSB") which comprise two ordinary shares of RM1 each for a cash consideration of RM2. On 26 June 2003, PSSB changed its name to OSK Properties (Seremban) Sdn Bhd ("OSKPS").

43. SIGNIFICANT EVENTS (Continued)

On 18 July 2003, OSKP, OSKPS and MDSB executed a Deed of Novation where it was agreed that all of OSKP's rights, title, interests and benefits together with all duties, obligations and liabilities arising from the Project, under, pursuant to or in connection with the JVA was transferred to and assumed by OSKPS.

On 1 August 2003, OSKPS entered into a Project Management Services Agreement with PJD Management Services Sdn Bhd, a related party, as the project manager to undertake the Project.

- (c) On 16 July 2003, KE-ZAN Holdings Berhad ("KZH"), a wholly owned subsidiary of the Company, transferred its two ordinary shares of RM1 each held in KE-ZAN Futures Sdn Bhd ("KZF") (representing the entire issued and paid-up share capital of KZF) to the Company for a total cash consideration of RM2. By virtue of the transfer, KZF has become a direct wholly owned subsidiary of the Company.

None of the directors or substantial shareholders or persons connected with a director or substantial shareholder of the Company have any interest, direct or indirect, in the above transfer.

On 21 July 2003, KZF increased its authorised share capital from RM25,000 to RM5,000,000 and its issued and paid-up share capital from RM2 to RM2,000,000. On 10 September 2003, KZF changed its name to OSK Asset Management Sdn Bhd

- (d) On 7 August 2003, OSKPH acquired 100% equity interest in Aspect Empire Sdn Bhd ("AESB") which comprise two ordinary shares of RM1 each for a cash consideration of RM2.

On 26 August 2003, AESB entered into two separate management agreements with Country Wheels Sdn Bhd ("CWSB") and Semponia Sdn Bhd ("SSB"), the developers for two parcels of development land of approximately 50 acres each at Tapak Taman Botani at Sungai Buluh, Selangor.

CWSB and SSB has signed separate Joint Venture Agreements with Permodalan Negeri Selangor Berhad ("PNSB") to develop various residential units and shophouses on the lands.

On 3 December 2003, AESB changed its name to OSK Properties Management Sdn Bhd.

- (e) On 11 November 2003, the Board of Directors of OSKPH has approved for the:
- (i) proposed issue of RM100,000,000 nominal value seven (7) year Serial Al-Bai' Bithaman Ajil Debt Securities ("Proposed BalDS Issue"); and
 - (ii) proposed renounceable rights issue of 49,998,000 warrants ("Rights Warrants") on the basis of one (1) Rights Warrant for every two (2) existing ordinary shares of RM1 each in OSKPH ("Proposed Warrants Issue").

The Proposed BalDS Issue and the Proposed Warrants Issue are not inter-conditional.

The Proposed BalDS Issue is pending approval of the Securities Commission, any state agencies, the existing lenders of OSKPH and any other relevant authorities, if required.

The Proposed Warrants Issue is pending approval of the Securities Commission and MSEB for the listing and quotation of the Rights Warrants and the new shares to be issued upon the exercise of the Rights Warrants; the shareholders at an Extraordinary General Meeting for the Proposed Warrants Issue; any state agencies, the existing lenders of OSKPH and any other relevant authorities, if required.

43. SIGNIFICANT EVENTS (Continued)

- (f) On 13 November 2003, OSK Securities Berhad ("OSKS") acquired 4,550,000 ordinary shares of RM1 each, representing 40.05% equity interest in Finexasia.com Sdn Bhd ("Finexasia") from OSK Venture Equities Sdn Bhd ("OSKVE"), a wholly owned subsidiary of the Company, for a total consideration of RM5,027,750. Consequently, OSKS and OSKVE hold 40.05% and 47.97% of the total issued and paid up share capital of Finexasia respectively. The Company would indirectly have a deemed interest of 88.02% in Finexasia through these subsidiary companies.
- (g) On 5 December 2003, the Company incorporated a new wholly owned subsidiary, OSK Ventures International Berhad ("OSKVI") with twenty (20) ordinary shares of RM0.10 each, representing the entire issued and paid up share capital of OSKVI. On 30 December 2003, the Company announced its proposal, subject to the approval of the relevant authorities and shareholders, to list OSKVI on the MESDAQ Market of MSEC.
- (h) On 30 December 2003, the Company entered into a Conditional Sale and Purchase Agreement with OSKVI for the disposal of all its equity interest in OSKVE, OSK Technology Ventures Sdn Bhd and OSK Private Equity Management Sdn Bhd to OSKVI.
- (i) During the current financial year, the Company has acquired an additional 2,046,500 shares in OSKPH at a total cost of RM1,787,356. As at 31 December 2003, the Company holds a total of 57,914,836 shares (2002: 55,868,336 shares) in OSKPH representing 57.92% (2002: 55.87%) equity interest.
- (j) During the current financial year, OSKS, a wholly owned subsidiary of the Company, has established six (6) additional Electronic Access Facilities with Permitted Activities ("EAFPA") at Bayan Baru (Penang), Taman Johor Jaya (Johor), Kampar (Perak), Kajang (Selangor), Port Dickson (Negeri Sembilan) and Rawang (Selangor).

44. SUBSEQUENT EVENTS

- (i) On 9 January 2004, OSKS has been discharged from part of the underwriting commitments [Note 39(b)] amounting to RM3,150,000.
- (ii) On 13 January 2004, the first call (50%) of additional 20,000 shares at RM10 each in OSK-Signet Trustees Berhad were allotted to the Group amounting to RM100,000.
- (iii) On 19 January 2004, OSKS established an additional EAFPA at Klang, Selangor.

45. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current financial year's presentation which include the following:

- (a) On adoption of MASB 25 in accordance with Note 2(a) and Note 2(n):

	Group	
	As restated (Debit)/Credit RM	As previously reported (Debit)/Credit RM
Deferred tax liabilities/Deferred taxation	31,089,696	3,647,655
Deferred tax assets	(676,025)	–
Land held for development/Land and development expenditure	(180,455,874)	(152,836,295)
Tax expense/Taxation	(12,014,981)	(14,016,375)
Profit for the financial year ended 31 December 2002	38,228,398	36,691,735
Retained profits at 31 December 2002	290,278,365	289,424,802
Earnings per share for the financial year ended 31 December 2002 (sen)		
– basic	7.63	7.33
– fully diluted	6.71	6.47

- (b) Freehold land of the Group with cost of RM88,350,187 was reclassified to freehold land and buildings for appropriate category presentation.
- (c) Fund manager's stocks of the Group amounted to RM397,422 was reclassified from investment in shares for appropriate category presentation.
- (d) Segment information has been represented to reflect more precise classification of business segments.

46. MATERIAL LITIGATION

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 proceedings which might materially or adversely affect the financial position or business operations of the Group or the Company.

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 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. The matter which was set down for full trial on 18 and 19 September 2003 had been adjourned by the court. The court has now fixed 10 to 12 May 2004 as the hearing date. The solicitors having conduct of this matter view the probable outcome as fairly good.

47. SUBSIDIARY AND ASSOCIATED COMPANIES

The subsidiary and associated companies of the Group, all of which are incorporated under the Companies Act, 1965 and domiciled in Malaysia, are as follows:-

(A) Subsidiary companies of the Company:

Name of company	Principal activities	Equity interest	
		2003 %	2002 %
OSK Securities Berhad (a Participating Organisation of MSEB and a Universal Broker)	Stockbroking and related activities	100	100
OSK Realty Sdn Bhd	Property investment	100	100
OSK Futures And Options Sdn Bhd (a member of MDEX and MDCH)	Futures and options broking and related activities	100	100
OSK Capital Sdn Bhd	Capital financing	100	100
OSK Ventures Sdn Bhd	Dormant	100	100
# OSK Venture Equities Sdn Bhd	Provision of venture capital services	100	100
# OSK Technology Ventures Sdn Bhd	Provision of venture capital services	100	100
# OSK Private Equity Management Sdn Bhd	Management of investments in securities of venture capital business	100	100
* OSK Property Holdings Berhad	Investment holding	57.92	55.87
* KE-ZAN Holdings Berhad	Investment holding and letting of commercial properties	100	100
* OSK Investment Bank (Labuan) Limited	Offshore investment banking activities	100	100
+* OSK Ventures International Berhad	Investment holding	100	—
+* OSK Asset Management Sdn Bhd (Formerly known as KE-ZAN Futures Sdn Bhd)	Investment management services and related activities	100	—

47. SUBSIDIARY AND ASSOCIATED COMPANIES (Continued)**(B) Subsidiary companies of OSK Securities Berhad:**

Name of company	Principal activities	Equity interest	
		2003 %	2002 %
OSK Nominees (Tempatan) Sdn Berhad	To act as attorneys, nominees, agents, trustees and engage in the related activities for local beneficial shareholders	100	100
OSK Nominees (Asing) Sdn Berhad	To act as attorneys, nominees, agents, trustees and engage in the related activities for foreign beneficial shareholders	100	100
[^] TCL Nominees (Tempatan) Sdn Bhd	To act as attorneys, nominees, agents, trustees and engage in the related activities for local beneficial shareholders	100	100
[^] TCL Nominees (Asing) Sdn Bhd	To act as attorneys, nominees, agents, trustees and engage in the related activities for foreign beneficial shareholders	100	100
[*] 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
[*] 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
OSK Research Sdn Bhd	Investment research services	100	100
[*] OSK-UOB Unit Trust Management Berhad	Management of unit trust funds	70	70

47. SUBSIDIARY AND ASSOCIATED COMPANIES (Continued)**(C) Subsidiary companies of KE-ZAN Holdings Berhad:**

Name of company	Principal activities	Equity interest	
		2003 %	2002 %
* KPEN Sdn Bhd	Ceased operations	100	100
* K.E. Malaysian Capital Partners Sdn Bhd	Ceased operations	60	60
+* OSK Asset Management Sdn Bhd (Formerly known as KE-ZAN Futures Sdn Bhd)	Investment management services and related activities	—	100

(D) Subsidiary companies of OSK Property Holdings Berhad:

* OSK Properties Sdn Bhd	Property development and cultivation and sale of oil palm fresh fruit bunches	100	100
* OSK Melaka Sdn Bhd	Ceased operations	100	100
* OSK Properties (Seremban) Sdn Bhd (Formerly known as Profile Summary Sdn Bhd)	Property development	100	—
* OSK Properties Management Sdn Bhd (Formerly known as Aspect Empire Sdn Bhd)	Property management	100	—

(E) Subsidiary company of the Group:

Finexasia.com Sdn Bhd	Development and provision of internet financial solutions and related activities	88.02	88.02
The shareholding in Finexasia.com Sdn Bhd is held by:			
(i) OSK Venture Equities Sdn Bhd		47.97	88.02
(ii) OSK Securities Berhad		40.05	—
		88.02	88.02

47. SUBSIDIARY AND ASSOCIATED COMPANIES (Continued)**(F) Subsidiary company of Finexasia.com Sdn Bhd:**

Name of company	Principal activities	Equity interest	
		2003 %	2002 %
Stock 188.com Sdn Bhd	Application service provider to facilitate access to online equity trading, other online information and financial services	100	100

(G) Associated company of the Group:

OSK-Signet Trustees Berhad	Provision of trustee services	50	50
The shareholding in OSK-Signet Trustees Berhad is held by:			
(i) OSK Holdings Berhad		20	20
(ii) OSK Securities Berhad		20	20
(iii) OSK Nominees (Tempatan) Sdn Berhad		10	10
		50	50

(H) Associated company of the Company:

* UOB-OSK Asset Management Sdn Bhd	Investment management services and related activities	30	30
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Financial statements for the current financial year ended 31 December 2003 were not audited by Messrs. HLB I.M. Chieng & Co.

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

+ These subsidiary companies have not commenced operations as at 31 December 2003.

^ Financial statements for the previous financial year ended 31 December 2002 were not audited by Messrs HLB I.M. Chieng & Co.

48. FINANCIAL INSTRUMENTS**(a) Credit risk**

The Group and the Company have no significant concentration of credit risk from exposure to a single receivable or to groups of receivables except that the majority of the fixed deposits and short term placements are placed with major licensed financial institutions in Malaysia. The maximum credit risk associated with recognised financial assets is the carrying amount shown in the balance sheet.

(b) Interest rate risk

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

48. FINANCIAL INSTRUMENTS (Continued)**(c) Operational risk**

The operational risk arises from the daily function of the Group which includes legal risk, credit risk, reputation risk, financial funding risk and risk associated to daily running operational activities.

Such risks are mitigated through proper authority levels of approval limits, clear reporting structure, segregation of duties, policies and procedures implemented and periodic management meetings.

In dealing with its stewardship, the Board recognises that effective risk management is an integral part of good business practice. The Board acknowledges that the Group's activities may involve some degree of risks and it should be noted that the system could only provide a reasonable and not absolute assurance against any misstatement or loss.

The Board will pursue an on-going process of identifying, assessing and managing key business areas, overall operational and financial risks faced by the business units as well as regularly reviewing and enhancing risk mitigating strategies.

(d) Currency risk

There is no material unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies which may give rise to currency risk other than as stated below:

	RM
Cash, bank balances and deposits - general account	
USD537,894 converted at 3.8	2,043,997

(e) Fair values

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

Group

	2003		2002	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial assets				
(i) Other investments (Note 8)				
Unquoted shares in Malaysia	490,000	771,534	4,239,997	*
One class "A" preference share in MDEX	1,500,000	#	1,500,000	#
Membership fees in MDEX	700,000	#	700,000	#
Admission fees as adviser and sponsor on MESDAQ market of MSEB	230,000	#	240,000	#
Transferable club memberships	158,200	62,000	158,200	660,000

48. FINANCIAL INSTRUMENTS (Continued)**(e) Fair values (continued)****Group**

	2003		2002	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial assets				
(ii) Investment in shares (Note 16)				
Quoted securities in Malaysia	19,128,234	34,166,788	25,208,653	28,094,195
Quoted securities outside Malaysia	285,919	286,178	241,919	242,123
Unquoted shares in Malaysia	2,141,965	2,141,917	429	333
(iii) Fund manager's stocks (Note 17)				
Unit trusts	3,353,568	3,358,948	397,422	400,221
Financial liabilities				
(i) 3.5% RUB 2000/2005 (Note 25)	101,423,995	98,381,275	101,423,995	95,338,555
(ii) 6% ICULS 2000/2005 (Note 26)	95,465,504	67,780,508	98,253,462	60,917,146
Company				
Financial assets				
Amount due from subsidiary companies [Note 6(b)]	264,553,556	#	296,659,671	#
Financial liabilities				
Amount due to subsidiary companies [Note 6(c)]	228,821,889	#	235,951,313	#
3.5% RUB 2000/2005 (Note 25)	101,423,995	98,381,275	101,423,995	95,338,555
6% ICULS 2000/2005 (Note 26)	95,465,504	67,780,508	98,253,462	60,917,146

* It is not practical to estimate the fair values of these items without incurring excessive costs/time.

It is not practical to estimate the fair values of amount due to/from subsidiary companies due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be settled or received.

48. FINANCIAL INSTRUMENTS (Continued)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Other investments

The fair value of unquoted shares is determined by reference to the net tangible assets of the underlying shares. The fair value of the transferable club membership is based on the current market price of the relevant golf club memberships.

(ii) Investments in shares

The fair value of quoted securities is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date. The fair value of unquoted shares is determined by reference to the net tangible assets of the underlying shares.

(iii) Fund manager's stocks, 3.5% RUB and 6% ICULS

The fair value of these financial instruments is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(iv) Trade and other receivables/payables, cash and cash equivalents and short term/long term borrowings

The carrying amounts of these financial instruments are reasonably approximate to their fair values due to the relatively short term maturity in nature of these financial instruments.

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 39(b), 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 49 to 126 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 2003, and of their results and cash flows for the financial year then ended.

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

DATO' NIK MOHAMED BIN NIK YAHYA

WONG CHONG KIM

Kuala Lumpur

12 February 2004

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 49 to 126 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 12 February 2004)	TINA CHOY YIN LENG

Before me,

Commissioner for Oaths

Kuala Lumpur

AUDITORS' Report

We have audited the financial statements set out on pages 49 to 126 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 2003 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 47 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

12 February 2004

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	19 years	101,708
2. Jalan Ampang Kuala Lumpur	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	Commercial use	—	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	18 years	703
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	—	335
6. 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	—	119,939

LOCATION	DESCRIPTION	EXISTING USE	AGE OF BUILDING	NET BOOK VALUE RM'000
7. 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 meters Date of acquisition: 29 January 1996	Sales office	4 years	488
8. 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	45 years	2,320
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 sq.feet) expiring on 21/9/2894) Date of acquisition: 21 February 2000	Office building	7 years	7,821
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.meters Land status :leasehold (99 years expiring on 4 October 2082) Date of acquisition: 9 March 2001	Office	17 years	694

LOCATION	DESCRIPTION	EXISTING USE	AGE OF BUILDING	NET BOOK VALUE RM'000
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 meters Land status: freehold Date of acquisition: 9 March 2001	Storage facilities	6 years	234
12. Lot No:377 & 378 Town Section 20, Town of Georgetown, Daerah Timur Laut, Pulau Pinang	5 storey office building held under title no. Geran 36826 and 36827, Section 20, Bandar Georgetown, Daerah Timur Laut, Pualau 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 January 2001	Office	Approx. 24 years	2,699
13. Gemas, Daerah Tampin	Lot PT No.4952, Bandar Gemas, Daerah Tampin, Negeri Sembilan Land status:leasehold (expiring 2096) Land area: 28,429 square meters	Vacant	—	2,119

STATEMENT OF Directors' Interests

as at 18 February 2004

Name of Director	NUMBER OF ORDINARY SHARES OF RM1.00 EACH			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat @ Wong Joo Hwa	124,773,666	25.21	—	—
2. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	14,507,241	2.93	—	—
3. Dato' Nik Mohamed Bin Nik Yahya	4,557,129	0.92	—	—
4. Wong Chong Che	8,691,666	1.76	—	—
5. Wong Chong Kim	16,083,333	3.25	—	—

Name of Director	NUMBER OF WARRANT A 1994/2004			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat @ Wong Joo Hwa	39,608,360	40.83	—	—
2. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	2,034	^	—	—
3. Dato' Nik Mohamed Bin Nik Yahya	155,918	0.16	—	—
4. Wong Chong Kim	75,000	0.08	130,666	0.13

Note:

^ Negligible

Name of Director	NUMBER OF WARRANT B 2000/2005			
	Direct Interest	%	Indirect Interest	%
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. Dato' Nik Mohamed Bin Nik Yahya	850,782	0.64	—	—

Name of Director	NUMBER OF 6% ICULS 2000/2005			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat @ Wong Joo Hwa	35,857,915	37.88	—	—
2. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	3,596,810	3.80	—	—
3. Dato' Nik Mohamed Bin Nik Yahya	1,208,782	1.27	—	—
4. Wong Chong Kim	17,666	0.02	—	—

Name of Director	NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM1.00 EACH			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat @ Wong Joo Hwa	300,000	N/A	—	—
2. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	300,000	N/A	—	—
3. Dato' Nik Mohamed Bin Nik Yahya	150,000	N/A	—	—
4. Wong Chong Kim	300,000	N/A	—	—
5. Wong Chong Che	170,700	N/A	—	—

RELATED COMPANIES

OSK PROPERTY HOLDINGS BERHAD

Name of Director	NUMBER OF ORDINARY SHARES OF RM1.00 EACH			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat @ Wong Joo Hwa	6,343,059	6.34	58, 187, 736	58.19
2. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	1,328,294	1.33	—	—
3. Dato' Nik Mohamed Bin Nik Yahya	400,647	0.40	—	—
4. Wong Chong Che	140,878	0.14	—	—
5. Wong Chong Kim	875, 757	0.87	4,300	^

Note:

^ Negligible

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 subsidiary companies to the extent the Company has an interest. The particulars of his deemed interest in the subsidiary companies, except wholly-owned subsidiary companies and OSK Property Holdings Berhad (disclosed above), are as follows:-

Name of Company	NUMBER OF ORDINARY SHARES OF RM1.00 EACH	
	Indirect Interest	%
1. OSK-UOB Unit Trust Management Berhad	7,000, 000	70.00
2. Finexasia.com Sdn. Bhd.	10,000,000	88.02

Other than the above, none of the directors in office have any interest in the shares and debentures of the Company and its related corporation as at 18th February 2004.

STATEMENT OF Shareholdings

as at 18 February 2004

Authorised Capital	:	RM 1,500,000,000
Issued and fully paid-up capital	:	RM 494,821,559
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
1 - 99	295	1.26	10,061	0.00
100 - 1000	4,497	19.20	3,999,340	0.81
1,001 - 10,000	15,761	67.28	53,641,185	10.84
10,001 - 100,000	2,652	11.32	65,415,883	13.22
100,001 - 24,741,076*	218	0.93	272,894,757	55.15
24,741,077 and above**	2	0.01	98,860,333	19.98
Total	23,425	100.00	494,821,559	100.00

Remark:

* – Less than 5% of issued holdings

** – 5% and above of issued holdings

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	NUMBER OF ORDINARY SHARES OF RM1.00 EACH			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat @ Wong Joo Hwa	124,773,666	25.21	—	—
2. Wong Ah Chiew	852,085	0.17	35,369,483*	7.15
3. Dindings Consolidated Sdn Bhd	153	^	35,369,330**	7.15
4. PJ Development Holdings Berhad	—	—	35,369,330***	7.15
5. Pengerang Jaya Pte. Ltd.	26,580,331	5.37	—	—

Note:

^ Negligible

* Deemed interested through his interest in Dindings Consolidated Sdn Bhd.

** Deemed interested through its interest in PJ Development Holdings Berhad

*** Deemed interested through its subsidiary companies, Pengerang Jaya Pte. Ltd. and PJ Equity Sdn Bhd.

THIRTY LARGEST REGISTERED HOLDERS

Name and Address	No of Shares	Percentage
1. Ong Leong Huat @ Wong Joo Hwa	70,560,333	14.26
2. Southern Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Leong Huat @ Wong Joo Hwa (KUL)	28,300,000	5.72
3. Employees Provident Fund Board	20,778,333	4.20
4. Amsec Nominees (Tempatan) Sdn Bhd AmBank Berhad for Ong Leong Huat @ Wong Joo Hwa	17,000,000	3.44
5. Wong Chong Kim	16,083,333	3.25
6. Cimsec Nominees (Asing) Sdn Bhd Kim Eng Securities Pte Ltd (69001)	15,000,000	3.03
7. RHB Merchant Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pengerang Jaya Pte Ltd	13,761,500	2.78
8. Southern Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	11,500,000	2.32
9. RC Nominees (Tempatan) Sdn Bhd Chin Cheng Mei (SBB KLMPs)	9,026,733	1.82
10. OSK Nominees (Tempatan) Sdn Berhad UOB Kay Hian Pte Ltd for Ong Leong Huat @ Wong Joo Hwa	8,913,333	1.80
11. OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Wong Chong Che	8,666,666	1.75
12. HSBC Nominees (Asing) Sdn Bhd MSCO NY for Liberty Square Offshore Partners Ltd (SEA)	8,620,600	1.74
13. UOBM Nominees (Asing) Sdn Bhd Pledged Securities Account for Pengerang Jaya Pte Ltd (MP)	8,223,331	1.66
14. Malaysian Assurance Alliance Berhad As Beneficial Owner	6,000,000	1.21
15. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for PJ Equity Sdn Bhd (PMB)	5,608,999	1.13
16. Dato' Nik Mohamed Bin Nik Yahya	4,557,129	0.92
17. Mary Ang Poh Chan	4,500,000	0.91
18. Amsec Nominees (Asing) Sdn Bhd Kim Eng Securities Pte Ltd	4,000,000	0.81
19. OSPL Holdings Sdn Bhd	3,875,500	0.78
20. Permodalan Nasional Berhad	3,625,000	0.73
21. HSBC Nominees (Asing) Sdn Bhd MSCO NY for Liberty Square Partners LP (SEA)	3,379,400	0.68
22. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	3,007,241	0.61
23. Citicorp Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khor Chai Moi (472724)	3,000,000	0.61
24. HSBC Nominees (Asing) Sdn Bhd DZ Bank Intl for Uni Em Fernost Treuhandkonto, Luxembourg	2,909,000	0.59
25. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pengerang Jaya Pte Ltd (PMB)	2,892,500	0.58
26. Tan Soo Sum	2,543,977	0.51
27. Mayban Securities Nominees (Asing) Sdn Bhd Kim Eng Securities Pte Ltd	2,516,000	0.51
28. Yeoh Kean Hua	2,320,000	0.47
29. Citicorp Nominees (Tempatan) Sdn Bhd Goldman Sachs International	2,254,000	0.46
30. UOBM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for PJ Equity Sdn Bhd (MP)	2,200,000	0.44

STATEMENT OF ICULS Holdings

as at 18 February 2004

Total ICULS : RM 94,652,684

BREAKDOWN OF HOLDINGS

Range of Holdings	No of Holders	Percentage of Holders	No of ICULS	Percentage of Issued Capital
1 - 99	260	3.06	8,895	0.01
100 - 1000	4,970	58.57	3,461,433	3.66
1,001 - 10,000	2,788	32.85	9,748,773	10.30
10,001 - 100,000	408	4.81	11,881,723	12.55
100,001 - 4,732,633*	58	0.68	33,298,945	35.18
4,732,634 and above**	2	0.02	36,252,915	38.30
Total	8,486	100.00	94,652,684	100.00

Remark:

* – Less than 5% of issued holdings

** – 5% and above of issued holdings

THIRTY LARGEST REGISTERED HOLDERS

Name and Address	No of ICULS	Percentage
1. Ong Leong Huat @ Wong Joo Hwa	31,252,915	33.02
2. Amsec Nominees (Tempatan) Sdn Bhd AmBank Berhad for Ong Leong Huat @ Wong Joo Hwa	5,000,000	5.28
3. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for PJ Equity Sdn Bhd (JRC)	4,697,249	4.96
4. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pengerang Jaya Pte Ltd (JRC)	4,478,331	4.73
5. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	3,596,810	3.80
6. Chin Cheng Mei	2,553,499	2.70
7. Employees Provident Fund Board	2,254,333	2.38
8. EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Loh Siew Hooi	1,310,000	1.38
9. Dato' Nik Mohamed Bin Nik Yahya	1,208,782	1.28
10. Amanah Raya Nominees (Tempatan) Sdn Bhd Public Savings Fund	938,000	0.99
11. Khor Chai Moi	892,000	0.94
12. UOBM Nominees (Asing) Sdn Bhd United Overseas Bank Nominees (Pte) Ltd for JY Ltd	666,666	0.70
13. Lim Kong Liang	565,700	0.60
14. Loh Siew Hooi	500,000	0.53
15. Citicorp Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kor Chai Moi (472724)	500,000	0.53
16. Lau Wai Fong	492,000	0.52
17. OSK Nominees (Tempatan) Sdn Bhd Sanguine (M) Sdn Bhd	465,000	0.49
18. Bee Yong Sdn Berhad	456,000	0.48
19. Lim Hong Liang	383,400	0.41
20. UOBM Nominees (Asing) Sdn Bhd United Overseas Bank Nominees (Pte) Ltd for YS Ltd	333,333	0.35
21. Jen Shek Chuen	324,000	0.34
22. Malaysia Export Credit Insurance Berhad	320,555	0.34
23. Land Management Sdn Bhd	320,000	0.34
24. UOBM Nominees (Asing) Sdn Bhd United Overseas Bank Nominees (Pte) Ltd for YC Ltd	250,000	0.26
25. UOBM Nominees (Asing) Sdn Bhd United Overseas Bank Nominees (Pte) Ltd for JX Ltd	250,000	0.26
26. Tan Suet Mei	250,000	0.26
27. Lee Kooi Juan	247,000	0.26
28. Khor Chei Yong	241,000	0.25
29. Teng U Heng	234,666	0.25
30. Wong Ta Nooy @ Wong Keng Yong	205,000	0.22

STATEMENT OF Warrant A Holdings

as at 18 February 2004

No of Warrants Issued : 97,004,412

BREAKDOWN OF HOLDINGS

Range of Holdings	No of Holders	Percentage of Holders	No of Warrant A	Percentage of Issued Capital
1 - 99	297	7.25	13,842	0.01
100 - 1000	909	22.18	715,707	0.74
1,001 - 10,000	2,294	55.96	9,279,360	9.57
10,001 - 100,000	527	12.86	14,657,895	15.11
100,001 - 4,850,219*	69	1.68	26,940,985	27.77
4,850,220 and above	3	0.07	45,396,623	46.80
Total	4,099	100.00	97,004,412	100.00

Remark:

* - Less than 5% of issued holdings

** - 5% and above of issued holdings

THIRTY LARGEST REGISTERED HOLDERS

Name and Address	No of Warrant A	Percentage
1. Ong Leong Huat @ Wong Joo Hwa	34,052,972	35.10
2. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for PJ Equity Sdn Bhd (JRC)	6,343,651	6.54
3. Amsec Nominees (Tempatan) Sdn Bhd AmBank Berhad for Ong Leong Huat @ Wong Joo Hwa	5,000,000	5.15
4. Lau Wai Fong	1,700,000	1.75
5. Lee Sui Hee	1,455,100	1.50
6. Chin Yoke Lan	1,415,000	1.46
7. TCL Nominees (Asing) Sdn Bhd OCBC Securities Private Ltd for Taverna International Ltd	1,333,000	1.37
8. Leong Kam Chee	1,180,000	1.22
9. RC Nominees (Tempatan) Sdn Bhd Chin Cheng Mei (SBB KLMP5)	1,151,006	1.19
10. Suraya Elland Yusoff	1,000,000	1.03
11. HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tiang Ming Sing (Memo5)	1,000,000	1.03
12. Lau Kah Sieng	1,000,000	1.03
13. Angeline Mah Siew Yenn	899,700	0.92
14. GKS Holdings Sdn Bhd	800,000	0.82
15. Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tiang Ming Sing	722,000	0.74
16. OSK Nominees (Tempatan) Sdn Berhad Tan Kim San @ Tan Kim Sun	692,200	0.71
17. UOBM Nominees (Asing) Sdn Bhd United Overseas Bank Nominees (Pte) Ltd for JY Ltd	549,333	0.57
18. Olive Lim Swee Lian	525,000	0.54
19. HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cahaya Besi (Sarawak) Sdn Bhd (Memo5)	500,000	0.52
20. Mah Keng Hock @ Mah King Hock	500,000	0.52
21. Khor Chai Moi	472,000	0.49
22. AmFinance Berhad Pledged Securities Account for Gan Eng Kwong (SMART)	445,333	0.46
23. Kee Boon Seng	418,900	0.43
24. UOBM Nominees (Tempatan) Sdn Bhd United Overseas Bank Nominees (Pte) Ltd for Ong Leong Huat	400,000	0.41
25. OSK Nominees (Tempatan) Sdn Berhad Sui Diong Hoe	350,000	0.36
26. United Overseas Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Jin Gee Enterprise Sdn Bhd (MKU)	322,000	0.33
27. Citicorp Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Nicholas Tan Chye Seng (472363)	303,500	0.31
28. OSK Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tiang Ming Sing	302,333	0.31
29. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Eng Kwong (CEB)	302,100	0.31
30. Lee Ngee Moi	300,000	0.31

STATEMENT OF Warrant B Holdings

as at 18 February 2004

No of Warrants Issued : 101,423,826

BREAKDOWN OF HOLDINGS

Range of Holdings	No of Holders	Percentage of Holders	No of RM1.00 Shares	Percentage of Issued Capital
1 - 99	323	2.81	11,366	0.01
100 - 1000	5,581	48.47	4,095,753	4.04
1,001 - 10,000	4,748	41.23	18,468,833	18.21
10,001 - 100,000	791	6.87	21,776,730	21.47
100,001 - 5,071,190*	71	0.62	21,213,229	20.92
5,071,191 and above**	1	0.01	35,857,915	35.35
Total	11,515	100.00	101,423,826	100.00

Remark:

* – Less than 5% of issued holdings

** – 5% and above of issued holdings

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. JB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Daniel Lim Hwa Yew	1,860,000	1.83
4. Citicorp Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khor Chai Moi (472724)	1,392,000	1.37
5. Dato' Nik Mohamed Bin Nik Yahya	650,782	0.64
6. Khor Chei Yong	525,000	0.52
7. Rajendran A/L Karupiah	522,000	0.51
8. Southern Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Eng Chooi @ Thew Ying Swee	479,166	0.37
9. OSK Nominees (Tempatan) Sdn Berhad Sanguine (M) Sdn Bhd	465,000	0.46
10. Wong Chee Kheong	446,000	0.44
11. Ng Bak Keng @ Ng Back Chai	400,000	0.39
12. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Sey Chen (REM 611)	378,400	0.37
13. DB (Malaysia) Nominee (Asing) Sdn Bhd UBS AG Singapore for Ngeh Toong See	350,000	0.35
14. Wong Chin Lai	322,100	0.32
15. Goh Chye Keat	310,000	0.31
16. OSK Nominees (Asing) Sdn Berhad Rexcapital Securities Limited for Intravest Capital Ltd	300,600	0.30
17. Yeoh Kean Hua	296,000	0.29
18. Hoo Wan Fatt	293,000	0.29
19. Ke-Zan Nominees (Tempatan) Sdn Bhd Kim Eng Securities Pte. Ltd. for Md Yusoff Bin Md Ali (A/C 2)	261,600	0.26
20. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Too Hooi Seong (14365AF5382)	253,900	0.25
21. Jen Shek Chuen	244,000	0.24
22. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Mei Fong (CEB)		
23. Ong Yew Mei	211,000	0.21
24. Goei Hoei Ing @ Lai Kon Kiew	210,000	0.21
25. Lai Soo Kiew @ Lai kon Liew	210,000	0.21
26. Biltmore Equities Inc	202,555	0.20
27. United Overseas Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Thin Yow (MKU)	201,000	0.20
28. Hii Kiong Hua	200,000	0.20
29. F.I.T Nominees (Asing) Sdn Bhd Pledged Securities Account for Tan Kim Tee @ Tan Kum Tee (ZZ611-009)	200,000	0.20
30. HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Saw Kok Leng (Memo)	200,000	0.20

STATEMENT OF Bonds

Total of Bonds : RM101,423,995

BREAKDOWN OF HOLDINGS

Range of Holdings	No of Holders	Percentage of Holders	No of Bonds	Percentage of Issued Capital
1 - 99	262	3.41	9,148	0.01
100 - 1000	4,889	63.63	3,351,554	3.30
1001 - 10000	2,285	29.74	7,273,120	7.17
10001 - 100000	206	2.68	6,276,471	6.19
100001 - 5071198 (*)	36	0.47	33,990,103	33.51
5071199 and above (**)	6	0.08	50,523,599	49.81
TOTAL	7,684	100.00	101,423,995	100.00

Remark:

* – Less than 5% of issued holdings

** – 5% and above of issued holdings

THIRTY LARGEST REGISTERED HOLDERS

Name and Address	No of Bonds	Percentage
1. Amanah Short Deposits Berhad	15,000,000	14.79
2. Malaysian Assurance Alliance Berhad As Beneficial Owner	10,000,000	9.86
3. Citicorp Nominees (Tempatan) Sdn Bhd Prudential Assurance Malaysia Berhad (Non-Par Fund)	8,534,999	8.42
4. Citicorp Nominees (Tempatan) Sdn Bhd Prudential Assurance Malaysia Berhad (Par Fund)	6,300,000	6.21
5. Citicorp Nominees (Tempatan) Sdn Bhd Prudential Assurance Malaysia Berhad (SH Fund)	5,500,000	5.42
6. Khoo Loon See	5,188,600	5.12
7. AMMB Nominees (Tempatan) Sdn Bhd AmAssurance Berhad (GF 1/149-0)	5,000,000	4.93
8. Tiah Thee Seng	4,045,000	3.99
9. Bee Yong Sdn. Berhad	3,585,000	3.53
10. Ong Bee Lian	3,040,966	3.00
11. BHLB Trustee Berhad Prubond Fund	2,317,400	2.28
12. Employees Provident Fund Board	2,254,333	2.22
13. Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad For Public Bond Fund	2,171,000	2.14
14. Lee Kim Poh	2,000,000	1.97
15. Teng Wee Eng	1,500,000	1.48
16. Public Bank Berhad As Beneficial Owner	1,115,000	1.10
17. Citicorp Nominees (Tempatan) Sdn Bhd Prudential Assurance Malaysia Berhad (Prulink Bond FD)	1,000,000	0.99
18. Koh Ping Ming @Quek Ping Ming	611,000	0.60
19. Yeoh Kean Hua	467,000	0.46
20. OSK Nominees (Tempatan) Sdn Bhd Sanguine (M) Sdn Bhd	465,000	0.46
21. Tan Suet Mei	450,000	0.44
22. Sang Lee Company Sdn Bhd	401,900	0.40
23. Maintenance Engineering Sdn Bhd	328,700	0.32
24. Yuen Lye Yin	312,000	0.31
25. Kok Mew Leng	263,000	0.26
26. Jen Shek Chuen	244,000	0.24
27. Biltmore Equities Inc.	202,555	0.20
28. Mayban Nominees (Tempatan) Sdn Bhd Avenue Asset Management Services Sdn Bhd for Perusahaan Otomobil Nasional Berhad (F00010-984390)	192,333	0.19
29. Carolyn Ng Hang Poh	191,600	0.19
30. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lai Yoke Beng (RM 2)	191,000	0.19



OSK Holdings Berhad (207075-U)

FORM OF Proxy

No of Shares Held

I/We _____ NRIC No./Company No. _____

of _____

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

_____ NRIC No. _____

of _____

or failing him/her _____ NRIC No. _____

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 Fourteenth Annual General Meeting of the Company to be held at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 8 April 2004 at 2.30 p.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 Din Bin Datuk Nik Yusoff		
5	Re-election of Director:- Dato' Mohamed Tarmizi Bin Mohd Tahir		
6	Re-appointment of Auditors and authorising Directors to fix their remuneration		
7	Authorise the Directors under Section 132D of the Companies Act, 1965 to allot and issue shares in the Company		
8	Proposed renewal of existing shareholders' mandate for recurrent related party transaction of a revenue or trading nature		
9	Proposed renewal of authorisation to enable the Company to purchase up to 10% of the issued and paid-up ordinary share capital of the Company pursuant to Section 67A of the Companies Act, 1965		

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 _____ 2004.

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. Where a member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his holding(s) to be represented by each proxy.
3. 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.