



Annual Report 2004

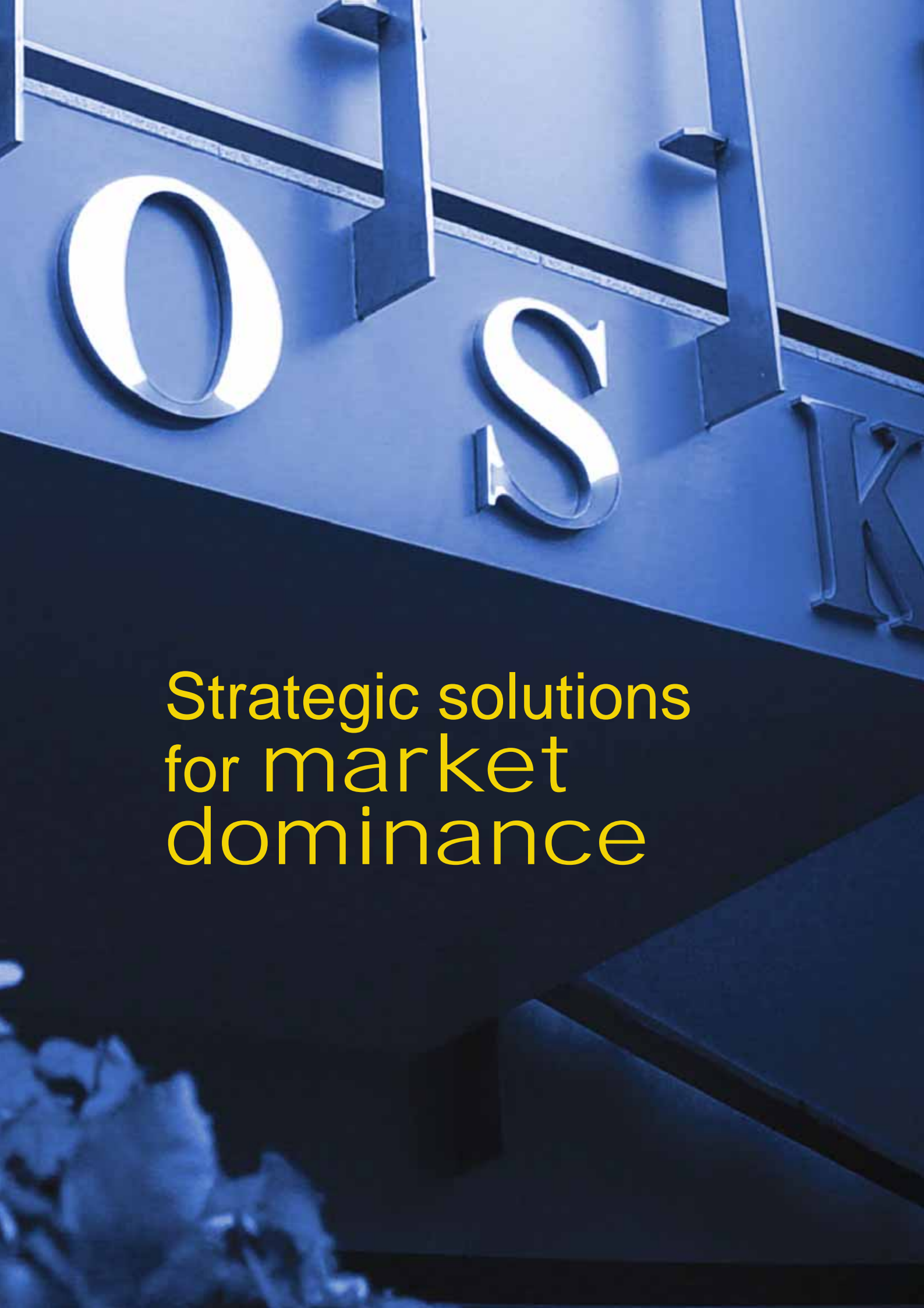
OSK Holdings Berhad
(207075-U)

OSK

Let our expertise work for you



Our dynamic and experienced team,
combined with the best of innovation
and technology, will point you towards
financial success.



Strategic solutions
for market
dominance

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of **OSK Holdings Berhad** will be held at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 7 April 2005 at 3.00 p.m. to transact the following business:

AGENDA

1. To receive and adopt the Directors' Report, Audited Financial Statements and the Auditors' Report for the financial year ended 31 December 2004. **Resolution 1**
2. To sanction the declaration of a final dividend by distribution of Treasury Shares at the ratio of 1 for 45 in respect of the financial year ended 31 December 2004. **Resolution 2**
3. To approve the Directors' fees of RM110,000 for the financial year ended 31 December 2004. **Resolution 3**
4. To re-elect the following Directors who retire by rotation in accordance with the Article 102(1) of the Company's Articles of Association and being eligible, offer themselves for re-election:
 - (a) Mr Ong Leong Huat @ Wong Joo Hwa **Resolution 4**
 - (b) Dr Choong Tuck Yew **Resolution 5**
5. To re-appoint Messrs. Peter I.M. Chieng & Co. as the Company's Auditors for the ensuing year and to authorise the Board of 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 in any one financial year does not exceed 10% of the issued capital of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval for the listing and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad 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 AND NEW MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities"), 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 the 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 14 March 2005, 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 favourable 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 to 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 Bursa Malaysia Securities Berhad ("Bursa Securities") 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 Bursa Securities 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 Bursa Securities as at the point of purchase;
- (ii) an amount not exceeding the Company's audited retained profit of RM348.9 million and/or the share premium account of RM30.2 million for the financial year ended 31 December 2004 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 Bursa Securities 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 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 Bursa Securities 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 (MAICSA 7003356)

Company Secretary

Kuala Lumpur, Malaysia
14 March 2005

NOTES:

1. A member is entitled to attend and vote at this meeting and is also 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 proportion 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 and New Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature

Please refer to the Circular to Shareholders dated 14 March 2005 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 14 March 2005 for further information.

Statement Accompanying Notice of Annual General Meeting

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

- i. Mr. Ong Leong Huat @ Wong Joo Hwa
- ii. Dr Choong Tuck Yew

2. Details of attendance of Directors at Board meetings

There were 4 Board of Directors' Meetings held during the financial year ended 31 December 2004. The details of the attendance of the Directors holding office at the end of the financial year 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	3/4
Dato' Mohamed Tarmizi bin Mohd Tahir	4/4
Dr Choong Tuck Yew	4/4
Datuk Sivalingam a/l Munusamy (deceased on 26 July 2004)	1/1

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

The Fifteenth Annual General Meeting is scheduled to be held on Thursday, 7 April 2005 at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur at 3.00 p.m.

4. Details of Directors who are standing for re-election in Agenda 4 of the Notice of the Fifteenth Annual General Meeting are set out in the Profile of Directors appearing on page 13 to 15 of this Annual Report.

Five-Year Financial Summary

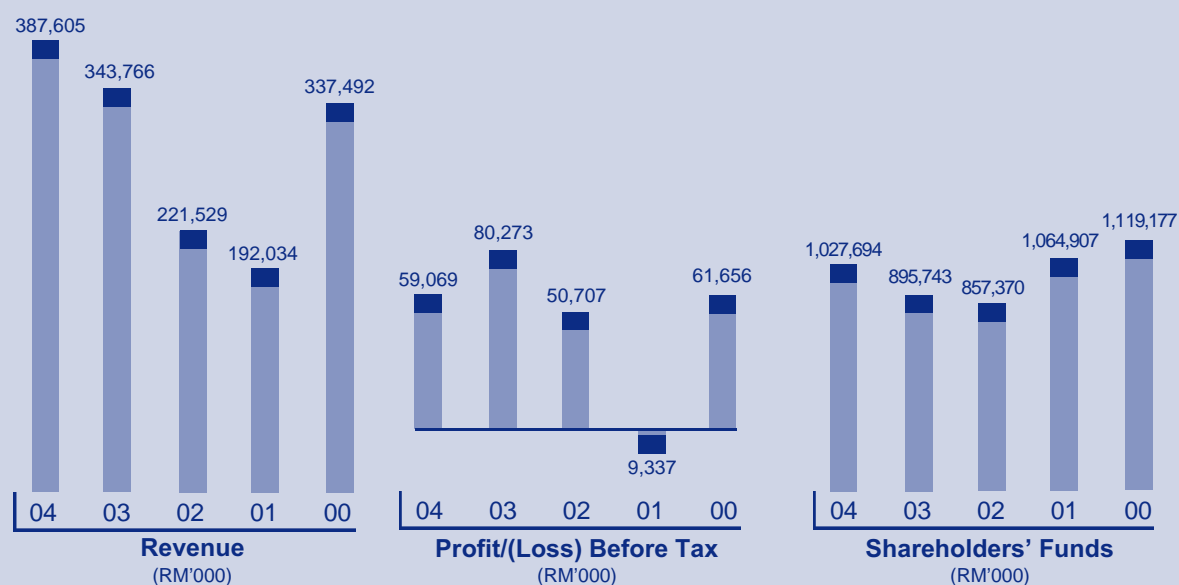
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OSK Holdings Berhad Annual Report 2004

In RM'000	2004	2003	2002	2001	2000
Revenue	387,605	343,766	221,529	192,034	337,492
Profit / (Loss) Before Tax	59,069	80,273	50,707 *	(9,337)	61,656
Profit / (Loss) After Tax and After Minority Interests	25,237	50,506	38,228 *	(12,208)	33,157
Paid-up Capital	570,831	489,342	487,688	514,929	536,423
Shareholders' Funds	1,027,694	895,743	857,370 *	1,064,907	1,119,177
Basic Earnings / (Loss) Per Share (sen)	4.49	10.37	7.63 *	(2.30)	7.30
Gross Dividends Per Share (sen)	(Note)	7.50	5.00	5.00	12.50
Net Tangible Assets Per Share (RM)	1.49	1.45	1.36 *	1.55*	1.70

* Restated

Note : Interim dividend of 5.00 sen per share and final share dividend on the basis of 1 treasury share for every 45 ordinary shares held.



Corporate Information

BOARD OF DIRECTORS

Dato' Nik Mohamed Din bin Datuk Nik Yusoff	- <i>Executive Chairman</i>
Ong Leong Huat @ Wong Joo Hwa	- <i>Group Managing Director/Chief Executive Officer</i>
Dato' Nik Mohamed bin Nik Yahya	- <i>Executive Director</i>
Wong Chong Kim	- <i>Executive Director</i>
Wong Chong Che	- <i>Non-Independent Non-Executive Director</i>
Dato' Mohamed Tarmizi bin Mohd. Tahir	- <i>Independent Non-Executive Director</i>
Dr. Choong Tuck Yew	- <i>Independent Non-Executive Director</i>

MANAGEMENT BOARD/ 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
- *Chairman*
Dato' Mohamed Tarmizi bin Mohd. Tahir
Wong Chong Kim

NOMINATION COMMITTEE

Dato' Mohamed Tarmizi bin Mohd. Tahir
- *Chairman*
Dr. Choong Tuck Yew

REMUNERATION COMMITTEE

Dato' Mohamed Tarmizi bin Mohd. Tahir
- *Chairman*
Dr. Choong Tuck Yew
Ong Leong Huat @ Wong Joo Hwa

COMPANY SECRETARIES

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

AUDITORS

Peter 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
HSBC Bank (M) 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
Sivananthan

REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 26, Menara Multi Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03-27212222
Fax: 03-27212530

REGISTERED OFFICE/ PRINCIPAL BUSINESS ADDRESS

20th Floor, Plaza OSK, Jalan Ampang
50450 Kuala Lumpur
Tel: 03-21624388
Fax: 03-21618254

STOCK EXCHANGE LISTING

Main Board, Bursa Malaysia Securities Berhad

Management Team

ASSET MANAGEMENT

Ong Yin Suen
Director

CAPITAL FINANCING

Voon Pak Keong
Assistant General 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*

Foo Keah Keat
*Executive Vice President/Head of
Derivatives & Structured Products*

Eddie Fong Loong Seng
*Vice President/
Head of Debt Capital Markets*

Andrew Ho Beng Teik
*General Manager,
Consumer Sales & Marketing*

Benjamin Poh Chee Fong
*Vice President,
Priority Broking*

Yvonne Lee Kwee Yuen
*Deputy General Manager,
Credit Control & Supervision*

Tan Tong Nam
*Assistant General Manager,
Branch Operations*

Hoong Ngen Cheong
Manager, Operations

Lai Yit Loong
*Assistant Manager,
Risk Management*

INVESTMENT BANK (LABUAN)

Leong Hon Sze
Director/Chief Operating Officer

INVESTMENT RESEARCH

Pankaj Kumar A/L Bipichandra
General Manager

OSK188 ONLINE INVESTMENT CHANNEL

Jimmy Loke Kok Cheong
Chief Executive Officer

PROPERTY MANAGEMENT

Teong King Hua
Director / General Manager

Tan Boon Chuan

Chief Operating Officer

UNIT TRUST MANAGEMENT

Ho Seng Yee
*Chief Executive Officer/
General Manager*

FUTURES & OPTIONS

Steven Lai Choon Lim
General Manager

VENTURE CAPITAL

Eddie Yap Yuh Foh
Chief Operating Officer

ESTATE PLANNING AND TRUSTEE

Ong Eu Jin
Chief Operating Officer

WEALTH PLANNING

Qua Mu Im
Chief Operating Officer

GROUP SUPPORT SERVICES

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

Woon Chong Boon
*General Manager,
Group Corporate & Legal Affairs*

Craig Bruce
*General Manager,
Group Information Technology*

Kelvin Tan Sun Seng
*General Manager,
Group Training & Administration*

Roseleen binti Buyong
*Deputy General Manager,
Group Corporate Communications*

Jeannie Yau Siew Foon
*Deputy General Manager,
Group Human Resource*

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

Tong Seong Ann
*Senior Manager,
Group Internal Audit*

Wong Mee Hong
*Deputy Manager,
Organization & Methods*

NETWORK OFFICES

Chan Kong Ming
*Chief Operating Officer (Southern
Region) / Head of Melaka Office*

Kong Kek Hing
*Regional General Manager/
Head of Kuching Office*

Alan Chong Chee Chong
*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(Northern Region)/
Head of Penang Office*

Shirley Wong I Kiew
*General Manager/
Head of Kuantan Office*

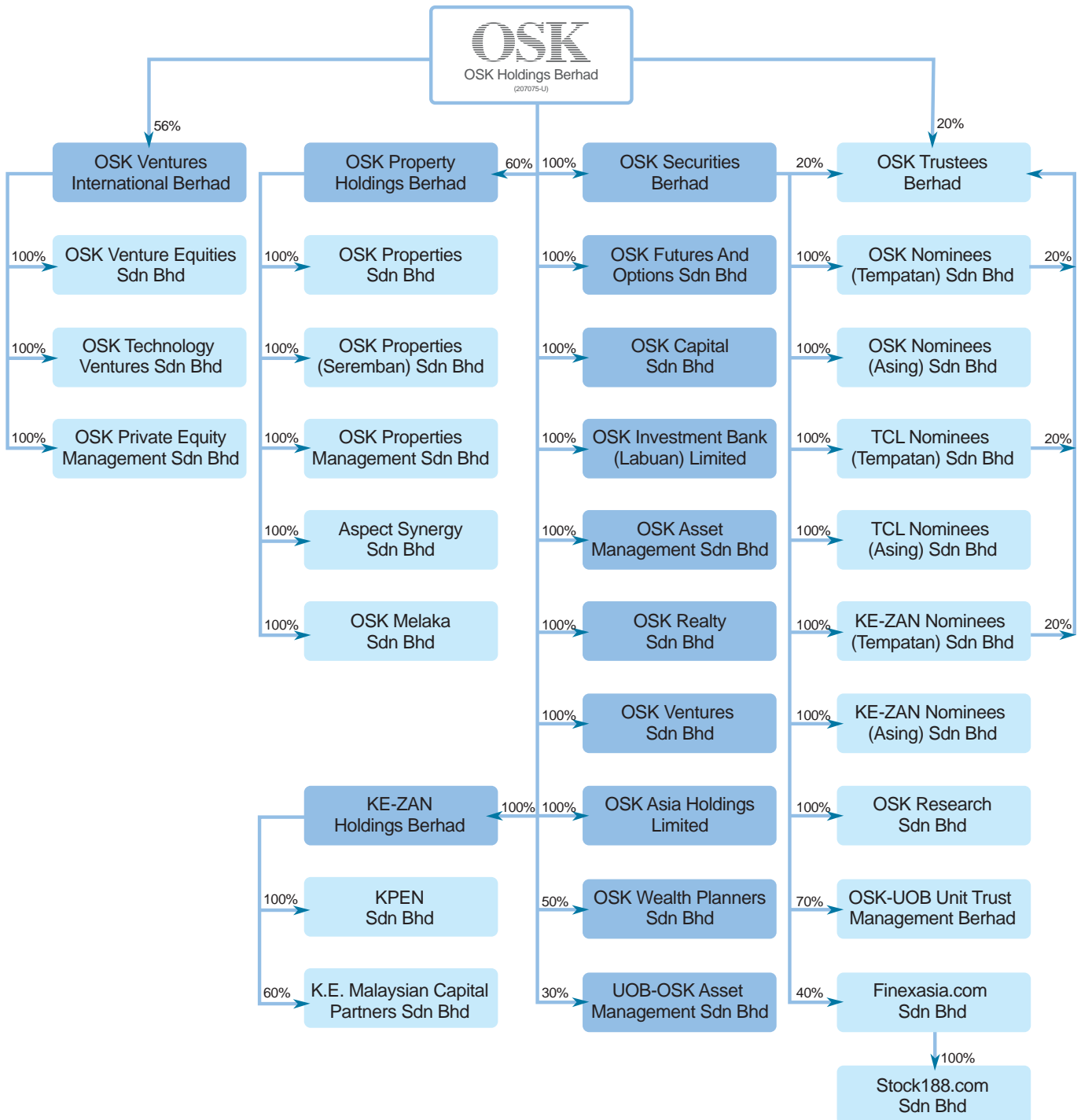
Sy Ban Lee
*General Manager/
Head of Batu Pahat Office*

Wong Eng Kui
General Manager/ Head of Ipoh Office

David Lau Lee Hian
*Assistant General Manager/
Head of Miri Office*

Khoo Guan Cheong
*Senior Manager/
Head of Butterworth Office*

Roy Kevin Ho Shie Vui
Manager/ Head of Sibu Office



DATO' NIK MOHAMED DIN BIN DATUK NIK YUSOFF, aged 62, a Malaysian, is the Executive Chairman of OSK Holdings Berhad ("OSKH"). He was appointed to the Board of the Company on 12 January 1998.

Dato' Nik Mohamed Din is a lawyer by profession. He read law at Lincoln's Inn, London and was admitted to the English Bar in 1969. Dato' Nik Mohamed Din was the Chairman and Executive Chairman of Bursa Malaysia Securities Berhad for 12 years from 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 the Executive Chairman of OSK Securities Berhad ("OSKS") in 1984.

Dato' Nik Mohamed Din is also Executive Chairman of OSK Property Holdings Berhad ("OSKPH") and OSK Ventures International Berhad ("OSKVI"). He is also a director in Jerasia Capital Berhad and QBE-MBf Insurans Berhad.

Dato' Nik Mohamed Din is the brother-in-law of Dato' Nik Mohamed bin Nik Yahya. He has no conflict of interest other than those disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on pages 38 to 40 in this Annual Report. He has no conviction for any offences within the past ten years.

Dato' Nik Mohamed Din attended all the four (4) Board meetings of the Company held during the financial year.

ONG LEONG HUAT @ WONG JOO HWA, aged 61, a Malaysian, is the Group Managing Director / Chief Executive Officer (CEO) of OSKH. He was appointed to the Board of the Company on 21 November 1990. Mr Ong Leong Huat is also a member of Remuneration Committee of the Company.

Mr Ong has been the Managing Director / CEO of OSKS since July 1985. He holds a dealer's representative licence issued by the Securities Commission (SC) under the Securities Industry Act, 1983. Prior to this, he was attached to a leading financial institution for 17 years from 1969 where he held the position of Senior General Manager. Currently, he is a member of the Capital Market Advisory Council appointed by SC, to advise the SC on issues relating to the implementation of the Capital Market Masterplan. Mr Ong is also a member of the Securities Market Consultative Panel of Bursa Malaysia Securities Berhad.

Mr Ong is also the Group Managing Director / CEO of OSKVI and acts as a Non-Independent Non-Executive Director in OSKPH.

Mr Ong is the brother of Mr Wong Chong Kim and Mr Wong Chong Che. He has no conflict of interest other than those disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on pages 38 to 40 in this Annual Report. He has no conviction for any offences within the past ten years.

Mr Ong attended all four (4) Board meetings of the Company held during the financial year.

DATO' NIK MOHAMED BIN NIK YAHYA, aged 69, a Malaysian, is the Executive Director and one of the first Directors appointed to the Board of the Company on 1 November 1990.

Dato' Nik Mohamed is a lawyer by profession. He read law at Lincoln's Inn, London and was admitted to the English Bar in July 1967. Dato' Nik Mohamed was the Deputy General Manager of OSKS since December 1986 and became a Director and Executive Chairman of OSKS in April 1989. He holds a dealer's representative license issued by the SC under the Securities Industry Act, 1983 and is the Corporate Nominee of the Company on the Board of OSKS. 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.

In November 1987, Dato' Nik Mohamed 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 December 1986. He has also acted as trustee for various funds under Malaysian Unit Trusts Schemes and as Director / Council Member of voluntary organisations and government statutory bodies, such as Dewan Bahasa dan Pustaka, Universiti Teknologi Mara ("UTM"), Johor State Economic Development Corporation, Yayasan Kebajikan Negara and National Heroes and Defence Fund. He has also served as a Committee Member of Bursa Malaysia Securities Berhad for three years from 1995 to 1998.

Dato' Nik Mohamed is the brother-in-law of Dato' Nik Mohamed Din. He has no conflict of interest other than those disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on pages 38 to 40 in this Annual Report. He has no conviction for any offences within the past ten years.

Dato' Nik Mohamed attended all four (4) Board meetings of the Company held during the financial year.

WONG CHONG KIM, aged 49, a Malaysian, is currently the Executive Director of OSKH. He was appointed to the Board of the Company on 21 November 1990. He is also a member of Audit Committee of the Company.

Mr Wong is a Fellow of the Chartered Association of Certified Accountants. He joined OSKS as a Finance Manager in 1985 and became an Executive Director in 1989. He holds a dealer's representative licence issued by the SC under the Securities Industry Act, 1983. Prior to this, he was the Accountant and Assistant Credit Manager of a leading financial institution in 1983 for 2 years.

Mr Wong is also an Executive Director of OSKVI and act as a Non-Independent Non-Executive Director of OSKPH.

Mr Wong is the brother of Mr Ong Leong Huat and Mr Wong Chong Che. He has no conflict of interest other than those disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on pages 38 to 40 in this Annual Report. He has no conviction for any offences within the past ten years.

Mr Wong attended all four (4) Board meetings of the Company held during the financial year.

WONG CHONG CHE, aged 51, a Malaysian, is the Non-Independent Non-Executive Director of OSKH. He is one of the first Directors appointed to the Board of the Company on 1 November 1990.

Mr Wong is a Fellow of the Chartered Association of Certified Accountants. He joined OSKS as an Accountant in 1982 and became an Executive Director in 1984 before assuming the present post of Executive Vice President, Corporate Trading in 1994. He holds a dealer's representative license 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 for 2 years.

Mr Wong is the brother of Mr Ong Leong Huat and Mr Wong Chong Kim. He has no conflict of interest other than those disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on pages 38 to 40 in this Annual Report. He has no conviction for any offences within the past ten years.

Mr Wong attended three (3) out of four (4) Board meetings of the Company held during the financial year.

DATO' MOHAMED TARMIZI BIN MOHD TAHIR, aged 69, a Malaysian, was appointed to the Board of the Company on 21 November 1990 as an Independent Non-Executive Director. He is also the Chairman of Remuneration Committee and Nomination Committee and a member of the Audit Committee.

Dato' Mohamed Tarmizi graduated from the Universiti 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 4 years before assuming the post of the District Officer in Seremban. From 1968 to 1969, he was a Training Officer at the Staff Training Centre in Petaling Jaya. Later, he became the State Development Officer of Negeri Sembilan and also the State Development Officer of Pahang. He was made the first General Manager of the Jengka Development Corporation. He has also served in the Treasury Department at the Ministry of Finance for 4 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 9 years until his retirement.

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

Dato' Mohamed Tarmizi does not have any family relationship with any Director of the Company. He has no conflict of interest other than those disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on pages 38 to 40 in this Annual Report. He has no conviction for any offences within the past ten years.

Dato' Mohamed Tarmizi attended all four (4) Board meetings of the Company held during the financial year.

DR CHOONG TUCK YEW, aged 67, a Malaysian, was appointed to the Board of the Company on 29 June 2001 as an Independent Non-Executive Director. He is the Chairman of the Audit Committee, and also a member of the Remuneration Committee and Nomination Committee.

Dr Choong possesses a MBA, ACIS (Australia), and is a Registered Accountant (Malaysia), Certified Public Accountant (Malaysia) and a Fellow of the Institute of Internal Auditors (Malaysia). Currently, he is the Managing Proprietor of 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 does not have any family relationship with any Director of the Company. He has no conflict of interest other than those disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on pages 38 to 40 in this Annual Report. He has no conviction for any offences within the past ten years.

Dr Choong attended all four (4) Board meetings of the Company held during the financial year.

Chairman's Statement

Riding on the exceptionally strong global growth rate of more than 4%, which incidentally is the highest growth rate in more than three decades, the Malaysian economy performed creditably well with an annual GDP growth of 7.1% in 2004. However, growth has clearly been decelerating in the second half of 2004. This decline coincides with the rising U.S. interest rates, escalating commodity prices (notably in metal base and crude oil prices) and the tightening policy of the Chinese Government to slow its overheating economy. Those developments have shifted some vibrancy away from the economy.

For the Group, the year 2004 was indeed another good year. The Group's earnings were affected by the gyrations in the trading volume on the stock market but overall the Group performed creditably well, especially in the first quarter and fourth quarter of 2004 as both market volume and value rose due to favourable market conditions.

For the Malaysian equity market, the year 2004 started out on a very positive note with the KLCI reaching an intraday high of 918.95 points just one day after the landslide victory by the ruling party, Barisan Nasional, in the 11th general elections. However concerns over rising U.S. interest rates, the anticipated slowdown in the Chinese economy as well as soaring crude oil prices put a lid to investors' confidence. The benchmark index fell to the year's low of 769.29 pts on 17 May 2004 as optimism vanished on the back of rising uncertainties on the global front.

However, by late September and October, investors' worries began to subside as crude oil prices retreated from its record high of almost USD55 per barrel while the U.S. kept its promise to keep interest rates rising at a measured pace. On the local bourse, investors' appetite towards the market improved considerably as Malaysia began to attract huge inflows of funds to the market on speculation of potential Ringgit revaluation. The inflow of "hot-money" was enough to push the benchmark index to hit multi-year closing highs. In early December 2004, the KLCI reached an unprecedented 4 1/2-year high where it closed just a whisker below the 920 pts level. The year 2004 ended with the KLCI closing some 14.3% higher at 907.43 pts, the second consecutive year of a positive gain.

Financial Performance

The Group's performance for the financial year ended 31 December 2004 (FY2004) was indeed commendable as it posted strong earnings growth, thanks largely to its diversified earnings stream. Had it not been reduced by a RM52.03 million provision in the fourth quarter period for the compensation of a lawsuit (the case is pending appeal), pretax profit would have risen to RM111.10 million representing a 38.4% increase compared to the previous year on the back of a 12.8% jump in turnover to RM387.60 million. This prudent accounting has reduced the Group's pretax profit to RM59.07 million.

The Group recorded profit after tax of RM25.24 million, while net tangible assets as at 31 December 2004 stood at RM1.49 as compared with RM1.45 in the previous year.



Review of Operations

The year 2004 was another eventful year for the Group with major business units expanding their respective reach. Notably, the Group undertook several major corporate finance related activities involving the listing, underwriting, advisory as well as placement of shares on the Bursa Malaysia Securities Berhad. Our Corporate Finance team took six companies for listing on the local bourse with total fund raised amounting to almost RM306 million. Three of the exercises involved Main Board listing; two were MESDAQ bound, while another was listed on the Second Board of Bursa Malaysia Securities Berhad.

Our Debt Capital Markets division too had a productive year. The year 2004 saw our ranking in the market for bond origination improved to sixth, the highest among all Universal Brokers. The largest issue undertaken by the division was the RM1.5 billion "AAA" rated bonds issue for Transshipment Megahub Berhad.

The Group today is well recognised in the market place in all facets. OSK Research, which has been one of our key support and service units, was recently ranked second in Malaysia by AQ Research while our Head of Research too was highly regarded for his market calls, and was ranked as the top analyst in the country by the independent London-based publishing house for the fourth quarter of 2004.

On our distribution network, the year 2004 was a consolidation year for the Group as it concentrated its efforts in enhancing market depth. The Group only added one Electronic Access Facilities with Permitted Activities (EAF-PA), thus bringing our network to 61 offices (including Principal Office) across the country.

Corporate Developments

On the corporate front, the Group undertook several corporate proposals to strengthen its position in the capital market as well as improving shareholder value.

OSK Warrants 1994/2004 (Warrant A) expired on 22 March 2004. The warrants were well exercised by warrant holders with up to 98.248 million shares issued for the same amount of warrants exercised at RM1.20 per share. As Warrants 2000/2005 were nearing expiry, the Group also took steps to address the derivative instrument as being "out-of-the-money", where the warrants provided warrant holders little value. Thus, in an EGM convened on 9 November 2004, both the shareholders and warrant holders approved the proposed extension of the exercise period by another five years to 1 March 2010.

The year 2004 was also a successful year for our subsidiary, OSK Ventures International Berhad ("OSKVI"). The company was listed on the MESDAQ Market in September 2004 with the floatation exercise, involving the sale of 675 million new OSKVI shares at RM0.26 per share. The floatation is the largest IPO on the MESDAQ Market to-date.

As the Group strives to improve its capabilities in the financial services arena, the Group also undertook positive steps to enhance its market presence. In April of 2004, the Group entered into a 50:50 joint venture with Equitable Investment Co. (Hong Kong) Ltd to form OSK Wealth Planners Sdn Bhd ("OSKWP"). OSKWP was incorporated to carry on the business of integrated financial planning to high net worth clientele. Furthermore, in August of 2004, the Group strengthened its position in the provision of estate planning and trustee services via the acquisition of the remaining shares not already owned in OSK-Signet Trustees Berhad. The company has been renamed as OSK Trustees Berhad.

To improve the Group's focus on the financial services area and at the same time to strengthen our 59.9% subsidiary's interest in the property investment, the Group had in October 2004 proposed to dispose KE-ZAN Holdings Berhad ("KZH") to OSK Property Holdings Berhad ("OSKPH") for RM138.562 million via the issuance of 110.849 million new OSKPH shares at RM1.25 per share. KZH presently owns several properties, including Plaza OSK located at Jalan Ampang, Kuala Lumpur.

Prospects for 2005

After recording a GDP growth of 7.1% in 2004, the Malaysian economy is poised to register a slower economic growth rate this year of between 5.5 and 6.0%. The slower economic growth is inevitable given the high base effect from 2004 as well as impact of higher interest rates in the U.S., a slower growth in China as well as impact arising from high commodity prices, especially crude oil and steel.

The year 2005 will be another growth year for the Group. Apart from the conventional broking business, growth from established business units like Unit Trust, Futures, Corporate Finance, and Venture Capital is expected to remain strong. The OSK Group has also embarked on new business units, notably Wealth Planners, Trustee and Structured Products. These units are expected to contribute their maiden profits to the Group in 2005.

Dividends

The Company declared and paid an interim dividend of 5.0 sen in FY2004. The Board of Directors is recommending a final share dividend on the basis of one (1) treasury share for every 45 shares held for FY2004 to be approved by the shareholders in the forthcoming Annual General Meeting.

Acknowledgement

With the continuous support from our valued customers, shareholders and employees, OSK has clearly remained in the forefront in the capital market arena. As OSK embarks on its next phase of growth, and on behalf of the Board of Directors, I would like to extend my sincere appreciation to all shareholders, staff and management of OSK that have contributed tremendously to the development of the Group. We are confident that the year 2005 will be another outstanding year for the Group.

Dato' Nik Mohamed Din bin Datuk Nik Yusoff
Executive Chairman

1 March 2005

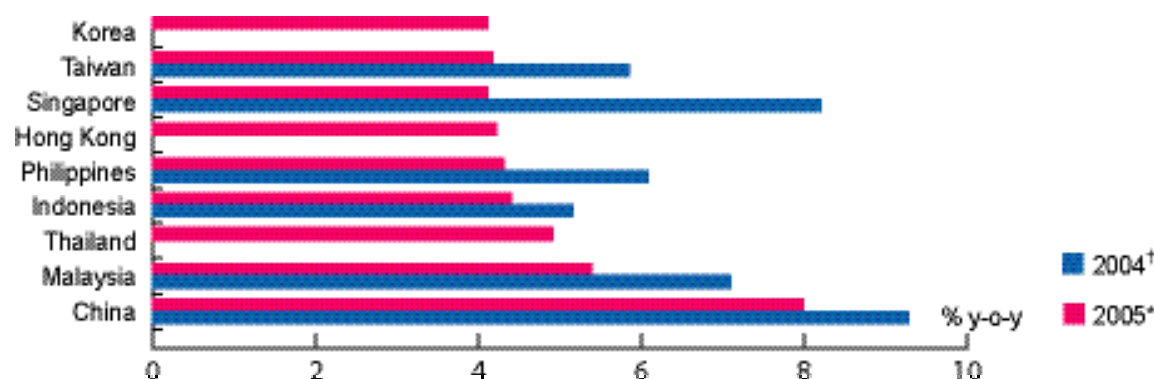
Economic Review 2004

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OSK Holdings Berhad Annual Report 2004

Malaysia's economy expanded 7.2% in 2004, its strongest performance since 2000. Growth was broad-based with both exports and domestic demand registering a firmer growth. The strength of the external development surprised many especially in the second half of the year given a more challenging environment. The rising interest rate in the U.S., slowdown in China, record high crude oil prices and the fall of the USD did little to halt the global growth. Malaysia's economy also benefited from the robust demand of commodities globally. Prices of crude oil and tin, two major commodity exports for the country, rose to record levels.

GDP For Selected Countries



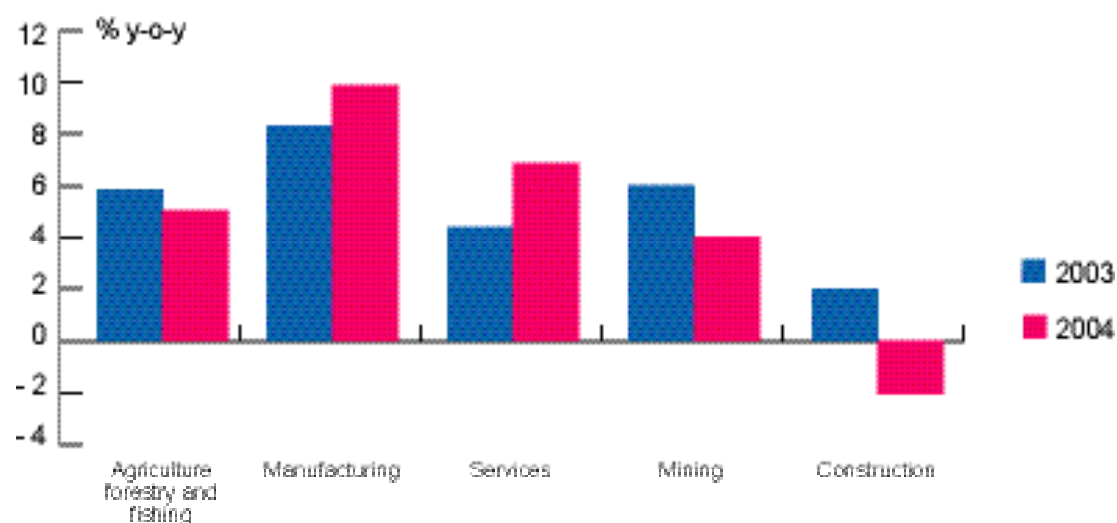
† As available

* AsiaFocus Consensus Forecast

Performance of Various Sectors

Growth was strong in almost all sectors of the economy with the exception of construction. The manufacturing sector led the overall growth, expanding 9.8% followed by the services sector which grew by 6.7%. The agriculture and mining sectors also registered firmer growth thanks to the better output of palm oil, crude oil and gas. However, the construction sector continued to underperform as the Government reined in construction spending to balance the fiscal budget. The sector contracted 1.9% during the year.

Sectoral Performance



The expansion in the manufacturing sector was led by both domestic and export-oriented industries. On the export front, the global cyclical rebound in the electronics sector propelled the manufacturing sector's growth to the highest level in 4 years. Chemical and chemical products, wood and wood products and rubber products also performed better. Locally, production of fabricated metal products and the transport equipment led the way.

Meanwhile, the services sector continued to register strong growth on the back of record tourist arrivals and firmer private consumption activities.

GDP Growth By Demand		
GDP By Demand	2003	2004
Real GDP	5.3	7.1
Consumption		
Public	10.0	6.6
Private	6.6	10.1
Gross Fixed Capital Formation	2.7	3.1
Exports of Goods and Services	6.3	15.6
Imports of Goods and Services	5.0	19.8

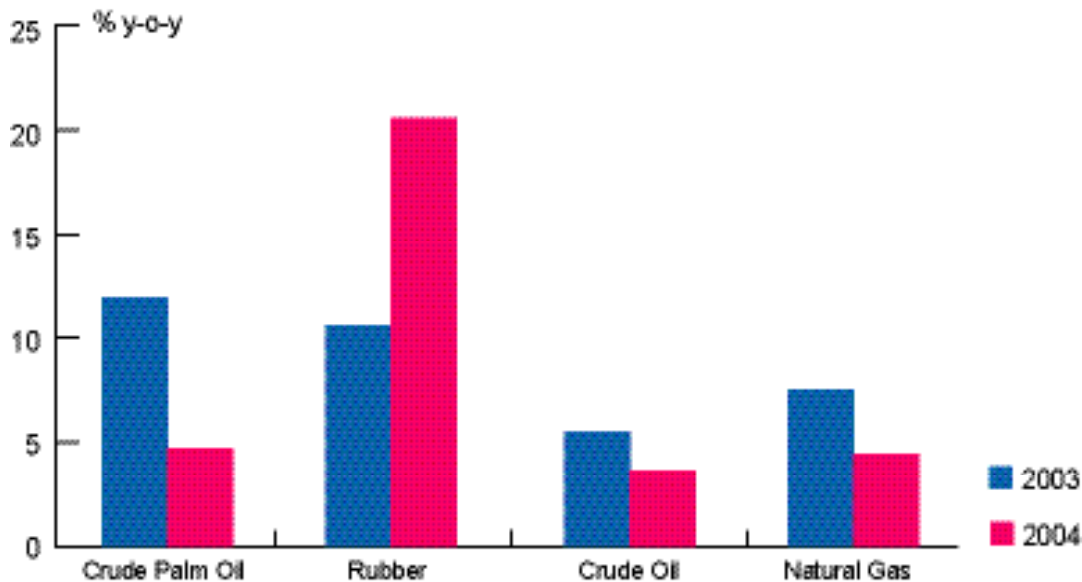
Robust growth in the final services segment, namely wholesale and retail trade, hotels and restaurants, was underpinned by strong consumer spending and rapid growth in tourist arrivals. This was also aided by the low base effect last year. The transport, storage and communication sub-sectors also had a boost from increased trade and travel related activities, and the more vibrant communication sector. Expanding subscriber base and rising usage of mobile data services following the launch of Multimedia Messaging Services (MMS) lifted growth in this sub-sector. Also on the high note was the finance and services sub-sector as rising trade, stock market and real estate activities supported growth.

GDP Growth By Demand		
	2003	2004
Intermediate Services	5.5	7.2
Transport, storage & communication	5.7	8.4
Finance, insurance, real estate & business services	5.4	6.5
Final Services	3.7	6.3
Electricity, gas & water	5.7	8.1
Wholesale & retail trade, hotel & restaurants	1.5	7.1
Government services	7.6	5.1
Other services	3.3	5.0
Total Services	4.4	6.7

The primary commodity sector had a favourable year. Crude palm oil production was steady amid declining palm oil prices globally. Rubber output was unusually high in response to sustained higher prices and increased productivity arising from the adoption of new tapping technology. Forestry output was also robust as demand increased both locally and overseas. The sustained high crude oil also had a positive effect on the mining sector.

Construction was the exception this year. The sector contracted for three consecutive quarters although the residential and non-residential segment continued to be sustained. The cut back of Government development spending was the reason for the lackadaisical performance of the construction sector this year. In a move to balance the fiscal budget, the Government has embarked on an austerity drive to slow mega-construction projects, leading to a decline in the sector.

Production of Primary Commodities



Fiscal and Monetary Policy Development

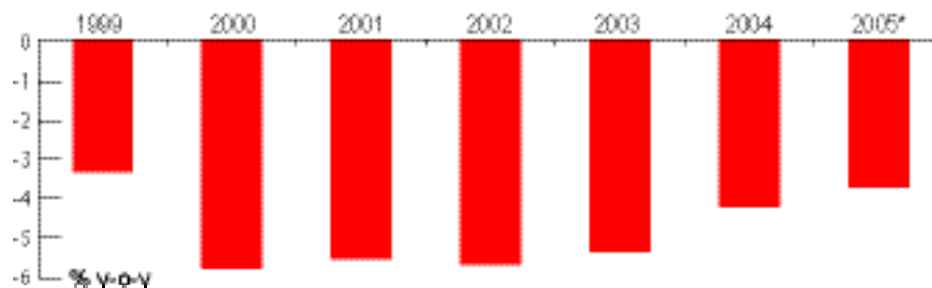
The Government's fiscal policy remained tight. The focus is to balance the fiscal position as the nation prepares for the implementation of the Goods and Services Tax in 2007. As the economy steadily expands, the Government has seized the opportunity to rein in fiscal impetus that has been the thrust of growth in the past years.

Pushing to increase efficiency and restraining excessive expenditure have earned Malaysia credit upgrades from Moody's and S&P during the year. There has been an increased focus on enhancing the efficiency of the Government's delivery and GLCs. This was aimed to optimise the use of resources and to increase the revenue collection. Fiscal deficit as a percentage of GDP narrowed to 4.1%, marginally lower than the target of 4.5%. This year, the Government aims to reduce the deficit as a percentage of GDP to 3.8%.

Malaysia's Foreign Currency Long Term Debt Rating Countries

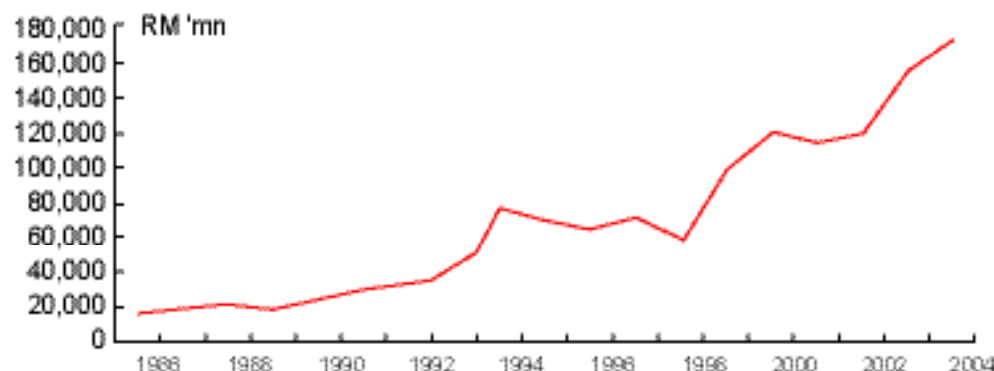
	Prior	Upgrade	Date
Moody's	Baa1	A3	16 Dec 04
Standard & Poor	BBB+	A-	8 Oct 03
Fitch International	BBB+	A-	8 Nov 04

Monetary policy continued to be supportive of growth as a historically low interest rate was maintained. The Overnight Policy Rate (OPR) was kept at 2.7% amid a steady pick-up in consumption and investment in the private sector. Bank Negara was cautious not to raise the benchmark rate given the tighter fiscal stance. Overall liquidity was ample with strong interbank net cash surplus to finance both private and public sector demand. The banking system continued to strengthen further with the risk-weighted capital ratio increasing to 13.9%. At the same time, non-performing loans trended lower in tandem with stronger corporate profitability.

Fiscal Deficit

* MOF target

Backed by robust economic activities and speculation of a potential Ringgit revaluation, the country's international reserves rose consistently higher. International reserves rose by USD21.9bn or 49% during the year, the highest ever recorded. The increase was attributed to the strong trade balance as the USD declined and crude oil prices surged. Foreign capital inflows were also positive with substantial portfolio inflow seen in the last quarter of the year after speculation mounted that the Ringgit might be revalued.

International Reserves**Prospects and Challenges Ahead**

The IMF forecasted global economic growth momentum to slow down this year, after it expanded at the strongest rate in 3 decades last year. Growth in the Q3 is expected to slow with the U.S. moderating from 4.3% to 3.5%, Japan from 4.4% to 2.3% while Europe is likely to stay flat at 2.2%. Overall world's growth will slow to 4.0% from 5.0%.

As the year progresses, the external environment is expected to remain challenging with headwinds expected in a number of fronts. U.S. fiscal and current account imbalances continued to create considerable instability globally. This instability may be likely to cause a more volatile foreign exchange fluctuation, leading to a higher risk premium on global trade activities.

Sustained high crude oil prices are also posing a threat to the global economy. The high crude oil prices are expected to crimp consumption and raise inflation, easing economic growth in net oil consuming nations - which coincidentally are the developed world and fast growing economies. China is also facing pressure to loosen its growth amid overheated capital investment. Pressure is building on the Chinese Government to ease its exchange rate policy and allow the Yuan to strengthen. At the same time, the synchronous expansion in the world's housing market over the past years is seeing higher risk of correction as interest rates are raised in the U.S.

However, Malaysia's growth, while likely to moderate this year, is expected to remain commendable. Private consumption will continue to stay buoyant amid a stable labour market with unemployment rate falling from 3.5% to 3.4%. Private investment may also rebound and be reinforced by better corporate profitability and a low interest rate environment. The Government's official forecast put GDP growth for this year at 6%, although the private sector believes it could be slightly off the official mark. Judging from the country's strengthened macroeconomic fundamentals that continue to accord flexibility in the conduct of economic management, Malaysia should glide through the challenges smoothly this year.

Stock Market Review 2004

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OSK Holdings Berhad
Annual Report 2004

Based on the KLCI's closing level of 907.43 pts as at 31 December 2004, the 100-stock index provided investors with a gain of 14.3% for the year. Compared to the preceding year's 22.8% rise, the momentum had indeed slowed down, perhaps mirroring the slowing growth momentum in the later part of 2004. Nevertheless, it had been a good year for investors as the benchmark index had provided a positive return to investors for two consecutive years thus repeating the feat last achieved in 1995 and 1996. In the last 15 years, there has only been one occasion whereby the benchmark index gained for three consecutive years and this was back in the 1991-1993 super-bull period; and two other occasions when the benchmark index gained for four consecutive years. This was achieved between 1978-1981 as well as 1986-1989. With optimism running high for another good year for equities in 2005, the 2-year winning streak on the KLCI may be extended by another year, matching the positive run experienced between 1991 and 1993.

The star of 2004 has indeed been the Indonesian market, which gained almost 45% in 2004, bringing its two year gain to more than 135%. Clearly, investors rallied behind the Indonesian market as interest rates fell, the Rupiah stabilised while political changes were deemed appropriate and business friendly. Except for the Thai market, most major equities gained for the second consecutive year. Still, the Thai market was a significant performer over the past two year period, rising as much as 87% compared to the end-2002 closing of 356.48 pts. As for Malaysia, the two-year positive returns on the KLCI brings the net gain to 40%, which is still lower than the average gain of 50% among all major markets in our universe.

World Indices In 2004				
Country	Index	Index as at End of 2003	Index as at End of 2004	% chg in 2004
Indonesia	JCI	691.895	1000.23	44.6
Philippines	PCOMP	1442.37	1822.83	26.4
Australia	ASX200	3299.80	4050.60	22.8
Singapore	STI	1764.52	2066.14	17.1
Malaysia	KLCI	793.94	907.43	14.3
Hong Kong	Hang Seng	12575.95	14230.14	13.2
Korea	KOSPI	810.71	895.92	10.5
US	S&P 500	1111.92	1211.92	9.0
US	Nasdaq	2003.37	2175.44	8.6
Japan	Nikkei	10676.64	11488.76	7.6
UK	FTSE 100	4476.90	4814.30	7.5
Germany	DAX	3965.16	4256.08	7.3
Taiwan	TWSE	5890.69	6139.69	4.2
US	Dow Jones	10453.92	10783.01	3.1
Thailand	SET	772.15	668.10	(13.5)

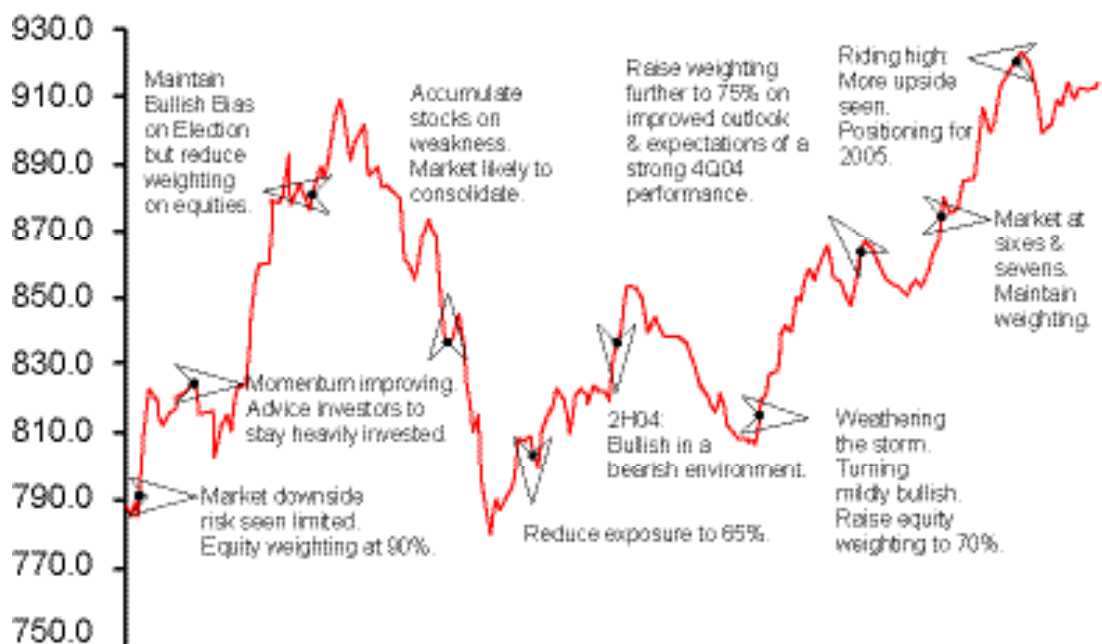
For the local bourse, the year 2004 started out in a positive note as the appointment of the nation's new Deputy Prime Minister and Second Finance Minister was well received by the investing community. These two appointments also sparked renewed optimism that the much awaited 11th general elections would be called soon. The January 2004 3.1% rise was quickly followed-through in the following month as news of Malaysia being re-admitted as a "permissible market" by the California Public Employees Retirement System (CalPERS) and the new administration's commitment in restoring public confidence helped to boost market sentiment. After a 7.4% rise in February, the stock market got another boost in the month of March as the Government dissolved the Parliament, paving the way for the 11th general elections to be held. The landslide victory was welcomed by market participants and in fact the KLCI hit an intraday high of 918.95 pts one day after the polls results were made known. However, on fears that the U.S. might begin to tighten its decades low interest rates as well as an inevitable slowdown in China, share prices retreated in the month of April and by May hit the year's low of 781.05 pts. Investors' confidence had also begun to falter as global crude oil prices, as well as commodities rose.

The month of June, July and August saw investors beginning to re-assess their investment options and as stock prices remained stuck in a tight range, light buying interest enabled confidence to be restored again. During this period, interest rates continued to rise in the U.S. and so did crude oil prices.

From September onwards, the market began to march ahead as China began to show signs of a soft landing while the much-anticipated Budget 2005 had little impact. However, record high crude oil prices kept investors at bay. The final quarter of 2004 was a strong quarter for the local bourse as investors began to look forward for a favourable growth forecast for 2005 while the weakness of the US Dollar caused renewed optimism that the Ringgit may be revalued soon. That sent the stock market into a frenzy with the benchmark index hitting an intraday high of 920.57 pts on 2 December 2004 and closed at the year's high at 919.97 pts on the same day, which was also incidentally a new 41/2 - year high. The year ended on a positive note and though there was light profit taking in the final 2-3 weeks of trading, the benchmark index still closed the year 14.3% higher compared to a year ago.

OSK RESEARCH'S MONTHLY GUIDE TO KLSE COMPOSITE INDEX IN 2004

KLSE in 2004



SECTORAL PERFORMANCE

On the local bourse, as the KLCI rose 14.3% for 2003, the not-so-widely-followed all-share Main Board Emas Index also performed well, but at a slower pace than the widely followed index with a gain of 9.6%. The Bursa Malaysia Securities Berhad Second Board and the MESDAQ Composite Index performed miserably as they lost as much as 21.2% and 19.3% respectively during the year. For the Second Board Index, this was the fourth consecutive year of loss in five years. While for the MCI, the sharp fall in 2004 is perhaps understandable given the 82.9% rise we saw in the preceding year.

Performance of Bursa Malaysia Securities Berhad Main Indices in 2004

Index	End of 2003	End of 2004	in2004
KLCI	793.94	907.43	14.3
KLSE Emas	195.57	214.26	9.6
KLSE Second Board	140.64	110.87	(21.2)
MESDAQ Composite	152.25	122.84	(19.3)
KLSE Finance	6472.17	7462.68	15.3
KLSE Trading & Services	115.34	131.88	14.3
KLSE Industrial	1772.39	1965.61	10.9
KLSE Plantation	2209.75	2417.07	9.4
KLSE Syariah	122.86	132.88	8.2
KLSE Consumer	216.29	232.17	7.3
KLSE Mining	338.70	361.24	6.7
KLSE Industrial Product	81.39	85.13	4.6
KLSE Properties	750.70	716.98	(4.5)
KLSE Construction	187.97	171.31	(8.9)
KLSE Technology	60.30	43.13	(28.5)

Compared to the 14.3% gain on the KLCI, most sectors performed below the market benchmark average gain, with only the KLSE Finance Index exhibiting outperformance while the KLSE Trading & Service Index performed in-line. The property, construction and technology sectors did badly in 2004 with losses ranging from as low as 4.5% to as much as 28.5%.

Top Gainers & Losers in 2004

TOP GAINERS (% chg)							
KLCI		KLEMAS		MESDAQ		KL2nd	
Shell	177.5	FAP	373.3	YTL-e	36.4	Concrete Eng	304.0
Alcom	76.8	Lion Inds	243.7	Karentsoft	33.6	KNM	99.8
POS M'sia	74.5	Lion Corp	237.1	Supercomal	21.6	RCE Capital	94.0
DiGi.Com	72.2	Inch Ken	156.3	Kotra Inds	0.8	Scientex	86.4
		Kajang				Packaging	
Lingui	60.0	Wijaya Baru	152.5	-	-	Lion Forest	85.4
TOP LOSERS (% chg)							
KLCI		KLEMAS		MESDAQ		KL2nd	
Nylex	(70.2)	PSC Inds	(85.6)	FTEC	(70.5)	Tru-Tech	(86.8)
Courts	(55.2)	Ayer Hitam Tin	(85.1)	Nova MSC	(69.2)	Cons Farms	(86.7)
Measat	(38.4)	MBf Corp	(72.7)	JSPC-I	(62.6)	KP Keningau	(76.4)
MUI	(37.3)	Datuk Keramat	(72.5)	Orisoft	(59.7)	CNLT	(72.5)
Unisem	(36.9)	Nylex	(70.2)	PUC	(59.0)	Gadang	(70.3)

Statement of Corporate Governance

The Board of Directors of OSK Holdings Berhad ("the Company") recognises and subscribes to the importance of the principles and best practices set out in the Malaysian Code on Corporate Governance ("the Code") as a key factor towards achieving an optimal governance framework and maximising the shareholder 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 Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

A. THE BOARD

The Board's principal responsibilities are to chart the strategic direction, development and control of the Company's business to monitor whether the business is being managed properly.

In accordance with the requirement of the Code, the Chairman and Chief Executive Officer / Managing Director of the Company are different persons with distinct and separately defined responsibilities.

The Board currently consists of seven (7) Directors, two (2) of whom are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Director. The Independent Non-Executive Directors are persons of calibre and credibility with the ability to exercise independent judgement in 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 of the Company.

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 13 to 15 of the Annual Report.

All the Directors of the Company have attended the Mandatory Accreditation Programme (MAP) prescribed by Bursa Securities for directors of public listed companies. The Directors will also attend training endorsed and required by Bursa Securities to enable them to effectively discharge their duties.

Currently, the Nomination Committee, which comprises the Independent Non-Executive Directors, recommends all appointments to the Board. Details of the Nomination Committee are set out on page 31 of the Annual Report.

During the financial year under review, 4 board meetings were held. Details of the Directors' attendance at the said meetings were as follows:

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	3
6. Dato' Mohamed Tarmizi bin Mohd Tahir	4	4
7. Dr Choong Tuck Yew	4	4
8. Datuk Sivalingam a/l Munusamy (deceased on 26 July 2004)	1	1

B. SUPPLY OF INFORMATION

Directors are provided with notices and board papers prior to board meetings to give the Directors sufficient time to deliberate on issues to be raised at the meetings.

All Directors have direct access to the advice and services of the Company Secretary and Senior Management in carrying out their duties. The Directors may obtain independent professional advice in furtherance of their duties in the event that such services are required.

C. REMUNERATION OF DIRECTORS

The Directors' fees are to be 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 for the Directors of the Company for the financial year under review are as follows:

	Executive RM	Non-Executive RM	Total RM
Amount received/receivable from the Company:			
2004			
Fee - current year	60,000	50,000	110,000
Amount received/receivable from the Group			
2004			
Fee - current year	183,000	68,000	251,000
- underprovision in prior year	-	5,000	5,000
	183,000	73,000	256,000
Other emoluments			
Incentive	435,000	59,500	494,500
Salaries	2,100,000	-	2,100,000
Provision for bonus	1,228,350	-	1,228,350
	3,763,350	59,500	3,822,850
	3,946,350	132,500	4,078,850
Benefits-in-kind	93,375	-	93,375

The number of Directors of the Company whose total remuneration fall within the following bands:

	Executive	Non-Executive	Total
2004			
Group			
RM50,000 and below	-	2	2
RM50,001 – RM100,000	1	1	2
RM450,001 – RM500,000	1	-	1
RM1,050,001 – RM1,100,000	1	-	1
RM2,300,001 – RM2,350,000	1	-	1
	4	3	7

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 members of the public and the Company is also of primary importance.

The following modes are used to achieve the above objectives:

- (a) Timely and accurate disclosure to Bursa Securities.
- (b) The Annual General Meeting is used as the principal forum of dialogue with the shareholders whereby ample opportunity is given to all shareholders to raise any issues pertaining to the Company as deemed fit.
- (c) The Group Corporate Communications Department addresses inquiries relating to the Group from the shareholders, investors and the public.
- (d) The Company's web site at www.osk.com.my

E. ACCOUNTABILITY AND AUDIT

Financial Reporting

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

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 130 of the Annual Report.

Internal Control

The Board acknowledges its responsibilities of setting up and sustaining an effective system 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 and efficient, the Board has set up a Group Internal Audit Department ("GIA"), which is completely independent from all the operating departments to perform regular reviews and examinations of the existing activities in accordance to compliance and risk management requirements. The GIA reports directly to the Audit Committee of which majority of the members are Independent Directors.

The Board has also set up the Group Compliance and Risk Management 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 established formal and transparent relationships with both the internal and external auditors through the Audit Committee ("AC"). Both internal and external 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

During the financial year, no material sanctions and/or penalties were imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies that have been made public.

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

Save as disclosed in Additional Disclosure on page 41 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 discharging its duties, namely the Audit Committee, Remuneration Committee and the Nomination Committee.

Audit Committee

Particulars of the Audit Committee are at pages 32 to 34 of the Annual Report.

Remuneration Committee

Composition

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

Members - Dr Choong Tuck Yew (Independent Non-Executive Director)

- Mr Ong Leong Huat @ Wong Joo Hwa (Group Managing Director/CEO)

Authority

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

Frequency of Meeting

The Committee is to meet at least once a year.

Terms of Reference

- To review that the existing level of remuneration of Executive Directors is compatible with their corporate and individual performance.
- To recommend to the Board of Directors the remuneration of Executive Directors which is structured to link rewards to corporate and individual performance. Executive Directors should play no part in decisions on their own remuneration.
- In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the particular Non-Executive Director(s) concerned. Determination of remuneration packages shall be a matter for the Board as a whole. The individual(s) concerned shall abstain from discussion of their own remuneration.
- The Company shall establish a formal and transparent procedure on Executive Directors' remuneration and fix the remuneration packages of individual 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 to 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 Committee 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 2004.

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.
- must have a degree/masters/doctorate in accounting or finance and at least 3 years' post qualification experience in accounting or finance; or
- must have 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 financial affairs of a 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 Requirements, the vacancy must be filled within 3 months.

The Audit Committee consists of the following members:

Name	Designation
Dr Choong Tuck Yew (Independent Non-Executive Director)	Chairman
Dato' Mohamed Tarmizi Bin Mohd Tahir (Independent Non-Executive Director)	Member
Mr Wong Chong Kim (Executive Director)	Member
Datuk Silvalingam A/L Munusamy (Independent Non-Executive Director) (Appointed on 16 April 2004 and deceased on 26 July 2004)	Member

TERMS OF REFERENCE

Duties and functions

- 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 judgmental 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 2004, 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
Datuk Silvalingam A/L Munusamy	1 / 1
(Appointed on 16 April 2004 and deceased on 26 July 2004)	

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 Group Internal Audit Department ("GIA") to ensure that the GIA is adequately staffed by employees with the relevant skills, knowledge and experience to enable the GIA 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, approval of 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 GIA 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 situations that arose within the Company or Group including any transactions, procedures or course of conduct that raised questions of management integrity which were incurred during the financial year were done in the ordinary course of business.
8. Reviewed and verified the allocation of Employee Share Option Scheme as per Listing Requirements.

INTERNAL AUDIT FUNCTION

The Board recognised 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 (IA) had been established by the Board since 1994. In the year 1999, the Board set up an IT Audit after considering the advancement of IT technology applicable to the financial industry. It was the duty of the Audit Committee ("AC") and Board to ensure that sufficient staff had been allocated to this department. The GIA had introduced risk based auditing approach with Risk Focused Audit Programme in order to ensure that the principal risks were being established and mapped with the existing system of internal control. The GIA carried out its duties according to the Annual Audit Plan, and areas of concern that needed further improvement were highlighted in the audit report and discussed in the AC meetings openly. The Board has via the AC evaluated the effectiveness of the IA by reviewing the results of its work in the AC meetings.

STATEMENT OF COMPLIANCE OF EMPLOYEE SHARE OPTION SCHEME (ESOS) ALLOCATION

The Audit Committee confirms that the criteria of allocation of the ESOS has been verified by the Audit Committee via GIA and hereby confirms that the allocation of this ESOS was in compliance with the criteria disclosed by the Company to its employees.

Statement On The State of Internal Control

INTRODUCTION

The Malaysia 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 Bursa Malaysia Securities Berhad's ("Bursa Securities") Revamped Listing Requirements require directors of listed companies to include a statement in their annual reports on the state of their internal controls. The Bursa Securities' 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

The Board recognises the importance of a sound system of internal controls to good corporate governance and acknowledges its primary responsibility to ensure that risks related to the Group are identified, measured, managed with appropriate system of internal controls, and reviewed for the effectiveness, adequacy and integrity of this system on an on-going basis. The Board also acknowledges that a sound system of internal controls reduces, but can not 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 occurrences 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.

TYPES OF RISKS

There is no significant change in the principal business activity of the Group compared with previous year. The main activity came from stockbroking, followed by properties development, venture capital, unit trust, futures trading and capital financing.

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 and fixed income activities by virtue of the Group's activities in underwriting, investments and proprietary trading.
Credit Risk	Credit risk is the risk of economic loss due to the failure of counterparty to fulfill its obligations under a contractual agreement with the Group. At OSK, credit risk comes mainly in the form of settlement risk, margin financing default risk, concentration credit risk and credit assessment risk.
Operational Risk	Operational risk is the risk of opportunity cost or economic loss due to inadequate procedures and policies, system failure, human error, lack of basic internal control, settlement failure, liquidity problem, non-compliance with the rules and regulations, management failure, unauthorised activities, fraud in trading, failure in legal suit, etc.

RISK MANAGEMENT

The Board confirms that an on-going process for identifying, measuring and managing the Group's principal risks has operated throughout the year under review 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 GIA Department. 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.
- Risk Management Department / Risk Management Committee, is 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 are 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 on-going 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 Project Department established in the property development company is primarily in charge of managing operational risk in areas like budgeting, tendering, monitoring of construction works, timely delivery of units to purchasers, etc. 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 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 calibre 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;
- 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;
- Documented policies, procedures, limits of Approving Authorities ("AA") for key aspects of the businesses. 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;
- Establishment of an effective segregation of duties via independent checks, review and reconciliation activities to prevent human errors, fraud and abuses;
- 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 and 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;
- GIA Department independently reviews the risk identification procedures and control processes implemented by management, and reports to the Audit Committee on a quarterly basis. The GIA Department 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 and no significant problem in internal control was noted during the period under review. However, there was a loss provision of approximately RM 52 million in one of the subsidiaries due to a loss in a legal suit for an asset swap transaction executed in year 1992. The company has filed in an appeal to the Court of Appeal and has also filed in an application for stay of execution of the judgement pending the appeal.

Moving forward, the Group will endeavour to continue improving and enhancing the existing system of internal control taking into consideration of the changing business environment.

Additional Disclosure

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Details of the Group's recurrent related party transactions made during the financial year ended 31 December 2004 pursuant to the shareholders' mandate obtained by the Company at the Annual General Meeting held on 8 April 2004 are as follows:

Name of Company/ Group	Nature of Transaction	Name of Related Party	Relationship with OSK - Interested Directors(ID), Major Shareholders(MS) and Persons Connected(PC)	Value of Transactions ¹ (RM)
Part A : Renewal of Shareholders' Mandate for Recurrent Related Party Transactions				
OSK Group	Rental of office space by the PJD Group	PJD Group (See Note 14)	OLH(ID/MS), WCK(ID), WCC (ID), DT(ID), KCM(PC), WCS(PC), (See Note 2)	1,020,138
OSK Group	Construction works / buildings materials for project development and office renovation and maintenance by the PJD Group	PJD Group (See Note 14)	OLH(ID/MS), WCK(ID), WCC(ID), DT(ID), KCM(PC), WAC(PC), WCS(PC) (See Note 2)	14,647,696
OSK Group	Provision of project management services by the PJD Group	PJD Group (See Note 14)	OLH(ID/MS), WCK(ID), WCC(ID), DT(ID), KCM(PC), WAC(PC), WCS(PC) (See Note 2)	964,250
OSK Group	Provision of information technology services by the PJD Group	PJD Group (See Note 14)	OLH(ID/MS), WCK(ID), WCC(ID), DT(ID), KCM(PC), WAC(PC), WCS(PC), (See Note 2)	5,622
OSK Group	Construction works / buildings materials for project development and office renovation and maintenance by Dindings Group	Dindings Group (See Note 14)	OLH(ID/MS), WCK(ID), WCC(ID), KCM(PC), WAC(PC) (See Note 3)	3,203,776
OSK Group	Rental of office space by the Dindings Group	Dindings Group (See Note 14)	OLH(ID/MS), WCK(ID), WCC(ID), KCM(PC), WAC(PC) (See Note 4)	96,877
OSK Group	Provision of legal services by Cheang & Ariff	Cheang & Ariff	LTB(ID) (See Note 4)	236,805

Name of Company/ Group Involved	Nature of Transaction	Name of Related Party	Relationship with OSK - Interested Directors(ID), Major Shareholders(MS) and Persons Connected(PC)	Value of Transactions ¹ (RM)
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Part A : Renewal of Shareholders' Mandate for Recurrent Related Party Transactions (Cont'd)

OSKS	Rental of office space by OSK Group	PJD Group (See Note 14)	OLH(ID/MS), WCK(ID), KCM(PC), (See Note 6)	26,400
OSKS	Rental of office space by OSK-UOB	OSK-UOB	OLH(MS/ID) (See Note 6)	155,095

Part B : New Shareholders' Mandate for Recurrent Related Party Transactions

OSK Group	Annual fee, hosting fee, quarterly online trading user access fee, website development and consultancy management fee	Finexasia	(See Note 6)	4,694,175
KZH	Rental of office and parking space by OSK-UOB	OSK-UOB	OLH(ID/MS) (See Note 7)	435,933
KZH	Rental of office space by Finexasia	Finexasia	(See Note 8)	24,168
KZH	Rental of parking space by Stock188	Stock188	WCK(ID) (See Note 9)	1,512
KZH	Rental of office and parking space by OSKVE	OSKVE	OLH(ID/MS) (See Note 10)	78,678
KZH	Rental of office and parking space by OSKT	OSKT	(See Note 11)	79,464
OSKS	Rental paid for storage space to Golden Parade Sdn Bhd	Golden Parade Sdn Bhd	OLH(ID/MS), KCM(PC) (See Note 12)	29,350

Name of Company/ Group Involved	Nature of Transaction	Name of Related Party	Relationship with OSK - Interested Directors(ID), Major Shareholders(MS) and Persons Connected(PC)	Value of Transactions ¹ (RM)
Part B : New Shareholders' Mandate for Recurrent Related Party Transactions (Cont'd)				
OSKS	Brokerage on share trading received from PJD Group	PJD Group (See Note 14)	OLH(ID/MS), WCK(ID), KCM(PC), WAC(PC), WCS(PC) (See Note 2)	92,911
OSKS	Rental of office space by OSKS	OSKPH Group	OLH(ID/MS), WCK(ID) (See Note 13)	40,000

Notes:

- 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.
- Mr Ong Leong Huat @ Wong Joo Hwa (OLH), Mr Wong Chong Kim (WCK) and Mr Wong Chong Che (WCC), directors of OSK Holdings Berhad ("OSK"), are the brothers of Mr Wong Ah Chiew (WAC) and Mr Wong Chong Shee (WCS), who in turn are directors of PJ Development Holdings Berhad ("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 16 February 2005, 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 16 February 2005 are 28.82%, 0.07%, 1.52% and 0% respectively.
- WAC and KCM are directors and major shareholders of Dindings Consolidated Sdn Bhd ("DCSB" or "Dindings"). As at 16 February 2005, their shareholdings in DCSB are 17.46% and 30.70%, respectively. WAC is the brother of OLH, WCK and WCC, who in turn are directors of OSK. KCM is the wife of OLH.
- 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 OSK Securities Berhad ("OSKS").
- OSK-UOB Unit Trust Management Berhad ("OSK-UOB") is a 70% owned subsidiary of OSKS while OLH is the director of OSKS and OSK-UOB.
- Finexasia.com Sdn Bhd ("Finexasia") is a 88.02% owned subsidiary of OSKS.
- KE-ZAN Holdings Berhad ("KZH") is the wholly-owned subsidiary of OSK, while OSK-UOB is a 70% owned subsidiary of OSKS.
- KZH is the wholly-owned subsidiary of OSK while Finexasia is a 88.02% owned subsidiary of OSK Group.
- Stock188.com Sdn Bhd ("Stock188") is a wholly-owned subsidiary of Finexasia, while WCK is the director of KHB and Stock188.
- KZH is the subsidiary of OSK while OSK Venture Equities Sdn Bhd ("OSKVE") is a wholly-owned subsidiary OSK Ventures International Berhad ("OSKVI") which in turn is a subsidiary of OSK. OLH is the director of KHB, OSKVE and OSKVI.
- OSK Trustees Berhad (formerly known as OSK-Signet Trustees Berhad) ("OSKT") is a subsidiary of OSK Group through the shareholdings held by OSK (20%), OSKS (20%), OSK Nominees (Tempatan) Sdn Berhad ("OSKNT") (20%), KE-ZAN Nominees (Tempatan) Sdn Bhd ("KNT") (20%) and TCL Nominees (Tempatan) Sdn Bhd ("TCLNT") (20%) upon the completion of the acquisition of the rest of 50% equity interest from Symphony House Berhad on 17 September 2004. OSKNT, KNT and TCLNT are the wholly-owned subsidiaries of OSKS.
- KCM is the major shareholder of Golden Parade Sdn Bhd who in turn is the wife of OLH, director of OSKS and OSK.
- OSKS, a wholly-owned subsidiary company of OSK, is renting an office space at No. 62 & 64, Vista Magna, Jalan Prima, Metro Prima, 52100 Kuala Lumpur from OSK Properties Sdn Bhd, a wholly-owned subsidiary company of OSK Property Holdings Berhad ("OSKPH"). OLH and WCK are the directors of OSK, OSKPH and OSKS.
- The principal activities of PJD Group comprise of property development and construction, hotel/resort management and manufacturing. The principal activities of the DCSB Group is in investment holdings, insurance and construction.

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

Save as disclosed below, there were no material contract(s) entered into by the Company or its subsidiaries involving directors' and substantial shareholders' interest in the financial year ended 31 December 2004.

- (1) On 30 December 2003, OSK Ventures International Berhad ("OSKVI"), a subsidiary of OSK Holdings Berhad ("OSKH") entered into a Conditional Sale and Purchase Agreement with OSKH for the following acquisitions from OSKH:

(a) the entire issued and paid-up capital of OSK Venture Equities Sdn Bhd, a wholly-owned subsidiary of OSKVI, comprising 10,000,000 ordinary shares of RM1.00 each for a consideration of RM13,144,032 to be satisfied through the issuance of 131,440,320 new OSKVI shares of RM0.10 each issued at par;

(b) the entire issued and paid-up capital of OSK Technology Ventures Sdn Bhd, a wholly-owned subsidiary of OSKVI comprising 150,000 ordinary shares of RM1.00 each for a consideration of RM2,637,864 to be satisfied through the issuance of 26,378,640 new OSKVI shares of RM0.10 at par;

(c) the entire issued and paid-up capital of OSK Private Equity Management Sdn Bhd, a wholly-owned subsidiary of OSKVI comprising 150,000 ordinary shares of RM1.00 each for a consideration of RM162,903 to be satisfied through the issuance of 1,629,030 new OSKVI shares of RM0.10 at par.

Relationship

OSKH is a substantial shareholder of OSKVI, which in turn is a subsidiary of OSKH and is now listed on the MESDAQ Market. Dato' Nik Mohamed Din bin Datuk Nik Yusoff, Mr Ong Leong Huat @ Wong Joo Hwa and Mr Wong Chong Kim are the directors in OSKH and OSKVI. Mr Ong Leong Huat @ Wong Joo Hwa is also a major shareholder of OSKVI and OSKH.

- (2) On 30 April 2004, OSK Realty Sdn Bhd ("OSKR"), a wholly-owned subsidiary of OSKH ("Vendor") and KE-ZAN Holdings Berhad ("KZH"), a wholly owned subsidiary of OSKH ("Purchaser") executed a Sale and Purchase Agreement for the purchase of a piece of freehold land under Lot 148 Seksyen 43, Bandar Kuala Lumpur, Negeri Wilayah Persekutuan ("the Land") together with the office complex comprising of a 24 storey building and a 3 storey building annexed ("the Building") at a total cash consideration of RM125,000,000 (comprising of RM45,000,000 for the Land and RM80,000,000 for the Building).

Relationship

Both OSKR and KZH are wholly-owned subsidiaries of OSKH. Mr Ong Leong Huat @ Wong Joo Hwa and Mr Wong Chong Kim are the directors in OSKR and KZH while Mr Ong Leong Huat @ Wong Joo Hwa is deemed interested in OSKR and KZH by virtue of his substantial shareholdings in OSKH.

- (3) On 19 October 2004, OSKH ("Vendor") and OSK Property Holdings Berhad ("OSKPH"), a subsidiary of OSKH ("Purchaser") entered into a conditional Sale and Purchase Agreement for the proposed disposal of its 100% equity interest in KZH, a wholly-owned subsidiary of OSKH comprising 105,750,000 ordinary shares of RM1.00 each for a consideration of RM138,561,086, to be satisfied by 110,848,869 new OSKPH ordinary shares of RM1.00 each at the issue price of RM1.25 per share.

Relationship

OSKPH is a subsidiary of OSKH. Dato' Nik Mohamed Din bin Datuk Nik Yusoff, Mr Ong Leong Huat @ Wong Joo Hwa and Mr Wong Chong Kim are the directors in OSKH and OSKPH while Mr Ong Leong Huat @ Wong Joo Hwa is the substantial shareholder of OSKH and OSKPH.

NON-AUDIT FEES

The non-audit fees paid by the Company to external auditors for the financial year ended 31 December 2004 are disclosed in Note 29 to the financial statements.

PROFIT FORECAST / PROFIT GUARANTEE

The Company did not issue any profit forecast in any public documents during the current financial year.

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 2004, 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 considered all relevant approved accounting standards have been followed in the preparation of these financial statements.

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



Financial Statements

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Directors' Report

for the financial year ended 31 December 2004

The directors have the 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 2004.

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The principal activities of the subsidiary and associated companies are described in Note 44 of the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year	25,236,748	71,831,518

DIVIDENDS

Dividends paid and declared by the Company since the end of the previous financial year are as follows:-

- (i) A final dividend of 5.0 sen per share less 28% income tax amounting to RM21,261,833 in respect of the financial year ended 31 December 2003 was approved by the shareholders at the Annual General Meeting on 8 April 2004 and paid on 17 June 2004.
- (ii) An interim dividend of 5.0 sen per share less 28% income tax amounting to RM20,579,564 in respect of the financial year ended 31 December 2004 was paid on 20 September 2004.
- (iii) The Board of Directors recommends a final share dividend for the financial year ended 31 December 2004 on the basis of one (1) treasury share for every forty five (45) ordinary shares held, to be approved by the shareholders at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those 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 would 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 41 to the financial statements.

SUBSEQUENT EVENTS

Subsequent events are disclosed in Note 42 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 each arising from the following:

	Number of shares
Conversion of 6% Irredeemable Convertible Unsecured Loan Stocks 2000/2005	1,418,159
Exercise of Warrant A 1994/2004	98,248,206
Exercise of Executive Share Option Scheme	2,496,100
	102,162,465

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 8 April 2004 approved the renewal of authorisation for the aforesaid shares buy-back exercise. In accordance with the guidelines of Bursa Malaysia Securities Berhad ("Bursa Securities") 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 18 May 2004 and 23 November 2004 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.

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 Bursa Securities or cancel the shares in accordance with Section 67A of the Companies Act, 1965. Pursuant to a special resolution and announcement dated 12 August 2004, 35,482,600 ordinary shares repurchased at a total value of RM56,528,812 (representing the cumulative treasury shares held as at 30 June 2004) were cancelled in accordance with Section 67A of the Companies Act, 1965.

Number of treasury shares held as at the end of the financial year are 13,946,400 (2003: 28,756,100) at a total cost of RM21,449,891 (2003: RM45,891,586). The highest, lowest and average price paid for the shares repurchased were RM1.70, RM1.43 and RM1.54 (2003: RM1.98, RM1.28 and RM1.60) per share respectively. The repurchase transactions were financed by internally generated funds.

OPTIONS GRANTED OVER UNISSUED SHARES AND DEBENTURES

(a) Warrant A 1994/2004

Options granted by way of a detachable Warrant A with the issue of 7% Redeemable Unsecured Bonds 1994/1999 on 23 March 1994 which were extended by an additional period of 5 years pursuant to a circular dated 22 December 1998 had expired on 22 March 2004.

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

- (i) Each warrant entitled the holder to subscribe for 1 new ordinary share of RM1 each in the Company at an adjusted price of RM1.20 (2003: RM1.20*) per share;

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

(a) Warrant A 1994/2004 (Cont'd)

- (ii) The Warrant A 1994/2004 were 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 thereafter rank pari passu with the existing ordinary shares of the Company, adjustment of the Exercise Price in certain circumstances, quotation on Bursa Securities and other terms and conditions pertaining to the Warrant A 1994/2004 were 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 were available for inspection at the registered office of the Company;
- (iv) During the current financial year, 98,248,206 Warrant A have been exercised at RM1.20 each for subscription of 98,248,206 new ordinary shares of RM1 each. The remaining 3,540,810 Warrant A unexercised as at 22 March 2004 have lapsed. At the end of the previous financial year, the total number of Warrant A remaining unexercised were 101,789,016.

(b) Warrant B 2000/2010

Pursuant to an abridged prospectus dated 7 January 2000, options were granted by way of a detachable Warrant B with the issue of 3.5% Redeemable Unsecured Bonds 2000/2005 and 6% Irredeemable Convertible Unsecured Loan Stocks 2000/2005 on 2 March 2000. Pursuant to a Special Resolution passed at the Extraordinary General Meeting of Warrantholders on 9 November 2004, duration and exercise period of Warrant B has been extended by five years from 1 March 2005 up to and including 1 March 2010.

Statutory information concerning the Warrant B 2000/2010 is set out below:-

- (i) Each warrant entitles the holder to subscribe for 1 new ordinary share of RM1 each in the Company at a price of RM2.28 (2003: RM2.28*) per share;
- (ii) The Warrant B 2000/2010 may be exercised at any time during normal business hours up to 5.00 pm on 1 March 2010;
- (iii) Full provisions regarding the transferability of Warrant B 2000/2010 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 Bursa Securities and other terms and conditions pertaining to the Warrant B 2000/2010 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 2000/2010 remaining outstanding at the end of the financial year was 101,423,826 (2003: 101,423,826).

* Pursuant to the capital distribution in 2002 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 1 OSKPH share for 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.

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

(c) Executive Share Option Scheme

During the previous and current financial years, 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 percent (10%) from the weighted average of the market quotation of the Company's shares in the daily list issued by Bursa Securities 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 current financial year is as follows:

Date of offer	Option price RM	As at 1.1.2004	Granted	Exercised	Forfeited	As at 31.12.2004
27.6.2003	1.33	7,944,500	-	(2,422,500)	(111,500)	5,410,500
16.3.2004	1.95	-	11,628,200	(73,600)	(505,600)	11,049,000

The Company is exempted from disclosing information as required by Section 169(11) of the Companies Act, 1965 other than as indicated below pursuant to approval from the Companies Commission of Malaysia dated 8 October 2004:

OPTIONS GRANTED OVER UNISSUED SHARES AND DEBENTURES (CONT'D)**(c) Executive Share Option Scheme (Cont'd)****ESOS granted during the current financial year (200,000 options and above)**

Name	As at 1.1.2004	Granted	Exercised	Forfeited	As at 31.12.2004
1. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	-	350,000	-	-	350,000
2. Ong Leong Huat @ Wong Joo Hwa	-	350,000	-	-	350,000
3. Wong Chong Kim	-	350,000	-	-	350,000
4. Mohd. Idris bin Ahmad Jais	-	262,500	-	-	262,500
5. Diong King Kuang	-	262,500	-	-	262,500
6. Loh Siew Hooi	-	262,500	-	-	262,500

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

Datuk Sivalingam A/L Munusamy (appointed on 16 April 2004, deceased on 26 July 2004)

In accordance with Article 102(1) of the Company's Articles of Association, Mr. Ong Leong Huat @ Wong Joo Hwa and Dr. Choong Tuck Yew 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, warrants, debentures and options of the Company and its subsidiary companies during the financial year as follows:-

DIRECTORS' INTERESTS (CONT'D)**(i) The Company**

	Number of Ordinary Shares of RM1 each		
	As at 1.1.2004	Acquired	Disposed As at 31.12.2004
Direct Interest			
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	14,637,241	2,034	(1,130,000)
Ong Leong Huat @ Wong Joo Hwa	124,773,666	39,723,904	-
Dato' Nik Mohamed bin Nik Yahya	4,661,782	305,918	(254,653)
Wong Chong Kim	16,083,333	75,000	(15,750,000)
Wong Chong Che	8,691,666	-	-

Indirect Interest

Wong Chong Kim	-	236,866	-
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	Number of Warrant A 1994/2004		
	As at 1.1.2004	Acquired	Disposed/ Exercised As at 31.12.2004
Direct Interest			
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	472,034	-	(472,034)
Ong Leong Huat @ Wong Joo Hwa	39,608,360	115,544	(39,723,904)
Dato' Nik Mohamed bin Nik Yahya	155,918	-	(155,918)
Wong Chong Kim	75,000	-	(75,000)

Indirect Interest

Wong Chong Kim	120,666	76,200	(196,866)
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Each Warrant A 1994/2004 entitled the registered holder to subscribe for 1 new ordinary share in the Company at an exercise price of RM1.20 per share, at any time before the expiry date of 22 March 2004. Unexercised Warrant A had lapsed on 22 March 2004.

	Number of Warrant B 2000/2010		
	As at 1.1.2004	Acquired	Disposed/ Exercised As at 31.12.2004
Direct Interest			
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	3,596,810	-	-
Ong Leong Huat @ Wong Joo Hwa	35,857,915	-	-
Dato' Nik Mohamed bin Nik Yahya	650,782	-	(275,000)

Each Warrant B 2000/2010 entitles the registered holder to subscribe for 1 new ordinary share in the Company at an exercise price of RM2.28 per share, at any time before the expiry date of 1 March 2010.

DIRECTORS' INTERESTS (CONT'D)

	Number of 6% ICULS 2000/2005		
	As at 1.1.2004	Acquired	As at 31.12.2004
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	395,000	36,252,915
Dato' Nik Mohamed bin Nik Yahya	1,208,782	-	1,208,782
Wong Chong Kim	17,666	-	17,666
Indirect Interest			
Wong Chong Kim	-	86,500	86,500

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

	Number of Options over Ordinary Shares of RM1 each		
	As at 1.1.2004	Granted	As at 31.12.2004
Direct Interest			
Dato' Nik Mohamed Din bin Datuk			
Nik Yusoff	300,000	350,000	650,000
Ong Leong Huat @ Wong Joo Hwa	300,000	350,000	650,000
Dato' Nik Mohamed bin Nik Yahya	150,000	163,000	(150,000) 163,000
Wong Chong Kim	300,000	350,000	650,000
Wong Chong Che	170,700	73,600	244,300

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

(ii) Subsidiary company**OSK Property Holdings Berhad ("OSKPH")**

	Number of Ordinary Shares of RM1 each		
	As at 1.1.2004	Acquired	As at 31.12.2004
Direct Interest			
Dato' Nik Mohamed Din bin Datuk			
Nik Yusoff	1,328,294	-	1,328,294
Ong Leong Huat @ Wong Joo Hwa	6,343,059	-	6,343,059
Dato' Nik Mohamed bin Nik Yahya	400,647	-	400,647
Wong Chong Kim	875,757	-	875,757
Wong Chong Che	140,878	-	140,878
Indirect Interest			
Wong Chong Kim	4,300	16,400	20,700

DIRECTORS' INTERESTS (CONT'D)

	Number of Warrant 2004/2009		
	As at 1.1.2004	Acquired	Disposed/ Exercised
Direct Interest			
Dato' Nik Mohamed Din bin Datuk			
Nik Yusoff	-	141,420	-
Ong Leong Huat @ Wong Joo Hwa	-	7,265,443	-
Dato' Nik Mohamed bin Nik Yahya	-	200,323	(200,300)
Wong Chong Kim	-	438,000	-
Indirect Interest			
Wong Chong Kim	-	5,600	-

Each Warrant 2004/2009 entitles the registered holder to subscribe for 1 new ordinary share in OSKPH at an exercise price of RM1.10 per share, at any time before the expiry date of 5 April 2009.

(iii) Subsidiary company**OSK Ventures International Berhad**

	Number of Ordinary Shares of RM0.10 each		
	As at 1.1.2004	Subscribed/ Acquired	Disposed
Direct Interest			
Dato' Nik Mohamed Din bin Datuk			
Nik Yusoff	-	3,000,000	-
Ong Leong Huat @ Wong Joo Hwa	-	3,000,000	-
Dato' Nik Mohamed bin Nik Yahya	-	3,000,000	-
Wong Chong Kim	-	3,000,000	-
Wong Chong Che	-	769,000	-
Dr. Choong Tuck Yew	-	375,000	-
Indirect Interest			
Wong Chong Kim	-	600,000	-

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:-

	Number of Ordinary Shares of RM1 each		
	As at 1.1.2004	Acquired	Disposed
Finexasia.com Sdn. Bhd.	10,000,000	-	-
K.E. Malaysian Capital Partners Sdn.Bhd.	300,000	-	-
OSK Property Holdings Berhad	58,156,436	1,785,364	-
OSK-UOB Unit Trust Management Berhad	7,000,000	-	-

DIRECTORS' INTERESTS (CONT'D)

	Number of Ordinary Shares of RM0.10 each			
	As at 1.1.2004	Acquired	Disposed	As at 31.12.2004
OSK Ventures International Berhad	20	843,442,280	-	843,442,300

Dato' Mohamed Tarmizi bin Mohd. Tahir did not hold any shares, warrants, debentures or options of 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 or the fixed salary of full time employees of subsidiary companies) 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 changed their name to Peter I.M. Chieng & Co. and 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, Malaysia

17 February 2005

Balance Sheets

as at 31 December 2004

		Group		Company	
	Note	2004 RM	2003 RM	2004 RM	2003 RM
PROPERTY, PLANT AND EQUIPMENT	4	210,938,103	201,912,618	-	-
LAND HELD FOR PROPERTY DEVELOPMENT	5	188,808,165	180,280,210	-	-
INVESTMENTS IN SUBSIDIARY COMPANIES	6(a)	-	-	1,077,456,431	996,843,743
INVESTMENTS IN ASSOCIATED COMPANIES	7(a)	3,813,549	2,557,890	2,127,550	1,300,000
OTHER INVESTMENTS	8	28,384,413	3,078,200	9,649,731	-
SECURITY DEPOSIT	9	1,000,000	1,000,000	-	-
DEVELOPMENT COST	10	3,983,598	4,979,497	-	-
DEFERRED TAX ASSETS	11(a)	449,555	36,704	-	-
INTANGIBLE ASSETS	12	175,961,766	185,919,360	-	-
CURRENT ASSETS					
Property development costs	5	57,460,546	54,274,802	-	-
Trade receivables	13	622,146,778	729,641,981	-	-
Other receivables, deposits and prepayments	14	36,382,382	21,268,067	121,293	665,703
Tax recoverable		4,605,881	7,914,920	1,511,211	3,261,862
Amount due from subsidiary companies	6(b)	-	-	103,864,112	264,553,556
Amount due from an associated company	7(b)	30,390	-	30,390	-
Investments in securities	15	416,973,585	21,556,118	2,512,309	-
Fund manager's stocks	16	1,557,410	3,353,568	-	-
Cash, bank balances and deposits					
- General accounts	17(a)	383,600,845	163,277,356	62,723,851	41,569,481
- Segregated accounts	17(b)	149,780,330	116,109,361	-	-
		1,672,538,147	1,117,396,173	170,763,166	310,050,602
Less:					
CURRENT LIABILITIES					
Trade payables	18	248,986,058	224,126,389	-	-
Other payables, deposits and accruals	19	130,546,327	69,127,694	3,165,972	3,267,08
Amount due to subsidiary companies	6(c)	-	-	61,860,674	229,065,325
Short term borrowings	20(a)	489,649,712	154,398,067	101,423,995	-
Tax payable		9,854,783	10,223,962	-	-
		879,036,880	457,876,112	166,450,641	232,332,409
NET CURRENT ASSETS					
		793,501,267	659,520,061	4,312,525	77,718,193
		1,406,840,416	1,239,284,540	1,093,546,237	1,075,861,936

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

BALANCE SHEETS (CONT'D)

		Group		Company	
	Note	2004 RM	2003 RM	2004 RM	2003 RM
CAPITAL AND RESERVES					
Share capital	21	584,777,720	518,097,855	584,777,720	518,097,855
Reserves	22	464,366,110	423,537,013	437,986,308	406,766,168
Less: Treasury shares	23	(21,449,891)	(45,891,586)	(21,449,891)	(45,891,586)
SHAREHOLDERS' FUNDS		1,027,693,939	895,743,282	1,001,314,137	878,972,437
MINORITY INTERESTS		210,915,752	93,800,975	-	-
LONG TERM LIABILITIES					
3.5% Redeemable Unsecured Bonds 2000/2005	20(a)	-	101,423,995	-	101,423,995
6% Irredeemable Convertible Unsecured Loan Stocks 2000/2005	24	92,232,100	95,465,504	92,232,100	95,465,504
Seven(7)-Year Serial Al-Bai' Bithaman Ajil Islamic Debt Securities	25	46,681,342	-	-	-
Long term borrowings	20(b)	-	22,500,000	-	-
Deferred tax liabilities	11(b)	29,317,283	30,350,784	-	-
		1,406,840,416	1,239,284,540	1,093,546,237	1,075,861,936

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

Income Statements

for the financial year ended 31 December 2004

		Group		Company	
	Note	2004 RM	2003 RM	2004 RM	2003 RM
Revenue	26	387,604,787	343,766,435	98,015,028	14,083,351
Direct costs	27	(149,552,301)	(153,412,825)	-	-
Gross profit		238,052,486	190,353,610	98,015,028	14,083,351
Other operating income	28	37,829,033	24,701,105	5,713,994	221
Administrative expenses	29	(120,130,698)	(96,065,898)	(1,008,816)	(710,915)
Other operating expenses	30	(71,715,469)	(24,089,301)	-	-
Profit from operations		84,035,352	94,899,516	102,720,206	13,372,657
Finance costs	31	(25,984,939)	(15,362,743)	(9,139,947)	(9,367,401)
		58,050,413	79,536,773	93,580,259	4,005,256
Share of profit of associated companies		1,018,276	736,614	-	-
Profit before taxation		59,068,689	80,273,387	93,580,259	4,005,256
Tax expense	32	(30,208,269)	(25,026,525)	(21,748,741)	(342,211)
Profit after taxation		28,860,420	55,246,862	71,831,518	3,663,045
Minority interests		(3,623,672)	(4,740,876)	-	-
Profit for the financial year		25,236,748	50,505,986	71,831,518	3,663,045
Earnings per share (sen)	33				
Basic		4.49	10.37		
Fully diluted		4.45	8.94		

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

Statement of Changes in Equity - Group

for the financial year ended 31 December 2004

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OSK Holdings Berhad
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	Share capital (Note 21) RM	Capital redemption reserve (Note 22) RM	Share premium (Note 22) RM	Reserve on consolidation (Note 22) RM	Retained profits (Note 22) RM	Treasury shares (Note 23) RM	Total RM
At 1 January 2003	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 financial year	-	-	-	-	50,505,986	-	50,505,986
Dividends paid (Note 34)	-	-	-	-	(17,557,467)	-	(17,557,467)
Shares repurchased	-	-	-	-	-	(2,128,200)	(2,128,200)
At 31 December 2003/ 1 January 2004	518,097,855	23,437,000	64,407,228	12,465,901	323,226,884	(45,891,586)	895,743,282
Conversion of 6% ICULS	1,418,159	-	1,815,245	-	-	-	3,233,404
Exercise of Warrant A	98,248,206	-	19,649,641	-	-	-	117,897,847
Exercise of ESOS	2,496,100	-	869,345	-	-	-	3,365,445
Acquisition of additional shares in subsidiary companies	-	-	-	56,203,727	-	-	56,203,727
Profit for the financial year	-	-	-	-	25,236,748	-	25,236,748
Dividend paid (Note 34)	-	-	-	-	(41,841,397)	-	(41,841,397)
Shares repurchased	-	-	-	-	-	(32,087,117)	(32,087,117)
Cost of treasury shares cancelled	-	-	(56,528,812)	-	-	56,528,812	-
Treasury shares cancelled and redemption reserve transfer	(35,482,600)	35,482,600	-	-	-	-	-
Professional expenses incurred for extension of warrants	-	-	(58,000)	-	-	-	(58,000)
At 31 December 2004	584,777,720	58,919,600	30,154,647	68,669,628	306,622,235	(21,449,891)	1,027,693,939
Total equity at 31 December 2004 is analysed as follows:							
Non-distributable	584,777,720	58,919,600	30,154,647	68,669,628	-	(21,449,891)	721,071,704
Distributable	-	-	-	-	306,622,235	-	306,622,235
	584,777,720	58,919,600	30,154,647	68,669,628	306,622,235	(21,449,891)	1,027,693,939

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

Statement of Changes in Equity - Company

for the financial year ended 31 December 2004

	Share capital (Note 21) RM	Capital redemption reserve (Note 22) RM	Share premium (Note 22) RM	Retained profits (Note 22) RM	Treasury shares (Note 23) RM	Total RM
At 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
Dividends paid (Note 34)	-	-	-	(17,557,467)	-	(17,557,467)
Shares repurchased	-	-	-	-	(2,128,200)	(2,128,200)
At 31 December 2003/ 1 January 2004	518,097,855	23,437,000	64,407,228	318,921,940	(45,891,586)	878,972,437
Conversion of 6% ICULS	1,418,159	-	1,815,245	-	-	3,233,404
Exercise of Warrant A	98,248,206	-	19,649,641	-	-	117,897,847
Exercise of ESOS	2,496,100	-	869,345	-	-	3,365,445
Profit for the financial year	-	-	-	71,831,518	-	71,831,518
Dividend paid (Note 34)	-	-	-	(41,841,397)	-	(41,841,397)
Shares repurchased	-	-	-	-	(32,087,117)	(32,087,117)
Cost of treasury shares cancelled	-	-	(56,528,812)	-	56,528,812	-
Treasury shares cancelled and redemption reserve transfer	(35,482,600)	35,482,600	-	-	-	-
Professional expenses incurred for extension of warrants	-	-	(58,000)	-	-	(58,000)
At 31 December 2004	584,777,720	58,919,600	30,154,647	348,912,061	(21,449,891)	1,001,314,137
Total equity at 31 December 2004 is analysed as follows:						
Non-distributable	584,777,720	58,919,600	30,154,647	-	(21,449,891)	652,402,076
Distributable	-	-	-	348,912,061	-	348,912,061
	584,777,720	58,919,600	30,154,647	348,912,061	(21,449,891)	1,001,314,137

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

Cash Flow Statement - Group

for the financial year ended 31 December 2004

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	2004 RM	2003 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	59,068,689	80,273,387
Adjustments for:-		
Accretion of discount on BalDS	1,547,273	-
Allowance for bad and doubtful debts	3,186,971	2,569,993
Allowance for bad and doubtful debts written back	(1,126,129)	(7,267,628)
Adjustment on property, plant and equipment	-	26,454
Capital gain on shares from KLSE demutualisation	(24,984,303)	-
Impairment loss on marketable securities written back	(153,956)	(13,587,184)
Impairment loss on fund manager's stocks written back	(99,597)	-
Amortisation of:-		
- development costs	995,899	995,899
- goodwill on consolidation	7,641,034	6,101,018
- MESDAQ adviser and sponsor admission fee	10,000	10,000
- purchased goodwill	2,395,698	2,395,698
Bad debts written off	16,580	495,937
Depreciation of property, plant and equipment	10,939,628	11,577,668
Gain on disposal of plant and equipment	(54,580)	(142,918)
(Gain)/Loss from disposal of securities in equity and futures markets	(29,989)	9,571,432
Gross dividend income	(223,228)	(481,423)
Impairment loss on marketable securities	1,480,055	1,448,752
Impairment loss on fund manager's stocks	-	100,227
Interest expense	17,799,538	12,833,174
Interest income	(57,577,014)	(36,287,071)
Profit payment on BalDS	2,824,734	-
Property, plant and equipment written off	531,762	13,972
Provision for compensation for legal suit	55,199,444	-
Share of profit of associated companies	(1,018,276)	(736,614)
Operating profit before working capital changes	78,370,233	69,910,773
Increase in land and development expenditure	(2,336,013)	(24,839,876)
(Increase)/Decrease in investment in securities	(25,951,630)	3,749,997
Decrease/(Increase) in fund manager's stocks	1,895,755	(3,056,373)
Decrease/(Increase) in trade and other receivables	94,775,028	(353,194,923)
Increase in amount due from an associated company	(30,390)	-
Increase in cash held in segregated accounts	(33,670,969)	(31,216,217)
Increase in trade and other payables	38,788,631	88,348,991
Cash generated from/(used in) operations	151,840,645	(250,297,628)
Income tax paid	(27,820,532)	(26,397,019)
Interest paid	(17,799,538)	(12,833,174)
Interest received	49,270,413	34,944,853
Refund of income tax	5,534,974	5,293,007
Net cash from/(used in) operating activities	161,025,962	(249,289,961)

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

CASH FLOW STATEMENT - GROUP (CONT'D)

	Note	2004 RM	2003 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of additional shares in subsidiary companies	35	(6,267,888)	(1,787,356)
Net cash inflow from acquisition of subsidiary company	6(a)	13,823	-
Dividend received		162,400	352,058
Interest received		8,306,601	1,342,218
Land and development expenditure		(9,377,686)	175,664
Part payment for purchase of intellectual property		-	(62,500)
Dividend received from associated company		172,800	172,800
Proceeds from disposal of property, plant and equipment		121,053	308,248
Proceeds from disposal of securities in equity and futures markets		61,934,784	79,361,711
Purchase of property, plant and equipment		(20,516,240)	(11,083,823)
Payment of investment in associated company		(887,550)	-
Purchase of investments		(331,910)	(8,639,462)
Purchase of securities in equity and future markets		(77,220,583)	(63,879,969)
Refund of stamp duty		-	518,402
Subscription for private debt securities		(369,465,837)	-
Net cash used in investing activities		(413,356,233)	(3,222,009)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid to minority interest		(4,202,220)	(2,205,305)
Dividend paid to shareholders		(41,841,397)	(17,557,467)
Drawdown of revolving credit		278,400,000	107,500,000
Professional fees paid for extension of warrants		(58,000)	-
Proceeds from issuance of BaIDS		45,214,130	-
Proceeds from exercise of Warrant A 1994/2004		117,897,847	932,920
Proceeds from exercise of Warrant B 2000/2010		-	5
Proceeds from exercise of ESOS		3,365,445	1,550,381
Purchase of own shares		(32,087,117)	(2,128,200)
Proceeds from initial public offering by OSKVI		175,500,000	-
Listing expenses paid by OSKVI		(2,462,578)	-
Net cash from financing activities		539,726,110	88,092,334
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		287,395,839	(164,419,636)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		93,879,289	258,298,925
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		381,275,128	93,879,289
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR COMPRISED :			
Cash, bank balances and deposits-general accounts	17(a)	383,600,845	163,277,356
Bank overdrafts	20	(2,325,717)	(69,398,067)
		381,275,128	93,879,289

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

Cash Flow Statement - Company

for the financial year ended 31 December 2004

	2004 RM	2003 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	93,580,259	4,005,256
Adjustments for:-		
Dividend income	(92,486,393)	(6,910,147)
Gain on disposal of subsidiary companies	(5,644,799)	-
Gain on disposal of quoted securities in Malaysia	(50,861)	-
Gain on investment in futures market	(11,080)	-
Interest expense	9,139,947	9,367,401
Interest income	(5,528,635)	(7,173,204)
Operating loss before working capital changes	(1,001,562)	(710,694)
Decrease in amount due from subsidiary companies	120,989,444	32,106,115
Decrease in amount due to subsidiary companies	(167,204,651)	(7,129,424)
Decrease/(Increase) in other receivables	544,410	(166,809)
Decrease in other payables	(131,502)	(206,273)
Decrease in segregated accounts	-	1,219
Cash (used in)/from operations	(46,803,861)	23,894,134
Interest paid	(9,139,947)	(9,367,401)
Interest received	5,528,635	7,173,204
Income tax paid	(268,235)	(375,527)
Refund of income tax	2,962,388	693,936
Net cash (used in)/from operating activities	(47,721,020)	22,018,346
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	69,794,149	5,900,531
Payment for acquisition of additional shares in subsidiary companies	(6,267,888)	(1,787,356)
Payment for subscription of shares in associated company	(827,550)	-
Payment for subscription of shares in subsidiary companies	(29,000,000)	(12,004,234)
Subscription of warrants in a subsidiary company	(9,617,750)	-
Purchase of investment in securities	(4,876,248)	-
Purchase of other investment	(31,981)	-
Proceeds from disposal of securities in equity and future markets	2,425,880	-
Net cash from/(used in) investing activities	21,598,612	(7,891,059)

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

CASH FLOWS STATEMENT - COMPANY (CONT'D)

	Note	2004 RM	2003 RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(41,841,397)	(17,557,467)
Expenses for extension of Warrant B 2000/2010		(58,000)	-
Proceeds from exercise of Warrant A 1994/2004		117,897,847	932,920
Proceeds from exercise of Warrant B 2000/2010		-	5
Proceeds from exercise of ESOS		3,365,445	1,550,381
Purchase of own shares		(32,087,117)	(2,128,200)
Net cash from/(used in) financing activities		47,276,778	(17,202,361)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		21,154,370	(3,075,074)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		41,569,481	44,644,555
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		62,723,851	41,569,481
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR COMPRISED :			
Cash, bank balances and deposits			
- General accounts	17(a)	62,723,851	41,569,481

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

Notes to The Financial Statements

31 December 2004

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1. GENERAL INFORMATION

The Company is an investment holding company. The principal activities of the subsidiary and associated companies are described in Note 44. There have been no significant changes in the nature of these activities during the financial year other than the activities undertaken by the additional subsidiary/associated 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 Bursa Malaysia Securities Berhad ("Bursa Securities").

The total number of employees of the Group at the end of the financial year was 1,452 (2003: 1,080) 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 (2003: 7 directors) in office.

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution on 17 February 2005.

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.

(b) Basis of consolidation

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) 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(j).

The Group does not revalue its properties which comprise 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 50 years or more. All leasehold land and buildings 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 their expected useful lives. 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%

Upon the disposal of an item of plant and equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

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

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets 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(j).

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by reference to the stage of completion of development activity at the balance sheet date. The stage of completion is determined by the proportion that property development costs incurred for work performed up to the balance sheet date bear to the estimated total property development costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(ii) Property development costs (Cont'd)

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development cost not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

(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(j). 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 the dividend 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investments in associated companies (Cont'd)

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

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

(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(j). 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 the investments. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(j). 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 Bursa Securities.

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 7 years upon commencement of commercial operation where future economic benefits from development activities are probable and measurable, and less impairment loss, if any.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) 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 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 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) Business and intellectual property

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

(j) 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.

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

The receivables are stated at gross amount less allowances for bad and doubtful debts and 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 Bursa Securities.

(l) Trade and other payables

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Deferred taxation

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.

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.

(n) Revenue and income recognition

Company

Revenue comprises gross dividend income and interest income.

Subsidiary companies

Revenue comprises 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, gain from investment in shares, gross brokerage fees and commission, service and registration charges, Institutional Unit Trust Agent commission, interest income, placement fees, processing fees, rental income, revenue from sale of development properties, revenue from plantation, service charges on sale of trust units and underwriting commission.

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 fees, arrangement fees, Institutional Unit Trust Agent commission, placement fees and underwriting commission are recognised on a cash or accrual basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Revenue and income recognition (Cont'd)

(i) Rendering of services (Cont'd)

- Carrying charges and facility fees, 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 the dividend is established.

(iii) Gain from disposal of fixed income instruments

This is recognised on an accrual basis.

(iv) Gain from investment in shares

This is recognised upon execution of trades.

(v) 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 Bursa Securities.

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 other marketable securities is recognised on a cash basis.

(vi) 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.

(vii) Rental income

This is recognised on an accrual basis.

(viii) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Revenue and income recognition (Cont'd)

(ix) Revenue from plantation

This represents the sales of oil palm fresh fruit bunches 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 the dividend 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 and write down 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.
- (vi) Capital gain on shares from KLSE demutualisation is recognised upon allotment of shares from KLSE.

(o) 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:-

	2004 RM	2003 RM
Closing rate		
United States Dollar	3.80	3.80
Average rate		
United States Dollar	3.80	3.80

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Capitalisation of borrowing costs

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

External 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 including interests on inter-company loan or advance are recognised as an expense in the income statement in the financial year in which they are incurred.

(q) 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 bank overdrafts, excluding bank balances, short term placements and fixed deposits under segregated accounts held in trust.

(r) 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 the amount of the consideration paid and direct attributable costs.

The carrying amount of the treasury shares is 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 (CONT'D)

(s) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

(t) Seven (7)-Year Serial Al-Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS")

The BaIDS are bonds issued by a subsidiary company in accordance with the Islamic finance concept of Bai-Bithaman Ajil. In accordance with such concept, the subsidiary company sold certain assets to the subscribers, and repurchased them at the same price plus an agreed profit margin. The subsidiary company's payment of the purchase price is deferred in accordance with the maturities of the BaIDS, whilst the profit on BaIDS is paid half-yearly.

BaIDS are initially stated at cost, being the fair value of the consideration received. The profit payment on the BaIDS in each period is recognised as an expense accredited to the principal amount at a constant rate to the maturity of each series respectively. Further details of the BaIDS issue are disclosed in Note 25.

(u) 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 and amount due from an associated company. 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

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 45.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Financial instruments (Cont'd)

(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 for the Universal Broker.

The Group's stockbroking business is supervised by the Securities Commission and Bursa Securities. The Group is required to maintain capital adequacy requirements in accordance with the relevant rules of Bursa Securities, 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 carry out its business within the ambit of the market environment without disruption to the overall activities in the going concern manner.

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 granting credit facilities from the Group. Trade and financial receivables are monitored on a timely on-going 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 Bursa Securities (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 product types 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 in raising funds to meet commitments associated with financial instruments.

3. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Liquidity risk (Cont'd)

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 limits set. 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 fixed income instruments where accreditation and amortisation are provided for long term investments, changes in the market values of other long term investments do not affect the book value of the investments unless there is an indication of impairment losses.

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.

3. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(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 results in cost savings. The Group has some investments in financial instruments where the value or yield will change in accordance to market interest rate. However these investments are for short term and insignificant for hedging. Should the financial instruments become long term and significant, the hedging process will be initiated.

(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 a fixed rate and the Group's activities are mostly in Ringgit Malaysia.

In dealing with its stewardship, the Board of Directors 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 any system could only provide a reasonable and not absolute assurance against any misstatement or loss.

The Board will pursue an ongoing process of identifying, assessing and managing key business areas, overall operational and financial risks faced by its business units as well as regularly reviewing and enhancing risk mitigation strategies.

4. PROPERTY, PLANT AND EQUIPMENT - GROUP

	As at 1.1.2004 RM	Additions RM	Disposals RM	Effect from acquisition of subsidiary company RM	Written off RM	Adjustments RM	As at 31.12.2004 RM
At cost							
Freehold land	1,564,521	-	-	-	-	-	1,564,521
Freehold land and buildings	169,990,252	503,838	-	-	-	(13,948,637)	156,545,453
Long term leasehold land	2,142,063	-	-	-	-	-	2,142,063
Long term leasehold land and buildings	1,644,356	7,716,165	-	-	-	(255,717)	9,104,804
Short term leasehold land and buildings	2,714,180	26,689	-	-	-	-	2,740,869
Plant and machinery	20,788,366	-	-	-	-	(20,783,406)	4,960
Motor vehicles	7,922,533	1,861,198	(108,958)	-	-	-	9,674,773
Office equipment	49,302,421	5,559,202	(51,265)	64,777	(18,429)	-	54,856,706
Furniture and fittings	11,194,376	1,021,509	-	920	(157,269)	-	12,059,536
Renovations	17,701,499	3,827,639	-	-	(688,797)	-	20,840,341
	284,964,567	20,516,240	(160,223)	65,697	(864,495)	(34,987,760)	269,534,026

	As at 1.1.2004 RM	Charge for the year RM	Reversal for disposals RM	Effect from acquisition of subsidiary company RM	Written off RM	Adjustments RM	As at 31.12.2004 RM
Accumulated depreciation							
Freehold land	-	-	-	-	-	-	-
Freehold land and buildings	14,195,466	1,521,262	-	-	-	(14,253,419)	1,463,309
Long term leasehold land	23,033	23,034	-	-	-	-	46,067
Long term leasehold land and buildings	247,456	84,199	-	-	-	(255,717)	75,938
Short term leasehold land and buildings	394,030	68,410	-	-	-	-	462,440
Plant and machinery	20,347,140	135,092	-	-	-	(20,478,624)	3,608
Motor vehicles	4,460,647	1,025,619	(63,515)	-	-	-	5,422,751
Office equipment	31,859,032	5,276,342	(30,235)	-	(9,069)	-	37,096,070
Furniture and fittings	5,629,296	999,188	-	18,436	(94,713)	-	6,552,207
Renovations	5,895,849	1,806,482	-	153	(228,951)	-	7,473,533
	83,051,949	10,939,628	(93,750)	18,589	(332,733)	(34,987,760)	58,595,923

4. PROPERTY, PLANT AND EQUIPMENT - GROUP (CONT'D)

	Net book value		Depreciation charge
	2004 RM	2003 RM	2003 RM
Freehold land	1,564,521	1,564,521	-
Freehold land and buildings	155,082,144	155,794,786	1,633,221
Long term leasehold land	2,095,996	2,119,030	23,033
Long term leasehold land and buildings	9,028,866	1,396,900	19,825
Short term leasehold land and buildings	2,278,429	2,320,150	67,854
Plant and machinery	1,352	441,226	336,491
Motor vehicles	4,252,022	3,461,886	1,043,620
Office equipment	17,760,636	17,443,389	5,634,377
Furniture and fittings	5,507,329	5,565,080	1,072,711
Renovations	13,366,808	11,805,650	1,746,536
	<u>210,938,103</u>	<u>201,912,618</u>	<u>11,577,668</u>

At the end of the financial year, fully depreciated assets at a total cost of RM22,393,513 (2003: RM37,228,859) are still in use.

5. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COST**(a) Land Held for Property Development**

	Group	
	2004 RM	2003 RM
Freehold land		
At beginning of financial year	138,498,216	143,239,875
Costs incurred during financial year	6,240,933	-
Transfer to property development costs	(7,336,562)	(4,741,659)
At end of financial year	<u>137,402,587</u>	<u>138,498,216</u>
Property development costs		
At beginning of financial year	41,781,994	48,735,190
Costs incurred during the financial year	11,365,788	9,978,509
Transfer to a joint venture partner	(206,798)	(414,621)
Transfer to property development costs	(1,535,406)	(16,517,084)
At end of financial year	<u>51,405,578</u>	<u>41,781,994</u>
Total land held for property development	<u>188,808,165</u>	<u>180,280,210</u>

5. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COST (CONT'D)

(a) Property Development Costs, at cost

	2004 RM	Group 2003 RM
Freehold land		
At beginning of financial year	10,001,519	5,259,860
Transfer from land held for property development	7,336,562	4,741,659
At end of financial year	17,338,081	10,001,519
Development costs		
At beginning of financial year	250,941,043	152,530,000
Cost incurred during financial year	45,323,345	81,893,959
Transfer from land held for property development	1,535,406	16,517,084
Transfer to amount due from a joint venture project	(2,223,479)	-
At end of financial year	295,576,315	250,941,043
Total property development costs incurred to date	312,914,396	260,942,562
Costs recognised in income statement:		
At beginning of financial year	(206,667,760)	(114,582,470)
Recognised during financial year (Note 27)	(48,786,090)	(92,085,290)
At end of financial year	(255,453,850)	(206,667,760)
Total property development costs	57,460,546	54,274,802

Included in property development costs of the Group incurred during the financial year is interest capitalised of RM1,216,572 (2003: RM2,070,719).

OSK Properties Sdn Bhd, a wholly owned subsidiary company of OSK Property Holdings Berhad ("OSKPH"), 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.

OSK Properties (Seremban) Sdn Bhd, another wholly owned subsidiary company of OSKPH, 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.

6. SUBSIDIARY COMPANIES

(a) Investments in subsidiary companies

	Company	
	2004 RM	2003 RM
At cost:-		
Quoted shares in Malaysia (Note)	268,674,196	179,261,507
Unquoted shares in Malaysia	808,782,235	817,582,236
	<u>1,077,456,431</u>	<u>996,843,743</u>
At market value:-		
Quoted shares in Malaysia	<u>212,339,547</u>	<u>57,914,836</u>

The particulars of the subsidiary companies are disclosed in Note 44.

Note

	Company	
	2004 RM	2003 RM
Cost of investment in OSK Property Holdings Berhad ("OSKPH")		
At beginning of financial year	179,261,507	177,230,715
Add: Cost of additional 1,785,364 (2003: 2,288,100) shares purchased from open market	<u>2,089,145</u>	<u>2,030,792</u>
At end of financial year	<u>181,350,652</u>	<u>179,261,507</u>
Cost of investment in OSK Ventures International Berhad ("OSKVI")		
At beginning of financial year	-	-
Add: Subscription of special share issue, capitalisation of intercompany balances and transfer of investments	83,144,801	-
Add: Cost of additional 18,442,300 (2003: Nil) shares purchased from open market	<u>4,178,743</u>	<u>-</u>
At end of financial year	<u>87,323,544</u>	<u>-</u>
	<u>268,674,196</u>	<u>179,261,507</u>
At market value:		
OSKPH	64,737,144	57,914,836
OSKVI	<u>147,602,403</u>	<u>-</u>
	<u>212,339,547</u>	<u>57,914,836</u>

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.

GROUP

On 17 September 2004, the Group and the Company completed the acquisition of the remaining 50% equity interest in OSK Trustees Berhad ("OSKT") (formerly known as OSK-Signet Trustees Berhad) which comprise 70,000 ordinary shares of RM10 each which were issued and partly paid up to RM5 each for a total cash consideration of RM190,000. By virtue of the acquisition, OSKT has become a wholly owned subsidiary of the Group (Note 7).

6. SUBSIDIARY COMPANIES (CONT'D)

(a) Investments in subsidiary companies (Cont'd)

The acquisition had the following effect on the Group's financial results for the year:

	2004 RM
Revenue	123,179
Loss from operations	(178,014)
Net loss for the financial year	<u>(178,014)</u>

The acquisition had the following effect on the financial position of the Group as at the end of the year:

	2004 RM
Property, plant and equipment	49,744
Trade receivables	23,500
Other receivables, deposits and prepayments	6,945
Cash and bank balances	118,231
Other payables, deposits and accruals	(47,320)
Deferred tax liabilities (Note 11)	<u>(2,762)</u>
Group's share of net assets	<u>148,338</u>

The fair values of the assets acquired and liabilities assumed from the acquisition of the subsidiary company were as follows:

	17.9.2004 RM
Property, plant and equipment	47,108
Trade receivables	84,715
Other receivables, deposits and prepayments	16,894
Cash and bank balances	203,823
Other payables, deposits and accruals	(2,158)
Deferred tax liabilities	<u>(2,762)</u>
Group's share of net assets	347,620
Less: Share of loss of associated company	(236,758)
Add: Goodwill on consolidation	<u>79,138</u>
Cost of acquisition	<u>190,000</u>
Purchase consideration satisfied by cash	<u>190,000</u>
Cashflow arising from acquisition:	
Purchase consideration satisfied by cash	190,000
Cash and cash equivalent of subsidiary company acquired	<u>(203,823)</u>
Net cash inflow of the Group	<u>(13,823)</u>

There were no acquisitions in the financial year ended 31 December 2003.

6. SUBSIDIARY COMPANIES (CONT'D)

	Company	
	2004 RM	2003 RM
(b) Amount due from subsidiary companies		
Interest bearing	90,200,373	113,445,264
Non interest bearing	13,663,739	151,108,292
	<u>103,864,112</u>	<u>264,553,556</u>

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 2.75% to 4.0% (2003: 2.5% to 6.0%) per annum.

	Company	
	2004 RM	2003 RM
(c) Amount due to subsidiary companies		
Non interest bearing	61,860,674	229,065,325

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

7. INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
(a) Investment in associated companies				
Unquoted shares, at cost				
At beginning of financial year	1,450,000	1,450,000	1,300,000	1,300,000
Addition during financial year	887,550	-	827,550	-
Reclassification to investment in subsidiary company	(350,000)	-	-	-
At end of financial year	1,987,550	1,450,000	2,127,550	1,300,000
Share of post-acquisition results	1,825,999	1,107,890	-	-
	<u>3,813,549</u>	<u>2,557,890</u>	<u>2,127,550</u>	<u>1,300,000</u>
Represented by:-				
Share of net assets	3,813,549	2,557,890		

On 13 January 2004, the first call (50%) of additional 20,000 and 8,000 shares of RM10 each in OSK-Signet Trustees Berhad ("OSKST"), an existing 50% and 20% owned associated company of the Group and the Company respectively, were allotted to the Group and the Company amounting to RM100,000 and RM40,000 respectively. On 16 September 2004, OSKST changed its name to OSK Trustees Berhad ("OSKT").

On 17 September 2004, the Group completed the acquisition of the remaining 50% equity interest in OSKT which comprise 70,000 ordinary shares of RM10 each which were issued and partly paid up to RM5 each for a total cash consideration of RM190,000. By virtue of the acquisition, OSKT has become a wholly owned subsidiary company of the Group (Note 6).

On 22 April 2004, OSK Wealth Planners Sdn Bhd ("OSKWP") with an authorised share capital of 100,000 ordinary shares of RM1 each and paid up share capital of 2 ordinary shares of RM1 each was incorporated to carry out the business of integrated financial planning to high net worth clientele. OSKWP is 50:50 owned by the Company and Equitable Investment Co. (Hong Kong) Limited, a wholly owned subsidiary of American International Group, Inc.

7. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

The particulars of the associated companies are disclosed in Note 44.

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

	Group	
	2004 RM	2003 RM
Plant and equipment	118,546	142,947
Current assets	3,828,028	2,472,241
Current liabilities	(184,293)	(35,358)
Deferred tax liabilities	(11,282)	(21,940)
	3,750,999	2,557,890
Add: Expenses incurred for acquisition of an associated company	62,550	-
	3,813,549	2,557,890
Revenue	2,110,694	1,523,417
Profit from ordinary activities before taxation	1,018,276	736,614
Tax expense	(364,125)	(203,504)
Profit after taxation	654,151	533,110

During the current financial year, dividend amounting to RM172,800 (2003: RM172,800) was received from an associated company.

(b) Amount due from an associated company

The amount due from an associated company amounting to RM30,390 (2003: Nil) represents operating expenses paid on behalf by the Company and had been fully received after the end of the financial year.

8. OTHER INVESTMENTS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
At cost:-				
Warrants in a subsidiary company (Note a)	-	-	9,617,750	-
Unquoted shares in Malaysia:				
- Shares in Malaysian Rating Corporation Berhad	490,000	490,000	-	-
- Shares from KLSE demutualisation (Note b)	24,984,303	-	-	-
- Shares in Bursa Malaysia Derivatives Berhad ("Bursa Derivatives")				
- One class "A" preference share	1,500,000	1,500,000	-	-
- One class "B" preference share	500,000	500,000	-	-
- One class "C" preference share	200,000	200,000	-	-
	27,674,303	2,690,000	-	-

8. OTHER INVESTMENTS (CONT'D)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Unquoted shares outside Malaysia	190,000	-	-	-
Admission fees as adviser and sponsor on MESDAQ market of Bursa Securities	250,000	250,000	-	-
Less: Accumulated amortisation				
At beginning of financial year	(20,000)	(10,000)	-	-
Amortised during the financial year	(10,000)	(10,000)	-	-
At end of financial year	(30,000)	(20,000)	-	-
Net carrying value	220,000	230,000	-	-
Transferable golf club memberships	228,200	158,200	-	-
Others	71,910	-	31,981	-
	28,384,413	3,078,200	9,649,731	-

Note a

During the current financial year, the Company has subscribed for 31,926,068 warrants in OSK Property Holdings Berhad ("OSKPH") at the issue price of RM0.30 per warrant with incidental costs of RM39,930 amounting to a total of RM9,617,750, which were quoted and listed on the Main Board of Bursa Securities on 26 July 2004 [Note 41(i)]. The market value of the warrants at the end of the financial year is RM8,779,669. The difference between the cost and the market value of the warrants is not provided for in the financial statements as it is not considered as a permanent impairment.

Note b

The shares from KLSE demutualisation comprise 9,090,909 ordinary shares in Bursa Malaysia Berhad received by OSK Securities Berhad arising from the demutualisation of the Kuala Lumpur Stock Exchange which was completed on 5 January 2004 as stated in Note 41(a). Under Section 4(4) of the Demutualisation (Kuala Lumpur Stock Exchange) Act 2003, the shares cannot be disposed without the appropriate regulatory approvals until and unless such shares have been listed. These shares have been valued at RM24,984,303 based on the underlying net tangible assets value of Bursa Malaysia Berhad Group as reflected in its latest audited financial statements as at 31 December 2003.

9. SECURITY DEPOSIT

This represents a security deposit paid to Bursa Malaysia Derivatives Clearing Berhad ("the Derivatives Clearing") by a subsidiary company.

10. DEVELOPMENT COST

	Group	
	2004 RM	2003 RM
At beginning of financial year	4,979,497	5,975,396
Less: Amortisation during the financial year	(995,899)	(995,899)
At end of financial year	3,983,598	4,979,497

11. DEFERRED TAXATION

	Group	
	2004 RM	2003 RM
(a) Deferred tax assets		
At beginning of financial year	36,704	676,025
Transfer to income statements (Note 32)	412,851	(639,321)
At end of financial year	449,555	36,704

The deferred tax assets mainly relate to temporary differences arising from unutilised tax losses and capital allowances.

(b) Deferred tax liabilities

At beginning of financial year	30,350,784	31,089,696
Effect from acquisition of subsidiary company (Note 6)	2,762	-
Transfer to income statements (Note 32)	(1,036,263)	(738,912)
At end of financial year	29,317,283	30,350,784

The deferred tax liabilities mainly relate to temporary differences arising from:-

Excess of capital allowances over depreciation	3,049,312	3,750,367
Fair value on land held for development	26,351,374	26,638,771
Other temporary differences	(83,403)	(38,354)
Deferred tax liabilities	29,317,283	30,350,784

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.

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 are at RM108,408,109. 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 amounting to RM15,177,135 would be offset against OSKS's tax liabilities for the financial years ended 31 December 2001 and 2002 at a total of RM4,992,627.

11. DEFERRED TAXATION (CONT'D)

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

	Group	
	2004 RM	2003 RM
Amount recognised	449,555	36,704
Tax credit transferable from PCS to OSKS (equivalent to OSKS's 2001 and 2002 tax liabilities)	4,992,627	4,992,627
	<u>5,442,182</u>	<u>5,029,331</u>

12. INTANGIBLE ASSETS

	Group	
	2004 RM	2003 RM
Goodwill on consolidation (Note a)	126,549,600	134,111,496
Purchased goodwill (Note b)	48,912,166	51,307,864
Business and intellectual property (Note c)	500,000	500,000
	<u>175,961,766</u>	<u>185,919,360</u>

Note a - Goodwill on consolidation

At cost:

At beginning of financial year	152,525,451	153,043,853
Acquisition of equity interest in subsidiary company	79,138	-
Reversal due to refund of stamp duty	-	(518,402)

At end of financial year	152,604,589	152,525,451
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Accumulated amortisation:

At beginning of financial year	(18,413,955)	(12,312,937)
Amortised during financial year	(7,641,034)	(6,101,018)

At end of financial year	<u>(26,054,989)</u>	<u>(18,413,955)</u>
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Net carrying value	<u>126,549,600</u>	<u>134,111,496</u>
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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	(8,584,585)	(6,188,887)
Amortised during financial year	(2,395,698)	(2,395,698)

At end of financial year	<u>(10,980,283)</u>	<u>(8,584,585)</u>
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Net carrying value	<u>48,912,166</u>	<u>51,307,864</u>
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12. INTANGIBLE ASSETS (CONT'D)

Note b - Purchased goodwill (Cont'd)

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.

13. TRADE RECEIVABLES

	Group	
	2004 RM	2003 RM
Amount owing by clients	518,972,690	697,326,876
Less: Interest-in-suspense	(2,943,684)	(43,325,387)
Specific allowance for bad and doubtful debts	(10,098,921)	(44,705,258)
General allowance for bad and doubtful debts	(174,597)	(238,469)
	505,755,488	609,057,762
Amount owing by brokers	84,132,992	88,272,334
Amount owing by the Derivatives Clearing	7,785,578	9,275,499
Other trade receivables		
- property development activities	15,898,727	18,309,749
- unit trust activities	8,398,804	4,717,633
- others	175,189	9,004
	622,146,778	729,641,981

The trade credit term for securities trading of OSKS, the stockbroking subsidiary company, is 3 market days in accordance with the Fixed Delivery and Settlement Trading Rule of Bursa Securities. For margin clients, the carrying period for each transaction shall be on a maximum term of 3 months, subject to review for rollover.

The trade credit term for fixed income instruments trading of OSKS 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.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Amount due from a joint venture project (Note a)	1,301,114	414,621	-	-
Amount in relation to management of development projects (Note b)	5,000,000	4,000,000	-	-
Interest receivable on fixed income instruments	6,079,884	-	-	-
Other deposits	3,026,072	2,564,330	4,500	4,500
Other receivables (Note c)	19,438,983	11,784,217	116,793	661,203
Prepayments	1,536,329	2,504,899	-	-
	36,382,382	21,268,067	121,293	665,703

Note a

The amount due from a joint venture project is unsecured, interest-free and has no fixed term of repayment.

Note b

This relates to the amount paid to manage development projects pursuant to two separate management agreements entered into by OSK Properties Management Sdn. Bhd., a wholly owned subsidiary company of OSKPH, with the developers for developing various residential units and shophouses on two parcels of development land located at Tapak Taman Botani, Sungai Buloh, Selangor.

Note c

Included in the other receivables of the Group and the Company are interest receivable on short-term placements and fixed deposits of RM368,042 (2003: RM698,296) and RM116,793 (2003: RM661,203) respectively.

The interest rates of the short-term placements and fixed deposits are disclosed in Note 17.

15. INVESTMENTS IN SECURITIES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
At cost:-				
(i) Marketable securities				
- Securities quoted in Malaysia (Note a)	20,664,218	20,576,986	2,512,309	-
Less: Impairment loss	(1,561,468)	(763,685)	-	-
Allowance for write down	-	(685,067)	-	-
	19,102,750	19,128,234	2,512,309	-
- Private debt securities quoted in Malaysia (Note b)	369,465,837	-	-	-
- Unit trust fund quoted outside Malaysia	503,970	503,970	-	-
Less: Impairment loss	(214,255)	(218,051)	-	-
	289,715	285,919	-	-

15. INVESTMENTS IN SECURITIES (CONT'D)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
(ii) Unquoted shares in Malaysia (Note c)	22,422,215	2,141,965	-	-
(iii) Unquoted shares outside Malaysia (Note c)	5,693,068	-	-	-
	416,973,585	21,556,118	2,512,309	-
At market value:-				
Securities quoted in Malaysia	21,768,290	34,166,788	2,576,093	-
Private debt securities quoted in Malaysia	378,280,250	-	-	-
Unit trust fund quoted outside Malaysia	289,897	286,178	-	-
	400,338,437	34,452,966	2,576,093	-

Note a

The securities quoted in Malaysia mainly comprise shares invested by OSK Venture Equities Sdn. Bhd. ("OSKVE") and OSK Technology Ventures Sdn. Bhd. ("OSKTV") which are engaged in the venture capital business amounting to RM12,812,449 (2003: RM13,713,076) and securities subscribed by OSK Securities Berhad ("OSKS") via underwriting commitments in 2000, 2001 and 2003 amounting to RM5,307,547 (2003: RM6,624,551) respectively. The market value of these securities at the end of the financial year is RM15,446,109 (2003: RM27,751,725) and RM3,746,080 (2003: RM6,160,794) respectively.

Note b

The private debt securities are quoted at Over the Counter in Malaysia and comprise debt securities subscribed by OSKS via underwriting commitments during the current financial year.

Note c

The unquoted shares mainly comprise shares invested by the two venture capital subsidiaries, OSKVE and OSKTV, amounting to RM22,422,000 (2003: RM2,141,750). These investments, as well as the quoted securities as stated in Note a, are not deemed to be associated or subsidiary companies because the investments were acquired with the objective of achieving capital appreciation through the subsequent disposal of the investments.

16. FUND MANAGER'S STOCKS

	Group	
	2004 RM	2003 RM
Unit trusts quoted in Malaysia, at cost	1,565,111	3,460,866
Less: Impairment loss	(7,701)	(107,298)
	1,557,410	3,353,568
Market value	1,566,990	3,358,948

17. CASH, BANK BALANCES AND DEPOSITS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
(a) General accounts				
Cash and bank balances	23,380,859	50,990,680	60,919	266,259
Bank balances - Housing Development Accounts - Note (i)	22,919,318	12,358,078	-	-
Short-term placements with:				
- licensed banks	38,480,519	37,033,552	-	-
- licensed discount houses	15,524,844	12,497,250	-	-
Fixed deposits with:				
- licensed banks	213,828,934	4,553,057	-	-
- licensed finance companies	6,803,439	3,291,517	-	-
Sinking Fund:				
- bank balances - Note (ii)	-	1,250,000	-	-
- fixed deposits with licensed financial institutions - Note (iii)	62,662,932	41,303,222	62,662,932	41,303,222
	<u>383,600,845</u>	<u>163,277,356</u>	<u>62,723,851</u>	<u>41,569,481</u>
(b) Segregated accounts - Note (iv)				
Bank balances	18,748,092	24,382,289	-	-
Short-term placements with licensed banks	96,224,048	60,866,448	-	-
Fixed deposits with licensed banks	34,808,190	30,860,624	-	-
	<u>149,780,330</u>	<u>116,109,361</u>	<u>-</u>	<u>-</u>
	<u>533,381,175</u>	<u>279,386,717</u>	<u>62,723,851</u>	<u>41,569,481</u>

- (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 20. The pledge has been discharged during the current financial year upon repayment of the revolving credit facilities.
- (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 20).
- (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.

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

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

	Group		Company	
	2004	2003	2004	2003
	%	%	%	%
General accounts	1.70 to 3.70	0.95 to 4.00	2.65 to 3.00	2.75 to 4.00
Segregated accounts	2.55 to 4.00	2.20 to 4.00	-	-

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

	Group		Company	
	2004	2003	2004	2003
	Days	Days	Days	Days
General accounts	29	86	10	103
Segregated accounts	9	27	-	-

18. TRADE PAYABLES

	Group	
	2004	2003
	RM	RM
Amount due to clients	168,551,885	139,615,903
Amount due to brokers	30,967,999	49,452,327
Other trade payables		
- property development activities	40,701,860	25,510,451
- unit trust activities	8,764,314	9,547,708
	49,466,174	35,058,159
	248,986,058	224,126,389

The trade credit term for securities trading of OSKS, the stockbroking subsidiary company, is 3 market days in accordance with the Fixed Delivery and Settlement Trading Rule of Bursa Securities.

The trade credit term for fixed income instruments trading of OSKS 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.

19. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Other payables	6,679,724	6,883,136	31,879	64,850
Deposits:				
- trading deposits from dealer's/ futures broker representatives	35,143,523	32,435,747	-	-
- rental and utilities deposits from tenants	1,100,534	1,074,081	-	-
- other deposits	-	5,400	-	-
	36,244,057	33,515,228	-	-
Accruals:				
- commission payable to dealer's/futures broker representatives	3,036,708	4,407,506	-	-
- commission payable to unit trust agents	2,437,920	3,377,767	-	-
- profit payment on BaIDS	449,734	-	-	-
- RUB and ICULS interests	3,028,093	3,092,635	3,028,093	3,092,634
- other accruals and provisions	23,470,647	17,851,422	106,000	109,600
	32,423,102	28,729,330	3,134,093	3,202,234
Provision for compensation for legal suits (Note)	55,199,444	-	-	-
	<u>130,546,327</u>	<u>69,127,694</u>	<u>3,165,972</u>	<u>3,267,084</u>

Note

Included in provision for compensation for legal suits is an amount of RM52,026,557 provided for a litigation claim against a subsidiary company of the Group as disclosed in Note 43.

20. SHORT TERM/LONG TERM BORROWINGS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
(a) Short term borrowings (unsecured))				
Bank overdrafts - Note (i)	2,325,717	69,398,067	-	-
Revolving credits - Note (ii)	385,900,000	85,000,000	-	-
3.5% Redeemable Unsecured Bonds 2000/2005 ("RUB") - Note (iii)	101,423,995	-	101,423,995	-
	<u>489,649,712</u>	<u>154,398,067</u>	<u>101,423,995</u>	<u>-</u>

Note (i)

The bank overdrafts are supported by corporate guarantees from the Company. Interest was charged at 1.0% to 2.0% (2003: 1.2% to 2.0%) per annum above the banks' base lending rates or cost of funds where relevant.

20.SHORT TERM/LONG TERM BORROWINGS (CONT'D)

(a) Short term borrowings (unsecured) (Cont'd)

Note (ii)

The revolving credits are supported by corporate guarantees from the Company (2003: the Company and OSKPH). Interest was charged at 1.0% to 1.5% (2003: 1.5%) per annum above the banks' cost of funds.

	2004 RM	Group 2003 RM
Repayment schedules of the short term revolving credits are as follows:		
- Rollover on a daily basis	355,900,000	-
- Rollover on a weekly basis	30,000,000	-
- 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
	<u>385,900,000</u>	<u>85,000,000</u>

Note (iii)

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 1 Warrant B for every 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	Accumulated amount RM
1	2 March 2001	10	10,142,400	10,142,400
2	2 March 2002	10	10,142,400	20,284,800
3	2 March 2003	20	20,284,799	40,569,599
4	2 March 2004	20	20,284,799	60,854,398
5	2 March 2005	40	40,569,597	101,423,995
		100	<u>101,423,995</u>	

As at the end of the financial year, the total amount held in the Sinking Fund is RM62,662,932 (2003: RM41,303,222) (Note 17).

20.SHORT TERM/LONG TERM BORROWINGS (CONT'D)**(a) Short term borrowings (unsecured) (Cont'd)**

On 1 October 2004, the Adviser of the Company, OSKS, announced on behalf of the Board of Directors of the Company that the Securities Commission has approved for the extension of the duration and exercise period of the Company's outstanding Warrant B 2000/2005 by five years from 1 March 2005 up to and including 1 March 2010 ("the Extension of Warrant B"). Subsequently, the shareholders and warrant holders of the Company have approved the Special Resolution pertaining to the Extension of Warrant B at the Extraordinary General Meeting of Warrant holders on 9 November 2004.

Each Warrant B carries the right to subscribe for 1 new ordinary share of RM1 each at a subscription price of RM2.28 per share by cash at any time on or before 1 March 2010. 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 was adjusted from RM2.80 to RM2.28). At the end of the financial year, the total number of Warrant B remaining unexercised was 101,423,826 (2003: 101,423,826).

The detachable Warrant A which were issued pursuant to the issuance of 7% RUB in the prior year were extended by an additional period of 5 years and expired on 22 March 2004.

Each Warrant A carried the right to subscribe for 1 new ordinary share of RM1 each at a subscription price of RM1.20 per share by cash at any time on or before 22 March 2004. The subscription price and the number of outstanding Warrant A were 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 was adjusted from RM1.47 to RM1.20) During the current financial year, 98,248,206 Warrant A were exercised at RM1.20 each for subscription of 98,248,206 new ordinary shares of RM1 each. The remaining 3,540,810 Warrant A unexercised as at 22 March 2004 had lapsed. At the end of the previous financial year, the total number of Warrant A remaining unexercised were 101,789,016.

The 3.5% RUB was classified as part of long term liabilities as at the previous financial year end.

(b) Long term borrowings

	2004 RM	Group 2003 RM
Revolving credits - secured [Note (iv)]	-	10,000,000
- unsecured [Note (v)]	-	12,500,000
	-	22,500,000

Note (iv)

The secured revolving credit of RM10,000,000 was repayable by way of bullet payment at the end of the four years tenor. A sinking fund to secure the revolving credit was 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 was achieved. The amount held in the sinking fund at the end of the previous financial year amounted to RM1,250,000 as disclosed in Note 17. The secured revolving credit was fully repaid during the current financial year.

20.SHORT TERM/LONG TERM BORROWINGS (CONT'D)**(b) Long term borrowings (unsecured) (Cont'd)****Note (v)**

The unsecured revolving credit of RM12,500,000 was supported by corporate guarantees from the Company and OSKPH.

	Group	
	2004 RM	2003 RM
Repayment schedule of the unsecured revolving credit was 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

The unsecured revolving credit was fully repaid during the current financial year.

21.SHARE CAPITAL

	Group/Company	
	2004 RM	2003 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	518,097,855	514,931,932
Cancellation of shares repurchased	(35,482,600)	-
Conversion of 6% ICULS	1,418,159	1,222,788
Exercise of Warrant A 1994/2004	98,248,206	777,433
Exercise of Warrant B 2000/2010	-	2
Exercise of ESOS	2,496,100	1,165,700
At end of financial year	584,777,720	518,097,855

22.RESERVES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Non-distributable:-				
Share premium (Note a)	30,154,647	64,407,228	30,154,647	64,407,228
Capital redemption reserve (Note b)	58,919,600	23,437,000	58,919,600	23,437,000
Reserve on consolidation (Note c)	68,669,628	12,465,901	-	-
	157,743,875	100,310,129	89,074,247	87,844,228

22.RESERVES (CONT'D)

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Distributable:-				
Retained profits	306,622,235	323,226,884	348,912,061	318,921,940
	<u>464,366,110</u>	<u>423,537,013</u>	<u>437,986,308</u>	<u>406,766,168</u>

	Group/Company	
	2004	2003
	RM	RM
Note a - Share premium		
At beginning of financial year	64,407,228	62,301,884
Add: Conversion of 6% ICULS	1,815,245	1,565,173
Exercise of Warrant A 1994/2004	19,649,641	155,487
Exercise of Warrant B 2000/2010	-	3
Exercise of ESOS	869,345	384,681
Less: Professional expenses incurred for extension of warrants	(58,000)	-
Cost of treasury shares cancelled	<u>(56,528,812)</u>	<u>-</u>
At end of financial year	<u>30,154,647</u>	<u>64,407,228</u>

Note b - Capital redemption reserve

At beginning of financial year	23,437,000	23,437,000
Add: Cancellation of 35,482,600 ordinary shares repurchased	<u>35,482,600</u>	<u>-</u>
At end of financial year	<u>58,919,600</u>	<u>23,437,000</u>

	Group	
	2004	2003
	RM	RM
Note c - Reserve on consolidation		
At beginning of financial year	12,465,901	10,184,071
Arising from acquisition of additional shares in subsidiary companies	<u>56,203,727</u>	<u>2,281,830</u>
At end of financial year	<u>68,669,628</u>	<u>12,465,901</u>

23.TREASURY SHARES

	Group/Company	
	2004	2003
	RM	RM
At cost		
At beginning of financial year	45,891,586	43,763,386
Repurchased during the financial year	32,087,117	2,128,200
Cancelled during the financial year	<u>(56,528,812)</u>	<u>-</u>
At end of financial year	<u>21,449,891</u>	<u>45,891,586</u>

23. TREASURY SHARES (CONT'D)

	Group/Company	
	2004	2003
Number of shares repurchased/held as treasury shares:-		
At beginning of financial year	28,756,100	27,244,000
Repurchased during the financial year	20,672,900	1,512,100
Cancelled during the financial year	(35,482,600)	-
At end of financial year	13,946,400	28,756,100
Total number of outstanding shares as issued and fully paid	570,831,320	489,341,755
Total number of outstanding shares of the Company	584,777,720	518,097,855

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 8 April 2004 approved the renewal of authorisation for the aforesaid shares buy-back exercise. In accordance with the guidelines of Bursa Securities 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 18 May 2004 and 23 November 2004 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.

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 Bursa Securities 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. During the current financial year, pursuant to a special resolution and announcement dated 12 August 2004, 35,482,600 ordinary shares repurchased at a total value of RM56,528,812 (representing the cumulative treasury shares held as at 30 June 2004) were cancelled. 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 22).

Number of treasury shares held as at the end of the financial year are 13,946,400 (2003: 28,756,100) at a total cost of RM21,449,891 (2003: RM45,891,586). The highest, lowest and average price paid for the shares repurchased were RM1.70, RM1.43 and RM1.54 (2003: RM1.98, RM1.28 and RM1.60) per share respectively. The repurchase transactions were financed by internally generated funds.

23. TREASURY SHARES (CONT'D)

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 1.1.2004	28,756,100	1.98	1.28	1.60	45,891,586	28,756,100
May 2004	776,900	1.68	1.58	1.64	1,272,627	776,900
June 2004	5,949,600	1.65	1.52	1.57	9,364,599	5,949,600
	6,726,500	1.68	1.52	1.58	10,637,226	6,726,500
Balance as at 30.6.2004	35,482,600	1.98	1.28	1.59	56,528,812	35,482,600
Cancellation of treasury shares	(35,482,600)				(56,528,812)	(35,482,600)
	-				-	-
July 2004	3,308,600	1.70	1.53	1.61	5,318,191	3,308,600
August 2004	8,957,800	1.60	1.44	1.50	13,465,985	8,957,800
September 2004	1,327,200	1.69	1.45	1.61	2,137,369	1,327,200
October 2004	225,800	1.56	1.44	1.52	343,832	225,800
December 2004	127,000	1.45	1.43	1.45	184,514	127,000
	13,946,400	1.70	1.43	1.54	21,449,891	13,946,400

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

There was no sale of treasury shares during the current financial year.

24.6% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2000/2005 ("ICULS")

	Group/Company 2004 RM	2003 RM
At beginning of financial year	95,465,504	98,253,462
Conversion and exercise of ICULS	(3,233,404)	(2,787,958)
At end of financial year	92,232,100	95,465,504

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 1 new ordinary share of RM1 each at any time on or before 1 March 2005 at the conversion price of RM2.28 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 RM2.28 per share on maturity. (On 13 August 2002, pursuant to the capital distribution by the Company of 46,085,664 shares of OSKPH, the conversion price of ICULS was adjusted from RM2.80 to RM2.28).

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

During the current financial year, 3,233,404 (2003: 2,787,958) ICULS were converted into 1,418,159 (2003: 1,222,788) new ordinary shares of RM1 each which comprised conversion of 3,233,404 (2003: 2,787,956) ICULS for 1,418,159 (2003: 1,222,786) ordinary shares and exercise of Nil (2003: 2) ICULS at conversion price of RM2.28 each.

25. SEVEN(7)-YEAR SERIAL AL-BAI' BITHAMAN AJIL ISLAMIC DEBT SECURITIES ("BaIDS")

	Group	
	2004	2003
	RM	RM
Class A BaIDS	50,000,000	-
Class B BaIDS	50,000,000	-
	<hr/>	<hr/>
	100,000,000	-
Less: Unaccredited discount on BaIDS	(12,651,283)	-
Expenses incurred for issuance of BaIDS	(80,061)	-
	<hr/>	<hr/>
	87,268,656	-
Less: Consolidation adjustment (Note)	(40,587,314)	-
	<hr/>	<hr/>
	46,681,342	-
	<hr/>	<hr/>

Note

A portion of the BaIDS was subscribed by OSKS amounting to RM40,587,314 as at the end of the financial year.

The BaIDS are constituted by a Trust Deed dated 6 April 2004 made by OSKPH, a subsidiary company and the Trustee for the holders of the BaIDS.

As referred to in Note 41(c), OSKPH issued RM100 million nominal value BaIDS on 6 April 2004. The BaIDS are negotiable non-interest bearing secured Primary Bonds together with non-detachable Secondary Bonds. The Primary Bonds were issued in 4 tranches of RM25 million each, with maturities commencing from 2008 to 2011. Tranches no.1 and no. 2 were issued as "Class A BaIDS" and tranches no.3 and no.4 were issued as "Class B BaIDS".

The BaIDS profit, represented by the Secondary Bonds shall be payable semi-annually. The Secondary Bonds are redeemable every six months commencing six months after the issue date. The face value of the Secondary Bonds are computed based on the profit rates specified for each tranche of the Primary Bonds, i.e. from 4.5% to 5.0% per annum.

The terms of the BaIDS contain various covenants, including the following:

- (i) OSKPH shall maintain a Debt Service Cover Ratio of at least 1.5 times throughout the tenure of the BaIDS.
- (ii) OSKPH shall maintain a Debt to NTA (net tangible assets) ratio of not more than 1.25 times throughout the tenure of the BaIDS.
- (iii) OSKPH shall maintain a Profit Service Reserve Account ("PSRA") of an amount equivalent to one series of Secondary Bonds which is pre-funded from the BaIDS proceeds and shall be maintained at all times. OSKPH shall ensure that there are sufficient funds in the PSRA, at least one month before the scheduled redemption date of Secondary Bonds, failing which the amount shall be drawn from the Reserve Account.
- (iv) OSKPH shall maintain a Reserve Account of an amount equivalent to one series of Secondary Bonds, which is pre-funded from the BaIDS proceeds and shall be maintained at all times.

25. SEVEN(7)-YEAR SERIAL AL-BAL' BITHAMAN AJIL ISLAMIC DEBT SECURITIES ("BaIDS") (CONT'D)

The amount can be utilised to meet any scheduled redemption of Secondary Bonds in the event of a shortfall in the PSRA. Any utilised funds shall be replenished within two weeks from the date of utilisation.

The BaIDS are secured by the following:

- (i) Third party debentures incorporating a first fixed and floating charge over the present and future assets of a subsidiary of OSKPH, OSK Properties Sdn. Bhd. ("OSKP") (excluding the landed properties.)
- (ii) First fixed charge on the entire paid-up share capital of OSKPH and OSKP.
- (iii) First legal charge over the designated accounts; and
- (iv) Power of Attorney to authorise the Trustee to create a charge on the unsold portion of Lot 18479 and Lot 14215, Mukim Sungai Petani, Kuala Muda, Kedah (owned by OSKP) in the event of default or breach of the terms and conditions of the Trust Deed for the BaIDS under a special covenant.

The terms of the Trust Deed prescribes that in the event of default, the outstanding amount of the Primary Bonds and the profit next due will become immediately due and payable.

26. REVENUE

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Revenue include:-				
Advisory and arrangement fees	10,981,741	3,877,198	-	-
Carrying charges and facility fees	7,497,630	7,273,731	-	-
Gain on disposal of fixed income instruments	39,837,310	854,433	-	-
Gain from investment in shares	4,536,119	4,490,541	-	-
Gross dividends from:				
- investment in shares	101,529	222,628	32,406	-
- a quoted subsidiary company in Malaysia	-	-	4,423,334	2,837,022
- unquoted subsidiary companies in Malaysia	-	-	87,790,653	3,833,125
- an unquoted associated company in Malaysia	-	-	240,000	240,000
	101,529	222,628	92,486,393	6,910,147
Gross brokerage fees and commission	134,522,266	139,157,835	-	-
Interest income from:				
- investing activities	7,249,979	2,121,523	1,757,441	1,423,083
- operating activities	48,941,544	32,823,330	-	-
- subsidiary companies	-	-	3,771,194	5,750,121
	56,191,523	34,944,853	5,528,635	7,173,204

26. REVENUE (CONT'D)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Fund manager's fees	19,644,743	15,002,575	-	-
Processing fees	5,619,840	3,567,586	-	-
Property development revenue	73,138,483	107,305,548	-	-
Rental income	4,736,750	3,803,665	-	-
Service charges on sale of trust units	23,750,827	18,170,319	-	-
Underwriting commission	4,879,490	2,556,667	-	-

27. DIRECT COSTS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Direct costs include:-				
Assessment and quit rent	1,143,038	1,109,795	-	-
Commission to dealer's/futures broker representatives	31,578,787	33,949,098	-	-
Commission to unit trust agents	25,993,067	20,534,714	-	-
Property development costs (Note 5)	48,786,090	92,085,290	-	-
Referral fees	27,513,219	568,562	-	-
Securities Commission levy	1,984,391	2,032,041	-	-

28. OTHER OPERATING INCOME

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Other operating income include:-				
Allowance for bad and doubtful debts written back				
- specific	1,062,257	7,267,628	-	-
- general	63,872	-	-	-
Bad debts recovered	7,157,902	118,708	-	-
Capital gain on shares from KLSE demutualisation	24,984,303	-	-	-
Gain on disposal of plant and equipment	54,580	142,918	-	-
Gain on disposal of quoted securities in Malaysia	-	-	50,861	-
Gain on disposal of subsidiary company	-	-	5,644,799	-
Gain on foreign exchange	-	28,619	-	-
Gain on investment in futures market	195,739	386,372	11,080	-
Gross dividends from:				
- quoted securities in Malaysia	38,384	407,903	-	-
- unquoted securities in Malaysia	83,315	73,520	-	-
Impairment loss on fund manager's stocks written back	99,597	-	-	-

28.OTHER OPERATING INCOME (CONT'D)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Impairment loss on marketable securities written back	153,956	13,587,184	-	-
Interest income from:				
- investing activities	1,050,173	932,668	-	-
- operating activities	335,318	409,550	-	-
	1,385,491	1,342,218	-	-
Rental income from rubber plantation	168,000	156,000	-	-

29.ADMINISTRATIVE EXPENSES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Administrative expenses include:-				
Auditors' remuneration				
(i) Statutory audit				
- current year	221,640	212,960	27,000	27,000
- underprovision in prior year	1,270	19,000	-	-
(ii) Other services				
- current year	38,000	11,000	2,600	-
- underprovision in prior year	4,850	23,800	-	3,750
	265,760	266,760	29,600	30,750
Depreciation of property, plant and equipment	10,939,628	11,577,668	-	-
Directors' remuneration [Note 36(b)]:				
(i) Fees - current year	225,000	181,000	84,000	84,000
- under/(over)provision in prior year	5,000	8,500	-	(2,500)
(ii) Other emoluments	3,822,850	2,546,750	-	-
	4,052,850	2,736,250	84,000	81,500
Rental of equipment	6,960,889	5,437,029	-	-
Rental of premises	3,365,601	2,741,921	-	-
Staff costs:				
- Employees Provident Fund	6,488,418	4,502,491	-	-
- social security costs	415,532	338,728	-	-
- salaries, wages, allowances and bonus	53,258,769	41,046,629	-	-
- other staff related expenses	1,636,621	1,105,421	-	-
	61,799,340	46,993,269	-	-

30. OTHER OPERATING EXPENSES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Other operating expenses include:-				
Allowance for bad and doubtful debts				
- specific	3,186,971	2,540,310	-	-
- general	-	29,683	-	-
	3,186,971	2,569,993	-	-
Amortisation:-				
- development cost	995,899	995,899	-	-
- goodwill on consolidation	7,641,034	6,101,018	-	-
- MESDAQ adviser and sponsor admission fee	10,000	10,000	-	-
- purchased goodwill	2,395,698	2,395,698	-	-
	11,042,631	9,502,615	-	-
Bad debts written off	16,580	495,937	-	-
Impairment loss on marketable securities	1,480,055	1,448,752	-	-
Impairment loss on fund manager's stocks	-	100,227	-	-
Loss on disposal of quoted securities in Malaysia	165,750	9,957,804	-	-
Loss on foreign exchange	92,276	-	-	-
Plant and equipment written off	531,762	13,972	-	-
Provision for compensation for legal suits (Note)	55,199,444	-	-	-

Note

Included in provision for compensation for legal suits is an amount of RM52,026,557 provided for a litigation claim against a subsidiary company of the Group as disclosed in Note 43.

31. FINANCE COSTS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Accretion of discount on BaIDS	1,547,273	-	-	-
Bank facilities commitment fees	3,660,380	2,442,541	-	-
Commission on letter of credit and bank guarantee	99,324	87,028	-	-
Expenses in relation to BaIDS issuance	53,690	-	-	-
Profit payment on BaIDS	2,824,734	-	-	-
Interest expense:				
- bank overdrafts/revolving credits	8,659,580	3,465,579	-	-
- 3.5% RUB 2000/2005	3,549,785	3,549,840	3,549,785	3,549,840
- 6% ICULS 2000/2005	5,590,162	5,817,561	5,590,162	5,817,561
- others	11	194	-	-
	17,799,538	12,833,174	9,139,947	9,367,401
	25,984,939	15,362,743	9,139,947	9,367,401

32. TAX EXPENSE

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Tax charge for the financial year:-				
In respect of the current financial year				
- Malaysian income tax	31,054,699	25,524,330	21,669,812	1,282,379
- Deferred tax assets [Note 11(a)]	(412,851)	639,321	-	-
- Deferred tax liabilities [Note 11(b)]	(1,036,263)	(738,912)	-	-
- Share of taxation of associated companies	364,125	203,504	-	-
	29,969,710	25,628,243	21,669,812	1,282,379
In respect of the previous financial year				
- Malaysian income tax	238,559	(601,718)	78,929	(940,168)
	30,208,269	25,026,525	21,748,741	342,211

For the year of assessment 2004, 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 RM500,000 : 20%

In excess of RM500,000 : 28%

In the year of assessment 2003, these subsidiary companies' income tax were calculated based on the statutory income tax rate as follows:

On the first RM100,000 : 20%

In excess of RM100,000 : 28%

Income tax expense for the Company is calculated based on the statutory income tax rate of Malaysia at 28% (2003 : 28%) of the estimated taxable profit for the financial year.

The reconciliation between the tax at statutory tax rate of 28% (2003 : 28%) on the profit before taxation and the tax expense is as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit before taxation ("PBT")	59,068,689	80,273,387	93,580,259	4,005,256
Tax at statutory tax rate of 28% on PBT	16,539,233	22,476,548	26,202,473	1,121,472
Tax savings at statutory tax rate of 20% on PBT	(41,289)	(29,247)	-	-
Tax effect on non-taxable income	(8,881,482)	(3,235,243)	(4,532,661)	-
Tax effect on non-deductible expenses	25,421,097	10,718,463	-	160,907
Tax effect on non-business income	1,270,628	-	-	-
Balancing (allowance)/charge on plant and equipment disposed	(5,715)	55,170	-	-
Effect on loss in associated company	-	2,748	-	-
(Over)/underprovision in prior year	238,559	(601,718)	78,929	(940,168)
Transfer (from)/to deferred taxation	(1,449,114)	(99,591)	-	-
Utilisation of capital allowances	(2,850,305)	(3,044,761)	-	-
Utilisation of previously unrecognised tax losses	(213,856)	(1,344,188)	-	-
Deferred tax asset not recognised	180,513	128,344	-	-
Tax expense for the financial year	30,208,269	25,026,525	21,748,741	342,211

32. TAX EXPENSE (CONT'D)

Subject to agreement by the Inland Revenue Board:-

- (i) As at 31 December 2004, 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 dividend amounting to RM294,540,000 (2003: RM281,138,000) out of its retained profits as at 31 December 2004 without incurring additional tax liability.
- (ii) The Group has the following tax relief to offset against future taxable profits:

	Group	
	2004	2003
	RM	RM
Unabsorbed tax losses	13,764,239	14,475,134
Unutilised pioneer losses	878,919	878,919
Unabsorbed capital allowances	3,591,574	7,113,623
	<u>18,234,732</u>	<u>22,467,676</u>

Finexasia.com Sdn Bhd ("Finex"), a subsidiary company, was granted Multimedia Super Corridor status on 3 October 2000 by Multimedia Development Corporation, which entitles Finex to enjoy the incentives and benefits backed by the Malaysian Government's Bill of Guarantee. The incentives include 5 years exemption from Malaysian income tax commencing from the date Finex starts generating income or a 100% Investment Tax Allowance. Finex has opted for the 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.

OSK Technology Ventures Sdn Bhd ("OSKTV") and OSK Venture Equities Sdn Bhd ("OSKVE"), wholly-owned subsidiary companies of OSK Ventures International Berhad which is in turn a subsidiary company of the Company, have been granted the Venture Capital Company tax exemption incentive pursuant to the Income Tax (Exemption) (No. 3) Order 2001, where this order exempts OSKTV and OSKVE from payment of income tax in respect of the statutory income on all sources of income for 10 years of assessment ("YA"). OSKTV and OSKVE have to meet the criteria as set up under the Guidelines for Annual Confirmation on Tax Incentive for Venture Capital Industry, where at least 70% of its funds shall be invested into venture companies as encouraged by the Government and in the form of initial financing. For OSKTV and OSKVE, the tax exempt period is effective from YA 2002 to YA 2011 and from YA 2003 to YA 2012 inclusive respectively. The tax exempt is subject to annual confirmation by Securities Commission ("SC"). On 24 May 2004, OSKTV and OSKVE have obtained the confirmation from SC for YA 2003. OSKTV and OSKVE have sought for a similar exemption for YA 2004.

33. 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	
	2004	2003
	RM	RM
Net profit for the financial year	25,236,748	50,505,986
Weighted average number of ordinary shares in issue	561,955,150	487,257,159
Earnings per share (sen)	<u>4.49</u>	<u>10.37</u>

33. EARNINGS PER SHARE (CONT'D)

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 RM29,263,619 (2003 : RM54,694,630) over the adjusted number of shares in issue and issuable of 657,420,654 (2003 : 611,629,518). 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 2004. 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 2004.

34. DIVIDENDS

	Amount		Net dividend per share	
	2004 RM	2003 RM	2004 Sen	2003 Sen
For the financial year ended 31 December 2004				
Interim dividend of 5.0 sen per share less 28% income tax, paid on 20 September 2004	20,579,564	-	3.6	-
For the financial year ended 31 December 2003				
Final dividend of 5.0 sen per share less 28% income tax, paid on 17 June 2004	21,261,833	-	3.6	-
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
	<u>41,841,397</u>	<u>17,557,467</u>	<u>7.2</u>	<u>3.6</u>

35. EFFECTS OF ACQUISITION OF ADDITIONAL SHARES IN SUBSIDIARY COMPANIES

	GROUP	
	2004 RM	2003 RM
Share of net assets acquired from minority interest	62,471,615	4,069,186
Reserve on consolidation	(56,203,727)	(2,281,830)
Cash outflow on acquisition	<u>6,267,888</u>	<u>1,787,356</u>

36. SIGNIFICANT RELATED PARTY TRANSACTIONS AND RELATIONSHIPS

COMPANY

(a) Subsidiary/associated companies

In accordance with Paragraph 5(a) and 5(b) of Financial Reporting Standards 124: Related Party Disclosure, the Company is not required to disclose transaction between the Company and its subsidiary/associated companies.

(b) Directors' remuneration

The directors' remuneration included in administrative expenses as disclosed in Note 29 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

Non-Executive Directors

Wong Chong Che

Dato' Mohamed Tarmizi bin Mohd. Tahir

Dr. Choong Tuck Yew

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:-			
2004			
Fee - provision for current year	48,000	36,000	84,000
2003			
Fee - provision for current year	48,000	36,000	84,000
- overprovision in prior year	-	(2,500)	(2,500)
	48,000	33,500	81,500
GROUP			
	Executive RM	Non- Executive RM	Total RM
Amount received/receivable by the Company's directors from the Group:-			
2004			
(i) Fee - provision for current year	171,000	54,000	225,000
- underprovision in prior year	-	5,000	5,000
	171,000	59,000	230,000

36. SIGNIFICANT RELATED PARTY TRANSACTIONS AND RELATIONSHIPS (CONT'D)

GROUP (Cont'd)

	Executive RM	Non- Executive RM	Total RM
2004			
(ii) Other emoluments			
- Incentive	435,000	59,500	494,500
- Salaries	2,100,000	-	2,100,000
- Provision for bonus	1,228,350	-	1,228,350
	3,763,350	59,500	3,822,850
	3,934,350	118,500	4,052,850
Benefits-in-kind	93,375	-	93,375
2003			
(i) Fee - provision for current year	134,000	47,000	181,000
- under/(over)provision in prior year	9,000	(500)	8,500
	143,000	46,500	189,500
(ii) Other emoluments			
- 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
	2,656,550	79,700	2,736,250
Benefits-in-kind	70,261	-	70,261

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

2004

	Executive	Non- Executive	Total
RM50,000 and below	-	2	2
RM50,001 to RM100,000	1	1	2
RM450,001 to RM500,000	1	-	1
RM1,050,001 to RM1,100,000	1	-	1
RM2,300,001 - RM2,350,000	1	-	1
	4	3	7

2003

	Executive	Non- Executive	Total
RM50,000 and below	-	4	4
RM50,001 to RM100,000	1	-	1
RM400,001 to RM450,000	1	-	1
RM650,001 to RM700,000	1	-	1
RM1,450,001 to RM1,500,000	1	-	1
	4	4	8

36. SIGNIFICANT RELATED PARTY TRANSACTIONS AND RELATIONSHIPS (CONT'D)

GROUP (Cont'd)

(c) Other related corporations

(i) Companies in PJ Development Holdings Berhad Group

Identities	Nature of transactions	2004 RM	2003 RM
Damai Laut Golf Resort Sdn. Bhd.	Hotel accommodation and related charges paid	56,003	12,758
Golden Parade Sdn. Bhd.	Rental paid for storage space	29,350	24,000
MM Hotels Sdn. Bhd.	Hotel accommodation and related charges paid	23,434	23,706
Pengerang Jaya Pte. Ltd.	Brokerage received on share trading	(35,595)	-
PJ Equity Sdn. Bhd.	Brokerage received on share trading	(57,316)	-
PJD Concrete Products Sdn. Bhd.	Office rental received	(48,591)	(56,841)
PJD Construction Sdn. Bhd.	Amount paid for construction works for property development projects	14,641,728	12,580,076
PJD Hotels Sdn. Bhd.	Hotel accommodation and related charges paid	25,249	20,587
PJD Management Services Sdn. Bhd.	(i) Fees paid for project management services	964,250	1,006,172
	(ii) Office rental received	(507,060)	(507,828)
PJD Marketing Sdn. Bhd.	Office rental received	(71,617)	-
Swiss Garden International Sdn. Bhd.	Office rental received	(105,931)	(107,210)
Swiss Garden Management Services Sdn. Bhd.	Hotel accommodation and related charges paid	48,859	38,466
Swiss Garden Rewards Sdn. Bhd.	Office rental received	(70,294)	-
Swiss Garden International Vacation Club	Office rental received	(214,500)	-

(ii) Companies in Dindings Consolidated Sdn. Bhd. Group

Identities	Nature of transactions	2004 RM	2003 RM
DC Services Sdn. Bhd.	Insurance premium paid	279,021	189,893
Dindings Consolidated Sdn. Bhd.	Office rental received	(96,877)	(97,963)

36. SIGNIFICANT RELATED PARTY TRANSACTIONS AND RELATIONSHIPS (CONT'D)

(ii) Companies in Dindings Consolidated Sdn. Bhd. Group (Cont'd)

Identities	Nature of transactions	2004 RM	2003 RM
Dindings Construction Sdn. Bhd.	Office maintenance/renovations/ construction works paid	3,203,776	1,505,549
Dindings Life Agency Sdn. Bhd.	Insurance premium paid	200,081	212,688
Dinding Risks Management Services Sdn. Bhd.	Insurance premium paid	639,917	608,510

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.

(iii) Cheang & Ariff	Legal fees paid	236,805	56,980
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A partner of the aforesaid company is a director of OSK Securities Berhad ("OSKS").

(iv) Willowglen (M) Sdn. Bhd.	Purchase of vision link video monitoring system	24,195	-
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Certain directors of the aforesaid company are the family members of Mr Ong Leong Huat @ Wong Joo Hwa, Mr Wong Chong Kim and Mr Wong Chong Che.

The above transactions have been entered into 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.

37. COMMITMENTS

	2004 RM	Group 2003 RM
(a) Capital commitments:-		
Capital expenditure		
(i) Authorised and contracted for		
- office equipment	202,500	404,750
- management and development of project at Sungai Buloh (Note 14)	5,200,000	6,200,000
- balance payment for a commercial property at Segamat [Note 41(l)]	201,000	-
(ii) Authorised but not contracted for		
- office equipment	423,863	512,752
	6,027,363	7,117,502
(b) Underwriting commitments	105,187,523	3,817,917

37.COMMITMENTS (CONT'D)

- (c) As mentioned in Note 5, under the Joint Venture Agreement, OSK Properties Sdn Bhd 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 2004, the development project on the land is in progress. The directors are of the opinion that the minimum guaranteed value can be met and hence no provision is required in the financial statements.
- (d) As mentioned in Notes 17 and 20(a), a Sinking Fund has been set up under the legal control of the Trustee for the redemption of the 3.5% RUB.
- (e) As mentioned in Note 41(k), under the Sale and Purchase Agreement, Aspect Synergy Sdn. Bhd. is committed to deliver an empty bungalow lot of 8,000 to 10,000 square feet to the Vendor after the approval of layout plans and the construction of the basic infrastructures.

38.LIABILITIES PAYABLE BY AND DEBTS PAYABLE TO THE GROUP AND THE COMPANY**GROUP**

	More that 1		
	Within 1 year	year and less than 5 years	5 years and above
	RM	RM	RM
2004			
Liabilities payable by the Group			
Trade and other payables	379,532,385	-	-
Short term borrowings	489,649,712	-	-
Tax payable	9,854,783	-	-
BalDS (Note 25)	-	29,525,949	17,155,393
Deferred tax liabilities	-	-	29,317,283
	879,036,880	29,525,949	46,472,676
Debts payable to the Group			
Trade and other receivables (excluding prepayments)	656,992,831	-	-
Tax recoverable	4,605,881	-	-
Deferred tax assets	-	-	449,555
	661,598,712	-	449,555
2003			
Liabilities payable by the Group			
Trade and other payables	293,254,083	-	-
Short term borrowings	154,398,067	-	-
Long term borrowings	22,500,000	-	-
Tax payable	10,223,962	-	-
3.5% RUB 2000/2005	-	101,423,995	-
Deferred tax liabilities	-	-	30,350,784
	480,376,112	101,423,995	30,350,784

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

GROUP (Cont'd)

	Within 1 year RM	More than 1 year and less than 5 years RM	5 years and above RM
2003			
Debts payable to the Group			
Trade and other receivables (excluding prepayments)	748,405,149	-	-
Tax recoverable	7,941,920	-	-
Deferred tax assets	-	-	36,704
	<u>756,347,069</u>	<u>-</u>	<u>36,704</u>

COMPANY 2004

Liabilities payable by the Company

Other payables	3,165,972	-	-
Short term borrowings (3.5% RUB 2000/2005)	<u>101,423,995</u>	<u>-</u>	<u>-</u>
	<u>104,589,967</u>	<u>-</u>	<u>-</u>

Debts payable to the Company

Other receivables	121,293	-	-
Tax recoverable	1,511,211	-	-
Subsidiary/associated companies balances - net	<u>42,033,828</u>	<u>-</u>	<u>-</u>
	<u>43,666,332</u>	<u>-</u>	<u>-</u>

2003

Liabilities payable by the Company

Other payables	3,267,084	-	-
3.5% RUB 2000/2005	<u>-</u>	<u>101,423,995</u>	<u>-</u>
	<u>3,267,084</u>	<u>101,423,995</u>	<u>-</u>

Debts payable to the Company

Other receivables	665,703	-	-
Tax recoverable	3,261,862	-	-
Subsidiary companies balances - net	<u>35,488,231</u>	<u>-</u>	<u>-</u>
	<u>39,415,796</u>	<u>-</u>	<u>-</u>

39.SEGMENT INFORMATION - GROUP

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

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

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 fee, user access fees, advisory fees, placement fees and underwriting commission. The inter-segment transactions have been entered into 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.

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.
Financing	-	Licensed money lender for initial public offers and share option schemes.
Unit trust	-	Management of unit trust funds.
Property development	-	Development of residential and commercial properties.
Property investment	-	Management and letting of properties.
Venture capital	-	Provision of venture capital services and investee entities.
Futures and options	-	Futures and options broking.
Investment bank	-	Offshore investment banking activities.
Holding entities	-	Public listed holding companies.
Others	-	Not significant to be separately disclosed.

Secondary reporting format - geographical segments

The Group operates solely in Malaysia as at the end of the current and previous financial year.

39.SEGMENT INFORMATION - GROUP (CONT'D)

2004

Primary reporting format - business segments

[illegible]

39.SEGMENT INFORMATION - GROUP (CONT'D)

2004

Primary reporting format - business segments (Cont'd)

	Stockbroking activities	Financing	Unit trust	Property development	Property investment	Venture capital	Futures and options	Invest- ment bank	Holding entities	Others	Elimina- tions	Conso- lidated
	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	1,003,666	177,732	34,408	304,944	167,927	264,797	49,259	10,344	89,594	3,431	-	2,106,102
Intangible assets	126,661	-	-	45,139	-	2,145	-	-	2,017	-	-	175,962
Investment in associated companies	-	-	-	-	-	-	-	-	-	3,813	-	3,813
Total segment assets	1,130,327	177,732	34,408	350,083	167,927	266,942	49,259	10,344	91,611	7,244	-	2,285,877
Segment liabilities	624,126	53,064	14,206	69,039	1,991	359	38,718	46	245,544	174	-	1,047,267
Capital expenditure	10,936	27	103	4,943	4,154	20	198	-	-	135	-	20,516
Non-cash expenses												
Allowance for bad and doubtful debts	3,187	-	-	-	-	-	-	-	-	-	-	3,187
Amortisation	7,972	-	-	-	-	1,072	-	-	1,999	-	-	11,043
Bad debts written off	-	12	-	-	-	-	5	-	-	-	-	17
Depreciation	7,874	54	342	267	1,860	448	86	-	-	9	-	10,940
Impairment loss on marketable securities	1,480	-	-	-	-	-	-	-	-	-	-	1,480
Plant and equipment written off	490	-	42	-	-	-	-	-	-	-	-	532
	21,003	66	384	267	1,860	1,520	91	-	1,999	9	-	27,199

Secondary reporting format - geographical segments: Not applicable

39.SEGMENT INFORMATION - GROUP (CONT'D)

2003

Primary reporting format - business segments

[illegible]

39. SEGMENT INFORMATION - GROUP (CONT'D)

2003

Primary reporting format - business segments (Cont'd)

	Stockbroking activities RM'000	Financing RM'000	Unit trust RM'000	Property development RM'000	Property investment RM'000	Venture capital RM'000	Futures and options RM'000	Invest- ment bank RM'000	Holding entities RM'000	Others RM'000	Elimina- tions RM'000	Conso- lidated RM'000
Other information												
Tangible assets	662,750	219,055	36,028	277,793	155,215	57,262	42,373	9,689	45,674	2,845	-	1,508,684
Intangible assets	172,267	-	-	10,681	-	2,971	-	-	-	-	-	185,919
Investment in associated companies	-	-	-	-	-	-	-	-	-	2,558	-	2,558
Total segment assets	835,017	219,055	36,028	288,474	155,215	60,233	42,373	9,689	45,674	5,403	-	1,697,161
Segment liabilities	261,200	112,049	15,584	83,454	1,739	350	32,965	49	200,218	8	-	707,616
Capital expenditure	7,468	11	535	707	2,252	2	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	86	347	184	1,903	446	106	4	-	2	-	11,578
Impairment loss on marketable securities	1,449	-	-	-	-	-	-	-	-	-	-	1,449
Impairment loss on fund manager's stocks	-	-	100	-	-	-	-	-	-	-	-	100
Plant and equipment written off	14	-	-	-	-	-	-	-	-	-	-	14
	20,473	86	447	644	1,903	1,549	106	4	-	2	-	25,214

Secondary reporting format - geographical segments : Not applicable

40. EXECUTIVE SHARE OPTION SCHEME

During the previous and current financial years, 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 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 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 10% from the weighted average of the market quotation of the Company's shares in the daily list issued by Bursa Securities for the 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 current financial year is as follows:

Date of Offer	Option price RM	As at 1.1.2004	Granted	Exercised	Forfeited	As at 31.12.2004
27.6.2003	1.33	7,944,500	-	(2,422,500)	(111,500)	5,410,500
16.3.2004	1.95	-	11,628,200	(73,600)	(505,600)	11,049,000

The Company is exempted from disclosing information as required by Section 169(11) of the Companies Act, 1965 other than as indicated below pursuant to approval from the Companies Commission of Malaysia dated 8 October 2004:

ESOS granted during the current financial year (200,000 options and above)

Name	As at 1.1.2004	Granted	Exercised	Forfeited	As at 31.12.2004
1. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	-	350,000	-	-	350,000
2. Ong Leong Huat @ Wong Joo Hwa	-	350,000	-	-	350,000
3. Wong Chong Kim	-	350,000	-	-	350,000
4. Mohd. Idris bin Ahmad Jais	-	262,500	-	-	262,500
5. Diong King Kuang	-	262,500	-	-	262,500
6. Loh Siew Hooi	-	262,500	-	-	262,500

41. SIGNIFICANT EVENTS

- (a) Upon completion of the demutualisation exercise of Kuala Lumpur Stock Exchange ("KLSE") on 5 January 2004, KLSE was converted from a non-profit 'mutual' entity limited by guarantee of its members into a public company limited by shares, known as Bursa Malaysia Securities Berhad ("Bursa Securities"). Consequently, OSK Securities Berhad ("OSKS"), a wholly-owned subsidiary of the Company, received 9,090,909 ordinary shares (including 6,818,182 ordinary shares allocated from the business licenses of Premier Capital Securities Sdn Bhd, OCBC Securities (Melaka) Sdn Bhd and KE-ZAN Securities Sdn. Bhd.) in Bursa Malaysia Berhad, the holding company of Bursa Securities, in accordance with the shareholding structure of Bursa Malaysia Berhad which was approved by the Securities Commission ("SC") on 18 August 2003. These shares have been valued at RM24,984,303 based on the underlying net tangible assets value of Bursa Malaysia Berhad Group as at 31 December 2003, as stated in Note 8.
- (b) On 13 January 2004, the first call (50%) of additional 20,000 shares and 8,000 shares at RM10 each in OSK-Signet Trustees Berhad ("OSKST"), an existing 50% and 20% owned associated company of the Group and the Company respectively, were allotted to the Group and the Company amounting to RM100,000 and RM40,000 respectively.

On 16 September 2004, OSKST changed its name to OSK Trustees Berhad ("OSKT").

On 17 September 2004, the Group completed the acquisition of the remaining 50% equity interest in OSKT which comprised 70,000 ordinary shares of RM10 each which were issued and partly paid up to RM5 each for a total cash consideration of RM190,000. By virtue of the acquisition, OSKT has become a wholly-owned subsidiary of the Group.

- (c) On 15 March 2004, the SC approved the proposed issue of RM100,000,000 nominal value Seven (7)-Year Serial Al-Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS") by OSK Property Holdings Berhad ("OSKPH"), a subsidiary of the Company. The proceeds of the BaIDS amounting to RM85,801,444 have been received by OSKPH on 6 April 2004. The proceeds were placed into the designated accounts under the BaIDS and subsequently utilised as follows:
- (a) payment of expenses relating to the BaIDS of RM0.7 million;
 - (b) repayment of bank borrowings amounting to RM27.5 million;
 - (c) repayment to holding company, OSK Holdings Berhad of RM33.7 million; and
 - (d) the remaining balance is transferred to reserve accounts and working capital for property development projects.
- (d) On 15 March 2004, KE-ZAN Holdings Berhad ("KZH"), a wholly-owned subsidiary of the Company entered into a Sale and Purchase Agreement with Petaling Garden Berhad to purchase a shoplot at No.55, Zone J4, Jalan Radin Anum, Bandar Baru Seri Petaling, Kuala Lumpur at a consideration of RM3,880,800. The acquisition was completed on 3 June 2004.
- (e) On 22 April 2004, OSK Wealth Planners Sdn Bhd ("OSKWP") with authorised share capital of 100,000 ordinary shares of RM1 each and paid up share capital of 2 ordinary shares of RM1 each was incorporated to carry out the business of integrated financial planning to high net worth clientele. OSKWP is 50:50 owned by the Company and Equitable Investment Co. (Hong Kong) Ltd., a wholly-owned subsidiary of American International Group, Inc.
- On 12 July 2004, the authorised share capital of OSKWP was increased to 5,000,000 ordinary shares of RM1 each and the Company was allotted an additional 724,999 ordinary shares of RM1 each.
- (f) On 30 April 2004, KZH entered into Sale and Purchase Agreements with two related companies, OSK Realty Sdn Bhd ("OSKR") and OSKS to purchase the following properties at a total consideration of RM136,110,000:

41. SIGNIFICANT EVENTS (CONT'D)

	Purchase Consideration RM
Acquisition from OSKR	
(i) Plaza OSK, Jalan Ampang, Kuala Lumpur (office building)	125,000,000
(ii) No.40, Jalan Radin Anum 2, Bandar Baru Seri Petaling, Kuala Lumpur (shoplot)	760,000
Acquisition from OSKS	
(i) 21-25, Jalan Seenivasagam, Greentown, Ipoh, Perak (office building)	8,600,000
(ii) No.579-580, Taman Melaka Raya, Melaka (office building)	1,490,000
(iii) No. 39 & 39A, Jalan Saujana 2/2, Taman Saujana, Seksyen 2, Bukit Katil, Melaka (shoplot)	260,000
	<u>136,110,000</u>

The acquisitions were completed on 25 June 2004. On 18 June and 25 June 2004, KZH entered into two Deeds of Assignment with OSKR whereby OSKR had assigned absolutely all its rights, benefits, titles, interests, obligations and covenants stipulated amongst others under the tenancy agreements and benefits in terms of the rental income receivable and obligations attaching thereto or accruing thereon for the Seri Petaling shoplot and Plaza OSK respectively to KZH.

- (g) On 15 May 2004, the SC, on behalf of the Foreign Investment Committee and Bursa Securities, approved the listing of OSK Ventures International Berhad ("OSKVI"), a wholly-owned subsidiary of the Company on the MESDAQ market of Bursa Securities ("the Listing"). The approvals of SC and Bursa Securities were subject to the terms and conditions stipulated in their letter dated 15 May 2004 and OSKVI was given 6 months from the date of approval to complete the Listing. The Listing was approved at the Extraordinary General Meeting held on 18 June 2004.

The Listing entailed the following:-

- (i) Acquisition by OSKVI from the Company of the entire issued and paid-up capital of OSK Venture Equities Sdn.Bhd ("OSKVE"), OSK Technology Ventures Sdn Bhd ("OSKTV") and OSK Private Equity Management Sdn Bhd ("OSKPEM") for a total consideration of RM15,944,799, satisfied through the issuance of 159,447,990 new ordinary shares of RM0.10 each by OSKVI at par ("the Acquisition"). Subsequent thereto, OSKVE, OSKTV and OSKPEM became wholly owned subsidiaries of OSKVI.
- (ii) Special issue of 665,551,990 new ordinary shares of RM0.10 each by OSKVI to the Company for a total consideration of RM67,200,000 or at RM0.101 per share via capitalisation of intercompany balances amounting to RM39,700,000 and for cash amounting to RM27,500,000 ("the Special Issue").
- (iii) Public issue of 675,000,000 new ordinary shares of RM0.10 each by OSKVI representing 45% of the enlarged issued and paid up capital of OSKVI at an issue price of RM0.26, to the shareholders of the Company, the eligible directors and employees of OSK Group as at 30 April 2004, and the Malaysian public, companies, societies, co-operatives and institutions and private placements to prospective local and foreign institutional and individual investors by way of application ("the Public Issue").

The directors of the Company were entitled to the allocation of up to 15,000,000 OSKVI shares (excluding deceased director, Datuk Sivalingam A/L Munusamy's entitlement) in total.

On 8 July 2004, OSKVI completed the Acquisition and the Special Issue pursuant to the Listing. Following the completion of the Acquisition and the Special Issue, the issued and paid up share capital of OSKVI increased to RM82,500,000 comprising 825,000,000 ordinary shares of RM0.10 each.

41. SIGNIFICANT EVENTS (CONT'D)

On 8 September 2004, OSKVI was listed on the MESDAQ market of Bursa Securities. By virtue of the listing, the Company's equity interest in OSKVI was diluted from 100% to 55%. Subsequent to the listing, the Company purchased additional 18,442,300 ordinary shares of RM0.10 each in OSKVI at a total cost of RM4,178,743 from the open market. As at 31 December 2004, the Company held a total of 843,442,300 shares (2003: 20 shares) representing 56.23% (2003: 100%) equity interest in OSKVI.

- (h) On 24 May 2004, OSKP entered into a Sale and Purchase Agreement with Magna Prima Berhad to purchase two units of shoplots at Metro Prima, Mukim Batu, Kuala Lumpur at a consideration of RM1,800,000 each. The transaction was completed on 11 June 2004.
- (i) On 26 May 2004, OSKPH made a renounceable rights issue of 49,998,000 warrants to its shareholders on the basis of 1 warrant for every 2 existing ordinary shares of RM1 each held in OSKPH at an issue price of RM0.30 per warrant which were fully taken up.

The salient terms of the warrants are as follows:

- (i) Each warrant carries the right to subscribe for 1 new ordinary share of RM1 each in OSKPH;
- (ii) The warrants may be exercised at any time from 16 July 2004 to 5 April 2009, being the date falling 5 years from the date of issue of BalDS on 6 April 2004. The gross proceeds raised from the exercise of the warrants of up to RM54,997,800 are proposed to be placed in a sinking fund that would be utilised for the part redemptions of the BalDS and/or for working capital purposes;
- (iii) The exercise price of the warrants is fixed at RM1.10 each; and
- (iv) The shares arising from the exercise of warrants shall rank pari passu in all respect with the existing ordinary shares of OSKPH, save and except that the new shares shall not be entitled to any dividends, rights, allotments and/or distributions, unless the exercise of warrants is effected before the book closure of the share registers for the determination of the entitlement to such rights or distributions.

The Company has subscribed for 31,926,068 warrants in OSKPH at the issue price of RM0.30 per warrant with incidental costs of RM39,930 amounting to a total of RM9,617,750 (Note 8).

On 26 July 2004, the renounceable rights issue of 49,998,000 warrants of OSKPH were quoted and listed on the Main Board of Bursa Securities.

- (j) On 21 June 2004, the Company entered into a Memorandum of Understanding ("MOU") with Smart Day International Limited ("SDIL"), a company incorporated in Hong Kong to negotiate and finalise the investment and/or acquisition of the interests in its subsidiary companies, namely Excalibur Securities Limited, Excalibur Futures Limited and Excalibur Capital Limited. The MOU had lapsed on 23 August 2004.
- (k) On 22 June 2004, OSKPH acquired 100% equity interest in Aspect Synergy Sdn. Bhd. ("ASSB") which comprise two ordinary shares of RM1 each for cash consideration of RM2. By virtue of the acquisition, ASSB has become a wholly-owned subsidiary of OSKPH.

On 28 June 2004, ASSB entered into a Sale and Purchase Agreement with Metal House Asia Sdn. Bhd. ("the Vendor") to acquire a piece of freehold land located at Mukim Kajang, District of Hulu Langat, Selangor for a cash consideration of RM5.8 million (fully paid as at the end of the current financial year) and an additional consideration of the delivery of an empty bungalow lot of 8,000 to 10,000 square feet to the Vendor after the approval of layout plans and the construction of the basic infrastructures (disclosed as capital commitment in Note 37). The land is acquired for the purpose of residential development.

41. SIGNIFICANT EVENTS (CONT'D)

- (l) On 14 July 2004, OSKP entered into a Sale and Purchase Agreement with Pokta Sdn. Bhd. to purchase a unit of commercial property at Mukim Sungai Segamat, Segamat, Johor at a consideration of RM670,000. Cost recognised is up to the amount paid as at the end of the current financial year, i.e. RM469,000, as construction is still in-progress. The balance of RM201,000 is disclosed as capital commitment in Note 37.
- (m) Pursuant to a special resolution and announcement dated 12 August 2004, 35,482,600 ordinary shares repurchased at a total value of RM56,528,812 (representing the cumulative treasury shares held as at 30 June 2004) 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 22).
- (n) On 1 October 2004, the Adviser of the Company, OSKS, announced on behalf of the Board of Directors of the Company that the SC has approved for the extension of the duration and exercise period of the Company's outstanding Warrant B 2000/2005 by five years from 1 March 2005 up to and including 1 March 2010 ("the Extension of Warrant B"). Subsequently, the shareholders and warrant holders of the Company approved the Special Resolution pertaining to the Extension of Warrant B at the Extraordinary General Meeting of Warrant holders held on 9 November 2004.
- (o) On 19 October 2004, the Company entered into a Sale and Purchase Agreement with OSKPH for the proposed disposal of its 100% equity interest in KZH comprising 105,750,000 ordinary shares of RM1 each for a consideration of RM138,561,086 to OSKPH, to be satisfied by issuance of 110,848,869 new ordinary shares of RM1 each of OSKPH at an issue price of RM1.25 per share, subject to the approval of the relevant authorities.

The application to the SC was submitted on 24 December 2004.

As at 31 December 2004, OSKPH is a 59.94% owned subsidiary company of the Company. Upon completion of the proposed disposal of KZH, the shareholding of the Company in OSKPH will increase from 59.94% to 77.72% (assuming full exercise of warrants) or 81% (assuming no exercise of warrants). The Company undertakes to reduce its shareholding in OSKPH after the completion of the proposed disposal of KZH, details of which will be announced in due course.

- (p) On 19 November 2004, the Company acquired 100% equity interest in Master Access Investments Limited ("MAIL"), a company incorporated in Hong Kong, which comprise 1 ordinary share of HK\$1. On 10 December 2004, MAIL has changed its name to OSK Asia Holdings Limited ("OSKAH").
- (q) On 30 November 2004, the Company subscribed for additional 1,500,000 ordinary shares of RM1 each in OSK Asset Management Sdn Bhd, a wholly-owned subsidiary company.
- (r) During the current financial year, OSKS established 10 additional Electronic Access Facilities with Permitted Activities ("EAFPA") at Klang (Selangor), Sungai Siput (Perak), Parit Buntar (Perak), Sarikei (Sarawak), Bintangor (Sarawak), Bintulu (Sarawak), Pandan Indah (Kuala Lumpur), Kuala Terengganu (Terengganu), Seri Petaling (Kuala Lumpur) and Serian (Sarawak).
- (s) During the current financial year, the Company purchased additional 1,785,364 ordinary shares of RM1 each in OSKPH at a total cost of RM2,089,144 from the open market. As at 31 December 2004, the Company held a total of 59,941,800 shares (2003 : 58,156,436 shares) representing 59.94% (2003 : 58.16%) equity interest in OSKPH.

42. SUBSEQUENT EVENTS

- (a) On 24 January 2005, the first call (50%) of additional 60,000 and 12,000 ordinary shares of RM10 each in OSKT were allotted to the Group and the Company amounting to RM300,000 and RM60,000 respectively.
- (b) On 29 November 2004, OSKAH entered into a Sale and Purchase Agreement ("SPA") for acquisition of two companies in Hong Kong. On even date, the Company entered into a Shareholders' Agreement ("SA") with certain individuals and corporations in Hong Kong in respect of shareholding and management in OSKAH. On 4 February 2005, the SPA was mutually terminated vide a Cancellation Agreement executed between the parties concerned with a compensation of HK\$400,000 to OSKAH. With the termination of the SPA, the SA was automatically terminated.
- (c) Subsequent to the financial year end, OSKS was discharged from part of the underwriting commitments (Note 37) amounting to RM85,310,620.

43. MATERIAL LITIGATIONS

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

- (a) **Kamal, Lokman & Mustakim Holdings Sdn. Bhd. ("Chargor") and Ahmad Azari bin Mohd. Daud ("Azari") vs OSK Capital Sdn. Bhd. ("OSKC") and OSK Nominees (Tempatan) Sdn. Bhd. ("OSKNT") and Another Seremban High Court Suit No.22-216-2003**

The suit instituted by the Chargor and Azari is for amongst others, a declaration that a charge registered in favour of OSKC is void, damages in the sum of RM20,000,000, general damages, interest and costs for negligence, breach of duty, fiduciary duty and unjust enrichment in relation to a facility of RM13,000,000 granted to Azari by OSKC. OSKC and OSKNT were served with the Writ of Summons and Statement of Claim on 13 January 2004 and have filed their appearance on 19 January 2004. The hearing of OSKC's and OSKNT's application to set aside the Chargor's Writ and Statement of Claim on 14 January 2005 was further adjourned for mention to 23 February 2005. The solicitors having conduct of this matter are of the view that OSKC and OSKNT have a high probability of a successful defence to the claim.

In related suits vide **Seremban High Court Originating Summons No.24-882-2001 OSK Capital Sdn. Bhd. vs Kamal, Lokman & Mustakim Holdings Sdn. Bhd. and Kuala Lumpur High Court Summons No.D5-22-851-2002 OSK Capital Sdn. Bhd. vs Ahmad Azari bin Mohd. Daud**, OSKC is taking foreclosure proceedings and legal proceedings to recover the amount owing from Azari and other related account in respect of the facility granted by OSKC to Azari. The hearing of the foreclosure proceedings is now fixed on 18 April 2005.

- (b) **Asset Investments Pte. Ltd. ("the Plaintiff") vs O.S.K. & Partners Sdn. Bhd. (now known as OSK Securities Berhad) ("OSKS") Kuala Lumpur High Court Suit No. D8 (D3)-22-543-1993**

The suit was brought by the Plaintiff against OSKS claiming for losses arising from an asset-swap transaction which the former entered into in 1992 purportedly as a result of the latter's breach of contract and/or negligence and/or breach of statutory duty.

As at 17 December 2004, judgement was entered by the High Court against OSKS for the sum of RM26,984,729 with interest of 8% per annum from the date of filing of the said action, ie 27 May 1993 until full realisation (amounting to RM52,026,557 as at 31 December 2004) and costs. The solicitors having conduct of this matter are of the view that OSKS has a moderate to high chance of successfully appealing against the judgement of the High Court. In respect of the application for stay of execution of judgement pending the appeal, the chances are good in obtaining such a stay.

43. MATERIAL LITIGATIONS (CONT'D)

The Notice of Appeal against the judgement of the High Court has been filed at the Court of Appeal. Concurrently, an application for stay of execution of the judgement pending the appeal has also been filed at the High Court and this application was fixed for hearing on 14 February 2005 and has subsequently been adjourned to 16 March 2005.

A provision for compensation for legal suit for an amount of RM52,026,557 is made in the financial statements as disclosed in Notes 19 and 30.

44. 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 (unless otherwise indicated), are as follows:-

Name of company	Principal activities	Equity interest	
		2004 %	2003 %
(A)Subsidiary companies of the Company:-			
OSK Securities Berhad (a Participating Organisation of Bursa Securities and a Universal Broker)	Stockbroking and related activities	100	100
OSK Capital Sdn Bhd	Capital financing	100	100
OSK Futures And Options Sdn Bhd (a Participant of Bursa Derivatives and the Derivatives Clearing)	Futures and options broking and related activities	100	100
OSK Realty Sdn Bhd	Property investment	100	100
* OSK Investment Bank (Labuan) Limited	Offshore investment banking activities	100	100
* OSK Asset Management Sdn Bhd	Investment management services and related activities	100	100
^ KE-ZAN Holdings Berhad	Investment holding and letting of commercial properties	100	100
OSK Ventures Sdn Bhd	Dormant	100	100
#+* OSK Asia Holdings Limited (Formerly known as Master Access Investments Limited)	Investment holding	100	-
* OSK Property Holdings Berhad	Investment holding	59.94	58.16
* OSK Ventures International Berhad	Investment holding	56.23	100
* OSK Venture Equities Sdn Bhd	Provision of venture capital services	-	100
* OSK Technology Ventures Sdn Bhd	Provision of venture capital services	-	100
* OSK Private Equity Management Sdn Bhd	Management of investments in securities of venture capital business	-	100

44. SUBSIDIARY AND ASSOCIATED COMPANIES (CONT'D)

Name of company	Principal activities	Equity interest	
		2004 %	2003 %
(B)Subsidiary companies of OSK Securities Berhad:-			
OSK Nominees (Tempatan) Sdn Bhd	To act as attorneys, nominees, agents, trustees and engage in the related activities for local beneficial shareholders	100	100
OSK Nominees (Asing) Sdn Bhd	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
(C)Subsidiary companies of KE-ZAN Holdings Berhad:-			
^ KPEN Sdn Bhd	Ceased operations	100	100
^ K.E. Malaysian Capital Partners Sdn Bhd	Ceased operations	60	60
(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 Properties (Seremban) Sdn Bhd	Property development	100	100
* OSK Properties Management Sdn Bhd	Property management	100	100
* Aspect Synergy Sdn Bhd	Property development	100	-
* OSK Melaka Sdn Bhd	Ceased operations	100	100

44. SUBSIDIARY AND ASSOCIATED COMPANIES (CONT'D)

Name of company	Principal activities	Equity interest	
		2004 %	2003 %
(E) Subsidiary companies of OSK Ventures International Berhad:-			
* OSK Venture Equities Sdn Bhd	Provision of venture capital services	100	-
* OSK Technology Ventures Sdn Bhd	Provision of venture capital services	100	-
* OSK Private Equity Management Sdn Bhd	Management of investments in securities of venture capital business	100	-
(F) 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	47.97
(ii) OSK Securities Berhad		40.05	40.05
		<u>88.02</u>	<u>88.02</u>
@ OSK Trustees Berhad (Formerly known as OSK- Signet Trustees Berhad)	Provision of trustee services	100	-
The shareholding in OSK Trustees Berhad is held by:-			
(i) OSK Holdings Berhad		20	-
(ii) OSK Securities Berhad		20	-
(iii) OSK Nominees (Tempatan) Sdn Bhd		20	-
(iv) TCL Nominees (Tempatan) Sdn.Bhd		20	-
(v) KE-ZAN Nominees (Tempatan) Sdn Bhd		20	-
		<u>100</u>	<u>-</u>
(G)Subsidiary company of Finexasia.com Sdn Bhd:-			
Stock188.com Sdn Bhd	Application service provider to facilitate access to online equity trading, other online information and financial services	100	100
(H)Associated company of the Group:-			
@ OSK Trustees Berhad (Formerly known as OSK- Signet Trustees Berhad)	Provision of trustee services	-	50
The shareholding in OSK Trustees Berhad is held by:-			
(i) OSK Holdings Berhad		-	20
(ii) OSK Securities Berhad		-	20
(iii) OSK Nominees (Tempatan) Sdn Bhd		-	10
		<u>-</u>	<u>50</u>

44. SUBSIDIARY AND ASSOCIATED COMPANIES (CONT'D)

Name of company	Principal activities	Equity interest	
		2004 %	2003 %
(I) Associated companies of the Company:-			
* UOB-OSK Asset Management Sdn Bhd	Investment management services and related activities	30	30
* OSK Wealth Planners Sdn Bhd	Integrated financial planning services	50	-
* Not audited by Messrs. Peter I.M. Chieng & Co.			
+ These subsidiary/associated companies have not commenced operations as at 31 December 2004.			
^ Financial statements of the previous financial year ended 31 December 2003 were not audited by Messrs. Peter I.M. Chieng & Co.			
# This subsidiary company was incorporated and domiciled in Hong Kong.			
@ On 17 September 2004, the Group and the Company acquired the remaining 50% equity interest in OSK Trustees Berhad ("OSKT") which comprise 70,000 ordinary shares of RM10 each which were issued and partly paid up to RM5 each for a total cash consideration of RM190,000. By virtue of the acquisition, OSKT has become a wholly-owned subsidiary of the Group.			

45. 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.

(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.

45. FINANCIAL INSTRUMENTS (CONT'D)

(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	
USD356,992 converted at 3.8	1,356,567

(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

	2004		2003	
	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	933,651	490,000	933,651
Shares from KLSE demutualisation	24,984,303	24,984,303	-	-
One class "A", "B" and "C"				
preference share in Bursa Derivatives	2,200,000	2,200,000	2,200,000	2,200,000
Unquoted shares outside Malaysia	190,000	*	-	-
Admission fees as adviser				
and sponsor on MESDAQ				
market of Bursa Securities	220,000	220,000	230,000	230,000
Transferable golf club memberships	228,200	1,282,000	158,200	762,000
(ii) Investment in securities (Note 15)				
Securities quoted in Malaysia	19,102,750	21,768,290	19,128,234	34,166,788
Private debt securities quoted				
in Malaysia	369,465,837	378,280,250	-	-
Unit trust fund quoted outside Malaysia	289,715	289,897	285,919	286,178
Unquoted shares in Malaysia	22,422,215	*	2,141,965	*
Unquoted shares outside Malaysia	5,693,068	*	-	-
(iii) Fund manager's stocks (Note 16)				
Unit trusts	1,557,410	1,566,990	3,353,568	3,358,948
Financial liabilities				
(i) 3.5% RUB 2000/2005 [Note 20(a)]	101,423,995	100,916,875	101,423,995	98,381,275
(ii) BaIDS (Note 25)	46,681,342	47,294,480	-	-

45. FINANCIAL INSTRUMENTS (CONT'D)

(e) Fair values (Cont'd)

COMPANY

	2004		2003	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial assets				
Warrants in a subsidiary company (Note 8)	9,617,750	8,779,669	-	-
Securities quoted in Malaysia (Note 15)	2,512,309	2,576,093	-	-
Amount due from subsidiary companies [Note 6(b)]	103,864,112	#	264,553,556	#
Amount due from an associated company [Note 7(b)]	30,390	#	-	-
Financial liabilities				
Amount due to subsidiary companies [Note 6(c)]	(61,860,674)	#	229,065,325	#
3.5% RUB 2000/2005 [Note 20(a)]	101,423,995	100,916,875	101,423,995	98,381,275

* It is not practical to estimate the fair values of the unquoted investments due principally to a lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

It is not practical to estimate the fair values of amount due to/from subsidiary/associated companies due principally to a lack of fixed repayment terms entered by the parties involved and the inability to estimate fair value without incurring excessive costs.

However, the Company does not anticipate the carrying amounts of these financial instruments to be significantly different from the values that would eventually be settled or received.

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 and shares from KLSE demutualisation is determined by reference to the net tangible assets of the underlying shares. The fair value of preference shares in Bursa Derivatives and admission fees as adviser and sponsor on MESDAQ market of Bursa Securities approximate the carrying amounts. The fair value of the transferable club membership is based on the current market price of the relevant golf club memberships.

(ii) Investments in securities

The fair value of quoted investments including the warrants in a subsidiary company is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

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

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.

45. FINANCIAL INSTRUMENTS (CONT'D)

(e) Fair values (Cont'd)

(iv) Long term borrowings/BalDS

The fair value of variable rate borrowings are estimated to approximate their carrying amount.

The fair value of fixed rate borrowings are estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

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

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

At the end of the current financial year, the Group and the Company did not enter into any contract involving financial instruments with off balance sheet risk.

46. COMPARATIVE FIGURES

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

GROUP	As restated RM	As previously reported RM
Balance Sheet		
(i) Land held for property development	180,280,210	179,430,479
(ii) Property development costs	54,274,802	47,412,602
(iii) Other receivables	11,784,217	12,198,838
(iv) Prepayments	2,504,899	6,504,899
(v) Amount due from a joint venture project	414,621	-
(vi) Amount in relation to management of development projects	4,000,000	-
(vii) Cash, bank balances and deposits		
- General accounts	163,377,356	157,543,804
- Segregated accounts	116,109,361	121,842,913
(viii) Trade payables	224,126,389	216,414,458

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 54 to 129 are drawn up in accordance with applicable approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2004 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, Malaysia

17 February 2005

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 54 to 129 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 17 February 2005) **TINA CHOY YIN LENG**

Before me,

Commissioner for Oaths
Kuala Lumpur, Malaysia

Auditors' Report

We have audited the financial statements set out on pages 54 to 129 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 2004 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 44 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.

PETER I.M. CHIENG & CO.

No. AF 0311

Chartered Accountants

CHIENG ING MUI

CA(M), FCA, CPA

No. 711/06/06 (J/PH)

Petaling Jaya, Selangor Darul Ehsan, Malaysia

17 February 2005

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	20 years	100,423
2 No.40 Jalan Radin Anum 2, Bandar Baru Sri Petaling, Kuala Lumpur	3 storey shop house situated on Lot 21315 Mukim Petaling, Batu 7, Jalan Sungai Besi, 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	Office building	9 years	698
3 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: Geran No:64312 –Lot 2279N Geran No:64313 Lot 2280N Geran No:64316 Lot 2281N PN 81190 Lot 2270N PN151250 Lot 2271N PN151251 Lot 2272N PN 154658 Lot 2269N Land status: freehold (1778 square feet) Land status: leasehold (5422 square feet) All expiring on 21/9/2894 except for PN154658 Lot 2269N expiring on 21/9/2884) Date of acquisition: 21 February 2000	Office building	8 years	7,979
4 Jalan Radin Anum, Zone J4, Bandar Baru Seri Petaling	PM 3355 Lot No.21479 Mukim Petaling Tempat Batu 7, Jalan Sg Besi, Negeri Wilayah Persekutuan Land status: leasehold (expiring on 5 April 2078) Land area: 557 square meters Date of acquisition: 15 March 2004	Office building	1 year	3,946

	LOCATION	DESCRIPTION	EXISTING USE	AGE OF BUILDING	NET BOOK VALUE RM'000
5	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	7 years	235
6	No.579-580, Taman Melaka Raya, 75000 Melaka	3 storey shophot 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 building	18 years	692
7	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, Pulau Pinang. Land status: freehold Land area for lot 377: 1,358 square feet Land area for lot 378: 2,277 square feet Date of acquisition: 29 January 2001	Office	Approx. 25 years	2,656
8	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
9	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

LOCATION	DESCRIPTION	EXISTING USE	AGE OF BUILDING	NET BOOK VALUE RM'000
10 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	-	333
11 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	-	123,311
12 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	5 years	477
13 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: 2854 Date of acquisition: 7 September 1998	Staff accommodation and recreation	46 years	2,278
14 Gemas, Daerah Tampin	H.S.(D 10811) Lot PT No.4952, Bandar Gemas, Daerah Tampin, Negeri Sembilan Land status: leasehold (expiring on 23/12/2096) Land area: 28,428.999 sq.meters Date of acquisition: 28 March 2003	Vacant	-	2,096

LOCATION	DESCRIPTION	EXISTING USE	AGE OF BUILDING	NET BOOK VALUE RM'000
15 Mukim Kajang, Batu 17, Sungai Chua, District of Hulu Langat, Selangor	Lot 1806, Mukim Kajang, Batu 17, Sungai Chua, District of Hulu Langat, Selangor Land status: freehold Land area: 22,004.7469 square meters Date of acquisition: 28 June 2004	Vacant	-	5,997
16 Lot G59 & G61, Mukim Batu District of Kuala Lumpur	No: 62 & 64 held under master title no. PN 30371 Lot No. 57745, Mukim Batu, District of Kuala Lumpur Land status: freehold Land area: 11,883.76 square feet Acquisition date: 24 May 2004	Office	1 year	3,693
17 Bandar Utama, Segamat Johor	H.S.(D) 26998 Lot No: PTD 8462, Mukim Sungai Segamat, District of Segamat, State of Johor Land status: freehold Land area: 153.2992 square meters Date of acquisition: 14 July 2004	Commercial and housing development	-	469

Statement of Directors' Interests

as at 16 February 2005

OSK HOLDINGS BERHAD ("OSKH")

Name of Director	Number of Ordinary Shares of RM1.00 each			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat @ Wong Joo Hwa	164,497,570	28.81	-	-
2. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	13,509,275	2.37	-	-
3. Wong Chong Che	8,691,666	1.52	-	-
4. Dato' Nik Mohamed bin Nik Yahya	4,713,047	0.82	-	-
5. Wong Chong Kim	408,333	0.07	236,866*	0.04

Note:

* Deemed interested by virtue of his substantial interest in Harmony Chime Sdn Bhd

Name of Director	Number of Warrant B 2000/2010			
	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	375,782	0.37	-	-

Name of Director	Number of 6% ICULS 2000/2005			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat @ Wong Joo Hwa	36,252,915	39.31	-	-
2. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	3,596,810	3.90	-	-
3. Dato' Nik Mohamed bin Nik Yahya	1,208,782	1.31	-	-
4. Wong Chong Kim	17,666	0.02	102,700*	0.11

Note:

* Deemed interested by virtue of his substantial interest in Harmony Chime Sdn Bhd

Name of Director	Number of Options over Ordinary Shares of RM1.00 each			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat @ Wong Joo Hwa	650,000	N/A	-	-
2. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	650,000	N/A	-	-
3. Wong Chong Kim	650,000	N/A	-	-
4. Wong Chong Che	244,300	N/A	-	-
5. Dato' Nik Mohamed bin Nik Yahya	163,000	N/A	-	-

SUBSIDIARY COMPANIES**(i) OSK PROPERTY HOLDINGS BERHAD ("OSKPH")**

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	59,941,800*	59.94
2. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	1,328,294	1.33	-	-
3. Wong Chong Kim	875,757	0.87	20,700**	0.02
4. Dato' Nik Mohamed bin Nik Yahya	400,647	0.40	-	-
5. Wong Chong Che	140,878	0.14	-	-

Notes:

* Deemed interested by virtue of his substantial interest in OSKH

** Deemed interested by virtue of his substantial interest in Harmony Chime Sdn Bhd

Name of Director	Number of Warrant 2004/2009			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat @ Wong Joo Hwa	7,265,443	14.53	-	-
2. Wong Chong Kim	438,000	0.87	5,600**	0.01
3. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	141,420	0.28	-	-
4. Dato' Nik Mohamed bin Nik Yahya	23	*	-	-

Notes:

* Negligible

** Deemed interested by virtue of his substantial interest in Harmony Chime Sdn Bhd

(ii) OSK VENTURES INTERNATIONAL BERHAD ("OSKVI")

Name of Director	Number of Ordinary Shares of RM0.10 each			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat @ Wong Joo Hwa	3,000,000	0.20	843,442,300*	56.23
2. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	3,000,000	0.20	-	-
3. Dato' Nik Mohamed bin Nik Yahya	3,000,000	0.20	-	-
4. Wong Chong Kim	3,000,000	0.20	600,000**	0.04
5. Wong Chong Che	769,000	0.05	-	-
5. Dr Choong Tuck Yew	375,000	0.02	-	-

Notes:

* Deemed interested by virtue of his substantial interest in OSKH

** Deemed interested by virtue of his substantial interest in Harmony Chime Sdn Bhd

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, OSKPH (disclosed above) and OSKVI (disclosed above), are as follows :-

SUBSIDIARY COMPANIES

Name of Companies	Number of Ordinary Shares of RM1.00 each	
	Indirect Interest	%
1. Finexasia.com Sdn Bhd	10,000,000	88.02
2. OSK-UOB Unit Trust Management Berhad	7,000,000	70.00
3. K.E. Malaysian Capital Partners Sdn Bhd	300,000	60.00

Other than the above, none of the directors in office has any interest in the shares, warrants, debentures and options of the Company and its related corporations as at 16 February 2005.

SUBSTANTIAL SHAREHOLDERS AS AT 16 FEBRUARY 2005

According to the register required to be kept under Section 69L of the Companies Act, 1965, the substantial holder of the Company is as follows:

Name of Substantial Holder	Number of Ordinary Shares of RM1.00 each			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat@ Wong Joo Hwa	164,497,570	28.81	-	-

Statement of Shareholdings

as at 16 February 2005

Authorised Capital	: RM1,500,000,000
Issued and fully paid-up capital	: RM570,832,320
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 share	Percentage of Issued Capital
1 - 99	389	1.62	13,986	0.00
100 - 1,000	4,509	18.78	4,034,759	0.71
1,001 - 10,000	15,995	66.61	56,185,181	9.84
10,001 - 100,000	2,846	11.85	73,299,751	12.84
100,001 - 28,541,615 (*)	274	1.14	338,285,338	59.26
28,541,616 and above (**)	1	0.00	99,013,305	17.35
	24,014	100.00	570,832,320	100.00

Remark :

* Less than 5 % of the issued holdings

** 5% and above of the issued holdings

SUBSTANTIAL HOLDER

According to the register required to be kept under Section 69L of the Companies Act, 1965, the following is the substantial holder of the Company :

Name of Substantial Holder	Number of Ordinary Shares of RM1.00 each			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat @ Wong Joo Hwa	164,497,570	28.81	-	-

THIRTY LARGEST REGISTERED HOLDERS

Name	No. of Shares	%
1 Ong Leong Huat @ Wong Joo Hwa	99,013,305	17.35
2 Southern Nominees (Tempatan) Sdn Bhd	28,300,000	4.96
Pledged Securites Account for Ong Leong Huat @Wong Joo Hwa (KUL)		
3 UOBM Nominees (Tempatan) Sdn Bhd	28,000,000	4.91
Pledged Securities Account for Ong Leong Huat @Wong Joo Hwa (PCI)		
4 Employees Provident Fund Board	20,778,333	3.64
5 Citicorp Nominees (Asing) Sdn Bhd	16,053,800	2.81
Goldman Sachs International		
6 CIMSEC Nominees (Asing) Sdn Bhd	13,950,000	2.44
Kim Eng Securities Pte Ltd (69001)		
7 HSBC Nominees (Asing) Sdn Bhd	12,960,000	2.27
MSCO NY for Liberty Square Offshore Partners Ltd (SEA)		
8 Southern Nominees (Tempatan) Sdn Bhd	11,500,000	2.01
Pledged Securities Account for Dato' Nik Mohamed Din bin Datuk Haji Nik Yusoff		
9 RC Nominees (Tempatan) Sdn Bhd	9,220,739	1.62
Chin Cheng Mei (SBB KLMPs)		

10 OSK Nominees (Tempatan) Sdn Berhad UOB Kay Hian Private Limited for Ong Leong Huat @ Wong Joo Hwa	9,184,265	1.61
11 OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Wong Chong Che	8,666,666	1.52
12 Cartaban Nominees (Asing) Sdn Bhd Credit Suisse First Boston (Hong Kong) Limited	7,551,200	1.32
13 RHB Merchant Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pengerang Jaya Ptd Ltd	7,438,331	1.30
14 HSBC Nominees (Asing) Sdn Bhd MSCO NY for Liberty Square Partners LP (SEA)	7,040,000	1.23
15 Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for PJ Equity Sdn Berhad (PMB)	5,608,999	0.98
16 Dato' Nik Mohamed bin Nik Yahya	4,713,047	0.83
17 Mayban Securities Nominees (Asing) Sdn Bhd Kim Eng Securities Pte Ltd	4,516,000	0.79
18 Mayban Nominees (Tempatan) Sdn Bhd Mayban Investment Management Sdn Bhd for Kumpulan Wang Simpanan Perkerja (N14011980810)	4,446,900	0.78
19 EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Mary Ang Poh Chan (PJN)	4,250,000	0.74
20 Malaysian Assurance Alliance Berhad As beneficial owner	4,122,500	0.72
21 OSPL Holdings Sdn Bhd	3,875,500	0.68
22 Cartaban Nominees (Asing) Sdn Bhd State Street Australian Fund Q3VD for Fullerton (Private) Limited	3,795,800	0.66
23 Permodalan Nasional Berhad	3,625,000	0.64
24 AMSEC Nominees (Asing) Sdn Bhd Kim Eng Securities Pte Ltd	3,450,000	0.60
25 RHB Merchant Nominees (Tempatan) Sdn Bhd Pledged Securities Account for PJ Equity Sdn Bhd	3,251,251	0.57
26 Citicorp Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khor Chai Moi (472724)	3,000,000	0.53
27 Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pengerang Jaya Pte Ltd (PMB)	2,892,500	0.51
28 Khor Chai Moi	2,619,654	0.46
29 Tan Soo Sum	2,500,077	0.44
30 UOBM Nominees (Asing) Sdn Bhd United Overseas Bank Nominees (Pte) Ltd for JY Ltd	2,448,999	0.43

Statement of ICULS Holdings

as at 16 February 2005

No. of ICULS issued: 92,228,100

BREAKDOWN OF HOLDINGS

Range of Holdings	No. of Holders	Percentage of Holders	No. of ICULS	Percentage of Issued ICULS
1 - 99	310	5.44	9,977	0.01
100 - 1,000	3,243	56.86	2,205,472	2.39
1,001 - 10,000	1,750	30.69	6,047,311	6.56
10,001 - 100,000	341	5.98	9,837,397	10.67
100,001 - 4,611,404(*)	57	1.00	33,177,779	35.97
4,611,405 and above (**)	2	0.03	40,950,164	44.40
	5,703	100.00	92,228,100	100.00

Remark :

* Less than 5 % of the issued ICULS

** 5% and above of the issued ICULS

THIRTY LARGEST REGISTERED HOLDERS

Name	No. of ICULS	%
1 Ong Leong Huat @ Wong Joo Hwa	36,252,915	39.31
2 Public Nominees (Tempatan) Sdn Bhd Pledged Securites Account for PJ Equity Sdn Bhd (JRC)	4,697,249	5.09
3 Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pengerang Jaya Pte Ltd (JRC)	4,478,331	4.86
4 Cartaban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Nik Mohamed Din bin Datuk Nik Yusoff	3,596,810	3.90
5 Chin Cheng Mei	2,553,616	2.77
6 Employees Provident Fund Board	2,254,333	2.44
7 Loh Siew Hooi	1,938,000	2.10
8 Lau Wai Fong	1,824,000	1.98
9 Leong Kam Chee	1,244,900	1.35
10 Chin Yoke Lan	1,242,700	1.35
11 Dato' Nik Mohamed Bin Nik Yahya	1,208,782	1.31
12 Khor Chai Moi	892,000	0.97
13 Lim Hong Liang	878,700	0.95
14 Yeong Eng Ban	741,000	0.80
15 UOBM Nominees (Asing) Sdn Bhd United Overseas Bank Nominees (Pte) Ltd for JY Ltd	666,666	0.72
16 PM Nominees (Tempatan) Sdn Bhd PCB Asset Management Sdn Bhd for May Tan @ Tan Hui Nghoh (Sban)	581,400	0.63
17 Citicorp Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khor Chai Moi (472724)	500,000	0.54
18 OSK Nominees (Tempatan) Sdn Berhad Sanguine (M) Sdn Bhd	465,000	0.50
19 Bee Yong Sdn Berhad	456,000	0.49
20 Lim Hong Liang	405,500	0.44
21 UOBM Nominees (Asing) Sdn Bhd United Overseas Bank Nominees (Pte) Ltd for YS Ltd	333,333	0.36
22 Jen Shek Chuen	324,000	0.35
23 Malaysia Export Credit Insurance Berhad	320,555	0.35
24 Land Management Sdn Bhd	320,000	0.35
25 Ong Bee Lian	284,066	0.31
26 Gan Ah Ai	262,200	0.28
27 UOBM Nominees (Asing) Sdn Bhd United Overseas Bank Nominees (Pte) Ltd for YC Ltd	250,000	0.27
28 UOBM Nominees (Asing) Sdn Bhd United Overseas Bank Nominees (Pte) Ltd for JX Ltd	250,000	0.27
29 Tan Suet Mei	250,000	0.27
30 Lee Kooi Juan	246,000	0.27

Statement of Warrant B Holdings

as at 16 February 2005

No. of Warrant B issued: 101,423,826

BREAKDOWN OF HOLDINGS

Range of Holdings	No. of Holders	Percentage of Holders	No. of Warrant B	Percentage of Issued Warrant B
1 - 99	403	4.60	13,624	0.01
100 - 1,000	4,064	46.40	2,941,607	2.90
1,001 - 10,000	3,524	40.23	13,943,921	13.75
10,001 - 100,000	685	7.82	19,862,898	19.58
100,001 - 5,071,190(*)	82	0.94	28,803,861	28.40
5,071,191 and above (**)	1	0.01	35,857,915	35.36
	8,759	100.00	101,423,826	100.00

Remark :

* Less than 5 % of the issued Warrant B

** 5% and above of the issued Warrant B

THIRTY LARGEST REGISTERED HOLDERS

Name	No. of Warrant B	%
1 Ong Leong Huat @ Wong Joo Hwa	35,857,915	35.35
2 Cartaban Nominees (Tempatan) Sdn Bhd Pledged Securites Account for 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	2,868,000	2.83
4 Citicorp Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khor Chai Moi (472724)	1,392,000	1.37
5 Lau Wai Fong	1,200,000	1.18
6 OSK Nominees (Tempatan) Sdn Berhad Chan Heng Koon	1,015,100	1.00
7 Goh Chye Keat	950,000	0.94
8 OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Teoh Siew Chuan	913,600	0.90
9 Southern Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Eng Chooi @ Thew Ying Swee	579,166	0.57
10 Chung Shan Hui	562,000	0.55
11 Khor Chei Yong	535,000	0.53
12 Chen Sui Nyun	525,100	0.52
13 Rajendran A/L Karuppiah	522,000	0.51
14 Chuah Sean Thoe	489,000	0.48
15 OSK Nominees (Tempatan) Sdn Berhad Sanguine (M) Sdn Bhd	465,000	0.46
16 RC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kiran Chhotalal Doshi (CO3RLF2LFK335M)	430,000	0.42
17 Mayban Nominees (Asing) Sdn Bhd Pledged Securities Account for Lee Li-Ly (10107AK2092)	410,000	0.40
18 Lim Teong Kiat	410,000	0.40
19 Ng Bak Keng @ Ng Back Chai	400,000	0.39
20 Dato' Nik Mohamed Bin Nik Yahya	375,782	0.37
21 CK Goh Holdings Sdn Bhd	350,000	0.35
22 OSK Nominees (Asing) Sdn Berhad Rexcapital Securities Limited for Intravest Capital Ltd	324,600	0.32
23 Wong Chin Lai	322,100	0.32
24 Tan Yik Bor	300,000	0.30
25 Teoh Hunt Thuim	280,000	0.28
26 CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Tang Chai Yoong (PB)	265,000	0.26
27 Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for John Leong Chung Hin (11195AW0689)	257,100	0.25
28 Nora Ee Siong Chee	250,000	0.25
29 Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Too Hooi Seong (14365AF5382)	250,000	0.25
30 Jen Shek Chuen	244,000	0.24

Statement of Bonds

as at 16 February 2005

Total of Bonds: RM101,423,995

BREAKDOWN OF HOLDINGS

Range of Holdings	No. of Holders	Percentage of Holders	No. of Bonds	Percentage of Total Bonds
1 - 99	290	5.00	9,678	0.01
100 - 1,000	3,552	61.30	2,419,146	2.38
1,001 - 10,000	1,717	29.63	5,503,565	5.43
10,001 - 100,000	186	3.21	5,878,004	5.80
100,001 - 5,071,198(*)	44	0.76	36,264,603	35.75
5,071,199 and above (**)	6	0.10	51,348,999	50.63
	5,795	100.00	101,423,995	100.00

Remark :

* Less than 5 % of the issued holdings

** 5% and above of the issued holdings

THIRTY LARGEST REGISTERED HOLDERS

Name	No. of Bonds	%
1 Amanah Short Deposit Berhad	15,000,000	14.79
2 Malaysia 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 Khoo Loon See	6,014,000	5.93
6 Citicorp Nominees (Tempatan) Sdn Bhd Prudential Assurance Malaysia Berhad (SH Fund)	5,500,000	5.42
7 AMMB Nominees (Tempatan) Sdn Bhd AmAssurance Berhad (GF 1/149-01)	5,000,000	4.93
8 Bee Yong Sdn Berhad	3,585,000	3.53
9 Ong Bee Lian	3,339,566	3.29
10 Citicorp Nominees (Asing) Sdn Bhd Citigroup GM Inc for Peakmore Finance Limited	3,041,000	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 (N14011960380)	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 Tiah Thee Seng	1,074,300	1.06
18 Citicorp Nominees (Tempatan) Sdn Bhd Prudential Assurance Malaysia Berhad (Prulink Bond FD)	1,000,000	0.99
19 Koh Ping Ming @ Quek Ping Ming	611,000	0.60
20 Yeoh Kean Hua	467,000	0.46
21 OSK Nominees (Tempatan) Sdn Berhad Sanguine (M) Sdn Bhd	465,000	0.46
22 Tan Suet Mei	450,000	0.44
23 Pui Cheng Wui	415,200	0.41
24 Pua Soon	383,800	0.38
25 Kok May Leng	351,000	0.35
26 Chua Sim Neo @ Diana Chua	316,000	0.31
27 Yuen Lye Yin	312,000	0.31
28 Kevin Lai Yoong Kiat	301,900	0.30
29 Loke Yoon Hoe	301,400	0.30
30 Tiah Ewe Liang	291,700	0.29

FORM OF PROXY

I/We _____ of NRIC No./ Passport No./Company No. _____
of _____
being a member/members of OSK Holdings Berhad hereby appoint _____
of NRIC No./Passport No. _____
of _____
or failing him/her _____ of NRIC No./Passport 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 Fifteenth Annual General Meeting of the Company to be held at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 7 April 2005 at 3.00 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: Mr. Ong Leong Huat @ Wong Joo Hwa		
5	Re-election of Director: Dr. Choong Tuck Yew		
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 transactions of a revenue or trading nature and new mandate for additional recurrent related party transactions 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 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 _____ 2005.

Number of Ordinary
Shares Held

Signature / Common Seal of Shareholder

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 appointer or his attorney duly authorised in writing, or if the appointer 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.

