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NOTICE OF Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of **OSK PROPERTY HOLDINGS BERHAD** will be held at the OSK Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 8 April 2004 at 10.00 a.m. to transact the following business:

AGENDA

1. To receive the audited financial statements for the year ended 31 December 2003 and the Reports of Directors and Auditors thereon. **Resolution 1**
2. To approve the payment of Directors' fees in respect of the year ended 31 December 2003. **Resolution 2**
3. To declare a final dividend of 5 sen per share less income tax of 28% in respect of the financial year ended 31 December 2003. **Resolution 3**
4. To re-elect the following Directors, who retire by rotation pursuant to Article 63 of the Company's Articles of Association:
 - a) Mr Ong Leong Huat @ Wong Joo Hwa; and **Resolution 4**
 - b) En Haron bin Datuk Tamby Chik **Resolution 5**
5. To re-appoint Messrs Ernst & Young 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 resolutions as an 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 government/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 total issued share capital of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Malaysia Securities Exchange Berhad ("MSEB") 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

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

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

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

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

whichever is earlier.

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

Resolution 8

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

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

- (i) the aggregate number of shares purchased does not exceed 10 per cent of the total issued and paid-up share capital of the Company as quoted on the MSEB as at the point of purchase;

- (ii) an amount not exceeding the Company's audited retained profit of RM78.8 million and/or the share premium account of RM16.2 million for the financial year ended 31 December 2003 at the time of the purchase(s) will be allocated by the Company for the purchase of own shares; and
- (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends.

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

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

Resolution 9

By Order of the Board

LIM PHOOI KEE (MIA 2759)
LEONG OI WAH (MAICSA 7023802)
Company Secretaries

17 March 2004

Notes:

- 1) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
- 2) The instrument appointing a proxy, in the case of an individual shall be signed by the appointor, or his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.
- 3) The instrument appointing a proxy must be deposited at the Registered Office at 20th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
- 4) Explanatory Notes on Special Business:

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

The proposed resolution in relation to authority to allot share pursuant to Section 132D of the Companies Act, 1965, if passed, will empower the Directors to issue shares up to an aggregate amount not exceeding 10% of the total 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 authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting of the Company.

- ii) Ordinary Resolution 8

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

- iii) Ordinary Resolution 9

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

STATEMENT ACCOMPANYING Notice of Annual General Meeting

1. Directors who are standing for re-election at the Fourteenth Annual General Meeting pursuant to Article 63 of the Company's Articles of Association.

- i. Mr Ong Leong Huat @ Wong Joo Hwa
- ii. En Haron Bin Datuk Tamby Chik

2. Details of attendance of Directors at Board meetings.

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

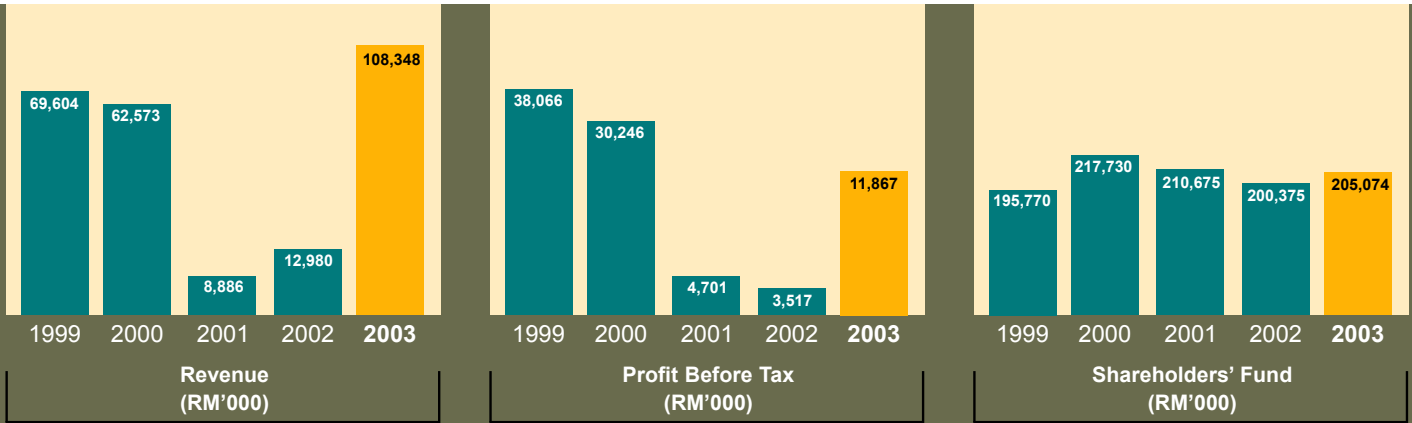
Name of Directors	Attendance
Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	4/4
Mr Ong Leong Huat @ Wong Joo Hwa	4/4
Mr Wong Chong Kim	4/4
En Ikmal Hisham bin Abdul Aziz	3/4
En Haron Bin Datuk Tamby Chik	4/4
Mr Teong King Hua	4/4

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

The Fourteenth Annual General Meeting is scheduled to be held on Thursday, 8 April 2004 at the OSK Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur at 10.00 a.m.

4. Details of Directors who are standing for re-election in Agenda 4 of the Notice of the Fourteenth Annual General Meeting are set out in the Profile of Directors appearing on pages 9 and 10 of this Annual Report.

FIVE-YEAR Financial Summary



In RM'000	2003	2002	2001	2000	1999
Revenue	108,348	12,980	8,886	62,573	69,604
Profit Before Taxation	11,867	3,517*	4,701	30,246	38,066
Profit After Taxation	8,299	2,299*	3,745	21,638	37,105
Paid-up Capital	99,996	99,996	99,996	99,996	99,996
Shareholders' Funds	205,074	200,375*	210,675*	217,730	195,770
Basic Earnings Per Share (sen)	8.3	2.3*	3.7*	21.6	37.1
Gross Dividend Per Share (sen)	7.5	5.0	30.0	—	15.0
Net Tangible Assets Per Share (RM)	2.05	2.00*	2.11*	2.18	1.96

* Restated

CORPORATE Information

BOARD OF DIRECTORS

Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	- <i>Executive Chairman</i>
Ong Leong Huat @ Wong Joo Hwa	- <i>Non-Independent Non-Executive Director</i>
Wong Chong Kim	- <i>Non-Independent Non-Executive Director</i>
Teong King Hua	- <i>Executive Director</i>
Haron Bin Datuk Tamby Chik	- <i>Independent Non-Executive Director</i>
Ikmal Hisham Bin Abdul Aziz	- <i>Independent Non-Executive Director</i>

AUDIT COMMITTEE

Ikmal Hisham Bin Abdul Aziz
Haron Bin Datuk Tamby Chik
Wong Chong Kim

NOMINATION COMMITTEE

Haron Bin Datuk Tamby Chik
Ikmal Hisham Bin Abdul Aziz

REMUNERATION COMMITTEE

Haron Bin Datuk Tamby Chik
Ikmal Hisham Bin Abdul Aziz
Ong Leong Huat @ Wong Joo Hwa

COMPANY SECRETARIES

Lim Phooi Kee (*MIA 2759*)
Leong Oi Wah (*MAICSA 7023802*)

AUDITORS

Ernst & Young
Chartered Accountants
Level 23 A, Menara Millenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

REGISTRAR

Signet Share Registration Services Sdn Bhd
11th Floor, Tower Block
Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-2145 4337
Fax: 03-2142 1353
e-mail: ssrs@signet.com.my

SOLICITOR

Cheang & Ariff

PRINCIPAL BANKERS

Malayan Banking Berhad
RHB Bank Berhad
United Overseas Bank (M) Berhad

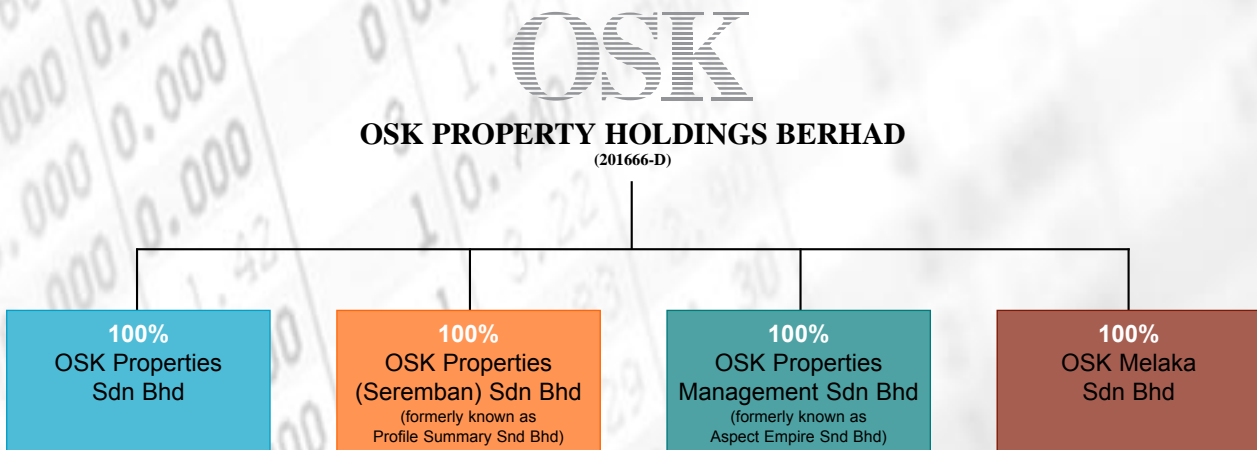
REGISTERED OFFICE

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

STOCK EXCHANGE LISTING

Main Board, Malaysia Securities Exchange Berhad

CORPORATE Structure



DIRECTORS' Profile

DATO' NIK MOHAMED DIN BIN DATUK NIK YUSOFF, aged 61, a Malaysian, served as Executive Chairman of the Company since 8 September 2000 and Executive Chairman of OSK Holdings Berhad since 12 January 1998. He also serves as a Non-Executive Chairman of Jerasia Capital Berhad.

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. He then served as a Magistrate for the Malaysian Judicial Services from 1968 to 1969. He later joined Messrs Mah, Kok and Din as a lawyer for 13 years from 1970 to 1983, and was also the former Executive Chairman of Malaysia Securities Exchange Berhad (formerly known as Kuala Lumpur Stock Exchange) for 12 years since 1985.

He does not have any conflict of interest with the Company and any family relationship with the Directors of the Company. He has no conviction for any offences within the past 10 years. He has attended 4 out of 4 Board Meetings of the Company held during the financial year.

MR ONG LEONG HUAT @ WONG JOO HWA, aged 60, a Malaysian, has been an Executive Director of the Company since 8 September 2000 and re-designated as a Non-Executive Director on 25 February 2003. He is a member of the Remuneration of Committee the Company and also serves as the Managing Director/Chief Executive Officer of OSK Securities Berhad and the Group Managing Director/Chief Executive Officer of OSK Holdings Berhad.

Mr Ong Leong Huat was the Senior General Manager of a leading financial institution for 17 years before he became the Managing Director/Chief Executive Officer of OSK Securities Berhad in July 1985. He holds a dealer's representative licence issued by the Securities Commission ("SC") under the Securities Industry Act, 1983 and act as the Corporate Nominee of OSK Holdings Berhad on the Board of OSK Securities Berhad.

He does not have any conflict of interest with the Company and any family relationship with the Directors of the Company except that he is the brother of Mr Wong Chong Kim. He has no conviction for any offences within the past 10 years. He has attended all the 4 Board Meetings of the Company held during the financial year.

MR WONG CHONG KIM, aged 48, a Malaysian, has been an Executive Director of the Company since 8 September 2000 and re-designated as a Non-Executive Director on 25 February 2003. He is a member of the Audit Committee of the Company. Currently, he is also the Executive Director of OSK Holdings Berhad.

He is a Fellow of the Chartered Association of Certified Accountants. On attainment of his accounting degree, he served as an Accountant and Assistant Credit Manager of a leading financial institution for 2 years. He then joined OSK Securities Berhad as a Finance Manager in 1985 and was appointed to the Board of OSK Securities Berhad in April 1989. He also holds a dealers' representative licence issued by the SC under the Securities Industry Act, 1983 and act as a Corporate Nominee of OSK Holdings Berhad on the Board of OSK Securities Berhad.

He does not have any conflict of interest with the Company and any family relationship with the Directors of the Company except that he is the brother of Mr Ong Leong Huat @ Wong Joo Hwa. He has no conviction for any offences within the past 10 years. He has attended all the 4 Board Meetings of the Company held during the financial year.

ENCIK HARON BIN TAMBY CHIK, aged 56, a Malaysian, an Independent Non-Executive Director of the Company. He is the Chairman of the Remuneration Committee as well as the Nomination Committee and a member of the Audit Committee. He also acts as a Senior Independent Non-Executive Director of the Company.

He graduated from Connaught University, Ireland with a Bachelor Degree in Business Administration (Banking and Finance) and joined as a member of the International Institute of Business Managers.

He started his career in 1971 with Bumiputra-Commerce Bank Berhad in the Retail Banking Department and was there for 6 years before he joined Bank Pertanian Malaysia in Retail and Money Market Department for another 3 years. He was then appointed to the position as General Manager/Director in Maluri Group of Companies and Bahan-Bahan Maluri Sdn Bhd for 2 years before serving as a Finance Director in Tamby Chik Hassan Realty Sdn Bhd for 5 years. Thereafter, he established his own business in DTC Motors Sdn. Bhd.

Encik Haron does not have any conflict of interest with the Company and any family relationship with the Directors of the Company. He has no conviction for any offences within the past 10 years. He has attended all the 4 Board Meetings of the Company held during the financial year.

MR TEONG KING HUA, aged 50, a Malaysian, was appointed as Executive Director of the Company on 15 November 2002. He is also a Director of OSK Properties Sdn Bhd, OSK Properties (Seremban) Sdn Bhd (formerly known as Profile Summary Sdn Bhd) and OSK Properties Management Sdn Bhd (formerly known as Aspect Empire Sdn Bhd), the subsidiaries of the Company.

He graduated from University College Cardiff, United Kingdom with a Bachelor (Hons) in Civil and Structural Engineering. He joined OSK Properties Sdn Bhd as General Manager of Property Development since 1996 and then appointed to the Board of Directors of the Company.


Mr Teong does not have any conflict of interest with the Company and any family relationship with the Directors of the Company. He has no conviction for any offences within the past 10 years. He has attended all the 4 Board Meetings of the Company held during the financial year.

ENCIK IKMAL HISHAM BIN ABDUL AZIZ, aged 39, a Malaysian, has been an Independent Non-Executive Director of the Company since 25 October 2000. He is the Chairman of the Audit Committee of the Company and a member of the Nomination Committee and Remuneration Committee. He also serves on the Board of Taiping Super Berhad.

He graduated from University of Tennessee, USA with a Bachelor of Science in Civil Engineering. In 1992, he served as a Managing Director of Nobel Twin (M) Sdn Bhd, an authorised dealer for Perodua and Citroen. He is the Managing Director of TJM Sdn Bhd. Encik Ikmal Hisham is also the UMNO Youth Development Chief of Tanah Merah, Kelantan and UMNO Youth Executive Member.

Encik Ikmal Hisham does not have any conflict of interest with the Company and any family relationship with the Directors of the Company. He has no conviction for any offences within the past 10 years. He has attended 3 out of 4 Board Meetings of the Company held during the financial year.

CHAIRMAN'S Statement



Dato' Nik Mohamed Din Bin Datuk Nik Yusoff
Executive Chairman



The property market was active and stable following a better performance in the Malaysian economy in 2003. Higher disposable income and incentives by developers coupled with attractive loan packages and low interest rates have resulted in good demand for residential properties. OSK Property Holdings Berhad (OSKPH) benefited from the increase in consumer spending in 2003 with increased sales as compared to the previous year.

FINANCIAL PERFORMANCE

With the stronger consumer confidence, 2003 was a rewarding year for the Group with stronger sales volume as well as profitability. For the financial year ended 31 December 2003 ("FY 2003"), group revenue increased to RM108.35 million from RM12.98 million in the financial year ended 31 December 2002 ("FY 2002"). The Group's pre-tax and after-tax profits soared to RM11.87 million and RM8.30 million respectively. Earnings per share improved to 8.3 sen, while net tangible asset increased from RM2.00 per share as at FY 2002 to RM2.05 per share as at 31 December 2003.

REVIEW OF OPERATIONS

For the year, the Group is principally involved in the development of a major township known as Bandar Puteri Jaya located at Sungai Petani, Kedah. The Group has a total landbank of about 2,580 acres and its development phases are expected to take about 15 years. To-date, the Group had launched Phase 1 and Phase 2 of the township, encompassing an area of 710 acres. The remaining area, which is earmarked for future development, is still planted with oil palm and rubber trees. The sales from the initial two phases of the township over the last few years have been very encouraging. As at end of December 2003, the Group has launched approximately 3,500 units of various types of residential and commercial developments with an average take-up rate of over 85%.

The Group had also last year entered into a joint venture agreement with a subsidiary of Menang Corporation Berhad, a company listed on the Malaysia Securities Exchange Berhad ("MESB"), to develop 1,010 residential units and shophouses in Mukim of Rasah, Negeri Sembilan. The equal partnership will entitle the Group 50% share of the profits from the joint-venture development. The Group had also entered into separate management agreements with two companies to manage development on two parcels of adjacent 50-acre lots of land in Mukim of Sungai Buloh. The management agreements entitle the Group share of profits derived from the development.



CORPORATE DEVELOPMENT

OSKPH announced a capital raising exercise to issue RM100 million nominal value 7-year Serial Al-Bai' Bithaman Ajil Debt Securities. OSKPH also proposed to undertake a renounceable rights issue of 49.99 million warrants on the basis of one rights warrant for every two OSKPH shares held. The proceeds will be used for repayment of existing borrowings and working capital for future development activities.

PROSPECTS FOR 2004

The forecast economic growth of between 5.5% and 6.0% is conducive for the Malaysian property sector to thrive and as such the Group is expected to perform well in 2004. The Group is expected to launch several new packages under Phase 2 of the Bandar Puteri Jaya township. In terms of financial contribution, the Group is expected to see an increase in profit mainly due to progress billings for successful sales in the previous year as well as new sales in 2004. The joint venture with established companies for projects located in Seremban and Sungai Buloh will further enhance the Group's earnings for the coming year.

DIVIDENDS

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

ACKNOWLEDGEMENT

I would like to extend my sincere appreciation to our shareholders, the board of directors, management, employees and our valued customers for your continued support in ensuring the success of the Group. I believe that with firm commitment and support from all parties, the Group will scale greater heights in 2004.

Dato' Nik Mohamed Din Bin Datuk Nik Yusoff
Executive Chairman

12 February 2004

STATEMENT OF Corporate Governance

The Board of Directors of OSK Property 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 Malaysia Securities Exchange Berhad (“MSEB”) (“the Listing Requirements”) in the Company’s governance.

A. THE BOARD

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

In line with the Code, the Chairman and Executive Director of the Company are different persons with an accepted division of responsibilities.

The Board currently consists of 6 Directors, 2 of whom are Independent Non-Executive Directors. The Independent Non-Executive Directors are persons of calibre and credibility with the ability to exercise independent judgement to the Board without fear or favour. Their role is to ensure that any decision of the Board is deliberated fully and objectively with regard to the long term interest of all stakeholders.

The current composition of the Board contributes extensive experience and expertise to the Company in the areas of engineering, property development, finance, accounting, economics and law. The profiles of all members of the Board are set out in the Directors’ Profile appearing on Page 9 to 10 of the Annual Report. All Directors of the Company have attended and completed the Mandatory Accreditation Programme prescribed by the Malaysia Securities Exchange Berhad (“MSEB”) for the directors of public listed companies. The Directors of the Company shall also attend MSEB’s Continuing Education Programme on an annual basis within the time frame stipulated by the MSEB.

The Board has identified Encik Haron Bin Datuk Tamby Chik as the Senior Independent Non-Executive Director of the Board to whom concerns of shareholders and the management may be conveyed.

Currently, the Nomination Committee, comprising of Independent Non-Executive Directors recommends all appointments to the Board. Details of the Nomination Committee are set out on Page 17 of this Annual Report.

During the financial year in review, the Board met 4 times. Details of the Directors' attendance at such meetings are as set out below:

Directors	Total No of Meetings	Meetings Attended
1. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	4	4
2. Ong Leong Huat @ Wong Joo Hwa	4	4
3. Wong Chong Kim	4	4
4. Haron bin Datuk Tamby Chik	4	4
5. Ikmal Hisham bin Abdul Aziz	4	3
6. Teong King Hua	4	4

The Executive Directors are Dato' Nik Mohamed Din Bin Datuk Nik Yusoff and Mr Teong King Hua.

Mr Ong Leong Huat @ Wong Joo Hwa and Mr Wong Chong Kim have been redesignated from Executive Directors to Non-Executive Directors on 25 February 2003. The Independent Non-Executive Directors are Encik Haron Bin Datuk Tamby Chik and Encik Ikmal Hisham Bin Abdul Aziz.

B. SUPPLY OF INFORMATION

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

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

C. REMUNERATION OF DIRECTORS

The Directors' fees are approved by the shareholders at the Annual General Meeting. At present, a Remuneration Committee comprising a majority of Independent Non-Executive Directors has been set up to recommend the remuneration of Executive Directors to the Board. The Chairman of this committee is an Independent Non-Executive Director. Details of the Remuneration Committee are set out in the Remuneration Committee appearing on Page 16 of the Annual Report.

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

	Executive	Non-Executive	Total RM
Company			
Fees:			
– current year	12,000	24,000	36,000
– underprovision in prior year	3,167	2,000	5,167
	15,167	26,000	41,167

Group	Executive	Non-Executive	Total RM
Salaries and other emoluments	123,000	–	123,000
Fees:			
– current year	12,000	24,000	36,000
– underprovision in prior year	3,167	2,000	5,167
Bonus:			
– current year's provision	23,063	–	23,063
Benefits-in-kind	20,182	–	20,182
	<hr/> 181,412	26,000	<hr/> 207,412 <hr/>

The number of directors of the Company whose total remuneration during the year fell within the following bands in respect of services rendered to the Company and subsidiaries for the current financial year are as follows:

	Executive	Non-Executive	Total
Below RM50,000	1	4	5
RM50,001 - RM100,000	–	–	–
RM150,001 - RM200,000	1	–	1
	<hr/> 2	4	<hr/> 6 <hr/>

D. RELATIONS WITH SHAREHOLDERS

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

The main methods with which this is achieved are:

- (a) Timely and accurate disclosures and announcements made to MSEB.
- (b) The Annual General Meeting. This is the principal forum of dialogue with the shareholders whereby ample opportunities are given to all shareholders to raise any issues pertaining to the Company as deemed fit.
- (c) The Group Corporate Communications Department of the Company's holding company, OSK Holdings Berhad, which, amongst others, addresses any inquiries in respect of the Company
- (d) The web site of the holding company is **www.osk.com.my**

E. ACCOUNTABILITY AND AUDIT

The Groups' Financial Reporting in the form of quarterly and annual financial statements represents a balanced and understandable assessment of the Company's position and prospects.

Internal Control

The Information on the Group's Internal Control is presented in the Statement on The State of Internal Control appearing on pages 21 and 22 of this Annual Report.

Relationship with Auditors

Details of the relationship with Auditors are set out in the Audit Committee Report appearing on Pages 18 to 20 of this Annual Report.

F. SANCTIONS AND/OR PENALTIES IMPOSED

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

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

Save as disclosed in Additional Disclosure on Page 23 of this Annual Report, there are no other material contracts involving directors and substantial shareholders still subsisting at the end of the financial year or entered into since the end of the previous financial year.

H. BOARD COMMITTEES

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

Audit Committee

Particulars of the Audit Committee are set out on Pages 18 to 20 of the Annual Report.

REMUNERATION COMMITTEE

Composition

- Chairman – En Haron Bin Datuk Tamby Chik - *Senior Independent Non-Executive Director*
- Members – En Ikmal Hisham Bin Abdul Aziz - *Independent Non-Executive Director*
- Mr Ong Leong Huat - *Non-Independent Non-Executive Director*

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 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 should reflect the experience and level of responsibilities undertaken by the particular Non-Executive Director (s) concerned. Determination of remuneration packages should be a matter for the Board as a whole. The individual(s) concerned should abstain from discussion of their own remuneration.
- The Company shall establish a formal and transparent procedure on Executive Directors' remuneration and fixing the remuneration packages of individual Director.

NOMINATION COMMITTEE

Composition

- Chairman – En Haron Bin Datuk Tamby Chik - *Senior Independent Non-Executive Director*
Member – En Ikmal Hisham Bin Abdul Aziz - *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 shall 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 Executive Director 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 shall bring to the Board.
- To assess the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.

AUDIT COMMITTEE Report

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2003.

MEMBERSHIP

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

- must be a member of the Malaysian Institute of Accountants; or
- if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years of working experience and
 - he must have passed the examination specified in Part I of the 1st Schedule to the Accountants Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule to the Accountants Act, 1967.
- a degree/masters/doctorate in accounting or finance and at least 3 years' post qualification experience in accounting or finance; or
- at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the finance affairs of corporation.

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

The Audit Committee consists of the following members:

Name	Designation
En Ikmal Hisham Bin Abdul Aziz (<i>Independent Non-Executive Director</i>)	Chairman
Mr Wong Chong Kim (<i>Non-Independent Non-Executive Director</i>)	Member
En Haron Bin Datuk Tamby Chik (<i>Senior Independent Non-Executive Director</i>)	Member

TERMS OF REFERENCE

a) Review and report to the Board of Directors;

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

- major judgemental areas;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements;
 - any related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - external auditors' management letter and management's response;
- b) To consider the major findings of internal investigations and management's response;
- c) To discuss problems and reservations arising from the audit and any matter the auditor may wish to discuss (in the absence of management where necessary);
- d) To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
- e) To recommend the nomination of a person or persons as external auditors';
- f) To consider any other functions or duties as may be agreed to by the Committee and the Board.

AUTHORITY

The Audit Committee shall:

1. have the authority to investigate any activity of the company and its subsidiaries within its terms of reference, and all employees are directed to cooperate as requested by members of the audit committee;
2. have the resources which are required to perform its duties;
3. have full and unrestricted access to any information pertaining to the company within its terms of reference;
4. have direct communication channels with the external auditors and persons performing the internal audit function or activity;
5. be able to obtain independent professional or other advice within its terms of reference; and
6. be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

ATTENDANCE AT MEETINGS

During the financial year ended 31 December 2003, the Audit Committee held a total of 4 meetings. The details of attendance of the Committee members are as follows:

Name of Committee Member	No of meetings attended
En Ikmal Hisham Bin Abdul Aziz	3/4
Mr Wong Chong Kim	4/4
En Haron Bin Datuk Tamby Chik	4/4

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 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 adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
3. Reviewed and discussed the internal audit reports. The Committee were briefed by the Head of Group Internal Audit that in a few instance, 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;
4. 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;
 - 4.1 changes in or implementation of major accounting policies and practices;
 - 4.2 the going concern assumption;
 - 4.3 significant adjustment arising from the audit;
 - 4.4 major judgemental areas,
 - 4.5 significant and unusual events; and
 - 4.6 compliance with accounting standards and other legal requirements.
5. Reviewed the related party transactions and conflict of interest situation that may arise within the company or group including any transactions, procedures or course of conduct that raises questions of management integrity which were incurred during the financial year were done in the ordinary course of business.

INTERNAL AUDIT FUNCTION

The Board recognized the importance of the internal audit function and the independent status required for it to carry out the job effectively. The internal audit function is performed by Group Internal Audit ("GIA") of OSK Holdings Berhad. The GIA has introduced risk based auditing approach with risk focused audit programme in order to ensure that the principal risks are being established and mapped with the existing system of internal control. The GIA carry out its duties according to the audit plan, and areas of concern need further improvement is highlighted in the audit report and discussed in the Audit Committee meetings. The Board has via the Audit Committee evaluated the effectiveness of the Internal Audit Department by reviewing the results of its work in the Audit Committee meetings.

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

RESPONSIBILITY

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

TYPES OF RISKS

The principal business activity of the group is property development.

The risk exposure faced by the Group can be broadly categorized into market, credit and operational risks.

- | | |
|-------------------------|--|
| Market Risk | Market risk is the risk of potential losses due to changes in the market demand on the Group's development projects. |
| Credit Risk | Credit risk is the risk of economic loss due to the failure of a counterparty to fulfill its obligations under a contractual agreement with the Group. |
| Operational Risk | Operational is the risk of opportunity cost or economic loss due to incorrect budget used for development decision, high development cost, inadequate procedures & policies, lack of basic internal accounting controls, liquidity problems as a result of capital tied up on unsold development properties, management failures i.e oversight, unauthorized dealings, abuse, fraud etc. |

RISK MANAGEMENT

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

- The Audit Committee whose main role is to review, on behalf of the Board, the key risks inherent in the business and the system of control necessary to manage such risk, and to present its findings to the Board. The Audit Committee assumes its roles and responsibilities via Group Internal Audit. To ensure that risks are managed effectively, Risk Based Auditing approach which begins with risk identification, risk evaluation and mapping of control has been introduced and implemented. Ongoing risk assessments are performed by Group Internal Audit to test how adequate risks are being managed.

- Other parts of the business entities in the Group also play important roles in ensuring that the above risk management process is being carried out on an ongoing basis. These include the Credit Control Department which is primarily responsible for managing credit risk related activities and the Operations Department which is primarily in charge of managing settlement risk. The supervision of funding and liquidity risk activities is under the purview of Group Finance and Accounts Department.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

- Outsourced property development activities to Project Management company that specialises in managing of property development related activities. Appropriate level of coordination and monitoring works are being established to ensure the quality of services delivered by the said management company and their ability to complete projects in accordance with the approved budget;
- Establishment of a conducive control environment in respect of the overall attitude, awareness and actions of Directors and management regarding the internal control system and its importance in the entity;
- Recruitment of experienced, skilled and professional staff with the necessary caliber to fulfill the allotted responsibilities. This should also ensure that sufficient employees are allocated in ensuring that minimum control is in place;
- Clear Group structure, reporting lines of responsibilities and appropriate levels of delegation;
- Establishment of an effective segregation of duties via independent checks, review and reconciliation activities to prevent human error, fraud and abuses;
- Internal policies and procedures which are set out in a series of clearly documented operation manuals covering a majority of areas within the Group are maintained and subjected to review as and when necessary;
- Documented limits of Approving Authorities for key aspects of the businesses which have been approved by the Board. This provides a sound framework of authority and accountability within the organisation and facilitates proper corporate decision making at the appropriate level in the organisation's hierarchy;
- Regular and comprehensive management reports to the Director / Board from various lines of operations & business units, on key business performance, operating statistics and regular matters. This allows for an effective monitoring of significant variances and deviation from standard operating procedures and budget;
- Group Internal Audit independently reviews the risk identification procedures and control processes implemented by management, and reports to the Audit Committee on a quarterly basis. The Group Internal Audit provides assurance over the operation and validity of the system of internal control in relation to the level of risk involved using Risk Based Auditing methodology.

The Board believes that the system of internal control in the Group is adequate and has been effective in its function. Moving forward, the Group will endeavour to continue improving and enhancing the existing system of internal control in the Group pertaining to the identified risks, with the anticipation of changing business environment due to change in technologies and regulatory requirements etc.

ADDITIONAL Disclosure

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Details of the Group's recurrent related party transactions made during the financial year ended 31 December 2003 pursuant to the shareholder's mandate obtained by OSK Holdings Berhad, at the Extraordinary General Meeting held on 30 April 2003 are as follows:

Name of Company/ Group Involved	Nature of Transaction	Name of Related Party	Relationship with Listed Issuer - Interested Directors, Major Shareholders and Persons Connected	Estimated Value of Transactions ¹ (RM)
PART A: RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS				
OSKPROP Group	Construction works carried out by the PJD Group	PJD Group	OLH, WCK, KCM, WAC (See Note 2)	12,580,076
OSKPROP Group	Provision of project management services by the PJD Group	PJD Group	OLH, WCK, KCM, WAC (See Note 2)	1,006,172
OSKPROP Group	Accommodation in hotels owned by the PJD Group	PJD Group	OLH, WCK, KCM, WAC (See Note 2)	4,389
OSKPROP Group	Provision of information technology services by the PJD Group	PJD Group	OLH, WCK, KCM, WAC (See Note 2)	15,650
OSKPROP Group	Procurement of insurance policies by the OSKPROP Group	Dindings Group	OLH, WCK, KCM, WAC (See Note 3 & 4)	80,946
OSKPROP Group	Construction works by the Dindings Group	Dindings Group	OLH, WCK, KCM, WAC (See Note 3)	1,397,571
PART B: NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS				
OSKPROP Group	Provision of legal services by Cheang & Ariff	Cheang & Ariff	LTB (See Note 5)	26,625
OSKPROP Group	Office maintenance and renovation by the Dindings Group	Dindings Group	OLH, WCK, KCM, WAC (See Note 3)	92,750

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 (OLH), Mr Wong Chong Kim (WCK) and Mr Wong Chong Che (WCC), directors of OSK, are the brothers of Mr Wong Ah Chiew (WAC) and Mr Wong Chong Shee (WCS), who in turn are directors of PJD. Madam Khor Chai Moi (KCM), a director of PJD, is the wife of OLH. As at 1 March 2004 WCK held 0.45% shareholding in PJD. OLH does not hold any shares in PJD. As at 1 March 2004, the shareholdings in OSKPROP held by OLH and WCK were 6.34% and 0.88% respectively.
- WAC and KCM are directors and major shareholders of DCSB. As at 1 March 2004 their shareholdings in DCSB are 17.46% and 14.21%, respectively. WAC is the brother of OLH, WCK and WCC, who in turn are directors of OSK. KCM is the wife of OLH.
- The OSKPROP Group procures general insurance policies from insurance companies via Dindings Risk Management Services Sdn Bhd (DRMS), DC Services Sdn Bhd (DCSSB) and Dindings Life Agency Sdn Bhd (DLASB), being insurance agents and subsidiaries of DCSB.
- Cheang & Ariff is a legal firm providing legal services to the OSKPROP Group. Mr Loy Tuan Bee (LTB) is a partner of the legal firm and he is also a director of OSKS which is a related company of OSKPROP.

SHARE BUY-BACK

The Company has not undertaken any share buy-back exercise for the financial year ended 31 December 2003.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company has not issued any warrants or convertible securities during the financial year ended 31 December 2003.

AMERICAN DEPOSITORY (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR)

The Company did not sponsor any ADR or GDR programme for the financial year ended 31 December 2003.

NON-AUDIT FEES

There were no non-audit fees paid by the Company to external auditors for the financial ended 31 December 2003 other than those disclosed in the Note 5 to the financial statements.

PROFIT FORECAST / PROFIT GUARANTEE

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

STATEMENT OF Directors' Responsibilities

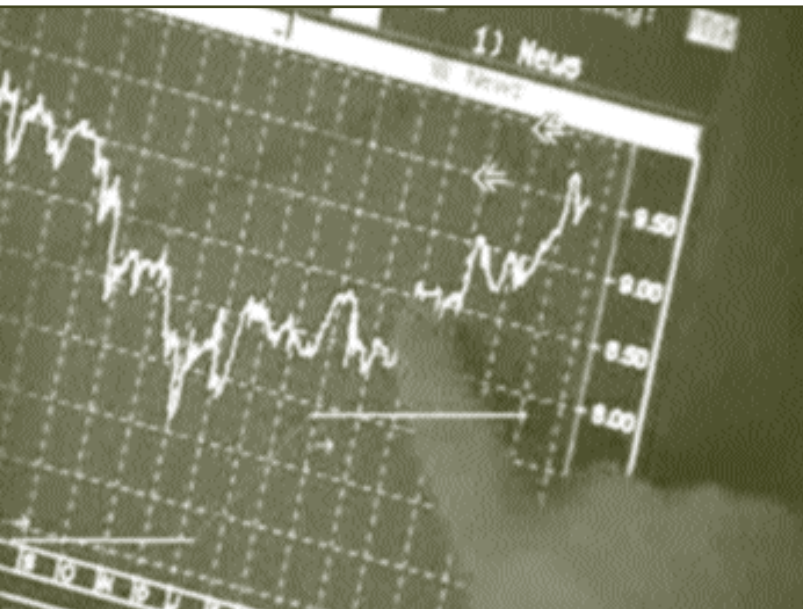
Statement of Directors' responsibilities in relation to Financial Statements (in respect of the audited Financial Statements pursuant to Paragraph 15.27 of the Listing Requirements)

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

The Directors are satisfied that in preparing the financial statements of the Group and the Company for the year ended 31 December 2003, appropriate accounting policies have been adopted and applied consistently. In preparing these statements, the Directors have made statements and estimates that are reasonable and prudent. The Directors also consider all relevant approved accounting standards have been followed in the preparation of these financial statements.

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

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DIRECTORS' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are property development and management and harvesting of oil palm.

There have been no significant changes in the nature of the principal activities during the financial year other than the additional activity of property management.

RESULTS

	Group RM	Company RM
Net profit/(loss) for the financial year	8,299,292	(451,803)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

RESERVES AND PROVISIONS

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

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2002 were as follows:

	RM
In respect of the financial year ended 31 December 2002 as reported in the directors' report of that year:	
Final dividend of 2.5% less 28% taxation, paid on 3 June 2003	1,799,981
In respect of the financial year ended 31 December 2003:	
Interim dividend of 2.5% less 28% taxation, paid on 20 November 2003	1,799,980
	<u>3,599,961</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2003, of 5% less 28% taxation on 99,996,000 ordinary shares, amounting to a total dividend payable of RM3,599,856 (3.6 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2004.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Nik Mohamed Din bin Datuk Nik Yusoff
 Ong Leong Huat @ Wong Joo Hwa
 Wong Chong Kim
 Teong King Hua
 Haron bin Datuk Tamby Chik
 Ikmal Hisham bin Abdul Aziz

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than as may arise from the share options granted pursuant to the Executive Share Option Scheme of the ultimate holding company.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 7 to the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			31 December 2003
	1 January 2003	Acquired	Disposed	
The Company				
Direct Interest				
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	1,328,294	—	—	1,328,294
Ong Leong Huat @ Wong Joo Hwa	7,343,059	—	(1,000,000)	6,343,059
Wong Chong Kim	875,757	—	—	875,757
Haron bin Datuk Tamby Chik	4,727	8,272	—	12,999
Teong King Hua	5,030	—	—	5,030

DIRECTORS' INTERESTS (Continued)

	Number of Ordinary Shares of RM1 Each			31 December 2003
	1 January 2003	Acquired	Disposed	
The Company				
Indirect Interest				
Wong Chong Kim	–	4,300	–	4,300
Haron bin Datuk Tamby Chik	2,272	–	(2,272)	–
Shareholdings in which the director is deemed to have an interest				
Ong Leong Huat @ Wong Joo Hwa	55,868,336	2,288,100	–	58,156,436
Ultimate holding company - OSK Holdings Berhad ("OSKH")				
Direct Interest				
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	14,637,241	–	–	14,637,241
Ong Leong Huat @ Wong Joo Hwa	124,773,666	–	–	124,773,666
Wong Chong Kim	17,333,333	–	(1,250,000)	16,083,333
Haron bin Datuk Tamby Chik	52,000	25,000	–	77,000
Teong King Hua	55,333	–	–	55,333
Indirect Interest				
Wong Chong Kim	–	120,666	–	120,666
Haron bin Datuk Tamby Chik	25,000	–	(25,000)	–
		Number of Warrant A 1994/2004		
	1 January 2003	Acquired	Disposed	31 December 2003
Direct Interest				
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	472,034	–	–	472,034
Ong Leong Huat @ Wong Joo Hwa	39,608,360	–	–	39,608,360
Wong Chong Kim	57,000	18,000	–	75,000

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

DIRECTORS' INTERESTS (Continued)

	1 January 2003	Number of Warrant B 2000/2005		31 December 2003
		Acquired	Disposed	
Direct Interest				
Dato' Nik Mohamed Din bin				
Datuk Nik Yusoff	3,596,810	–	–	3,596,810
Ong Leong Huat @ Wong Joo Hwa	35,857,915	–	–	35,857,915
Teong King Hua	12,000	–	–	12,000

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

	1 January 2003	Number of 6% ICULS 2000/2005		31 December 2003
		Acquired	Disposed	
Direct Interest				
Dato' Nik Mohamed Din bin				
Datuk Nik Yusoff	3,596,810	–	–	3,596,810
Ong Leong Huat @ Wong Joo Hwa	35,857,915	–	–	35,857,915
Wong Chong Kim	17,666	–	–	17,666
Teong King Hua	22,000	–	–	22,000

Each 6% Irredeemable Convertible Unsecured Loan Stocks 2000/2005 ("ICULS") entitles the registered holder to convert it into one (1) new ordinary share in OSKH at a conversion price of RM2.28 per ICULS, at any time before the expiry date of 1 March 2005.

	1 January 2003	Number of Options Over Ordinary Shares		31 December 2003
		Granted	Exercised	
Direct Interest				
Dato' Nik Mohamed Din bin				
Datuk Nik Yusoff	–	300,000	–	300,000
Ong Leong Huat @ Wong Joo Hwa	–	300,000	–	300,000
Wong Chong Kim	–	300,000	–	300,000
Teong King Hua	–	106,600	–	106,600

The options over ordinary shares were granted pursuant to the Executive Share Option Scheme of OSKH.

DIRECTORS' INTERESTS (Continued)

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

	Number of Ordinary Shares of RM1 Each			31 December 2003
	1 January 2003	Acquired	Disposed	
Finexasia.com Sdn Bhd	10,000,000	–	–	10,000,000
OSK-UOB Unit Trust Management Berhad	7,000,000	–	–	7,000,000

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) 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 satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or to make any allowance for doubtful debts in respect of the financial statements of the Group and of the Company; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

OTHER STATUTORY INFORMATION (Continued)

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

- (i) any charge on the assets of the Group and 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.

(f) In the opinion of the directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

The significant events are as disclosed in Note 28 to the financial statements.

AUDITORS

The auditors, Ernst & Young, 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 Din bin Datuk Nik Yusoff

Teong King Hua

Kuala Lumpur, Malaysia

12 February 2004

STATEMENT BY Directors

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

We, Dato' Nik Mohamed Din bin Datuk Nik Yusoff and Teong King Hua, being two of the directors of OSK Property Holdings Berhad, state that in the opinion of the directors, the accompanying financial statements set out on pages 34 to 69 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 financial position of the Group and of the Company as at 31 December 2003 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

DATO' NIK MOHAMED DIN BIN DATUK NIK YUSOFF

TEONG KING HUA

Kuala Lumpur, Malaysia

12 February 2004

STATUTORY Declaration

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

I, Tina Choy Yin Leng, being the officer primarily responsible for the financial management of OSK Property Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 34 to 69 are in my opinion 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 Federal Territory
on

)
)
) **TINA CHOY YIN LENG**

Before me,

Commissioner for Oaths
Kuala Lumpur

12 February 2004

AUDITORS' Report

We have audited the accompanying financial statements set out on pages 34 to 69. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 December 2003 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries have been properly kept in accordance with the provisions of the Act.

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

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG

AF: 0039

Chartered Accountants

WONG KANG HWEE

No. 1116/01/06(J)

Partner

Kuala Lumpur, Malaysia

12 February 2004

INCOME Statements

for the Financial Year ended 31 December 2003

	Note	Group		Company	
		2003 RM	2002 RM	2003 RM	2002 RM
Revenue	3	108,347,609	12,980,305	54,519	3,266,622
Cost of sales	4	(95,492,890)	(8,820,282)	–	–
Gross profit		12,854,719	4,160,023	54,519	3,266,622
Other operating income		1,604,718	398,531	–	–
Administrative expenses		(2,548,118)	(858,643)	(467,868)	(97,518)
Other operating expenses		–	(180,000)	–	–
Profit/(loss) from operations	5	11,911,319	3,519,911	(413,349)	3,169,104
Finance costs	8	(44,063)	(2,906)	–	(1,578)
Profit/(loss) before taxation		11,867,256	3,517,005	(413,349)	3,167,526
Tax expense	9	(3,567,964)	(1,218,052)	(38,454)	(887,887)
Net profit/(loss) for the financial year		8,299,292	2,298,953	(451,803)	2,279,639
Earnings per share (sen)					
Basic	10	8.3	2.3		

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

BALANCE Sheets

as at 31 December 2003

	Note	Group		Company	
		2003 RM	2002 RM	2003 RM	2002 RM
NON-CURRENT ASSETS					
Property, plant and equipment	12	1,400,715	878,017	–	–
Investments in subsidiaries	13	–	–	280,428,266	280,696,666
Land held for property development	14	227,255,812	225,211,486	–	–
		228,656,527	226,089,503	280,428,266	280,696,666
CURRENT ASSETS					
Property development costs	14	65,257,617	45,115,317	–	–
Trade receivables	15	18,309,749	14,116,241	–	–
Other receivables	16	5,825,677	1,339,665	4,769,130	2,249
Tax recoverable		262,372	4,843,829	166,868	188,523
Marketable securities	17	–	–	–	–
Cash and bank balances	18	17,713,643	12,851,810	7,637	2,293,909
		107,369,058	78,266,862	4,943,635	2,484,681
CURRENT LIABILITIES					
Short term borrowings	19	5,000,000	–	–	–
Trade payables	20	17,798,520	12,187,446	–	–
Other payables	21	39,084,570	43,926,398	90,370,451	84,128,133
Tax payable		1,574,276	1,272,100	–	–
		63,457,366	57,385,944	90,370,451	84,128,133
NET CURRENT ASSETS/ (LIABILITIES)					
		43,911,692	20,880,918	(85,426,816)	(81,643,452)
		272,568,219	246,970,421	195,001,450	199,053,214
FINANCED BY:					
Share capital	22	99,996,000	99,996,000	99,996,000	99,996,000
Share premium		16,157,361	16,157,361	16,157,361	16,157,361
Retained profits	23	88,920,542	84,221,211	78,848,089	82,899,853
Shareholders' equity		205,073,903	200,374,572	195,001,450	199,053,214
Long term borrowings	19	22,500,000	–	–	–
Deferred tax liabilities	24	44,994,316	46,595,849	–	–
Non-current liabilities		67,494,316	46,595,849	–	–
		272,568,219	246,970,421	195,001,450	199,053,214

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

CONSOLIDATED Statement of Changes in Equity

for the Financial Year ended 31 December 2003

	Share capital (Note 22) RM	<----Non-Distributable----> Share premium RM	Capital reserve RM	Distributable Retained profits (Note 23) RM	Total RM
At 1 January 2002	99,996,000	16,157,361	–	94,521,808	210,675,169
Net profit for the financial year	–	–	–	2,298,953	2,298,953
Dividends (Note 11)	–	–	–	(12,599,550)	(12,599,550)
At 31 December 2002	99,996,000	16,157,361	–	84,221,211	200,374,572
At 1 January 2003					
As previously stated	99,996,000	16,157,361	(45,361,425)	84,969,438	155,761,374
Prior year adjustments (Note 25)	–	–	45,361,425	(748,227)	44,613,198
At 1 January 2003 (restated)	99,996,000	16,157,361	–	84,221,211	200,374,572
Net profit for the financial year	–	–	–	8,299,292	8,299,292
Dividends (Note 11)	–	–	–	(3,599,961)	(3,599,961)
At 31 December 2003	99,996,000	16,157,361	–	88,920,542	205,073,903

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

STATEMENT OF Changes in Equity

for the Financial Year ended 31 December 2003

	Share capital (Note 22) RM	Non- Distributable Share premium RM	Distributable Retained profits (Note 23) RM	Total RM
At 1 January 2002	99,996,000	16,157,361	93,219,764	209,373,125
Net profit for the financial year	–	–	2,279,639	2,279,639
Dividends (Note 11)	–	–	(12,599,550)	(12,599,550)
At 31 December 2002	99,996,000	16,157,361	82,899,853	199,053,214
At 1 January 2003	99,996,000	16,157,361	82,899,853	199,053,214
Net loss for the financial year	–	–	(451,803)	(451,803)
Dividends (Note 11)	–	–	(3,599,961)	(3,599,961)
At 31 December 2003	99,996,000	16,157,361	78,848,089	195,001,450

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

CASH FLOW Statements

for the Financial Year ended 31 December 2003

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	11,867,256	3,517,005	(413,349)	3,167,526
Adjustment for:				
Interest expense	—	1,578	—	1,578
Interest income	(794,657)	(3,472,596)	(54,519)	(3,266,622)
Depreciation	184,141	39,125	—	—
Gain on disposal of equipment	—	(731)	—	—
Operating profit/(loss) before working capital changes	11,256,740	84,381	(467,868)	(97,518)
Changes in intercompany balances	(6,147,583)	206,023,147	1,451,224	162,788,612
(Increase)/decrease in receivables	(8,679,520)	18,034,830	249	37,751
Increase/(decrease) in payables	6,845,408	(43,350,147)	23,967	(4,167)
Increase in development costs	(21,404,646)	(1,348,971)	—	—
Cash (used in)/generated from operations	(18,129,601)	179,443,240	1,007,572	162,724,678
Interest received	794,657	3,472,596	54,519	3,266,622
Taxes paid	(4,845,451)	(4,806,099)	(16,800)	(1,429,319)
Taxes refunded	4,559,587	—	—	—
Interest paid	(710,559)	(1,578)	—	(1,578)
Net cash (used in)/from operating activities	(18,331,367)	178,108,159	1,045,291	164,560,403
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of equipment	(706,839)	(12,530)	—	—
Proceeds from disposal of equipment	—	38,000	—	—
Acquisition of subsidiary	—	(165,997,818)	(4)	(183,020,552)
Subscription of shares in a subsidiary	—	—	(250,000)	—
Refund of stamp duty waived in relation to the acquisition of a subsidiary in previous year	—	—	518,402	—
Purchase of equity interest from minority shareholders	—	(20,117,101)	—	—
Net cash (used in)/from investing activities	(706,839)	(186,089,449)	268,398	(183,020,552)

CASH FLOW Statements (Continued)

for the Financial Year ended 31 December 2003

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of borrowings	30,000,000	–	–	–
Repayment of borrowings	(2,500,000)	–	–	–
Dividends paid (Note 11)	(3,599,961)	(12,599,550)	(3,599,961)	(12,599,550)
Net cash from/(used in) financing activities	23,900,039	(12,599,550)	(3,599,961)	(12,599,550)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,861,833	(20,580,840)	(2,286,272)	(31,059,699)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	12,851,810	33,432,650	2,293,909	33,353,608
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 18)	17,713,643	12,851,810	7,637	2,293,909

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

NOTES TO The Financial Statements

31 December 2003

1. GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are property development and management and harvesting of oil palm. There have been no significant changes in the nature of the principal activities during the financial year other than the additional activity of property management.

The Company is a public company limited by shares, incorporated under the Companies Act, 1965 and domiciled in Malaysia, and is listed on the Main Board of the Malaysia Securities Exchange Berhad ("MSEB"). The registered office of the Company is located at 20th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur.

The holding and ultimate holding company of the Company is OSK Holdings Berhad, a public company limited by shares, incorporated under the Companies Act, 1965 and domiciled in Malaysia and listed on the Main Board of the MSEB.

The Company regards related companies as those companies which are subsidiaries of the same ultimate holding company as disclosed in Note 27(d).

The number of employees in the Group at the end of the financial year was 28 (2002: 24). The Company does not have any employees at the end of the financial year other than the 6 (2002: 6) directors in office.

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation of Financial Statements

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

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

MASB 25	Income Taxes
MASB 27	Borrowing Costs
MASB 29	Employee Benefits

The effect of adopting MASB 25 is summarised in the Statements of Changes in Equity and further information is disclosed in Note 25. The adoption of MASB 27 to MASB 29 have not given rise to any adjustments to the opening balances of retained profits of the prior and current year or to changes in comparatives.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

- **OSK Melaka Sdn Bhd**

OSK Melaka Sdn Bhd is consolidated using the merger method of accounting. Under the merger method of accounting, the results of the subsidiary is presented as if the merger has been in effect since the beginning. On consolidation, the differences between the carrying value of the investment in the subsidiary over the nominal value of the shares acquired, if any, is taken to a non-distributable merger reserve. The subsidiary has ceased the business of stockbroking and the merger reserve has been transferred to the retained profits in the financial year ended 31 December 2001.

- **OSK Properties Sdn Bhd ("OSKP")**

The acquisitions of the 90% and 10% equity interest in OSKP on 2 August 2002 and 15 August 2002 respectively are accounted for using the acquisition method of accounting. Under the acquisition method of accounting, the results of the subsidiary acquired or disposed during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet.

In the previous financial year, the acquisition of the 90% equity interest in OSKP from its holding company, OSK Holdings Berhad was accounted for based on the predecessor basis of accounting in the consolidated financial statements. In the current financial year, the Group adopted the acquisition method of accounting to account for that transaction. The change in the accounting policy has been accounted for retrospectively and the effect of this change is disclosed in Note 25.

Under the acquisition method of accounting, the difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition, if any, is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences which were not previously recognised in the consolidated income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(k). Goodwill arising on the acquisition of subsidiaries, if any, is presented separately in the balance sheet.

Goodwill is capitalised and amortised using the straight line method over its estimated useful life or 25 years, whichever is shorter.

(d) Investments in Subsidiaries

The Company's investments in subsidiaries is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(k).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(e) Property, Plant and Equipment and Depreciation

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

Depreciation of property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Buildings	2%
Furniture and fittings	10%
Office equipment	15%
Motor vehicles	15%
Plant and machinery	20%

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

(f) Property Development Costs and Land Held for Property Development

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Cash Flow Statements and Cash and Cash Equivalents

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

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at banks (including Housing Development Accounts) and deposits at call which have an insignificant risk of changes in value.

(h) Income Taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from 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.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Prior to the adoption of MASB 25 Income Taxes on 1 January 2003, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation. This change in accounting policy has been accounted for retrospectively and the effects of this change are disclosed in Note 25.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year 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 makes contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(j) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Property development revenue

Revenue for 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 of development activity at the balance sheet date which is determined by reference to the development costs incurred to date bear to the total estimated development costs where the outcome of the project can be reliably estimated.

(ii) Revenue from plantation

This represents the sale of oil palm fresh fruit bunches which is recognised net of discounts and returns when the goods are invoiced.

(iii) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

(iv) Rental income

Rental income from rubber plantation is recognised on an accrual basis.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(l) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

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

(i) Marketable Securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market value. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

(ii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) Payables

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 (Continued)

(I) Financial Instruments (continued)

(iv) Interest-Bearing Borrowings

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

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

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

(v) 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. REVENUE

Revenue of the Group and of the Company consists of the following:

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Interest income				
– short term deposits	54,519	336,716	54,519	336,716
– loan to ultimate holding company	–	2,929,906	–	2,929,906
Property development revenue	107,305,548	9,437,343	–	–
Revenue from sales of oil palm fresh fruit bunches	987,542	276,340	–	–
	108,347,609	12,980,305	54,519	3,266,622

4. COST OF SALES

	Group	
	2003 RM	2002 RM
Property development expenses (Note 14)	95,292,772	8,733,984
Plantation expenses	200,118	86,298
	95,492,890	8,820,282

Included in property development expenses is the proportionate allocation of fair value of land cost for the financial year amounting to RM 5,729,368 (2002:RM1,534,023).

5. PROFIT/(LOSS) FROM OPERATIONS

Profit/(loss) from operations is stated after charging/(crediting):

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Auditors' remuneration:				
Audits				
– current year	45,000	23,500	22,000	12,500
– underprovision in prior year	7,000	–	6,000	–
Other services				
– current year	11,000	–	3,000	–
– underprovision in prior year	18,000	–	18,000	–
Staff costs (Note 6)	944,618	342,715	–	–
Directors' remuneration (Note 7)	187,230	114,248	41,167	28,633
Rental of equipment and machinery	47,797	6,858	–	–
Compensation to a former employee of the stockbroking subsidiary for loss of office	–	180,000	–	–
Depreciation	184,141	39,125	–	–
Gain on disposal of equipment	–	(731)	–	–
Other interest income	(740,138)	(205,974)	–	–
Rental income from rubber plantation	(156,000)	(65,000)	–	–

6. STAFF COSTS

	Group	
	2003 RM	2002 RM
Wages and salaries	802,712	291,500
Social security costs	9,265	3,619
Pension costs - defined contribution plans	89,621	32,064
Other staff related expenses	43,020	15,532
	944,618	342,715

7. DIRECTORS' REMUNERATION

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	123,000	74,000	–	–
Fees:				
– current year	12,000	15,833	12,000	15,833
– underprovision in prior year	3,167	–	3,167	–
Bonus:				
– current year's provision	23,063	11,615	–	–
Benefits-in-kind	20,182	2,800	–	–
	181,412	104,248	15,167	15,833
Non-Executive:				
Salaries and other emoluments	–	2,800	–	2,800
Fees:				
– current year	24,000	10,000	24,000	10,000
– underprovision in prior year	2,000	–	2,000	–
	26,000	12,800	26,000	12,800
Total	207,412	117,048	41,167	28,633
Total directors' remuneration excluding benefits-in-kind (Note 5)	187,230	114,248	41,167	28,633

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of directors	
	2003	2002
Executive directors:		
Below RM50,000	1	3
RM50,001 - RM100,000	–	1
RM150,001 - RM200,000	1	–
Non-Executive directors:		
Below RM50,000	4	3

8. FINANCE COSTS

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Interest expense				
– advance from ultimate holding company	1,288,739	632,259	–	1,578
– short term borrowings	781,980	–	–	–
Commitment fees	37,534	–	–	–
Bank guarantee commission	6,529	1,328	–	–
	2,114,782	633,587	–	1,578
Less: Amount capitalised in qualifying asset:				
Land held for property development and property development costs (Note 14)	(2,070,719)	(630,681)	–	–
	44,063	2,906	–	1,578

9. TAX EXPENSE

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Tax charge for the financial year:				
In respect of the current financial year:				
Malaysian income tax	5,145,489	1,954,700	14,502	885,800
Deferred tax relating to origination and reversal of temporary differences (Note 24)	(1,601,533)	(785,797)	–	–
	3,543,956	1,168,903	14,502	885,800
In respect of the prior year:				
Malaysian income tax	24,008	49,149	23,952	2,087
	3,567,964	1,218,052	38,454	887,887

Tax expense for the year is calculated at the Malaysian statutory tax rate of 28% (2002: 28%) of the estimated assessable profit for the financial year.

9. TAX EXPENSE (Continued)

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2003 RM	2002 RM
Group		
Profit before taxation	11,867,256	3,517,005
Taxation at Malaysian statutory tax rate of 28% (2002: 28%)	3,322,832	984,761
Expenses not deductible for tax purposes	224,888	184,142
Underprovision of tax in prior years	24,008	49,149
Overprovision of deferred taxation in prior year	(20,967)	–
Deferred tax assets not recognised during the year	17,203	–
Tax expense for the year	3,567,964	1,218,052
Company		
(Loss)/profit before taxation	(413,349)	3,167,526
Taxation at Malaysian statutory tax rate of 28% (2002: 28%)	(115,738)	886,907
Expenses not deductible for tax purposes	130,240	22,845
Income not subject to tax	–	(23,952)
Underprovision of tax in prior years	23,952	2,087
Tax expense for the year	38,454	887,887

Tax losses and unabsorbed capital allowances of the Group are analysed as follows:

	Group	
	2003 RM	2002 RM
Unused tax losses carried forward	60,788	–
Unabsorbed capital allowances carried forward	7,680	–

10. EARNINGS PER SHARE

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

10. EARNINGS PER SHARE (Continued)

	Group	
	2003	2002
Net profit for the financial year (RM)	8,299,292	2,298,953
Weighted average number of ordinary shares in issue	99,996,000	99,996,000
Basic earnings per share (sen)	8.3	2.3

The comparative earnings per share information has been restated to account for the effect of the prior year adjustments disclosed in Note 25, on the net profit for the previous financial year.

The Group has no dilutive potential ordinary shares and hence diluted earnings per share is not presented in the financial statements.

11. DIVIDENDS

	Amount		Net Dividends per Share	
	2003 RM	2002 RM	2003 RM	2002 RM
For the financial year ended 31 December 2003				
Interim dividend of 2.5% less 28% taxation, paid on 20 November 2003	1,799,980	—	1.8	—
For the financial year ended 31 December 2002				
Final dividend of 2.5% less 28% taxation, paid on 3 June 2003	1,799,981	—	1.8	—
Interim dividend of 2.5% less 28% taxation, paid on 27 December 2002	—	1,799,982	—	1.8
For the financial year ended 31 December 2001				
Final dividend of 15.0% less 28% taxation, paid on 8 May 2002	—	10,799,568	—	10.8
	3,599,961	12,599,550	3.6	12.6

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2003, of 5% less 28% taxation on 99,996,000 ordinary shares, amounting to a total dividend payable of RM3,599,856 (3.6 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2004.

12. PROPERTY, PLANT AND EQUIPMENT

Group	At 1.1.2003	Additions	At 31.12.2003
	RM	RM	RM
Cost			
Building	530,163	–	530,163
Furniture and fittings	157,783	–	157,783
Plant and machinery	1,060	–	1,060
Office equipment	330,047	156,839	486,886
Motor vehicles	326,181	550,000	876,181
	<hr/> 1,345,234	<hr/> 706,839	<hr/> 2,052,073
		Depreciation	
		charge for	
		the year	
	At 1.1.2003	RM	At 31.12.2003
	RM	RM	RM
Accumulated Depreciation			
Building	31,809	10,603	42,412
Furniture and fittings	56,698	15,779	72,477
Plant and machinery	848	211	1,059
Office equipment	154,761	49,429	204,190
Motor vehicles	223,101	108,119	331,220
	<hr/> 467,217	<hr/> 184,141	<hr/> 651,358
		Net book value	Depreciation
		2003	charge for
		2002	2002
		RM	RM
Building	487,751	498,354	3,534
Furniture and fittings	85,306	101,085	5,321
Plant and machinery	1	212	71
Office equipment	282,696	175,286	15,500
Motor vehicles	544,961	103,080	14,699
	<hr/> 1,400,715	<hr/> 878,017	<hr/> 39,125

Included in plant and equipment of the Group are fully depreciated assets which are still in use costing RM188,423 (2002: RM187,363).

13. INVESTMENTS IN SUBSIDIARIES

	Company	
	2003 RM	2002 RM
Unquoted shares in Malaysia: At cost	280,428,266	280,696,666

Name of Subsidiaries	Country of Incorporation	Equity Interest Held (%)		Principal Activities
		2003	2002	
OSK Properties Sdn Bhd	Malaysia	100	100	Property development and harvesting of oil palm
OSK Properties (Seremban) Sdn Bhd (formerly known as Profile Summary Sdn Bhd)	Malaysia	100	–	Property development
OSK Properties Management Sdn Bhd (formerly known as Aspect Empire Sdn Bhd)	Malaysia	100	–	Management of properties
OSK Melaka Sdn Bhd	Malaysia	100	100	Dormant

In May 2003, a refund of RM518,402 was received by the Company in relation to a waiver of stamp duty paid for the acquisition of a subsidiary in the previous financial year.

During the financial year, the Company acquired two subsidiary companies as disclosed in Note 28(a) and (b).

The effect of the acquisitions on the financial results of the Group from the date of acquisition to 31 December 2003 is as follows:

	RM
Revenue	–
Operating expenses	(61,656)
Net loss for the period	<u>(61,656)</u>

13. INVESTMENTS IN SUBSIDIARIES (Continued)

The effect of the acquisitions on the financial position of the Group as at 31 December 2003 is as follows:

	RM
Equipment	24,948
Land held for property development	12,914,621
Amount due from joint venture	414,621
Other receivables	4,200,004
Cash and bank balances	113,470
Amount due to related company	(12,794,166)
Amount due to holding company	(4,216,930)
Trade and other payables	(468,222)
	<hr/>
Group's share of net assets	188,346
	<hr/>

The fair value of the assets acquired from the acquisition of the subsidiaries comprise of cash on hand of RM4.

14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

	Group	
	2003	2002
	RM	RM
Freehold land:		
– Cost	50,839,190	38,414,040
– Fair value portion	176,645,322	176,645,322
	<hr/>	<hr/>
Development costs	227,484,512	215,059,362
	292,990,334	200,961,369
	<hr/>	<hr/>
	520,474,846	416,020,731
Less: Non-current portion, classified as land held for property development	(227,255,812)	(225,211,486)
	<hr/>	<hr/>
	293,219,034	190,809,245
Add: Attributable profits	47,476,238	36,285,684
	<hr/>	<hr/>
Less: Progress billings	340,695,272	227,094,929
	(275,437,655)	(181,979,612)
	<hr/>	<hr/>
Current portion classified as property development costs	65,257,617	45,115,317
	<hr/>	<hr/>

Included in development costs of the Group is interest capitalised during the financial year amounting to RM2,070,719 (2002: RM630,681) as disclosed in Note 8.

Property development costs of the Group recognised as an expense during the financial year amounted to RM95,292,772 (2002: RM8,733,984) as disclosed in Note 4.

15. TRADE RECEIVABLES

	Group	
	2003 RM	2002 RM
Trade receivables from purchasers of properties	18,309,749	14,116,241

The Group's normal trade credit term is 21 days.

The Group has no significant concentration of credit risk that may arise from exposures to a single receivable or to groups of receivables.

16. OTHER RECEIVABLES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Due from a subsidiary	–	–	4,767,130	–
Due from joint venture	414,621	–	–	–
Deposits	212,450	522,450	2,000	2,000
Prepayments	4,026,252	2,800	–	–
Sundry receivables	1,172,354	814,415	–	249
	5,825,677	1,339,665	4,769,130	2,249

The amount due from a subsidiary is unsecured, interest free and has no fixed term of repayment.

Included in prepayments is an amount of RM4,000,000 (2002: Nil) relating to the amounts paid to manage development projects pursuant to two separate management agreements entered into by a subsidiary as disclosed in Note 28(b).

Other than the amount due from joint venture, the Group has no significant concentration of credit risk that may arise from exposures to a single receivable or to groups of receivables.

17. MARKETABLE SECURITIES

	Group	
	2003 RM	2002 RM
Shares quoted in Malaysia, at cost	–	530
Less : Provision for diminution in value	–	(530)
	–	–
Market value of quoted shares	–	109

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Cash on hand and at banks	4,105,565	277,846	7,637	193,909
Repurchase agreements with licensed banks	–	2,100,000	–	2,100,000
Cash and bank balances	4,105,565	2,377,846	7,637	2,293,909
Sinking fund - bank balance	1,250,000	–	–	–
Housing Development Accounts	12,358,078	10,473,964	–	–
Cash and cash equivalents	17,713,643	12,851,810	7,637	2,293,909

The sinking fund has been pledged to a licensed bank for credit facilities granted as disclosed in Note 19.

Cash held under the Housing Development Accounts represents monies received from purchasers of properties less payments or withdrawals pursuant to Section 7A of the Housing Developers (Control and Licensing) Act, 1966 and are therefore restricted from use in other operations.

The weighted average effective interest rates (per annum) of deposits at the balance sheet date were as follows:

	Group		Company	
	2003 %	2002 %	2003 %	2002 %
Repurchase agreements with licensed banks	–	2.65	–	2.65

The average maturities of deposits at the end of the financial year were as follows:

	Group		Company	
	2003 Days	2002 Days	2003 Days	2002 Days
Repurchase agreements with licensed banks	–	5	–	5

19. BORROWINGS

	Group	
	2003 RM	2002 RM
Short Term Borrowings		
Unsecured: Revolving credit	5,000,000	–
Long Term Borrowings		
Secured: Revolving credit	10,000,000	–
Unsecured: Revolving credit	12,500,000	–
	22,500,000	–
Total Borrowings		
Revolving credit	27,500,000	–
Maturity of borrowings:		
Within one year	5,000,000	–
More than one year and less than two years	5,000,000	–
More than two years and less than five years	17,500,000	–
	27,500,000	–

The revolving credit facilities are supported by corporate guarantees by the Company and the ultimate holding company. Interest was charged at 1.5% (2002: not applicable) per annum above the bank's cost of funds.

The unsecured revolving credit facility is repayable in amounts of RM2,500,000 at six-month intervals, commencing six months after the date of first drawdown until full settlement.

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

The effective interest rates (per annum) at the balance sheet date for borrowing are as follows:

	2003 %	2002 %
Revolving credit	4.85	–

20. TRADE PAYABLES

	Group	
	2003 RM	2002 RM
Trade payables for goods and services received	17,798,520	12,187,446

The normal trade credit terms granted to the Group range from 30 to 90 days.

21. OTHER PAYABLES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Due to a subsidiary	–	–	88,465,300	84,090,300
Due to ultimate holding company	37,086,938	43,222,316	1,843,351	–
Due to a related company	14	12,219	–	–
Other payables and accruals	610,813	221,276	61,800	37,833
Sundry creditors	1,386,805	470,587	–	–
	39,084,570	43,926,398	90,370,451	84,128,133

The amounts due to a subsidiary and a related company are unsecured, interest-free and have no fixed terms of repayment. The amount due to the ultimate holding company is unsecured, bears interest at 3.5% (2002: 3.5% to 6.0%) per annum and has no fixed term of repayment.

22. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2003	2002	2003 RM	2002 RM
Authorised:				
At 1 January/31 December	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid:				
At 1 January/31 December	99,996,000	99,996,000	99,996,000	99,996,000

23. RETAINED PROFITS

As at 31 December 2003, the Company has tax exempt profits available for distribution of approximately RM497,313 (2002: RM497,313), subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax exempt income account to frank the payment of dividends out of its entire retained profits as at 31 December 2003.

24. DEFERRED TAX LIABILITIES

	Group	
	2003 RM	2002 RM
At beginning of year	40,000	–
Prior year adjustment (Note 25)	46,555,849	–
At beginning of year (restated)	46,595,849	–
Acquisition of subsidiary	–	40,000
Recognised in the income statement (Note 9)	(1,601,533)	–
Prior year adjustment (Note 25)	–	46,555,849
Restatement amount	–	47,341,646
Recognised in the income statement (Note 9)	–	(785,797)
At end of year	44,994,316	46,595,849

The components of deferred tax comprise only of deferred tax liabilities and movements of deferred tax liabilities during the financial year are as follows:

	Accelerated Capital Allowances RM	Fair Value Adjustment on Business Combination RM	Total RM
At 1 January 2003	40,000	–	40,000
Prior year adjustment (Note 25)	–	46,555,849	46,555,849
At 1 January 2003 (restated)	40,000	46,555,849	46,595,849
Recognised in the income statement	2,691	(1,604,224)	(1,601,533)
At 31 December 2003	42,691	44,951,625	44,994,316

24. DEFERRED TAX LIABILITIES (Continued)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2003 RM	2002 RM
Accelerated capital allowances	(1,968)	–
Unused tax losses	17,021	–
Unabsorbed capital allowances	2,150	–
	17,203	–

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

25. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS**(a) Changes in Accounting Policies**

During the financial year, the Group and the Company adopted four new MASB Standards as disclosed in Note 2(a), which became effective from 1 January 2003.

The changes in accounting policies which resulted in the prior year adjustments are discussed below:

MASB 25: Income Taxes

Under MASB 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Group and the Company have commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

Application of the Acquisition Method of Accounting

In the previous financial year, the acquisition of the 90% equity interest in OSK Properties Sdn Bhd from its holding company, OSK Holdings Berhad was accounted for based on the predecessor basis of accounting in the consolidated financial statements. In the current financial year, the Group adopted the acquisition method of accounting to account for that transaction.

25. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS (Continued)

(b) Prior Year Adjustments

The changes in accounting policies have been applied retrospectively and comparatives have been restated. The effects of the changes in accounting policies are as follows:

	Group	
	2003 RM	2002 RM
Effects on retained profits		
At 1 January, as previously stated	84,969,438	94,521,808
Effect of adopting MASB 25	356,271	–
Effect of the application of the acquisition method of accounting	(1,104,498)	–
At 1 January, as restated	84,221,211	94,521,808
Effect on capital reserve		
At 1 January, as previously stated	(45,361,425)	–
Effect of the application of the acquisition method of accounting	45,361,425	–
At 1 January, as restated	–	–
Effect on net profit for the year		
Net profit before changes in accounting policies	9,865,292	3,047,180
Effect of adopting MASB 25	716,560	356,271
Effect of the application of the acquisition method of accounting	(2,282,560)	(1,104,498)
Net profit for the financial year	8,299,292	2,298,953

Comparative amounts as at 31 December 2002 have been restated as follows:

	Previously Stated RM	Prior Year Adjustments RM	Restated RM
Group			
Income Statement			
Cost of sales	(7,286,258)	(1,534,024)	(8,820,282)
Tax expense	(2,003,849)	785,797	(1,218,052)
Net profit for the financial year	3,047,180	(748,227)	2,298,953
Balance Sheet			
Land held for property development	146,933,076	78,278,410	225,211,486
Property development costs (after reclassification of comparatives as indicated in Note 29)	32,224,680	12,890,637	45,115,317
Deferred tax liabilities	40,000	46,555,849	46,595,849
Capital reserve	(45,361,425)	45,361,425	–

26. COMMITMENTS**(a) Capital Commitment**

	Group	
	2003	2002
	RM	RM
Approved and contracted for	6,200,000	–

(b) Other Commitment

A subsidiary of the Company, OSK Properties Sdn Bhd ("OSKP") entered into a Joint Venture Agreement ("JVA") 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.

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

As at 31 December 2003, 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.

27. SIGNIFICANT RELATED PARTY TRANSACTIONS AND RELATIONSHIPS**(a) Directors of the Company**

The directors' remunerations disclosed in Note 7 are paid/payable to the following directors:

Executive directors

Dato' Nik Mohamed Din bin Datuk Nik Yusoff
Teong King Hua

Non-executive directors

Ong Leong Huat @ Wong Joo Hwa
Wong Chong Kim
Haron bin Datuk Tamby Chik
Ikmal Hisham bin Abdul Aziz

27. SIGNIFICANT RELATED PARTY TRANSACTIONS AND RELATIONSHIPS (Continued)**(b) Transactions with OSK Holdings Berhad, the ultimate holding company**

Identities	Nature of transactions	2003 RM	2002 RM
Group			
OSK Holdings Berhad	Interest received	–	2,929,906
	Interest paid	(1,288,739)	(632,259)
Company			
OSK Holdings Berhad	Interest received	–	2,929,906
	Interest paid	–	(1,578)

(c) Other related corporations

Significant transactions with subsidiaries of PJ Development Holdings Berhad, a related party:

Identities	Nature of transactions	2003 RM	2002 RM
Group			
PJD Construction Sdn Bhd	Construction cost paid	12,580,076	4,210,370
PJD Management Services Sdn Bhd	Project management services fees paid	1,006,172	497,682

Significant transactions with subsidiaries of Dindings Consolidated Sdn Bhd, a related party:

Identities	Nature of transactions	2003 RM	2002 RM
DC Services Sdn Bhd	Insurance premium paid	55,594	47,152
Dindings Construction Sdn Bhd	Construction cost and office maintenance paid	1,490,321	1,416,612

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

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

27. SIGNIFICANT RELATED PARTY TRANSACTIONS AND RELATIONSHIPS (Continued)

(d) Related corporations

The related companies of the Company are as follows:

Finexasia.com Sdn Bhd
K.E. Malaysian Capital Partners Sdn Bhd
KE-ZAN Holdings Berhad
KE-ZAN Nominees (Asing) Sdn Bhd
KE-ZAN Nominees (Tempatan) Sdn Bhd
KPEN Sdn Bhd
OSK Asset Management Sdn Bhd (formerly known as KE-ZAN Futures Sdn Bhd)
OSK Capital Sdn Bhd
OSK Futures And Options Sdn Bhd
OSK Investment Bank (Labuan) Limited
OSK Nominees (Asing) Sdn Bhd
OSK Nominees (Tempatan) Sdn Bhd
OSK Private Equity Management Sdn Bhd
OSK Realty Sdn Bhd
OSK Research Sdn Bhd
OSK Securities Berhad
OSK Technology Ventures Sdn Bhd
OSK Venture Equities Sdn Bhd
OSK Ventures International Berhad
OSK Ventures Sdn Bhd
OSK-UOB Unit Trust Management Berhad
Stock188.com Sdn Bhd
TCL Nominees (Asing) Sdn Bhd
TCL Nominees (Tempatan) Sdn Bhd

28. SIGNIFICANT EVENTS

- (a) On 31 March 2003, OSK Properties Sdn Bhd ("OSKP") entered into a Joint Venture Agreement ("JVA") with Menang Development (M) Sdn Bhd ("MDSB") to develop various residential units and shophouses in Mukim of Rasah, Negeri Sembilan ("the Project").

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

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

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

28. SIGNIFICANT EVENTS (Continued)

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

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

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

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

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

The Proposed BaIDS Issue and Proposed Warrants Issue are not inter-conditional.

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

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

29. COMPARATIVES

The comparative figures have been audited by a firm of chartered accountants other than Ernst & Young.

The presentation and classification of items in the current financial year's financial statements have been consistent with the previous financial year except that certain comparative amounts have been adjusted for presentation purposes.

Other than the adjustments to the comparatives as a result of the prior year adjustments as disclosed in Note 25, the following balance sheet comparative figures of the Group have been reclassified to conform with the current year's presentation:

Group	Previously Stated RM	Adjustments RM	Restated RM
Property development costs	32,528,500	(303,820)	32,224,680
Trade receivables	14,664,768	(548,527)	14,116,241
Other receivables	1,035,845	303,820	1,339,665
Other payables (as presented)	44,474,925	(548,527)	43,926,398

The reclassifications were made to better reflect the nature and presentation of these balance sheet items.

30. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its liquidity, market, operational, interest rate and currency risks. The Company operates within clearly defined guidelines that are approved by the Board of Directors ("the Board") and the Company's policy is generally not to engage in speculative transactions.

The Board recognises the importance of risk management in the overall management of the property sector. A sound risk management system will not only mitigate risk but will be able to create opportunities if risk elements are properly managed.

The Group's policies in respect of the major risk in the property sector are set out as below:

(a) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. The Group raises committed funding from financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(b) Market Risk

The market risk arises from changes in the state of domestic property prices, the cost of building materials and other related cost in property development.

The Group concentrates on delivering development projects on selective prime areas and this strategy has resulted in better resilience against downswings of the property sector.

(c) Operational Risk

The operational risk arises from the daily function of the Group as a property developer 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. Project management is undertaken by a related party who has extensive related experience.

In dealing with its stewardship, the Board recognises that effective risk management is an integral part of good business practice.

The Board will pursue an ongoing 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 with its appointed and key management personnel.

30. FINANCIAL INSTRUMENTS (Continued)

(d) Interest Rate and Currency Risks

Interest rate and currency risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates and foreign currency rates respectively. The Group is not exposed to any significant interest rate and foreign currency risks that may affect the overall activities of the Group.

(e) Fair Values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximate their fair values except that it is not practical to estimate the fair values of amounts due to/from subsidiaries, holding company and related company due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive estimation costs. However, the Group and the Company do not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

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

- (i) **Cash and Cash Equivalents, Trade and Other Receivables/Payables and Short Term Borrowings**
The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.
- (ii) **Marketable Securities**
The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.
- (iii) **Long Term Borrowings**
The fair value of variable rate borrowings are estimated to approximate their carrying values.

31. SEGMENT INFORMATION

(a) Business Segments:

The Group is organised into three major business segments:

- (i) Property development - the development of residential and commercial properties;
- (ii) Holding entity; and
- (iii) Property management

The directors are of the opinion that all intersegment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

31. SEGMENT INFORMATION (Continued)**(b) Geographical Segments:**

Segmental reporting by geographical segment is not presented as the Group's activities are conducted predominantly in Malaysia.

Financial Year Ended 31 December 2003

	Property Development RM	Holding Entity RM	Property Management RM	Consolidated RM
Revenue				
External sales	108,293,090	54,519	–	108,347,609
Results				
Segment results	12,366,181	(436,936)	(17,926)	11,911,319
Finance costs	(44,063)	–	–	(44,063)
Profit/(loss) before taxation	12,322,118	(436,936)	(17,926)	11,867,256
Taxation	(3,528,595)	(39,369)	–	(3,567,964)
Net profit/(loss) for the year	8,793,523	(476,305)	(17,926)	8,299,292
Assets				
Segment assets	331,551,450	274,129	4,200,006	336,025,585
Liabilities				
Segment liabilities	(129,043,781)	(1,906,901)	(1,000)	(130,951,682)
Other Information				
Capital expenditure	706,839	–	–	706,839
Depreciation	184,141	–	–	184,141

31. SEGMENT INFORMATION (Continued)

Financial Year Ended 31 December 2002

	Property Development RM	Holding Entity RM	Consolidated RM
Revenue			
External sales	9,713,683	336,716	10,050,399
Ultimate holding company	–	2,929,906	2,929,906
Total revenue	9,713,683	3,266,622	12,980,305
Results			
Segment results	558,194	2,961,717	3,519,911
Finance costs	(1,328)	(1,578)	(2,906)
Profit before taxation	556,866	2,960,139	3,517,005
Taxation	(324,688)	(893,364)	(1,218,052)
Net profit for the year	232,178	2,066,775	2,298,953
Assets			
Segment assets	297,195,308	7,161,057	304,356,365
Liabilities			
Segment liabilities	(103,762,960)	(218,833)	(103,981,793)
Other Information			
Capital expenditure	12,530	–	12,530
Depreciation	39,125	–	39,125

LIST OF Properties

LOCATION	DESCRIPTION	EXISTING USE	AGE OF BUILDING	NET BOOK VALUE RM'000
1 Sungai Petani Kedah Darul Aman	Lot 18479 and 14215 Mukim Sungai Petani, Daerah Kuala Muda, Kedah Darul Aman. Land status: freehold development land Land area: 2,500 acres Date of acquisition: 29 January 1996	Commercial and housing development	–	119,939
2 Lot 47450 Jalan Kuala Ketil, 08000 Sungai Petani Kedah Darul Aman	Single storey building situated on H.S.(D) 12898/96, PT No.47450, Mukim Sungai Petani Daerah Kuala Muda, Kedah Darul Aman. Land status: freehold Land area : 80,912 square meters Date of acquisition: 29 January 1996	Sales office	4 years	488

STATEMENT OF Directors' Interests

as at 18 February 2004

NUMBER OF ORDINARY SHARES OF RM1.00 EACH

Name of Director	Direct Interest	%	Indirect Interest	%
1. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	1,328,294	1.33	—	—
2. Ong Leong Huat @ Wong Joo Hwa	6,343,059	6.34	58,187,736	58.19
3. Wong Chong Kim	875,757	0.88	4,300	^
4. Haron Bin Datuk Tamby Chik	12,999	0.01	—	—
5. Teong King Hua	5,030	^	—	—

Note:

^ Negligible

ULTIMATE HOLDINGS COMPANY – OSK HOLDINGS BERHAD

NUMBER OF ORDINARY SHARES OF RM1.00 EACH

Name of Director	Direct Interest	%	Indirect Interest	%
1. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	14,507,241	2.93	—	—
2. Ong Leong Huat @ Wong Joo Hwa	124,773,666	25.21	—	—
3. Wong Chong Kim	16,083,333	3.25	120,666	0.02
4. Haron Bin Datuk Tamby Chik	77,000	0.02	—	—
5. Teong King Hua	30,333	^	—	—

NUMBER OF WARRANT A 1994/2004

Name of Director	Direct Interest	%	Indirect Interest	%
1. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	2,034	^	—	—
2. Ong Leong Huat @ Wong Joo Hwa	39,608,360	40.83	—	—
3. Wong Chong Kim	75,000	0.08	130,666	0.13

Note:

^ Negligible

Name of Director	NUMBER OF WARRANT B 2000/2005			
	Direct Interest	%	Indirect Interest	%
1. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	3,596,810	3.55	—	—
2. Ong Leong Huat @ Wong Joo Hwa	35,857,915	35.35	—	—
3. Wong Chong Kim	16,083,333	3.25	—	—

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

Name of Director	NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM1.00 EACH			
	Direct Interest	%	Indirect Interest	%
1. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	300,000	N/A	—	—
2. Ong Leong Huat @ Wong Joo Hwa	300,000	2.93	—	—
3. Wong Chong Kim	300,000	3.25	—	—

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

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

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

STATEMENT OF Shareholdings

as at 18 February 2004

Authorised Capital	:	RM 500,000,000.00
Issued and fully paid-up capital	:	RM99,996,000
Class of Shares	:	Ordinary Shares of RM 1.00 each
Voting Rights	:	One vote per ordinary share

BREAKDOWN OF SHAREHOLDINGS

Range of Shareholdings	No of Holders	Percentage of Holders	No of RM1.00 Shares	Percentage of Issued Capital
1 - 99	4,721	21.51	351,657	0.35
100 - 1000	14,920	67.97	4,734,304	4.73
1001 - 10000	2,120	9.66	5,317,104	5.32
10001 - 100000	152	0.69	3,977,544	3.98
100001 - 4999799 (*)	36	0.16	21,894,899	21.90
4999800 and above (**)	3	0.01	63,720,492	63.72
TOTAL	21,952	100.00	99,996,000	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 18 FEBRUARY 2004

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
OSK Holdings Berhad	58,187,736	58.19	—	—
Ong Leong Huat @ Wong Joo Hwa	6,343,059	6.34	58,187,736	58.19

THIRTY LARGEST REGISTERED HOLDERS

Name and Address	No of Shares	Percentage
1. OSK Holdings Berhad	37,707,926	37.71
2. OSK Nominees (Tempatan) Sdn Berhad Cheang & Ariff for OSK Holdings Berhad	20,479,810	20.48
3. Ong Leong Huat @Wong Joo Hwa	5,532,756	5.53
4. Land Management Sdn Bhd	4,812,042	4.81
5. OSK Nominees (Tempatan) Sdn Berhad Tan Kim San @Tan Kim Sun	2,449,309	2.45
6. Cimsec Nominees (Asing) Sdn Bhd Kim Eng Securities PTE LTD	1,363,636	1.36
7. Khor Chai Moi	1,289,968	1.29
8. RHB Merchant Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pengerang Jaya PTE LTD	1,251,045	1.25
9. Southern Nominees (Tempatan) Sdn Bhd Pledges Securities Account for Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	1,045,454	1.05
10. Ong Yin Suen	1,027,393	1.03
11. Public Nominees (Tempatan) Sdn Bhd Pledged Securitates Account For Pengerang Jaya PTE LTD	902,393	0.90
12. Wong Chong Kim	875,757	0.88
13. OSK Nominees (Tempatan) Sdn Berhad UOB Kay Hian Private Limited for Ong Leong Huat @ Wong Joo Hwa	810,303	0.81
14. Public Nominees (Tempatan) Sdn Bhd Pledged Securitates Account For PJ Equity Sdn Bhd	509,909	0.51
15. Mirzan Mahathir	427,272	0.43
16. Dato' Nik Mohamed Bin Nik Yahya	400,647	0.40
17. Nora Ee Siong Chee	400,000	0.40
18. Amsec Nominees (Asing) Sdn Bhd Kim Eng Securities PTE LTD	363,636	0.36
19. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For PJ Equity Sdn Bhd	289,090	0.29
20. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	282,840	0.28
21. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Pengerang Jaya PTE LTD	262,954	0.26
22. Chua Eng Lim	238,500	0.24
23. Tan Soo Sum	233,000	0.23
24. Mayban Securities Nominees (Asing) Sdn Bhd Kim Eng Securities PTE LTD	228,727	0.23
25. Loi Heng Sewn	200,000	0.20
26. Md Yusoff Bin Md Ali	194,000	0.19
27. Jen Shek Chuen	187,869	0.19
28. JF Apex Nominees (Asing) Sdn Bhd Kim Eng Securities PTE LTD	181,818	0.18
29. Lee Ngee Moi	172,767	0.17
30. UOBM Nominees (Asing) Sdn Bhd United Overseas Bank Nominees (PTE) LTD for JY LTD	172,696	0.17



FORM OF Proxy

I/We _____ of _____
being a member/members of OSK Property Holdings Berhad hereby appoint _____
of _____
or failing him/her _____
of _____

as *my/our proxy to vote for *me/us and on *my/our behalf at the Fourteenth Annual General Meeting of the Company to be held on Thursday, 8 April 2004 at 10.00 a.m. at the OSK Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur and at any adjournment thereof.

NO	RESOLUTION	FOR	AGAINST
1	To receive the audited financial statements for the year ended 31 December 2003 and Reports of Directors and Auditors thereon.		
2	To approve the payment of Directors' fees in respect of the financial year ended 31 December 2003.		
3	To declare a final dividend of 5 sen per share less income tax of 28% in respect of the financial year ended 31 December 2003.		
4	To re-elect Mr Ong Leong Huat @ Wong Joo Hwa as Director pursuant to Article 63 of the Company's Articles of Association.		
5	To re-elect Encik Haron bin Datuk Tamby Chik as Director pursuant to Article 63 of the Company's Articles of Association.		
6	To re-appoint Messrs Ernst & Young as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.		
	SPECIAL BUSINESS		
7	Authority to allot and issue shares.		
8	Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature and new mandate for additional recurrent relate party transactions of a revenue or trading nature.		
9	Proposed renewal of authorisation to enable OSK Property Holdings Berhad 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 an "X" in the space provided, how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion).

Dated this _____ day of _____ 2004.

Number of ordinary
shares held

* Signature/Common Seal of Shareholder

* Delete if not applicable

NOTES

- A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
- The instrument appointing a proxy, in the case of an individual shall be signed by the appointor, or his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Registered Office at 20th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time approved for holding the meeting or any adjournment thereof.
- Explanatory Notes on Special Business:
 - Ordinary Resolution 7 – Authority to Allot and Issue Shares
The proposed Ordinary Resolution passed will empower the Directors to allot shares up to an aggregate amount not exceeding 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 authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting of the Company.
 - Ordinary Resolution 8
Please refer to the Circular to Shareholders dated 17 March 2004 for further information.
 - Ordinary Resolution 9
Please refer to the Share Buy-Back Statement dated 17 March 2004 for further information.