

OSK VENTURES INTERNATIONAL BERHAD  
(636117-K)

ANNUAL REPORT 2005



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## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE SECOND ANNUAL GENERAL MEETING OF OSK VENTURES INTERNATIONAL BERHAD WILL BE HELD AT THE AUDITORIUM, 11TH FLOOR, PLAZA OSK, JALAN AMPANG, 50450 KUALA LUMPUR ON THURSDAY, 6 APRIL 2006 AT 2:00 P.M. TO TRANSACT THE FOLLOWING BUSINESS:-

### AGENDA

1. To receive and adopt the Directors' Report, Audited Financial Statements and the Auditors' Report for the financial year ended 31 December 2005. **Resolution 1**
2. To sanction the declaration of a final dividend of 8 sen per ordinary share, tax exempt and 2 sen per ordinary share less 28% income tax in respect of the financial year ended 31 December 2005. **Resolution 2**
3. To approve the payment of Directors' fees of RM215,000 for the financial year ended 31 December 2005. **Resolution 3**
4. To re-elect the following Directors who retire by rotation in accordance with Article 94 of the Company's Articles of Association and being eligible, offer themselves for re-election:
  - (a) Dato' Abdul Azim bin Mohd. Zabidi **Resolution 4**
  - (b) Mr Wong Chong Kim **Resolution 5**
5. To consider and, if thought fit, pass the following resolution:-

"THAT pursuant to Section 129(6) of the Companies Act, 1965, Yang Berbahagia Tan Sri Datuk Dr. Omar bin Abdul Rahman be re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."

**Resolution 6**
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. **Resolution 7**

### AS SPECIAL BUSINESS

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

#### 7. Authority to allot and issue shares

"THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this Resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

**Resolution 8**

8. **Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature and new mandate for additional recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate")**

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions involving the interests of the Directors, major shareholders or persons connected with Directors and/or major shareholders of the Company and/or its subsidiary companies ("Related Parties") as specified in Section 2.2 of the Circular to Shareholders dated 14 March 2006, provided that such arrangements and/or transactions are:

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

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

- (a) the conclusion of the next Annual General Meeting of the Company at which time it will lapse unless authority is renewed by a resolution passed at the next Annual General Meeting;
- (b) the expiration of the period within which the next Annual General Meeting is to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by shareholders in a general meeting before the next Annual General Meeting whichever is the 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 to give effect to the Proposed Shareholders' Mandate." **Resolution 9**

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

**NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT**

Notice is hereby given that the final dividend of 8 sen per ordinary share, tax exempt and 2 sen per ordinary share less 28% income tax for the year ended 31 December 2005, if approved by the shareholders at the Second Annual General Meeting, will be payable on 27 April 2006 to shareholders whose names appear in the Record of Depositors at the close of business on 10 April 2006.

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

- (a) Shares transferred into the Depositor's securities account before 4.00 p.m. on 10 April 2006 in respect of the transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

**TAN MUI LIAN (MAICSA 7003356)**

Company Secretary

Kuala Lumpur

14 March 2006



NOTES:

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

(i) Resolution 8 - Authority to Allot and Issue Shares

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

(ii) Resolution 9 - Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and New Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature

Please refer to the Circular to Shareholders dated 14 March 2006 for further information.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are standing for re-election at the Second Annual General Meeting pursuant to Article 94 of the Company's Articles of Association.
  - i. Dato' Abdul Azim bin Mohd. Zabidi
  - ii. Mr Wong Chong Kim

2. Director who is standing for re-appointment at the Second Annual General Meeting pursuant to Section 129(6) of the Companies Act, 1965.

- i. Yang Berbahagia Tan Sri Datuk Dr. Omar bin Abdul Rahman

3. Details of attendance of Directors at Board meetings.

There were 5 Board of Directors' Meetings held during the financial year ended 31 December 2005. The details of the attendance of the Directors holding office at the end of the financial year are as follows:-

<b>Name of Directors</b>	<b>Attendance</b>
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	5/5
Mr Ong Leong Huat @ Wong Joo Hwa	4/5
Mr Wong Chong Kim	3/5
Mr Yap Yuh Foh, Eddie	5/5
Tan Sri Datuk Dr. Omar bin Abdul Rahman	5/5
Dato' Abdul Azim bin Mohd. Zabidi	3/5
Foo San Kan	5/5

4. Place, date and time of the Second Annual General Meeting.

The Second Annual General Meeting is scheduled to be held on Thursday, 6 April 2006 at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur at 2:00 p.m.

5. Details of Directors who are standing for re-election and re-appointment in Agendas 4 and 5 of the Notice of the Second Annual General Meeting are set out in the Directors' Profile appearing on pages 8 to 10 of this Annual Report.

## CORPORATE INFORMATION



### BOARD OF DIRECTORS

<b>Dato' Nik Mohamed Din bin Datuk Nik Yusoff</b>	- Executive Chairman
<b>Ong Leong Huat @ Wong Joo Hwa</b>	- Group Managing Director/Chief Executive Officer
<b>Wong Chong Kim</b>	- Executive Director
<b>Yap Yuh Foh, Eddie</b>	- Executive Director/Chief Operating Officer
<b>Tan Sri Datuk Dr. Omar bin Abdul Rahman</b>	- Independent Non-Executive Director
<b>Dato' Abdul Azim bin Mohd. Zabidi</b>	- Independent Non-Executive Director
<b>Foo San Kan</b>	- Independent Non-Executive Director

### AUDIT COMMITTEE

Foo San Kan - Chairman  
Tan Sri Datuk Dr. Omar bin Abdul Rahman  
Dato' Abdul Azim bin Mohd. Zabidi  
Yap Yuh Foh, Eddie

### NOMINATION COMMITTEE

Tan Sri Datuk Dr. Omar bin Abdul Rahman - Chairman  
Dato' Abdul Azim bin Mohd. Zabidi  
Foo San Kan

### REMUNERATION COMMITTEE

Tan Sri Datuk Dr. Omar bin Abdul Rahman - Chairman  
Dato' Abdul Azim bin Mohd. Zabidi  
Foo San Kan  
Ong Leong Huat @ Wong Joo Hwa

### COMPANY SECRETARIES

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

### AUDITORS

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

### PRINCIPAL BANKER

RHB Bank Berhad

### SOLICITORS

Cheang & Ariff

### SPONSOR

OSK Securities Berhad  
20th Floor, Plaza OSK  
Jalan Ampang  
50450 Kuala Lumpur  
Tel : 03-2333 8333  
Fax : 03-2175 3220

### REGISTRAR

Symphony Share Registrars Sdn Bhd  
Level 26, Menara Multi-Purpose  
Capital Square  
No. 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Tel No. : 03-2721 2222  
Fax No. : 03-2721 2530/2531

### REGISTERED OFFICE

20th Floor, Plaza OSK  
Jalan Ampang  
50450 Kuala Lumpur  
Tel No. : 03-2333 8333  
Fax No. : 03-2175 3220

### PRINCIPAL BUSINESS ADDRESS

15th Floor, Plaza OSK  
Jalan Ampang  
50450 Kuala Lumpur  
Tel No. : 03-2333 8333  
Fax No. : 03-2175 3322

### STOCK EXCHANGE LISTING

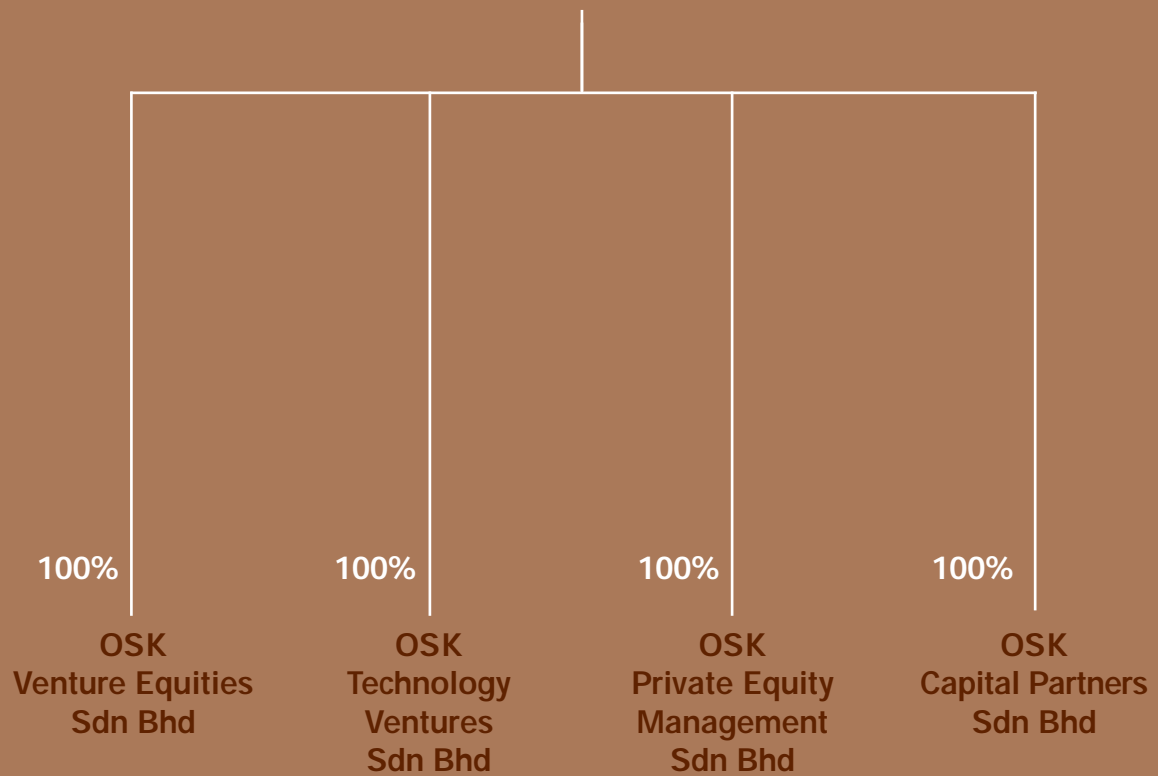
MESDAQ Market of Bursa Malaysia Securities Berhad

CORPORATE STRUCTURE



OSK VENTURES INTERNATIONAL BERHAD

(636117-K)





## DIRECTORS' PROFILE



### EXECUTIVE CHAIRMAN

**Dato' Nik Mohamed Din bin Datuk Nik Yusoff**, aged 63, a Malaysian, is the Executive Chairman of OSK Ventures International Berhad ("OSKVI"). He was appointed to the Board of the Company on 5 December 2003. Dato' Nik Mohamed Din is one of the First Directors of OSKVI.

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 1968. Dato' Nik Mohamed Din was the Chairman and Executive Chairman of Bursa Malaysia Securities Berhad for 12 years from 1985. He had previously served as a Magistrate for the Malaysian Judicial Services in 1969. He joined Messrs Mah, Kok and Din as a lawyer for 13 years before assuming the appointment as the Executive Chairman of OSK Securities Berhad in 1984.

Dato' Nik Mohamed Din is also Executive Chairman of OSK Holdings Berhad and OSK Property Holdings Berhad. He is also a director in Jerasia Capital Berhad and QBE Insurance (Malaysia) Berhad.

Dato' Nik Mohamed Din does not have any family relationship with any directors and/or major shareholders of the Company and has no conflict of interest other than those disclosed under Additional Disclosures (Recurrent

Related Party Transactions) which appears on page 23 in this Annual Report. He has no conviction for any offences within the past ten years.

Dato' Nik Mohamed Din attended all five (5) Board meetings of the Company held during the financial year.

### GROUP MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER (CEO)

**Ong Leong Huat @ Wong Joo Hwa**, aged 62, a Malaysian, is the Group Managing Director/Chief Executive Officer (CEO) of OSKVI. He was appointed to the Board of the Company on 5 December 2003. Mr Ong is one of the First Directors of OSKVI. Mr Ong is also a member of the Remuneration Committee of the Company.

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

member of the Securities Market Consultative Panel of Bursa Malaysia Berhad.

Mr Ong is also the Group Managing Director/CEO of OSK Holdings Berhad and a Non-Independent Non-Executive Director in OSK Property Holdings Berhad.

Mr Ong is the brother of Mr Wong Chong Kim. He has no conflict of interest other than those disclosed under Additional Disclosures (Recurrent Related Party Transactions) which appears on page 23 in this Annual Report. He has no conviction for any offences within the past ten years.

Mr Ong attended four (4) out of five (5) Board meetings of the Company held during the financial year.

### EXECUTIVE DIRECTOR

**Wong Chong Kim**, aged 49, a Malaysian, is currently the Executive Director of OSKVI. He was appointed to the Board of the Company on 22 July 2004.

Mr Wong is a Fellow of the Chartered Association of Certified Accountants, a member of the Malaysian Institute of Accountants and a member of The Institute of Internal Auditors Malaysia. He joined OSK Securities Berhad as a Finance Manager in 1985 and became the Executive Director in 1989.

He holds a dealer's representative licence issued by the Securities Commission under the Securities Industry Act, 1983. Prior to this, he was the Accountant and Assistant Credit Manager of a leading financial institution in 1983 for 2 years.

Mr Wong is also an Executive Director of OSK Holdings Berhad and act as a Non-Independent Non-Executive Director of OSK Property Holdings Berhad.

Mr Wong is the brother of Mr Ong Leong Huat. He has no conflict of interest other than those disclosed under Additional Disclosures (Recurrent Related Party Transactions) which appears on page 23 in this Annual Report. He has no conviction for any offences within the past ten years.

Mr Wong attended three (3) out of five (5) Board meetings of the Company held during the financial year.

#### EXECUTIVE DIRECTOR/ CHIEF OPERATING OFFICER

**Yap Yuh Foh, Eddie**, aged 37, a Malaysian, is an Executive Director and the Chief Operating Officer of OSKVI Group. He was appointed to the Board of the Company on 22 July 2004. He is also a member of Audit Committee of OSKVI.

Mr Eddie Yap is responsible for managing venture capital investment covering a spectrum of industrial and high technology companies. He joined the OSK Holdings Berhad Group in 1996 and prior to his involvement in the OSKVI Group, he was the Senior Manager of the corporate finance division. He has also originated and executed various debt and equity capital market transactions on Bursa Malaysia Securities Berhad and the MESDAQ Market.

Mr Eddie Yap graduated with Distinction with double majors in Accountancy and Economics & Finance from the Royal Melbourne Institute of Technology University. He is also a Certified Practising Accountant with the Australian Society of Certified Practising Accountants and a Chartered Accountant with the Malaysian Institute of Accountants.

Mr Eddie Yap currently is a non-executive director of eBworx Berhad and Green Packet Berhad. He is also a committee member of the Malaysian Venture Capital Association.

Mr Eddie Yap does not have any family relationship with any directors and/or major shareholders of the Company and has no conflict of interest other than those disclosed under Additional Disclosures (Recurrent Related Party Transactions) which appears on page 23 in this Annual Report. He has no conviction for any offences within the past ten years.

Mr Eddie Yap attended all five (5) Board meetings of the Company held during the financial year.

#### INDEPENDENT NON-EXECUTIVE DIRECTOR

**Tan Sri Datuk Dr. Omar bin Abdul Rahman**, aged 73, a Malaysian, is the Independent Non-Executive Director of OSKVI. He was appointed to the Board of the Company on 22 July 2004. He is the Chairman of the Remuneration Committee and Nomination Committee of the Company and a member of the Audit Committee.

Tan Sri obtained a Bachelor in Veterinary Science Degree from Sydney University, Australia and a Certificate in Pathology from University

of Queensland in 1958 and 1959 respectively. He then completed the Doctorate of Philosophy from Cambridge University, United Kingdom in 1966. Currently, he is the Executive Chairman of Kumpulan Modal Perdana Sdn Bhd and the Prime Minister's Special Representative to the Commonwealth Partnership for Technology management ("CPTM") Ltd. He was Science Advisor in the Prime Minister's Department from 1984 to 2001. As Science Advisor he was active in the science and technology scene internationally. He served on the United Nation Council for Science and Technology for Development ("UNCSTD") and also on a number of other United Nations Educational Scientific and Cultural Organization ("UNESCO") committees, as well as on the Organisation of Islamic Conference Standing Committee on Science and Technology Cooperation ("COMSTECH").

Nationally, Tan Sri serves on a number of national committees shaping a new regional and global vision for Malaysia. He is also the founder of the Academy of Science Malaysia, Malaysian Technology Development Corporation ("MTDC") and Technology Park Malaysia Corporation ("TPM") and Composites Technology Research Malaysia Sdn Bhd ("CTRM"). He started his professional career in 1960 in veterinary research. Later, he was the Founding Dean of the Faculty of Veterinary Medicine and Animal Sciences and was the first professor appointed by University Pertanian Malaysia ("UPM"). His last position at UPM was Deputy Vice-Chancellor of Academic Affairs.

Tan Sri also holds directorship in Green Packet Berhad, Kotra Industries Berhad, Encorp Berhad, Great Wall Plastic Industries Berhad and BCT Technology Bhd.

Tan Sri does not have any family relationship with any directors and/or major shareholders of the Company and has no conflict of interest other than those disclosed under Additional Disclosures (Recurrent Related Party Transactions) which appears on page 23 in this Annual Report. He has no conviction for any offences within the past ten years.

Tan Sri attended all five (5) Board meetings of the Company held during the financial year.

**INDEPENDENT  
NON-EXECUTIVE DIRECTOR**

**Dato' Abdul Azim bin Mohd.**

**Zabidi**, aged 46, a Malaysian, is the Independent Non-Executive Director of OSKVI. He was appointed to the Board of the Company on 22 July 2004. He is a member of the Remuneration Committee, Nomination Committee and Audit Committee of the Company.

Dato' Abdul Azim is currently the Chairman of Bank Simpanan Nasional (National Savings Bank), a position he has held over the past 7 years. He has quickly risen through the ranks of the Malaysian financial industry, having started his banking career in 1984.

He is also active in the work undertaken by the World Savings Banks Institute ("WSBI"), Brussels, Belgium. In 2000, in recognition of this, he was appointed President (Asia Pacific) for WSBI and in 2003, he was elevated to Member of its Board of Directors.

Dato' Abdul Azim's extensive involvement in unit trusts/mutual funds and fund management culminated in him being elected President of the Federation of Malaysian Unit Trust

Managers in 1998 through 2003. During this period, he was appointed Member of the Steering Committee of the International Investment Funds Association ("IIFA"), Montreal, Canada, a post he holds till today.

On the Malaysian scene, Dato' Abdul Azim was selected by the Government to be a member of the National Economic Consultative Council II, where he served on the Islamic Banking and Finance Committee, selected by the Securities Commission to be a member of its Capital Market Advisory Council, selected by the Kuala Lumpur Stock Exchange (now Bursa Malaysia) to be a member of its Index Committee and Deputy Chairman of its Board of Advisors for the Malaysian Central Depository.

Dato' Abdul Azim is a Fellow of the Institute of Chartered Secretaries and Administrators, United Kingdom. He also holds a Master of Arts in Business Law from Guildhall University.

Dato' Abdul Azim also holds directorships in Permodalan BSN Berhad, Wijaya Baru Global Berhad, M3nergy Berhad, Kumpulan Europlus Berhad, Ranhill Berhad, Timberwell Berhad, Axis Reit Managers Berhad and Focus Dynamics Technologies Berhad.

Dato' Abdul Azim does not have any family relationship with any directors and/or major shareholders of the Company and has no conflict of interest other than those disclosed under Additional Disclosures (Recurrent Related Party Transactions) which appears on page 23 in this Annual Report. He has no conviction for any offences within the past ten years.

Dato' Abdul Azim attended three (3) out of five (5) Board meetings of the Company held during the financial year.

**INDEPENDENT  
NON-EXECUTIVE DIRECTOR**

**Foo San Kan**, aged 57, a Malaysian, is the Independent Non-Executive Director of OSKVI. He was appointed to the Board of the Company on 22 July 2004. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of the Company.

Mr Foo was the Country Managing Partner of Ernst & Young Malaysia from 1997 to 2002 before he retired as a practising accountant. He has 34 years of experience in the accounting profession, the last 30 of which were spent in various positions in Ernst & Young. During the course of his career, he was involved in various industry sectors including financial services, energy, manufacturing plantations, property, construction, leisure and entertainment. He is a Chartered Accountant of the Malaysian Institute of Accountants. He is also a member of the Malaysian Institute of Certified Public Accountants, a Fellow of the Institute of Chartered Accountants in England and Wales as well as the Malaysian Institute of Taxation.

Mr Foo is also a director of Symphony House Berhad and Allianz General Insurance Malaysia Berhad.

Mr Foo does not have any family relationship with any directors and/or major shareholders of the Company and has no conflict of interest other than those disclosed under Additional Disclosures (Recurrent Related Party Transactions) which appears on page 23 in this Annual Report. He has no conviction for any offences within the past ten years.

Mr Foo attended all five (5) Board meetings of the Company held during the financial year.

## CHAIRMAN'S STATEMENT

THE MALAYSIAN VENTURE CAPITAL INDUSTRY GAINED FURTHER IMPORTANCE AS A NEW SOURCE OF FINANCING FOR THE ECONOMY IN 2005



DATO' NIK MOHAMED DIN BIN DATUK NIK YUSOFF

The Malaysian venture capital industry gained further importance as a new source of financing for the economy in 2005. According to a Bank Negara Report, total available funds grew by 7% to RM 2.3 billion in 2004. Of this, the bulk of it or 42.5% came from the Government. The total number of investee companies had increased to 332 companies, involving a total investment of RM1.1 billion.

“There were further incentives accorded for the development of the Malaysian venture capital industry under Budget 2006.”

There were further incentives accorded for the development of the Malaysian venture capital industry under Budget 2006. The government now allows foreign Venture Capital (“VC”) players to have 100% equity participation in venture capital and venture capital fund management corporations in Malaysia. The move is expected to encourage higher inflows of funds and skilled workforce, as well as promote technology transfer. Additionally, VC companies investing in venture companies are given full tax exemption on all sources of income for 10 years.

Since our inception, we have successfully led eleven (11) of our investee companies for Initial Public Offering (IPO) on the Bursa Malaysia Securities Berhad. The year 2005 saw us listing five (5) companies on the Main Board and MESDAQ Market of Bursa Malaysia.

In 2005, we have successfully executed our strategy to create platform companies within our portfolio of investments. We have identified Green Packet Berhad, eBworx Berhad, mTouche Technology Berhad and MNC Wireless Berhad to be our platform companies. It is certainly our aim to nurture those entities to become Asian multi-national corporations.

The market value of our distinctive investments have increased tremendously since IPO, achieving growth rates of more than 500%. Together with our listed investments, we command about RM1.63 billion or approximately 20% of the total market capitalisation of the MESDAQ Market as at the end of 2005.

As shareholders, you will be delighted to know that your company has grown in a rapid pace since its maiden flotation on the MESDAQ Market to create value for its investments and to deliver returns to you.

## FINANCIAL PERFORMANCE

The Group achieved another respectable set of results. Pre-tax profits more than tripled to RM23.3 million for the financial year ended 31 December 2005 over the corresponding period's pre-tax profit of RM5.7 million. The significant improvement in the Group's full year results was largely due to gains on disposal of investments, dividend income and fee-based income as well as share of profits of associated companies.

## CORPORATE DEVELOPMENT

The Group started the year embarking on a 10-for-1 consolidation of its issued and paid up capital amounting to RM150 million, comprising 1.5 billion shares of RM0.10 each to RM150 million comprising 150 million shares of RM1.00 each. The restructuring was approved by shareholders of OSKVI on 13 September 2005.

To further participation in the promising growth of the telecommunication industry, the Group, together with its platform companies, namely mTouche Technology Berhad and Green Packet Berhad recently entered into a joint venture agreement to undertake investments in relation to the cellular communication and wireless value-added services in the Asia Pacific region.

**“Pre-tax profits more than tripled to RM23.3 million for the financial year”**

## DIVIDENDS

The Board of Directors has recommended final dividends of 8 sen tax exempt and 2 sen less 28% tax per share for the financial year ended 31 December 2005. Total net dividend for the current financial year is approximately 9.44 sen per share.

## ACKNOWLEDGEMENT

I would like to extend my sincere appreciation and gratitude to our business partners, associates, shareholders, the Board of Directors, management and employees for their continued support in ensuring the success of the Group. I believe that with the utmost commitment and support from all parties, the Group is set to scale greater heights in 2006.

## STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors of OSK Ventures International Berhad ("OSKVI" or "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 enhancing the shareholder value of the Company.

With this in mind, measures and efforts have and shall be taken to ensure as far as practicable the adoption and implementation of the Code's Best Practices and the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

### DUTIES AND RESPONSIBILITIES OF THE BOARD

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

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

### COMPOSITION OF THE BOARD

The Board currently consists of seven (7) Directors, three (3) 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 in the board without fear or favour. Their role is to ensure that any decision of the Board is deliberated fully and objectively with regard to the long term interest of all stakeholders.

The Board has extensive experience and expertise in the areas of technology, finance, accounting, economics and law. The profiles of all members of the Board are set out in the Directors' Profile appearing on Pages 8 to 10 of the Annual Report.

### BOARD MEETING

During the financial year under review, five (5) board meetings were held. Details of the Directors' attendance at the said meetings are as follows:

<b>Directors</b>	<b>Total No. of Meetings</b>	<b>Meetings Attended</b>
1. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	5	5
2. Ong Leong Huat @ Wong Joo Hwa	5	4
3. Wong Chong Kim	5	3
4. Yap Yuh Foh, Eddie	5	5
5. Tan Sri Datuk Dr. Omar bin Abdul Rahman	5	5
6. Dato' Abdul Azim bin Mohd. Zabidi	5	3
7. Foo San Kan	5	5

## SUPPLY OF INFORMATION

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

All Directors have direct access to the advice and services of the Company Secretary, Main Sponsor and senior management in carrying out their duties. The Directors may obtain independent professional advice in the event such services are required.

## APPOINTMENT OF DIRECTORS

The Company has put in place procedures for the nomination and election of Directors. The appointment of Directors takes into account the level of professional experience and mix of skills that make-up the Board.

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

## REMUNERATION OF DIRECTORS

The remuneration of Directors should commensurate with the level of professional experience, responsibilities and contribution to growth and profitability of the Company.

The Remuneration Committee, comprising a majority of Independent Non-Executive Directors, recommends the remuneration of Executive Directors to the Board. The Chairman of this Committee is an Independent Non-Executive Director. The Executive Director(s) do not participate in the decision on their own remuneration.

The remuneration package for Non-Executive Directors is determined by the Board as a whole. Non-Executive Directors also abstain from discussions on their own remuneration.

The Directors' fees are approved by the shareholders at the Annual General Meeting.

Details of the remuneration for the Directors of the Company for the financial year are as follows:

	<b>Executive RM</b>	<b>Non-Executive RM</b>	<b>Total RM</b>
<b>Company</b>			
Fees - current year	48,000	43,500	91,500
<b>Group</b>			
Salaries and other emoluments	318,100	-	318,100
Fees - current year	48,000	43,500	91,500
Benefits-in-kind	20,233	-	20,233
	386,333	43,500	429,833

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

	<b>Executive</b>	<b>Non-Executive</b>	<b>Total</b>
<b>Group</b>			
Below RM50,000	3	3	6
RM300,001 – RM400,000	1	-	1
	4	3	7



## CONTINUING EDUCATION OF DIRECTORS

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

## RE-ELECTION OF DIRECTORS

The Articles of Association of the Company ("the Articles") require that one-third (or nearest to one-third, if number is not three or multiple of three) of the Directors (excluding the Managing Director) to retire by rotation and seek re-election at each Annual General Meeting ("AGM") and that each Director (excluding the Managing Director) shall submit himself for re-election once every three years. Any Director appointed by the Board is subject to re-election by shareholders at the following AGM immediately after their appointment.

Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

## INVESTOR RELATIONS

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

Several channels are used to disseminate information on a timely basis to the investing public:

- The Annual General Meeting is used as the main forum of dialogue for shareholders to raise any issues pertaining to the Company.
- Quarterly announcements and corporate disclosure to Bursa Securities are available on the website [www.bursamalaysia.com](http://www.bursamalaysia.com).
- Press releases provide up-to-date information on the Group's key corporate initiatives and new product and service launches.
- The Company's website [www.osk.com.my](http://www.osk.com.my) provides corporate information on the Group.
- The Group Corporate Communications Department addresses inquiries from shareholders, investors and the public relating to Company matters.

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

The Board is responsible for presenting a balanced, clear and meaningful assessment of the Group's financial positions and prospects to shareholders, investors and regulatory authorities.

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on Page 33 of the Annual Report.

### Internal Control

The Information on the Group's Internal Control is presented in the Statement of Internal Control Appearing on Pages 21 and 22 of the 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 the Annual Report.



## SANCTIONS AND/OR PENALTIES IMPOSED

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

## MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

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

## BOARD COMMITTEES

The Audit Committee, Remuneration Committee and Nomination Committee have been established to assist the Board in discharging its duties.

## AUDIT COMMITTEE

Particulars of the Audit Committee are at Pages 18 to 20 of the Annual Report.

## REMUNERATION COMMITTEE

### *Composition*

- Chairman - Tan Sri Datuk Dr. Omar bin Abdul Rahman (Independent Non-Executive Director)  
 Members - Dato' Abdul Azim bin Mohd Zabidi (Independent Non-Executive Director)  
               Foo San Kan (Independent Non-Executive Director)  
               Ong Leong Huat @ Wong Joo Hwa (Managing Director/Chief Executive Officer)

### *Terms of Reference*

#### **Authority**

The Committee is granted the authority to recommend to the Board of Directors the remuneration of the Executive Directors and Senior Management (Job Grade SE1 and above) and the fees of Non-Executive Directors in all forms.

#### **Frequency of Meeting**

The Committee is to meet at least once a year.

#### **Functions and Duties**

- To review that the existing level of remuneration of Executive Directors and Senior Management (Job Grade SE1 and above) is compatible with their corporate and individual performance.
- To recommend to the Board of Directors the remuneration of Executive Directors and Senior Management (Job Grade SE1 and above) which is structured to link rewards to corporate and individual performance. Executive Directors and Senior Management (Job Grade SE1 and above) should play no part in decisions on their own remuneration.
- In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the particular Non-Executive Director(s) concerned. Determination of remuneration packages shall be a matter for the Board as a whole. The individual(s) concerned shall abstain from discussion of their own remuneration.
- The Company shall establish a formal and transparent procedure on the remuneration of Executive Directors and Senior Management (Job Grade SE1 and above) and fix the remuneration packages of individual Directors.

## NOMINATION COMMITTEE

### Composition

- Chairman - Tan Sri Datuk Dr. Omar bin Abdul Rahman (Independent Non-Executive Director)  
 Members - Dato' Abdul Azim bin Mohd. Zabidi (Independent Non-Executive Director)  
 Members - Foo San Kan (Independent Non-Executive Director)

### Terms of Reference

### 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 recommendation back to the full Board for its consideration and implementation. The actual decision as who shall be nominated should be the responsibility of the full Board after considering the recommendations of the Committee.

### Frequency of Meeting

The Committee is to meet at least once a year.

### Functions and Duties

- 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 Managing Director/Chief Executive Officer and, within the bounds of practicability, by any other senior executive(s) or any Director(s) or shareholder.
- To recommend to the Board, the Director(s) to fill the seat(s) on Board Committees.
- To review the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board.
- To assess the effectiveness of the Board as a whole, the Committee of the Board and the contribution of each individual Director.

## STATUS OF UTILISATION OF THE INITIAL PUBLIC OFFER PROCEEDS

As of 31 December 2005, the status of utilisation of the proceeds for OSK Ventures International Berhad Group is summarised below:

Purpose	Approved utilisation RM	Utilisation for the current financial year ended	Cumulative utilisation as at	Unutilised balance RM
		31.12.2005 RM	31.12.2005 RM	
Investment and incubation	165,000,000	118,462,047	123,799,275	41,200,725
Listed expenses/working capital	10,500,000	2,251,674	6,971,521	3,528,479
	<u>175,500,000</u>	<u>120,713,721</u>	<u>130,770,796</u>	<u>44,729,204</u>

## AUDIT COMMITTEE REPORT

THE BOARD IS PLEASED TO PRESENT THE AUDIT COMMITTEE REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005.

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

The members of the Committee shall elect the Chairman from among their number who shall be an independent director. No alternate director is to be appointed as a member of the Committee. The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three (3) years. In the event of any vacancy in an Audit Committee resulting in the non-compliance of subparagraphs 13.13(1) of the Listing Requirement, the vacancy must be filled within 3 months.

The Audit Committee consists of the following members :

<b>Name</b>	<b>Designation</b>
Foo San Kan (Independent Non-Executive Director)	Chairman
Tan Sri Datuk Dr. Omar bin Abdul Rahman (Independent Non-Executive Director)	Member
Dato' Abdul Azim bin Mohd. Zabidi (Independent non-Executive Director)	Member
Yap Yuh Foh (Executive Director/Chief Operating Officer)	Member

### TERMS OF REFERENCE

#### DUTIES AND FUNCTIONS

- a) Review and report to the Board of Directors;
- with the external auditor, the audit plan;
  - with the external auditor, his evaluation of the system of internal controls;
  - with the external auditor, his audit report;
  - the assistance given by the employees of the listed issuer to the external auditor;
  - the adequacy of the scope, functions and resources of Internal Audit functions and that it has the necessary authority to carry out its work;
  - the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;



- the quarterly results and year end financial statements, prior to the approval by the Board of Director, focusing particularly on:
    - changes in or implementation of accounting policies and practices;
    - the going concern assumption;
    - significant adjustments arising from the audit;
    - major judgmental areas;
    - significant and unusual events; and
    - compliance with accounting standards and other legal requirements;
  - any related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - external auditors' management letter and management's response;
- b) To consider the major findings of internal investigations and management's response;
- c) To discuss problems and reservations arising from the audit and any matter the auditor may wish to discuss (in the absence of management where necessary);
- d) To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
- e) To recommend the nomination of a person or persons as external auditors;
- f) To consider any other functions or duties as may be agreed to by the Committee and the Board.

#### AUTHORITY

The Audit Committee shall :

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

#### ATTENDANCE AT MEETING

During the financial year ended 31 December 2005, the Audit Committee held a total of 4 meetings. The details of attendance of the Committee members are as follows:

<b>Name</b>	<b>No of meeting attended</b>
Foo San Kan	4/4
Tan Sri Datuk Dr. Omar bin Abdul Rahman	4/4
Dato' Abdul Azim bin Mohd. Zabidi	3/4
Yap Yuh Foh	4/4

The quorum for meetings of the Audit Committee shall be two (2) members and the majority of members present must be independent Directors. Head of Group Internal Audit and 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 instances the audit process identified certain control and operational weaknesses which were brought to the attention of the management, and that adequate corrective action had been taken to rectify the weaknesses;
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 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 carries out its duties according to the audit plan, and areas of concern which need further improvement as highlighted in the audit report are 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 OF INTERNAL CONTROL



## INTRODUCTION

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

## RESPONSIBILITY

The Board recognises the importance of a sound system of internal controls to good corporate governance and acknowledges its primary responsibility to ensure that risk related to the Group are identified, measured, managed with appropriate system of internal controls, and reviewing the effectiveness, adequacy and integrity of this system on an on going basis. The board also acknowledges that a sound system of internal controls reduces, but can not eliminate, the possibility of poor judgement in decision making; human error; breakdown in control due to collusion; control processes being deliberately circumvented by employees and others; management overriding controls and occurrence of unforeseeable circumstances. A sound system of internal control therefore provides reasonable, but not absolute, assurance that the Group will not be hindered in achieving its business objectives.

## TYPE OF RISKS

The principal business activities of the Group are venture capital and the management of investments in securities of venture companies.

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

- Market Risk** - Market risk is the risk of potential losses due to unfavorable changes in the market value of financial or non-financial assets held by the Group. The market risk that the Group is exposed to, stems mainly from its venture business investment activities in the venture companies.
- Operational Risk** - Operational risk is the risk of opportunity cost or economic loss due to inadequate procedures and policies, human error, lack of basic internal control, liquidity problem, non-compliance with the rules and regulations, management failure, unauthorized activities, failure in legal suit etc.

## RISK MANAGEMENT

The Board confirms that an on-going process for identifying, measuring and managing the Group's principal risks has been in place since the Company became a public listed issuer on 8th September 2004. This process is reviewed by 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.



## KEY ELEMENTS OF INTERNAL CONTROL SYSTEM

The key elements of the Group's internal control system are described below: -

- Establishment of a conducive control environment in respect of the overall attitude, awareness and actions of Directors and management regarding the internal control system and its importance in the entity;
- Recruitment of experienced, skilled and professional staff with the necessary 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;
- Documented policies and procedures, limits of Approving Authorities (AA) for key aspects of the businesses. This provides a sound framework of authority and accountability within the organisation and facilitates proper corporate decision making at the appropriate level in the organisation's hierarchy;
- Establishment of proper set of checklists to facilitate proper business proposal evaluation;
- Engagement of external professional services firms to conduct financial and legal due diligence review on the proposed invested companies. This allows for an effective and independent due diligence review being conducted;
- Establishment of an effective segregation of duties via independent checks, review and reconciliation activities to prevent human errors, fraud and abuses;
- Regular management reports to the Board from business unit, on key business performance, operating statistics and regular matters;
- 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, with no significant problem noted during the period under review.

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

## ADDITIONAL DISCLOSURES

### 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 2005 pursuant to the shareholders' mandate obtained by the Company at the Annual General Meeting held on 7 April 2005 are as follows :

<b>Name of Company/ Group Involved</b>	<b>Nature of Transaction</b>	<b>Name of Related Party</b>	<b>Relationship with - Interested Directors (ID), Substantial Shareholders (SS) and Persons Connected (PC)</b>	<b>Actual Value 31 December 2005 (RM)</b>
OSKVI Group	Procurement of insurance policies by OSKVI Group	DCSB Group	OSK (SS), OLH (ID/SS), WCK (ID), KCM (PC), WAC (PC) (See Note 1)	6,940
OSKVE	Rental of office and parking space by OSKVE	KHB	OLH (ID/SS) (See Note 2)	79,560

#### Notes

- (1) Mr Ong Leong Huat @ Wong Joo Hwa (OLH) and Mr Wong Chong Kim (WCK), the directors of OSK Ventures International Berhad ("OSKVI") and OSK Holdings Berhad ("OSK"), are the brothers of Mr Wong Ah Chiew (WAC), who in turn is director and substantial shareholder of Dindings Consolidated Sdn Bhd (DCSB). Madam Khor Chai Moi (KCM), a director and substantial shareholder of DCSB is the wife of OLH. As at 15 February 2006, WAC and KCM do not hold any share in OSKVI. OLH is also the substantial shareholder of OSK, the holding company of OSKVI. The principal activities of DCSB Group comprise investment holdings, insurance and construction.
- (2) KE-ZAN Holdings Berhad ("KHB") is the subsidiary of OSK while OSK Venture Equities Sdn Bhd ("OSKVE") is a wholly-owned subsidiary of OSKVI which in turn is a subsidiary of OSK. OLH is the director of KHB, OSKVE, and OSKVI.

### MATERIAL CONTRACTS INVOLVING DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

There were no material contracts entered by the Company or its subsidiaries involving directors' and substantial shareholders' interest in the financial year ended 31 December 2005.

### VARIATION OF RESULTS

There were no significant variations between the audited results for the financial year and the unaudited results previously announced.

### NON-AUDIT FEES

The non-audit fees paid by the Company to external auditors for the financial year ended 31 December 2005 are disclosed in Note 4 of the financial statements.

### PROFIT FORECAST/PROFIT GUARANTEE

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

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

### FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company of the financial year.

The Directors have responsibilities for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

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 2005.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The principal activities of the subsidiary and associated companies are described in Note 10 and Note 11 respectively to the financial statements.

There have been no significant changes in the nature of these activities during the financial year other than as a result of the acquisitions as disclosed in the financial statements.

### FINANCIAL RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Profit for the financial year	<u>20,296,992</u>	<u>15,626,844</u>

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.

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.

### DIVIDENDS

No dividends have been declared or paid by the Company since the end of the previous financial period.

The Board of Directors has recommended final dividends of 8% tax exempt and 2% less 28% tax per share for the financial year ended 31 December 2005 amounting to RM12.00 million and RM2.16 million respectively. The proposed dividends are subject to shareholders approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2006.

### SHARE CONSOLIDATION

The share consolidation exercise of the Company's authorised and paid up share capital from the existing ordinary shares of RM0.10 each into ordinary shares of RM1.00 each was completed on 11 October 2005. Pursuant to the share consolidation, the Company's authorised share capital of RM500,000,000 comprising 5,000,000,000 ordinary shares of RM0.10 each has been consolidated into 500,000,000 ordinary shares of RM1.00 each, and its issued and paid up share capital of RM150,000,000 comprising 1,500,000,000 ordinary shares of RM0.10 each has been consolidated into 150,000,000 ordinary shares of RM1.00 each.

### DIRECTORS

The directors of the Company in office since the date of 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  
 Yap Yuh Foh, Eddie  
 Tan Sri Datuk Dr. Omar bin Abdul Rahman  
 Dato' Abdul Azim bin Mohd. Zabidi  
 Foo San Kan

## 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 the 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 period, 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 6 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, except as disclosed in Note 20 to the financial statements.

## DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.10 each		10 shares consolidated to 1 share	Number of ordinary shares of RM1.00 each	
	1.1.2005	Acquired		Disposed	31.12.2005
<b>(i) The Company</b>					
<b>Direct Interest</b>					
Dato' Nik Mohamed Din bin					
Datuk Nik Yusoff	3,000,000	-	(2,700,000)	(100,000)	200,000
Ong Leong Huat @					
Wong Joo Hwa	3,000,000	-	(2,700,000)	-	300,000
Wong Chong Kim	3,000,000	-	(2,700,000)	-	300,000
Yap Yuh Foh, Eddie	375,000	-	(337,500)	-	37,500
<b>Indirect Interest</b>					
Ong Leong Huat @					
Wong Joo Hwa	843,442,300	44,485,400	(799,134,930)	-	88,792,770
Wong Chong Kim	600,000	1,100,000	(1,530,000)	-	170,000



	Number of ordinary shares of RM1.00 each					31.12.2005
	1.1.2005	Acquired	Mandatory conversion of ICULS*	Share dividend (1 for 45)**	Disposed	
<b>(ii) Ultimate holding company, OSK Holdings Berhad ("OSKH")</b>						
<b>Direct Interest</b>						
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	13,509,275	-	1,577,548	335,262	(1,312,400)	14,109,685
Ong Leong Huat @ Wong Joo Hwa	164,497,570	1,000,000	15,900,401	4,008,841	-	185,406,812
Wong Chong Kim	408,333	-	7,748	9,246	-	425,327
<b>Indirect Interest</b>						
Wong Chong Kim	236,866	70,000	45,043	6,486	-	358,395

\* On 1 March 2005, all the outstanding 6% Irredeemable Convertible Unsecured Loan Stocks 2000/2005 ("ICULS") were mandatory converted into ordinary shares at the conversion price of RM2.28 per share.

\*\* On 19 May 2005, share dividend of one (1) ordinary shares for every forty five (45) ordinary shares held was distributed as final dividend for the financial year ended 31 December 2004.

	Number of Warrant B 2000/2010			31.12.2005
	1.1.2005	Acquired	Disposed	
<b>Direct Interest</b>				
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	3,596,810	-	(700,000)	2,896,810
Ong Leong Huat @ Wong Joo Hwa	35,857,915	-	-	35,857,915

Each Warrant B 2000/2010 entitles the registered holder to subscribe for 1 new ordinary share in OSKH at an exercise price of RM2.23 per share, at any time before the expiry date of 1 March 2010.

	Number of ICULS 2000/2005			31.12.2005
	1.1.2005	Acquired	Mandatory conversion to ordinary shares	
<b>Direct Interest</b>				
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	3,596,810	-	(3,596,810)	-
Ong Leong Huat @ Wong Joo Hwa	36,252,915	-	(36,252,915)	-
Wong Chong Kim	17,666	-	(17,666)	-
<b>Indirect Interest</b>				
Wong Chong Kim	86,500	16,200	(102,700)	-

Pursuant to the Trust Deed, the outstanding ICULS of RM1.00 each as at the maturity date of 1 March 2005 were mandatory converted into new ordinary shares of RM1.00 each at conversion price of RM2.28 each. Subsequently, the shares were allotted on 10 March 2005 and listed on 18 March 2005.

(ii) **Ultimate holding company,  
OSK Holdings Berhad ("OSKH")**

	<b>Number of options over ordinary shares of RM1.00 each</b>			
	<b>1.1.2005</b>	<b>Granted</b>	<b>Exercised</b>	<b>31.12.2005</b>
<b>Direct Interest</b>				
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	650,000	400,000	-	1,050,000
Ong Leong Huat @ Wong Joo Hwa	650,000	400,000	-	1,050,000
Wong Chong Kim	650,000	400,000	-	1,050,000
Yap Yuh Foh, Eddie	292,500	274,100	-	566,600

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

	<b>Number of ordinary shares of RM1.00 each</b>			
	<b>1.1.2005</b>	<b>Acquired</b>	<b>Disposed</b>	<b>31.12.2005</b>
<b>(iii) Related company, OSK Property Holdings Berhad ("OSKPH")</b>				
<b>Direct Interest</b>				
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	1,328,294	-	(1,328,294)	-
Ong Leong Huat @ Wong Joo Hwa	6,343,059	-	-	6,343,059
Wong Chong Kim	875,757	-	-	875,757
<b>Indirect Interest</b>				
Wong Chong Kim	20,700	122,300	-	143,000

	<b>Number of Warrant 2004/2009</b>			
	<b>1.1.2005</b>	<b>Acquired</b>	<b>Disposed</b>	<b>31.12.2005</b>
<b>Direct Interest</b>				
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	141,420	-	(141,400)	20
Ong Leong Huat @ Wong Joo Hwa	7,265,443	-	-	7,265,443
Wong Chong Kim	438,000	-	-	438,000
<b>Indirect Interest</b>				
Ong Leong Huat @ Wong Joo Hwa	31,926,068	-	-	31,926,068
Wong Chong Kim	5,600	-	-	5,600

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

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

	<b>Number of ordinary shares of RM1.00 each</b>			
	<b>1.1.2005</b>	<b>Acquired</b>	<b>Disposed</b>	<b>31.12.2005</b>
Ascendas-OSK REIT Management Sdn Bhd	-	5,100	-	5,100
Finexasia.com Sdn Bhd	10,000,000	-	-	10,000,000
K.E. Malaysian Capital Partners Sdn Bhd	300,000	-	-	300,000
OSK Property Holdings Berhad	59,941,800	91,400	-	60,033,200
OSK-UOB Unit Trust Management Berhad	7,000,000	-	-	7,000,000
	<b>5% Cummulative Convertible Preference Shares of RM1.00 each</b>			
	<b>1.1.2005</b>	<b>Acquired</b>	<b>Disposed</b>	<b>31.12.2005</b>
K. E. Malaysian Capital Partners Sdn Bhd	700,000	-	-	700,000
	<b>Number of ordinary shares of HK\$1.00 each</b>			
	<b>1.1.2005</b>	<b>Acquired</b>	<b>Disposed</b>	<b>31.12.2005</b>
OSK Asia Holdings Limited	1	45,999,999	-	46,000,000

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during and as at the end of the financial year.



## 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 values 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 the 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.
- (e) As 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 and 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 and 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 and of the Company for the financial year in which this report is made.





**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**

Kuala Lumpur, Malaysia  
21 February 2006

**Yap Yuh Foh, Eddie**



## AUDITORS' REPORT

TO THE MEMBERS OF OSK VENTURES INTERNATIONAL BERHAD INCORPORATED IN MALAYSIA

We have audited the accompanying financial statements set out on pages 35 to 61. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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 MASB 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 2005 and of the results and the cash flows of the Group and of the Company for the financial year ended 31 December 2005; 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

George Koshy  
No. 1846/07/07(J)  
Partner

Kuala Lumpur, Malaysia  
21 February 2006

# INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Note	Group		Company	
		1.1.2005 to 31.12.2005 RM	5.12.2003 to 31.12.2004 RM	1.1.2005 to 31.12.2005 RM	5.12.2003 to 31.12.2004 RM
Revenue	3	16,318,454	6,660,855	17,450,695	353,039
Other operating income		21,250	4,599	-	-
Administrative expenses		(1,490,362)	(949,877)	(529,613)	(112,430)
Profit from operations		14,849,342	5,715,577	16,921,082	240,609
Share of profits of associated companies		8,480,811	-	-	-
Profit before taxation	4	23,330,153	5,715,577	16,921,082	240,609
Tax expense	7	(2,804,197)	(89,700)	(1,294,238)	(94,800)
Share of tax of associated companies	7	(228,964)	-	-	-
Net profit for the year/period		20,296,992	5,625,877	15,626,844	145,809
Earnings per share (sen)					
Basic	8	13.53	0.97		

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

# BALANCE SHEETS

AS AT 31 DECEMBER 2005

	Note	Group		Company	
		31.12.2005 RM	31.12.2004 RM	31.12.2005 RM	31.12.2004 RM
<b>NON CURRENT ASSETS</b>					
Plant and equipment	9	340,038	60,839	-	-
Investments in subsidiary companies	10(a)	-	-	15,944,801	15,944,799
Investments in associated companies	11	143,356,839	-	159	-
Investments in shares	12	21,510,700	46,946,203	-	-
		<u>165,207,577</u>	<u>47,007,042</u>	<u>15,944,960</u>	<u>15,944,799</u>
<b>CURRENT ASSETS</b>					
Other receivables, deposits and prepayments	13	203,642	325,596	92,959	91,701
Amounts due from subsidiary companies	10(b)	-	-	187,117,361	239,194,099
Tax recoverable		-	643,789	-	-
Cash, bank balances and deposits	14	122,304,297	213,336,868	68,237,757	5,654
		<u>122,507,939</u>	<u>214,306,253</u>	<u>255,448,077</u>	<u>239,291,454</u>
<b>CURRENT LIABILITIES</b>					
Other payables and accruals	15	491,389	949,457	375,489	826,588
Amount due to a subsidiary company	10(c)	-	-	1,037,393	-
Provision for taxation		960,958	78,133	27,029	78,133
		<u>1,452,347</u>	<u>1,027,590</u>	<u>1,439,911</u>	<u>904,721</u>
<b>NET CURRENT ASSETS</b>		<u>121,055,592</u>	<u>213,278,663</u>	<u>254,008,166</u>	<u>238,386,733</u>
		<u>286,263,169</u>	<u>260,285,705</u>	<u>269,953,126</u>	<u>254,331,532</u>
<b>FINANCED BY:</b>					
Share capital	16	150,000,000	150,000,000	150,000,000	150,000,000
Share premium		104,180,473	104,185,723	104,180,473	104,185,723
Other reserves	17	4,826,574	-	-	-
Retained profits		27,256,122	6,099,982	15,772,653	145,809
Shareholders' funds		<u>286,263,169</u>	<u>260,285,705</u>	<u>269,953,126</u>	<u>254,331,532</u>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Note	Share capital RM	Share premium RM	Other reserves RM	Retained profits RM	Total RM
At date of incorporation		2	-	-	-	2
Issue of shares	16	149,999,998	108,644,801	-	-	258,644,799
Retained profits arising from						
merger with subsidiary companies		-	-	-	6,118,904	6,118,904
Merger deficit	18	-	-	-	(5,644,799)	(5,644,799)
Share issue expenses		-	(4,459,078)	-	-	(4,459,078)
Net gains and expenses not recognised						
in the income statement		-	(4,459,078)	-	474,105	(3,984,973)
Net profit for the period		-	-	-	5,625,877	5,625,877
At 31 December 2004		150,000,000	104,185,723	-	6,099,982	260,285,705
At 1 January 2005						
As previously stated		150,000,000	104,185,723	-	6,099,982	260,285,705
Effect arising from equity accounting of						
associated companies	2(b)(ii)	-	-	1,370,860	859,148	2,230,008
As adjusted		150,000,000	104,185,723	1,370,860	6,959,130	262,515,713
Share issue expenses, not recognised						
in the income statement		-	(5,250)	-	-	(5,250)
Share of associated companies' reserves		-	-	85,841	-	85,841
Gain on deemed disposal of shares in						
associated companies		-	-	3,369,873	-	3,369,873
Net profit for the year		-	-	-	20,296,992	20,296,992
At 31 December 2005		150,000,000	104,180,473	4,826,574	27,256,122	286,263,169

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

## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Note	Share capital RM	Non distributable Share premium RM	Distributable Retained profits RM	Total RM
At date of incorporation		2	-	-	2
Issue of shares	16	149,999,998	108,644,801	-	258,644,799
Share issue expenses, not recognised in the income statement		-	(4,459,078)	-	(4,459,078)
Net profit for the period		-	-	145,809	145,809
At 31 December 2004		<u>150,000,000</u>	<u>104,185,723</u>	<u>145,809</u>	<u>254,331,532</u>
At 1 January 2005		150,000,000	104,185,723	145,809	254,331,532
Share issue expenses, not recognised in the income statement		-	(5,250)	-	(5,250)
Net profit for the year		-	-	15,626,844	15,626,844
At 31 December 2005		<u>150,000,000</u>	<u>104,180,473</u>	<u>15,772,653</u>	<u>269,953,126</u>

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

# CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Group		Company		
	Note	1.1.2005 to 31.12.2005 RM	5.12.2003 to 31.12.2004 RM	1.1.2005 to 31.12.2005 RM	5.12.2003 to 31.12.2004 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before taxation		23,330,153	5,715,577	16,921,082	240,609
Adjustments for:					
Depreciation		56,479	24,910	-	-
Dividend income		(1,153,966)	(69,123)	(16,971,667)	-
Gain on disposal of plant and equipment		(20,250)	-	-	-
Gain on disposal of investments in shares		(7,935,372)	(3,615,131)	-	-
Interest income		(5,364,116)	(2,663,324)	(479,028)	(353,039)
Share of profits of associated companies		(8,480,811)	-	-	-
Operating profit/(loss) before working capital changes		432,117	(607,091)	(529,613)	(112,430)
Decrease/(increase) in amount due from subsidiary companies		-	-	57,881,738	(199,494,099)
Decrease/(increase) in receivables		121,954	228,344	(1,258)	(91,701)
(Decrease)/increase in payables		(458,068)	845,329	9,548,901	826,588
Increase in amount due to a subsidiary company		-	-	1,037,393	-
Cash flow generated from/(used in) operations		96,003	466,582	67,937,161	(198,871,642)
Proceeds from disposal of investments in shares		16,956,233	11,383,843	-	-
Purchase of investments in shares		(9,825,751)	(32,841,403)	-	-
Dividend received		851,817	49,769	-	-
Interest received		5,364,116	2,663,324	479,028	353,039
Income taxes paid		(975,436)	(125,447)	(178,675)	(16,667)
<b>Net cash flow generated from/(used in) operating activities</b>		<u>12,466,982</u>	<u>(18,403,332)</u>	<u>68,237,514</u>	<u>(198,535,270)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of a subsidiary company		-	-	(2)	-
Proceeds from disposal of plant and equipment		45,000	-	-	-
Proceeds from disposal of investments in shares		5,807,716	-	-	-
Purchase of investments in associated companies		(108,986,591)	-	(159)	-
Purchase of plant and equipment		(360,428)	(12,478)	-	-
<b>Net cash flow used in investing activities</b>		<u>(103,494,303)</u>	<u>(12,478)</u>	<u>(161)</u>	<u>-</u>

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



# CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

## CASH FLOW STATEMENTS (CONT'D)

	Note	Group		Company	
		1.1.2005 to 31.12.2005 RM	5.12.2003 to 31.12.2004 RM	1.1.2005 to 31.12.2005 RM	5.12.2003 to 31.12.2004 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issuance of share capital, net of issue costs		-	198,540,922	-	198,540,922
Share issue expenses		(5,250)	-	(5,250)	-
<b>Net cash flow (used in)/generated from financing activities</b>		<u>(5,250)</u>	<u>198,540,922</u>	<u>(5,250)</u>	<u>198,540,922</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(91,032,571)	180,125,112	68,232,103	5,652
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		213,336,868	2	5,654	2
<b>CASH AND CASH EQUIVALENTS ARISING FROM MERGER WITH SUBSIDIARIES</b>		-	33,211,754	-	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	14	<u>122,304,297</u>	<u>213,336,868</u>	<u>68,237,757</u>	<u>5,654</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

## 1. GENERAL INFORMATION

The Company is an investment holding company. The principal activities of the subsidiary companies and associated companies are described in Note 10 and Note 11 respectively. There have been no significant changes in the nature of these activities during the financial year, other than as a result of acquisitions as disclosed herein.

The Company is a public company limited by shares, incorporated under the Companies Act, 1965, domiciled in Malaysia, and is listed on the Malaysian Exchange of Securities Dealing and Automated Quotation ("MESDAQ") Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The principal place of business of the Company is located at 15th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur while the registered office of the Company is located at 20th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur.

The holding company and ultimate holding company of the Company is OSK Holdings Berhad which is incorporated under the Companies Act, 1965, domiciled in Malaysia and listed on the Main Board of Bursa Securities. The Company regards related companies as those companies which are subsidiaries of the same ultimate holding company as disclosed in Note 20(c).

The number of employees in the Group at the end of the financial year was 6 (2004: 6). The Company does not have any employees at the end of the financial year other than the 7 (2004: 7) directors in office.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 February 2006.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation of Financial Statements

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

### (b) Basis of Consolidation

#### (i) Subsidiary companies

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.

The subsidiaries, OSK Ventures Equities Sdn Bhd, OSK Technology Ventures Sdn Bhd and OSK Private Equity Management Sdn Bhd are consolidated using the merger method of accounting. Under the merger method of accounting, the results of the subsidiary are presented as if the merger had been effected since the beginning. In the consolidated financial statements, the cost of the merger is cancelled with the nominal values of the shares received. Any resulting credit, merger reserve is classified as equity and regarded as a non-distributable reserve. Any resulting debit, merger deficit is adjusted against any suitable reserve.

OSK Capital Partners Sdn Bhd, a subsidiary incorporated on 2 March 2005, is consolidated using the acquisition method of accounting from the date on which control is transferred to the Group. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of 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 the subsidiaries are measured at their fair values at the date of acquisition. 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 is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

**(b) Basis of Consolidation (cont'd)****(i) Subsidiary companies (cont'd)**

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.

**(ii) Associated companies**

Associated companies are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policy decisions of the entities.

Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associated companies. The equity method of accounting involves recognition of the Group's share of the results of associated companies in the consolidated income statement. The Group's investments in associated companies are carried in the consolidated balance sheet at an amount that reflects its share of net assets of the associated companies and goodwill on acquisition.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are eliminated unless cost cannot be recovered.

The Group in the prior period had adopted a policy not to equity account their investments in associated companies, as these investments were acquired with the objective of capital appreciation through the subsequent disposal of the investments. However, during the year, the Group intends to hold the investments for long term and also exercise significant influence through participation in the financial and operating policy decision of the investee, accordingly the Group has adopted a policy to equity account such investments. The effect of the above change has been accounted for by adjusting the retained earnings and other reserves as at 1 January 2005.

**(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 associated companies at the date of acquisition.

Goodwill is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(f). Goodwill arising on the acquisition of associated companies is included within the respective carrying amounts of these investments.

**(d) Plant and Equipment and Depreciation**

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

Depreciation is provided on a straight line basis to write off the cost of each asset to their residual value over the estimated useful life at the following annual rates:

Furniture and fittings	10%
Motor vehicles	15%
Office equipment	15%

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

**(e) Investments in Subsidiary Companies and Associated Companies**

The Company's investments in subsidiary companies and associated companies are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(f).

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

**(f) 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.

**(g) Cash and Cash Equivalents**

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

Cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value.

**(h) Provisions for Liabilities**

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

**(i) Employee Benefits****(i) Short term benefits**

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

**(ii) Defined contribution plans**

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

**(j) Income Taxes**

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial 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 the 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, unutilised tax losses and unutilised tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unutilised tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises 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 financial 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.

**(k) Revenue and Income 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 revenue can be measured reliably.

**(i) Sale of investments**

Realised gain or loss from disposal of investments is measured as the difference between the net disposal proceeds and the carrying amount of the investments and is recognised upon disposal of investments.

**(ii) Interest income**

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

**(iii) Dividend income**

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

**(iv) Fee income**

Fee income is recognised upon performance of services.



## **(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. Interests, dividends, gains and losses relating to a financial instrument 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) Investments in shares**

Investments in shares consist of quoted and unquoted investments in investee companies.

Investments are stated at cost less impairment. On disposal of an investment, the difference between net disposal proceeds and its 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.

### **(iv) Equity instruments**

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

The transaction costs of an equity transaction are accounted for as 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.

## **(m) Foreign Currency Conversion**

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

## 3. REVENUE

	Group		Company	
	1.1.2005 to 31.12.2005 RM	5.12.2003 to 31.12.2004 RM	1.1.2005 to 31.12.2005 RM	5.12.2003 to 31.12.2004 RM
Gains on disposal of investments in shares	7,935,372	3,615,131	-	-
Interest income	5,364,116	2,663,324	479,028	353,039
Fee income	1,865,000	313,277	-	-
Dividend income:				
- arising from investments	1,153,966	69,123	-	-
- arising from subsidiaries	-	-	16,971,667	-
	<u>16,318,454</u>	<u>6,660,855</u>	<u>17,450,695</u>	<u>353,039</u>

## 4. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting):

	Group		Company	
	1.1.2005 to 31.12.2005 RM	5.12.2003 to 31.12.2004 RM	1.1.2005 to 31.12.2005 RM	5.12.2003 to 31.12.2004 RM
Auditors' remuneration				
(i) Statutory audit:				
- Current year	19,600	18,000	4,000	4,000
- Underprovision in prior year	-	1,250	-	-
(ii) Other services	8,000	118,000	8,000	118,000
Depreciation	56,479	24,910	-	-
Staff costs (Note 5)	368,648	497,960	-	-
Directors' remuneration (Note 6)	409,600	151,894	91,500	45,000
Gain on disposal of plant and equipment	(20,250)	-	-	-
Rental of office and parking space paid to related companies	79,560	78,678	-	-
	<u>79,560</u>	<u>78,678</u>	<u>-</u>	<u>-</u>

## 5. STAFF COSTS

	Group	
	1.1.2005 to 31.12.2005 RM	5.12.2003 to 31.12.2004 RM
Salaries and bonuses	323,570	431,378
Social security costs	3,112	2,350
Employees Provident Fund	38,990	59,437
Other staff related expenses	2,976	4,795
	<u>368,648</u>	<u>497,960</u>

## 6. DIRECTORS' REMUNERATION

	Group		Company	
	1.1.2005 to 31.12.2005 RM	5.12.2003 to 31.12.2004 RM	1.1.2005 to 31.12.2005 RM	5.12.2003 to 31.12.2004 RM
<b>Directors of the Company</b>				
Executive:				
Salaries and other emoluments	318,100	106,894	-	-
Fees	48,000	30,000	48,000	30,000
Benefits-in-kind	20,233	5,000	-	-
	<u>386,333</u>	<u>141,894</u>	<u>48,000</u>	<u>30,000</u>
Non-Executive:				
Fees	43,500	15,000	43,500	15,000
	<u>429,833</u>	<u>156,894</u>	<u>91,500</u>	<u>45,000</u>

	Group		Company	
	1.1.2005 to 31.12.2005 RM	5.12.2003 to 31.12.2004 RM	1.1.2005 to 31.12.2005 RM	5.12.2003 to 31.12.2004 RM
<b>Analysis excluding benefits-in-kind:</b>				
Total executive directors' remuneration	366,100	136,894	48,000	30,000
Total non-executive directors' remuneration	43,500	15,000	43,500	15,000
Total directors' remuneration (Note 4)	<u>409,600</u>	<u>151,894</u>	<u>91,500</u>	<u>45,000</u>

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

	Number of Directors	
	1.1.2005 to 31.12.2005	5.12.2003 to 31.12.2004
Executive directors:		
Below RM50,000	3	3
RM100,001 - RM150,000	-	1
RM300,001 - RM400,000	1	-
Non-executive directors:		
Below RM50,000	3	3
	<u>7</u>	<u>7</u>



## 7. TAX EXPENSE

	Group		Company	
	1.1.2005 to 31.12.2005 RM	5.12.2003 to 31.12.2004 RM	1.1.2005 to 31.12.2005 RM	5.12.2003 to 31.12.2004 RM
Tax expense for the financial period:				
In respect of the current financial period:				
Malaysian income tax	(2,217,828)	(94,800)	(1,294,238)	(94,800)
Share of taxation of associated companies	(228,964)	-	-	-
	<u>(2,446,792)</u>	<u>(94,800)</u>	<u>(1,294,238)</u>	<u>(94,800)</u>
(Under)/overprovided in prior period:				
Malaysian income tax	(586,369)	5,100	-	-
	<u>(3,033,161)</u>	<u>(89,700)</u>	<u>(1,294,238)</u>	<u>(94,800)</u>

Two of the subsidiary companies, OSK Technology Ventures Sdn Bhd ("OSKTV") and OSK Venture Equities Sdn Bhd ("OSKVE") have been granted the Venture Capital Company tax exemption incentive pursuant to the Income Tax (Exemption) (No. 3) Order 2001, which was repealed by Income Tax (Exemption) (No.11) Order 2005.

The Income Tax (Exemption) (No. 11) Order 2005 exempts a Venture Capital Company ("VCC") from payment of tax in respect of statutory income on all sources of income (other than interest income arising from saving or fixed deposits and profits from syariah-based deposits) for 10 years if 70% of the invested funds of the VCC are invested in Venture Company and in the form of seed capital, start-up or early stage financing. The tax exempt status is subject to annual certification by Securities Commission ("SC"). For OSKTV and OSKVE, the tax exempt period is effective from YA 2002 to YA 2011 and from YA 2003 to YA 2012 inclusive respectively.

Certain subsidiary companies being Malaysian resident companies with paid-up share capital of less than RM2.5 million have applied income tax rates of 20% on the first RM500,000 and of 28% on the excess of RM500,000. Income tax expense for the Company is calculated based on the Malaysian statutory income tax rate of 28% of the estimated taxable profit for the financial year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company are as follows:

	Group		Company	
	1.1.2005 to 31.12.2005 RM	5.12.2003 to 31.12.2004 RM	1.1.2005 to 31.12.2005 RM	5.12.2003 to 31.12.2004 RM
Profit before taxation	<u>23,330,153</u>	<u>5,715,577</u>	<u>16,921,082</u>	<u>240,609</u>
Tax at Malaysian statutory tax rate of 28% (2004: 28%)	6,532,443	1,600,362	4,737,903	67,370
Effect of statutory tax rate of 20% (2004: 20%)	(120,000)	(40,000)	-	-
Effect of expenses not deductible	156,530	32,004	141,735	27,430
Effect of income not subjected to tax	(4,122,181)	(1,499,217)	(3,585,400)	-
Effect of deferred tax assets not recognised	-	1,651	-	-
Under/(over) provision of income tax in prior period	<u>586,369</u>	<u>(5,100)</u>	<u>-</u>	<u>-</u>
Tax expense for the financial year/period	<u>3,033,161</u>	<u>89,700</u>	<u>1,294,238</u>	<u>94,800</u>

## 8. EARNINGS PER SHARE

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

	Group	
	1.1.2005 to 31.12.2005	5.12.2003 to 31.12.2004
Net profit for the financial period (RM)	20,296,992	5,625,877
Weighted average number of ordinary shares in issue	150,000,000	579,389,324
Basic earnings per RM1.00 (2004: RM0.10) each share (sen)	13.53	0.97

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

## 9. PLANT AND EQUIPMENT

Group	1.1.2005 RM	Additions RM	Disposal RM	31.12.2005 RM
<b>Cost</b>				
Furniture and fittings	7,620	1,950	-	9,570
Motor vehicle	110,000	358,478	(110,000)	358,478
Office equipment	53,520	-	-	53,520
	171,140	360,428	(110,000)	421,568
<b>Depreciation charge for</b>				
	1.1.2005 RM	the year RM	Disposal RM	31.12.2005 RM
<b>Accumulated Depreciation</b>				
Furniture and fittings	2,286	892	-	3,178
Motor vehicle	82,500	47,560	(85,250)	44,810
Office equipment	25,515	8,027	-	33,542
	110,301	56,479	(85,250)	81,530

## 9. PLANT AND EQUIPMENT (CONT'D)

	Net Book Value		Depreciation charge for
	31.12.2005	31.12.2004	5.12.2003 to 31.12.2004
	RM	RM	RM
Furniture and fittings	6,392	5,334	762
Motor vehicle	313,668	27,500	16,500
Office equipment	19,978	28,005	7,648
	<u>340,038</u>	<u>60,839</u>	<u>24,910</u>

## Details at 5.12.2003 (date of incorporation)

	Cost	Accumulated Depreciation
	RM	RM
Furniture and fittings	7,620	1,524
Motor vehicle	110,000	66,000
Office equipment	41,042	17,867
	<u>158,662</u>	<u>85,391</u>

## 10. SUBSIDIARY COMPANIES

## (a) Investments In Subsidiary Companies

	Company	
	31.12.2005	31.12.2004
	RM	RM
Unquoted shares, at cost	<u>15,944,801</u>	<u>15,944,799</u>

## (b) Amounts due from subsidiary companies

The amounts due from subsidiary companies are unsecured, interest free and have no fixed terms of repayments.

## (c) Amount due to a subsidiary company

The amount due to a subsidiary company is unsecured, interest free and have no fixed terms of repayments.

The subsidiary companies of the Company, all which are incorporated under the Companies Act, 1965, have the same financial year end as the Company and domiciled in Malaysia, are as follows:

Name of companies	Principal activities	Equity interest held (%)	
		31.12.2005	31.12.2004
OSK Venture Equities Sdn Bhd ("OSKVE")	To undertake venture capital business.	100	100
OSK Technology Ventures Sdn Bhd ("OSKTV")	To undertake venture capital business.	100	100
OSK Private Equity Management Sdn Bhd ("OSKPEM")	To undertake the management of investments in securities of venture companies.	100	100
OSK Capital Partners Sdn Bhd ("OSKCP")	To undertake investment holding and private equity business	100	-

## 11. INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
	RM	RM	RM	RM
At cost:				
Quoted shares in Malaysia	123,400,425	-	-	-
Unquoted shares in Malaysia	6,018,686	-	-	-
Unquoted shares outside Malaysia	159	-	159	-
Share of post-acquisition reserves	13,937,569	-	-	-
	<u>143,356,839</u>	<u>-</u>	<u>159</u>	<u>-</u>
At market value:				
Quoted shares in Malaysia	<u>224,878,697</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Group's interests in the associated companies is analysed as follows:

	Group	
	31.12.2005	31.12.2004
	RM	RM
Share of net assets	40,489,377	-
Share of goodwill of associated companies	9,017,019	-
	<u>49,506,396</u>	<u>-</u>
Goodwill on acquisition	93,850,443	-
	<u>143,356,839</u>	<u>-</u>

The details of the associated companies, all of which are incorporated in Malaysia, except for GMO Global Limited which was incorporated in the British Virgin Islands, and have the same financial year end as the Company, are as follows:

Name of companies	Principal activities	Equity interest held (%)	
		31.12.2005	31.12.2004
Finexasia.com Sdn. Bhd.	Development and provision of internet financial solutions and related activities.	47.97	47.97 *
Green Packet Berhad	Wireless networking and telecommunication products, networking solutions and other high technology products and services.	20.27	3.63*
MNC Wireless Berhad	Sales and marketing, research and development of wireless, mobile and multimedia solutions and content and investment holding.	20.71	10.00*
eBworx Berhad	Provision of computer software applications and dealing in computer software and hardware for financial services industry.	22.63	15.16*
mTouche Technology Berhad	Provision of innovative digital commerce solutions to the financial services industry.	18.44	-
GMO Global Limited	Provision of cellular communication and wireless value-added services.	20.00	-

\* As disclosed in Note 2 (b)(ii), the investments were not equity accounted in the previous financial period.

## 12. INVESTMENTS IN SHARES

	Group	
	31.12.2005	31.12.2004
	RM	RM
At cost:		
Quoted shares in Malaysia	10,817,632	12,812,449
Unquoted shares in Malaysia	5,000,000	28,440,686
Unquoted shares outside Malaysia	5,693,068	5,693,068
	<u>21,510,700</u>	<u>46,946,203</u>
At market value:		
Quoted shares in Malaysia	<u>12,360,732</u>	<u>15,446,109</u>

## 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
	RM	RM	RM	RM
Deposits	24,258	24,258	4,500	4,500
Prepayments	1,069	3,967	-	-
Other receivables	178,315	297,371	88,459	87,201
	<u>203,642</u>	<u>325,596</u>	<u>92,959</u>	<u>91,701</u>

## 14. CASH, BANK BALANCES AND DEPOSITS

	Group		Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
	RM	RM	RM	RM
Cash on hand and at banks	104,297	86,868	37,757	5,654
Deposits with licensed banks and financial institutions	122,200,000	213,250,000	68,200,000	-
	<u>122,304,297</u>	<u>213,336,868</u>	<u>68,237,757</u>	<u>5,654</u>

The effective interest rate of the deposits of the Group and the Company is 2.85% to 3.00% (2004: 2.80%) and 2.85% to 3.00% (2004: nil) per annum respectively. The average maturity date of the deposits of the Group and the Company at the balance sheet date is 23 (2004: 20) and 11 (2004: nil) days respectively.

## 15. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
	RM	RM	RM	RM
Accruals	212,400	173,451	96,659	50,600
Other payables	278,989	776,006	278,830	775,988
	<u>491,389</u>	<u>949,457</u>	<u>375,489</u>	<u>826,588</u>

## 16. SHARE CAPITAL

	Note	Group/Company			
		Number of Ordinary Shares of RM1.00/RM0.10 Each		Amount	
		31.12.2005	31.12.2004	31.12.2005 RM	31.12.2004 RM
<b>Authorised:</b>					
At beginning of financial year/ date of incorporation		5,000,000,000	1,000,000	500,000,000	100,000
Created during the financial period		-	4,999,000,000	-	499,900,000
Balance of RM0.10 each		5,000,000,000	5,000,000,000	500,000,000	500,000,000
10 shares of RM0.10 each consolidated into 1 share of RM1.00 each	(a)	(4,500,000,000)	-	-	-
At end of financial year (RM1.00 each)/ period (RM0.10 each)		500,000,000	5,000,000,000	500,000,000	500,000,000
<b>Issued and fully paid:</b>					
At beginning of financial year/ date of incorporation		1,500,000,000	20	150,000,000	2
Issued during the financial period:					
Acquisition of subsidiaries	(b)(i)	-	159,447,990	-	15,944,799
Capitalisation of intercompany balances and issuance for cash	(b)(ii)	-	665,551,990	-	66,555,199
Initial public offering	(b)(iii)	-	675,000,000	-	67,500,000
		-	1,499,999,980	-	149,999,998
Balance of RM0.10 each		1,500,000,000	1,500,000,000	150,000,000	150,000,000
10 shares of RM0.10 each consolidated into 1 share of RM1.00 each	(a)	(1,350,000,000)	-	-	-
At end of financial year (RM1.00 each)/ period (RM0.10 each)		150,000,000	1,500,000,000	150,000,000	150,000,000

Note a

The share consolidation exercise of the Company's authorised and paid up share capital from the existing ordinary shares of RM0.10 each into ordinary shares of RM1.00 each was completed on 11 October 2005. Pursuant to the share consolidation, the Company's authorised share capital of RM500,000,000 comprising 5,000,000,000 ordinary shares of RM0.10 each has been consolidated into 500,000,000 ordinary shares of RM1.00 each, and its issued and paid up share capital of RM150,000,000 comprising 1,500,000,000 ordinary shares of RM0.10 each has been consolidated into 150,000,000 ordinary shares of RM1.00 each.

Note b

On 8 July 2004, the Company increased its authorised share capital from RM100,000 to RM500,000,000 comprising 5,000,000,000 ordinary shares of RM0.10 each by way of creation of 4,999,000,000 new ordinary shares of RM0.10 each.

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up capital of the Company on the MESDAQ Market of Bursa Securities, the Company undertook the following listing scheme which was approved by Bursa Securities and Securities Commission ("SC") on 15 May 2004:

**16. SHARE CAPITAL (CONT'D)****(i) Acquisition of subsidiary companies**

On 8 July 2004, the Company completed the acquisition of OSKVE, OSKTV and OSKPEM from OSKH at their net tangible assets value as at 30 September 2003 for a total consideration of RM15,944,799 which was satisfied through the issuance of 159,447,990 new ordinary shares of RM0.10 each by the Company at par. Subsequent thereto, OSKVE, OSKTV and OSKPEM became wholly owned subsidiaries of the Company (Note 10).

**(ii) Special issue**

On 8 July 2004, the Company completed the issuance of 665,551,990 new ordinary shares of RM0.10 each to the holding company, OSKH at a share premium of RM644,801 via the capitalisation of intercompany balances amounting to RM39,700,000 and for cash amounting to RM27,500,000.

**(iii) Public issue**

The Initial Public Offering by the Company involved a public issue of 675,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.26 per share and was allocated in the following manner:

- (a) 50,000,000 shares of RM0.10 each representing 3.3% of the enlarged share capital for eligible directors and employees of the Group, eligible directors and employees of OSKH Group and persons who have contributed to the Group's success;
- (b) 550,000,000 shares of RM0.10 each representing 36.7% of the enlarged share capital for private placement by way of application;
- (c) 25,000,000 shares of RM0.10 each representing 1.7% of the enlarged share capital for application by the Malaysian public, companies, societies, co-operatives and institutions; and
- (d) 50,000,000 shares of RM0.10 each representing 3.3% of the enlarged share capital for application by the shareholders of OSKH, on a non-renounceable basis.

All additional new ordinary shares issued during the previous financial period rank pari-passu with the existing shares of the Company. The entire issued and paid-up share capital of the Company comprising 1,500,000,000 ordinary shares of RM0.10 each were admitted to the Official List of Bursa Securities on 8 September 2004. The shares were granted quotation on the MESDAQ Market of Bursa Securities on the same date.

**17. OTHER RESERVES**

This comprises gain on deemed disposal of investments in associated companies and other non-distributable reserves.

**18. MERGER DEFICIT**

The excess of the cost of investments over the nominal value of shares acquired has been classified as a merger deficit and adjusted against the retained profits.

The analysis of the Group's merger deficit is as follows:

	<b>31.12.2004</b>
	<b>RM</b>
Cost of investment	
Less: Issued and fully paid share capital of:	
OSK Venture Equities Sdn Bhd	15,944,799
OSK Technology Ventures Sdn Bhd	(10,000,000)
OSK Private Equity Management Sdn Bhd	(150,000)
	<u>(150,000)</u>
Merger deficit	<u>5,644,799</u>

## 19. SIGNIFICANT EVENT

- (a) On 2 March 2005, the Company has incorporated a new subsidiary company, OSK Capital Partners Sdn Bhd ("OSKCP"), which has an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each and paid up share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each. The principal activities of OSKCP are investment holding and private equity business.
- (b) On 11 October 2005, the authorised and paid up share capital of the Company were consolidated from ten (10) ordinary shares of RM0.10 each into one (1) ordinary share of RM1.00 each as disclosed in Note 16.
- (c) On 22 December 2005, OSKVI entered into a conditional Joint Venture Agreement with its associated companies, mTouche Technology Berhad ("mTB") and Green Packet Berhad ("GPB") respectively, to form a new company, GMO Global Limited ("GMO") to undertake investments in relation to the cellular communication and wireless value added services business in the Asia Pacific region.

GMO was incorporated in the British Virgin Islands with authorised share capital of USD50,000 comprising of 50,000 ordinary shares of USD1 each and issued and paid up share capital of USD100 comprising of 100 ordinary shares of USD1 each. The shareholding of mTB, GPB and OSKVI are forty percent (40%), forty percent (40%) and twenty percent (20%) respectively.

## 20. SIGNIFICANT RELATED PARTY TRANSACTIONS AND RELATIONSHIPS

- (a) Directors' remunerations

The directors' remunerations disclosed in Note 6 are payable to the following directors:

### Executive directors

Dato' Nik Mohamed Din bin Datuk Nik Yusoff  
 Ong Leong Huat @ Wong Joo Hwa  
 Wong Chong Kim  
 Yap Yuh Foh, Eddie

### Non-executive directors

Tan Sri Datuk Dr. Omar bin Abdul Rahman  
 Dato' Abdul Azim bin Mohd. Zabidi  
 Foo San Kan

- (b) Transactions with OSK Holdings Berhad, the ultimate holding company:

		Group		Company	
		1.1.2005 to 31.12.2005 RM	5.12.2003 to 31.12.2004 RM	1.1.2005 to 31.12.2005 RM	5.12.2003 to 31.12.2004 RM
<b>Identities</b>	<b>Nature of transactions</b>				
OSK Holdings Berhad	Acquisition of OSKVE, OSKTV and OSKPEM	-	-	-	15,944,799



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

(c) Transactions with related companies:

		Group		Company	
		1.1.2005 to 31.12.2005 RM	5.12.2003 to 31.12.2004 RM	1.1.2005 to 31.12.2005 RM	5.12.2003 to 31.12.2004 RM
<b>Identities</b>	<b>Nature of transactions</b>				
OSK Securities Berhad	Private placement commission paid	-	1,430,000	-	1,430,000
	Underwriting commission paid	-	136,500	-	136,500
	Sponsorship fees paid	-	31,500	-	31,500
	Professional services fees paid	90,000	506,937	90,000	506,937
	Brokerage fees paid	303,653	16,509	-	-
	Referral fee received	-	(110,000)	-	-
OSK Realty Sdn Bhd	Rental of office and parking space paid	-	39,339	-	-
KE-ZAN Holdings Berhad	Rental of office and parking space paid	79,560	39,339	-	-

The related companies of the Company are as follows:

Ascendas-OSK REIT Management Sdn Bhd

Aspect Potential Sdn Bhd

Aspect Synergy Sdn Bhd

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 Asia Futures Limited (Formerly known as Regal Sun Investments Limited)

OSK Asia Holdings Limited

OSK Asia Nominees Limited

OSK Asia Securities Limited (Formerly known as Prudence Securities Company Limited)

OSK Asset Management Sdn Bhd

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

## (c) Transactions with related companies: (cont'd)

OSK Capital Sdn Bhd  
 OSK Futures And Options Sdn Bhd  
 OSK Investment Bank (Labuan) Limited  
 OSK Melaka Sdn Bhd  
 OSK Nominees (Asing) Sdn Bhd  
 OSK Nominees (Tempatan) Sdn Bhd  
 OSK Properties (Seremban) Sdn Bhd  
 OSK Properties Management Sdn Bhd  
 OSK Properties Sdn Bhd  
 OSK Property Holdings Berhad  
 OSK Realty Sdn Bhd  
 OSK Research Sdn Bhd  
 OSK Securities Berhad  
 OSK Trustees 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

## (d) Transactions with other related parties:

Identities	Nature of transactions	Group		Company	
		1.1.2005 to 31.12.2005 RM	5.12.2003 to 31.12.2004 RM	1.1.2005 to 31.12.2005 RM	5.12.2003 to 31.12.2004 RM
Symphony Share Registrars Sdn Bhd	Professional fees	34,200	1,400	34,200	1,400

A director of the aforesaid company is a director of the Company.

Companies in Dindings Consolidated Sdn Bhd Group

DC Services Sdn Bhd	Insurance premium paid	5,571	1,543	-	-
Dindings Risks Management Services Sdn Bhd	Insurance premium paid	1,369	1,377	-	-

Certain directors of Dindings Consolidated Sdn Bhd are the family members of Mr Ong Leong Huat @ Wong Joo Hua and Mr Wong Chong Kim.

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.

## 21. 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 business whilst managing its credit, interest rate, liquidity, currency and cash flow risks. The Group operates within clearly defined guidelines that are approved by the Board of Directors.

#### (a) Credit Risk

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

#### (b) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The investment in financial assets is mainly short term in nature and has been mostly placed in fixed deposits or in short term money market placement.

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

#### (c) Liquidity Risk

Liquidity risk, also referred to as funding risk, is the risk that the Group will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Group actively manages its operating cash flows and the availability of funding so as to ensure that all 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.

#### (d) Currency Risk

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

#### (e) Cash Flow Risk

Cash flow risk is the risk that the future cash flows associated with a monetary financial instrument will fluctuate in amount. The Group is not exposed to any significant cash flow risk that may affect the overall activities of the Group.

#### (f) 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 for the following:

## 21. FINANCIAL INSTRUMENTS (CONT'D)

2005	Note	Group		Company	
		Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
<b>Financial Assets</b>					
Amounts due from					
subsidiary companies	10(b)	-	-	187,117,361	*
Investments in shares					
- quoted shares in Malaysia	12	10,817,632	12,360,732	-	-
- unquoted shares in Malaysia		5,000,000	**	-	-
- unquoted shares outside Malaysia		5,693,068	**	-	-
<b>Financial Liability</b>					
Amount due to a subsidiary company	10(c)	-	-	1,037,393	*
<b>2004</b>					
<b>Financial Assets</b>					
Amounts due from subsidiary companies					
	10(b)	-	-	239,194,099	*
Investment in shares					
- quoted shares in Malaysia	12	12,812,449	15,446,109	-	-
- unquoted shares in Malaysia		28,440,686	**	-	-
- unquoted shares outside Malaysia		5,693,068	**	-	-

\* It is not practicable to estimate the fair values for amounts due from/to subsidiary companies due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs. The Company does not anticipate the carrying amounts of these financial instruments to be significantly different from the values they would eventually be settled or received.

\*\* It is not practicable to estimate the fair value of the Group's investment in unquoted shares due principally to a lack of quoted market price and without incurring excessive costs.

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

**(i) Cash and cash equivalents and other receivables/payables**

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

**(ii) Quoted shares in Malaysia**

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.

## 22. SEGMENT INFORMATION

**(a) Business Segments**

The Group is organised into three major business segments:

- (i) Venture capital which includes incubating high technology and high growth companies and management of investments in securities of venture companies;
- (ii) Private equity businesses and investment holding; and
- (iii) Holding entity.

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.

<b>Financial Year Ended</b>	<b>Private Equity</b>			<b>Consolidated</b>
<b>31.12.2005</b>	<b>Venture Capital Businesses</b>	<b>Businesses and Investment Holding</b>	<b>Holding Entity</b>	<b>RM</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Revenue</b>				
Revenue from external parties	12,633,881	3,205,545	479,028	16,318,454
<b>Results</b>				
Profit/(loss) from operations	11,710,418	3,189,509	(50,585)	14,849,342
Share of profits of associated companies				8,480,811
Profit before taxation				23,330,153
Tax expense				(2,804,197)
Share of tax of associated companies				(228,964)
Net profit for the year				20,296,992
<b>Assets</b>				
Segment assets	25,935,257	50,092,705	68,330,715	144,358,677
Investments in associated companies				143,356,839
				287,715,516
<b>Liabilities</b>				
Segment liabilities	109,600	6,300	375,489	491,389
<b>Other Information</b>				
Capital expenditure	360,428	-	-	360,428
Depreciation	56,479	-	-	56,479

## 22. SEGMENT INFORMATION (CONT'D)

## (a) Business Segments (Cont'd)

Financial Period Ended 31.12.2004	Venture Capital Businesses RM	Private Equity Businesses RM	Holding Entity RM	Consolidated RM
<b>Revenue</b>				
Revenue from external parties	6,300,408	7,408	353,039	6,660,855
<b>Results</b>				
Profit/(loss) from operations	5,477,589	(2,621)	240,609	5,715,577
Tax income/(expense)	-	5,100	(94,800)	(89,700)
Net profit for the period	5,477,589	2,479	145,809	5,625,877
<b>Assets</b>				
Segment assets	260,405,920	166,231	97,355	260,669,506
<b>Liabilities</b>				
Segment liabilities	117,369	5,500	826,588	949,457
<b>Other Information</b>				
Capital expenditure	12,478	-	-	12,478
Depreciation	24,910	-	-	24,910

## (b) Geographical Segments

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

## 23. COMPARATIVE FIGURES

Comparatives figures for the Group and the Company are longer than 12 months as it was the first set of financial statements prepared since the date of incorporation, 5 December 2003. Accordingly, comparative amounts for the income statements, statements of changes in equity, cash flow statements and the related notes are not in respect of comparable periods.

## STATEMENT OF DIRECTORS' INTERESTS

AS AT 15 FEBRUARY 2006

## OSK VENTURES INTERNATIONAL BERHAD

Name of Director	Number of Ordinary Shares of RM1.00 each			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat @ Wong Joo Hwa	300,000	0.20	88,792,770*	59.20
2. Wong Chong Kim	300,000	0.20	170,000**	0.11
3. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	200,000	0.13	-	-
4. Yap Yuh Foh, Eddie	37,500	0.02	-	-

**Note:**

\* Deemed interested by virtue of his substantial interest in OSK Holdings Berhad, the ultimate holding company of the Company

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

## ULTIMATE HOLDING COMPANY - OSK HOLDINGS BERHAD ("OSKH")

Name of Director	Number of Ordinary Shares of RM1.00 each			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat @ Wong Joo Hwa	185,406,812	30.38	-	-
2. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	13,561,785	2.22	-	-
3. Wong Chong Kim	425,327	0.07	358,395*	0.06

**Note:**

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

Name of Director	Number of Warrant B 2000/2010			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat @ Wong Joo Hwa	35,857,915	35.35	-	-
2. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	2,896,810	2.86	-	-

Name of Director	Number of Options over Ordinary Shares of RM1.00 each			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat @ Wong Joo Hwa	1,050,000	N/A	-	-
2. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	1,050,000	N/A	-	-
3. Wong Chong Kim	1,050,000	N/A	-	-
4. Yap Yuh Foh, Eddie	566,600	N/A	-	-

## RELATED COMPANIES

## OSK PROPERTY HOLDINGS BERHAD ("OSKPH")

Name of Director	Number of Ordinary Shares of RM1.00 each			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat @ Wong Joo Hwa	5,343,059	5.72	60,033,200*	64.30
2. Wong Chong Kim	875,757	0.94	179,000**	0.19

**Note:**

\* Deemed interested by virtue of his substantial interest in OSKH

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

Name of Director	Number of Warrant 2004/2009			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat @ Wong Joo Hwa	7,265,443	14.53	31,926,068*	63.85
2. Wong Chong Kim	438,000	0.88	5,600**	0.01
3. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	20	#	-	-

**Note:**

# Negligible

\* Deemed interested by virtue of his substantial interest in OSKH

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

Mr Ong Leong Huat @ Wong Joo Hwa, by virtue of his interest in the ultimate holding company, is also deemed to have an interest in the shares of all the ultimate holding company's subsidiary companies to the extent the Company has an interest. The particulars of his deemed interest in the ultimate holding company's subsidiaries, except wholly-owned subsidiary and OSKPH (disclosed above), are as follows:-

## SUBSIDIARY COMPANIES

Name of Company	Number of Ordinary Shares of RM1.00 each	
	Indirect Interest	%
1. Finexasia.com Sdn Bhd	10,000,000	88.02
2. OSK-UOB Unit Trust Management Berhad	7,000,000	70.00
3. K.E. Malaysian Capital Partners Sdn Bhd	300,000	60.00
4. Ascendas-OSK REIT Management Sdn Bhd	5,100	51.00

Name of Company	5% Cumulative Convertible Preference Shares	
	Indirect Interest	%
1. K.E. Malaysian Capital Partners Sdn Bhd	700,000	100

Name of Company	Number of Ordinary Shares of HK\$1.00 each	
	Indirect Interest	%
1. OSK Asia Holdings Limited	46,000,000	74.19

Other than the above, none of the directors in office has any interest in the shares, warrants, debentures and options of the Company and its related corporations as at 15 February 2006.



## STATEMENT OF SHAREHOLDINGS

AS AT 15 FEBRUARY 2006

Authorised Capital	:	RM500,000,000
Issued and Fully Paid-Up Capital	:	RM150,000,000
Class of Shares	:	Ordinary Shares of RM1.00 each fully paid
Voting Rights	:	One vote per RM1.00 share

### BREAKDOWN OF SHAREHOLDINGS

Range of Holdings	No. of Holders	Percentage of Holders	No. of RM1.00 share	Percentage of Issued Capital
1 – 99	71	0.93	2,320	0.00
100 – 999	3,534	46.44	1,301,040	0.87
1,000 – 4,999	2,552	33.54	4,385,350	2.92
5,000 – 10,000	823	10.81	5,929,590	3.95
10,001 – 100,000	555	7.29	19,482,290	12.99
100,001 – 1,000,000	66	0.87	16,469,740	10.98
Above 1,000,000	9	0.12	102,429,670	68.29
	<u>7,610</u>	<u>100.00</u>	<u>150,000,000</u>	<u>100.00</u>

### SUBSTANTIAL SHAREHOLDERS

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

Name of Substantial Shareholder	Number of Ordinary Shares of RM1.00 each			
	Direct Interest	%	Indirect Interest	%
1. OSK Holdings Berhad	88,792,700	59.20	-	-
2. Ong Leong Huat @ Wong Joo Hwa	300,000	0.20	88,792,700*	59.20

\* Deemed interested by virtue of his substantial interest in OSK Holdings Berhad.

## THIRTY LARGEST REGISTERED HOLDERS

<b>Name and Address</b>	<b>No. of Shares</b>	<b>%</b>
1. OSK Holdings Berhad	88,792,770	59.20
2. HSBC Nominees (Asing) Sdn Bhd HPBS SG for Media Strategic Limited	2,666,200	1.78
3. TCL Nominees (Tempatan) Sdn Bhd Pledged securities account for Sieh Joo Shiong	2,502,400	1.67
4. Wang Wei	1,838,700	1.23
5. OSK Nominees (Tempatan) Sdn Berhad Pledged securities account for Tiong King Sing	1,829,000	1.22
6. Citigroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Oh Aik Teong Michael (470855)	1,352,100	0.90
7. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK-UOB Growth and Income Focus Trust (4892)	1,200,000	0.80
8. HSBC Nominees (Asing) Sdn Bhd TNTC for DBS Malaysia Equity Fund	1,148,500	0.77
9. Loh Teck Yen	1,100,000	0.73
10. Nora Ee Siong Chee	1,000,000	0.67
11. Teo Huay Siong	935,440	0.62
12. Lim Hun Swee	743,500	0.50
13. Mayban Nominees (Asing) Sdn Bhd Pledged securities account for Teo Huay Siong (01477AJ3986)	742,590	0.50
14. Lee Choun Hooi	600,000	0.40
15. Chan Yan Ping	535,000	0.36
16. Hwang-DBS Securities Berhad IVT (SFS)	500,000	0.33
17. Citigroup Nominees (Asing) Sdn Bhd UBS AG Singapore for Kassala Incorporated	500,000	0.33
18. Khaw Swee Lean	500,000	0.33
19. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK-UOB Capital Guaranteed Funds-Series 1 (4421)	450,400	0.30
20. Chor Yen Peng	360,000	0.24
21. Teh Siaw Yin	320,000	0.21
22. Ong Leong Huat @ Wong Joo Hwa	300,000	0.20
23. Mirzan Bin Mahathir	300,000	0.20
24. Dato' Nik Mohamed bin Nik Yahya	300,000	0.20
25. Wong Chong Kim	300,000	0.20
26. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK-UOB Capital Guaranteed Funds-Series 2 (5063-401)	280,400	0.19
27. OSK Nominees (Tempatan) Sdn Berhad Pledged securities account for Lee Thiam Loy	240,000	0.16
28. Liao Kuei Hsiang @ June Liao	233,900	0.16
29. PB Securities Nominees (Tempatan) Sdn Bhd Pledged securities account for Chang Lee Hong (C)	222,100	0.15
30. AMSEC Nominees (Tempatan) Sdn Bhd P.T. Arab-Malaysian Capital Indonesia for Ng Siew Hong	220,000	0.15

# OSK VENTURES INTERNATIONAL BERHAD

COMPANY NO. 636117-K  
(INCORPORATED IN MALAYSIA)

## FORM OF PROXY

I/We ..... NRIC No./Passport No./Company No. ....  
of .....  
being a member/members of OSK Ventures International Berhad hereby appoint .....  
NRIC No./Passport No. .... of .....  
or failing him/her ..... NRIC No./Passport No. ....  
of .....

or failing him/her, the Chairman of the Meeting as \*my/our proxy to vote for \*me/us and on \*my/our behalf at the Second Annual General Meeting of the Company to be held at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 6 April 2006 at 2:00 p.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below :

Resolutions		For	Against
<b>Resolution 1</b>	To receive and adopt the Directors' Report and the audited financial statements		
<b>Resolution 2</b>	To sanction the declaration of a final dividend of 8 sen per share, tax exempt and 2 sen per share less 28% income tax		
<b>Resolution 3</b>	To approve the payment of Directors' fees of RM215,000		
<b>Resolution 4</b>	To re-elect Dato' Abdul Azim bin Mohd. Zabidi as Director pursuant to Article 94 of the Company's Articles of Association		
<b>Resolution 5</b>	To re-elect Mr Wong Chong Kim as Director pursuant to Article 94 of the Company's Articles of Association		
<b>Resolution 6</b>	To re-appoint Tan Sri Datuk Dr. Omar bin Abdul Rahman as Director pursuant to Section 129(6) of the Companies Act, 1965		
<b>Resolution 7</b>	To re-appoint Messrs Ernst & Young as the Company's Auditors for the ensuing year		
<b>Special Business</b>			
<b>Resolution 8</b>	To authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
<b>Resolution 9</b>	Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature and new mandate for additional recurrent related party transactions of a revenue or trading nature		

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

Dated this day ..... of ..... 2006

<b>Number of ordinary shares held</b>
---------------------------------------

\_\_\_\_\_  
\*Signature/Common Seal of Shareholder

\* Delete if not applicable

NOTES

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