

Annual Report 2009

OSK VI

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NOTICE OF
**ANNUAL
GENERAL
MEETING**

A tall, modern building with a facade of vertical panels and glass windows is illuminated at night. The building's name, "OSK", is visible at the top. In the foreground, a large, illuminated sign displays the letters "OSK" in a bold, yellow font. The scene is set against a dark blue night sky, with palm trees and other foliage visible in the lower left corner.

OSK

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of the Company will be held at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 14 April 2010 at 11.30 a.m. to transact the following business:-

AGENDA

- | | | |
|----|---|--|
| 1. | To receive the Directors' Report, Audited Financial Statements and the Auditors' Report for the financial year ended 31 December 2009. | (Please refer Explanatory Note 1) |
| 2. | To approve the payment of Directors' fees of RM245,000.00 for the financial year ended 31 December 2009. | Ordinary Resolution 1 |
| 3. | To re-elect Mr. Ong Ju Yan who retires by rotation in accordance with Article 94 of the Company's Articles of Association and being eligible, offer himself for re-election. | Ordinary Resolution 2 |
| 4. | To re-appoint Yang Berbahagia Tan Sri Datuk Dr. Omar bin Abdul Rahman who retires pursuant to Section 129 (6) of the Companies Act, 1965 to hold office until the conclusion of the next Annual General Meeting of the Company. | Ordinary Resolution 3 |
| 5. | To re-appoint Messrs. Ernst & Young as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration. | Ordinary Resolution 4 |

As Special Business

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

6. AUTHORITY TO 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 in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the total 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 Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

Ordinary Resolution 5

NOTICE OF ANNUAL GENERAL MEETING

7. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATES")**

"THAT, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market, approval be and is hereby given to the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.1 of the Circular to Shareholders dated 23 March 2010 provided that such transactions are undertaken in the ordinary course of business, on arms length basis, on normal commercial terms which are not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders;

THAT such approval shall continue to be in force until the earlier of:

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

AND 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."

**Ordinary
Resolution 6**

8. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL")**

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

- (i) the aggregate number of shares purchased does not exceed 10% of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;
- (ii) an amount not exceeding the Company's share premium account of RM104.40 million for the financial year ended 31 December 2009 at the time of the purchase(s) will be allocated by the Company for the purchase of own shares; and
- (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends;

NOTICE OF ANNUAL GENERAL MEETING

THAT the authority conferred by this resolution shall commence immediately and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution, unless earlier revoked or varied by an Ordinary Resolution of the shareholders of the Company in a general meeting;

AND THAT authority be and is hereby given to the Directors of the Company to act and take all such steps and do all things as are necessary or expedient to implement, finalise and give full effect to the aforesaid purchase."

Ordinary Resolution 7

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

By Order of the Board

WONG WEI FONG (MAICSA 7006751)

LIM LEE KUAN (MAICSA 7017753)

Company Secretaries

Kuala Lumpur
23 March 2010

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) Item 1 of the Agenda

This agenda item is meant for discussion only, as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.
 - (ii) Ordinary Resolution 5 – Authority to Issue Shares

This is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). The previous mandate was not utilised and accordingly no proceeds were raised.

The proposed resolution, if passed, would provide flexibility to the Directors to undertake fund raising activities, including, but not limited to placement of shares for the funding of the Company's future investment projects, working capital and/or acquisitions, by the issuance of shares in the Company to such persons at any time, as the Directors may deem fit, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of next Annual General Meeting of the Company.
 - (iii) Ordinary Resolution 6 – Proposed Shareholders' Mandates

The proposed resolution, if passed, will allow the Group to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature pursuant to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market.

Please refer to the Circular to Shareholders dated 23 March 2010 for further information.
 - (iv) Ordinary Resolution 7 – Proposed Renewal

The proposed resolution, if passed, will allow the Company to purchase the Company's shares up to 10% of the total issued and paid-up capital of the Company by utilising the funds allocated which shall not exceed the earnings and share premium of the Company.

Please refer to the Share Buy-Back Statement dated 23 March 2010 for further information.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

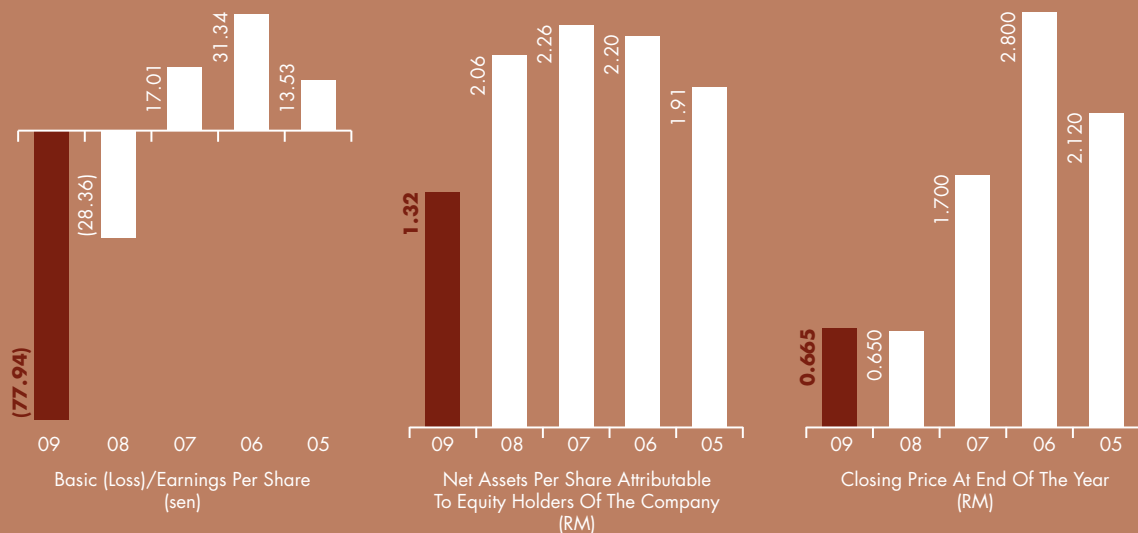
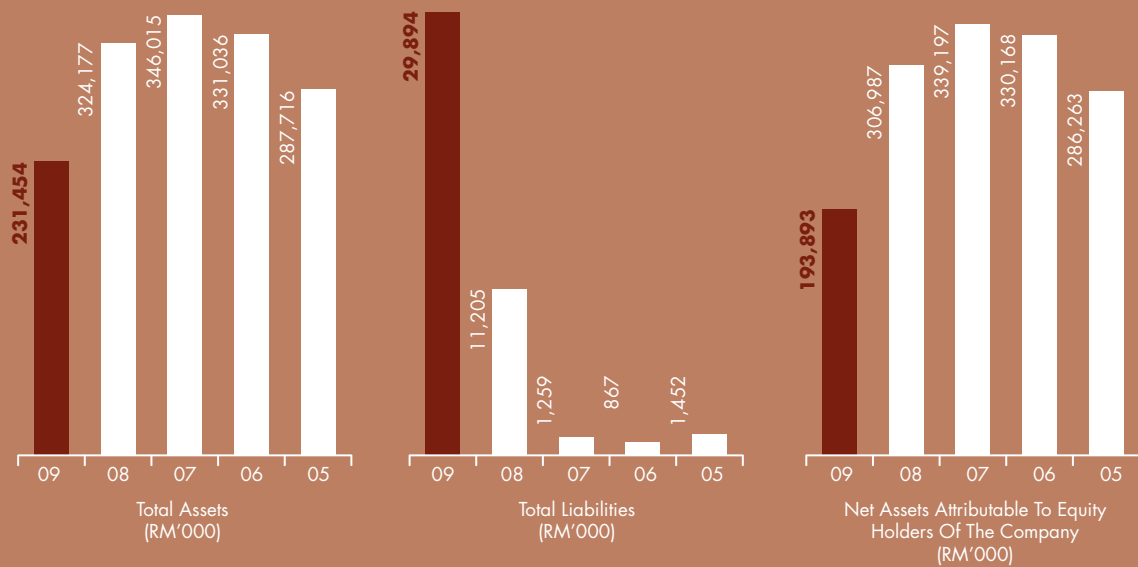
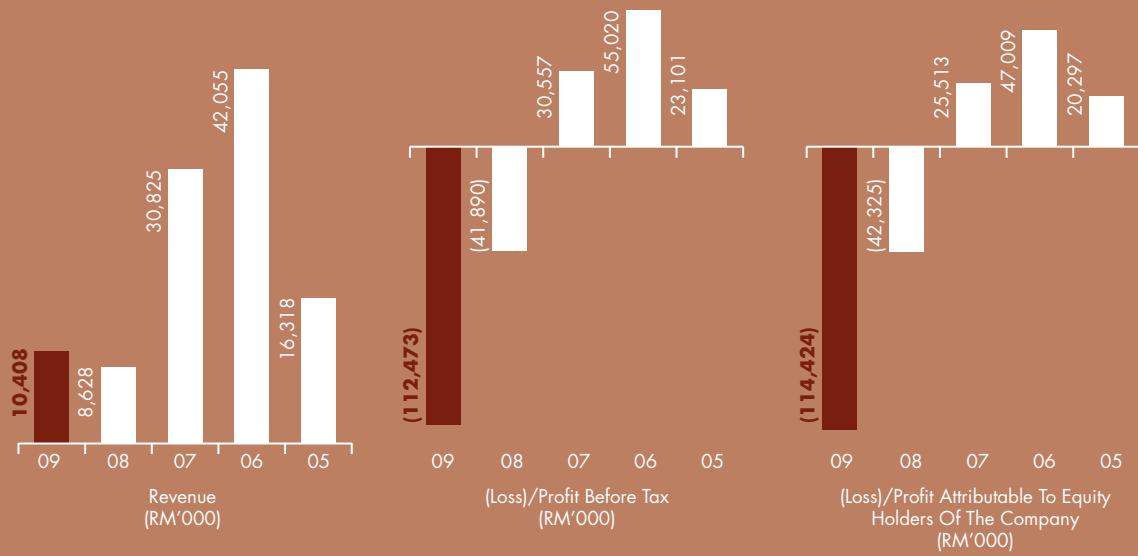
Details of Directors who are standing for re-election in Agenda 3 to Agenda 4 of the Notice of the Sixth Annual General Meeting are set out in the Directors' Profile appearing on pages 12 to 15 of this Annual Report.

FIVE-YEAR GROUP FINANCIAL SUMMARY

(RM'000)	2009	2008	2007	2006	2005
Revenue	10,408	8,628	30,825	42,055	16,318
(Loss)/Profit Before Tax ¹	(112,473)	(41,890)	30,557	55,020	23,101
(Loss)/Profit Attributable To Equity Holders Of The Company	(114,424)	(42,325)	25,513	47,009	20,297
Total Assets	231,454	324,177	346,015	331,036	287,716
Total Liabilities	29,894	11,205	1,259	867	1,452
Net Assets Attributable To Equity Holders Of The Company (Shareholders' Funds)	193,893	306,987	339,197	330,168	286,263
Number Of Outstanding Ordinary Shares As Issued And Fully Paid, exclude treasury shares held ('000 shares)	146,808	146,810	150,000	150,000	150,000
Basic (Loss)/Earnings Per Share (sen)	(77.94)	(28.36)	17.01	31.34	13.53
Gross Dividends Per Share (sen)	-	-	17.50	20.00	10.00
Net Assets Per Share Attributable To Equity Holders Of The Company (RM)	1.32	2.06	2.26	2.20	1.91
Closing Price At End Of The Year (RM)	0.665	0.650	1.700	2.800	2.120

¹ Profit Before Tax for financial year 2005 have been restated in accordance with the adoption of Financial Reporting Standard ("FRS") 101: Presentation of Financial Statements where share of results of associated companies is now presented net of tax.

FIVE-YEAR GROUP FINANCIAL SUMMARY



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Nik Mohamed Din bin Datuk Nik Yusoff	- Executive Chairman
Yee Chee Wai	- Executive Director/Chief Operating Officer
Ong Ju Yan	- Executive Director
Ong Leong Huat	- Non-Independent Non-Executive Director
Wong Chong Kim	- Non-Independent Non-Executive Director
Tan Sri Datuk Dr. Omar bin Abdul Rahman	- Independent Non-Executive Director
Dato' Seri Abdul Azim bin Mohd. Zabidi	- Independent Non-Executive Director
Foo San Kan	- Independent Non-Executive Director

EXECUTIVE COMMITTEE (Established on 22 February 2010)

Ong Leong Huat – *Chairman*
Ong Ju Yan
Yee Chee Wai
Woon Chong Boon

AUDIT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

Tan Sri Datuk Dr. Omar bin Abdul Rahman – *Chairman*
Foo San Kan
Wong Chong Kim

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

Tan Sri Datuk Dr. Omar bin Abdul Rahman – *Chairman*
Dato' Seri Abdul Azim bin Mohd. Zabidi
Foo San Kan
Ong Leong Huat

OPTION COMMITTEE

Foo San Kan – *Chairman*
Ong Ju Yan

COMPANY SECRETARIES

Wong Wei Fong (MAICSA 7006751)
Lim Lee Kuan (MAICSA 7017753)

AUDITORS

Ernst & Young (AF: 0039)
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

PRINCIPAL BANKERS

Bangkok Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad

SOLICITOR

Cheang & Ariff

REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Selangor
Tel. No. : (603) 7841 8000
Fax No. : (603) 7841 8008

REGISTERED OFFICE

20th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel. No. : (603) 2333 8333
Fax No. : (603) 2175 3220

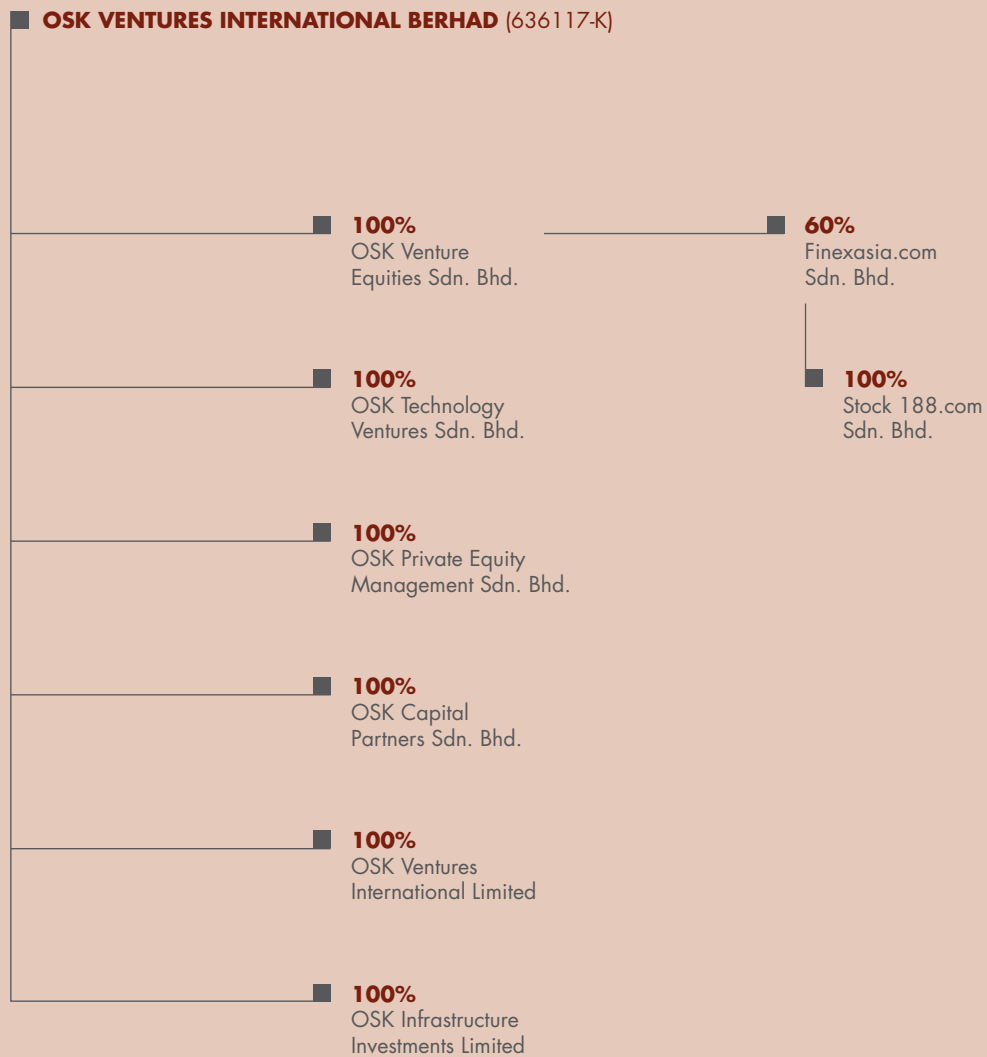
PRINCIPAL BUSINESS ADDRESS

15th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel. No. : (603) 2161 7233
Fax No. : (603) 2175 3322

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad

CORPORATE STRUCTURE
AS AT 4 MARCH 2010



DIRECTORS' PROFILE



DIRECTORS' PROFILE

DATO' NIK MOHAMED DIN BIN DATUK NIK YUSOFF

EXECUTIVE CHAIRMAN

Dato' Nik Mohamed Din bin Datuk Nik Yusoff, aged 67, a Malaysian, is the Executive Chairman of the Company. He was one of the First Director of the Company appointed on 5 December 2003.

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. He then served as a Magistrate for the Malaysian Judicial Services in 1969. Thereafter, he joined private legal practice at Mah, Kok and Din as a lawyer for 13 years. In 1984, he left legal practice to join the stockbroking business and assumed the position of the Executive Chairman as well as a shareholder of O.S.K. & Partners Sendirian Berhad (now known as OSK Investment Bank Berhad).

In 1985, Dato' Nik Mohamed Din was elected Chairman and in 1988 appointed by the Ministry of Finance as the first Executive Chairman of the Kuala Lumpur Stock Exchange ("KLSE") (now known as Bursa Malaysia Securities Berhad) and he held this position for 12 years. Upon expiry of his 3rd term of appointment as Executive Chairman of the KLSE, Dato' Nik Mohamed Din returned to the OSK group as an Executive Chairman of OSK Holdings Berhad and re-designated as Non-Independent Non-Executive Chairman on 28 December 2009.

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

Dato' Nik Mohamed Din does not have any family relationship with other Directors and/or major shareholders of the Company. He has no conflict of interest other than disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on pages 36 to 37 in this Annual Report. He has no conviction for any offences within the past ten (10) years.

Dato' Nik Mohamed Din attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2009.

ONG LEONG HUAT

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Ong Leong Huat, aged 65, a Malaysian, is a Non-Independent Non-Executive Director of the Company. He was one of the First Director of the Company appointed on 5 December 2003. He is a member of the Remuneration Committee of the Company.

He holds a Capital Markets and Services Representative's licence issued by the Securities Commission of Malaysia under the Capital Markets and Services Act, 2007 for dealing in securities. Mr. Ong was a Director of MESDAQ from July 1999 to March 2002, a member of the Capital Advisory Council appointed by the Securities Commission in 2004 to advise on issues relating to the implementation of the Capital Market Master Plan. He was a member of the member of the Securities Market Consultative Panel of Bursa Malaysia.

For over 17 years since 1969, he was attached to a leading financial institution for 17 years from 1969 where he last held the position of Senior General Manager. He was the Managing Director/CEO of OSK Securities Berhad (now known as OSK Investment Bank Berhad) from July 1985 to January 2007 and thereafter appointed as the Group Managing Director/CEO of OSK Investment Bank Berhad, a position he stills holds.

Mr. Ong is also a Non-Independent Non-Executive Director of OSK Holdings Berhad and an Independent Non-Executive Director of Bursa Malaysia Berhad.

Mr. Ong is the brother of Mr. Wong Chong Kim and father of Mr. Ong Ju Yan. He has no conflict of interest other than disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on pages 36 to 37 in this Annual Report. He has no conviction for any offences within the past ten (10) years.

Mr. Ong attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2009.

YEE CHEE WAI

EXECUTIVE DIRECTOR/CHIEF OPERATING OFFICER

Yee Chee Wai, aged 45, is the Executive Director/Chief Operating Officer of the Company. He was appointed to the Board of the Company on 18 April 2008.

Mr. Yee is a member of the Malaysian Institute of Accountants as a Chartered Accountant and Malaysian Institute of Certified Public Accountants as a Certified Public Accountant. He has been an investment banker with various investment banks in Malaysia from June 1991 to year 2007.

He began his career in investment banking industry with Affin Investment Bank Berhad and his last posting in the industry before joining OSK Venture Equities Sdn. Bhd. in August 2007 was with Public Investment Bank Berhad, where he worked for more than 6 years as General Manager. He began his career as an auditor with an international accounting firm based in Malaysia in 1984.

Mr. Yee is also a director of mTouche Technology Berhad and eBworx Berhad and he is an alternate director to Mr. Ong Ju Yan, a director of Green Packet Berhad.

Mr. Yee does not have any family relationship with other Directors and/or major shareholders of the Company. He has no conflict of interest other than disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on pages 36 to 37 in this Annual Report. He has no conviction for any offences within the past ten (10) years.

Mr. Yee attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2009.

ONG JU YAN

EXECUTIVE DIRECTOR

Ong Ju Yan, aged 30, a Malaysian, is the Executive Director of the Company. He was appointed to the Board of the Company on 28 August 2006.

Mr. Ong is the Director of Investment Banking and Special Assistant to Group Managing Director/Chief Executive Officer of OSK Investment Bank Berhad ("OSKIB"). His responsibilities cover various aspects of corporate strategy and he is actively involved in the OSKIB's operating activities, with a focus on investment banking, treasury, institutional equities and research.

Prior to graduating, he worked for Citibank Malaysia and Morgan Stanley & Co in Hong Kong. In 2001, he started his full-time career with Morgan Stanley in New York in the Fixed Income Department. In September 2002, he relocated to Morgan Stanley's Singapore office, where he was responsible for covering the firm's Asia-Pacific clients for foreign exchange and interest rate products.

He holds a B.A. in Economics from Yale University, where he graduated Magna Cum Laude with Distinction in the Major, and is currently the Country Director of the Association of Yale Alumni for Malaysia.

Mr. Ong is also a Director of Green Packet Berhad.

He is the son of Mr. Ong Leong Huat and the nephew of Mr. Wong Chong Kim. He has no conflict of interest other than disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on pages 36 to 37 in this Annual Report. He has no conviction for any offences within the past ten (10) years.

Mr. Ong attended all four (4) Board Meetings of the Company held during the financial year ended 31 December 2009.

DIRECTORS' PROFILE

WONG CHONG KIM

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Wong Chong Kim, aged 53, a Malaysian, is a Non-Independent Non-Executive Director of the Company. He was appointed to the Board of the Company on 22 July 2004. He is a member of Risk Management Committee of the Company.

Mr. Wong is a Fellow of the Association of Chartered Certified Accountants. He holds a Capital Markets and Services Representative's Licence for dealing in securities issued by the Securities Commission under the Capital Markets and Services Act 2007. He joined OSK Investment Bank Berhad ("OSKIB") as Finance Manager in 1985 and was appointed to the Board of OSKIB in 1989 as an Executive Director. He then resigned from the Board of OSKIB and appointed as Deputy Chief Executive Officer of OSKIB on 29 January 2007. 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 the Non-Independent Non-Executive Director of OSK Holdings Berhad and OSK Property Holdings Berhad.

Mr. Wong is the brother of Mr. Ong Leong Huat and uncle of Mr. Ong Ju Yan. He has no conflict of interest other than disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on pages 36 to 37 in this Annual Report. He has no conviction for any offences within the past ten (10) years.

Mr. Wong attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2009.

TAN SRI DATUK DR. OMAR BIN ABDUL RAHMAN

INDEPENDENT NON-EXECUTIVE DIRECTOR

Tan Sri Datuk Dr. Omar bin Abdul Rahman, aged 77, a Malaysian, is the Independent Non-Executive Director of the Company. He was appointed to the Board of the Company on 22 July 2004. He is the Chairman of the Remuneration Committee, Nominating Committee and Risk Management Committee of the Company. He is also a member of the Audit Committee of the Company.

Tan Sri Datuk Dr. Omar 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 President and CEO of The Malaysia University of Science and Technology ("MUST") and the Prime Minister's Special Representative to the Commonwealth Partnership for Technology Management Ltd ("CPTM"). He was Science Advisor in the Prime Minister's Department from 1984 to 2001 and the Executive Chairman of Kumpulan Modal Perdana Sdn. Bhd. from 2001 to April 2007. As Science Advisor he was also 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 Organisation ("UNESCO") committees, as well as on the Organisation of Islamic Conference Standing Committee on Science and Technology Cooperation ("COMSTECH"). He is currently a member of UNESCO's Committee on Ethics in Science & Technology ("COMEST").

Nationally, Tan Sri Datuk Dr. Omar 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 Sciences Malaysia, Malaysian Technology Development Corporation ("MTDC") and Technology Park Malaysia Corporation ("TPM") and Composites Technology Research Malaysia Sdn Bhd. 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 the first professor appointed by University Pertanian Malaysia, now University Putra Malaysia ("UPM"). His last position at UPM was Deputy Vice-Chancellor of Academic Affairs.

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

Tan Sri Datuk Dr. Omar does not have any family relationship with other Directors and/or major shareholders of the Company. He has no conflict of interest other than disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on pages 36 to 37 in this Annual Report. He has no conviction for any offences within the past ten (10) years.

Tan Sri Datuk Dr. Omar attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2009.

DATO' SERI ABDUL AZIM BIN MOHD. ZABIDI

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Seri Abdul Azim bin Mohd. Zabidi, aged 50, a Malaysian, is the Independent Non-Executive Director of the Company. He was appointed to the Board of the Company on 22 July 2004. He is a member of the Remuneration Committee, Nominating Committee and Audit Committee of the Company.

Dato' Seri Abdul Azim was the Chairman of Bank Simpanan Nasional (BSN), Malaysia's National Savings Bank, a position he held for 10 years till June 2009. During his tenure at BSN, he was 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 elevated to its Board of Directors in 2003. In September 2006 until April 2009, he was elected as Vice President and Treasurer of WSBI.

Dato' Seri 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 that he held until 2008.

On the Malaysian scene, during the period 2000 to 2004, Dato' Seri 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 known as Bursa Malaysia Securities Berhad) to be a member of its Index Committee and Deputy Chairman of its Board of Advisors for the Malaysian Central Depository.

Dato' Seri 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' Seri Abdul Azim also holds directorships in Wijaya Baru Global Berhad, M3nergy Berhad, Kumpulan Europlus Berhad, Ranhill Berhad, Timberwell Berhad and Innosabah Securities Berhad.

Dato' Seri Abdul Azim does not have any family relationship with the other Directors and/or major shareholders of the Company. He has no conflict of interest other than disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on pages 36 to 37 in this Annual Report. He has no conviction for any offences within the past ten (10) years.

Dato' Seri Abdul Azim attended three (3) out of four (4) Board Meetings of the Company held during the financial year ended 31 December 2009.

FOO SAN KAN

INDEPENDENT NON-EXECUTIVE DIRECTOR

Foo San Kan, aged 61, a Malaysian, is the Independent Non-Executive Director of the Company. 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 Nominating Committee, Remuneration Committee and Risk Management Committee of the Company.

Mr. Foo was the Country Managing Partner of Ernst & Young Malaysia from 1997 to 2002 before he retired as a practicing accountant. He has 34 years of experience in the accounting profession, the first 4 years in the U.K. and the other 30 years were spent in various positions in Ernst & Young offices in East and West Malaysia. 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 Chartered Tax Institute of Malaysia.

Mr. Foo is a Director of OSK Holdings Berhad, OSK Investment Bank Berhad, Symphony House Berhad, Allianz Malaysia Berhad, Allianz Life Insurance Malaysia Berhad, Allianz General Insurance Company (Malaysia) Berhad, SEG International Berhad, OSK Trustees Berhad and Star Publications (Malaysia) Berhad.

Mr. Foo does not have any family relationship with other Directors and/or major shareholders of the Company. He has no conflict of interest other than disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on pages 36 to 37 in this Annual Report. He has no conviction for any offences within the past ten (10) years.

Mr. Foo attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2009.



CHAIRMAN'S STATEMENT

DATO' NIK MOHAMED DIN BIN DATUK NIK YUSOFF

CHAIRMAN'S STATEMENT

In 2008, the world witnessed one of its worst economic times since the Great Depression when global equity markets plunged sharply due to the collapse of several global financial giants in United States and Europe. Back then, the mark-to-market losses by Wall Street firms drained out liquidity in the global financial system, leading to an indiscriminate liquidation-driven selling pressure on global equity and debt markets. Ultimately, this global financial stress led to slower global economic growth and forced global central banks to collectively conduct large scale coordinated interventions via sharply lower policy rates and liquidity injections into the financial system. As a result, the world has now entered a historical low interest period.

The good news is that the low interest rate environment and stimulus measures introduced by governments worldwide appear to be working well and the global recovery has started since the 2nd quarter of 2009. This recovery trend is reflected in the Malaysian economy as well, which is on track to recover to positive growth from the 4th quarter of 2009 onwards.

Apart from the stronger momentum in economic recovery, the sound macroeconomic environment of the emerging Asian economies (as evidenced by the increasingly affluent middle-class, rising number of highly skilled managers, increasing intra-regional trade as well as stronger household and corporate sector savings) is expected to ultimately translate into more quality investment opportunities for private equity players.

Financial Performance

For the financial year under review, we recorded revenues of RM 10.4 million, representing an increase of 20.9% from RM 8.6 million achieved in the previous year. The stronger performance in 2009 was primarily attributed to an increase in realisation of investments. However, we recorded a pre-tax loss of RM112.5 million as compared to a pre-tax loss of RM 41.9 million during the previous year. The widening pre-tax loss was attributable to provision for impairment on our existing investments as well as the share of losses from our investee companies.

Review of Operations

Despite the improving global economy, some investments in our portfolio were adversely affected by regulatory restrictions and did not recover from the challenging business environment, resulting in provision for impairment being made for these investments. Significant associate losses were incurred as one of our core investees, Green Packet Berhad, suffered losses largely due to continued heavy promotional activities and subscriber acquisition costs coupled with higher amortisation and depreciation costs for the expansion of the broadband business.

Nevertheless, we have strategically restructured and rebalanced our investment portfolio to a more optimal level. We selectively continue to invest in our core investee companies as a vote of confidence to their long-term prospects. At the same time, we also divested from some non-core investments to be more focused on our overall investment objectives. We are also actively looking to invest into companies with tangible assets together with a clearly identified exit strategy to reduce our investment risk.

We are also particularly bullish on the growth prospects of China and its booming consumer industry, spurred by USD586 billion in public intervention spending as evident from its GDP growth of 8.7% when compared to the 5.9% GDP growth of the emerging markets in Asia in year 2009. The liberalisation of the capital markets by the Malaysian Government is expected to energise the domestic capital market and to attract more foreign companies, especially from China, to be listed on Bursa Malaysia. Consequently, we made several investments into China based companies that are in the high growth stage and have attractive value propositions.

Corporate Development

During the financial year ended 31 December 2009, we obtained our shareholders' approval at the last Annual General Meeting held on 15 April 2009 to purchase up to 10% of the issued and paid-up ordinary share capital of our Company. In the year 2009, OSKVI had bought back 2,000 shares from the open market at a total cash consideration of RM1,478 equivalent to an average price of RM0.739 per share. As at the last practicable date, our Company has brought back a total of 3,191,600 ordinary shares of RM1.00 each, for a total consideration of RM2,725,300, equivalent to an average price of RM0.854 per share, of which all were retained as treasury shares. On 2 March 2010, these treasury shares were cancelled.

CHAIRMAN'S STATEMENT

Prospects for 2010

The global economy is gradually emerging from a severe downturn, with many countries showing more signs of recovery. Despite scepticism, these signs of recovery are becoming more apparent in some emerging markets, such as China, which have continued to grow in the face of the global slowdown. On the domestic front, the Malaysian Government unveiled the new economic model with the intention to transform Malaysia into a High Income Country. The model includes RM60 billion in mini-budgets and the liberalisation of 27 services sub-sectors and the local financial sector.

Accordingly, we will aggressively identify investment opportunities that have shorter investment horizons, i.e. mezzanine financing, to reduce our earnings volatility. Moving forward, we expect to recover to positive growth in tandem with the improvement in the economy and remain optimistic in our longer term business prospects. Barring any unforeseen circumstances, we expect that our investments will start to bear fruit in the coming years.

Dividends

Our Board of Directors did not recommend any dividend payment for the year 2009, given the challenging market conditions. We remained prudent in our efforts to conserve capital and enhance the Group's liquidity position.

Acknowledgement

On behalf of our Board, I would like to extend my deepest appreciation to our shareholders and valued clients for their continuous support and commitment over the past year. My sincere gratitude also goes to our Board of Directors, management and staff for their unwavering hard work, passion and dedication.

I am confident that we will continue to deliver value for our investors and bring the Group to greater heights.

Dato' Nik Mohamed Din bin Datuk Nik Yusoff
Executive Chairman

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of OSK Ventures International Berhad ("the Company") recognizes and subscribes to the importance of the principles and best practices set out in the Malaysian Code on Corporate Governance (Revised 2007) ("the Code"). The Board remains committed in ensuring the highest standards of corporate governance in the Company and would strive to continuously improve on its governance process and structures towards enhancing long-term shareholder value.

The Board views the corporate governance as synonymous with four key concepts; namely transparency, integrity and accountability as well as corporate performance.

The Board is pleased to provide the following statement, which outlines the main corporate governance that has been in place throughout the financial year.

A. THE BOARD OF DIRECTORS ("Board")

a) Duties and Responsibilities of the Board

The Board is responsible for the stewardship of the business and affairs of the Company on behalf of the shareholders with a view of enhancing their long-term value. The Board is responsible for establishing corporate goals and providing the strategic direction for the Company. The Board also plays the critical role in ensuring that sound and prudent policies and practices are in place and performs the oversight role on the management of the Company's businesses.

The major responsibilities of the Board as outlined in the Board's Term of Reference includes amongst others, as follows:

- review and approve the strategies, business plans and policies;
- establish key performance indicators;
- ensure competent management;
- ensure establishment of risk management infrastructure and policies;
- establish procedures governing self-serving practices and conflicts of interest; and
- establish Board Committees, whenever necessary.

Details of the Board Committees are set out on Pages 26 to 30 of the Annual Report.

The Board reserved certain powers for itself and delegate certain matters, such as the day-to-day management of the Company to the Executive Chairman and Chief Operating Officer. Such delegations are subject to strict approving authority limits. These are matters pertaining to:

- recurring revenue expenditures (within ordinary course of business)
- other non-recurring expenditures
- capital expenditures
- investments/proprietary trading
- inter-company loans/advances
- corporate guarantees/other commitments
- bank loans/Private Debt Securities issuance
- investments in subsidiary or associated companies

b) Composition of the Board

Good corporate governance practice requires the role of Chairman and that of Chief Executive Officer be separated.

Dato' Nik Mohamed Din bin Datuk Nik Yusoff, who is the Executive Chairman of the Company is not a former Chief Executive Officer. The Company does not have a Chief Executive Officer. Mr. Yee Chee Wai is the Chief Operating Officer of the Company.

The Board is composed of three (3) Executive Directors (including the Executive Chairman) and five (5) Non-Executive Directors, three (3) of whom are Independent Directors. The Independent Non-Executive Directors make up one-third of the membership of the Board. The Board views the present number of its Independent Directors as ideal to provide the necessary check and balance to the Board's decision-making process. The Independent Non-Executive Directors have fulfilled their role as independent directors through objective participation in Board deliberations and the exercise of independent judgement. None of the Independent, Non-Executive Director of the Company had served a term of twelve (12) years.

STATEMENT ON CORPORATE GOVERNANCE

A. THE BOARD OF DIRECTORS ("Board") (CONT'D)

b) Composition of the Board (Cont'd)

The Board found the current Board composition is appropriate in terms of its membership and size. There is a good mix of skills and core competencies in the current Board membership. The Board is well represented by individuals with diverse professional backgrounds and experience in the areas of technology, finance, accounting, economics and law.

In ensuring that each of the Directors possesses the unquestionable integrity and good character, the Company will adopt the "Code of Ethics for Directors" standards as introduced by Companies Commission of Malaysia.

The profiles of the Directors are set out in the Directors' Profile on Pages 12 to 15 of this Annual Report.

c) Supply of Information

The quality of information supplied to the Board is imperative as it leads to good decision-making. In order to monitor and the Company's performance against its strategic objectives, the Board is supplied with both financial and non-financial information, which include:

- strategy and budget for the year;
- quarterly performance reports of the Group;
- operation report;
- market share and market responses to the Group's strategies;
- investments, acquisitions and disposal of assets;
- major operational and financial issues;
- risks related to its investments and businesses and major non-compliance issues; and
- manpower and human resource matters.

To ensure that the Board receives information in a timely manner, the notices of meetings are sent to the Directors at least seven (7) days in advance and the meeting papers are delivered within three (3) days before the meeting. This provides the Board with sufficient time to go through the meeting papers and to raise important issues during the meeting. All proceedings of the meetings are properly minuted and kept by the Company Secretary.

The Board has unrestricted access to the Company's information and receives regular information updates from the management. Corporate announcements released to Bursa Malaysia are sent to all the Directors on the same day of release.

Board members have complete and unhindered access to the Senior Management and Company Secretary at any time. The Board may consult with other Group employees and seeks additional information where appropriate. Likewise, the Directors have access to independent professional advice whenever such services are needed to assist them in carrying out their duties.

The Board can conduct or direct any investigation to fulfill its responsibilities and can retain, at the Company's expense (where appropriate), any legal, accounting or other services that it considers necessary to perform its duties.

d) Board Meetings

During the financial year under review, four (4) Board meetings were held. Details of the Directors' attendance are as follows:

Directors	Attendance
1. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	4/4
2. Ong Leong Huat	4/4
3. Wong Chong Kim	4/4
4. Ong Ju Yan	4/4
5. Yee Chee Wai	4/4
6. Tan Sri Datuk Dr. Omar bin Abdul Rahman	4/4
7. Dato' Seri Abdul Azim bin Mohd. Zabidi	3/4
8. Foo San Kan	4/4

STATEMENT ON CORPORATE GOVERNANCE

A. THE BOARD OF DIRECTORS ("Board") (CONT'D)

d) Board Meetings (Cont'd)

The Board meetings for each of the financial year are scheduled before the end of the preceding financial year. This is to allow the Directors to organise and plan their activities ahead, to ensure that they are able attend all board meetings that has been scheduled for the following year.

All the Directors have participated fully in the discussions during the Board meetings. There is no Board dominance by any individual and the Directors are free to express their views and opinions during the Board meetings. In arriving at board decisions, the view of the majority prevails at all time.

The Directors also observe the requirement that they do not participate in the deliberations on matters of which they have a material personal interest, and abstain from voting in such matter.

The Directors are aware that they must notify the other Board members of their interest in contracts that is in conflict, or appears to be in conflict with an interest of the Company by disclosing the nature and extent of that interest during the Board meetings.

The Board decisions are recorded accurately in the meeting minutes and the draft minutes of meetings is made available to all Board members before the next meeting.

e) Appointment of Directors

The Nominating Committee recommends to the Board suitable candidates for appointment as Directors, and filling the vacant seats of Board Committees.

The Nominating Committee has a formal assessment mechanism to assess the effectiveness of the Board as a whole and the contribution of each individual director, including the Independent Non-Executive Directors.

During the year, the Nominating Committee has conducted the annual review of the Board's effectiveness as a whole, the performance of the Board Committees and the performance assessment of each individual Director. The performance assessment rating on the Board's effectiveness, the Board Committees and individual Directors was rated as "Good".

The Nominating Committee comprises three (3) Independent Non-Executive Directors. The details are set out on Page 27 of this Annual Report.

f) Retirement and Re-election of Directors

The Articles of Association of the Company ("Articles") provided that all Directors who have been appointed by the Board are subject to re-election by shareholders at the First Annual General Meeting ("AGM"). The Articles also provide that one-third (1/3) (or nearest to one-third, if number is not three or multiple of three) of the Directors (including the Managing Director) to retire by rotation at every AGM. All the Directors are subject to retirement at an interval of at least once in every three (3) years.

The Directors who are standing for re-election at the upcoming Annual General Meeting of the Company to be held on 14 April 2010 are as stated in the Notice of the Sixth AGM.

g) Remuneration of Directors

The Remuneration Committee is responsible for developing a formal and transparent policy and framework on the remuneration of the Directors (including that of the Executive Chairman) for recommendations and approval by the Board of Directors. In determining the level and make-up of the Director's remuneration, the Remuneration Committee would consider amongst others, the following:

- a remuneration framework that support the Group's objectives, culture and strategies;
- the Group's performance for the year;
- the individual's performance against established criteria and performance related elements, responsibility and accountability;
- for Non-Executive Directors, the remuneration is in line with the level of contribution and taking into account, factors such as efforts and time spent and the responsibilities entrusted upon them;
- the level of expertise, knowledge and experience; and
- the Group's policy with regard to directors' fee, salaries, allowances, bonuses, options and benefits-in-kind and termination/retirement benefits.

STATEMENT ON CORPORATE GOVERNANCE

A. THE BOARD OF DIRECTORS ("Board") (CONT'D)

g) Remuneration of Directors (Cont'd)

The Remuneration Committee is comprise entirely the Non-Executive Directors and the details are set out on Page 26 of this Annual Report. The Executive Chairman do not participate in the decision with regards to his remuneration.

The remuneration package for Non-Executive Directors is determined by the Board as a whole, with the Directors concerned abstain from deliberations and voting on his own remuneration.

There was no increase in the Directors' fees for the financial year ended 31 December 2009. The Directors' fees for each Director has been fixed at RM30,000 per annum with additional fee of RM5,000 per annum to the Audit Committee Chairman. The Directors are also entitled to meeting allowance of RM1,000.

The proposed Directors' fees for the financial year 2009 would be tabled at the Sixth AGM for approval by the shareholders.

Details of the Directors remuneration for the financial year ended 31 December 2009 are as follows:

	Executive RM	Non- Executive RM	Total RM
2009			
Amount received/receivable from the Company:			
Fee – Provision for the year	90,000	155,000	245,000
Defined contribution plan	7,800	-	7,800
Salaries, bonuses and other emoluments	65,000	-	65,000
	72,800	-	72,800
	162,800	155,000	317,800
Benefits-in-kind	2,961	-	2,961
Amount received/receivable from the Group:			
Fee – Provision for the year	90,000	155,000	245,000
Defined contribution plan	54,840	-	54,840
Salaries, bonuses and other emoluments	457,000	-	457,000
	511,840	-	511,840
	601,840	155,000	756,840
Benefits-in-kind	2,961	-	2,961

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

	Executive	Non- Executive	Total
2009			
Group			
RM50,000 and below	1	5	6
RM50,001 up to RM100,000	1	-	1
RM450,001 up to RM500,000	1	-	1
	3	5	8

STATEMENT ON CORPORATE GOVERNANCE

A. THE BOARD OF DIRECTORS ("Board") (CONT'D)

h) Continuing Education of Directors

The Directors of the Company have all attended the Mandatory Accreditation Programme (MAP) prescribed by Bursa Malaysia for directors of public listed companies. In addition, the Company also provides orientation program for new directors. These cover the Group's strategic plans, its significant financial, accounting and risk management issues, its management structure, its internal and external audit programs, and directors' rights, duties and responsibilities.

All the Directors have attended trainings during the year. Some of these training programmes, seminars and forums are as follows:

1. Governance Trends and Issues;
2. 3D Negotiation: A strategic Tool for Board and Senior Executives;
3. Development and Challenges in Regional and Local Markets;
4. Setting of KPI and Managing Performance;
5. Multilateral Trading Facility, Alternative Trading System and Dark Pools – Challenges and Opportunities;
6. Balance Scorecard Implementation Workshops;
7. High Level Forum for Directors of Listed Issuers in enhancing Corporate Governance;
8. Corporate Governance Guide – Towards Boardroom Excellence;
9. Bursa Evening Talk on Corporate Governance: Risk Action Planning: the Missing Element in an ERM Framework by IIAM;
10. Bursa Evening Talk on Corporate Governance: Achieving Heights in Corporate Governance Enforcement SSM's Balance Enforcement Approach;
11. Key Obligations under the Listing Requirements of Bursa Securities and Expectations of Directors;
12. Forum on FRS 139 Financial Instruments : Recognition and Measurement; and
13. Breakfast Talk: Amendments to the Companies Act, 1965: Directors' Duties.

The Directors will continue to participate in other training programmes to keep abreast with latest developments in the capital markets, relevant changes in laws and regulations and on corporate governance matters, from time to time.

i) Investors Relations

The Board recognized the importance of accurate and timely dissemination of information to the shareholders and potential investors. As such, the maintaining of an effective communication policy between members of the public and the Company is important.

The following are some of the channels used by the Company to disseminate information on a timely basis to the investing public:

- a) The Annual General Meeting has been the main forum of dialogue for the shareholders to raise their concerns, if any pertaining to the Company.
- b) Quarterly announcements and corporate disclosure to Bursa Securities are available on the [website www.bursamalaysia.com](http://www.bursamalaysia.com).
- c) Press releases provide up-to-date information on the Group's key corporate initiatives and new product and service launches.
- d) The Company's website www.oskgroup.com provides corporate information on the Group.

STATEMENT ON CORPORATE GOVERNANCE

A. THE BOARD OF DIRECTORS ("Board") (CONT'D)

i) Investors Relations (Cont'd)

Mr. Woon Chong Boon, aged 42, is the Director/Head of Group Corporate & Legal Affairs. He is the personnel in charge of addressing inquiries from shareholders, investors and the public. He holds a Bachelor of Business Administration degree in Finance in 1991 as well as a Master of Business Administration from Western Michigan University in 1992. Prior to joining OSK in 2002, he was attached to Arthur Andersen & Co., Malaysia for about ten (10) years and his last position was Senior Manager.

The Company will implement various initiatives in the coming year to further improve on its investors relations and dialogues with shareholders, institutional investors and key stakeholders.

The Board will continue to ensure that the Company's activities are conducive towards promoting the economic well-being of its community and in line with Government's economic objectives.

B. ACCOUNTABILITY AND AUDIT

a) 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 quarterly results and annual financial statements are reviewed by the Audit Committee and recommended to the Board for approval before releasing to the public via the Bursa Link.

The details of the financial statements of the Company are set out on Pages 40 to 88 of this Annual Report.

b) Related Party Transactions

All the related party transactions are submitted to the Audit Committee on a quarterly basis.

Details of these transactions are set out under the Additional Disclosure on Pages 36 to 37 and the Notes to Financial Statements on Pages 78 to 81 of this Annual Report.

c) Internal Control

The Board acknowledges its responsibilities of setting up and maintaining an effective system in ensuring a proper risk management environment. In achieving this, the Board has ensured that the system of internal control had taken into account the process of identifying key risks, the likelihood of occurrence and materiality. The Board has also considered the adequacy of internal controls in addressing these risks.

The Board recognizes that risks cannot be eliminated completely. Nevertheless, with the implementation of a proper system of internal control, the Directors and senior management of the Group would aim to provide reasonable assurance against material misstatements, losses and fraud.

In order to ensure that the system of internal control remains effective and efficient, the Group Internal Audit Department ("GIA"), which is independent from the operating departments, performs regular reviews and examinations of the Company's activities in accordance to compliance and risk management requirements. The GIA reports directly to the Audit Committee of which, the majority of its members are Independent Directors.

The Group Compliance Department and Risk Management Department review, on a regular basis, compliance to regulatory requirements and the effectiveness of risk policies.

The profiles of officers who are responsible for managing internal controls, legal and regulatory compliance are as follows:-

Internal Controls

Mr. Lee Kah Kim, aged 58, a Malaysian, is the Associate Director/Head of Group Internal Audit. He is a member of the Malaysian Institute of Certified Public Accountants and member of the Malaysian Institute of Accountants. He qualified as a CPA while working as an articled student in KPMG, Kuala Lumpur. He has served the UMW Group of Companies for about 24 years. His last position in UMW was the General Manager, Group Internal Audit.

STATEMENT ON CORPORATE GOVERNANCE

B. ACCOUNTABILITY AND AUDIT (CONT'D)

c) Internal Control (Cont'd)

Legal

Ms. Shanti Anne Sankey, aged 44, a Malaysian, is the Associate Director, Group Corporate & Legal Affairs. She holds a Bachelor of Laws (Honours) from the University of East Anglia (UK) and is a Barrister-of-Law of Lincoln's Inn.

She was admitted as an advocate and solicitor of the High Court of Malaya in May 1993 and was in private practice specializing in commercial and banking litigation. She was later admitted as an advocate and solicitor of the Supreme Court of Singapore in August 2000. In April 2001, she joined the legal department of a foreign financial institution in Malaysia and subsequently joined OSK in August 2004. She has nearly 17 years of working experience in the legal and financial industry.

Risk Management

Ms. Grace Lim Wooi Teen, aged 48, a Malaysian, is the Director/Head of Risk Management of OSK. She holds a Master of Business Administration degree conferred by University of Western Sydney, Australia in 2005, a Bachelor of Arts degree from University of Malaya, Kuala Lumpur in 1984 and is a Certified Financial Planner registered with Financial Planning Association of Malaysia since 2005.

She brings to OSK over 22 years of senior management experience in the fields of banking, financial services and securities industries covering areas of corporate banking, business banking, credit risk management and administration, structured products/debt capital markets and corporate finance.

d) Relationship with Auditors

The Board has established formal and transparent relationships with both the internal and external auditors through the Audit Committee. The Audit Committee meets with the internal and external auditors to discuss the audit plan, audit findings and the Group's financial statements. The external auditors also meet the Audit Committee of the Company at least once a year without the presence of the Management.

The Audit Committee takes responsibility to ensure that adequate resources are allocated and provided to the internal auditors to carry out their duties according to the annual audit plan. The details of audit/non-audit fees paid/payable to the external auditors are set out below:

	Group (RM)	Company (RM)
2009		
Audit fees paid to external auditors	88,250	22,000
*Non-audit fees paid to external auditors	9,000	9,000

Details of the non-audit assignments carried out are as follows:-

	Group (RM)	Company (RM)
*Non-audit fees		
Review of associates' other auditors work papers	6,000	6,000
Review of Statement on Internal Control	3,000	3,000

The external auditors, Messrs Ernst & Young, who performs statutory audit function for the Group, is independent.

STATEMENT ON CORPORATE GOVERNANCE

C. BOARD COMMITTEES

To help it carry out its responsibilities, the Board has established the following Committees and has adopted charters setting out the matters relevant to the composition, responsibilities and administration of these Committees:

- Audit Committee;
- Remuneration Committee;
- Nominating Committee;
- Risk Management Committee; and
- Option Committee.

Following each Committee meeting, the Board receives a copy of the minutes of meeting from the relevant Committee.

The composition of each Committee's members, terms of reference, the activities carried out during the year and the number of meetings attended during the year 2009 are set out below.

a) Audit Committee

The Audit Committee comprises entirely Non-Executive Directors, the majority of whom are Independent Directors, assist the Board in the review of the effectiveness of internal controls and risk management processes of the Company.

The details of the activities carried out by the Audit Committee during the year are set out in the Audit Committee Report on Pages 31 to 33 of this Annual Report.

b) Remuneration Committee

The Remuneration Committee comprises entirely the Non-Executive Directors as follows, the majority of whom are Independent Directors:

Composition

Chairman - Tan Sri Datuk Dr. Omar bin Abdul Rahman
Independent Non-Executive Director

Members - Ong Leong Huat
Non-Independent Non-Executive Director

Foo San Kan
Independent Non-Executive Director

Dato' Seri Abdul Azim bin Mohd. Zabidi
Independent Non-Executive Director

Authority

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

Frequency of Meeting

The Committee is to meet as and when deemed fit and necessary.

Functions and Duties

- To review the existing level of remuneration of Executive Directors and Senior Management (SE1 and above) is compatible with their corporate and individual performance;
- To recommend to the Board the remuneration of Executive Directors and Senior Management (SE1 and above) which is structured to link rewards to corporate and individual performance. Executive Directors and Senior Management (SE1 and above) should play no part in decisions on their own remuneration;

STATEMENT ON CORPORATE GOVERNANCE

C. BOARD COMMITTEES (CONT'D)

b) Remuneration Committee (Cont'd)

Functions and Duties (Cont'd)

- (c) 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's consideration. The individual(s) concerned shall abstain from discussion of their own remuneration; and
- (d) The Company shall establish a formal and transparent procedures on Executive Directors' remuneration and Senior Management (SE1 and above) and fix the remuneration packages of individual Directors.

There was one (1) meeting held during the financial year. The attendance of the members of Remuneration Committee are as follows:

Members	Attendance
Tan Sri Datuk Dr. Omar bin Abdul Rahman	1/1
Ong Leong Huat	1/1
Foo San Kan	1/1
Dato' Seri Abdul Azim bin Mohd. Zabidi	1/1

Key activities undertaken by the Remuneration Committee during the year include:

- review and recommend the financial year 2008 bonus for the Executive Chairman; and
- review and propose the Directors' fees for the year 2008.

c) Nominating Committee

The Nominating Committee comprises entirely Non-Executive Director, the majority of whom are Independent Directors:-

Composition

Chairman - Tan Sri Datuk Dr. Omar bin Abdul Rahman
Independent Non-Executive Director

Members - Dato' Seri Abdul Azim bin Mohd. Zabidi
Independent Non-Executive Director

Foo San Kan
Independent Non-Executive Director

Authority

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

Frequency of Meeting

The full Committee is to meet at least once a year.

STATEMENT ON CORPORATE GOVERNANCE

C. BOARD COMMITTEES (CONT'D)

c) Nominating Committee (Cont'd)

Functions and Duties

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

There was one (1) meeting held during the financial year. The attendance of the members of Nominating Committee are as follows:-

Members	Attendance
Tan Sri Datuk Dr. Omar bin Abdul Rahman	1/1
Dato' Seri Abdul Azim bin Mohd. Zabidi	1/1
Foo San Kan	1/1

Key activities undertaken by the Nominating Committee during the year include:

- to assess the effectiveness of the Board as a whole and the contribution of the various Board Committees;
- to review and assess the performance of the Executive Chairman, Chief Operating Officer and Non-Executive Directors;
- to assess the overall composition of the Board in terms of its appropriate size, mix of skills, experience, core competencies and the balance between assessment Executive Directors, Non-Executive Directors and Independent Directors; and
- to review the training programmes attended by Directors during the financial year.

d) Risk Management Committee (Established on 18 February 2009)

Composition

Chairman - Tan Sri Datuk Dr. Omar bin Abdul Rahman
Independent Non-Executive Director

Members - Foo San Kan
Independent Non-Executive Director

Wong Chong Kim
Non-Independent Non-Executive Director

Authority

The Committee is granted the authority to ensure that the Company has sufficient and effective risk management infrastructure and processes in place.

STATEMENT ON CORPORATE GOVERNANCE

C. BOARD COMMITTEES (CONT'D)

d) Risk Management Committee (Established on 18 February 2009) (Cont'd)

Frequency of Meeting

The Committee shall preferably meet on a quarterly basis, but in any event, no less than four (4) times a year, or whenever deemed necessary.

Functions and Duties

- (a) To review and recommend appropriate risk management strategies and policies for the Board's approval;
- (b) To review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risks and the extent to which these are operating effectively;
- (c) To ensure that adequate infrastructure, resources and systems are in place for risk management;
- (d) To review periodic reports from the Risk Management Unit/Department of OSK Group ("Group RMD") or any outsourced third party on risk exposures, risk portfolio compositions and risk management activities; and
- (e) To note and adopt minutes of the Committee of the respective subsidiaries, if any.

There were three (3) meetings held during the financial year. The attendance of the members of Risk Management Committee are as follows:

Members	Attendance
Tan Sri Datuk Dr. Omar bin Abdul Rahman	3/3
Foo San Kan	3/3
Wong Chong Kim	3/3

Key activities undertaken by the Risk Management Committee during the year include:

- (a) Establish parameters and guidelines for the reporting of the Group's risk management activities and rolling out the report;
- (b) Assess the Group's risk management infrastructure including policies, processes, structure and system;
- (c) Review the investment concentration risk profile of the Group as well as the investment portfolio performance vis-a-vis overall investment strategy and objectives; and
- (d) Evaluate the key risk indicators of the Group and any significant risk and control issues highlighted by the Risk Management Department.

e) Option Committee

Composition

Chairman - Foo San Kan
Independent Non-Executive Director

Member - Ong Ju Yan
Executive Director

Authority

The Committee is granted the authority to administer the ESOS Scheme ("Scheme") at its discretion with such powers and duties as are conferred upon it.

The Committee may meet together for the dispatch of business, adjourn or otherwise regulate its meetings as it deems fit and to do all act and things and enter into any transactions, agreements, deeds, documents of arrangements, make rules, regulations or impose terms and conditions which the Committee may in its discretion consider to be necessary or desirable for giving full effect to the Scheme.

STATEMENT ON CORPORATE GOVERNANCE

C. BOARD COMMITTEES (CONT'D)

e) Option Committee (Cont'd)

Authority (Cont'd)

The decision of the Committee shall be final and binding.

The Committee, the Board and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event relating to the delay on the part of the Company in issuing and allotting shares or in procuring the Bursa Securities to list the shares for which the Grantee is entitled to subscribe.

Frequency of Meeting

The Committee is to meet at least once a year or as when deemed fit and necessary over the duration of the Scheme.

There was no meeting held during the year.

Functions and Duties

- (a) To select for participation and the quantity of allocation under the Scheme which shall be based on the performance of any Eligible Executive, the performance of his business unit/department/division/subsidiary and the overall performance of the Group.
- (b) To grade the performance of each Eligible Executive and to classify each Eligible Executive into various performance grades.
- (c) To determine the allocation based on the criteria set out under the By-Law of the Scheme which will be made to each Eligible Executive over the duration of the Scheme.
- (d) To determine the number of options to be offered to the Eligible Executive under the Scheme depending on the seniority and performance of the Eligible Executive and his/her length of service and contribution to the Group as at the Offer Date.
- (e) To make an Offer to any Eligible Executive based in performance, seniority and length of service of the Eligible Executive and contribution to the Group and subject the Maximum Allowable Allotment set out in the By-Law of the Scheme.
- (f) To introduce additional categories of Eligible Executive who are eligible to participate in the Scheme during the duration of the Scheme, subject to the approval of the Board.
- (g) To suspend and/or cancel the rights of any Grantee who is being subjected to disciplinary proceedings to exercise his Option pending the outcome of such disciplinary proceedings and in addition may impose such terms and conditions as it shall deem appropriate in its discretion, on the rights of exercise of the Option having regard to the nature of the charges made or brought against such Grantee.
- (h) To consider cases in the event of cessation of employment of a Grantee by reason of retirement, ill-health, injury, disability, redundancy, retrenchment, transfer of any other circumstances during the Option Period, on a case by case basis may allow the Grantee to exercise his Option provided such Option shall remain exercisable during the Option Period.
- (i) To add, amend and/or delete the By-Law(s) of the Scheme by resolution from time to time.

This Statement on Corporate Governance was tabled and approved by the Board of Directors of the Company on 22 February 2010.

AUDIT COMMITTEE REPORT

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2009.

MEMBERSHIP

The Audit Committee ("Committee") consists of the following members:-

Foo San Kan
Chairman, Independent Non-Executive Director

Tan Sri Datuk Dr. Omar bin Abdul Rahman
Independent Non-Executive Director

Dato' Seri Abdul Azim bin Mohd. Zabidi
Independent Non-Executive Director

ATTENDANCE OF MEETINGS

During the financial year ended 31 December 2009, the Committee held a total of four (4) meetings. The details of attendance of the Committee members are as follows:-

Name of Committee Member	No. of meetings attended
Foo San Kan	4 / 4
Tan Sri Datuk Dr. Omar bin Abdul Rahman	4 / 4
Dato' Seri Abdul Azim bin Mohd. Zabidi	3 / 4

COMPOSITION AND TERMS OF REFERENCE

Composition

The Committee shall be appointed by the Board from amongst the Directors of the Company with at least three (3) members, a majority of whom must be independent. At least one (1) 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 three (3) years of working experience and
 - he must have passed the examinations 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
- fulfills such other requirements as prescribed by Bursa Malaysia Securities Berhad.

The Committee shall be chaired by 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 the Committee resulting in the non-compliance of the Listing Requirement, the vacancy must be filled within three (3) months.

Frequency of Meetings

The Committee shall preferably meet on a quarterly basis, but in any event, no less than four (4) times a year, or whenever deemed necessary.

Head of Group Internal Audit, Head of Group Finance and Administration and the representatives of the external auditors, are invited to attend the Committee meetings.

The Company Secretary shall be the Secretary to the Committee.

Quorum

The quorum of meetings of the Committee shall be two (2) members and the majority of members present must be independent directors.

Authority

The Committee shall within its terms of reference:-

1. have the authority to investigate any activity within its terms of reference;
2. have the resources which are required to perform its duties;
3. have full and unrestricted access to any information as required to perform their duties;
4. be able to obtain independent professional or other advice;
5. be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, and with other external parties, whenever deemed necessary;
6. have the authority to form management / sub-committee(s) if deemed necessary and fit; and
7. have the authority to delegate any of its responsibilities to any person or committee(s) that is deemed fit.

AUDIT COMMITTEE REPORT

DUTIES AND RESPONSIBILITIES

1. Internal Audit

- To oversee the functions of the Internal Audit Department and ensure compliance with relevant regulatory requirements;
- To review the adequacy of the scope, functions and resources of the Internal Audit Department and that it has the necessary authority to carry out its work;
- To review the internal audit programme, processes, the results of the internal audit activities or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit; and
- To appoint, set compensation, evaluate performance and decide on the transfer and dismissal of the Head of Internal Audit.

2. Internal Controls

- To review the effectiveness of internal controls and risk management processes.

3. External Audit

- To review the appointment of external auditors, the audit fee and any question of resignation or dismissal and to make recommendations to the Board;
- To assess the objectivity, performance and independence of external auditors;
- To review with the external auditors, the audit scope and plan, including any changes to the scope of the audit plan;
- To review the external auditors' management letter and response;
- To review the audit findings raised by the external auditors and ensure that issues are being managed and rectified appropriately and in a timely manner;
- To review the assistance given by the employees of the Company and its subsidiaries to the external auditors;
- To have direct communication channels with the external auditors and to meet with the external auditors without the presence of management, at least twice a year;
- To discuss problems and reservations arising from the interim and final audit and any matter the external auditors may wish to discuss (in the absence of management where necessary);
- To approve the provision of non-audit services by the external auditors; and
- To ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgment of the auditors.

4. Financial Reporting

- To ensure fair and transparent reporting and prompt publication of the financial accounts; and
- To review and report to the Board of Directors on the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
 - any change in or implementation of accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption;
 - significant and unusual events; and
 - compliance with accounting standards and other regulatory requirements.

5. Related Party Transactions

- To review any related party transactions and conflict of interest situation that may arise within the Company and its subsidiaries including any transaction, procedure or course of conduct that raises questions of management integrity.

6. Other Matters

- To consider any other functions or duties as may be agreed to by the Committee and the Board.

SUMMARY OF ACTIVITIES

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

Internal Audit

1. Reviewed the adequacy of the scope, functions and resources of the Internal Audit Department and that it has the necessary authority to carry out its work; and
2. Reviewed and discussed the internal audit reports and ensure that corrective actions had been taken to rectify the weaknesses highlighted in the audit reports.

Financial Reporting

1. 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:-
 - any change in or implementation of accounting policies and practices;
 - significant adjustments arising from the audit, if any;
 - the going concern assumption;
 - significant and unusual events; and
 - compliance with accounting standards and other regulatory requirements.

External Audit

1. Reviewed the half year and annual audited financial statements of the Group with the external auditors prior to submission to the Board for approval; and
2. Reviewed and discussed the observations, recommendations and the Management's comments in respect of the issues raised by the external auditors on their evaluation of the system of internal controls.

Related Party Transactions

1. Reviewed the related party transactions and conflict of interest situation that may arise within the Company and its subsidiaries including any transaction, procedure or course of conduct that raises questions of management integrity.

INTERNAL AUDIT FUNCTION

The Board recognises the importance of the internal audit function and the independent status required for it to carry out its functions effectively. The internal audit function is performed by the Group Internal Audit ("GIA") of OSK Holdings Berhad. The GIA has introduced Risk-Based-Auditing approach with risks focused audit programme in order to ensure that the principal risks are being identified and mapped with the existing systems 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 reports are discussed in the Committee meetings. The Board has via the Committee evaluated the effectiveness of the GIA by reviewing the results of its work in the Committee meetings.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia Securities Berhad's ("Bursa Securities") Revamped Listing Requirements require directors of public 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 Statement on Internal Control, which has been prepared in accordance with the Guidance.

RESPONSIBILITY OF THE BOARD

The Board recognises the importance of a sound system of internal controls for good corporate governance and acknowledges its primary responsibility to ensure that principal risks in the Group are identified, measured and managed with appropriate system of internal controls, and to ensure that the effectiveness, adequacy and integrity of the internal control systems are reviewed on an ongoing basis. The board also acknowledges that a sound system of internal controls reduces, but cannot eliminate, the possibility of poor judgement in decision-making; human error; breakdown in internal 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 controls 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 venture companies. There have been no significant changes in the nature of these activities during the financial year.

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

Market Risk - Market risk is the risk of potential losses due to unfavourable changes in the market value of financial or non-financial assets held by the Group. The Group is exposed to market risks from 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 regulatory requirements, management failure, unauthorized activities and frauds.

RISK MANAGEMENT FRAMEWORK

The Board confirms that an ongoing process for identifying, measuring and managing the Group's principal risks has been operated throughout the year under review. This process is reviewed by the Audit Committee whose main role is to review, on behalf of the Board, the system of internal controls necessary to manage the key risks inherent in the business and to present its findings to the Board. The Audit Committee is supported by the Group Internal Audit Department in carrying out its roles and responsibilities. To ensure that risks are managed effectively, Risk-Based-Auditing approach which begins with risk identification, risk evaluation and mapping of controls has been introduced and implemented. In addition, the Risk Management Committee, which was established in 2009, plays a significant role in contributing to the establishment of a more conducive risk management environment. The Risk Management Committee oversees the development of general risk policies and procedures to monitor and evaluate the numerous risks that may arise from the business activities in the Group.

KEY ELEMENTS OF INTERNAL CONTROL

The key elements of the Group's internal control system, that are regularly reviewed by the Board and are in accordance with the Guidance, 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 to the Group;
- Recruitment of experienced, skilled and professional staff with the necessary calibre to fulfill the respective responsibilities and ensuring that minimum controls are put in place;
- Clear Group structure, reporting lines of responsibilities and appropriate levels of delegation;
- Documented policies, procedures and limits of approving authorities 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 independent financial and legal due diligence review on proposed investments.
- Establishment of an effective segregation of duties via independent checks, review and reconciliation activities to prevent human errors, fraud and abuses;

STATEMENT ON INTERNAL CONTROL

- Regular management reports to the Board on key business performance, operating statistics and regular matters. This allows for an effective monitoring of significant variances and deviation from standard operating procedures and budget;
- Group Internal Audit independently reviews the risk identification procedures and control processes implemented by management, and reports to the Audit Committee during the Audit Committee meetings. The Group Internal Audit provides assurance over the operation and validity of the system of internal controls in relation to the level of risk involved using Risk-Based-Auditing methodology; and
- The Audit Committee regularly convenes meetings to deliberate on the findings and recommendations for improvement by Group Internal Audit, external auditors as well as regulatory authorities. The Audit Committee reviews the actions taken to rectify the findings in a timely manner, and to evaluate the effectiveness and adequacy of the Group's internal control systems.

The Board believes that the systems of internal controls in the Group are adequate and have been effective in their functions, with no significant problems noted during the period under review.

Moving forward, the Group will continue to improve and enhance the existing systems of internal controls, taking into consideration the changing business environment.

ADDITIONAL DISCLOSURE

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

In accordance with prescribed thresholds under Rule 10.09(1) of the Listing Requirements, details of the OSK Ventures International Berhad ("OSKVI" or "the Company") Group's recurrent related party transactions made during the financial year ended 31 December 2009 pursuant to the shareholders' mandate obtained at the Fifth Annual General Meeting are as follows:

Name of Company/ Group Involved	Nature of Transaction	Name of Related Party	Relationship with OSKVI – Interested Directors (ID), Major Shareholder (MS) and Persons Connected (PC)	Actual Value (RM)
Finexasia	Annual fees, hosting fee, user access fee, website maintenance and software development fee paid by OSKIB	OSKIB	OLH(MS/ID) (See Note 1)	5,790,950

Note:-

- (1) Mr. Ong Leong Huat (OLH) is major shareholder of the Company, OSK Holdings Berhad (OSK) and OSK Investment Bank Berhad (OSKIB) by virtue of his substantial shareholding in OSK. OLH is also a director of the Company, OSK and Group Managing Director/CEO of OSKIB.

As at 4 March 2010, OSK has an effective interest of 40% in Finexasia.Com Sdn. Bhd. (Finexasia). With effect from 28 August 2009, OSK has ceased to be a major shareholder of the Company upon completion of its Distribution-in-Specie of ordinary shares of OSKVI to its shareholders.

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

There were no material contract entered by the Company or its subsidiaries involving directors' and substantial shareholders' interest for the financial year ended 31 December 2009.

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

The Company did not sponsor any ADR or GDR programme for the financial year ended 31 December 2009.

IMPOSITION OF SANCTIONS/PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by relevant regulatory bodies for the financial year ended 31 December 2009.

VARIATION OF RESULTS

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

ADDITIONAL DISCLOSURE

PROFIT FORECAST/PROFIT GUARANTEE

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

STATEMENT ON REVALUATION POLICY

The Group does not have any revaluation policy.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company recognises the importance of being a responsible corporate citizen. In addition to improving workplace environment and committed to staff training, the Company will be planning and organising more CSR activities for the next financial year.

STATEMENT OF RESPONSIBILITY BY DIRECTORS IN RESPECT OF THE PREPARATION OF THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the annual audited financial statements of the Group and the Company are drawn up in accordance with the requirements of the applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board, the provisions of the Companies Act, 1965, and the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group and the Company are prepared with reasonable accuracy from the accounting records of the Group and the Company so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2009, and of the results of their operations and cash flows for the year ended on that date.

In preparing the annual audited financial statements, the Directors have applied the appropriate and relevant accounting policies on a consistent basis; made judgments and estimates that are reasonable and prudent; and prepared the annual audited financial statements on a going concern basis.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

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DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiary companies are described in Note 14(a) to the financial statements. There have been no significant changes in the nature of these activities during the year.

FINANCIAL RESULTS

	<u>Group</u>	<u>Company</u>
	<u>RM</u>	<u>RM</u>
(Loss)/profit attributable to:		
- Equity holders of the Company	(114,424,286)	(92,092,757)
- Minority interest	1,682,356	-
	<u>(112,741,930)</u>	<u>(92,092,757)</u>

RESERVES AND PROVISIONS

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the year were not substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Notes 5 and 6 to the financial statements.

DIVIDENDS

No dividend was paid since the end of the previous year and the Directors do not recommend any payment of dividend in respect of the current year.

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
Yee Chee Wai
Ong Ju Yan
Ong Leong Huat @ Wong Joo Hwa
Wong Chong Kim
Tan Sri Datuk Dr. Omar bin Abdul Rahman
Dato' Seri Abdul Azim bin Mohd. Zabidi
Foo San Kan

DIRECTORS' BENEFITS

Neither at the end of the 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 Schemes ("ESOS") of the former ultimate holding company, OSK Holdings Berhad ("OSKH") and that of the Company.

Since the end of the previous year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 29 to the financial statements.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1 each			
	1.1.2009	Acquired	Disposed	31.12.2009
Direct interest:				
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	400,000	2,025,574	-	2,425,574
Ong Leong Huat @ Wong Joo Hwa	377,000	28,966,214	-	29,343,214
Wong Chong Kim	300,000	170,504	-	470,504
Foo San Kan	381,100	-	-	381,100
Ong Ju Yan	-	332,902	-	332,902
Indirect interest:				
Ong Leong Huat @ Wong Joo Hwa *	99,404,770	3,459,336	98,326,119	4,537,987
Yee Chee Wai *	-	578	-	578

* Pursuant to Section 134(12)(c) of the Companies (Amendment) Act, 2007 in relation to shares or warrants held by the spouse and/or children of the Director

	Number of options over ordinary shares of RM1 each			
	1.1.2009	Granted	Exercised	31.12.2009
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	225,000	-	-	225,000
Ong Leong Huat @ Wong Joo Hwa	225,000	-	-	225,000
Wong Chong Kim	225,000	-	-	225,000
Tan Sri Datuk Dr. Omar bin Abdul Rahman	75,000	-	-	75,000
Dato' Seri Abdul Azim bin Mohd. Zabidi	75,000	-	-	75,000
Foo San Kan	75,000	-	-	75,000

The options over ordinary shares were granted pursuant to the ESOS, as disclosed in Note 22 to the financial statements.

Mr. Ong Leong Huat @ Wong Joo Hwa, by virtue of his interest in shares in the Company, is also deemed interested in shares in all the subsidiary companies to the extent it has an interest. Mr. Ong Ju Yan is also deemed interested in shares in the Company by virtue of him being the son of Mr. Ong Leong Huat @ Wong Joo Hwa.

Other than as disclosed above, none of the other Directors in office at the end of the year had any interest in shares in the Company or its related corporations during the year.

EXECUTIVE SHARE OPTION SCHEME

The details of the Company's ESOS are disclosed in Note 22 to the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the year.

TREASURY SHARES

The details of treasury shares are disclosed in Note 24 to the financial statements.

DIRECTORS' REPORT

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 adequate allowance had been made for doubtful debts; 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 the amount of the allowance for doubtful debts inadequate to any substantial extent in respect of these financial statements; 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) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the 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 year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the year in which this report is made.

SIGNIFICANT EVENTS DURING THE YEAR

Significant events during the year are disclosed in Note 30 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 22 February 2010.

Dato' Nik Mohamed Din bin Datuk Nik Yusoff

Yee Chee Wai

Kuala Lumpur, Malaysia

**STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

We, Dato' Nik Mohamed Din bin Datuk Nik Yusoff and Yee Chee Wai being two of the Directors of OSK Ventures International Berhad, state that in the opinion of the Directors, the accompanying financial statements set out on pages 45 to 88 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 22 February 2010.

Dato' Nik Mohamed Din bin Datuk Nik Yusoff

Yee Chee Wai

Kuala Lumpur, Malaysia

**STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, Choo Chee Beng, being the officer primarily responsible for the financial management of OSK Ventures International Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 45 to 88 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Choo Chee Beng at
Kuala Lumpur in the Federal Territory
on 22 February 2010

Choo Chee Beng

Before me,

Commissioner for Oaths
Kuala Lumpur, Malaysia

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OSK VENTURES INTERNATIONAL BERHAD (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of OSK Ventures International Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 45 to 88.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of its financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965.
- (b) We have considered the accounts and the auditors' reports of the subsidiary companies of which we have not acted as auditors, which are indicated in Note 14(a) to the financial statements.
- (c) We are satisfied that the accounts of the subsidiary companies 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.
- (d) The auditors' reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Companies Act, 1965.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
22 February 2010

Low Khung Leong
No. 2697/01/11(J)
Chartered Accountant

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Revenue	4	10,407,859	8,628,201	173,293	1,389,305
Other income		1,787,265	45,774	-	-
Administrative expenses		(6,424,473)	(7,204,383)	(1,023,651)	(807,336)
Allowances for doubtful debts	5	(171,720)	-	(71,471,720)	-
Impairment losses, net	6	(62,346,217)	(19,255,405)	(18,977,319)	-
Finance costs		(771,125)	(10,677)	(771,125)	(10,677)
Share of losses of associated companies, net of tax		(54,954,837)	(24,093,517)	-	-
(Loss)/profit before tax	7	(112,473,248)	(41,890,007)	(92,070,522)	571,292
Income tax (expense)/benefit	10	(268,682)	(8,836)	(22,235)	7,634
(Loss)/profit for the year		(112,741,930)	(41,898,843)	(92,092,757)	578,926
(Loss)/profit attributable to:					
Equity holders of the Company		(114,424,286)	(42,324,525)	(92,092,757)	578,926
Minority interest		1,682,356	425,682	-	-
		(112,741,930)	(41,898,843)	(92,092,757)	578,926
Loss per share attributable to equity holders of the Company (sen):					
Basic and diluted	11	(77.94)	(28.36)		

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

**BALANCE SHEETS
AS AT 31 DECEMBER 2009**

	Note	Group		Company	
		2009 RM	2008 RM (restated)	2009 RM	2008 RM
ASSETS					
Non-current assets					
Plant and equipment	12	966,555	950,931	-	-
Intangible assets	13	557,176	554,423	-	-
Investments in subsidiary companies	14(a)	-	-	15,944,803	15,944,803
Investments in associated companies	15	141,443,063	201,741,470	-	18,977,319
Other investments	16	59,637,657	73,369,670	-	-
		<u>202,604,451</u>	<u>276,616,494</u>	<u>15,944,803</u>	<u>34,922,122</u>
Current assets					
Other investments	16	6,986,537	2,745,218	-	-
Trade and other receivables	17	500,637	302,812	22,889	20,386
Amounts due from subsidiary companies	14(b)	-	-	198,284,795	244,810,222
Amounts due from former related companies	18	3,128,813	1,075,984	-	-
Amounts due from associated companies	19	96,971	-	-	-
Tax recoverable		2,244,792	4,075,233	77,785	469,494
Cash, bank balances and deposits	20	15,892,232	39,361,276	1,339,677	4,617,252
		<u>28,849,982</u>	<u>47,560,523</u>	<u>199,725,146</u>	<u>249,917,354</u>
TOTAL ASSETS		<u>231,454,433</u>	<u>324,177,017</u>	<u>215,669,949</u>	<u>284,839,476</u>
EQUITY					
Share capital	21	150,000,000	150,000,000	150,000,000	150,000,000
Reserves	23	46,618,243	159,710,723	15,956,858	108,049,615
Treasury shares	24	(2,725,300)	(2,723,822)	(2,725,300)	(2,723,822)
Equity attributable to equity holders of the Company		193,892,943	306,986,901	163,231,558	255,325,793
Minority interest		7,667,511	5,985,155	-	-
TOTAL EQUITY		<u>201,560,454</u>	<u>312,972,056</u>	<u>163,231,558</u>	<u>255,325,793</u>
LIABILITIES					
Current liabilities					
Deferred income	25	77,140	69,920	-	-
Sundry payables	26	816,839	1,130,417	324,067	347,450
Amounts due to subsidiary companies	14(b)	-	-	23,114,324	19,166,233
Amounts due to former related companies	18	-	4,624	-	-
Short term borrowing	27	29,000,000	10,000,000	29,000,000	10,000,000
TOTAL LIABILITIES		<u>29,893,979</u>	<u>11,204,961</u>	<u>52,438,391</u>	<u>29,513,683</u>
TOTAL EQUITY AND LIABILITIES		<u>231,454,433</u>	<u>324,177,017</u>	<u>215,669,949</u>	<u>284,839,476</u>

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

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009**

Group

	Attributable to equity holders of the Company						Minority interest	Total equity	
	Share capital (Note 21)	Treasury shares (Note 24)	Share premium (Note 23)	Equity compen- sation reserve (Note 23)	Other reserves (Note 23)	Retained profits/ (Accumulated losses) (Note 23)			Total
	RM	RM	RM	RM	RM	RM			RM
At 1 January 2009	150,000,000	(2,723,822)	104,396,793	423,000	50,362,869	4,528,061	306,986,901	5,985,155	312,972,056
Share of associated companies' reserves	-	-	-	-	1,331,806	-	1,331,806	-	1,331,806
Reserve realised upon disposal of an associated company	-	-	-	-	(969,570)	969,570	-	-	-
Net income recognised directly in equity	-	-	-	-	362,236	969,570	1,331,806	-	1,331,806
(Loss)/profit for the year	-	-	-	-	-	(114,424,286)	(114,424,286)	1,682,356	(112,741,930)
Total income/(expense) recognised for the year	-	-	-	-	362,236	(113,454,716)	(113,092,480)	1,682,356	(111,410,124)
Share buybacks	-	(1,478)	-	-	-	-	(1,478)	-	(1,478)
At 31 December 2009	150,000,000	(2,725,300)	104,396,793	423,000	50,725,105	(108,926,655)	193,892,943	7,667,511	201,560,454
At 1 January 2008	150,000,000	-	104,396,793	617,627	29,199,328	54,982,903	339,196,651	5,559,473	344,756,124
Share of associated companies' reserves	-	-	-	-	21,312,552	-	21,312,552	-	21,312,552
Loss on deemed disposals of shares in associated companies	-	-	-	-	(149,011)	-	(149,011)	-	(149,011)
Net income recognised directly in equity	-	-	-	-	21,163,541	-	21,163,541	-	21,163,541
(Loss)/profit for the year	-	-	-	-	-	(42,324,525)	(42,324,525)	425,682	(41,898,843)
Total income/(expense) recognised for the year	-	-	-	-	21,163,541	(42,324,525)	(21,160,984)	425,682	(20,735,302)
Dividend paid (Note 28)	-	-	-	-	-	(8,324,944)	(8,324,944)	-	(8,324,944)
Reserve realised upon forfeiture of ESOS	-	-	-	(194,627)	-	194,627	-	-	-
Share buybacks	-	(2,723,822)	-	-	-	-	(2,723,822)	-	(2,723,822)
At 31 December 2008	150,000,000	(2,723,822)	104,396,793	423,000	50,362,869	4,528,061	306,986,901	5,985,155	312,972,056

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

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009**

Company

	Distributable		Non-distributable		Distributable	Total equity
	Share capital	Treasury shares	Share premium	Equity compensation reserve	(Accumulated losses)/ Retained profits	
	(Note 21)	(Note 24)	(Note 23)	(Note 23)	(Note 23)	
	RM	RM	RM	RM	RM	RM
At 1 January 2009	150,000,000	(2,723,822)	104,396,793	423,000	3,229,822	255,325,793
Loss for the year	-	-	-	-	(92,092,757)	(92,092,757)
Share buybacks	-	(1,478)	-	-	-	(1,478)
At 31 December 2009	150,000,000	(2,725,300)	104,396,793	423,000	(88,862,935)	163,231,558
At 1 January 2008	150,000,000	-	104,396,793	617,627	10,781,213	265,795,633
Profit for the year	-	-	-	-	578,926	578,926
Dividend paid (Note 28)	-	-	-	-	(8,324,944)	(8,324,944)
Reserve realised upon forfeiture of ESOS	-	-	-	(194,627)	194,627	-
Share buybacks	-	(2,723,822)	-	-	-	(2,723,822)
At 31 December 2008	150,000,000	(2,723,822)	104,396,793	423,000	3,229,822	255,325,793

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

**CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

	2009	Group	2009	Company
	RM	2008	RM	2008
		RM		RM
		(restated)		
Cash flows from operating activities				
(Loss)/profit before tax	(112,473,248)	(41,890,007)	(92,070,522)	571,292
Adjustments for:				
Amortisation of intangible assets	4,623	3,965	-	-
Allowances for doubtful debts	171,720	-	71,471,720	-
Depreciation of plant and equipment	221,158	243,486	-	-
Plant and equipment written off	540	788	-	-
Impairment losses, net	62,346,217	19,255,405	18,977,319	-
(Gain)/loss on disposals of other investments	(354,341)	3,041,210	-	-
Gain on disposals of interests in associated companies	(2,326,653)	-	-	-
Interest income	(800,444)	(1,722,991)	(173,293)	(1,389,305)
Interest expense	771,125	10,677	771,125	10,677
Dividend income	(866,951)	(990,054)	-	-
Unrealised loss/(gain) on foreign exchange	135,789	(1,122,926)	-	-
Share of losses of associated companies	54,954,837	24,093,517	-	-
Operating profit/(loss) before working capital changes	1,784,372	923,070	(1,023,651)	(807,336)
(Increase)/decrease in operating assets				
Receivables	(39,201)	100,520	(2,820)	29,500
Amounts due from:				
- subsidiary companies	-	-	(24,774,573)	(15,979,965)
- former related companies	(2,052,829)	1,123,621	-	-
- associated companies	(268,691)	-	(171,720)	-
Cash (used in)/generated from operations	(576,349)	2,147,211	(25,972,764)	(16,757,801)
(Decrease)/increase in operating liabilities				
Payables	(295,681)	54,535	(12,706)	(8,997)
Amounts due to:				
- subsidiary companies	-	-	3,948,091	2,707,167
- former related companies	(4,624)	(119,610)	-	-
Proceeds from disposals of other investments	23,496,471	17,624,304	-	-
Purchase of other investments	(43,539,793)	(20,968,397)	-	-
Dividends received	862,485	952,177	-	-
Interest received	646,286	721,432	173,610	506,529
Interest paid	(781,802)	-	(781,802)	-
Taxes refund/(paid)	1,561,759	(2,572,227)	369,474	(71,824)
Net cash used in operating activities	(18,631,248)	(2,160,575)	(22,276,097)	(13,624,926)

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

**CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (CONT'D)**

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
		(restated)		
Cash flows from investing activities				
Proceed from disposals of interests in associated companies	3,524,571	-	-	-
Purchase of interests in associated companies	(27,186,208)	(19,756,262)	-	-
Purchase of equipment	(237,322)	(364,725)	-	-
Purchase of software licence	(7,376)	(9,246)	-	-
Net cash used in investing activities	(23,906,335)	(20,130,233)	-	-
Cash flows from financing activities				
Share buybacks	(1,478)	(2,723,822)	(1,478)	(2,723,822)
Dividend paid to shareholders	-	(8,324,944)	-	(8,324,944)
Drawdown of revolving credit	19,000,000	10,000,000	19,000,000	10,000,000
Net cash generated from/(used in) financing activities	18,998,522	(1,048,766)	18,998,522	(1,048,766)
Net decrease in cash and cash equivalents	(23,539,061)	(23,339,574)	(3,277,575)	(14,673,692)
Effects of exchange rate changes	70,017	929,275	-	(291,572)
Cash and cash equivalents at beginning of year	39,361,276	61,771,575	4,617,252	19,582,516
Cash and cash equivalents at end of year (Note 20)	15,892,232	39,361,276	1,339,677	4,617,252

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

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2009

1. GENERAL INFORMATION

The Company is a public company limited by shares, incorporated under the Companies Act, 1965, domiciled in Malaysia, and is listed on ACE Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). 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 former ultimate holding company was OSK Holdings Berhad ("OSKH") which is incorporated in Malaysia and listed on the Main Market of Bursa Malaysia. With effect from 28 August 2009, the Company ceased to be a subsidiary of OSKH as disclosed in Note 33. Accordingly, the companies within the OSKH Group have been referred to as the former related companies of the Company.

The Company is an investment holding company. The principal activities of the subsidiary companies are described in Note 14(a). There have been no significant changes in the nature of these activities during the year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 February 2010.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia.

The financial statements of the Group and of the Company have also been prepared on the historical costs basis. The financial statements are presented in Ringgit Malaysia ("RM") unless otherwise indicated.

(b) FRSs, Amendments to FRSs, Issues Committee ("IC") Interpretations, Technical Releases ("TR") and Statement of Principles ("SOP") issued but not yet effective

The Group had not adopted the following FRSs, Amendments to FRSs, Interpretations and Technical Releases which have effective dates as follows:

FRSs, Amendments to FRSs, IC Interpretations, TR and SOP		Effective for financial period beginning on or after
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 101	Presentation of Financial Statements (revised in 2009)	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2010
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2010 and 1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010 and 1 July 2010
Amendments to FRS 7	Financial Instruments: Disclosures	1 January 2010
Amendments to FRS 8	Operations Segments	1 January 2010
Amendments to FRS 107	Statements of Cash Flows	1 January 2010
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
Amendments to FRS 110	Events After the Reporting Period	1 January 2010

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

(b) FRSs, Amendments to FRSs, Issues Committee ("IC") Interpretations, Technical Releases ("TR") and Statement of Principles ("SOP") issued but not yet effective (Cont'd)

FRSs, Amendments to FRSs, IC Interpretations, TR and SOP		Effective for financial period beginning on or after
Amendments to FRS 116	Property, Plant and Equipment	1 January 2010
Amendments to FRS 117	Leases	1 January 2010
Amendments to FRS 118	Revenue	1 January 2010
Amendments to FRS 119	Employee Benefits	1 January 2010
Amendments to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
Amendments to FRS 123	Borrowing Costs	1 January 2010
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associates	1 January 2010
Amendments to FRS 128	Investments in Associates	1 January 2010
Amendments to FRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2010
Amendments to FRS 131	Interests in Joint Ventures	1 January 2010
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2010
Amendments to FRS 134	Interim Financial Reporting	1 January 2010
Amendments to FRS 136	Impairment of Assets	1 January 2010
Amendments to FRS 138	Intangible Assets	1 January 2010 and 1 July 2010
Amendments to FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010 and 1 July 2010
Amendments to FRS 140	Investment Property	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and impairment	1 January 2010
IC Interpretation 11	FRS-2 Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
TR i-3	Presentation of Financial Statements of Islamic Financial Institutions	1 January 2010
SOP i-1	Financial Reporting from an Islamic Perspective	1 January 2010

FRS 4, Amendments to FRS 120, FRS 129 and FRS 140 and Interpretations 12,13,14 and 15 are not applicable to the Group and the Company. The other FRSs, Amendments to FRSs, IC Interpretations and TR above are expected to have no significant impact on the financial statements upon their initial application except for FRS 7, FRS 101 (revised in 2009) and FRS 139. The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

(b) FRSs, Amendments to FRSs, Issues Committee ("IC") Interpretations, Technical Releases ("TR") and Statement of Principles ("SOP") issued but not yet effective (Cont'd)

The adoption of FRS 101 (revised in 2009) are expected to have the following change in presentations to the financial statements upon its initial application:

- Entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statements of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.
- When entity restated its comparative figures in financial statements or retrospectively applies a new accounting policy, a statement of financial position must be presented as at the beginning of the earliest comparative period in a complete set of financial statements.
- Entities must disclose amount reclassified to profit or loss that were previously recognised in other comprehensive income and the income tax relating to each component of other comprehensive income, either in the statement of comprehensive income or in the notes.
- New terminologies will replace 'balance sheet' with 'statement of financial position', and 'cash flow statement' with 'statement of cash flows'.

(c) Significant accounting judgements and estimates

The preparation of financial statements in accordance with FRSs requires the use of certain accounting estimates and exercise of judgements. Estimates and judgements are continually evaluated and are based on past experiences, reasonable expectations of future events and other factors.

(i) Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have most significant effect on the amounts recognised in financial statements.

Investments in associated companies

FRS 128 presumes that an investor has significant influence over its investee if it holds, directly or indirectly, 20% or more of the voting power of the investee unless it can be clearly demonstrated that this is not the case.

As at balance sheet date, where the equity interest held in the investment in associated company is less than 20%, management has determined that significant influence is retained by one or more of the following ways:

- a) representation on the board of Directors of the investee;
- b) participation in policy-making processes;
- c) material transactions with the investee;
- d) interchange of managerial personnel; and
- e) provision of essential technical information

(ii) Estimation uncertainty

Assumptions and other sources of estimation at the balance sheet date that potentially post a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next period are discussed below:

Impairment assessment of interests in associated companies

The management performed a 5-year DCF analysis in assessing the carrying amounts of its interests in associated companies. The discount rates applied to the respective cashflow projections range between 9% and 9.5% (2008: 13.5% and 14%) is in line with the average pre-tax weighted average cost of capital ("WACC") of the associated companies' industries. The growth rates used to forecast the projected cashflows for the following year reflects the performance of the respective investees, based on the latest available budgets and data. The growth rates used to extrapolate investees' cashflows beyond the following year ranges between 3% and 15% (2008: 5% and 21%), however a terminal growth rate of 5% (2008: 5%) is maintained.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

(c) Significant accounting judgements and estimates (Cont'd)

(ii) Estimation uncertainty (Cont'd)

Impairment assessment of interests in associated companies (Cont'd)

The Group recognised impairment losses of RM32,663,665 (2008: RM19,440,000) on interests in associated companies as disclosed in Note 6. The carrying amounts of interests in associated companies of the Group as at 31 December 2009 were RM141,443,063 (2008: RM201,741,470) whilst the interests in associate at the Company level was fully impaired in the current year (2008: RM18,977,319). Should the management's key assumptions differ by 5% and 10%, the additional impairment losses required will be as follows:

	By 5% RM	By 10% RM
Decrease in revenue growth rate	7,200,000	14,800,000
Increase in discount rate	3,800,000	6,300,000

Based on management's review, the impairment made during the current year is adequate.

Impairment assessment of other investments

Valuation techniques adopted by management in assessing the carrying amounts of its other investments takes into consideration the market value where the investee is quoted, independent valuations undertaken by external consultants where available, recent market transactions and management consideration of its investees' prospects.

The Group recognised impairment loss of RM29,682,552 (2008: Nil) on its other investments as disclosed in Note 6. The carrying amounts of its other investments of the Group as at 31 December 2009 were RM66,624,194 (2008: RM76,114,888).

Impairment assessment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The detailed disclosure on the assessment of impairment of goodwill is disclosed in Note 13.

Recoverability of amounts due from subsidiaries

Management has reviewed and considered the amounts due from subsidiaries as at year end. Arising from management's assessment, allowances for doubtful debts of RM71,300,000 (2008: Nil) has been recognised. The allowances made has taken into consideration the losses and deficits in shareholder's fund and making reference to the quoted investees share prices in the past year. Should the share prices of its investees decrease by 5% and 10%, the additional allowances required will be as follows:

	By 5% RM	By 10% RM
Decrease in share prices	1,200,000	2,400,000

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiary companies

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies for like transactions and events in similar circumstances.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full.

Acquisitions of subsidiaries are accounted for using the acquisition method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

(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.

Interests in associated companies are accounted for in the consolidated financial statements by the equity method of accounting. The equity method of accounting involves recognition of the Group's share of the results of associated companies in the consolidated income statement. The Group's interests in associated companies are carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associated company.

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

After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associated company. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(d).

Goodwill relating to an associated company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any long-term interests that, in substance, form part of the Group's net investment in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

The most recent available audited financial statements of the associated companies are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

The reporting dates of the associated companies and the Group are identical and the associated companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Investments in subsidiary companies and associated companies

The Company's investments in subsidiary companies and associated companies are stated at cost less any impairment losses. Impairment loss is recognised in the income statement of the Company.

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

(c) Plant and equipment and depreciation

Plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the year in which they are incurred.

Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of losses is in accordance with note 3(d).

Depreciation of plant and equipment 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:

Computer equipment	20%
Furniture and fittings	10%
Motor vehicle	15%
Office equipment	15%
Renovation	10%

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

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statement

(d) Impairment of assets

The carrying amounts of intangible assets, equipment and investments are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset. The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flow, the recoverable amount is determined for the cash generating unit to which the asset belongs.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGU's, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the group are assigned to those units or group of units.

Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Impairment of assets (Cont'd)

Impairment loss is recognised in the income statement immediately. In the event of recognition of an impairment loss, the depreciation charged for the asset will be adjusted in future periods to allocate the asset's revised carrying amount less its residual value on a systematic basis over its remaining useful life.

Impairment loss other than in respect of goodwill is reversed when there has been a change in the estimates used to determine the asset's recoverable amount, which causes an increase in the recoverable amount. Impairment loss in respect of goodwill is not reversed in subsequent period.

Reversal of impairment loss of an asset, other than goodwill, is recognised in the income statement to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously.

(e) Intangible assets

(i) Goodwill on consolidation

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary companies at the date of acquisition. Following the initial recognition, goodwill on consolidation is stated at cost less accumulated impairment. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that it may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Software license

The Group has developed the following criteria to identify computer software or license to be classified as equipment or intangible asset:

- Software or license that is embedded in computer-controlled equipment, including operating system that cannot operate without that specific software is an integral part of the related hardware is treated as equipment; and
- application software that is being used on a computer is generally easily replaced and is not an integral part of the related hardware is classified as intangible asset.

Software licenses acquired separately are measured on initial recognition at cost. Following initial recognition, software licenses are carried at cost less any accumulated amortisation and any accumulated impairment losses. Due to the risk of technological changes, the useful lives of all software licenses are generally assessed as finite and are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the software licenses may be impaired. The amortisation period and the amortisation method for software license are reviewed at least at each balance sheet date. The software license classified as intangible asset is amortised over its useful life at an annual rate of 15%.

(f) Cashflow statement and 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.

(g) Provisions for liabilities

Provisions for liabilities are recognised when the Group has a present legal or constructive 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 if a provision is the present value of the expenditure expected to be required to settle the obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Operating leases - the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(i) Treasury shares

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

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

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

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

(j) 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

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred.

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF").

(iii) Share-based compensation

Eligible executives of the Group receive compensation in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments of the Company and that of the holding company, OSK Holdings Berhad, both of which are equity-settled, share based compensation plans.

The fair value of the share options granted to employees by the Company is recognised as employee cost with a corresponding increase in the equity compensation reserve within equity. The proceeds received net of any directly attributable transaction costs are credited to equity when these options are exercised. The fair value of expired share options will be transferred directly to retained profits. The equivalent employee costs arising from share options granted by the holding company is included as amount owing to the holding company.

Both the share options granted to employees by the Company and the holding company vest immediately upon acceptance of the offer by employees. The fair value of share options is measured at grant date, computed using a binomial model and the number of share options granted.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Income taxes

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

Deferred tax is provided for, using the liability method, on temporary differences at 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 year 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 credited to 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax asset are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(l) 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.

Income from the business activities of the Group is recognised using the following bases:

(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 amounts of the investments and is recognised upon disposal of investments.

(ii) Interest income

Interest income on securities are recognised on an effective yield basis.

(iii) Dividend income

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

(iv) Revenue from services

Revenue from services comprise fees in relation to user access, annual subscriptions, telestock services, website maintenance and hosting services. These revenue are recognised on an accrual basis over the period of services.

Revenue from software development, advertising and other services are recognised upon the performance of such services.

(v) Other income

Other income is recognised when the right of the Company over such income is established.

NOTES TO THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) 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, and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly to equity. Financial instruments are offset when the Group and the Company 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) Other investments

Other investments comprise investments in quoted and unquoted shares, investments in unit trusts and loan and promissory notes.

Long term investments are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(d). Short term investments are stated at the lower of cost and market value. On disposal of investment, the difference between net disposal proceed and its carrying amount is recognised in the income statement.

Loan and promissory notes are stated at placement values and are redeemed on maturity dates.

(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) Interest-bearing borrowings

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

Borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(v) Deposits and placements with banks and financial institutions

Deposits and placements with banks and financial institutions are stated at placement values.

(vi) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements of the Group and of the Company are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Transactions in foreign currencies

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included as profit or loss in the income statement for the period. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised as profit or loss in income statement.

Where the Group has a monetary item that forms part of its net investment in a foreign operation, the exchange differences arising from such monetary items are recognised in equity in the consolidated financial statements, irrespective of the currency of the monetary item.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Translation of foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expense for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Foreign currencies (Cont'd)

(iii) Translation of foreign operations (Cont'd)

The exchange rates used in translation are as follows:

	2009	2008
Closing rate		
United States Dollar	3.40	3.47
Singapore Dollar	2.43	2.42
Hong Kong Dollar	0.44	0.45
Average rate		
United States Dollar	3.52	3.33
Singapore Dollar	2.43	2.36
Hong Kong Dollar	0.45	0.43

4. REVENUE

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Gain on disposals of interests in associated company	2,326,653	-	-	-
Gain on disposals of other investments	354,341	24,767	-	-
Interest income	800,444	1,722,991	173,293	1,389,305
Dividend income	866,951	990,054	-	-
Fees from internet financial solutions	6,059,470	5,890,389	-	-
	10,407,859	8,628,201	173,293	1,389,305

5. ALLOWANCES FOR DOUBTFUL DEBTS

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Amounts due from subsidiary companies (Note 14(b))	-	-	71,300,000	-
Amounts due from associated companies (Note 19)	171,720	-	171,720	-
	171,720	-	71,471,720	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

6. IMPAIRMENT LOSSES, NET

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Impairment/(reversal):				
Investments in associated companies (Note 15)	32,663,665	19,440,000	18,977,319	-
Others investments (Note 16)	29,682,552	(184,595)	-	-
	62,346,217	19,255,405	18,977,319	-

The Group and the Company have provided further impairment losses in 2009 of RM62,346,217 (2008: RM19,255,405) and RM18,977,319 (2008: Nil) in respect of its investments.

The impairment losses on interests in associated companies were triggered by continued operational losses reported by the associated companies. There were additional new and stricter regulations imposed by the local and foreign authorities and/or the telecommunication service providers during the year coupled with an overcrowded and intense market competition causing further erosion to profit margins.

The impairment loss arising from other investments is predominantly in respect of an investment outside of Malaysia to which significant financial losses are highly probable for the current financial year causing the planned initial public offering by the investee, being aborted.

7. (LOSS)/PROFIT BEFORE TAX

The following amounts have been included in arriving at (loss)/profit before tax:

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Auditors' remuneration:				
(i) Statutory audit				
- current year	88,250	87,700	22,000	22,000
- overprovision in prior year	(150)	(62)	-	-
(ii) Other services				
- current year	9,000	-	9,000	-
- underprovision in prior year	18,000	-	18,000	-
Profit from investment venture*	(1,679,033)	-	-	-
Employee benefits expense (Note 8)	2,190,993	2,568,099	162,800	154,005
Non-executive Directors' remuneration (Note 9)	155,000	155,000	155,000	155,000
Loss on disposal of other investment	-	3,065,977	-	-
Rental of office and parking space	232,895	226,195	-	-
Depreciation of plant and equipment	221,158	243,486	-	-
Plant and equipment written off	540	788	-	-
Interest expense	771,125	10,677	771,125	10,677
Amortisation of intangible assets	4,623	3,965	-	-
Realised loss/(gain) on foreign exchange	1,513,400	(25,893)	341	(317,663)
Unrealised loss/(gain) on foreign exchange	135,789	(1,122,926)	-	-

* Profit from investment venture represents gain derived from short term investment venture.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Salaries and bonuses	1,915,024	2,246,605	155,000	146,205
Defined contribution plan	229,166	284,280	7,800	7,800
Other staff related expense	46,803	37,214	-	-
	2,190,993	2,568,099	162,800	154,005

Included in employee benefits expense of the Group and the Company is Executive Directors' remuneration amounting to RM601,840 (2008: RM508,943) and RM162,800 (2008: RM154,005) respectively as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Directors of the Company				
Executive (Note 8):				
Salaries, bonuses and other emoluments	457,000	381,909	65,000	65,000
Directors' fees	90,000	81,205	90,000	81,205
Defined contribution plan	54,840	45,829	7,800	7,800
	601,840	508,943	162,800	154,005
Non-executive (Note 7):				
Directors' fees	155,000	155,000	155,000	155,000
Total Directors' remuneration	756,840	663,943	317,800	309,005
Executive:				
Benefits-in-kind	2,961	4,954	2,961	2,925

The number of Directors of the Company with total remuneration during the year falling within a certain band is analysed below:

	Number of Directors	
	2009	2008
Executive Directors:		
Below RM50,000	1	1
RM50,001 - RM100,000	1	-
RM100,001 - RM150,000	-	1
RM350,001 - RM400,000	-	1
RM450,001 - RM500,000	1	-
Non-executive Directors:		
Below RM50,000	5	5
	8	8

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

10. INCOME TAX EXPENSE/(BENEFIT)

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Malaysian income tax:				
Current year	81,000	-	-	-
Under/(Over) provision in prior years	187,682	8,836	22,235	(7,634)
	268,682	8,836	22,235	(7,634)

Two of the subsidiary companies, OSK Technology Ventures Sdn. Bhd. ("OSKTV") and OSK Venture Equities Sdn. Bhd. ("OSKVE") were previously 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 and by Income Tax (Exemption) (Amendment) (No.2) Order 2006.

The Income Tax (Exemption) (Amendment) (No.2) Order 2006 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 savings 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 start-up or early stage financing and if 50% of the invested funds of the VCC are invested in venture company and in the form of seed capital. The tax exempt status is subject to annual certification by the Securities Commission ("SC").

The tax exempt periods for OSKTV and OSKVE are effective from Year of Assessment ("YA") 2002 to YA 2011 and from YA 2003 to YA 2012 inclusive, respectively. On 6 May 2009, OSKVE obtained approval from SC in respect of YA 2008. OSKTV did not meet certain criteria for the exemption for YA 2008.

Finexasia.com Sdn Bhd ("FINEX"), a subsidiary company of OSKVE was granted Multimedia Super Corridor status on 3 October 2000 by Multimedia Development Corporation, which entitles FINEX to enjoy 5 years tax exemption (known as "pioneer period"). This commenced from 21 September 2001 as confirmed by the Ministry of International Trade and Industry. On 5 December 2006, FINEX was granted an extension of another 5 years tax exemption.

The domestic income tax is calculated at the statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. In prior years, subsidiary companies which are Malaysian resident companies with paid-up share capital of less than RM2.5 million applied the preferential tax rate of 20% on the first RM500,000 and the statutory tax rate on the excess of RM500,000 of chargeable income pursuant to Paragraph 2A, Schedule 1 of the Income Tax Act, 1967. Paragraph 2B, Schedule 1 was introduced with effect from YA 2009 changing the definition of companies qualifying for the preferential tax rate which rendered the chargeable income of the subsidiary companies to be taxed at the statutory tax rate. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdiction.

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

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
(Loss)/profit before tax	(112,473,248)	(41,890,007)	(92,070,522)	571,292
Tax at Malaysian statutory tax rate of 25% (2008: 26%)	(28,118,311)	(10,891,402)	(23,017,630)	148,536
Effect of preferential tax rate of 20% (2008: 20%)	-	1,047,611	-	-
Effect of different tax rate in other country	3,745,242	19,363	-	-
Expenses not deductible for tax purposes	26,717,470	10,665,106	23,017,630	157,574
Income not subjected to tax	(2,062,164)	(2,106,518)	-	(306,110)
Utilisation of previously unrecognised tax losses	(1,041,000)	-	-	-
Deferred tax assets not recognised	839,763	1,265,840	-	-
Under provision of income tax in prior year	187,682	8,836	22,235	(7,634)
Income tax expense/(benefit) for the year	268,682	8,836	22,235	(7,634)

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10. INCOME TAX EXPENSE/(BENEFIT) (CONT'D)

Deferred tax assets have not been recognised in respect of unutilised tax losses of RM19,590,000 (2008: RM16,230,000) of the Group. The unutilised tax losses carried forward are available indefinitely for offset against future taxable profits of the subsidiary companies subject to no substantial changes in the shareholdings of the subsidiary companies under Section 44(5A) and (5B) of the Income Tax Act, 1967 and guidelines issued by the tax authorities.

Pursuant to Section 60FA(3)(a), the tax losses of the Company are not allowed to be carried forward to subsequent years of assessment.

11. LOSS PER SHARE

Basic and diluted loss per share is calculated by dividing the loss for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding treasury shares held by the Company.

	Group	
	2009	2008
Loss for the year attributable to equity holders of the Company (RM)	114,424,286	42,324,525
Weighted average number of ordinary shares in issue	146,809,682	149,248,814
Basic and diluted loss per share (sen)	77.94	28.36

The outstanding share options have been excluded from the computation of diluted loss per share as their conversion to ordinary shares would be antidilutive.

12. PLANT AND EQUIPMENT

	Furniture and fittings	Motor vehicle	Office equipment	Renovation	Computer equipment	Total
	RM	RM	RM	RM	RM	RM
Group						
2009						
Cost						
At 1 January 2009	109,493	358,478	3,514,405	287,468	-	4,269,844
Additions	13,315	-	55,760	108,262	59,432	236,769
Written off	-	-	(1,490)	-	-	(1,490)
Transfer*	-	-	1,300	-	-	1,300
At 31 December 2009	<u>122,808</u>	<u>358,478</u>	<u>3,569,975</u>	<u>395,730</u>	<u>59,432</u>	<u>4,506,423</u>
Accumulated depreciation						
At 1 January 2009	11,877	206,125	3,022,566	78,345	-	3,318,913
Charge for the year	11,836	53,771	117,254	35,964	2,333	221,158
Written off	-	-	(950)	-	-	(950)
Transfer*	-	-	747	-	-	747
At 31 December 2009	<u>23,713</u>	<u>259,896</u>	<u>3,139,617</u>	<u>114,309</u>	<u>2,333</u>	<u>3,539,868</u>
Net carrying amount	99,095	98,582	430,358	281,421	57,099	966,555

NOTES TO THE FINANCIAL STATEMENTS
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12. PLANT AND EQUIPMENT (CONT'D)

	Furniture and fittings	Motor vehicle	Office equipment	Renovation	Total
	RM	RM	RM	RM	RM
Group (Cont'd)					
2008					
Cost					
At 1 January 2008	9,570	358,478	3,454,437	84,434	3,906,919
Additions	99,923	-	61,768	203,034	364,725
Written off	-	-	(1,800)	-	(1,800)
At 31 December 2008	<u>109,493</u>	<u>358,478</u>	<u>3,514,405</u>	<u>287,468</u>	<u>4,269,844</u>
Accumulated depreciation					
At 1 January 2008	5,092	152,354	2,860,934	58,059	3,076,439
Charge for the year	6,785	53,771	162,644	20,286	243,486
Written off	-	-	(1,012)	-	(1,012)
At 31 December 2008	<u>11,877</u>	<u>206,125</u>	<u>3,022,566</u>	<u>78,345</u>	<u>3,318,913</u>
Net carrying amount	<u>97,616</u>	<u>152,353</u>	<u>491,839</u>	<u>209,123</u>	<u>950,931</u>

* Transferred from a former related company, OSK Investment Bank Berhad, with a net carrying amount of RM553.

13. INTANGIBLE ASSETS

	Goodwill on consolidation	Software licenses	Total
	RM	RM	RM
Group			
2009			
Cost			
At 1 January 2009	529,639	28,996	558,635
Addition	-	7,376	7,376
At 31 December 2009	<u>529,639</u>	<u>36,372</u>	<u>566,011</u>
Accumulated amortisation			
At 1 January 2009	-	4,212	4,212
Amortisation	-	4,623	4,623
At 31 December 2009	<u>-</u>	<u>8,835</u>	<u>8,835</u>
Net carrying amount	<u>529,639</u>	<u>27,537</u>	<u>557,176</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

13. INTANGIBLE ASSETS (CONT'D)

	Goodwill on consolidation	Software licenses	Total
	RM	RM	RM
Group			
2008			
Cost			
At 1 January 2008	529,639	19,750	549,389
Addition	-	9,246	9,246
At 31 December 2008	<u>529,639</u>	<u>28,996</u>	<u>558,635</u>
Accumulated amortisation			
At 1 January 2008	-	247	247
Amortisation	-	3,965	3,965
At 31 December 2008	<u>-</u>	<u>4,212</u>	<u>4,212</u>
Net carrying amount	<u>529,639</u>	<u>24,784</u>	<u>554,423</u>

Impairment test for goodwill

The allocation of goodwill according to business segment is as follows:

	Group	
	2009	2008
	RM	RM
Internet financial solution business	<u>529,639</u>	<u>529,639</u>

The recoverable amount of the goodwill has been determined based on a value-in-use calculation using a 5-year discounted cash flow analysis with a discount rate of 15% (2008:15%).

14. SUBSIDIARY COMPANIES

(a) Investments in subsidiary companies

The details of the subsidiary companies of the Company, all of which are incorporated in Malaysia, except for OSK Ventures International Limited and OSK Infrastructure Investments Limited which are incorporated in Hong Kong, are as follows:

(i) Held by the Company

Name of companies	Principal activities	Proportion of ownership interest (%)	
		2009	2008
OSK Venture Equities Sdn. Bhd.	To undertake venture capital business and management of investments in securities of venture companies.	100	100
OSK Technology Ventures Sdn. Bhd.	To undertake venture capital business.	100	100
OSK Private Equity Management Sdn. Bhd.	To undertake the management of investments in securities of venture companies.	100	100
OSK Capital Partners Sdn. Bhd.	To undertake investment holding and private equity business.	100	100
OSK Ventures International Limited*	To undertake investment holding and private equity business.	100	100
OSK Infrastructure Investments Limited**	To undertake investment holding and private equity business.	100	100

(ii) Held through a subsidiary company, OSK Venture Equities Sdn Bhd

Name of companies	Principal activities	Proportion of ownership interest (%)	
		2009	2008
Finexasia.com Sdn. Bhd.	Development and provision of internet financial solutions and related activities.	59.95	59.95
Stock188.com Sdn. Bhd.	Application service provider to facilitate access to online equity trading, other online information and financial services.	100	100

The Company and its subsidiaries are audited by Messrs. Ernst & Young, Malaysia except as indicated as follows:

* Audited by member firm of Ernst & Young Global

** Not audited by Messrs. Ernst & Young or member firms of Ernst & Young Global

(b) Amounts due from/(to) subsidiary companies

Amounts due from subsidiary companies are stated after an allowance for doubtful debt of RM71,300,000 (2008: Nil).

The amounts due from/(to) subsidiary companies are unsecured, interest free and have no fixed terms of repayment.

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15. INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
		(restated)		
At cost:				
Quoted shares in Malaysia	167,137,603	149,337,046	-	-
Quoted warrants in Malaysia	4,641,004	709,499	-	-
Unquoted shares outside Malaysia (2008: Quoted)	18,977,319	18,977,319	18,977,319	18,977,319
	190,755,926	169,023,864	18,977,319	18,977,319
Share of post-acquisition reserves	(2,048,300)	52,157,606	-	-
Less: Accumulated impairment losses	(47,264,563)	(19,440,000)	(18,977,319)	-
	141,443,063	201,741,470	-	18,977,319
At market value:				
Quoted shares in Malaysia	153,475,074	93,757,901	-	-
Quoted warrants in Malaysia	24,058,853	874,005	-	-
Quoted shares outside Malaysia	-	8,335,357	-	8,335,357
	177,533,927	102,967,263	-	8,335,357
Accumulated impairment losses				
At beginning of year	19,440,000	-	-	-
Impairment losses (Note 6)	32,663,665	19,440,000	18,977,319	-
Disposal of an associated company	(4,839,102)	-	-	-
At end of year	47,264,563	19,440,000	18,977,319	-

The following summarises the aggregated financial information of the Group's interests in associated companies:

	Group	
	2009	2008
	RM	RM
Assets and liabilities as at balance sheet date (100%)		
Current assets	435,655,215	447,729,176
Non-current assets	748,818,164	526,450,820
Total assets	1,184,473,379	974,179,996
Current liabilities	(169,723,955)	(94,872,776)
Non-current liabilities	(415,244,000)	(194,507,000)
Total liabilities	(584,967,955)	(289,379,776)
Results (100%)		
Revenue	330,981,075	187,257,354
Loss for the year	(274,441,519)	(119,852,143)

NOTES TO THE FINANCIAL STATEMENTS
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15. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

The details of the associated companies, all of which are incorporated in Malaysia, except for GMO Global Limited which is incorporated in the Jersey, Channel Island, are as follows:

Name of companies	Principal activities	Equity interest held (%)	
		2009	2008
Green Packet Berhad	Wireless networking and telecommunication products, networking solutions and other high technology products and services.	16.23	16.23
eBworx Berhad	Provision of computer software applications and dealing in computer software and hardware for financial services industry.	20.72 [^]	20.21
mTouche Technology Berhad	Provision of mobile applications and related technology services.	29.54 [^]	27.45
GMO Global Limited (2008: GMO Limited)	Investment holding company.	19.29 [^]	18.96
MNC Wireless Berhad	Sales and marketing, research and development of wireless, mobile and multimedia solutions and content and investment holding.	#	20.06

All the shares had been disposed off during the year.

[^] Shareholding percentage change due to share buy-backs conducted by the listed associated company.

16. OTHER INVESTMENTS

	Group	
	2009 RM	2008 RM (restated)
At cost:		
Quoted shares in Malaysia	11,925,779	8,018,350
Quoted shares outside Malaysia	272,374	4,292
Unquoted shares in Malaysia	9,483,500	-
Unquoted shares outside Malaysia	66,457,214	66,043,071
Loan and promissory notes outside Malaysia	6,150,000	-
Unit trusts outside Malaysia	2,713,253	2,744,549
	97,002,120	76,810,262
Less: Accumulated impairment losses	(30,377,926)	(695,374)
	66,624,194	76,114,888
Analysed as:		
Non-current	59,637,657	73,369,670
Current	6,986,537	2,745,218
	66,624,194	76,114,888

NOTES TO THE FINANCIAL STATEMENTS
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16. OTHER INVESTMENTS (CONT'D)

	2009	Group
	RM	2008
		RM
		(restated)
At market value:		
Quoted shares in Malaysia	19,015,985	6,938,215
Quoted shares outside Malaysia	264,218	669
Unit trusts outside Malaysia	2,751,238	2,744,549
	22,031,441	9,683,433
Accumulated impairment losses		
At beginning of year	695,374	879,969
Impairment losses/(reversal) (Note 6)	29,682,552	(184,595)
At end of year	30,377,926	695,374

Out of the current short term investment of RM6,986,537 (2008: RM2,745,218), RM4,800,781 (2008: RM2,745,218) are short term investments placed with a former related company.

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Trade receivables				
Third parties	14,751	14,772	-	-
Other receivables				
Dividend receivable	4,466	-	-	-
Interest receivable	277,657	123,499	69	386
Deposits	107,894	80,118	4,500	4,500
Prepayments	33,151	42,214	18,320	15,500
Sundry	62,718	42,209	-	-
	485,886	288,040	22,889	20,386
	500,637	302,812	22,889	20,386

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit, generally for a period of 30 days (2008: 30 days) unless modified by terms of agreement on case-by-case basis. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. 98% (2008: 80%) trade receivables arose from a customer as at 31 December 2009.

18. AMOUNTS DUE FROM/(TO) FORMER RELATED COMPANIES

The amounts due from/(to) former related companies are unsecured, interest free and have no fixed terms of repayment.

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19. AMOUNTS DUE FROM ASSOCIATED COMPANIES

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Amounts due from associated companies	268,691	-	171,720	-
Less: Allowance for doubtful debts (Note 5)	(171,720)	-	(171,720)	-
	96,971	-	-	-

The amounts due from associated companies are unsecured, interest free and have no fixed terms of repayment except for the amount due from GMO Global Limited of RM171,720 which is repayable on demand.

20. CASH, BANK BALANCES AND DEPOSITS

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Cash on hand and at banks	607,041	550,398	14,677	62,252
Deposits with licensed banks	2,446,300	30,110,878	1,325,000	4,555,000
Deposits with a licensed investment bank	12,838,891	8,700,000	-	-
	15,892,232	39,361,276	1,339,677	4,617,252

The weighted average effective interest rate and average maturity of deposits at the balance sheet date are as follows:

Weighted average effective interest rate (%)	2.07	1.24	1.92	3.10
Average maturity (days)	11	7	3	1

21. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares of RM1 each		Amount	
	2009	2008	2009	2008
			RM	RM
At beginning/end of year:				
Authorised	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid	150,000,000	150,000,000	150,000,000	150,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

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22. EXECUTIVE SHARE OPTION SCHEME

The Executive Share Option Scheme ("ESOS") of the Company is governed by the by-laws approved by the Company's shareholders at the Extraordinary General Meeting held on 17 November 2006. The ESOS was implemented on 11 April 2008 and is to be in force for a duration of 5 years from the date of implementation.

The salient features of the ESOS are as follows:

- (a) Eligible grantees are employees and Directors of the Group who have been in the full time employment or under an employment contract of the Group for a period of at least twelve (12) full months of continuous service and whose employment have been confirmed in writing on or prior to the date of the offer for employees and in the case of Directors have been appointed as Directors of the Group on or prior to the date of the offer. The eligibility for participation in the ESOS shall be based on the performance of the eligible grantees and shall be at the discretion of the ESOS Committee appointed by the Board of Directors;
- (b) The total number of shares to be offered shall not exceed in aggregate 10% of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS and out of which not more than 50% of the shares shall be allocated, in aggregate, to Directors and senior management. In addition, not more than 10% of the shares available under the ESOS shall be allocated to any individual Director or employee who, either singly or collectively through his/her associates, hold 20% or more in the issued and paid-up capital of the Company;
- (c) The option price for each share, as determined by the ESOS Committee, shall be at a discount of not more than ten per cent (10%) from the weighted average of the market quotation of the Company's shares in the daily list issued by Bursa Malaysia for the five (5) market days preceding the date of offer, or at par value of the ordinary shares of the Company, whichever is higher;
- (d) The shares to be allotted upon any exercise of the option shall upon allotment and issue rank pari passu in all respects with the existing ordinary shares of the Company provided always that the new shares so allotted will not be entitled to any dividends, rights, allotments and/or other distributions unless such new shares are specified as being credited to the Securities Account of the Grantee in the Record of Depositors maintained by the Company with Bursa Depository and requested by the Company from Bursa Depository for the purpose of determining persons entitled to such dividends, rights, allotments, and/or distributions in accordance with the Company's Articles of Association;
- (e) The employees' entitlements to the options are vested at the grant date;
- (f) No option shall be granted for less than 1,000 shares and shall not be more than the maximum allowable allotment for each eligible grantee allowed under their respective categories; and
- (g) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respect with the existing ordinary shares of the Company.

The number of options granted since implementation of ESOS on 11 April 2007 was 1,314,100 at an option price of RM2.57. The movement in ESOS during the year are as follows:

	Number of options over ordinary shares of RM1 each			
	At beginning of year	Granted	Forfeited	At end of year
2009	900,000	-	-	900,000
2008	1,314,100	-	(414,100)	900,000

22. EXECUTIVE SHARE OPTION SCHEME (CONT'D)

The fair value of share options granted by the Company is estimated as at the date of grant using the binomial model, taking into account the terms and conditions upon which the options were granted. The assumptions at date of grant was as follows:

On 11 April 2007

Fair value of ESOS granted (RM)	0.47
Weighted average share price (RM)	2.49
Weighted average exercise price (RM)	2.57
Expiry date	10 April 2012
Expected volatility (%)	30.00
Risk-free interest rate (%)	4.50
Expected dividend yield (%)	6.15

Actual volatility in the future may differ from the expected volatility, nonetheless the expected volatility reflects the Group's best estimate of future volatility over the remaining option period. No other features of the option grant were incorporated into the measurement of fair value.

23. RESERVES

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Share premium		104,396,793	104,396,793	104,396,793	104,396,793
Equity compensation reserve	(a)	423,000	423,000	423,000	423,000
Other reserves	(b)	50,725,105	50,362,869	-	-
		155,544,898	155,182,662	104,819,793	104,819,793
(Accumulated losses)/ Retained profits		(108,926,655)	4,528,061	(88,862,935)	3,229,822
		46,618,243	159,710,723	15,956,858	108,049,615

(a) Equity compensation reserve

Equity compensation reserve relates to share options of the Company that was granted to eligible employees of the Group. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

(b) Other reserves

Other reserves relate to share of associated companies' reserves.

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24. TREASURY SHARES

	Group and Company	
	2009	2008
	RM	RM
At cost:		
At beginning of year	2,723,822	-
Share buybacks	1,478	2,723,822
At end of year	2,725,300	2,723,822
	No.	No.
Number of treasury shares:		
At beginning of year	3,189,600	-
Share buybacks	2,000	3,189,600
At end of year	3,191,600	3,189,600
Total number of outstanding shares in issue after set off (excluding treasury shares held)	146,808,400	146,810,400
Total number of issued and fully paid ordinary shares	150,000,000	150,000,000

The shareholders of the Company, by an ordinary resolution passed in the Annual General Meeting ("AGM") held on 17 April 2008, approved the Company's plan to repurchase its own ordinary shares subject to the conditions of:

- (i) the aggregate number of shares purchased does not exceed 10 per cent of the total issued and paid-up share capital of the Company as quoted on the Bursa Securities as at the point of purchase;
- (ii) an amount not exceeding the Company's last audited retained profit and/or the share premium account at the time of the purchase(s) will be allocated by the Company for the purchase of own shares; and
- (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends.

The directors are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan is to the best interests of the Company and its shareholders. The repurchase transactions were mainly financed by internally generated funds coupled with minimum borrowings.

The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. The Company may distribute the treasury shares as dividend to the shareholders or re-sell the treasury shares in accordance with Section 67A of the Companies Act, 1965.

All the shares repurchased were conducted through OSK Investment Bank Berhad, a former related company in the ordinary course of business on terms similar to those arranged with independent stockbroking third parties.

Details of the share buybacks during the year are as follows:

	Number of ordinary shares of RM1 each	Highest price RM	Lowest price RM	Average cost* RM	Total RM
2009					
At beginning of year	3,189,600	1.55	0.55	0.85	2,723,822
May 2009	1,000	0.78	0.64	0.73	732
November 2009	1,000	0.92	0.59	0.75	746
At end of year	3,191,600	1.55	0.55	0.85	2,725,300

NOTES TO THE FINANCIAL STATEMENTS
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24. TREASURY SHARES (CONT'D)

Details of the share buybacks during the year are as follows (Cont'd):

	Number of ordinary shares of RM1 each	Highest price RM	Lowest price RM	Average cost* RM	Total RM
2008					
At beginning of year	-	-	-	-	-
April 2008	1,000	1.54	1.41	1.61	1,612
May 2008	5,000	1.55	1.31	1.32	6,599
October 2008	3,183,500	0.92	0.56	0.85	2,715,505
November 2008	100	0.69	0.55	1.06	106
At end of year	3,189,600	1.55	0.55	0.85	2,723,822

* Average cost included transaction costs.

25. DEFERRED INCOME

This represents advance fees received from the subscribers of internet financial solutions.

26. SUNDRY PAYABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Accruals	808,194	1,061,536	315,782	280,310
Interest payable	-	10,677	-	10,677
Others	8,645	58,204	8,285	56,463
	816,839	1,130,417	324,067	347,450

27. SHORT TERM BORROWING

The short term borrowing of the Group and the Company consists of an unsecured revolving credit which is subject to an interest charge at 3.53% (2008: 4.33%). The revolving credit is repayable monthly.

28. DIVIDEND PAID

	Group and Company			
	Amount		Net dividend per share	
	2009 RM	2008 RM	2009 Sen	2008 Sen
For the year ended 31 December 2007				
Final dividend of 7.5% less 26% income tax, paid on 21 May 2008	-	8,324,944	-	5.55
	-	8,324,944	-	5.55

The Directors do not propose any payment of dividend in respect of the current financial year.

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29. SIGNIFICANT RELATED PARTY TRANSACTIONS AND RELATIONSHIPS

(a) Compensation of key management personnel

The following Directors of the Company represents the key management personnel of the Company. The Directors' remuneration are disclosed in Note 9.

Executive Directors

Dato' Nik Mohamed Din bin Datuk Nik Yusoff
 Yee Chee Wai
 Ong Ju Yan

Non-executive Directors

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

The terms and conditions of the share options granted are the same as those offered to other employees of the Group (Note 22). The movement of share options granted to the key management personnel during the year are as follows:

	Number of options over ordinary shares of RM1 each			
	At beginning of year	Granted	Forfeited	At end of year
2009	900,000	-	-	900,000
2008	1,200,000	-	(300,000)	900,000

(b) Transactions with related parties

Identities	Nature of transactions	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM

(i) Former related companies

OSK Investment Bank Berhad	Brokerage fees	7,824	18,205	80	8,238
	Commission fees	3,346	3,119	-	-
	Group support fees	239,400	239,400	120,000	120,000
	Professional fees	12,500	2,500	12,500	2,500
	Sponsorship	-	45,000	-	45,000
	Server maintenance fees	7,285	-	-	-
	Interest received	(424,387)	(356,224)	(152,768)	(141,799)

NOTES TO THE FINANCIAL STATEMENTS
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29. SIGNIFICANT RELATED PARTY TRANSACTIONS AND RELATIONSHIPS (CONT'D)

(b) Transactions with related parties (Cont'd)

Identities	Nature of transactions	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
(i) Former related companies (Cont'd)					
OSK Investment Bank Berhad	Annual fees income	(820,000)	(820,000)	-	-
	User access fees income	(4,939,750)	(4,775,760)	-	-
	Corporate website maintenance income	(23,400)	(27,200)	-	-
	Software development, subscription and hosting fees income	(7,800)	(7,800)	-	-
	Custodial fees	344	-	-	-
	Real time data feed subscription reimbursement	(395,365)	-	-	-
	Real time equity market fees	(10,440)	-	-	-
	OSK International Asset Management Sdn Bhd	Management and incentive fees	57,363	69,873	-
	Sharehandling fees	-	408	-	-
OSK Nominees (Tempatan) Sdn Berhad	Custodial fees	360	360	-	-
DMG & Partners Securities Pte Ltd	Real time data feed subscription	242,762	152,926	-	152,926
KE-ZAN Holdings Berhad	Rental of office and parking space	224,395	148,419	-	-
OSK (China) Investment Advisory Company Ltd ("OSKCIA")	Share of OSKCIA's cost	251,850	155,794	251,850	155,794
OSK Trustees Berhad	Hosting fees income	(4,800)	(4,800)	-	-
	Renewal DNS fees	(135)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

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

(b) Transactions with related parties (Cont'd)

Identities	Nature of transactions	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
(i) Former related companies (Cont'd)					
OSK-UOB Unit Trust Management Berhad	Hosting fees income	(12,000)	(12,000)	-	-
	Corporate website maintenance income	(1,200)	-	-	-
OSK Hong Kong Securities Limited	Placement of trading deposit	3,128,752	-	-	-
	Corporate website maintenance income	(5,000)	-	-	-
(ii) Other related company					
Le Design Sdn Bhd	Office equipment maintenance and renovation cost	87,985	-	-	-
(iii) Subsidiary companies					
	Settlement of liabilities on behalf of subsidiary companies	-	-	24,774,574	17,303,535
	Settlement of liabilities on behalf by subsidiary companies	-	-	3,948,092	-

* Related companies are companies within the OSKH group of companies.

Balances outstanding with subsidiary companies and related parties are reflected in the balance sheet.

(c) Transactions with other related parties

- (i) The Group holds a long term interest in Willowglen MSC Berhad ("Willowglen"), included in other investments as disclosed in Note 16, amounting to RM7,646,178 (2008: RM7,646,178). Willowglen, a company listed on ACE Market, is a company in which Mr. Ong Leong Huat @ Wong Joo Hwa has an indirect interest.
- (ii) The dividends received from Willowglen during the year amounted to RM850,397 (2008: RM850,397).
- (iii) The Company paid RM10,926 (2008: RM8,644) to Symphony Share Registrars Sdn. Bhd., a firm of which Mr. Foo San Kan is a Director of the holding company, for the provision of professional services. No balance with the firm was outstanding as at 31 December 2009 (2008: Nil).
- (iv) The Group and the Company have entered into insurance contracts with DC Services Sdn. Bhd. ("DCSSB") and Dinding Risks Management Services Sdn. Bhd. ("DRMSSB"). These companies are subsidiaries of Dindings Consolidated Sdn. Bhd., of which certain Directors of the latter are the family members of both Mr. Ong Leong Huat @ Wong Joo Hwa and Mr. Wong Chong Kim.

The insurance premium paid by the Group to DCSSB during the year is RM12,069 (2008: RM3,487). The insurance premium paid to DRMSSB by the Group and the Company during the year is RM15,602 (2008: RM31,752) and RM1,109 (2008: RM3,410) respectively.

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

(c) Transactions with other related parties (Cont'd)

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 the unrelated parties. No balances with these parties were outstanding as at 31 December 2009 and 2008.

(d) Former related companies

The former related companies are as follows:

Beneficial Services Berhad (In Members' Voluntary Liquidation)
DMG & Partners Nominees Pte Ltd
DMG & Partners Research Pte Ltd
DMG & Partners Securities Pte Ltd
K.E. Malaysian Capital Partners Sdn. Bhd. (In Members' Voluntary Liquidation)
KE-ZAN Holdings Berhad
KE-ZAN Nominees (Asing) Sdn. Bhd.
KE-ZAN Nominees (Tempatan) Sdn. Bhd.
KPEN Sdn. Bhd. (In Members' Voluntary Liquidation)
OSK Capital Hong Kong Limited
OSK Capital Sdn. Bhd.
OSK (China) Investment Advisory Company Ltd
OSK Finance Hong Kong Limited
OSK Futures Hong Kong Limited
OSK Futures and Options Sdn. Bhd.
OSK Holdings Hong Kong Limited
OSK Hong Kong Securities Limited
OSK Indochina Bank Limited
OSK International Asset Management Sdn. Bhd.
OSK International Investments Pte Ltd
OSK International Asset Management Pte Ltd
OSK International Investments Hong Kong Limited
OSK Investment Bank Berhad
OSK Investment Bank (Labuan) Limited
OSK Nominees (Asing) Sdn. Berhad
OSK Nominees (Tempatan) Sdn. Berhad
OSK Nominees Hong Kong Limited
OSK Precious Metals Hong Kong Limited
OSK Realty Sdn. Bhd.
OSK REIT Management Sdn. Bhd.
OSK Research Sdn. Bhd.
OSK Securities Hong Kong Limited
OSK Trustees Berhad
OSK-UOB Unit Trust Management Berhad
OSK Ventures Sdn. Bhd.
OSK Wealth Management Hong Kong Limited
OSK Wealth Planners Sdn. Bhd.
PT OSK Nusadana Securities Indonesia
PT Nusadana Aset Manajemen
Summit Nominees Pte Ltd
TCL Nominees (Asing) Sdn. Bhd.
TCL Nominees (Tempatan) Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

30. SIGNIFICANT EVENTS DURING THE YEAR

- (a) Delisting of GMO Limited ("GMO"), an 18.96% owned associated company of the Company from on the Alternative Investment Market of the London Stock Exchange ("The Delisting")

The cancellation of dealings in the ordinary shares of GMO on the Alternative Investment Market of the London Stock Exchange had taken effect from 7.00 a.m. (U.K. time), 29 May 2009.

GMO vide its company secretary, Jordans, had, on 17 July 2009 filed the statement of Solvency C60 together with the winding up resolution passed by GMO's shareholders on 26 June 2009 with Jersey Financial Services Commission informing them of GMO's winding up summary.

GMO has completed the distribution in specie of its remaining assets comprising shares in GMO Global Limited to the remaining shareholders in GMO. GMO vide Jordans, had submitted the statement of Solvency on Completion of a Summary Winding Up C61 to local authorities on 30 December 2009.

- (b) Disposal of associated company, MNC Wireless Berhad ("MNC") by the Group

On 5 June 2009, the Group via its wholly owned subsidiary company, OSK Technology Ventures Sdn Bhd disposed its entire 20.06% equity interest in MNC.

- (c) Acquisition of Green Packet Berhad ("GPB") Rights Issue with warrants

On 16 September 2009, OSK Technology Ventures Sdn Bhd a wholly owned subsidiary company subscribed for 32.0 million Rights Issue Shares with 32.0 million detachable warrants for a total cost of RM16.0 million. The Group's equity interests in GPB remained at 16.23% upon acquisition of its rights.

31. 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. 98% (2008: 80%) of trade receivables arose from a customer as at 31 December 2009, and that the majority of fixed deposits and short term placements are placed with major licensed banks in Malaysia and Hong Kong. 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.

31. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (Cont'd)

(d) Currency risk

The Group is exposed to currency risk primarily through placements of deposits denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollar, Singapore Dollar and Hong Kong Dollar.

The financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

Financial assets held in non-functional currencies:

	2009	Group
	RM	2008
		RM
United States Dollar	39,187,803	68,108,404
Singapore Dollar	6,152,527	23,868,425
Hong Kong Dollar	3,401,127	1,057,340
	48,741,457	93,034,169

Financial liabilities held in non-functional currencies:

	2009	Group
	RM	2008
		RM
Hong Kong Dollar	36,052	50,974

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

31. FINANCIAL INSTRUMENTS (CONT'D)

(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:

	Note	Group		Company	
		Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
2009					
Financial assets					
Amounts due from subsidiary companies	14(b)	-	-	198,284,795	*
Other investments:	16				
- quoted shares					
- in Malaysia		11,925,779	19,015,985	-	-
- outside Malaysia		272,374	264,218	-	-
- unquoted shares in Malaysia		9,483,500	**	-	-
- unquoted shares outside Malaysia		66,457,214	**	-	-
- unit trusts outside Malaysia		2,713,253	2,751,238	-	-
Amounts due from associated companies	19	96,971	*	-	-
Amounts due from former related company	18	3,128,813	*	-	-
Financial liabilities					
Amounts due to subsidiary companies	14(b)	-	-	23,114,324	*
2008					
Financial assets					
Amounts due from subsidiary companies	14(b)	-	-	244,810,222	*
Other investments:	16				
- quoted shares					
- in Malaysia		8,018,350	6,938,215	-	-
- outside Malaysia		4,292	669	-	-
- unquoted shares outside Malaysia		66,043,071	**	-	-
- unit trusts outside Malaysia		2,744,549	2,744,549	-	-
Amounts due from former related companies	18	1,075,984	*	-	-

31. FINANCIAL INSTRUMENTS (CONT'D)

(f) Fair values (Cont'd)

	Note	Group		Company	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		RM	RM	RM	RM
2008					
Financial liabilities					
Amounts due to subsidiary companies	14(b)	-	-	19,166,233	*
Amounts due to former related companies	18	4,624	*	-	-

* It is not practicable to estimate the fair values for amounts due from/to subsidiary companies/related 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 investments and placements in loan and promissory notes 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 receivables/payables

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

(ii) Quoted investments

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

32. SEGMENT INFORMATION

The primary segment reporting format is determined to be business segment as the Group's risk and rate of returns are affected predominantly by its business activities. Secondary information is reported by the geographical location of the operations of the assets.

a) Business segments

The Group is organised into four major business segments:

- (i) Venture capital business 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;
- (iii) Internet financial solutions businesses; and
- (iv) 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

32. SEGMENT INFORMATION (CONT'D)

a) Business segments (Cont'd)

	Venture capital businesses	Private equity businesses and investment holding	Internet financial solutions businesses	Holding entity	Eliminations	Consolidated
	RM	RM	RM	RM	RM	RM
2009						
Revenue						
External revenue	2,764,169	1,021,062	6,449,335	173,293	-	10,407,859
Inter-segment revenue	4,689,475	-	-	-	(4,689,475)	-
	7,453,644	1,021,062	6,449,335	173,293	(4,689,475)	10,407,859
Results						
Segment results	(23,757,835)	(9,901,009)	4,355,216	(22,754,183)	(4,689,475)	(56,747,286)
Finance cost						(771,125)
Share of losses of associated companies						(54,954,837)
Loss before tax						(112,473,248)
Income tax expense						(268,682)
Loss for the year						(112,741,930)
Minority interest						(1,682,356)
Loss attributable to equity holders of the Company						(114,424,286)
Assets						
Segment assets	61,985,347	4,978,362	19,440,302	1,362,567	-	87,766,578
Investments in associated companies						141,443,063
Unallocated assets						2,244,792
						231,454,433
Liabilities						
Segment liabilities	247,912	15,500	306,500	29,324,067	-	29,893,979
Other information						
Capital expenditure	9,060	-	227,709	-	-	236,769
Impairment losses, net	29,682,552	32,663,665	-	-	-	62,346,217
Depreciation	105,234	-	115,924	-	-	221,158
Plant and equipment written off	-	-	540	-	-	540

32. SEGMENT INFORMATION (CONT'D)

a) Business segments (Cont'd)

	Venture capital businesses	Private equity businesses and investment holding	Internet financial solutions businesses	Holding entity	Eliminations	Consolidated
	RM	RM	RM	RM	RM	RM
2008						
Revenue						
External revenue	542,663	401,097	6,295,136	1,389,305	-	8,628,201
Inter-segment revenue	4,257,049	-	1,800	-	(4,258,849)	-
	4,799,712	401,097	6,296,936	1,389,305	(4,258,849)	8,628,201
Results						
Segment results	(976,430)	(11,486,556)	1,071,351	(2,135,329)	(4,258,849)	(17,785,813)
Finance cost						(10,677)
Share of losses of associated companies						(24,093,517)
Loss before tax						(41,890,007)
Income tax expense						(8,836)
Loss for the year						(41,898,843)
Minority interest						(425,682)
Loss attributable to equity holders of the Company						(42,324,525)
Assets						
Segment assets	93,422,787	4,976,893	15,322,996	4,637,638	-	118,360,314
Investments in associated companies						201,741,470
Unallocated assets						4,075,233
						324,177,017
Liabilities						
Segment liabilities	295,815	19,800	541,896	10,347,450	-	11,204,961
Other information						
Capital expenditure	355,366	-	9,359	-	-	364,725
Impairment losses, net	4,839,103	14,600,897	(184,595)	-	-	19,255,405
Depreciation	91,744	-	151,742	-	-	243,486
Plant and equipment written off	788	-	-	-	-	788

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

32. SEGMENT INFORMATION (CONT'D)

b) Geographical segments

The Group's geographical segments are based on the location of the operations of the Group's assets. Revenue by geographical segment is based on income derived from those assets.

	Revenue	Segment assets	Capital expenditure
	RM	RM	RM
2009			
Malaysia	10,361,005	68,443,436	236,769
Singapore	23,265	2,751,238	-
Hong Kong	23,589	938,404	-
China	-	15,633,500	-
	<u>10,407,859</u>	<u>87,766,578</u>	<u>236,769</u>
Interests in associated companies	-	141,443,063	-
	<u>10,407,859</u>	<u>229,209,641</u>	<u>236,769</u>
2008			
Malaysia	7,382,263	64,013,907	364,725
Hong Kong	68,593	24,938,896	-
China	1,177,345	29,407,511	-
	<u>8,628,201</u>	<u>118,360,314</u>	<u>364,725</u>
Interests in associated companies	-	210,741,470	-
	<u>8,628,201</u>	<u>320,101,784</u>	<u>364,725</u>

33. ULTIMATE HOLDING COMPANY

On 28 August 2009 OSK Holdings Berhad ("OSKH"), the ultimate holding company completed distribution of ordinary shares of RM1.00 each in the Company to the shareholders of OSKH. Effective from that date, the Company ceased to be a subsidiary company of OSKH.

34. RECLASSIFICATION OF INVESTMENT

Interest in warrants in associated companies was previously classified as other investments. Such investments have been reclassified as interests in associated companies so as to reflect the nature of interest. The current year financial statements have effected such reclassification. The comparatives as at 31 December 2008 have been restated as follows:

	Previously stated	Increase/ (Decrease)	Restated
	RM	RM	RM
Group			
Balance Sheet			
Interest in associated companies	201,031,971	709,499	201,741,470
Other investments, non-current asset	74,079,169	(709,499)	73,369,670
Cash Flow Statement			
Purchase of interest in associated companies	19,046,763	709,499	19,756,262
Purchase of other investments	21,677,896	(709,499)	20,968,397

The above restatement has no effect on the Company's comparative figures.

**STATEMENT OF DIRECTORS' INTERESTS
AS AT 4 MARCH 2010**

OSK VENTURES INTERNATIONAL BERHAD ("OSKVI" OR "THE COMPANY")

Name of Director	Number of Ordinary Shares of RM1.00 each			
	Direct Interest	%	Indirect Interest	%
1. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	2,425,574	1.65	-	-
2. Ong Leong Huat	29,343,214	19.99	*4,594,787	3.13
3. Wong Chong Kim	470,504	0.32	**449,690	0.31
4. Foo San Kan	437,700	0.30	-	-
5. Ong Ju Yan	332,902	0.23	***1,763,510	1.20
6. Yee Chee Wai	-	-	****578	0.00

Notes:

- * Deemed interested by virtue of his substantial shareholding in OSK Holdings Berhad and disclosure made pursuant to Section 134(12)(c) of Companies Act, 1965 on interests held by his spouse and child.
- ** Deemed interested by virtue of his substantial shareholding in Harmony Chime Sdn. Bhd. and disclosure made pursuant to Section 134(12)(c) of Companies Act, 1965 on interests held by his spouse.
- *** Deemed interested by virtue of his substantial shareholding in Land Management Sdn. Bhd.
- **** Disclosure made pursuant to Section 134(12)(c) of Companies Act, 1965 on interests held by his spouse.

Name of Director	Number of Options over Ordinary Shares of RM1.00 each			
	Direct Interest	%	Indirect Interest	%
1. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	225,000	n.a.	-	-
2. Ong Leong Huat	225,000	n.a.	-	-
3. Wong Chong Kim	225,000	n.a.	-	-
4. Dato' Seri Abdul Azim bin Mohd. Zabidi	75,000	n.a.	-	-
5. Foo San Kan	75,000	n.a.	-	-
6. Tan Sri Datuk Dr. Omar bin Abdul Rahman	75,000	n.a.	-	-

Mr. Ong Leong Huat, by virtue of his interest in the Company, is also deemed to have an interest in the shares of all the Company's subsidiary companies to the extent the Company has an interest. The particular of his deemed interest in the subsidiary companies (except wholly-owned subsidiary company) are as follows:-

OTHER SUBSIDIARY COMPANY

Name of Company	Number of Ordinary Shares of RM1.00 each	
	Indirect Interest	%
1. Finexasia.com Sdn. Bhd.	6,811,111	60.00

Other than the above, none of the directors in office has any interest in the shares, warrants, debentures and options of the Company and its related corporations as at 4 March 2010.

**STATEMENT OF SHAREHOLDINGS
AS AT 4 MARCH 2010**

Authorised Capital	:	RM500,000,000
Issued and fully paid-up capital	:	RM146,808,400
Class of Shares	:	Ordinary Shares of RM1.00 each fully paid
Voting Rights	:	One vote per RM1.00 share

BREAKDOWN OF HOLDINGS

Range of Holdings	No. of Holders	Percentage of Holders	No. of RM1.00 share	Percentage of Issued Capital
1 — 99	3,612	13.41	73,838	0.05
100 — 1,000	15,778	58.56	6,338,952	4.32
1,001 — 10,000	6,167	22.89	19,623,053	13.37
10,001 — 100,000	1,238	4.59	35,520,299	24.19
100,001 — 7,340,419*	147	0.55	55,909,044	38.08
7,340,420 and above**	1	0.00	29,343,214	19.99
	26,943	100.00	146,808,400	100.00

Remarks:

- * Less than 5 % of the issued holdings
- ** 5% and above of the issued holdings

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. Ong Leong Huat	29,343,214	19.99	*347,551	0.24

Notes:

- * Deemed interested by virtue of his substantial shareholdings in OSK Holdings Berhad.

**STATEMENT OF SHAREHOLDINGS
AS AT 4 MARCH 2010**

THIRTY LARGEST REGISTERED HOLDERS

Name	No. of Shares	%
1. Ong Leong Huat	29,343,214	19.99
2. Nora Ee Siong Chee	2,775,000	1.89
3. Pengerang Jaya Pte. Ltd.	2,168,043	1.48
4. P J Equity Sdn. Bhd.	2,023,107	1.38
5. Alliancegroup Nominees (Asing) Sdn. Bhd. Pledged securities account for Lim Hun Swee (8041132)	2,020,000	1.38
6. Land Management Sdn. Bhd.	1,763,510	1.20
7. OSK Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tiong King Sing	1,426,100	0.97
8. Lee Sui Hee	1,387,727	0.95
9. Mayban Nominees (Asing) Sdn. Bhd. Pledged securities account for Teo Huay Siong	1,146,090	0.78
10. Khor Chai Moi	1,129,067	0.77
11. Dato' Nik Mohamed bin Nik Yahya	1,047,838	0.71
12. Teo Huay Siong	986,040	0.67
13. Loh Teck Yen	965,000	0.66
14. Nik Mohamed Din bin Nik Yusoff	910,432	0.62
15. CIMB Group Nominees (Tempatan) Sdn. Bhd. NMD Holdings Sdn. Bhd. for Dato' Nik Mohamed Din bin Datuk Haji Nik Yusoff (49444 PDZM)	909,091	0.62
16. Tan Sim Wah	800,000	0.54
17. Ong Yee Ching	795,509	0.54
18. Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Dimensional Emerging Markets Value Fund	793,897	0.54
19. Chan Yan Ping	788,500	0.54
20. Public Invest Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Sui Diong Hoe	762,714	0.52
21. TCL Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Hoo Pak @ Hor Ker Pay	700,000	0.48
22. Mary Ang Poh Chan	656,720	0.45
23. Lee Hui Gek	619,730	0.42
24. CIMB Group Nominees (Tempatan) Sdn. Bhd. Cerah Daya Sdn. Bhd. for Dato' Nik Mohamed Din bin Datuk Nik Yusoff (49850 PDZM)	606,061	0.41
25. Citigroup Nominees (Asing) Sdn. Bhd. GSCO for Truffle Hound Global Value LLC	606,061	0.41
26. Khaw Swee Lean	569,000	0.39
27. Permodalan Nasional Berhad	561,448	0.38
28. HSBC Nominees (Asing) Sdn. Bhd. AA Noms SG for JY Ltd	553,381	0.38
29. JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Teo Siew Lai (Margin)	486,000	0.33
30. Wong Chong Kim	470,504	0.32

CDS Account No.	Number of ordinary shares

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

being a member/members of OSK Ventures International Berhad hereby appoint:-

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/or (*delete if not applicable)

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/or (*delete if not applicable)

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

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 Sixth Annual General Meeting of the Company to be held at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 14 April 2010 at 11.30 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:

Item	Agenda	Resolution	For	Against
1.	To receive the Directors' Report, Audited Financial Statements and the Auditors' Report for the financial year ended 31 December 2009.			
2.	To approve the payment of Directors' fees of RM245,000.00 for the financial year ended 31 December 2009.	1		
3.	To re-elect Mr. Ong Ju Yan as Director pursuant to Article 94 of the Company's Articles of Association.	2		
4.	To re-appoint Yang Berbahagia Tan Sri Datuk Dr. Omar bin Abdul Rahman as Director pursuant to Section 129(6) of the Companies Act, 1965.	3		
5.	To re-appoint Messrs Ernst & Young as the Company's Auditors for the ensuing year.	4		
Special Business				
6.	Authority to issue shares	5		
7.	Proposed Shareholders' Mandates	6		
8.	Proposed Renewal	7		

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 _____ 2010

*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.

CONTACT

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