

ANNUAL  
REPORT  
2011

## **CONTENTS**

Notice of Annual General Meeting	<b>2</b>
Five-Year Group Financial Summary	<b>7</b>
Corporate Information	<b>9</b>
Corporate Structure	<b>10</b>
Directors' Profile	<b>11</b>
Chairman's Statement	<b>16</b>
Statement on Corporate Governance	<b>19</b>
Audit Committee Report	<b>31</b>
Statement on Internal Control	<b>34</b>
Additional Disclosures	<b>36</b>
Statement of Responsibility by Directors	<b>38</b>
Financial Statements	<b>39</b>
Statement of Directors' Interests	<b>93</b>
Statement of Shareholdings	<b>94</b>
Statement of Warrant Holdings	<b>96</b>
Form of Proxy	

NOTICE OF  
ANNUAL  
GENERAL  
MEETING

PLAZA  
OSK  
僑·豐·大·厦

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of the Company will be held at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Tuesday, 10 April 2012 at 2.30 p.m. to transact the following business:-

### AGENDA

- |    |   |   |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2011 together with the Reports of the Directors and the Auditors thereon.  | <b>(Please refer to Explanatory Note (i))</b> |
| 2. | To approve the payment of Directors' fees of RM225,000.00 for the financial year ended 31 December 2011.  | <b>Ordinary Resolution 1</b>                  |
| 3. | To re-elect Ms. Ong Yee Min who retires in accordance with Article 99 of the Company's Articles of Association and being eligible, offers herself for re-election.  | <b>Ordinary Resolution 2</b>                  |
| 4. | To re-elect the following Directors who retire by rotation in accordance with Article 94 of the Company's Articles of Association and being eligible, offer themselves for re-election:                         |   |
|    | (a) Dato' Seri Abdul Azim Bin Mohd Zabidi   | <b>Ordinary Resolution 3</b>                  |
|    | (b) Mr. Wong Chong Kim  | <b>Ordinary Resolution 4</b>                  |
|    | (c) Mr. Yee Chee Wai  | <b>Ordinary Resolution 5</b>                  |
| 5. | To re-appoint 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. | <b>Ordinary Resolution 6</b>                  |
| 6. | To re-appoint Messrs. Ernst & Young as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.   | <b>Ordinary Resolution 7</b>                  |

### AS SPECIAL BUSINESS

To consider and, if thought fit, with or without any modification, to pass the following Ordinary Resolutions and Special Resolution:

- |    |  |                              |
|----|--|------------------------------|
| 7. | <b>AUTHORITY TO ISSUE SHARES</b>   | <b>Ordinary Resolution 8</b> |
|    | <p>"THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, if applicable, 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."</p> |                              |

## NOTICE OF ANNUAL GENERAL MEETING

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

**Ordinary  
Resolution 9**

"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 Part A(I) Section 1.4 of the Circular to Shareholders dated 19 March 2012, provided that such transactions are undertaken in the ordinary course of business, on arm's 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:

- (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 must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting before the next Annual General Meeting;

whichever is earlier;

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."

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

**Ordinary  
Resolution 10**

"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, if applicable, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM0.50 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 RM84.36 million for the financial year ended 31 December 2011 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."

10. **SPECIAL RESOLUTION**  
**PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**  
**("PROPOSED AMENDMENTS")**

**Special  
Resolution**

"THAT Proposed Amendments as set out in Part A(II) of the Circular to Shareholders dated 19 March 2012 be and are hereby approved and adopted AND THAT the Board of Directors be and are hereby authorised to give effect to the said amendments."

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

By Order of the Board

**CHUA SIEW CHUAN (MAICSA 0777689)**  
**CHIN MUN YEE (MAICSA 7019243)**

**Company Secretaries**

Kuala Lumpur  
 19 March 2012

NOTES:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 4 April 2012 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint up to a maximum of three (3) proxies to attend and vote in his stead. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but does not need to be a member of the Company and if not a member he need not be a qualified legal practitioner, an approved Company auditor or a person approved by the Registrar. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its attorney duly authorised.
5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy must be deposited at the Company's Registered Office at 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.

## NOTICE OF ANNUAL GENERAL MEETING

### 7. 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 8 – 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 9 – Proposed Shareholders' Mandate

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 19 March 2012 for further information.

#### (iv) Ordinary Resolution 10 – 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 share premium account of the Company.

Please refer to the Share Buy-Back Statement dated 19 March 2012 for further information.

#### (v) Special Resolution – Proposed Amendments

The Proposed Amendments to the Articles of Association of the Company are to comply with the amendments made to Chapter 7 of Bursa Malaysia Securities Berhad ACE Market Listing Requirements in relation to Appointment of Multiple Proxies by an Exempt Authorised Nominee, Qualification of Proxy and Rights of Proxy to Speak.

Please refer to the Circular to Shareholders dated 19 March 2012 for further information.

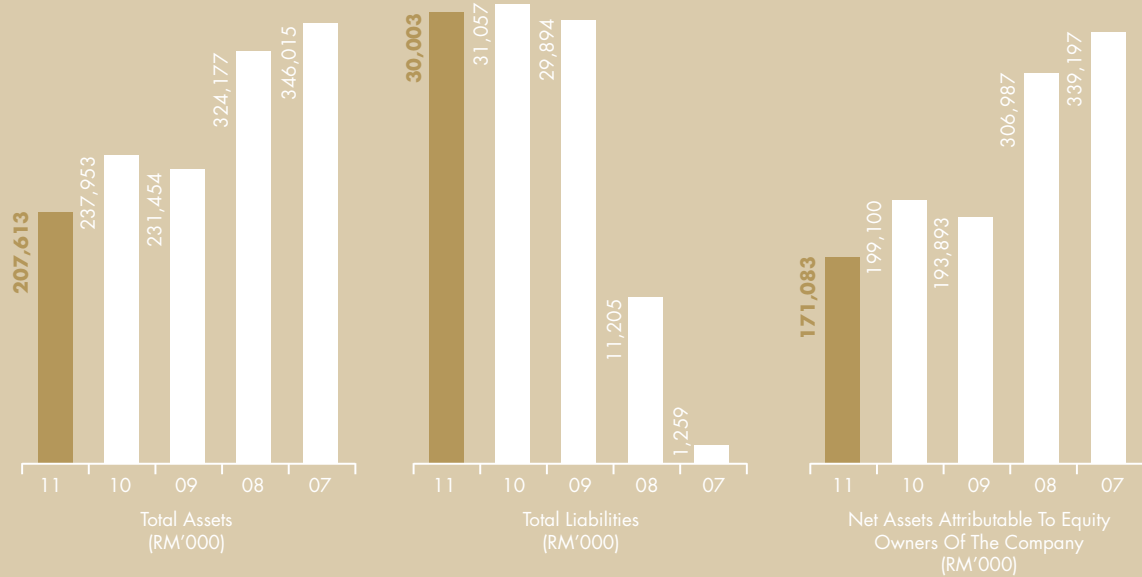
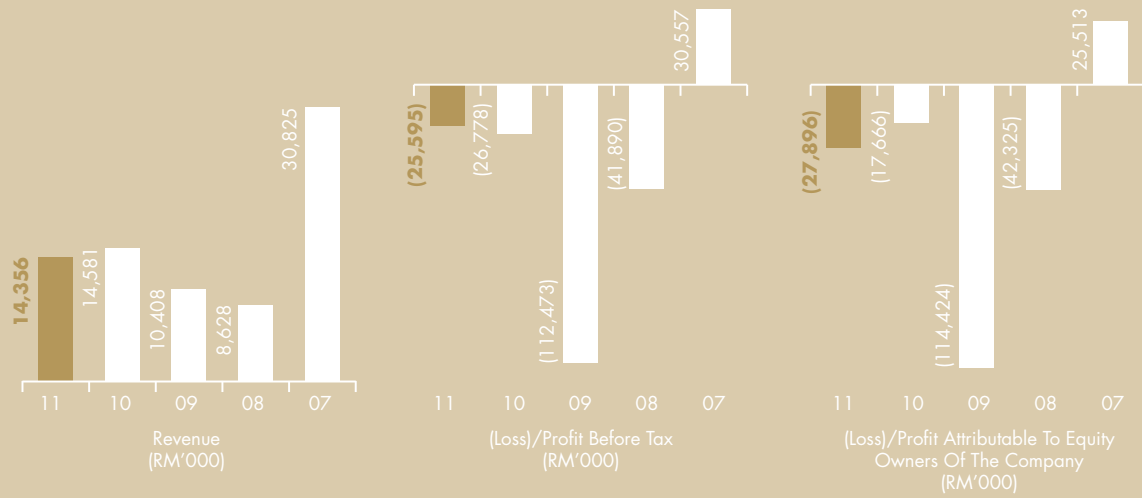
## FIVE-YEAR GROUP FINANCIAL SUMMARY

(RM'000)	2011	2010 *	2009	2008	2007
Revenue	<b>14,356</b>	14,581	10,408	8,628	30,825
(Loss)/Profit Before Tax	<b>(25,595)</b>	(26,778)	(112,473)	(41,890)	30,557
(Loss)/Profit Attributable To Equity Owners Of The Company	<b>(27,896)</b>	(17,666)	(114,424)	(42,325)	25,513
Total Assets	<b>207,613</b>	237,953	231,454	324,177	346,015
Total Liabilities	<b>30,003</b>	31,057	29,894	11,205	1,259
Net Assets Attributable To Equity Owners Of The Company (Shareholders' Funds)	<b>171,083</b>	199,100	193,893	306,987	339,197
Number Of Outstanding Ordinary Shares As Issued And Fully Paid ('000 shares), Exclude Treasury Shares Held	<b>195,741</b>	195,743	146,808	146,810	150,000
Basic (Loss)/Earnings Per Share (sen)	<b>(14.25)</b>	(11.21)	(77.94)	(28.36)	17.01
Gross Dividends Per Share (sen)	-	-	-	-	17.50
Net Assets Per Share Attributable To Equity Owners Of The Company (RM)	<b>0.87</b>	1.02	1.32	2.09	2.26
Closing Price At End Of The Year (RM)	<b>0.305</b>	0.400	0.665	0.650	1.700

\* With the adoption of FRS139, the Group has accounted for its associated companies by Fair Value Through Profit or Loss (listed associated companies are marked to market) to reflect a fairer financial performance as compared to equity accounting previously adopted. In accordance with the transitional provisions of FRS139, the above changes are applied prospectively and the comparatives for 2007 to 2009 are not restated.



## 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 Yee Min	- 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	- Senior Independent Non-Executive Director

### AUDIT COMMITTEE

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

### REMUNERATION COMMITTEE

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

### OPTION COMMITTEE

Foo San Kan – *Chairman*  
Ong Ju Yan

### COMPANY SECRETARIES

Chua Siew Chuan (MAICSA 0777689)  
Chin Mun Yee (MAICSA 7019243)

### AUDITORS

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

### PRINCIPAL BANKERS

Malayan Banking Berhad  
Bangkok Bank Berhad  
RHB Bank Berhad

### SOLICITORS

Cheang & Ariff  
Naqiz & Partners

### REGISTRAR

Symphony Share Registrars Sdn. Bhd.  
Level 6, Symphony House  
Block D13, Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
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

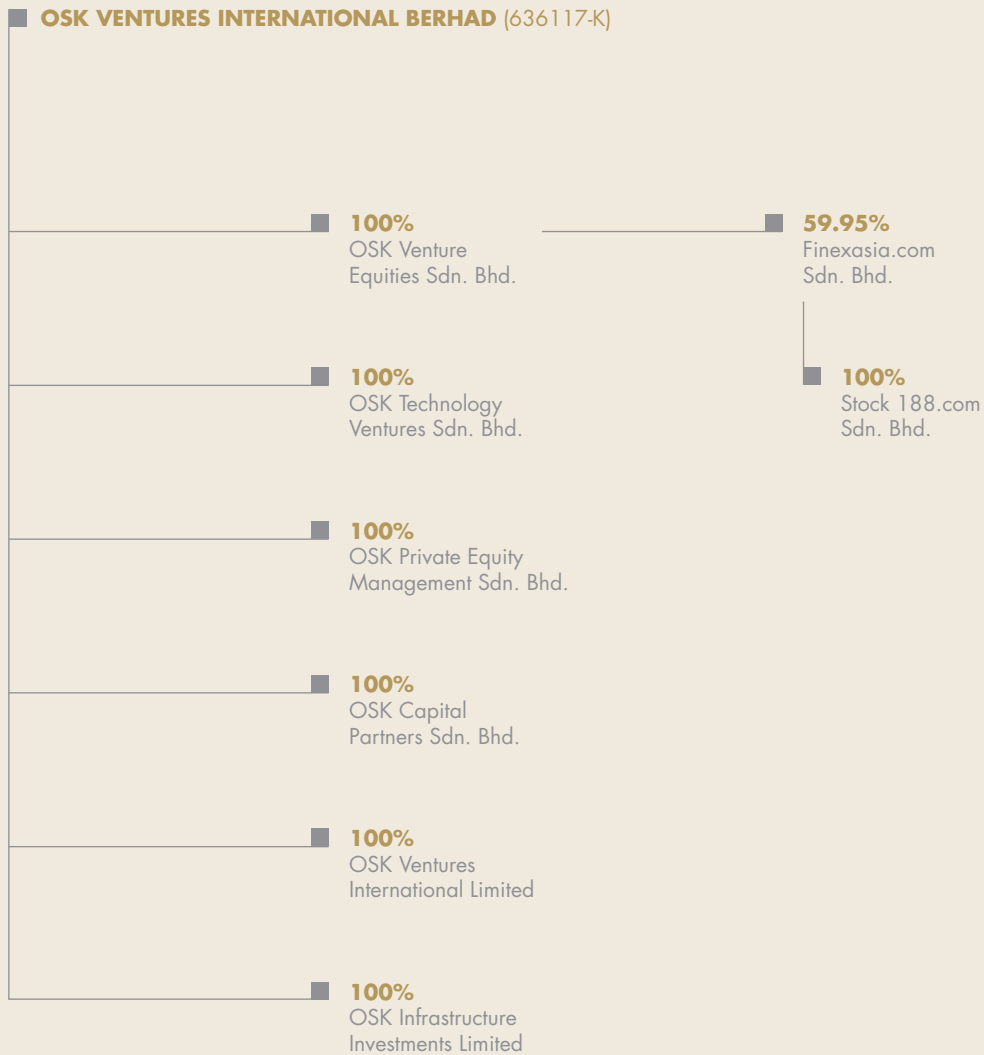
### PRINCIPAL BUSINESS ADDRESS

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

### STOCK EXCHANGE LISTING

Ace Market, Bursa Malaysia Securities Berhad

## CORPORATE STRUCTURE AS AT 20 FEBRUARY 2012



# DIRECTORS' PROFILE



## DIRECTORS' PROFILE

### **DATO' NIK MOHAMED DIN BIN DATUK NIK YUSOFF**

EXECUTIVE CHAIRMAN

Dato' Nik Mohamed Din Bin Datuk Nik Yusoff, aged 69, a Malaysian, is the Executive Chairman of the Company. He was one of the First Directors 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 Minister 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 thereafter re-designated as Non-Independent Non-Executive Chairman on 28 December 2009.

Dato' Nik Mohamed Din is the Executive Chairman of OSK Property Holdings Berhad and the Chairman of OSK Holdings Berhad, Jerasia Capital Berhad and QBE Insurance (Malaysia) Berhad. He is a Director of OSK Investment Bank Berhad, OSK Trustees Berhad, Malaysian Trustees Berhad, OSK-UOB Investment Management Berhad (formerly known as OSK-UOB Unit Trust Management Berhad), Federation of Public Listed Companies Bhd and Datin Seri Ting Sui Ngjit Foundation.

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 2011.

### **YEE CHEE WAI**

EXECUTIVE DIRECTOR/CHIEF OPERATING OFFICER

Yee Chee Wai, aged 47, 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 the 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 a 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, eBworx Berhad and Maxwell International Holdings Berhad and an alternate Director to Mr. Ong Ju Yan, a Director of Green Packet Berhad.

Mr. Yee 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.

Mr. Yee attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2011.

## DIRECTORS' PROFILE

### ONG JU YAN

EXECUTIVE DIRECTOR

Ong Ju Yan, aged 32, a Malaysian, is the Executive Director of the Company. He was appointed to the Board of the Company on 28 August 2006. He is a member of the Option Committee of the Company.

Mr. Ong is currently the Chief Operating Officer and Head of Investment Banking for OSK Investment Bank Berhad ("OSKIB"). His responsibilities include managing the Group's investment banking and institutional securities businesses as well as handling the Group's regional expansion and integration strategies. He has over 10 years of experience in financial services, having started his career with Morgan Stanley in New York and Singapore and later joining OSKIB in Malaysia where he has a regional management role.

He holds a B.A. in Economics from Yale University and served as Yale's Country Director for Malaysia from 2005 to 2010.

Mr. Ong is also a Director of Green Packet Berhad and Ke-Zan Holdings Berhad.

Mr. Ong is the nephew of Mr. Wong Chong Kim, a Director of the Company. He is also the brother of Ms. Ong Yee Min, a Director of the Company and the son of Mr. Ong Leong Huat @ Wong Joo Hwa, a major shareholder 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. Ong attended all four (4) Board Meetings of the Company held during the financial year ended 31 December 2011.

### ONG YEE MIN

EXECUTIVE DIRECTOR

Ms. Ong Yee Min, aged 28, is the Executive Director of the Company. She was appointed to the Board of the Company on 1 September 2011.

Ms. Ong's work background is rooted in banking. Upon graduation in 2004, she joined Citibank Berhad, Malaysia, initially as a Relationship Associate in the Corporate and Investment Banking department and later elevated to the position of Relationship Manager. In this last position, she was responsible for managing client relationships in the banking sector. Her varied portfolio focused on cash management, trade solution consultancy, treasury and capital market products, amongst others. She left Citibank in 2011.

She holds a B.A. in Business (Banking and Finance) and a B.A. in Computing both awarded by Monash University, Australia.

Ms. Ong is the niece of Mr. Wong Chong Kim, a Director of the Company. She is also the sister of Mr. Ong Ju Yan, a Director of the Company and the daughter of Mr. Ong Leong Huat @ Wong Joo Hwa, a major shareholder of the Company. She 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. She has no conviction for any offences within the past ten (10) years.

Ms. Ong attended one (1) out of one (1) Board Meeting of the Company held from the date she was appointed as Director of the Company during the financial year ended 31 December 2011.

## DIRECTORS' PROFILE

### WONG CHONG KIM

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Wong Chong Kim, aged 55, 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 Chartered Accountant and a member of the Malaysian Institute of Accountants. He is also 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 a 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 was 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 the Non-Independent Non-Executive Director of OSK Holdings Berhad and OSK Property Holdings Berhad. He is also a Director of Ke-Zan Holdings Berhad.

Mr. Wong is the uncle of Mr. Ong Ju Yan and Ms. Ong Yee Min, Directors of the Company. He is also the brother of Mr. Ong Leong Huat @ Wong Joo Hwa, a major shareholder 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. Wong attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2011.

### TAN SRI DATUK DR. OMAR BIN ABDUL RAHMAN

INDEPENDENT NON-EXECUTIVE DIRECTOR

Tan Sri Datuk Dr. Omar Bin Abdul Rahman, aged 79, 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 and a member of the Audit Committee of the Company.

Tan Sri Datuk Dr. Omar obtained a Bachelor of Veterinary Science Degree from Sydney University, Australia and a Certificate in Pathology from the University of Queensland in 1958 and 1959 respectively. He then completed the Doctorate of Philosophy from Cambridge University, United Kingdom in 1966. He was a Science Advisor in the Prime Minister's Department from 1984 to 2001, the Executive Chairman of Kumpulan Modal Perdana Sdn. Bhd. from 2001 to April 2007 and President cum CEO of The Malaysia University of Science and Technology ("MUST") from 2007 to 2009. As Science Advisor he was also active in the science and technology scene internationally. He served on the United Nations 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 science and technology policy for Malaysia. He is also the founder of the Academy of Sciences Malaysia, Malaysian Technology Development Corporation ("MTDC"), 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. He is now also professor emeritus of UPM and was bestowed the Tokoh Akademik Negara for the year 2010 by the Ministry of Higher Education.

Tan Sri Datuk Dr. Omar is also a Director of Green Packet Berhad, Kotra Industries Berhad, GW Plastic Holdings Berhad, BCT Technology Berhad and Sabio Technology Berhad.

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 2011.

## DIRECTORS' PROFILE

### DATO' SERI ABDUL AZIM BIN MOHD. ZABIDI

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Seri Abdul Azim Bin Mohd. Zabidi, aged 52, 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 from 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 London Metropolitan University, United Kingdom.

Dato' Seri Abdul Azim is also a Director of Wijaya Baru Global 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 2011.

### FOO SAN KAN

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Foo San Kan, aged 63, a Malaysian, is the Senior 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 Option 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 the Chairman of OSK Investment Bank Berhad and a Director of OSK Holdings Berhad, OSK Property Holdings Berhad, mTouche Technology 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 Malaysian Trustees 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 2011.





**CHAIRMAN'S STATEMENT**

**DATO' NIK MOHAMED DIN BIN DATUK NIK YUSOFF**

## CHAIRMAN'S STATEMENT

### Introduction

The 2011 global financial landscape was profoundly impacted by geopolitics and natural disasters, from the Arab spring to the Tohoku catastrophe, compounded with the two sovereign debt crises in Eurozone and the US. Aggravated by the political gridlock over economic policies, the downgrades in sovereign credit ratings of US, France and other European countries underscored the general sentiment that economic woes were far from over. The volatile stock markets and tight credit markets brought on further slowdowns in economic activities – the year ended with a decrease of 6.7% and 7.6% in the FTSE All-Share and MSCI World indices respectively.

On an overall basis, however, the Asian markets remained comparatively robust even as moderation continued due to tighter monetary policies and weak external demand. The region outperformed advanced economic markets in 2011 on the back of solid corporate results, strength of domestic consumption and capital inflows underpinned by economic and political reforms. Regional markets were, however, volatile as investor sentiments swayed in tandem with markets elsewhere against the backdrop of global economic uncertainties.

The region's performance was reflective within the Malaysian market. In spite of market routs and black swan events, the Malaysia equity market performed relatively well with a rousing fourth-quarter rally. The Malaysian economy remained relatively resilient, supported by strong domestic demand and commodities exports. However, it remains challenging for the domestic economy moving forward, in light of the expected slower global growth.

### Financial Performance

For the financial year ended ("FYE") 2011, we recorded revenues of RM14.4 million, as compared to the RM14.6 million achieved in the previous year. At the same, we registered a pre-tax loss of RM25.6 million (FYE 2010: RM26.8 million). The continued weak performance in FYE 2011 was primarily attributed to net fair value loss on financial instruments of RM34.3 million (FYE 2010: RM37.1 million). The share price of our quoted investments on the local bourse continued to exhibit weakness even though the overall financial performance and health of our investee companies had improved over the year. As at 31 December 2011, we maintained a healthy cash balance of RM44.4m, translating to cash per share value of RM0.23.

### Review of operations

During the year under review, we aggressively participated in several placement transactions in the region, particularly in Malaysia, Indonesia and Singapore. The vibrant economies in South East Asia, anchored by China and India, were displaying resilient growths with domestic demand playing a more significant role in driving economic expansion in terms of both spending as well as investments. We will continue to identify investment opportunities such as mezzanine financing and secondary market transactions that have a shorter time horizon to reduce earnings volatility and holding period risk.

We also selectively increased our holdings in some of our core investee companies as a vote of confidence in their long-term prospects. Despite the decline in share price, the overall performance of our investee companies had shown a marked improvement judging by the steady growth of financial and operating results as their businesses expanded. This was evident from the dividend income of RM4.5 million for the FYE 2011, from RM1.3 million a year earlier. Portfolio value will continue to be enhanced through ongoing investee support and fund interests will be safeguarded effectively through pro-active investee relationship management as well as following closely peer and industry developments.

Simultaneously, steps were taken to improve our systems and processes, including the risk management process, with the aim of ensuring sufficient controls are in place to weather the challenges ahead. We shall continue to conform to the best private equity's investment practices in our dealings to deliver enhanced and sustainable long-term performance.

### Corporate Development

During the FYE 2011, we obtained our shareholders' approval at the last Annual General Meeting held on 13th April 2011 to purchase up to 10% of the issued and paid-up ordinary share capital of our Company. In the year 2011, our Company had purchased 2,000 ordinary shares of RM0.50 each from the open market for a total consideration of RM 762.21, equivalent to an average price of RM0.38 per share. These were retained as treasury shares.

## CHAIRMAN'S STATEMENT

### Prospects for 2012

Albeit ahead of the US and Europe, growth in Asia is expected to be on a softer trend particularly during the first half of 2012 in anticipation of the prolonged European recession and tightening monetary policies in China and India. As growth slows, inflationary pressures are expected to abate, exaggerated by base effects on commodity prices that will see headline inflation rates fall much faster than core inflation in most economies.

Meanwhile, further expansion of the Economic Transformation Programme ("ETP") and the liberalisation of the 17 services sub-sectors announced by the Malaysian Government during Budget 2012 will accelerate investment and provide the impetus to economic development. However, uncertainties in the global economy and precautionary measures such as stricter rules on lending by Bank Negara Malaysia could present challenges to economic recovery.

Moving forward, we will continue to actively identify investment opportunities via our consistent and disciplined approach to ensure enhanced and sustainable long term business performance. We will continue to work with our investees closely to bring them to the next level of growth. All in, we remain positive on the private equity and venture capital industry for 2012.

### Dividends

Our Board of Directors did not recommend or declare any dividend payment for the year 2011 although we remain well capitalised. This is to ensure we are able to take advantage of investment opportunities at attractive valuations. We also remain prudent in efforts to conserve our capital and build an adequate buffer against any shocks in the fair valuation of our investments.

### Acknowledgement

I wish to extend my heartfelt appreciation to all stakeholders, especially our shareholders, clients and business partners, for their steadfast loyalty and unwavering support. On behalf of our Board, my deepest gratitude goes to each of our management and employee for their faith and utmost dedication.

We are committed to be the preferred private equity group in the region by generating superior and sustainable returns to our stakeholders and contributing towards the private equity industry in the region.

**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") recognises 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 will strive to continuously improve on its governance process and structure towards enhancing long-term shareholder value.

The Board views the corporate governance as synonymous with four key concepts, namely transparency, integrity, accountability and 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 a 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 Terms of Reference include amongst others, the following:

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

The details of the Board Committees are set out on Pages 25 to 30 of this Annual Report.

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

- recurring revenue expenditures (within ordinary course of business);
- other non-recurring expenditures;
- capital expenditures;
- investments and proprietary trading;
- inter-company loans and advances;
- corporate guarantees and other commitments;
- bank loans and private debt securities issuance; and
- investments in subsidiary or associated companies.

The Executive Committee is empowered to exercise the powers and duties of the Board between Board meetings and while the Board is not in session, to implement the policy decisions of the Board.

#### b) Composition of the Board

Good corporate governance practice requires the role of the Chairman and that of Chief Executive Officer to be separated. The Chairman must not be a former Chief Executive Officer/Chief Operating Officer of the Company.

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 but a Chief Operating Officer, Mr. Yee Chee Wai.

The Board comprises four (4) Executive Directors (including the Executive Chairman) and four (4) 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.

## STATEMENT ON CORPORATE GOVERNANCE

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

#### b) Composition of the Board (Cont'd)

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 experiences in the areas of technology, finance, accounting, economics and law.

In ensuring that each of the Directors possesses unquestionable integrity and good character, the Company has adopted the Code of Ethics for its Directors.

The profiles of the Directors are set out in the Directors' Profile on Pages 11 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 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 on 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 at least 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.

The Board members have complete and unhindered access to the Senior Management and Company Secretaries at any time. The Board may consult with other Group employees and seek 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:

<b>Directors</b>	<b>Attendance</b>
1. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	4/4
2. Yee Chee Wai	4/4
3. Ong Ju Yan	4/4
4. Ong Yee Min (Appointed on 1 September 2011)	1/1
5. Wong Chong Kim	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 to attend all Board meetings that have 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 times.

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 matters.

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 are 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, having assessed the competencies of Ms. Ong Yee Min, has recommended to the Board for her appointment as Executive Director of the Company. The Nominating Committee has also 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 ratings on the Board's effectiveness, the Board Committees and individual Directors were 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") provides that all Directors who have been appointed by the Board are subject to retirement and re-election by shareholders at the First Annual General Meeting ("AGM"). The Articles also provide that one-third (1/3) (or the number nearest to one-third, if number is not three or multiple of three) of the Directors (except the Managing Director) are to retire by rotation at every AGM. All the Directors (except the Managing Director) 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 10 April 2012 are as stated in the Notice of the Eighth 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 supports 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 comprises entirely of Non-Executive Directors and the details are set out on Page 26 of this Annual Report. The Executive Chairman and Directors do not participate in the decision with regards to their remuneration.

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

There was no increase in the Directors' fees for the financial year ended 31 December 2011. The Directors' fees for each Director have 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/- per day for attending meetings.

The proposed Directors' fees for the financial year 2011 would be tabled at the Eighth AGM for approval by the shareholders.

Details of the Directors' remuneration for the financial year ended 31 December 2011 are as follows:

<b>2011</b>	<b>Executive RM</b>	<b>Non- Executive RM</b>	<b>Total RM</b>
<b>Amount received/receivable from the Company:</b>			
Fee – Provision for the year	<b>100,000</b>	<b>125,000</b>	<b>225,000</b>
Defined contribution plan	1,800	-	1,800
Salaries, bonuses and other emoluments	15,000	-	15,000
	16,800	-	16,800
	<b>116,800</b>	<b>125,000</b>	<b>241,800</b>

#### **Amount received/receivable from the Group:**

Fee – Provision for the year	<b>100,000</b>	<b>125,000</b>	<b>225,000</b>
Defined contribution plan	67,226	-	67,226
Salaries, bonuses and other emoluments	454,500	-	454,500
	521,726	-	521,726
	<b>621,726</b>	<b>125,000</b>	<b>746,726</b>

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

<b>2011</b>	<b>Executive</b>	<b>Non- Executive</b>	<b>Total</b>
<b>Group</b>			
RM50,000 and below	1	4	5
RM50,001 up to RM100,000	2	-	2
RM450,001 up to RM500,000	1	-	1
	<b>4</b>	<b>4</b>	<b>8</b>



## STATEMENT ON CORPORATE GOVERNANCE

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

#### h) Continuing Education of Directors

All the Directors of the Company have completed 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. The training programmes, seminars and forums include the following:

1. Financial Institutions Directors Education (FIDE) Programme;
2. Briefing on Anti - Money Laundering;
3. ICAAP and BASEL III;
4. Sustainability Programme For Corporate Malaysia 1/2 Day Directors Session On Sustainability – Consumer Products, Finance, Technology & Closed End Funds;
5. Board Responsibility for Corporate Culture - Selected Governance Concerns & Tools for Addressing Corporate Culture and Board Performance;
6. Corporate Governance Blueprint 2011 – Towards Excellence in Corporate Governance;
7. ASEAN Exchange Collaboration: ASEAN Broker Networking Session;
8. Advocacy Sessions on Disclosure for CEO's and CFO's;
9. Directors' Obligation on the Amendments to the Listing Requirements of Bursa Malaysia Securities Berhad, Corporate Disclosure Guide and Securities Commission's Corporate Governance Blueprint 2011; and
10. The Politics of Economics and Social Transformation in the Era of Global Crisis.

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

#### i) Investors Relations

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

The following are 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 disclosures 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.oskvi.com](http://www.oskvi.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. Yee Chee Wai, aged 47, is the Executive Director/Chief Operating Officer of the Company. He is one of the key management personnel in charge of addressing the inquiries from shareholders, investors and the public. 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 a General Manager. He began his career as an auditor with an international accounting firm based in Malaysia in 1984.

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

The Board adopted the following to enhance the Company's corporate governance practices:

- Code of Conduct for Officers and Employees;
- Code of Ethics for the Company's Director;
- Code of Ethics for Company Secretaries; and
- Whistle Blowing Policy

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 economy 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 39 to 92 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 Disclosures on Pages 36 to 37 and the Notes to Financial Statements on Pages 39 to 92 of this Annual Report.

#### c) Internal Control

The Board acknowledges its responsibilities in setting up and maintaining an effective system in order to ensure an effective risk management environment. In achieving this, the Board ensured that the internal control system had taken into consideration of risk assessment processes, management's integrity and materiality threshold. The Board also considered the adequacy of internal controls in addressing these risks.

The Board recognises that risks cannot be eliminated completely. Nevertheless, with the implementation of an effective internal control system, the Directors and senior management of the Group will be guided to provide reasonable assurance of effective and efficient operations and compliance with internal procedures and guidelines.

The Statement on Internal Control, which provides an overview of the Company's internal control framework, is set out on pages 34 and 35 of this Annual Report.

## STATEMENT ON CORPORATE GOVERNANCE

### B. ACCOUNTABILITY AND AUDIT (CONT'D)

#### 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 twice a year without the presence of the Management.

The Audit Committee is responsible to review the adequacy of the audit scope, functions and resources of the internal and external auditors to carry out their duties according to the annual audit plan. The details of audit/non-audit fees paid/payable to the internal and external auditors are set out below:

2011	Group (RM)	Company (RM)
Audit fees paid to external auditors	86,955	28,000
Non-audit fees paid to external auditors	3,000	3,000
Fee paid to internal auditors	36,000	36,000

The non-audit fee paid to external auditors is in relation to the assignment carried out by the external auditors in reviewing the Statement on Internal Control for the financial year ended 2011.

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

### C. BOARD COMMITTEES

To help the Board to carry out its responsibilities, the Board has established the following Committees and 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 will receive a copy of the minutes of meetings from the relevant Committee.

The composition of each Committee, terms of reference, the activities carried out during the year and the number of meetings attended during the year 2011 are set out below.

#### a) Audit Committee

The Audit Committee comprises entirely Independent Non-Executive Directors, assists 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.

## STATEMENT ON CORPORATE GOVERNANCE

### C. BOARD COMMITTEES (CONT'D)

#### b) Remuneration Committee

The Remuneration Committee comprises entirely Independent Non-Executive Directors, are as follows:

##### Composition

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

Members - Foo San Kan  
*Senior Independent Non-Executive Director*

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

##### Authority

The Committee is authorised to recommend to the Board the remuneration of the Executive Directors and Senior Management (Job Grade B1 and above) in all its forms.

##### Frequency of Meeting

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

##### Functions and Duties

- (a) To review the existing level of remuneration of Executive Directors and Senior Management (B1 and above) to ensure that it is compatible with their corporate and individual performance;
- (b) To recommend to the Board the remuneration of Executive Directors and Senior Management (B1 and above) which is structured to link rewards to corporate and individual performance. Executive Directors and Senior Management (B1 and above) should play no part in the decisions on their own remuneration;
- (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. 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 set of formal and transparent procedures on the remuneration of Executive Directors and Senior Management (B1 and above) and fix the remuneration packages of individual Directors.

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

<b>Members</b>	<b>Attendance</b>
Tan Sri Datuk Dr. Omar Bin Abdul Rahman	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 were to:

- review and recommend the bonus for the Executive Chairman and Directors for the financial year 2010; and
- review and propose the Directors' fees for the financial year 2010.

## STATEMENT ON CORPORATE GOVERNANCE

### C. BOARD COMMITTEES (CONT'D)

#### c) Nominating Committee

The Nominating Committee comprises entirely Independent Non-Executive Directors, are as follows :-

##### 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  
*Senior Independent Non-Executive Director*

##### Authority

The Committee is authorised to propose new nominee(s) for the Board and assess Directors on an ongoing basis. The Committee is required to report its recommendations back to the Board for its consideration and implementation. The final decision on the nominee(s) lies with the Board after considering the recommendations of the Committee.

##### Frequency of Meeting

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

##### Functions and Duties

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

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

<b>Members</b>	<b>Attendance</b>
Tan Sri Datuk Dr. Omar Bin Abdul Rahman	1/1
Dato' Seri Abdul Azim Bin Mohd. Zabidi	0/1
Foo San Kan	1/1

Key activities undertaken by the Nominating Committee were to:

- assess and recommend a candidate for directorship to the Board for approval;
- assess the effectiveness of the Board as a whole and the contribution of the various Board Committees;
- review and assess the performance of the Executive Chairman, Chief Operating Officer, Executive Directors and Non-Executive Directors;
- 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
- review the training programmes attended by Directors during the financial year.

## STATEMENT ON CORPORATE GOVERNANCE

### C. BOARD COMMITTEES (CONT'D)

#### d) Risk Management Committee

##### Composition

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

Members - Foo San Kan  
*Senior Independent Non-Executive Director*

Wong Chong Kim  
*Non-Independent Non-Executive Director*

##### Authority

The Committee is authorised to review the risk management infrastructure and processes of the Company.

##### 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 four (4) meetings held during the financial year. The attendances of the members of Risk Management Committee are as follows:

<b>Members</b>	<b>Attendance</b>
Tan Sri Datuk Dr. Omar Bin Abdul Rahman	4/4
Foo San Kan	4/4
Wong Chong Kim	4/4

Key activities undertaken by the Risk Management Committee during the year were to:

- establish parameters and guidelines for the reporting of the Group's risk management activities and rolling out the report;
- assess the Group's risk management infrastructure including policies, processes, structure and system;
- 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
- evaluate the key risk indicators of the Group and any significant risk and control issues highlighted by the Risk Management team.

## STATEMENT ON CORPORATE GOVERNANCE

### C. BOARD COMMITTEES (CONT'D)

#### e) Option Committee

##### Composition

Chairman - Foo San Kan  
*Senior Independent Non-Executive Director*

Member - Ong Ju Yan  
*Executive Director*

##### Authority

The Committee is authorised 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 acts 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 necessary or desirable for giving full effect to the Scheme.

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 from 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 determine the 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 on 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.

## STATEMENT ON CORPORATE GOVERNANCE

### C. BOARD COMMITTEES (CONT'D)

#### e) Option Committee (Cont'd)

- (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 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 21 February 2012.

## AUDIT COMMITTEE REPORT

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2011.

### MEMBERSHIP

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

Foo San Kan  
Chairman, Senior 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 2011, 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 Group 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 1<sup>st</sup> 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 1<sup>st</sup> 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 Finance and Accounts and the representatives of the external auditors and internal 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 the external auditors, internal auditors or both, excluding the attendance of other directors and employees of the Group, 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 internal audit function and ensure compliance with relevant regulatory requirements;
- To review the adequacy of the audit scope, functions and resources of the firm of internal auditors (that was engaged to undertake the internal audit function) 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.

#### 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 nature, timing and extent of the audit;
- To review the external auditors' management letter and response;
- To review the audit findings raised by the external auditors and ensure that issues are managed and rectified appropriately and on a timely manner;
- To review the assistance given by the employees of the Group 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 issues 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 judgement of the auditors.

#### 4. Financial Reporting

- To ensure fair and transparent reporting and prompt publication of the financial statements; 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 Group including any transaction, procedure or course of conduct that may raise questions on 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 activities of the Committee are as follows:-

#### Internal Audit

1. Reviewed the adequacy of the scope, functions and resources of the firm of internal auditors (that was engaged to undertake the internal audit function) and that it has the necessary authority to carry out its work; and
2. Reviewed and discussed the internal audit reports and ensured that corrective actions had been taken to rectify the weaknesses highlighted in the audit reports.

## AUDIT COMMITTEE REPORT

### Financial Reporting

1. Reviewed the quarterly results 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 audit plan and scope of work presented by external auditors;
2. Reviewed the annual audited financial statements of the Group with the external auditors prior to submission to the Board for approval; and
3. 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 internal control system.

### Related Party Transactions

1. Reviewed the related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that may raise questions on 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. In the 3<sup>rd</sup> quarter ended 30 September 2011, the Group has outsourced its internal audit function and appointed BDO Governance Advisory Sdn. Bhd. ("BDO") as the Internal Auditors for a period of two (2) financial years ending 31 December 2011 and 31 December 2012. In line with good corporate governance practices, the outsourced internal audit function is independent of the activities and operations of the Group. BDO reports directly to the Audit Committee.

The principle responsibilities of the internal audit function are to provide assurance of effective functioning of internal controls of the Group and compliance to policies and procedures and recommended business practices; and to identify opportunities to enhance efficiency and effectiveness of operations.

The professional fees incurred for the internal audit function in respect of the financial year ended 31 December 2011 amounted to RM36,000.

## STATEMENT ON INTERNAL CONTROL

### INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound internal control system 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 internal control system for good corporate governance and acknowledges its primary responsibility to ensure that principal risks in the Group are identified, measured and managed with appropriate internal control system, and to ensure that the effectiveness, adequacy and integrity of the internal control system are reviewed on an ongoing basis. The Board also acknowledges that a sound internal control system 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 internal control system 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 policies and procedures, human error, lack of basic internal control, liquidity problem, non-compliance with the regulatory requirements, management failure, unauthorized activities and fraud.

### RISK MANAGEMENT FRAMEWORK

The Board confirms that an ongoing process for identifying, measuring and managing the Group's principal risks is in place throughout the year under review. This process is carried out via the following risk management governance structure:-

- **The Board** - is fully responsible for the risk management of the Group and has carried out its duties by having regular Board meetings to review and approve business strategies, risk management policies and business performance of the Group.
- **The Committees** - whose key function is to review the adequacy and effectiveness of risk management, internal control and governance systems of the Group. The Audit Committee's main role is to review, on behalf of the Board, the internal control system necessary to manage the key risks inherent in the business and to present its findings to the Board. The Audit Committee assumes its roles and responsibilities via an independent professional firm of internal auditors. In addition, the Risk Management Committee plays a significant role in contributing to the establishment of a more conducive risk management environment. The Risk Management Committee meets regularly to oversee the development of general risk policies and procedures to monitor and evaluate the numerous risks that may arise from the various business activities in the Group.

The other management committee set up in the Group to manage specific areas of risks is the Executive Committee.

### 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 and 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 adequate 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;

## STATEMENT ON INTERNAL CONTROL

- 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;
- 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;
- Engagement of an independent firm of internal auditors to review the effectiveness of risk identification procedures and control processes implemented by management, and report directly to the Audit Committee during the Audit Committee meetings. The independent firm of internal auditors provides assurance over the operation and validity of the internal control system 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 internal auditors, external auditors as well as regulatory authorities. The Audit Committee reviews the actions taken to rectify the findings on a timely manner, and evaluates the effectiveness and adequacy of the Group's internal control system.

The Board believes that the internal control system in the Group is in place and up to the date of issuance of the financial statements, is effective and adequate to safeguard the shareholders' investment, the interests of customers, regulators and employees for the year under review.

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

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Internal Control for inclusion in the annual report of the Group for the year ended 31 December 2011 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the internal control system.

## ADDITIONAL DISCLOSURES

### 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 OSK Ventures International Berhad ("OSKVI" or "the Company") Group's recurrent related party transactions made during the financial year ended 31 December 2011 pursuant to the shareholders' mandate obtained by the Company at the Seventh 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	Actual Value (RM)
Finexasia	Annual fees, hosting fee, user access fee, website maintenance and software development fee paid by OSKIB Group	OSKIB Group	OLH, WCK, KCM OJY, OYS, OYC, OJX, OYM (See Note 1)	8,550,435

Note:-

- (1) Finexasia is owned by OSK Venture Equities Sdn. Bhd. ("OSKVE") and OSK Investment Bank Berhad ("OSKIB"), each of which holds an equity interest of 59.95% and 40.05% respectively in Finexasia. OSKVE is a wholly-owned subsidiary of OSKVI, whereas OSKIB is a wholly-owned subsidiary of OSK Holdings Berhad ("OSK").

Mr. Ong Leong Huat ("OLH") is a Director of OSK and OSKIB and also a major shareholder of OSK and OSKVI. He is the brother of Mr. Wong Chong Kim ("WCK") who is a Director of OSK and OSKVI and Deputy Chief Executive Officer of OSKIB.

Madam Khor Chai Moi ("KCM") is the spouse of OLH. She is a shareholder of OSKVI and also deemed to have interest in OSKVI shares held by the other corporations by virtue of Section 6A(4) of the Companies Act, 1965 ("the Act"). These other corporations are Dindings Consolidated Sdn. Bhd. ("DCSB"), Land Management Sdn. Bhd. ("LMSB"), Pengerang Jaya Pte. Ltd. and PJ Equity Sdn. Bhd.

Mr. Ong Ju Yan ("OJY") and Ms. Ong Yee Min ("OYM") are Directors and shareholders of OSKVI and the children of OLH and KCM.

Ms. Ong Yin Suen ("OYS"), Ms. Ong Yee Ching ("OYC") and Mr. Ong Ju Xing ("OJX") are the children of OLH and KCM and also the shareholders of OSKVI.

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

There was no material contract entered by the Company or its subsidiaries involving directors' and substantial shareholders' interest during the financial year ended 31 December 2011.

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

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2011.

### 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 2011.

## ADDITIONAL DISCLOSURES

### EXECUTIVE SHARE OPTION SCHEME

The Company had granted options under the Executive Share Option Scheme ("ESOS") governed by the By-Laws that was approved by the Company's shareholders at the Extraordinary General Meeting held on 17 November 2006. The ESOS was implemented on 11 April 2007 and is to be in force for a period of five (5) years from the date of implementation. There is one (1) ESOS in existence during the financial year ended 31 December 2011 with information as follows:-

	During the financial year ended 31 December 2011	Since commencement of the ESOS on 11 April 2007
Total number of options or shares granted	-	1,314,100
Total number of options exercised or shares vested	-	-
Total options or shares outstanding	-	900,000

Granted to Directors	During the financial year ended 31 December 2011	Since commencement of the ESOS on 11 April 2007
Aggregate options or shares granted	-	1,200,000
Aggregate options exercised or shares vested	-	-
Aggregate options or shares outstanding	-	675,000

Granted to Directors	During the financial year ended 31 December 2011	Since commencement of the ESOS on 11 April 2007
Aggregate maximum allocation in percentage	-	28.10%
Actual percentage granted	-	3.45%

### VARIATION OF RESULTS

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

### PROFIT FORECAST/PROFIT GUARANTEE

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

### CORPORATE SOCIAL RESPONSIBILITIES (CSR)

In 2011, the Company participated in the OSK Holiday Season Charity Drive for Children project and granted the Christmas wish list of underprivileged children from Rumah Hope and Agathaians Shelter.

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

The Directors are responsible to ensure that the annual financial statements of the Group and of 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 to ensure that the annual financial statements of the Group and of the Company are prepared with reasonable accuracy from the accounting records of the Group and of the Company so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011, and of the results of their operations and cash flows for the financial year.

In preparing the financial statements, the Directors have:

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgements 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 of the Company and to prevent and detect fraud and other irregularities.

## **FINANCIAL STATEMENTS**

Directors' Report	<b>40</b>
Statement by Directors	<b>43</b>
Statutory Declaration	<b>43</b>
Independent Auditors' Report	<b>44</b>
Income Statements	<b>46</b>
Statements of Comprehensive Income	<b>47</b>
Statements of Financial Position	<b>48</b>
Statements of Changes in Equity	<b>49</b>
Statements of Cash Flows	<b>51</b>
Notes to the Financial Statements	<b>53</b>



## DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2011.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiaries are described in Note 13(a) to the financial statements. There have been no significant changes in the nature of these activities during the year.

### FINANCIAL RESULTS

	<b>Group</b>	<b>Company</b>
	<b>RM</b>	<b>RM</b>
Loss attributable to:		
- Owners of the Company	(27,895,824)	(9,574,746)
- Non-controlling interest	1,915,364	-
	<b>(25,980,460)</b>	<b>(9,574,746)</b>

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.

### 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.

### 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  
 Wong Chong Kim  
 Tan Sri Datuk Dr. Omar Bin Abdul Rahman  
 Dato' Seri Abdul Azim Bin Mohd. Zabidi  
 Foo San Kan  
 Ong Yee Min (Appointed on 1 September 2011)

### 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 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 8 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 27 to the financial statements.

## DIRECTORS' REPORT

### 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 RM0.50 each			
	1.1.2011	Acquired	Disposed	31.12.2011
<b>Direct Interest:</b>				
Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	3,257,615	-	-	3,257,615
Wong Chong Kim	677,400	-	-	677,400
Foo San Kan	668,000	-	-	668,000
Ong Ju Yan	443,869	-	-	443,869
Ong Yee Min	68,148	-	-	68,148
<b>Indirect Interest:</b>				
Ong Ju Yan	4,907,613	-	(4,907,613)*	-
Yee Chee Wai **	1,000	-	-	1,000
	Number of Warrants 2010/2015			
	1.1.2011	Acquired	Disposed	31.12.2011
<b>Direct Interest:</b>				
Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	1,617,048	-	-	1,617,048
Wong Chong Kim	413,792	-	-	413,792
Foo San Kan	159,000	-	(159,000)	-
Ong Ju Yan	221,934	-	-	221,934
Ong Yee Min	34,074	-	-	34,074
<b>Indirect Interest:</b>				
Ong Ju Yan	4,788,806	-	(4,788,806)*	-
Yee Chee Wai **	844	-	-	844

Each warrant 2010/2015 entitles the registered holder to subscribe for 1 new ordinary share in the Company at a subscription price of RM0.50 per share, at any time before the expiry date of 7 October 2015.

- \* Include deemed interest by virtue of substantial shareholding of the Director in a corporation which held shares or warrants in the Company. During the year, the Director ceased to be deemed interested by virtue of holding less than 15% shares in the said corporation.
- \*\* Pursuant to Section 134(12)(c) of the Companies Act, 1965 in relation to shares or warrants held by the spouse and/or children of the Director.

	Number of Options over Ordinary Shares of RM0.50 each			
	1.1.2011	Granted	Exercised	31.12.2011
Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	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 Company's Executive Share Option Scheme, as disclosed in Note 19 to the financial statements.

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.

## DIRECTORS' REPORT

### TREASURY SHARES

The details of treasury shares are disclosed in Note 21 to the financial statements.

### OTHER STATUTORY INFORMATION

- (a) Before the income statements, statements of comprehensive income and statements of financial position 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 and of the Company for the year in which this report is made.

### AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 21 February 2012.

**Dato' Nik Mohamed Din Bin Datuk Nik Yusoff**

Kuala Lumpur, Malaysia

**Ong Ju Yan**

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

We, Dato' Nik Mohamed Din Bin Datuk Nik Yusoff and Ong Ju Yan, 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 46 to 91 are drawn up in accordance with the provisions of the Companies Act, 1965 and 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 2011 and of the financial performance and the cash flows of the Group and of the Company for the year then ended.

The supplementary information set out in Note 32 to the financial statements on page 92, is prepared in all material aspects, in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 21 February 2012.

**Dato' Nik Mohamed Din Bin Datuk Nik Yusoff**

**Ong Ju Yan**

Kuala Lumpur, Malaysia

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

I, Teo Yen Lin, 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 46 to 92 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 Teo Yen Lin at  
Kuala Lumpur in the Federal Territory  
on 21 February 2012

**Teo Yen Lin**

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 statements of financial position as at 31 December 2011 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 46 to 91.

#### *Directors' responsibility for the financial statements*

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *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 about 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 of financial statements that give a true and fair view 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 2011 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 subsidiaries 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 financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 13(a) to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

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

### OTHER MATTERS

The supplementary information set out in Note 32 on page 92 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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  
21 February 2012

**Teoh Soo Hock**  
No. 2477/10/13(J)  
Chartered Accountant

## INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
<b>Revenue</b>	4	14,356,322	14,580,837	956,814	355,446
Other income		2,604,245	2,172,614	745,349	-
Net fair value loss on financial instruments		(34,335,829)	(37,093,462)	-	-
Administrative expenses		(6,883,935)	(5,305,251)	(863,788)	(784,245)
Impairment loss	5	-	-	(8,946,000)	-
Operating loss		(24,259,197)	(25,645,262)	(8,107,625)	(428,799)
Finance costs		(1,336,121)	(1,132,596)	(1,336,121)	(1,132,596)
<b>Loss before tax</b>	6	(25,595,318)	(26,777,858)	(9,443,746)	(1,561,395)
Income tax (expenses)/benefit	9	(385,142)	11,287,945	(131,000)	(1,556)
<b>Loss for the year</b>		<b>(25,980,460)</b>	<b>(15,489,913)</b>	<b>(9,574,746)</b>	<b>(1,562,951)</b>
(Loss)/income attributable to:					
Owners of the Company		(27,895,824)	(17,665,805)	(9,574,746)	(1,562,951)
Non-controlling interest		1,915,364	2,175,892	-	-
		<b>(25,980,460)</b>	<b>(15,489,913)</b>	<b>(9,574,746)</b>	<b>(1,562,951)</b>
<b>Loss per share attributable to equity owners of the Company (sen):</b>					
Basic and diluted	10	<b>(14.25)</b>	<b>(11.21)</b>		

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

**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
<b>Loss after tax for the year, representing total comprehensive loss for the year, net of tax</b>	<b>(25,980,460)</b>	<b>(15,489,913)</b>	<b>(9,574,746)</b>	<b>(1,562,951)</b>
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(27,895,824)	(17,665,805)	(9,574,746)	(1,562,951)
Non-controlling interest	1,915,364	2,175,892	-	-
	<b>(25,980,460)</b>	<b>(15,489,913)</b>	<b>(9,574,746)</b>	<b>(1,562,951)</b>

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



## STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
<b>Assets</b>					
<b>Non-current assets</b>					
Equipment	11	1,025,493	1,183,189	-	-
Intangible assets	12	573,673	560,230	-	-
Investments in subsidiaries	13(a)	-	-	15,944,803	15,944,803
Investments securities	14	132,148,899	139,425,532	-	-
		<u>133,748,065</u>	<u>141,168,951</u>	<u>15,944,803</u>	<u>15,944,803</u>
<b>Current assets</b>					
Investments securities	14	18,998,636	33,226,651	-	-
Derivative financial assets	15	7,723,847	10,797,249	-	-
Trade and other receivables	16	2,671,595	602,341	82,797	156,222
Amounts due from subsidiaries	13(b)	-	-	200,904,286	199,260,506
Prepayments		69,570	57,320	36,997	20,025
Tax recoverable		-	2,189,669	-	-
Cash, bank balances and deposits	17	44,401,018	49,910,430	27,584,176	30,443,252
		<u>73,864,666</u>	<u>96,783,660</u>	<u>228,608,256</u>	<u>229,880,005</u>
<b>Total assets</b>		<b><u>207,612,731</u></b>	<b><u>237,952,611</u></b>	<b><u>244,553,059</u></b>	<b><u>245,824,808</u></b>
<b>Equity</b>					
Share capital	18	97,872,267	97,872,267	97,872,267	97,872,267
Reserves	20	73,212,601	101,228,238	77,899,679	87,594,238
Treasury shares	21	(1,719)	(957)	(1,719)	(957)
<b>Equity attributable to owners of the Company</b>		<u>171,083,149</u>	<u>199,099,548</u>	<u>175,770,227</u>	<u>185,465,548</u>
<b>Non-controlling interest</b>		<u>6,526,267</u>	<u>7,795,903</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>		<u>177,609,416</u>	<u>206,895,451</u>	<u>175,770,227</u>	<u>185,465,548</u>
<b>Liabilities</b>					
<b>Non-current liability</b>					
Deferred tax liability	22	1,045,000	1,241,538	-	-
<b>Current liabilities</b>					
Deferred income	23	22,740	48,380	-	-
Sundry payables	24	827,500	767,242	344,825	339,581
Amounts due to subsidiaries	13(b)	-	-	40,386,507	31,019,679
Tax payable		108,075	-	51,500	-
Short term borrowing	25	28,000,000	29,000,000	28,000,000	29,000,000
		<u>28,958,315</u>	<u>29,815,622</u>	<u>68,782,832</u>	<u>60,359,260</u>
<b>Total liabilities</b>		<u>30,003,315</u>	<u>31,057,160</u>	<u>68,782,832</u>	<u>60,359,260</u>
<b>Total equity and liabilities</b>		<b><u>207,612,731</u></b>	<b><u>237,952,611</u></b>	<b><u>244,553,059</u></b>	<b><u>245,824,808</u></b>

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

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

### Group

	Attributable to owners of the Company							Total	Non-controlling interest	Total equity
	Share capital (Note 18)	Treasury shares (Note 21)	Share premium (Note 20)	Capital redemption reserve (Note 20)	Equity compensation reserve (Note 20)	Warrant reserve (Note 20)	Accumulated losses (Note 20)			
	RM	RM	RM	RM	RM	RM	RM			
<b>At 1 January 2011</b>	97,872,267	(957)	84,482,622	3,191,600	423,000	11,255,311	1,875,705	199,099,548	7,795,903	206,895,451
Total comprehensive (loss)/income	-	-	-	-	-	-	(27,895,824)	(27,895,824)	1,915,364	(25,980,460)
Transactions with owners										
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(3,185,000)	(3,185,000)
Rights issue expenses	-	-	(119,813)	-	-	-	-	(119,813)	-	(119,813)
Share buyback	-	(762)	-	-	-	-	-	(762)	-	(762)
Total transactions with owners	-	(762)	(119,813)	-	-	-	-	(120,575)	(3,185,000)	(3,305,575)
<b>At 31 December 2011</b>	<b>97,872,267</b>	<b>(1,719)</b>	<b>84,362,809</b>	<b>3,191,600</b>	<b>423,000</b>	<b>11,255,311</b>	<b>(26,020,119)</b>	<b>171,083,149</b>	<b>6,526,267</b>	<b>177,609,416</b>
<b>At 1 January 2010</b>	150,000,000	(2,725,300)	104,396,793	-	423,000	-	(59,126,081)	192,968,412	7,667,511	200,635,923
Total comprehensive (loss)/income	-	-	-	-	-	-	(17,665,805)	(17,665,805)	2,175,892	(15,489,913)
Transactions with owners										
Cancellation of treasury shares:										
- Issued capital diminished transfer to capital redemption reserve	(3,191,600)	-	-	3,191,600	-	-	-	-	-	-
- Cost of treasury shares cancelled set off against share premium	-	2,725,300	(2,725,300)	-	-	-	-	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(2,047,500)	(2,047,500)
Capital reduction	(73,404,200)	-	(16,518,702)	-	-	-	89,922,902	-	-	-
Rights issue	24,468,067	-	-	-	-	-	-	24,468,067	-	24,468,067
Rights issue expenses	-	-	(670,169)	-	-	-	-	(670,169)	-	(670,169)
Share buyback	-	(957)	-	-	-	-	-	(957)	-	(957)
Rights issue warrants reserve	-	-	-	-	-	11,255,311	(11,255,311)	-	-	-
Total transactions with owners	(52,127,733)	2,724,343	(19,914,171)	3,191,600	-	11,255,311	78,667,591	23,796,941	(2,047,500)	21,749,441
<b>At 31 December 2010</b>	<b>97,872,267</b>	<b>(957)</b>	<b>84,482,622</b>	<b>3,191,600</b>	<b>423,000</b>	<b>11,255,311</b>	<b>1,875,705</b>	<b>199,099,548</b>	<b>7,795,903</b>	<b>206,895,451</b>

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

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

### Company

	Non-distributable							Total equity
	Share capital (Note 18)	Treasury shares (Note 21)	Share premium (Note 20)	Equity compensation reserve (Note 20)	Capital redemption reserve (Note 20)	Warrant reserve (Note 20)	Accumulated losses (Note 20)	
	RM	RM	RM	RM	RM	RM	RM	
<b>At 1 January 2011</b>	97,872,267	(957)	84,482,622	423,000	3,191,600	11,255,311	(11,758,295)	185,465,548
Total comprehensive loss	-	-	-	-	-	-	(9,574,746)	(9,574,746)
Transactions with owners								
Rights issue expenses	-	-	(119,813)	-	-	-	-	(119,813)
Share buyback	-	(762)	-	-	-	-	-	(762)
Total transactions with owners	-	(762)	(119,813)	-	-	-	-	(120,575)
<b>At 31 December 2011</b>	<b>97,872,267</b>	<b>(1,719)</b>	<b>84,362,809</b>	<b>423,000</b>	<b>3,191,600</b>	<b>11,255,311</b>	<b>(21,333,041)</b>	<b>175,770,227</b>
<b>At 1 January 2010</b>	150,000,000	(2,725,300)	104,396,793	423,000	-	-	(88,862,935)	163,231,558
Total comprehensive loss	-	-	-	-	-	-	(1,562,951)	(1,562,951)
Transactions with owners								
Cancellation of treasury shares:								
- Issued capital diminished transfer to capital redemption reserve	(3,191,600)	-	-	-	3,191,600	-	-	-
- Cost of treasury shares cancelled set off against share premium	-	2,725,300	(2,725,300)	-	-	-	-	-
Capital reduction	(73,404,200)	-	(16,518,702)	-	-	-	89,922,902	-
Rights issue	24,468,067	-	-	-	-	-	-	24,468,067
Rights issue expenses	-	-	(670,169)	-	-	-	-	(670,169)
Rights issue warrants reserve	-	-	-	-	-	11,255,311	(11,255,311)	-
Share buyback	-	(957)	-	-	-	-	-	(957)
Total transactions with owners	(52,127,733)	2,724,343	(19,914,171)	-	3,191,600	11,255,311	78,667,591	23,796,941
<b>At 31 December 2010</b>	<b>97,872,267</b>	<b>(957)</b>	<b>84,482,622</b>	<b>423,000</b>	<b>3,191,600</b>	<b>11,255,311</b>	<b>(11,758,295)</b>	<b>185,465,548</b>

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

**STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
<b>Cash flows from operating activities</b>				
Loss before tax	(25,595,318)	(26,777,858)	(9,443,746)	(1,561,395)
Adjustments for:				
Amortisation of intangible assets	9,495	6,671	-	-
Depreciation of equipment	270,316	266,815	-	-
Gain on disposal of equipment	(123,955)	(16)	-	-
Equipment written off	-	1,181	-	-
Capital returns received from investment securities	(2,154,459)	-	(573,629)	-
Impairment loss on amount due from a subsidiary	-	-	8,946,000	-
Loss/(gain) on disposals of securities held-for-trading	256,166	(352,323)	-	-
Gain on disposals of derivative financial assets	(105,383)	(4,430,406)	-	-
Net fair value loss on financial instruments	34,335,829	37,093,462	-	-
Interest income	(1,439,496)	(662,130)	(956,814)	(355,446)
Interest expense	1,336,121	1,132,596	1,336,121	1,132,596
Dividend income	(4,486,670)	(1,307,041)	-	-
Unrealised gain on foreign exchange	(4,803)	(251,980)	-	-
Operating profit/(loss) before working capital changes	2,297,843	4,718,971	(692,068)	(784,245)
<b>Decrease/(increase) in operating assets</b>				
Receivables	(2,329,437)	(127,784)	(60,656)	(153,358)
Amounts due from:				
- subsidiaries	-	-	(10,589,780)	(975,711)
- related parties	-	3,128,813	-	-
- associates	-	96,971	-	-
Cash (used in)/generated from operations - carried forward	(31,594)	7,816,971	(11,342,504)	(1,913,314)

**STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	<b>Group</b>		<b>Company</b>	
	<b>2011 RM</b>	<b>2010 RM</b>	<b>2011 RM</b>	<b>2010 RM</b>
<b>Cash flows from operating activities (Cont'd)</b>				
Cash (used in)/generated from operations - brought forward	(31,594)	7,816,971	(11,342,504)	(1,913,314)
<b>Increase/(decrease) in operating liabilities</b>				
Payables	33,125	(86,642)	3,751	(8,286)
Amounts due to subsidiaries	-	-	9,366,828	7,905,355
Proceeds from disposals of				
- derivative financial assets	1,362,824	5,809,195	-	-
- securities held-for-trading	5,829,008	20,744,062	-	-
Purchase of				
- derivative financial assets	(1,796,364)	(266,986)	-	-
- securities held-for-trading	(15,304,030)	(22,113,356)	-	-
Capital return from investment securities	2,154,459	-	573,629	-
Dividends received	4,470,450	1,307,041	-	-
Interest received	1,703,649	630,890	1,073,923	383,565
Interest paid	(1,334,628)	(1,124,311)	(1,334,628)	(1,136,915)
Taxes refund/(paid)	1,716,064	(47,683)	(79,500)	76,229
<b>Net cash (used in)/generated from operating activities</b>	<b>(1,197,037)</b>	<b>12,669,181</b>	<b>(1,738,501)</b>	<b>5,306,634</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposals of equipment	171,059	20	-	-
Purchase of equipment	(159,724)	(484,634)	-	-
Purchase of software licence	(22,938)	(9,725)	-	-
<b>Net cash used in investing activities</b>	<b>(11,603)</b>	<b>(494,339)</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>				
Share buyback	(762)	(957)	(762)	(957)
Proceeds from rights issue	-	24,468,067	-	24,468,067
Rights issue expenses	(119,813)	(670,169)	(119,813)	(670,169)
Dividend paid to non-controlling interest	(3,185,000)	(2,047,500)	-	-
Repayment of revolving credit	(1,000,000)	-	(1,000,000)	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(4,305,575)</b>	<b>21,749,441</b>	<b>(1,120,575)</b>	<b>23,796,941</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(5,514,215)</b>	<b>33,924,283</b>	<b>(2,859,076)</b>	<b>29,103,575</b>
<b>Effects of exchange rate changes</b>	<b>4,803</b>	<b>93,915</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>49,910,430</b>	<b>15,892,232</b>	<b>30,443,252</b>	<b>1,339,677</b>
<b>Cash and cash equivalents at end of year (Note 17)</b>	<b>44,401,018</b>	<b>49,910,430</b>	<b>27,584,176</b>	<b>30,443,252</b>

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

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

### 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 Company is an investment holding company. The principal activities of the subsidiaries are described in Note 13(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 21 February 2012.

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

#### (a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2011 as described fully in Note 2(b).

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) Changes in accounting policies

On 1 January 2011, the Group and the Company adopted the following new and amended Financial Reporting Standards ("FRS") and Issues Committee ("IC") Interpretations mandatory for annual financial periods beginning on or after 1 January 2011.

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets
Amendments to FRS 1, FRS 3, FRS 7, FRS 101, FRS 121, FRS 128, FRS 131, FRS 132, FRS 134 and FRS 139	Improvements to FRSs (2010)
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
Amendments to IC Interpretation 13	Customer Loyalty Programmes

IC Interpretation 12 Service Concession Arrangements will also be effective for annual periods beginning on or after 1 July 2010. This IC Interpretation is, however, not applicable to the Group and the Company.

Adoption of the above FRSs, Amendments to FRSs and IC Interpretations did not have any effect on the financial performance or position of the Group and of the Company, other than the disclosures under Amendments to FRS 7, which affect the financial statements in current financial year.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

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

#### (c) Malaysia Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer.

The Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company have not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group and the Company expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

#### (d) Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

##### (i) Judgements

There were no significant judgements made in applying the accounting policies of the Group which may have significant effects of the amounts recognised in the financial statements.

##### (ii) Estimation uncertainties

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

##### Measurement of an embedded derivative

The loan agreement as disclosed in Note 16 contains a host debt instrument and a derivative. The fair value for the embedded derivative and host contract should be bifurcated, with fair value of embedded derivative being determined first and the difference between the fair value of the whole contract and the embedded derivative is assigned to the host contract. However, the fair value of the embedded derivative cannot be reliably measured as the range of the reasonable fair value estimates is significant and the probabilities of various outcomes cannot be reasonably assessed. As such, the fair value of the host contract is determined first and the difference between the fair value of whole and host is assigned to embedded derivative.

##### Impairment of unquoted investment carried at fair value through profit or loss

Impairment of unquoted investment carried at fair value through profit or loss is measured as the difference between the asset's carrying amount and the fair value of the investment's underlying assets, which is based on the underlying asset's current market value.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

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

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

##### (ii) Estimation uncertainties (Cont'd)

##### **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 12.

##### **Impairment of loans and receivables**

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the subsidiaries and default or significant delay in payments.

Whether there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics. The carrying amount of the Company's amounts owing from subsidiaries at the reporting date is disclosed in Note 13(b).

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination 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 business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position.

The accounting policy for goodwill is set out in Note 3(e). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in income statement on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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.



## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2011

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (b) Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in income statement of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

##### (c) Equipment and depreciation

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

Depreciation of 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:

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

Upon the disposal of an item of 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 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 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 non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. 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.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (d) Impairment of non-financial assets (Cont'd)

Impairment losses are recognised in income statement except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

#### (e) Intangible assets

##### (i) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

##### (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 reporting date. The software license classified as intangible asset is amortised over its useful life at an annual rate of 15%.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2011

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (f) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

##### (g) Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The Group and the Company only have financial assets at fair value through profit or loss and loans and receivables as at reporting date.

##### (i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in income statement. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in income statement as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

##### (ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in income statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (g) Financial Assets (Cont'd)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in income statement.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

#### (h) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

#### (i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in income statement.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

#### (i) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2011

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (j) Statements of cash flows and cash and cash equivalents

The statements of cash flows are 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.

##### (k) Provisions for liabilities

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

##### (l) 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.

##### (m) Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in income statement on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

##### (n) 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").

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2011****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(n) Employee benefits (Cont'd)****(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, which is equity-settled, share based compensation plan.

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 share options granted to employees by the 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.

**(o) Borrowing costs**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of the asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in income statement in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with borrowing of funds.

**(p) Segment reporting**

For management purposes, the Group is organised into business segments as the Group's risk and rate of return are affected predominantly by its business activities. 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. Additional disclosures on each of these segments are shown in Note 30, including the factors used to identify the reportable segments and the measurement basis of segment information.

**(q) Income taxes****(i) Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in income statement except to the extent that the tax relates to items recognised outside income statement, either in other comprehensive income or directly in equity.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2011

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (q) Income taxes (Cont'd)

##### (ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting 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 assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

Deferred tax relating to items recognised outside income statement is recognised outside income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (r) 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. Revenue is measured at the fair value of consideration received or receivable.

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.

#### (s) 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) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.



## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2011

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (s) Foreign currencies (Cont'd)

##### (ii) Foreign currency transactions (Cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to income statement of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in income statement 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) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the income statement.

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 reporting date.

The exchange rates used in translation are as follows:

	<u>2011</u>	<u>2010</u>
<u>Closing rate</u>		
United States Dollar	3.17	3.06
Singapore Dollar	2.44	2.38
Hong Kong Dollar	0.41	0.39
Indonesian Rupiah	0.35	0.34
<u>Average rate</u>		
United States Dollar	3.06	3.22
Singapore Dollar	2.43	2.36
Hong Kong Dollar	0.39	0.42
Indonesian Rupiah	0.35	0.35

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (t) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

#### (i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in income statement. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

#### (ii) Other financial liabilities

The Group's and the Company's other financial liabilities include sundry payables, amounts due to subsidiaries, and loans and borrowings.

Sundry payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in income statement when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in income statement.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2011

#### 4. REVENUE

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Gain on disposal of derivative financial assets	105,383	4,430,406	-	-
(Loss)/gain on disposal of securities held-for-trading	(256,166)	352,323	-	-
Interest income	1,439,496	662,130	956,814	355,446
Dividend income	4,486,670	1,307,041	-	-
Fees from internet financial solutions	8,580,939	7,828,937	-	-
	<b>14,356,322</b>	<b>14,580,837</b>	<b>956,814</b>	<b>355,446</b>

#### 5. IMPAIRMENT LOSS

	Company	
	2011 RM	2010 RM
Amount due from a subsidiary (Note 13(b))	<b>8,946,000</b>	-

#### 6. LOSS BEFORE TAX

The following amounts have been included in arriving at loss before tax:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Auditors' remuneration:				
(i) Statutory audit				
- current year	86,955	87,992	28,000	25,000
- (Over)/Under provision in prior year	(20,037)	1,549	(6,000)	1,408
(ii) Other services				
- current year	3,000	19,000	3,000	19,000
Profit from investment venture*	(5,360)	(2,097,837)	-	-
Capital returns received from investment securities	(2,154,459)	-	(573,629)	-
Employee benefits expenses (excluding executive directors' remuneration) (Note 7)	2,966,607	2,004,388	3,112	-
Directors' remuneration (Note 8)	746,726	687,990	241,800	290,950
Rental of office and parking space	218,078	372,647	-	-
Depreciation of equipment (Note 11)	270,316	266,815	-	-
Gain on disposal of equipment	(123,955)	(16)	-	-
Equipment written off	-	1,181	-	-
Interest expense	1,336,121	1,132,596	1,336,121	1,132,596
Amortisation of intangible assets	9,495	6,671	-	-
Realised loss/(gain) on foreign exchange	314,684	165,799	92,305	(510)
Unrealised gain on foreign exchange	(4,803)	(251,980)	-	-

\* Profit from investment venture represents share of profit from a short term joint investment in another company, which has been disposed off in prior year.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2011**

**7. EMPLOYEE BENEFITS EXPENSES**

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Salaries and bonuses	2,602,664	1,741,591	-	-
Defined contribution plan	273,439	182,791	-	-
Other staff related expenses	90,504	80,006	3,112	-
	<b>2,966,607</b>	<b>2,004,388</b>	<b>3,112</b>	<b>-</b>

**8. DIRECTORS' REMUNERATION**

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
<b>Directors of the Company</b>				
Executive:				
Salaries, bonuses and other emoluments	454,500	414,500	15,000	60,000
Directors' fees	100,000	90,000	100,000	90,000
Defined contribution plan	67,226	49,740	1,800	7,200
	621,726	554,240	116,800	157,200
Non-executive:				
Directors' fees	<b>125,000</b>	<b>133,750</b>	<b>125,000</b>	<b>133,750</b>
Total Directors' remuneration (Note 6)	<b>746,726</b>	<b>687,990</b>	<b>241,800</b>	<b>290,950</b>

The number of Directors of the Company in office at the end of the financial year and whose total remuneration from the Group falling within the respective band are as follows:

	Number of Directors	
	2011	2010
Executive Directors:		
Below RM50,000	1	1
RM50,001 - RM100,000	2	1
RM450,001 - RM500,000	1	1
Non-executive Directors:		
Below RM50,000	4	5
	<b>8</b>	<b>8</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2011

#### 9. INCOME TAX EXPENSE/(BENEFIT)

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
<b>Malaysian income tax:</b>				
Current year	572,632	102,830	131,000	-
Under/(over) provision in prior years	9,048	(24)	-	1,556
	<b>581,680</b>	<b>102,806</b>	<b>131,000</b>	<b>1,556</b>
Deferred tax (Note 22):				
Relating to origination and reversal of temporary differences	(207,944)	(11,390,751)	-	-
Underprovision in prior year	11,406	-	-	-
	<b>(196,538)</b>	<b>(11,390,751)</b>	<b>-</b>	<b>-</b>
	<b>385,142</b>	<b>(11,287,945)</b>	<b>131,000</b>	<b>1,556</b>

Two subsidiaries of the Company, namely 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. OSKTV did not meet certain criteria for the the above mentioned tax exemption for YA 2010. On 8 June 2011, OSKVE obtained approval from the SC in respect of the above mentioned tax exemption for YA 2010.

Finexasia.com Sdn Bhd ("FINEX"), a subsidiary 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% (2010: 25%) of the estimated assessable profit for the year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdiction.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

### 9. INCOME TAX EXPENSE/(BENEFIT) (CONT'D)

A reconciliation of income tax expense applicable to loss 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	
	2011 RM	2010 RM	2011 RM	2010 RM
Loss before tax	<b>(25,595,318)</b>	<b>(26,777,858)</b>	<b>(9,443,746)</b>	<b>(1,561,395)</b>
Tax at Malaysian statutory tax rate of 25%	(6,398,829)	(6,694,465)	(2,360,937)	(390,349)
Effect of different tax rate in foreign jurisdiction	142,937	632,127	-	-
Expenses not deductible for tax purposes	675,510	2,016,869	2,497,256	390,349
Income not subjected to tax	(3,068,996)	(8,785,618)	-	-
Utilisation of previously unrecognised tax losses	(5,319)	(238,513)	(5,319)	-
Deferred tax assets not recognised	9,019,385	1,781,679	-	-
Underprovision of deferred tax in prior year	11,406	-	-	-
Under/(over) provision of income tax in prior year	9,048	(24)	-	1,556
Income tax expense/(benefit) for the year	<b>385,142</b>	<b>(11,287,945)</b>	<b>131,000</b>	<b>1,556</b>

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

	Group	
	2011 RM	2010 RM
Unutilised tax losses	36,507,000	32,106,000
Unrealised fair value losses on financial instruments	35,124,000	3,450,000
	<b>71,631,000</b>	<b>35,556,000</b>

The unutilised tax losses carried forward are available indefinitely for offset against future taxable profits of the subsidiaries subject to no substantial changes in the shareholdings of the subsidiaries 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.

No deferred tax assets were recognised as it is not probable that the Group will be able to generate sufficient taxable income for the utilisation of these tax benefits in foreseeable future.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2011

#### 10. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the year, net of tax attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year, excluding treasury shares held by the Company.

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
Loss for the year attributable to owners of the Company (RM)	(27,895,824)	(17,665,805)
Weighted average number of ordinary shares in issue*	195,741,832	157,589,991
Basic loss per share (sen)	<b>(14.25)</b>	<b>(11.21)</b>

\* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

The outstanding share options and warrants have been excluded from the computation of diluted loss per share as their effect is antidilutive.

#### 11. EQUIPMENT

	<b>Furniture and fittings</b>	<b>Motor vehicles</b>	<b>Office equipment</b>	<b>Renovation</b>	<b>Computer equipment</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Group</b>						
<b>2011</b>						
<b>Cost</b>						
At 1 January 2011	132,808	812,446	3,436,794	395,730	80,098	4,857,876
Additions	-	-	12,353	6,710	140,661	159,724
Disposal	-	(358,477)	-	-	(3,059)	(361,536)
At 31 December 2011	<u>132,808</u>	<u>453,969</u>	<u>3,449,147</u>	<u>402,440</u>	<u>217,700</u>	<u>4,656,064</u>
<b>Accumulated depreciation</b>						
At 1 January 2011	36,241	342,041	3,127,012	153,880	15,513	3,674,687
Charge for the year	13,273	68,095	118,461	31,655	38,832	270,316
Disposal	-	(313,667)	-	-	(765)	(314,432)
At 31 December 2011	<u>49,514</u>	<u>96,469</u>	<u>3,245,473</u>	<u>185,535</u>	<u>53,580</u>	<u>3,630,571</u>
<b>Net carrying amount</b>	<b><u>83,294</u></b>	<b><u>357,500</u></b>	<b><u>203,674</u></b>	<b><u>216,905</u></b>	<b><u>164,120</u></b>	<b><u>1,025,493</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2011**

**11. EQUIPMENT (CONT'D)**

	Furniture and fittings	Motor vehicles	Office equipment	Renovation	Computer equipment	Total
	RM	RM	RM	RM	RM	RM
<b>Group (Cont'd)</b>						
<b>2010</b>						
<b>Cost</b>						
At 1 January 2010	122,808	358,478	3,569,975	395,730	59,432	4,506,423
Additions	10,000	453,968	-	-	20,666	484,634
Disposal	-	-	(131,682)	-	-	(131,682)
Written off	-	-	(1,499)	-	-	(1,499)
At 31 December 2010	132,808	812,446	3,436,794	395,730	80,098	4,857,876
<b>Accumulated depreciation</b>						
At 1 January 2010	23,713	259,896	3,139,617	114,309	2,333	3,539,868
Charge for the year	12,528	82,145	119,391	39,571	13,180	266,815
Disposal	-	-	(131,678)	-	-	(131,678)
Written off	-	-	(318)	-	-	(318)
At 31 December 2010	36,241	342,041	3,127,012	153,880	15,513	3,674,687
<b>Net carrying amount</b>	<b>96,567</b>	<b>470,405</b>	<b>309,782</b>	<b>241,850</b>	<b>64,585</b>	<b>1,183,189</b>

**12. INTANGIBLE ASSETS**

	Goodwill on consolidation	Software licenses	Total
	RM	RM	RM
<b>Group</b>			
<b>2011</b>			
<b>Cost</b>			
At 1 January 2011	529,639	46,097	575,736
Additions	-	22,938	22,938
At 31 December 2011	529,639	69,035	598,674
<b>Accumulated amortisation</b>			
At 1 January 2011	-	15,506	15,506
Amortisation	-	9,495	9,495
At 31 December 2011	-	25,001	25,001
<b>Net carrying amount</b>	<b>529,639</b>	<b>44,034</b>	<b>573,673</b>



## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

### 12. INTANGIBLE ASSETS (CONT'D)

	Goodwill on consolidation	Software licenses	Total
	RM	RM	RM
<b>Group (Cont'd)</b>			
<b>2010</b>			
<b>Cost</b>			
At 1 January 2010	529,639	36,372	566,011
Additions	-	9,725	9,725
At 31 December 2010	529,639	46,097	575,736
<b>Accumulated amortisation</b>			
At 1 January 2010	-	8,835	8,835
Amortisation	-	6,671	6,671
At 31 December 2010	-	15,506	15,506
<b>Net carrying amount</b>	<b>529,639</b>	<b>30,591</b>	<b>560,230</b>

#### Impairment test for goodwill

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

	Group	
	2011 RM	2010 RM
<b>Internet financial solution business</b>	<b>529,639</b>	<b>529,639</b>

The recoverable amount of the goodwill has been determined based on a value-in-use calculation using a 5-year discounted cash flow analysis at a discount rate of 6% (2010: 10%). No impairment loss is required to be provided in respect of the current financial year.

### 13. SUBSIDIARIES

#### (a) Investments in subsidiaries

	Company	
	2011 RM	2010 RM
Unquoted shares, at cost		
In Malaysia	15,944,802	15,944,802
Outside Malaysia	1	1
	<b>15,944,803</b>	<b>15,944,803</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

### 13. SUBSIDIARIES (CONT'D)

#### (a) Investments in subsidiaries (Cont'd)

Details of the subsidiaries, 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 (%)	
		2011	2010
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, OSK Venture Equities Sdn Bhd

Name of companies	Principal activities	Proportion of ownership interest (%)	
		2011	2010
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 a member firm of Ernst & Young Global

^ Not audited by Messrs. Ernst & Young, Malaysia or a member firm of Ernst & Young Global

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2011

#### 13. SUBSIDIARIES (CONT'D)

##### (b) Amounts due from/(to) subsidiaries

	Company	
	2011 RM	2010 RM
Amounts due from subsidiaries	281,150,286	270,560,506
Less: Allowance for impairment	(80,246,000)	(71,300,000)
	<b>200,904,286</b>	<b>199,260,506</b>

The amounts due from/(to) subsidiaries are unsecured, interest free and repayable on demand.

#### 14. INVESTMENTS SECURITIES

	Group		Group	
	Carrying amount 2011 RM	Market value of quoted investments 2011 RM	Carrying amount 2010 RM	Market value of quoted investments 2010 RM
<b>Current</b>				
<i>Held for trading investments</i>				
Quoted shares in Malaysia	18,167,436	18,167,436	17,638,060	17,638,060
Quoted shares outside Malaysia	831,200	831,200	-	-
Unquoted shares in Malaysia	-	-	15,588,591	15,588,591
	<b>18,998,636</b>	<b>18,998,636</b>	<b>33,226,651</b>	<b>33,226,651</b>
<b>Non-current</b>				
<i>Held for trading investments</i>				
Quoted shares in Malaysia	128,377,868	128,377,868	133,899,501	133,899,501
Unquoted shares outside Malaysia	3,771,031	-	5,526,031	-
	<b>132,148,899</b>	<b>128,377,868</b>	<b>139,425,532</b>	<b>133,899,501</b>
Total held for trading investments	151,147,535	147,376,504	172,652,183	167,126,152
Add: Derivative financial assets (Note 15)	7,723,847	7,723,847	10,797,249	10,797,249
Total financial assets at fair value through profit or loss	<b>158,871,382</b>	<b>155,100,351</b>	<b>183,449,432</b>	<b>177,923,401</b>

Details of major quoted investment securities are as follows:

	Equity interest held (%)		Market value	
	2011 RM	2010 RM	2011 RM	2010 RM
<b>Counter:</b>				
Green Packet Berhad	18.38	16.23	69,519,958	77,839,642
mTouche Technology Berhad	32.27	24.00	17,606,039	19,806,794
eBworx Berhad	25.36	23.28	28,283,320	21,796,320

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2011

#### 15. DERIVATIVE FINANCIAL ASSETS

	Group		Group	
	Carrying amount 2011 RM	Market value of quoted investments 2011 RM	Carrying amount 2010 RM	Market value of quoted investments 2010 RM
<b>Current</b>				
Quoted warrants in Malaysia	<b>7,723,847</b>	<b>7,723,847</b>	<b>10,797,249</b>	<b>10,797,249</b>

Details of major warrants held are as follows:

	Number of warrants		Market value	
	2011	2010	2011 RM	2010 RM
Green Packet Berhad	24,575,653	24,575,653	4,669,374	8,355,722
mTouche Technology Berhad (WA)	16,532,423	16,532,423	991,945	743,959
mTouche Technology Berhad (WB)	14,146,400	14,146,400	1,414,640	1,697,568

#### 16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
<b>Trade receivables</b>				
Third parties	2,482,203	9,961	-	-
<b>Other receivables</b>				
Dividend receivable	16,220	-	-	-
Interest receivable	44,744	308,897	34,613	151,722
Deposits	73,927	95,333	4,500	4,500
Sundry receivables	54,501	188,150	43,684	-
	189,392	592,380	82,797	156,222
Total trade and other receivables	2,671,595	602,341	82,797	156,222
Add: Cash, bank balances and deposits (Note 17)	44,401,018	49,910,430	27,584,176	30,443,252
Total loans and receivables	<b>47,072,613</b>	<b>50,512,771</b>	<b>27,666,973</b>	<b>30,599,474</b>

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 (2010: 30 days) unless modified by terms of agreement on a case-by-case basis.

Included in trade receivables is a loan amount of approximately RM2,481,000 (SGD1,000,000 equivalent) to a third party ("the borrower") for the working capital of an associate of the borrower ("the said associate"). The said associate is planning to list on the Hong Kong Stock Exchange ("HKSE"). The loan was made pursuant to a Loan Agreement entered into by the Group on 18 November 2011. The Loan Agreement was for a total loan amount of SGD2,000,000 to the borrower, whereby the Group and OSK Investment Bank (Labuan) Limited, a related party, will contribute 50% each. The same ratio applied to the equity consideration below as well.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2011

#### 16. TRADE AND OTHER RECEIVABLES (CONT'D)

The salient terms of the Loan Agreement are as follows:

- (a) If the listing is not successful, the borrower shall be required to pay interest on loan amount fixed at 15% per annum of the loan amount calculated on a daily basis from the date of the Loan Agreement. The principal plus interest becomes immediately due and payable in cash.
- (b) If the listing is successful, the Group will receive 2.5 million shares of the listing entity at issue price of no less than HKD1.00 each if the IPO price per share is fixed at above HKD1.00 per share or HKD2.5 million worth of shares of the listing entity if IPO price per share is fixed at HKD1.00 or below. The borrower shall within 14 market days of the listing date, repay the Group the loan amount of SGD1 million in cash.

As at year end, the receivables are neither past due nor impaired and there is no indication of default by debtors.

#### 17. CASH, BANK BALANCES AND DEPOSITS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash on hand and at banks	877,792	1,015,539	53,949	43,252
Deposits with a licensed investment bank	43,523,226	48,894,891	27,530,227	30,400,000
	<b>44,401,018</b>	<b>49,910,430</b>	<b>27,584,176</b>	<b>30,443,252</b>

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

	Group		Company	
	2011	2010	2011	2010
Weighted average effective interest rate (%)	3.18	2.78	3.17	2.79
Average maturity (days)	12	17	14	19

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2011**

**18. SHARE CAPITAL**

	<b>Number of ordinary shares</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
			<b>RM</b>	<b>RM</b>
<b>Authorised</b>				
At beginning/end of year:	<b>500,000,000</b>	<b>500,000,000*</b>	<b>250,000,000</b>	<b>250,000,000*</b>
<b>Issued and fully paid</b>				
At beginning of year at RM0.50 per share	195,744,533	150,000,000*	97,872,267	150,000,000*
Cancellation treasury shares	-	(3,191,600)	-	(3,191,600)
	195,744,533	146,808,400	97,872,267	146,808,400
Capital reduction	-	-	-	(73,404,200)
Issuance of shares pursuant to rights issue exercise	-	48,936,133	-	24,468,067
At end of year at RM0.50 per share	<b>195,744,533</b>	<b>195,744,533</b>	<b>97,872,267</b>	<b>97,872,267</b>

\* In the previous year, the par value of each ordinary share held in the Company reduced from RM1.00 to RM0.50 via the cancellation of RM0.50 of the par value of each ordinary share.

In the previous year, the Company undertook the following:

- (a) A cancellation of 3,191,600 ordinary shares of RM1.00 each which was previously acquired at a cost of RM2,725,300. As a result of the cancellation of treasury shares, the Company created a Capital Redemption Reserve of RM3,191,600 pursuant to the requirement of the Companies Act, 1965. Upon the completion of the cancellation of treasury shares, the share capital was reduced from RM150,000,000 to RM146,808,400 comprising 146,808,400 ordinary shares of RM1.00 each.
- (b) A share capital reduction exercise involving the cancellation of RM0.50 par value of every existing issued and paid up ordinary shares of RM1.00 each. Accordingly, the Company's issued and paid up share capital was reduced to RM73,404,200 comprising 146,808,400 shares of RM0.50 each.
- (c) Increased its issued and paid up ordinary shares capital from 146,808,400 to 195,744,533 by way of issuance of 48,936,133 new ordinary shares of RM0.50 each pursuant to a renounceable rights issue exercise. The renounceable rights issue exercise was on a basis of one rights share for every three existing ordinary shares of RM0.50 each at an issue price of RM0.50 per rights share.
- (d) On 8 October 2010, the Company issued 97,872,266 units of free detachable Warrants 2010/2015 ("Warrants") pursuant to the rights issue completed on 12 October 2010. Warrants were listed on Bursa Malaysia Securities Berhad on 12 October 2010.

The Warrants are constituted by a Deed Poll dated 24 August 2010 and the main features of the Warrant are as follow:

- (i) Each Warrant entitles the holder to subscribe for 1 new ordinary share of RM0.50 each in the Company at a price of RM0.50 per share;
- (ii) The Warrants may be exercised at any time up to 7 October 2015;
- (iii) The shares arising from the exercise of Warrants shall rank pari passu in all respect with the existing ordinary shares of the Company, save and except that the new shares shall not be entitled to any dividends, rights, allotments and/or distributions, unless the exercise of warrants is effected before the book closure of the share registers for the determination of the entitlement to such rights or distributions.

As at 31 December 2011, 97,872,266 units of warrants remained unexercised.

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2011

#### 19. 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 2007 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 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 10% from the weighted average of the market quotation of the Company's shares in the daily list issued by Bursa Malaysia for the 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 is as follows:

	Number of options over ordinary shares of RM0.50 each			At end of year
	At beginning of year	Granted	Forfeited	
2011	900,000	-	-	900,000
2010	900,000*	-	-	900,000

\* In the previous year, the par value of each ordinary share held in the Company reduced from RM1.00 to RM0.50 via the cancellation of RM0.50 of the par value of each ordinary share.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

### 19. 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:

	<b>On 11 April 2007</b>
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.

### 20. RESERVES

		<b>Group</b>		<b>Company</b>	
		<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>Note</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Share premium		84,362,809	84,482,622	84,362,809	84,482,622
Equity compensation reserve	(a)	423,000	423,000	423,000	423,000
Capital redemption reserve	(b)	3,191,600	3,191,600	3,191,600	3,191,600
Warrant reserve	(c)	11,255,311	11,255,311	11,255,311	11,255,311
		99,232,720	99,352,533	99,232,720	99,352,533
(Accumulated losses)/ Retained profits		(26,020,119)	1,875,705	(21,333,041)	(11,758,295)
		<b>73,212,601</b>	<b>101,228,238</b>	<b>77,899,679</b>	<b>87,594,238</b>

#### (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) Capital redemption reserve

Capital redemption reserve arose from the cancellation of treasury shares.

#### (c) Warrants reserve

Warrants reserve relates to the fair value of the warrants issued. During the year, the movements in the Company's warrants are as follows:

	<b>Number of warrants</b>		<b>Amount</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
			<b>RM</b>	<b>RM</b>
At beginning of year	97,872,266	-	11,255,311	-
Warrants issued	-	97,872,266	-	11,255,311
At end of year	<b>97,872,266</b>	<b>97,872,266</b>	<b>11,255,311</b>	<b>11,255,311</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2011

#### 21. TREASURY SHARES

	Group and Company	
	2011 RM	2010 RM
<b>At cost:</b>		
At beginning of year	957	2,725,300
Cancellation	-	(2,725,300)
Share buybacks	762	957
At end of year	<b>1,719</b>	<b>957</b>
	Number of shares	Number of shares
<b>Number of treasury shares:</b>		
At beginning of year	2,000	3,191,600
Cancellation	-	(3,191,600)
Share buybacks	2,000	2,000
At end of year	4,000	2,000
Total number of outstanding shares in issue after set off (excluding treasury shares held)	195,740,533	195,742,533
Total number of issued and fully paid ordinary shares	<b>195,744,533</b>	<b>195,744,533</b>

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 financed by internally generated funds.

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2011

#### 21. TREASURY SHARES (CONT'D)

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

	Number of ordinary shares	Highest price	Lowest price	Average cost*	Total amount paid
		RM	RM	RM	RM
<b>2011</b>					
At beginning of year at RM0.50 per share	2,000	0.48	0.40	0.48	957
Share buyback in					
- June 2011	1,000	0.35	0.35	0.39	391
- November 2011	1,000	0.33	0.31	0.37	371
	<b>4,000</b>	<b>0.35</b>	<b>0.31</b>	<b>0.43</b>	<b>1,719</b>
At end of year at RM0.50 per share					
<b>2010</b>					
At beginning of year year at RM1.00 per share	3,191,600	1.55	0.55	0.85	2,725,300
Cancellation					
- March 2010	(3,191,600)	1.55	0.55	0.85	(2,725,300)
	-	-	-	-	-
Share buyback in					
- May 2010	1,000	0.48	0.48	0.52	521
- November 2010	1,000	0.40	0.40	0.44	436
At end of year at RM0.50/ RM1.00 per share	<b>2,000</b>	<b>0.48</b>	<b>0.40</b>	<b>0.48</b>	<b>957</b>

\* Average cost included transaction costs.

#### 22. DEFERRED TAXATION

	Group	
	2011 RM	2010 RM
At 1 January	1,241,538	12,632,289
Recognised in income statement	(196,538)	(11,390,751)
At 31 December	<b>1,045,000</b>	<b>1,241,538</b>

Deferred tax liability represents temporary differences arising from net fair value gain on financial instruments.

#### 23. DEFERRED INCOME

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

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2011

#### 24. SUNDRY PAYABLES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Accruals	811,647	752,883	329,332	325,582
Others	15,853	14,359	15,493	13,999
	827,500	767,242	344,825	339,581
Add: Short term borrowing (Note 25)	28,000,000	29,000,000	28,000,000	29,000,000
Total financial liabilities carried at amortised cost	<b>28,827,500</b>	<b>29,767,242</b>	<b>28,344,825</b>	<b>29,339,581</b>

#### 25. SHORT TERM BORROWING

The short term borrowing of the Group and of the Company consists of an unsecured revolving credit which is subject to an interest charge at 4.64% (2010: 4.15%) per annum. The revolving credit is repayable on a monthly basis.

#### 26. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The following Directors of the Company are members of key management personnel of the Company. The Directors' remuneration are disclosed in Note 8.

##### Executive Directors

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

##### Non-executive Directors

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 the executives of the Group (Note 19). The movements of share options granted to the key management personnel during the year are as follows:

	Number of options over ordinary shares of RM0.50 each			
	At beginning of year	Granted	Forfeited	At end of year
2011	900,000	-	-	900,000
2010	900,000	-	-	900,000

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2011**

**27. SIGNIFICANT RELATED PARTY TRANSACTIONS AND RELATIONSHIPS**

**(a) Transactions with related parties**

	Nature of transactions	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
<b>(i) Subsidiaries of OSK Holdings Berhad ("OSKH")</b>					
OSK Investment Bank Berhad	Brokerage fees	72,319	43,108	80	80
	Commission fees	-	5,347	-	-
	Group support fees	119,400	119,400	-	-
	Professional fees	-	250,000	-	250,000
	Server maintenance fees	-	8,732	-	-
	Interest received	(1,439,496)	(599,193)	(956,814)	(305,023)
	Annual fees income	(820,000)	(820,000)	-	-
	Proceeds from disposal of equipment	(171,059)	-	-	-
	User access fees income	(7,606,635)	(6,757,925)	-	-
	Corporate website maintenance income	(92,000)	(41,800)	-	-
	Software development, subscription and hosting fees income	(7,800)	(7,800)	-	-
	Real time equity market fees	-	(9,120)	-	-
OSK International Asset Management Sdn Bhd	Management and incentive fees	-	52,373	-	-
OSK Nominees (Tempatan) Sdn Bhd	Custodial fees	-	330	-	-
OSK (China) Investment Advisory Company Ltd ("OSKCIA")	Share of OSKCIA's cost	-	118,377	-	118,377
DMG & Partners Securities Pte Ltd	Share of OSKCIA's cost	3,950	-	3,950	-
KE-ZAN Holdings Berhad	Rental and utility deposits	5,443	(12,561)	-	-
	Rental of office and parking space	195,488	222,439	-	-
OSK Trustees Berhad	Hosting fees income	(4,800)	(4,800)	-	-
OSK-UOB Unit Trust Management Berhad	Hosting fees income	(12,000)	(12,000)	-	-
	Corporate website maintenance income	(1,000)	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2011

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

##### (a) Transactions with related parties (Cont'd)

	Nature of transactions	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
<b>(i) Subsidiaries of OSK Holdings Berhad ("OSKH") (Cont'd)</b>					
OSK Hong Kong Securities Limited	Corporate website maintenance income	(800)	-	-	-
OSK International Investment Hong Kong Ltd	Corporate website maintenance income	(5,400)	-	-	-
<b>(ii) Other related party</b>					
Le Design Sdn Bhd	Office equipment maintenance and renovation cost	14,275	3,780	-	-

\* OSKH is deemed a related party by virtue of a common substantial shareholder. Certain directors of the Company are also directors of OSKH.

Balances outstanding with subsidiaries and related parties are reflected in the statements of financial position.

##### (b) Transactions with other related parties

- (i) The Group holds a long term interest in Willowglen MSC Berhad ("Willowglen"), included in investment securities as disclosed in Note 14, amounting to RM12,968,550 (2010: RM14,456,745). Willowglen, a company listed on Main Market, is a related party by virtue of the directors and substantial shareholders of Willowglen, who are close family members of the substantial shareholder and certain directors of the Company.
- (ii) The dividends received from Willowglen during the year amounted to RM1,275,595 (2010: RM1,272,595).
- (iii) The Company paid RM141,593 (2010: RM3,500) to Symphony Share Registrars Sdn. Bhd. ("SSRSB"), a subsidiary of Symphony House Berhad, of which it is related to the Group by virtue of common directorship of a certain director, for the provision of professional services. There is no outstanding balance with SSRSB as at 31 December 2011 (2010: RM 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. ("Dinding"), of which the substantial shareholders and certain directors of Dinding are the close family members of the substantial shareholder and certain directors of the Company.

The insurance premium paid by the Group to DCSSB and DRMSSB during the year is RM22,855 (2010: RM8,963) and RM5,478 (2010: RM7,220) respectively.

All the transactions above have been entered into in the normal course of business and have been established on negotiated terms and conditions. There were no outstanding balances with these related parties as at 31 December 2011 and 2010.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

### 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

#### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objectives is to seek continued revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and credit worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are maintained on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

#### Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding concentration of credit risk is disclosed in Note 16.

#### (b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instrument will fluctuate because of changes in market interest rates. The Group's investment in financial assets is mainly short term in nature and has been mostly placed in fixed deposits.

The Group's and the Company's exposure to interest rate risk arises primarily from their revolving credits.

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. All the Group's and Company's financial liabilities will mature in less than one year at the reporting date.

#### (d) Foreign currency risk

At the reporting date, all of its borrowings relates to revolving credits and will mature in less than one year.

The Group is exposed to currency risk primarily through placements of deposits and unquoted investments 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, Hong Kong Dollar and Indonesian Rupiah.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2011

#### 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

##### (d) Foreign currency risk (Cont'd)

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:

	<b>Group</b>	
	<b>2011 RM</b>	<b>2010 RM</b>
United States Dollar	3,827,990	6,357,928
Singapore Dollar	2,483,415	2,357
Hong Kong Dollar	16	16
Indonesian Rupiah	16,220	-
	<b>6,327,641</b>	<b>6,360,301</b>

Financial liabilities held in non-functional currencies:

	<b>Group</b>	
	<b>2011 RM</b>	<b>2010 RM</b>
Hong Kong Dollar	31,543	54,244

##### (e) Cash flow risk

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

##### (f) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments and derivative financial assets. The quoted instruments in Malaysia are listed on the Bursa Malaysia. These instruments are classified as held for trading financial assets. The Group does not have exposure to commodity price risk.

The Group's objective is to manage investment returns and equity price risk using a mix of investment grade shares with steady dividend yield and non-investment grade shares with higher volatility.

##### Sensitivity analysis for equity price risk

At the reporting date, if the share prices had been 5% higher/lower, with all other variables held constant, the Group's loss before tax would have been RM7,900,000 lower/higher, arising as a result of higher/lower fair value gains/(losses) on held for trading investments and derivative financial instruments.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

### 29. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, short term receivables, payables and short term borrowing approximate fair value due to the relatively short term nature of these financial instruments.

#### Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

	Level 1 RM	Level 2 RM	Total RM
<b>Group</b>			
<b>2011</b>			
Investment securities	147,376,504	3,771,031	151,147,535
Derivative financial assets	7,723,847	-	7,723,847
	<b>155,100,351</b>	<b>3,771,031</b>	<b>158,871,382</b>

The fair value of investment securities and derivative financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

### 30. SEGMENT INFORMATION

#### (a) Business segments

For management purposes, the Group is organised into business segments as the Group's risk and rate of return are affected predominantly by its business activities. The four reportable operating segments are as follows:

- (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.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

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 2011

#### 30. 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	Note	Consolidated
	RM	RM	RM	RM	RM		RM
<b>2011</b>							
<b>Revenue</b>							
External revenue	1,952,559	2,401,353	9,045,596	956,814	-		14,356,322
Inter-segment revenue	5,521,698	-	-	-	(5,521,698)	(i)	-
Total Revenue	<b>7,474,257</b>	<b>2,401,353</b>	<b>9,045,596</b>	<b>956,814</b>	<b>(5,521,698)</b>		<b>14,356,322</b>
<b>Results:</b>							
Interest income	18,026	-	464,656	956,814	-		1,439,496
Dividend income	2,075,855	2,410,815	-	-	-		4,486,670
Depreciation and amortisation	124,347	-	155,464	-	-		279,811
Other non-cash expenses	34,215,215	120,614	-	-	-	(ii)	34,335,829
Segment (loss)/profit	(26,054,611)	491,695	5,233,122	(8,107,625)	4,178,222	(iii)	(24,259,197)
Finance costs	-	-	-	-	-		(1,336,121)
Loss before tax	-	-	-	-	-		(25,595,318)
Income tax	-	-	-	-	-		(385,142)
Loss for the year	-	-	-	-	-		<b>(25,980,460)</b>
<b>Assets:</b>							
Additions to non-current assets	10,156	-	172,506	-	-	(iv)	182,662
Segment assets	100,449,538	62,862,130	16,597,092	27,703,971	-		207,612,731
<b>Segment liabilities</b>	<b>1,282,522</b>	<b>23,000</b>	<b>301,468</b>	<b>28,396,325</b>	<b>-</b>	<b>(v)</b>	<b>30,003,315</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2011**

**30. 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	Note	Consolidated
	RM	RM	RM	RM	RM		RM
<b>2010</b>							
<b>Revenue</b>							
External revenue	4,730,876	1,164,468	8,330,047	355,446	-		14,580,837
Inter-segment revenue	6,179,421	-	-	-	(6,179,421)	(i)	-
Total Revenue	<b>10,910,297</b>	<b>1,164,468</b>	<b>8,330,047</b>	<b>355,446</b>	<b>(6,179,421)</b>		<b>14,580,837</b>
<b>Results:</b>							
Interest income	14,130	-	292,554	355,446	-		662,130
Dividend income	673,950	601,645	31,446	-	-		1,307,041
Depreciation and amortisation	136,984	-	136,502	-	-		273,486
Other non-cash expenses	60,822,854	(23,766,196)	37,985	-	-	(ii)	37,094,643
Segment (loss)/profit	(52,998,776)	25,312,975	5,534,338	(428,799)	(3,065,000)	(iii)	(25,645,262)
Finance costs							(1,132,596)
Loss before tax							(26,777,858)
Income tax							11,287,945
Loss for the year							<b>(15,489,913)</b>
<b>Assets:</b>							
Additions to non-current assets	473,800	-	20,559	-	-	(iv)	494,359
Segment assets	130,197,837	57,468,349	19,666,926	30,619,499	-		237,952,611
<b>Segment liabilities</b>	<b>1,494,614</b>	<b>22,000</b>	<b>200,965</b>	<b>29,339,581</b>	<b>-</b>	(v)	<b>31,057,160</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2011

#### 30. SEGMENT INFORMATION (CONTD.)

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

- (i) Inter-segment revenues are eliminated on consolidation.
- (ii) Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements :

	Note	2011 RM	2010 RM
Equipment written off	6	-	1,181
Net fair value loss on financial instruments		34,335,829	37,093,462
		<b>34,335,829</b>	<b>37,094,643</b>

- (iii) The following items are credited/(deducted) from segment (loss)/profit to arrive at "Loss before tax" presented in the consolidated income statement :

	2011 RM	2010 RM
Impairment loss	8,946,000	-
Inter-segment dividend	(4,767,778)	(3,065,000)
	<b>4,178,222</b>	<b>(3,065,000)</b>

- (iv) Additions to non-current assets consist of:

	Note	2011 RM	2010 RM
Equipment	11	159,724	484,634
Intangible assets	12	22,938	9,725
		<b>182,662</b>	<b>494,359</b>

- (v) The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Note	2011 RM	2010 RM
Deferred tax liabilities	22	1,045,000	1,241,538
Deferred income	23	22,740	48,380
Sundry payables	24	827,500	767,242
Short term borrowing	25	28,000,000	29,000,000
Tax payable		108,075	-
		<b>30,003,315</b>	<b>31,057,160</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2011

### 30. SEGMENT INFORMATION (CONTD.)

#### (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
<b>2011</b>			
Malaysia	14,338,296	203,164,120	182,662
Hong Kong	18,026	4,448,611	-
	<b>14,356,322</b>	<b>207,612,731</b>	<b>182,662</b>
<b>2010</b>			
Malaysia	14,566,707	231,765,402	494,359
Hong Kong	14,130	6,187,209	-
	<b>14,580,837</b>	<b>237,952,611</b>	<b>494,359</b>

### 31. CAPITAL MANAGEMENT

Capital is equivalent to equity attributable to the owners of the Company. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010.

The Group includes within net debt, short term borrowings and sundry payables, less cash and bank balances.

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Short term borrowings	28,000,000	29,000,000	28,000,000	29,000,000
Sundry payables	827,500	767,242	344,825	339,581
Less: Cash and bank balances	(44,401,018)	(49,910,430)	(27,584,176)	(30,443,252)
Net (assets)/debts	(15,573,518)	(20,143,188)	760,649	(1,103,671)
Equity attributable to the owners of the Company, representing total capital	171,083,149	199,099,548	175,770,227	185,465,548
Capital and net debts	<b>155,509,631</b>	<b>178,956,360</b>	<b>176,530,876</b>	<b>184,361,877</b>
Equity over capital and net debt	<b>110%</b>	<b>111%</b>	<b>100%</b>	<b>101%</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2011

#### 32. SUPPLEMENTARY INFORMATION - BREAKDOWN OF ACCUMULATED LOSSES INTO REALISED AND UNREALISED

The breakdown of the accumulated losses of the Group and of the Company as at 31 December 2011 into realised losses and unrealised profit is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	<b>Group</b>	<b>Company</b>
	<b>RM</b>	<b>RM</b>
<b>As at 31 December 2011</b>		
Total accumulated losses of the Company and its subsidiaries		
- Realised losses	(46,022,173)	(21,333,041)
- Unrealised profit	20,002,054	-
Accumulated losses as per financial statements	<b>(26,020,119)</b>	<b>(21,333,041)</b>
<b>As at 31 December 2010</b>		
Total (accumulated loss)/retained profit of the Company and its subsidiaries		
- Realised losses	(31,383,766)	(11,758,295)
- Unrealised profit	33,259,471	-
Retained profit/(accumulated loss) as per financial statements	<b>1,875,705</b>	<b>(11,758,295)</b>

## STATEMENT OF DIRECTORS' INTERESTS AS AT 20 FEBRUARY 2012

Name of Director	Number of Ordinary Shares of RM0.50 each			
	Direct Interest	%	Indirect Interest	%
1. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	3,257,615	1.66	-	-
2. Wong Chong Kim	677,400	0.35	-	-
3. Foo San Kan	668,000	0.34	-	-
4. Ong Ju Yan	443,869	0.23	-	-
5. Yee Chee Wai	-	-	* 1,000	0.00
6. Ong Yee Min	68,148	0.03	-	-

Notes:

- \* Disclosure made pursuant to Section 134(12)(c) of the Companies Act, 1965 ("the Act") on interest held by his spouse.

Name of Director	Number of Warrants			
	Direct Interest	%	Indirect Interest	%
1. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	1,617,048	1.65	-	-
2. Wong Chong Kim	413,792	0.42	-	-
3. Ong Ju Yan	221,934	0.23	-	-
4. Yee Chee Wai	-	-	* 844	0.00
5. Ong Yee Min	34,074	0.03	-	-

Notes:

- \* Disclosure made pursuant to Section 134(12)(c) of the Act on interest held by his spouse.

Name of Director	Number of Options over Ordinary Shares of RM0.50 each			
	Direct Interest	%	Indirect Interest	%
1. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	225,000	n.a.	-	-
2. Wong Chong Kim	225,000	n.a.	-	-
3. Dato' Seri Abdul Azim Bin Mohd. Zabidi	75,000	n.a.	-	-
4. Foo San Kan	75,000	n.a.	-	-
5. Tan Sri Datuk Dr. Omar Bin Abdul Rahman	75,000	n.a.	-	-

## STATEMENT OF SHAREHOLDINGS AS AT 20 FEBRUARY 2012

Authorised Capital	:	RM500,000,000
Issued and fully paid-up capital	:	RM97,870,266.50 Comprising 195,740,533 Ordinary Shares of RM0.50 each (excluding the treasury shares 4,000)
Class of Shares	:	Ordinary Shares of RM0.50 each fully paid
Voting Rights	:	One vote per RM0.50 share

### BREAKDOWN OF HOLDINGS

Range of Holdings	No. of Holders	Percentage of Holders	No. of RM0.50 share	Percentage of Issued Capital
1 — 99	3,901	16.53	80,296	0.04
100 — 1,000	13,071	55.38	5,085,579	2.60
1,001 — 10,000	5,060	21.43	16,140,516	8.25
10,001 — 100,000	1,385	5.87	41,698,087	21.30
100,001 — 9,787,025*	184	0.78	82,114,209	41.95
9,787,026 and above**	2	0.01	50,621,846	25.86
	<b>23,603</b>	<b>100.00</b>	<b>195,740,533</b>	<b>100.00</b>

#### Remarks:

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

### SUBSTANTIAL SHAREHOLDER

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

Name of Substantial Shareholder	Number of Ordinary Shares of RM0.50 each			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat @ Wong Joo Hwa	50,621,846	25.86	*6,483,414	3.31

- \* Deemed interested pursuant to Section 6A of the Act by virtue of his major shareholdings in OSK Holdings Berhad and Land Management Sdn. Bhd.

### THIRTY LARGEST REGISTERED HOLDER

Name and Address	No. of Shares	%
1. Ong Leong Huat @ Wong Joo Hwa	36,594,114	18.70
2. HSBC Nominees (Tempatan) Sdn. Bhd. AA Noms SG for Ong Leong Huat	14,027,732	7.17
3. Land Management Sdn. Bhd.	6,020,013	3.08
4. Nora Ee Siong Chee	3,750,000	1.92
5. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	3,257,615	1.66
6. Pengerang Jaya Pte. Ltd.	2,890,724	1.48
7. P J Equity Sdn. Bhd.	2,697,556	1.38
8. Alliancegroup Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Lim Hun Swee (8041132)	2,695,000	1.38

## STATEMENT OF SHAREHOLDINGS AS AT 20 FEBRUARY 2012

### THIRTY LARGEST REGISTERED HOLDER (CONT'D)

Name and Address	No. of Shares	%
9. HSBC Nominees (Asing) Sdn. Bhd. AA Noms SG for JY Ltd.	2,218,508	1.13
10. HSBC Nominees (Asing) Sdn. Bhd. AA Noms SG for YC Ltd.	1,906,558	0.97
11. HSBC Nominees (Asing) Sdn. Bhd. AA Noms SG for YM Ltd.	1,888,442	0.96
12. HSBC Nominees (Asing) Sdn. Bhd. AA Noms SG for YS Ltd.	1,857,440	0.95
13. HSBC Nominees (Asing) Sdn. Bhd. AA Noms SG for JX Ltd.	1,798,110	0.92
14. Mayban Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Teo Huay Siong	1,629,000	0.83
15. Khor Chai Moi	1,505,422	0.77
16. Public Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Tan Chee Wee (E-JBU)	1,400,000	0.72
17. Teo Huay Siong	1,314,720	0.67
18. Lee Hui Gek	1,305,900	0.67
19. Tan Sim Wah	1,066,666	0.54
20. Ong Yee Ching	1,060,678	0.54
21. Chan Yan Ping	1,051,333	0.54
22. Dato' Nik Mohamed Bin Nik Yahya	1,047,838	0.54
23. RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Hiew Kat Kee (071123)	870,900	0.44
24. Public Invest Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Sui Diong Hoe (M)	811,118	0.41
25. Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tay Soon Hwa (E-TSA)	750,000	0.38
26. ECML Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Leong Kam Chee (002)	732,200	0.37
27. Wong Chong Kim	677,400	0.35
28. Foo San Kan	668,000	0.34
29. Public Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Tan Chee Wee (E-JBU)	662,400	0.34
30. Mary Ang Poh Chan	656,720	0.34



## STATEMENT OF WARRANT HOLDINGS AS AT 20 FEBRUARY 2012

No. of Warrants issued: 97,872,266

### BREAKDOWN OF HOLDINGS

Range of Holdings	No. of Holders	Percentage of Holders	No. of Warrants	Percentage of Issued Warrants
1 — 99	190	5.26	8,505	0.01
100 — 1,000	1,459	40.37	708,362	0.72
1,001 — 10,000	1,368	37.85	4,426,373	4.52
10,001 — 100,000	477	13.20	16,581,908	16.94
100,001 — 4,893,612*	119	3.29	48,091,654	49.14
4,893,612 and above**	1	0.03	28,055,464	28.67
	3,614	100.00	97,872,266	100.00

#### Remarks:

\* Less than 5 % of the issued Warrants

\*\* 5% and above of the issued Warrants

### THIRTY LARGEST REGISTERED HOLDERS

Name and Address	No. of Warrants	%
1. HSBC Nominees (Tempatan) Sdn. Bhd. AA Noms SG for Ong Leong Huat	28,055,464	28.67
2. Land Management Sdn. Bhd.	4,788,806	4.89
3. Ong Cheok Leng	2,413,400	2.47
4. Nora Ee Siong Chee	1,850,000	1.89
5. Nik Mohamed Din Bin Nik Yusoff	1,617,048	1.65
6. Pengerang Jaya Pte. Ltd.	1,445,362	1.48
7. Alliancegroup Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Lim Hun Swee (8041132)	1,350,000	1.38
8. P J Equity Sdn. Bhd.	1,348,778	1.38
9. Tan Sze Hung	1,251,000	1.28
10. Ho Shwu Jivan	1,175,000	1.20
11. HSBC Nominees (Asing) Sdn. Bhd. AA Noms SG for YM Ltd.	944,220	0.96
12. Tan Kok Keng	936,400	0.96
13. HSBC Nominees (Asing) Sdn. Bhd. AA Noms SG for YS Ltd.	928,720	0.95

## STATEMENT OF WARRANT HOLDINGS AS AT 20 FEBRUARY 2012

### THIRTY LARGEST REGISTERED HOLDERS (CONT'D)

Name and Address	No. of Warrants	%
14. Ngu Koi Poo	900,006	0.92
15. HSBC Nominees (Asing) Sdn. Bhd. AA Noms SG for JX Ltd.	899,054	0.92
16. OSK Nominees (Tempatan) Sdn. Berhad Tan Kim San @ Tan Kim Sun	871,600	0.89
17. HSBC Nominees (Asing) Sdn. Bhd. AA Noms SG for JY Ltd.	859,254	0.88
18. Mayban Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Teo Huay Siong	765,820	0.78
19. Khor Chai Moi	752,710	0.77
20. HSBC Nominees (Asing) Sdn. Bhd. AA Noms SG for YC Ltd.	703,278	0.72
21. Teo Huay Siong	657,360	0.67
22. Chin Poh Ling	650,000	0.66
23. Lim Sze Hock	600,000	0.61
24. Tan Kok Keng	550,000	0.56
25. Tan Sim Wah	533,332	0.54
26. Ong Yee Ching	530,338	0.54
27. Chan Yan Ping	525,666	0.54
28. Lee Hui Gek	519,940	0.53
29. CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Pek Kiam Kek (MM0606)	463,600	0.47
30. Wong Chong Kim	413,792	0.42

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			

\*and/or \*delete if not applicable

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 Eighth Annual General Meeting of the Company to be held at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Tuesday, 10 April 2012 at 2:30 p.m. and at any adjournment thereof.

\*My/Our proxy is to vote as indicated below :

Item Agenda		Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2011 together with the Reports of the Directors and the Auditors thereon.			
2.	To approve the payment of Directors' fees of RM225,000.00 for the financial year ended 31 December 2011.	1		
3.	To re-elect Ms. Ong Yee Min who retires in accordance with Article 99 of the Company's Articles of Association and being eligible, offers herself for re-election.	2		
4.	To re-elect Dato' Seri Abdul Azim Bin Mohd Zabidi who retires by rotation in accordance with Article 94 of the Company's Articles of Association and being eligible, offers himself for re-election.	3		
5.	To re-elect Mr. Wong Chong Kim who retires by rotation in accordance with Article 94 of the Company's Articles of Association and being eligible, offers himself for re-election.	4		
6.	To re-elect Mr. Yee Chee Wai who retires by rotation in accordance with Article 94 of the Company's Articles of Association and being eligible, offers himself for re-election.	5		
7.	To re-appoint 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.	6		
8.	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.	7		
<b>Special Business</b>				
9.	Authority to Issue Shares	8		
10.	Proposed Shareholders' Mandate	9		
11.	Proposed Renewal	10		
12.	Proposed Amendments	11		

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 \_\_\_\_\_ 2012

\_\_\_\_\_  
\*Signature/Common Seal of Shareholder  
\*Delete if not applicable

## FORM OF PROXY

### NOTES:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 4 April 2012 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint up to a maximum of three (3) proxies to attend and vote in his stead. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but does not need to be a member of the Company and if not a member he need not be a qualified legal practitioner, an approved Company auditor or a person approved by the Registrar. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its attorney duly authorised.
5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy must be deposited at the Company's Registered Office at 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.

**OSK Ventures International Berhad** (636117-K)

15th Floor, Plaza OSK  
Jalan Ampang  
50450 Kuala Lumpur, Malaysia.

Tel : (603) 2161 7233  
Fax : (603) 2175 3322

**[www.oskvi.com](http://www.oskvi.com)**