

ANNUAL REPORT

2013

OSKVI



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of the Company will be held at Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Monday, 21 April 2014 at 10.00 a.m. to transact the following business:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and the Auditors thereon. **[Please refer to Explanatory Note (i)]**
2. To approve the payment of Directors' fees of RM275,534.00 for the financial year ended 31 December 2013. **Ordinary Resolution 1**
3. To re-elect Ms. Ong Yee Min who retires by rotation in accordance with Article 94 of the Company's Articles of Association and being eligible, offers herself for re-election. **Ordinary Resolution 2**
4. To re-elect the following Directors who retire in accordance with Article 99 of the Company's Articles of Association and being eligible, offer themselves for re-election:
 - (a) Mr. Leong Keng Yuen **Ordinary Resolution 3**
 - (b) Dato' Thanarajasingam Subramaniam **Ordinary Resolution 4**
5. To re-appoint the following Directors who retire 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:
 - (a) Dato' Nik Mohamed Din bin Datuk Nik Yusoff **Ordinary Resolution 5**
 - (b) Tan Sri Ong Leong Huat @ Wong Joo Hwa **Ordinary Resolution 6**
6. To re-appoint Messrs. Ernst & Young as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration. **Ordinary Resolution 7**

AS SPECIAL BUSINESS

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

7. AUTHORITY TO ISSUE SHARES

Ordinary Resolution 8

"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 ("Bursa Securities") and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

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

**Ordinary
Resolution 9**

"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 Securities 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 2013 at the time of the purchase(s) will be allocated by the Company for the purchase of its 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;

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."

9. 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
27 March 2014

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 April 2014 ("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 office of the Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.
7. Explanatory Notes on Ordinary and 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, will 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.

NOTICE OF ANNUAL GENERAL MEETING

(iii) Ordinary Resolution 9 – 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 27 March 2014 for further information.

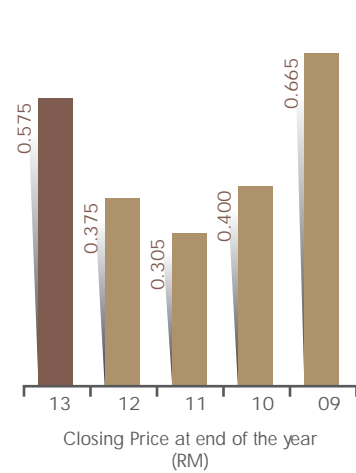
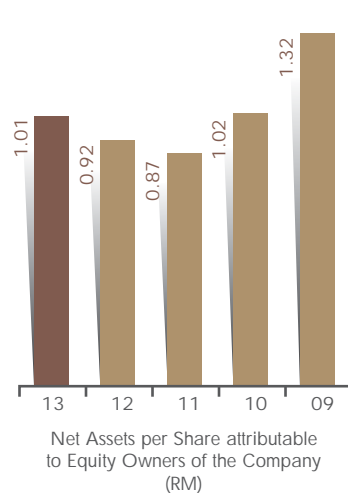
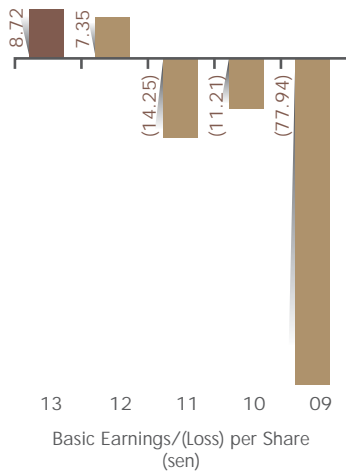
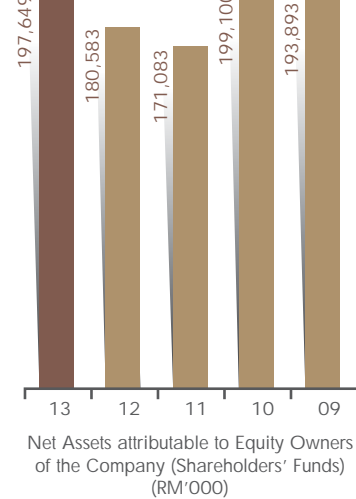
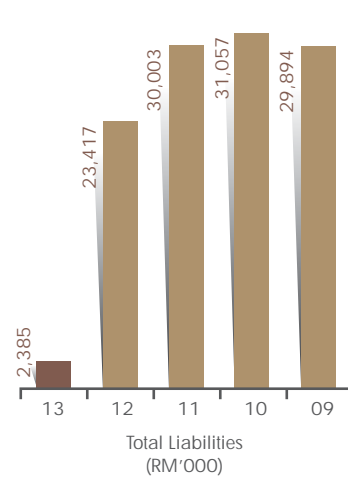
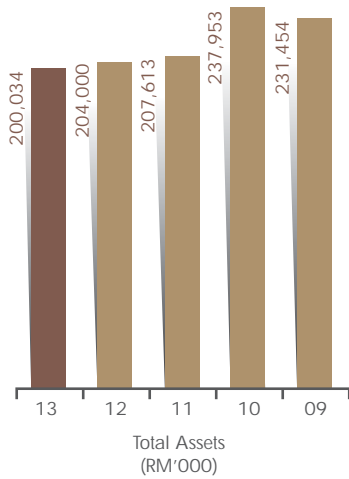
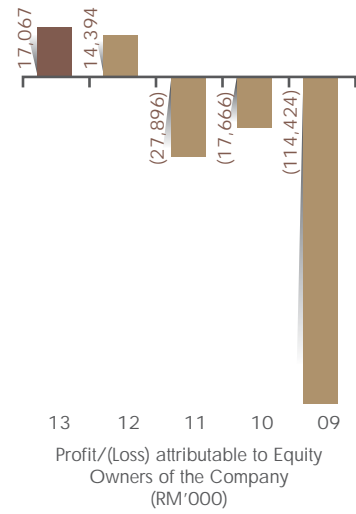
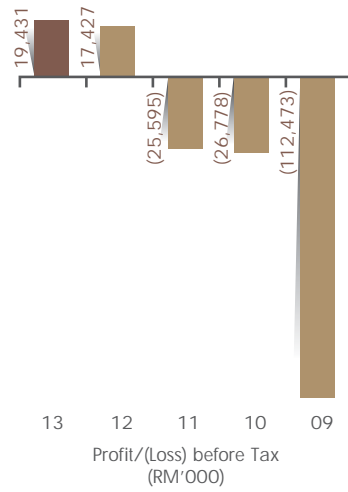
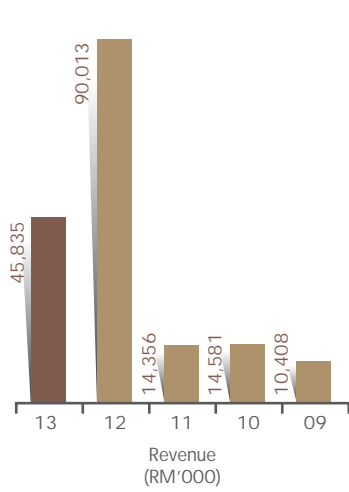


FIVE-YEAR GROUP FINANCIAL SUMMARY

(RM'000)	2013	2012	2011	2010*	2009
Revenue	45,835	90,013	14,356	14,581	10,408
Profit/(Loss) before Tax	19,431	17,427	(25,595)	(26,778)	(112,473)
Profit/(Loss) attributable to Equity Owners of the Company	17,067	14,394	(27,896)	(17,666)	(114,424)
Total Assets	200,034	204,000	207,613	237,953	231,454
Total Liabilities	2,385	23,417	30,003	31,057	29,894
Net Assets attributable to Equity Owners of the Company (Shareholders' Funds)	197,649	180,583	171,083	199,100	193,893
Number of Outstanding Ordinary Shares as Issued and Fully Paid ('000 shares), exclude Treasury Shares held	195,737	195,739	195,741	195,743	146,808
Basic Earnings/(Loss) per Share (sen)	8.72	7.35	(14.25)	(11.21)	(77.94)
Gross Dividends per Share (sen)	-	2.50	-	-	-
Net Assets per Share attributable to Equity Owners of the Company (RM)	1.01	0.92	0.87	1.02	1.32
Closing Price at end of the year (RM)	0.575	0.375	0.305	0.400	0.665

* Since year 2010, the Group accounted for its investments in associated companies by Fair Value through Profit or Loss (listed associated companies are marked to market) to reflect a fairer financial performance and profit as compared to equity accounting previously adopted. In accordance with the prevailing accounting standards, the above changes were applied prospectively and the comparatives for 2009 were not restated.

FIVE-YEAR GROUP FINANCIAL SUMMARY



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Nik Mohamed Din bin Datuk Nik Yusoff
Yee Chee Wai
Ong Yee Min
Tan Sri Ong Leong Huat @ Wong Joo Hwa
Leong Keng Yuen
Dato' Thanarajasingam Subramaniam
Dr. Ngo Get Ping

- *Non-Independent Non-Executive Chairman*
- *Executive Director/Chief Operating Officer*
- *Executive Director*
- *Non-Independent Non-Executive Director*
- *Senior Independent Non-Executive Director*
- *Independent Non-Executive Director*
- *Independent Non-Executive Director*

AUDIT COMMITTEE

Leong Keng Yuen – *Chairman*
Dato' Thanarajasingam Subramaniam
Dr. Ngo Get Ping

RISK MANAGEMENT COMMITTEE

Dr. Ngo Get Ping – *Chairman*
Leong Keng Yuen
Dato' Thanarajasingam Subramaniam

NOMINATING COMMITTEE

Leong Keng Yuen – *Chairman*
Tan Sri Ong Leong Huat @ Wong Joo Hwa
Dr. Ngo Get Ping

REMUNERATION COMMITTEE

Dr. Ngo Get Ping – *Chairman*
Tan Sri Ong Leong Huat @ Wong Joo Hwa
Leong Keng Yuen

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

Bangkok Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad

SOLICITORS

Cheang & Ariff

REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel. No. : (603) 2084 9000
Fax No. : (603) 2094 9940

REGISTERED OFFICE

7th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel. No. : (603) 2166 6225
Fax No. : (603) 2166 6220

PRINCIPAL BUSINESS ADDRESS

15th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel. No. : (603) 2161 7233
Fax No. : (603) 2161 0254

STOCK EXCHANGE LISTING

ACE Market, Bursa Malaysia Securities Berhad

STOCK NAME AND STOCK CODE

OSKVI (0053)

OSKVI

OSK Ventures International Berhad
(636117-K)

- OSK Venture Equities Sdn. Bhd. (505788-D)
100%
- OSK Technology Ventures Sdn. Bhd. (319604-V)
100%
- OSK Private Equity Management Sdn. Bhd. (428444-T)
100%
- OSK Capital Partners Sdn. Bhd. (682948-W)
100%
- OSK Ventures International Limited (1061002)
100%
- OSK Infrastructure Investments Limited (1143769)
100%

DATO' NIK MOHAMED DIN BIN DATUK NIK YUSOFF

Non-Independent Non-Executive Chairman

Dato' Nik Mohamed Din bin Datuk Nik Yusoff, aged 71, a Malaysian, is the Non-Independent Non-Executive Chairman of the Company. He was first appointed to the Board of the Company on 5 December 2003 as the Executive Chairman and was then re-designated to his current position on 5 February 2013.

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 thirteen (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.

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 twelve (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 the

Executive Chairman of OSK Holdings Berhad and was thereafter re-designated as Non-Independent Non-Executive Chairman on 28 December 2009.

Dato' Nik Mohamed Din is the Non-Executive Chairman of OSK Holdings Berhad, OSK Property Holdings Berhad, Jerasia Capital Berhad and QBE Insurance (Malaysia) Berhad. He is also a Director of RHB Capital Berhad, RHB Trustees Berhad (formerly known as OSK Trustees Berhad), Malaysian Trustees Berhad, Federation of Public Listed Companies Bhd, Datin Seri Ting Sui Ngit Foundation and KE-ZAN Holdings Berhad.

Dato' Nik Mohamed Din does not have any family relationship with the other Directors and/or major shareholders of the Company. He does not have any conflict of interest with the Company. 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 2013.

MR. YEE CHEE WAI

Executive Director/ Chief Operating Officer

Mr. Yee Chee Wai, aged 49, a Malaysian, 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 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 six (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, Maxwell International Holdings Berhad and Green Packet Berhad.

Mr. Yee does not have any family relationship with the other Directors and/or major shareholders of the Company. He does not have any conflict of interest with the Company. 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 2013.

MS. ONG YEE MIN

Executive Director

Ms. Ong Yee Min, aged 30, a Malaysian, is the Executive Director of the Company and was appointed to the Board of the Company on 1 September 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's work background is rooted in banking. Upon graduation in 2004, she joined Citibank Berhad, Malaysia in the Corporate and Investment Banking Department. She left Citibank in 2011 and in her last position, she was responsible for managing client relationships in the financial services sector.

She is also an Alternate Director to Mr. Yee Chee Wai in Green Packet Berhad.

Ms. Ong is the daughter of Tan Sri Ong Leong Huat @ Wong Joo Hwa, a Director and major shareholder of the Company. She does not have any conflict of interest with the Company. She has no conviction for any offences within the past ten (10) years.

Ms. Ong attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2013.

TAN SRI ONG LEONG HUAT @ WONG JOO HWA

Non-Independent Non-Executive Director

Tan Sri Ong Leong Huat @ Wong Joo Hwa, aged 70, a Malaysian, was first appointed to the Board on 5 December 2003 as a Non-Independent Non-Executive Director and was then retired at the Annual General Meeting held on 14 April 2010. He was re-appointed as the Non-Independent Non-Executive Director of the Company on 5 February 2013. He is a member of the Remuneration Committee and Nominating Committee of the Company.

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

For over seventeen (17) years since 1969, he was attached to a leading financial institution where he last held the position of Senior General Manager. He has been the Managing Director/CEO of OSK Securities Berhad from July 1985 to January 2007 and thereafter

the Group Managing Director/CEO of OSK Investment Bank Berhad (formerly known as OSK Securities Berhad). He was then re-designated as a Non-Independent Non-Executive Director of OSK Investment Bank Berhad on 18 January 2011 and thereafter he resigned from the aforesaid position on 30 April 2013.

Tan Sri Ong is also the Non-Independent Non-Executive Chairman of PJ Development Holdings Berhad and RHB Investment Bank Berhad, Chief Executive Officer/Group Managing Director of OSK Holdings Berhad, Managing Director/Chief Executive Officer of OSK Property Holdings Berhad, a Non-Independent Non-Executive Director of RHB Bank Berhad, an Independent Non-Executive Director of Bursa Malaysia Berhad and a Director of KE-ZAN Holdings Berhad.

Tan Sri Ong is the father to Ms. Ong Yee Min, a Director of the Company. He does not have any conflict of interest with the Company and he has no conviction for any offences within the past ten (10) years.

Tan Sri Ong attended all the three (3) Board Meetings of the Company held from the date he was appointed as Director of the Company during the financial year ended 31 December 2013.

DIRECTORS' PROFILE

MR. LEONG KENG YUEN

Senior Independent Non-Executive Director

Mr. Leong Keng Yuen, aged 63, a Malaysian, was appointed to the Board of the Company on 10 April 2013 as the Senior Independent Non-Executive Director of the Company. He is the Chairman of the Audit Committee and Nominating Committee and a member of the Risk Management Committee and Remuneration Committee of the Company.

He retired as a partner of Ernst & Young Malaysia at the end of 2005. He has over thirty (30) years involvement in the accounting profession.

Mr. Leong 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. Mr. Leong holds a Master of Science in Management from Massachusetts Institute of Technology

and a Bachelor of Engineering (First Class Honours) from University of Queensland, Australia.

Mr. Leong is currently a Director of Hexza Corporation Berhad, The Perak Chinese Welfare Association, The Perak Chinese Maternity Association and Datin Seri Ting Sui Ngit Foundation. He is also a company secretary for a number of public listed companies.

Mr. Leong does not have any family relationship with the other Directors and/or major shareholders of the Company. He does not have any conflict of interest with the Company. He has no conviction for any offences within the past ten (10) years.

Mr. Leong attended all the three (3) Board Meetings of the Company held from the date he was appointed as a Director of the Company during the financial year ended 31 December 2013.

DATO' THANARAJASINGAM SUBRAMANIAM

Independent Non-Executive Director

Dato' Thanarajasingam Subramaniam, aged 63, a Malaysian, was appointed to the Board of the Company on 15 May 2013 as an Independent Non-Executive Director. He is a member of the Audit Committee and Risk Management Committee of the Company.

Dato' Thanarajasingam graduated from University of Malaya with a Bachelor of Arts in 1973 and also holds a Master of Arts from New York University in 1985.

Dato' Thanarajasingam has extensive experience in both the public and private sectors. He has served as a Malaysian diplomat for more than 36 years including as Malaysian Ambassador to Brazil, Venezuela, Suriname and Guyana from 1998 to 2001 and Ambassador to France and Portugal from 2006 to 2010. He was previously the Chief of Staff to the President of the United Nations General Assembly in 1997. After being the Director-General of ASEAN Malaysia, Ministry of Foreign Affairs from 2003 to 2004, he rose to become the Deputy Secretary-General for Multilateral Affairs from 2004 to 2006.

Upon his retirement from the Malaysian Foreign Service in 2010, he became a Director of OSK Investment Bank

Berhad from 2010 to 2011. He was also the Malaysian Eminent Person to the ASEAN-India Eminent Persons Group from 2010 to 2012.

Currently, he is a Commissioner at the Malaysian Communications and Multimedia Commission, the regulatory arm for communications in Malaysia. He is also the Chairman of Mestari Adjusters Sdn. Bhd., a firm dealing with insurance matters, and an advisor to Tan Chong Motors.

Dato' Thanarajasingam is also an Independent Non-Executive Director of OSK Property Holdings Berhad.

Dato' Thanarajasingam does not have any family relationship with the other Directors and/or major shareholders of the Company. He does not have any conflict of interest with the Company. He has no conviction for any offences within the past ten (10) years.

Dato' Thanarajasingam attended all the two (2) Board Meetings of the Company held from the date he was appointed as a Director of the Company during the financial year ended 31 December 2013.

DR. NGO GET PING

Independent Non-Executive Director

Dr. Ngo Get Ping, aged 55, a Malaysian, was appointed to the Board of the Company on 7 March 2013 as an Independent Non-Executive Director. He is the Chairman of the Risk Management Committee and Remuneration Committee and a member of the Audit Committee and Nominating Committee of the Company.

Dr. Ngo graduated from University of Oxford (UK) with a DPhil in Metallurgy in 1984. He was given the best student award by the Institute of Civil Engineers, UK, in 1980.

He was the Contract Manager for Intraco (S) Pte Ltd, a soil specialist construction company in 1985 and thereafter joined GIC (Singapore) Pte Ltd as an Investment Officer in 1986. He was an Associate Director with James Capel Asia Pte Ltd from 1988 to 1993 and a Senior Vice President with Nomura Securities Singapore Pte Ltd from 1994 to 1996. Prior to his retirement in 2006, he was the Head of Sales and Deputy Country Head with CLSA Singapore Pte Ltd for a period of ten (10) years.

Dr. Ngo is also an Independent Non-Executive Director in OSK Holdings Berhad and OSK Property Holdings Berhad.

Dr. Ngo does not have any family relationship with the other Directors and/or major shareholders of the Company. He does not have any conflict of interest with the Company. He has no conviction for any offences within the past ten (10) years.

Dr. Ngo attended two (2) out of three (3) Board Meetings of the Company held from the date he was appointed as a Director of the Company during the financial year ended 31 December 2013.

CHAIRMAN'S STATEMENT



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

DEAR VALUED SHAREHOLDER,

On behalf of the Board of Directors, it is my pleasure to present the Annual Report of OSK Ventures International Berhad ("OSKVI") for the financial year ended 31 December 2013 ("FYE 2013").

FINANCIAL PERFORMANCE

During the financial year under review, greater global economic uncertainties were posed by concerns over the strength of China's economic growth and the possible tapering of the quantitative easing programme in the United States. In the face of such rising external risks, which compounded domestic vulnerabilities, several monetary authorities in Asia responded with tighter monetary stance to ease inflation and stabilise domestic currencies. Global financial markets experienced increased volatility amid uncertainties over the direction of fiscal and monetary policies in the advanced economies.

Despite the volatile economic backdrop, I am pleased to report that OSKVI brought the year to a close with revenue of RM45.83 million. We have also achieved a growth of 7% in net profit to RM17.07 million for FYE 2013 on the back of improving prices of securities held for both short-term and long-term investments.

DIVIDEND

The Board of Directors did not recommend, or declare, any dividend payment for the FYE 2013. The Company is, however, committed to ensure it remains well capitalised. Towards this end, OSKVI will continue to remain prudent and selective in our investments to ensure optimal capital adequacy amidst the fluctuating fair value of our investment securities brought about by the volatile external economic factors.

CORPORATE DEVELOPMENTS

Shareholders' approval was obtained at the last Annual General Meeting, held on 10 April 2013, for the purchase of up to 10% of the issued and paid-up ordinary shares of RM0.50 each in OSKVI. During the FYE 2013, OSKVI had bought back 2,000 OSKVI shares from the open market at an average price of RM0.497 per share, all of which were retained as treasury shares.

CORPORATE AND SOCIAL SUSTAINABILITY INITIATIVES

As a good corporate citizen, OSKVI is firmly committed to responsible corporate practices and upholding the agenda of sustainability, with both taken into proper account in our decision making. In line with such commitments, OSKVI has positioned community outreach as our priority evidenced in our Corporate Social Responsibility ("CSR") programme which was launched in 2012. We have since donated both in cash and in kind to the underprivileged and hard-core poor.

OUTLOOK FOR 2014

The Malaysian economy is expected to expand by 5.0% - 5.5%, barring unforeseen circumstances such as disruptions to domestic demand and an improving external environment. This growth is in tandem with the continued recovery across advanced economies, with GDP growth in China expected to be at around 7.5% for 2014.

The FBM KLCI was buoyed by such positive market sentiments, which was in turn aided by the well-executed domestic Economic Transformation Programme. As a result, and following from the strong run up since the conclusion of the 13th General Elections, the KLCI has surpassed its multi years record high pushing valuation multiples into fresh territory. With these current elevated stock prices having largely incorporated the earnings growth potential and the prospects of 2014, concerns are raised on the sustainability of such market valuation premium in the absence of new positive catalysts. Given the muted forecasts of research houses on 2014 FBM KLCI's targets, we will exercise diligence and be discerning on our ventures while ensuring our potential investments are constantly benchmarked against long-term valuations.

ACKNOWLEDGMENTS

On behalf of the Board of Directors, I wish to extend our appreciation to all of our stakeholders especially our shareholders, business partners, management personnel and employees for their continued support and contributions over the past year. We will continue to endeavour and strive towards generating better and sustainable returns to our stakeholders while contributing towards a socially responsible venture capital and private equity industry in Malaysia.

I look forward to your continuous support in the coming years as we will work hard to take OSKVI to the next level of success.

Thank you.

Dato' Nik Mohamed Din bin Datuk Nik Yusoff
Chairman

INTRODUCTION

Our values continue to revolve around developing OSK Ventures International Berhad ("OSKVI") into a long term and sustainable business that delivers value to all our stakeholders. We believe that by managing our business responsibly and ethically, we will not only create a financially stable and profitable organisation, but also one that contributes to the betterment of society. As such, we are continuously working on several initiatives to improve our business sustainability both for the immediate and long-term basis. For the financial year ended 31 December 2013, we are pleased to present the progress report for the OSKVI Sustainability Policy which outlines what we did in 2013.

Employee Welfare

Our employees continue to be the core of our business and we remain committed to providing them with a healthy, safe, conducive and secure workplace. We are pleased to report that there have been no workplace accidents. In our endeavor to provide our employees with extensive opportunities to learn and develop themselves, we provided them with an average of eighteen (18) formal training hours in 2013, which is equivalent to approximately two (2) business days and such training was tailored to their individual requirements and job scope. This is in addition to the training and guidance provided to our employees during the course of their work.

OSKVI continues to provide financial assistance to our employees through our "Financial Education Assistance" programme for them to pursue further education if they wish to do so.

As for the OSKVI Internship Programme that was launched to provide Malaysian students with exposure to our industry, we successfully saw four (4) students completed the programme in 2013. Feedback from the participants has been positive and we will continue to offer this programme in line with the government's aspirations for a stronger venture capital and private equity industry.

Environmental Management

We understand that our business operations have an environmental impact and we are dedicated to improving our processes to encourage a clean and effective environment. We regularly review and improve these processes by taking into account and incorporating new environmental considerations.

Corporate Social Responsibility (“CSR”)

We remain committed to support, serve and help local communities through our CSR programme. Through this programme, we enable our employees to get involved in CSR activities and encourage them to use their knowledge, skills and resources to make a positive contribution to the local communities. In 2013, we successfully organised and participated in the following CSR projects:

- Book donation drive in Plaza OSK which was jointly organised with OSK Holdings Berhad (“OSKH”) and OSK Property Holdings Berhad. A total of four (4) boxes of books and magazines were collected during the twenty (20)-day book donation campaign. The reading materials were carefully screened through before being sent to the homes of Rumah KIDS Homes for the Girls, Home 1 in Subang Jaya and Ti-Ratana Welfare Society in Desa Petaling.
- Food and living supplies donation to Shelter Home 1 in Petaling Jaya. The supplies were jointly donated by the employees of OSKVI and OSKH.
- Educational tour of Aquaria KLCC for twenty (20) underprivileged children of Shelter Home jointly organised with OSKH. The half-day trip was a fun experience for both the volunteers and the children.



- The Frost & Sullivan ‘Frost the Trail’ charity run saw OSKVI sending three (3) teams of volunteers to take part in the annual race held at FRIM, Kuala Lumpur. Our participation helped this event raise a total of RM31,800 for the Shelter Home for Children and Orphans Homes (Miskin Darul Hikmah).



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 recommendations set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"). 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 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 practices that have 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 Board aims to develop the Company as a long term, sustainable business that delivers value for all stakeholders and the wider environment and community that the Company is operating in. The Board has formulated the Sustainability Policy together with other related policies which include Occupational Safety and Health Policy, Environmental Policy, Corporate Social Responsibility/ Charitable and Volunteering Policy and Anti-Corruption Policy. Further information on the Group's sustainability activities can be found in the Sustainability Report on pages 16 to 17 of this Annual Report.

In manifestation of its commitment to MCCG 2012, the Board has established a Board Charter to ensure that all Board members are aware of their fiduciary duties and responsibilities, various legislations and regulations affecting their conduct, the need for safeguarding the interests of the shareholders, customers and other stakeholders and that highest standards of corporate governance are applied in all their dealings in respect and on behalf of the Company. The Board Charter is available on the company's website at www.oskvi.com.

The major responsibilities of the Board as outlined in the Board's Terms of Reference and Board Charter include amongst others, the following:

- review and approve the strategies, business plans and policies;
- establish key performance indicators;
- oversee the conduct of the Company's business to evaluate whether the business is being properly managed and sustained;
- ensure competent management and succession planning;
- ensure establishment of risk management structure and policies;
- review the adequacy and integrity of the Company's internal control systems;
- establish procedures governing self-serving practices and conflicts of interest;
- establish Board Committees, whenever necessary;
- ensure the Company's activities are conducive towards promoting the economic well-being of the community; and
- approve transactions or activities which are beyond the individual discretionary powers of Management, Management Committees or Board Committees delegated by the Board.

Details of the Board Committees are set out on pages 29 to 39 of this Annual Report.

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

a) Duties and Responsibilities of the Board (Cont'd)

The Board reserves certain powers for itself and has delegated certain matters, such as the day-to-day management of the Company to the Executive Directors. Such delegations are subject to strict approving authority limits. These matters relate to:

- recurring revenue expenditures (within the ordinary course of business);
- other non-recurring expenditures;
- capital expenditures;
- investments and disposal of investments;
- inter-company loans and advances;
- corporate guarantees and other commitments;
- bank loans; and
- investments in subsidiary or associated companies.

The Executive Committee was established by the Board and it 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

The Board comprises two (2) Executive Directors and five (5) Non-Executive Directors, three (3) of whom are Independent Directors. The Independent Non-Executive Directors make up more than one-third of the membership of the Board, in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Board views the 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.

The Board deems the Board composition is appropriate in terms of its membership and size. There is a good mix of skills and core competencies in the Board membership. The Board is well represented by individuals with diverse professional backgrounds and experiences in the areas of finance, accounting, economics and law as well as capital markets services.

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

The MCCG 2012 recommended that the positions of Chairman and Chief Executive Officer should be held by different individuals, and the Chairman must be a non-executive member of the Board. Dato' Nik Mohamed Din bin Datuk Nik Yusoff, who was previously the Executive Chairman, was re-designated as the Non-Independent Non-Executive Chairman of the Company with effect from 5 February 2013. The Company does not have a Chief Executive Officer but an Executive Director/Chief Operating Officer, Mr. Yee Chee Wai. The Board has established the roles and responsibilities of the Chairman, which are distinct and separate from the roles and responsibilities of the Executive Director/Chief Operating Officer. This segregation between the responsibilities of the Chairman and Executive Director/Chief Operating Officer ensures an appropriate balance of role, responsibility and accountability at Board level.

During the year 2013, the Board appointed Tan Sri Ong Leong Huat @ Wong Joo Hwa as a Non-Independent Non-Executive Director and Dr. Ngo Get Ping as an Independent Non-Executive Director of the Company on 5 February 2013 and 7 March 2013 respectively. Subsequently, Tan Sri Datuk Dr. Omar bin Abdul Rahman, Dato' Seri Abdul Azim bin Mohd. Zabidi, Mr. Foo San Kan, Mr. Wong Chong Kim and Mr. Ong Ju Yan retired at the conclusion of the Ninth Annual General Meeting ("AGM") of the Company held on 10 April 2013. On even date, Mr. Leong Keng Yuen was appointed as the Senior

STATEMENT ON CORPORATE GOVERNANCE

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

b) Composition of the Board (Cont'd)

Independent Non-Executive Director of the Company. On 15 May 2013, Dato' Thanarajasingam Subramaniam was appointed as an Independent Non-Executive Director.

Pursuant to the recommendations of the MCCG 2012, the Board must comprise a majority of independent directors where the Chairman of the Board is not an independent director. The Board endeavours to fulfill the aforesaid recommendation in the coming years.

The Board is supportive of gender diversity in the boardroom as recommended by the MCCG 2012 and has developed a Gender Diversity Policy to promote the representation of women in the composition of the Board. Presently, there is one (1) female Director on the Board of the Company, representing approximately 14% women participation on the Board.

The profiles of the Directors are set out in the Directors' Profile on pages 10 to 13 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;
- quarterly operation report;
- investments, acquisitions and disposal of major/material assets;
- major operational and financial issues;
- risks related to its investments and businesses and major non-compliance issues; and
- manpower and human resource matters.

The Chairman of the Audit Committee would inform the Directors at Board meetings on any salient audit findings deliberated at the Audit Committee meetings and which require the Board's notice or direction.

The Chairman of the Risk Management Committee would inform the Directors at Board meetings on salient issues and views raised at the Risk Management Committee meetings which require the Board's discussion on actions that may be required to be taken by the Management.

To ensure that the Board receives information in a timely manner, the notices of meetings are sent to the Directors at least seven (7) days in advance and the meeting papers are delivered 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 filed in the statutory records of the Company by the Company Secretaries.

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

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

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

A. THE BOARD OF DIRECTORS (“BOARD”) (CONT’D)

d) Company Secretaries

The Company Secretaries are responsible for ensuring that the Board procedures are followed and the applicable rules and regulations for the conduct of the affairs of the Board are complied with. The Company Secretaries are also responsible for all matters associated with the maintenance of the Board or otherwise required for its efficient operation. The Company Secretaries advise the Board on issues relating to corporate governance, compliance with laws, rules, procedures and regulatory requirements.

The Company Secretaries attend and ensure that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory register of the Company.

The Code of Ethics for Company Secretaries has been in place and the Board ensures that the Company Secretaries appointed have the relevant experiences and skills.

e) Board Meetings

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

Directors	Attendance
1. Dato’ Nik Mohamed Din bin Datuk Nik Yusoff	4/4
2. Mr. Yee Chee Wai	4/4
3. Ms. Ong Yee Min	4/4
4. Tan Sri Ong Leong Huat @ Wong Joo Hwa <i>(Appointed on 5 February 2013)</i>	3/3
5. Dr. Ngo Get Ping <i>(Appointed on 7 March 2013)</i>	2/3
6. Mr. Leong Keng Yuen <i>(Appointed on 10 April 2013)</i>	3/3
7. Dato’ Thanarajasingam Subramaniam <i>(Appointed on 15 May 2013)</i>	2/2
8. Mr. Wong Chong Kim <i>(Retired on 10 April 2013)</i>	0/1
9. Mr. Ong Ju Yan <i>(Retired on 10 April 2013)</i>	0/1
10. Mr. Foo San Kan <i>(Retired on 10 April 2013)</i>	1/1
11. Tan Sri Datuk Dr. Omar bin Abdul Rahman <i>(Retired on 10 April 2013)</i>	1/1
12. Dato’ Seri Abdul Azim bin Mohd. Zabidi <i>(Retired on 10 April 2013)</i>	0/1

All Directors have complied with the minimum requirements on attendance at Board meetings as stipulated in the Listing Requirements of Bursa Securities (minimum 50% attendance).

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 forthcoming year.

All the Directors participate 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.

STATEMENT ON CORPORATE GOVERNANCE

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

e) Board Meetings (Cont'd)

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 on 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 the interest of the Company by disclosing the nature and extent of their interest during such Board meeting.

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

f) Appointment and Assessment of Directors

The Nominating Committee established by the Board, is responsible for screening, evaluating and recommending to the Board the suitable candidates for appointment as Directors as well as filling the vacant seats on Board Committees.

In respect of the appointment of Directors, the Company practiced a clear and transparent nomination process which involves the following five (5) stages:

- Stage 1 : Identification of candidates
- Stage 2 : Evaluation of suitability of candidates
- Stage 3 : Meeting up with candidates
- Stage 4 : Final deliberation by the Nominating Committee
- Stage 5 : Recommendation to the Board

The Company also adopted 'Fit and Proper' standards for Directors in ensuring that the Directors are of high calibre, sound judgement, high integrity and credibility on a continuing basis.

The Directors observe the recommendation of the MCCG 2012 that they are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment.

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

During the financial year under review, the Nominating Committee has reviewed and recommended revisions to the annual assessment criteria of the Board, Board Committees and individual Director, to be aligned with the recommendations of the MCCG 2012 and as recommended by the Corporate Governance Guide 2nd Edition issued by Bursa Malaysia Berhad.

The Nominating Committee has also conducted the annual review on the following areas:

- the Board's effectiveness as a whole;
- the performance of the Board Committees;
- the performance assessment of each individual Director;
- the overall composition of the Board in terms of the appropriate size, mix of skills, experience and core competencies and the balance between Executive Directors, Non-Executive Directors and Independent Directors;
- the independency of the Independent Directors;
- the proportion of female to male Board members; and
- the training programmes attended by the Directors during the financial year.

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

f) Appointment and Assessment of Directors (Cont'd)

Following the annual review, the Nominating Committee agreed that the Board as a whole, the Board Committees and each individual Director had performed well and effectively and the overall composition of the Board in terms of size, mix of skills, experience, core competencies and the balance between Executive Directors, Non-Executive Directors and Independent Directors, was appropriate. The Independent Directors had also fulfilled their independent role in corporate accountability through their objective participation in the Board deliberations during the Board meetings.

During the financial year under review, the Nominating Committee having assessed the competencies of Tan Sri Ong Leong Huat @ Wong Joo Hwa, Dr. Ngo Get Ping, Mr. Leong Keng Yuen and Dato' Thanarajasingam Subramaniam, has recommended their appointment as Non-Independent Non-Executive Director and Independent Non-Executive Directors to the Board, respectively.

In line with the recommendations of the MCCG 2012, the Nominating Committee has also recommended amongst others, the following changes to the composition of Board and Board Committees, for implementation by the Board during the year:

- re-designation of the Chairman to a non-executive member of the Board;
- retirement of the Independent Directors who have served the Board for a cumulative term of more than nine (9) years;
- appointment of new Board Committees' Chairman and members, in place of the retiring Directors; and
- appointment of a new Senior Independent Non-Executive Director, in place of the retiring Senior Independent Non-Executive Director.

The current Nominating Committee which comprises exclusively Non-Executive Directors, the majority of whom are Independent Directors, is chaired by the Senior Independent Non-Executive Director of the Company. The details are set out on pages 32 to 35 of this Annual Report.

g) Re-appointment and Re-election of Directors

Pursuant to Section 129 of the Companies Act, 1965, Directors who are over the age of seventy (70) years shall retire at every AGM and may offer themselves for reappointment to hold office until the next AGM.

The Articles of Association of the Company ("Articles") provide that all Directors who have been appointed by the Board are subject to re-election by shareholders at the First AGM. The Articles also provide that one-third (1/3) (or the number nearest to one-third (1/3), if number is not multiple of three (3) with minimum of one (1)) of the Directors (except the Managing Director) shall 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 performance of the Directors who are subject to re-appointment and re-election at the AGM will be assessed by the Nominating Committee whereupon their recommendations will be submitted to the Board for consideration and thereafter for recommendation to the shareholders for approval at the forthcoming AGM.

The Directors who are standing for re-appointment and re-election at the forthcoming Tenth AGM of the Company to be held on 21 April 2014 are as stated in the Notice of the Tenth AGM.

STATEMENT ON CORPORATE GOVERNANCE

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

h) 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 Directors) for recommendations and approval by the Board. 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' fees, salaries, allowances, bonuses, options and benefits-in-kind and termination/retirement benefits.

The current Remuneration Committee which comprises exclusively Non-Executive Directors, is chaired by an Independent Director. The details are set out on pages 30 to 32 of this Annual Report.

The Remuneration Committee carries out annual review of the Directors' remuneration whereupon recommendations are submitted to the Board for approval. Such annual review shall ensure that the remuneration package of the Directors remains sufficiently attractive to attract and retain Directors.

The Executive Directors do not participate in the decision with regard to their own remuneration. The remuneration package for Directors is determined by the Board as a whole following the relevant recommendation made by the Remuneration Committee, with the Directors concerned abstaining from deliberations and voting on his/her own remuneration.

In respect of the financial year 2013, the Remuneration Committee has reviewed the Directors' remuneration and proposed an increase in the Directors' fees from RM30,000 to RM35,000 per annum for each Director, with additional fee paid to the Chairman of the Audit Committee and Risk Management Committee.

The proposed Directors' fees for the financial year 2013 will be tabled at the Tenth AGM for the approval of the shareholders.

STATEMENT ON CORPORATE GOVERNANCE

A. THE BOARD OF DIRECTORS (“BOARD”) (CONT’D)

h) Remuneration of Directors (Cont’d)

The details of the Directors’ remuneration for the financial year ended 31 December 2013 are as follows:

2013	Executive RM	Non- Executive RM	Total RM
Amount received/receivable from the Company:			
Fee – Provision for the year	79,493	196,041	275,534
Defined contribution plan	-	-	-
Salaries, bonuses and other emoluments	-	-	-
	79,493	196,041	275,534
Amount received/receivable from the Group:			
Fee – Provision for the year	79,493	196,041	275,534
Defined contribution plan	126,360	-	126,360
Salaries, bonuses and other emoluments	871,000	-	871,000
	997,360	-	997,360
	1,076,853	196,041	1,272,894

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

2013	Executive	Non- Executive	Total
Group			
RM50,000 and below	1	9	10
RM400,001 up to RM450,000	1	-	1
RM600,001 up to RM650,000	1	-	1
	3	9	12

STATEMENT ON CORPORATE GOVERNANCE

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

i) Continuing Education of Directors

All the Directors of the Company have completed the Mandatory Accreditation Programme (MAP) prescribed by Bursa Securities for directors of public listed companies.

Directors' training is an on-going process as the Directors recognise the need to continually develop and refresh their skills and knowledge and to update themselves on the developments in the related industry and business landscape.

All the Directors have attended trainings during the financial year ended 31 December 2013. Some of these training programmes, seminars and forums are as follows:

1. Personal Data Protection Act 2010 and Foreign Account Tax Compliance Act Presentation for Directors;
2. Designing Directors' Performance Assessment for Director's Independence & Effectiveness;
3. Singapore Corporate Awards – Singapore Exchange Seminar 2013 – Selections, Dynamics and Performance of a Board;
4. Singapore Institute of Directors' Listed Company Director ("LCD") Certification Programme – LCD Module 3 on "Risk Management Essentials";
5. Financial Services Act 2013 and Islamic Financial Services Act 2013 and Directors and Officers Liability Insurance Policy Presentation for Directors;
6. Advocacy Sessions on Corporate Disclosure for Director;
7. Nominating Committee Programme;
8. Bursa Malaysia Sustainability Trainings for Directors and Practitioners;
9. Implementing Operational Risk Management; and
10. Detecting Financial Statement Fraud – What Every Manager Needs to Know.

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.

A. THE BOARD OF DIRECTORS (“BOARD”) (CONT’D)

j) Effective Communication with Shareholders

The Board recognises the importance of shareholders communication as a key component to upholding the principles and best practices of corporate governance for the Group. As such, maintaining an effective communication policy between members of the public and the Company is important. The Group practices accurate and timely dissemination of information to the shareholders and the investing public.

Apart from complying with the continuing disclosure requirements as stipulated in the Listing Requirements of Bursa Securities, the Board also observes the recommendation of the MCCG 2012 with regard to strengthening communication and engagement with the shareholders.

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

- a) Annual Report communicates comprehensive information on the financial results and activities undertaken by Group;
- b) The AGM has been the main forum of dialogue for the shareholders to raise their concerns, if any, pertaining to the Company;
- c) Quarterly announcements and corporate disclosures to Bursa Securities are available on the website www.bursamalaysia.com;
- d) Press releases provide up-to-date information on the Group’s key corporate initiatives and new product and service launches; and
- e) The Company’s website www.oskvi.com provides corporate information of the Group.

A dedicated section for Corporate Governance has been set up on the Company’s website.

Where possible and applicable, the Group provides additional disclosure of information on a voluntary basis. The Board believes that on-going communication with shareholders is vital to shareholders and investors to make informed investment decisions.

k) Investors Relations

The Board recognises that effective and timely communication is essential in maintaining good relations with the investors. Other than the Company’s website www.oskvi.com which provides comprehensive, accurate and timely corporate information to the general investing public, there is an assigned personnel in the Group who is in charge of addressing inquiries from the shareholders, investors and the general public.

Mr. Yee Chee Wai, aged 49, 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 the shareholders, investors and the general public.

STATEMENT ON CORPORATE GOVERNANCE

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

k) Investors Relations (Cont'd)

Mr. Leong Keng Yuen has been identified by the Board as the Senior Independent Non-Executive Director of the Company to whom concerns of the shareholders and other stakeholders may be conveyed.

The Board is committed to embark on various initiatives in the coming year to further improve its investors relations and dialogues with the shareholders, institutional investors and key stakeholders.

The Board has adopted a Whistle-Blowing Policy which sets out the principle and grievance procedures for employees to raise genuine concerns of possible improprieties perpetrated within the Group.

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 the Government's economic objectives.

B. ACCOUNTABILITY AND AUDIT

a) Financial Reporting

The Board is responsible for presenting a balanced, clear and meaningful assessment of the Group's financial positions and prospects to the 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 public release via Bursa Securities' website. The Audit Committee also reviews the appropriateness of the Company's and Group's accounting policies and the changes to these policies as well as ensures the financial statements comply with accounting standards and other regulatory requirements.

The details of the financial statements of the Company are set out on pages 51 to 110 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 Notes to Financial Statements on pages 101 to 102 of this Annual Report.

c) Risk Management and Internal Control

The Board acknowledges its responsibilities in setting up and maintaining a sound risk management framework and effective internal control system. In achieving this, the Board ensures that principal risks in the Group are identified, measured and managed with appropriate internal control system, and that the effectiveness, adequacy and integrity of the internal control system is reviewed on an ongoing basis.

The Board recognises that some risks may not be eliminated. Nevertheless, with the implementation of an effective system of risk management and internal control, it provides reasonable but not absolute assurance against material misstatements of financial and management information and records, or against any financial losses or fraud.

The Statement on Risk Management and Internal Control, which provides an overview of the state of risk management and internal control within the Group, is set out on pages 44 and 47 of this Annual Report.

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 internal auditors meet the Audit Committee of the Company at least once a year without the presence of the Management. The external auditors also meet the Audit Committee of the Company at least twice a year without the presence of the Management. In addition, the external auditors are invited to attend the AGM and are available to answer the shareholders' questions related to the annual financial statements. 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:

2013	Group (RM)	Company (RM)
Audit fees paid to external auditors	110,826	36,000
Non-audit fees paid to external auditors	17,000	17,000
Fee paid to internal auditors	37,000	37,000

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 Risk Management and Internal Control and to conduct an audit review on subsidiaries not audited by Messrs. Ernst & Young, Malaysia or a member firm of Ernst & Young Global for the financial year ended 2013.

The external auditors, Messrs. Ernst & Young and other auditors of the subsidiaries, who performs the statutory audit function for the Group are independent. The internal auditors, BDO Governance Advisory Sdn. Bhd., who performs the internal audit function for the Group, is also 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 (*dissolved on 5 February 2013*).

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 2013 are set out below:

STATEMENT ON CORPORATE GOVERNANCE

C. BOARD COMMITTEES (CONT'D)

a) Audit Committee

The Audit Committee comprises exclusively Non-Executive Directors with three (3) members, all of whom are Independent Directors, is chaired by an Independent Director. The Audit Committee is established by the Board to provide independent oversight of the Company's internal and external audit functions, financial reporting, internal control system and to ensure checks and balances within the Company.

During the financial year, the Audit Committee has reviewed and recommended to the Board for adoption, the Guidelines on the Performance Evaluation of External Auditors to assess the suitability and independence of external auditors. The details of the activities carried out by the Audit Committee during the year are set out in the Audit Committee Report on pages 40 to 43 of this Annual Report.

b) Remuneration Committee

The Remuneration Committee consists of the following members:

Composition

Chairman	— Dr. Ngo Get Ping <i>Independent Non-Executive Director</i> <i>(Appointed on 10 April 2013)</i>
	Tan Sri Datuk Dr. Omar bin Abdul Rahman <i>Independent Non-Executive Director</i> <i>(Retired on 10 April 2013)</i>
Members	— Tan Sri Ong Leong Huat @ Wong Joo Hwa <i>Non-Independent Non-Executive Director</i> <i>(Appointed on 10 April 2013)</i>
	Mr. Leong Keng Yuen <i>Senior Independent Non-Executive Director</i> <i>(Appointed on 10 April 2013)</i>
	Mr. Foo San Kan <i>Senior Independent Non-Executive Director</i> <i>(Retired on 10 April 2013)</i>
	Dato' Seri Abdul Azim bin Mohd. Zabidi <i>Independent Non-Executive Director</i> <i>(Retired on 10 April 2013)</i>

The current Remuneration Committee which comprises exclusively Non-Executive Directors, is chaired by an Independent Director.

Authority

The Committee is granted the authority by the Board to provide formal and transparent procedures for developing the remuneration policy and framework for Directors and key senior management staff.

The Committee shall ensure that compensation is competitive and consistent with the remuneration and employment conditions of the industry as well as the Company's culture, objectives and strategy.

C. BOARD COMMITTEES (CONT'D)

b) Remuneration Committee (Cont'd)

Functions and Duties

(i) Remuneration Framework

- To recommend a framework of remuneration for Directors and key senior management staff from the full Board's approval;
- The remuneration framework shall support the Company's culture, objectives and strategy and shall reflect the experience, level of responsibility and commitment undertaken by the Directors and senior management staff;
- There shall be a balance in determining the remuneration package, which shall be sufficient to attract and retain directors of calibre, and yet not excessive to the extent the Company's funds are used to subsidise the excessive remuneration packages; and
- The framework shall cover all aspects of remuneration including Director's fees, salaries, allowance, bonuses, options, benefits-in-kind and termination/retirement benefits.

(ii) Remuneration Packages

- To review and recommend remuneration packages for the Executive Directors and each individual Directors;
- The remuneration package shall be structured such that it is competitive and consistent with the Company's culture, objectives and strategy;
- Salary scales drawn up shall be within the scope of the general business policy and not be dependent on short-term performance to avoid incentives for excessive risk-taking;
- The remuneration of each Board member may differ based on their level of expertise, knowledge and experience. For Executive Directors, the component parts of remuneration are structured so as to link rewards to corporate and individual performance. As for Non-Executive Directors, the level of remuneration shall be linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board;
- Executive Directors should not participate in decisions of their own remuneration; and
- The remuneration packages of Non-Executive Directors shall be determined by the full Board. The Director(s) concerned shall abstain from discussion of his own remuneration.

STATEMENT ON CORPORATE GOVERNANCE

C. BOARD COMMITTEES (CONT'D)

b) Remuneration Committee (Cont'd)

Frequency of Meeting

The Committee is to meet at least once a year or as and when deemed fit and necessary.

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

Members	Attendance
Dr. Ngo Get Ping	-
Tan Sri Ong Leong Huat @ Wong Joo Hwa	-
Mr. Leong Keng Yuen	-
Tan Sri Datuk Dr. Omar bin Abdul Rahman	1/1
Mr. Foo San Kan	1/1
Dato' Seri Abdul Azim bin Mohd. Zabidi	0/1

Subsequent to the retirement of Tan Sri Datuk Dr. Omar bin Abdul Rahman, Dato' Seri Abdul Azim bin Mohd. Zabidi and Mr. Foo San Kan at the Ninth AGM of the Company held on 10 April 2013, there were no Remuneration Committee Meetings held for the financial year under review.

Key activities undertaken by the Remuneration Committee during the year are as follows:

- reviewed and recommended to the Board, the bonus for the Executive Directors for the financial year ended 2012;
- reviewed and recommended to the Board, the proposed Directors' fees for the financial year ended 2012;
- reviewed and recommended to the Board, the Directors' remuneration for the ensuing year; and
- reviewed and recommended to the Board, the revised Terms of Reference of the Remuneration Committee, to be in line with the recommendations of the MCCG 2012.

c) Nominating Committee

The Nominating Committee consists of the following members:

Composition

Chairman	— Mr. Leong Keng Yuen <i>Senior Independent Non-Executive Director (Appointed on 10 April 2013)</i>
	Tan Sri Datuk Dr. Omar bin Abdul Rahman <i>Independent Non-Executive Director (Retired on 10 April 2013)</i>
Members	— Tan Sri Ong Leong Huat @ Wong Joo Hwa <i>Non-Independent Non-Executive Director (Appointed on 10 April 2013)</i>
	Dr. Ngo Get Ping <i>Independent Non-Executive Director (Appointed on 10 April 2013)</i>

C. BOARD COMMITTEES (CONT'D)

c) Nominating Committee (Cont'd)

Composition (Cont'd)

- Members
- Mr. Foo San Kan
Senior Independent Non-Executive Director
(Retired on 10 April 2013)

 - Dato' Seri Abdul Azim bin Mohd. Zabidi
Independent Non-Executive Director
(Retired on 10 April 2013)

The current Nominating Committee which comprises exclusively Non-Executive Directors, the majority of whom are Independent Directors, is chaired by the Senior Independent Non-Executive Director of the Company.

Authority

The Committee is granted the authority by the Board to provide a formal and transparent procedure for the appointment of Directors as well as assessment of effectiveness of individual Directors, the Board and performance of the key senior management staff.

Functions and Duties

- (i) Establish Minimum Requirements for the Board and Key Senior Management Staff
 - To establish minimum requirement for the Board i.e. required mix of skills, experience, qualification and other core competencies required of a Director;
 - To establish minimum requirements for the key senior management staff; and
 - The requirements and criteria shall be approved by the full Board.
- (ii) Establish Assessment Mechanism
 - To establish a mechanism for the formal assessment on the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board, the contribution of the Board's various committees and the performance of the key senior management staff;
 - Annual assessment shall be conducted based on an objective performance criterion and the performance criteria shall be approved by the full Board;
 - To establish an appropriate framework or policy on succession planning for Executive Directors and/or senior management staff; and
 - The succession planning framework or policy shall be approved by the full Board.
- (iii) Recommendation and Assessment
 - To recommend and assess the nominees for directorship, Board committee members as well as nominees for the key senior management staff;
 - The actual decision as to who shall be nominated shall be the responsibility of the full Board;

STATEMENT ON CORPORATE GOVERNANCE

C. BOARD COMMITTEES (CONT'D)

c) Nominating Committee (Cont'd)

Functions and Duties (Cont'd)

(iii) Recommendation and Assessment (Cont'd)

- To recommend to the Board the removal of a Director from the Board/management if the Director is ineffective, errant and negligent in discharging his responsibilities; and
- To recommend to the Board the removal of key senior management staff if they are ineffective, errant and negligent in discharging their responsibilities.

(iv) Overseeing the Board and Key Senior Management Staff

- To oversee the overall composition of the Board, in terms of the appropriate size and skills, experience and other qualities including core competencies which Non-Executive Directors should bring to the Board, the independency of each Independent Director, the balance between Executive Directors, Non-Executive Directors and Independent Directors as well as the proportion of female to male Board members through annual review;
- To ascertain "independency" of Independent Directors pursuant to the criteria as set out in the Listing Requirements of Bursa Securities;
- To oversee the appointment, management succession planning and performance evaluation of key senior management staff; and
- To ensure that all Directors receive an appropriate continuous training programme in order to keep abreast with the latest development in the industry.

Frequency of Meeting

The Committee is to meet as and when required or at least once a year.

There was three (3) meetings held during the financial year. The attendances of the members of Nominating Committee are as follows:

Members	Attendance
Mr. Leong Keng Yuen	2/2
Tan Sri Ong Leong Huat @ Wong Joo Hwa	1/2
Dr. Ngo Get Ping	2/2
Tan Sri Datuk Dr. Omar bin Abdul Rahman	1/1
Mr. Foo San Kan	1/1
Dato' Seri Abdul Azim bin Mohd. Zabidi	0/1

Key activities undertaken by the Nominating Committee during the year are as follows:

- assessed the effectiveness of the Board as a whole and the contribution of the various Board Committees;
- reviewed and assessed the performance of the Chairman, Executive Directors and Non-Executive Directors;

C. BOARD COMMITTEES (CONT'D)

c) Nominating Committee (Cont'd)

Frequency of Meeting (Cont'd)

- assessed 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;
- reviewed the independency of the Independent Directors;
- reviewed the proportion of female to male Board members;
- reviewed the training programmes attended by Directors during the financial year;
- evaluated and recommended to the Board, the re-election and re-appointment of the Directors who will be retiring at the AGM of the Company;
- evaluated and recommended to the Board, the suitable candidates for appointment onto the Board of the Company; and
- reviewed and recommended to the Board, the following changes for implementation, to be in line with the recommendations of the MCCG 2012:
 - re-designation of the Executive Chairman to the Non-Executive Chairman of the Company;
 - retirement of the Independent Directors who have served the Board for a cumulative term of more than nine (9) years;
 - appointment of new Senior Independent Non-Executive Director, in place of the retiring Senior Independent Non-Executive Director;
 - appointment of new Board Committees' Chairman and members, in place of the retiring Directors;
 - the adoption of Gender Diversity Policy;
 - revisions to the Terms of Reference of the Nominating Committee; and
 - revisions to the annual assessment criteria of the Board, Board Committees and individual Director.

d) Risk Management Committee

The Risk Management Committee consists of the following members:

Composition

- | | | |
|----------|---|---|
| Chairman | — | Dr. Ngo Get Ping
<i>Independent Non-Executive Director</i>
<i>(Appointed on 10 April 2013)</i> |
| | | Tan Sri Datuk Dr. Omar bin Abdul Rahman
<i>Independent Non-Executive Director</i>
<i>(Retired on 10 April 2013)</i> |

STATEMENT ON CORPORATE GOVERNANCE

C. BOARD COMMITTEES (CONT'D)

d) Risk Management Committee (Cont'd)

Composition (Cont'd)

- Members
- Mr. Leong Keng Yuen
*Senior Independent Non-Executive Director
(Appointed on 10 April 2013)*

 - Dato' Thanarajasingam Subramaniam
*Independent Non-Executive Director
(Appointed on 15 May 2013)*

 - Tan Sri Ong Leong Huat @ Wong Joo Hwa
*Non-Independent Non-Executive Director
(Appointed on 10 April 2013 and resigned on 15 May 2013)*

 - Mr. Foo San Kan
*Senior Independent Non-Executive Director
(Retired on 10 April 2013)*

 - Mr. Wong Chong Kim
*Non-Independent Non-Executive Director
(Retired on 10 April 2013)*

The current Risk Management Committee which comprises entirely Non-Executive Directors with a minimum of three (3) members, all of whom are Independent Directors, is chaired by an Independent Director.

Authority

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

Functions and Duties

- (i) To review and recommend appropriate risk management strategies and policies for the Board's approval;
- (ii) 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;
- (iii) To ensure that adequate infrastructure, resources and systems are in place for risk management;
- (iv) 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
- (v) To note and adopt minutes of the Committee of the respective subsidiaries, if any.

C. BOARD COMMITTEES (CONT'D)

d) Risk Management Committee (Cont'd)

Frequency of Meeting

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

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

Members	Attendance
Dr. Ngo Get Ping	3/3
Mr. Leong Keng Yuen	3/3
Dato' Thanarajasingam Subramaniam	2/2
Tan Sri Ong Leong Huat @ Wong Joo Hwa	0/1
Tan Sri Datuk Dr. Omar bin Abdul Rahman	1/1
Mr. Foo San Kan	1/1
Mr. Wong Chong Kim	0/1

Key activities undertaken by the Risk Management Committee during the year are as follows:

- reviewed and recommended to the Board, the adoption of the Sustainability Policy and other relevant policies, to be in line with the recommendations of the MCCG 2012;
- reviewed and recommended to the Board, the Risk Management Policy and Procedure Document;
- reviewed the risk profile and risk ranking to ensure the adequacy and effectiveness of risk management system;
- discussed the identified risks along with the action plans to mitigate the risks;
- reviewed the status of the implementation of the risk action plans to manage and mitigate the identified risks; and
- deliberated the effectiveness of the risk awareness and training session conducted throughout the Group.

STATEMENT ON CORPORATE GOVERNANCE

C. BOARD COMMITTEES (CONT'D)

e) Option Committee

(Dissolved on 5 February 2013)

The Option Committee consists of the following members:

Composition

Chairman	—	Mr. Foo San Kan <i>Senior Independent Non-Executive Director</i>
Member	—	Mr. Ong Ju Yan <i>Executive Director</i>

After the expiration of the Executive Share Option Scheme ("Scheme") on 10 April 2012, the Option Committee was dissolved on 5 February 2013.

Authority

The Committee is authorised to administer the Scheme at its discretion with such powers and duties as are conferred upon it.

The Committee may meet together for the despatch 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.

Functions and Duties

- (i) 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/her business unit/department/division/subsidiary and the overall performance of the Group;
- (ii) To grade the performance of each Eligible Executive and to classify each Eligible Executive into various performance grades;
- (iii) 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;
- (iv) 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;
- (v) 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;

C. BOARD COMMITTEES (CONT'D)

e) Option Committee (Cont'd)

Functions and Duties (Cont'd)

- (vi) 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;
- (vii) 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;
- (viii) To consider cases in the event of cessation of employment of a Grantee by reason of retirement, ill-health, injury, disability, redundancy, retrenchment, transfer or any other circumstances during the Option Period, on a case-by-case basis may allow the Grantee to exercise his Option provided such Option shall remain exercisable during the Option Period; and
- (ix) To add, amend and/or delete the By-Law(s) of the Scheme by resolution from time to time.

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 financial year until the dissolution of the Option Committee on 5 February 2013.

This Statement on Corporate Governance was approved by the Board of Directors of the Company on 11 March 2014.

AUDIT COMMITTEE REPORT

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2013.

MEMBERSHIP

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

Chairman	-	Mr. Leong Keng Yuen Senior Independent Non-Executive Director <i>(Appointed on 10 April 2013)</i>
		Mr. Foo San Kan Senior Independent Non-Executive Director <i>(Retired on 10 April 2013)</i>
Members	-	Dato' Thanarajasingam Subramaniam Independent Non-Executive Director <i>(Appointed on 15 May 2013)</i>
		Dr. Ngo Get Ping Independent Non-Executive Director <i>(Appointed on 10 April 2013)</i>
		Tan Sri Ong Leong Huat @ Wong Joo Hwa Non-Independent Non-Executive Director <i>(Appointed on 10 April 2013 and resigned on 15 May 2013)</i>
		Tan Sri Datuk Dr. Omar bin Abdul Rahman Independent Non-Executive Director <i>(Retired on 10 April 2013)</i>
		Dato' Seri Abdul Azim bin Mohd. Zabidi Independent Non-Executive Director <i>(Retired on 10 April 2013)</i>

ATTENDANCE OF MEETINGS

During the financial year ended 31 December 2013, the Committee held a total of four (4) meetings. The details of attendance of the Committee members are as follows:

Members	Attendance
Mr. Leong Keng Yuen	3/3
Dato' Thanarajasingam Subramaniam	2/2
Dr. Ngo Get Ping	2/3
Tan Sri Ong Leong Huat @ Wong Joo Hwa	1/1
Mr. Foo San Kan	1/1
Tan Sri Datuk Dr. Omar bin Abdul Rahman	1/1
Dato' Seri Abdul Azim bin Mohd. Zabidi	0/1

COMPOSITION AND TERMS OF REFERENCE

Composition

The Committee shall be appointed by the Board from amongst the Directors of the Company and comprise only Non-Executive Directors with at least three (3) members, of which the majority of whom must be Independent Directors. At least one (1) member of the Committee:

- must be a member of the Malaysian Institute of Accountants; or
- if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years of working experience and:
 - he must have passed the examinations specified in Part I of the 1st Schedule to the Accountants Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule to the Accountants Act, 1967; or
 - fulfills such other requirements as prescribed by Bursa Malaysia Securities Berhad.

The Committee shall be chaired by an Independent Director. No alternate director is to be appointed as a member of the Committee. The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three (3) years. In the event of any vacancy in the Committee resulting in the non-compliance of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), 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 Finance 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 at least two (2) members or 50% of the total members, whichever is higher and the majority of members present must be Independent Directors.

Authority

The Committee shall within its terms of reference:

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

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, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work; and

- 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 scope of the audit plan;
- To review the external auditors' management letter and response;
- To review the audit findings raised by the external auditors and ensure that issues are 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.

AUDIT COMMITTEE REPORT

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 raises 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, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
2. Reviewed and discussed the internal audit plan and report; and
3. Met with the internal auditors once during the year without the presence of management, from which no private issues were highlighted.

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;
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;
4. Reviewed and recommended to the Board for adoption, the Guidelines on the Performance of External Auditors to assess the suitability and independence of external auditors;
5. Reviewed and evaluated the performance of the external auditors and made recommendations to the Board on their re-appointment; and
6. Met with the external auditors twice during the year without the presence of management.

Internal Controls

1. Reviewed the Statement on Risk Management and Internal Control pursuant to Rule 15.26 of the Listing Requirements and made recommendations to the Board for approval.

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 raises 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. The Group has outsourced its internal audit function to BDO Governance Advisory Sdn. Bhd. ("BDO") as the Internal Auditors. 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 is 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 financial year ended 31 December 2013 amounted to RM37,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance 2012 requires the Board of Directors of public listed companies to establish a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets. Provided below is the risk management framework and internal control of OSK Ventures International Berhad and its subsidiaries ("the Group") made by the Board of Directors ("the Board") of OSK Ventures International Berhad in compliance with Chapter 15, Rule 15.26 and Guidance Note 11 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by the Taskforce on Internal Control with the support and endorsement of Bursa Securities.

THE BOARD'S RESPONSIBILITIES

The Board recognises the importance of a sound risk management framework and 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 is reviewed on an ongoing basis.

The Board also acknowledges that the Group's system of risk management and internal control is designed to highlight, manage and attempt to lower the risk threatening the achievement of business objectives. Some risks may not be eliminated. As such, the system of risk management and internal control can only provide reasonable but not absolute assurance against material misstatement of financial and management information and records, or against any financial losses or fraud.

The Group has in place an on-going mechanism to identify, evaluate, monitor and manage the key risks which will hinder the achievement of its business objectives and strategies throughout the period under review. The Board is assisted by the Risk Management Committee as well as the management to implement the Board's policies and procedures on risk management and internal control. These include identifying the risks and assessing the potential impacts of the risks, and to have the necessary internal control to reduce the risk. The mechanism is reviewed by the Board on a quarterly basis.

THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Enterprise Risk Management ("ERM")

The Board acknowledges that effective risk management is part of a good business management practice which can help in discharging its stewardship responsibilities. The Group's activities involve some degree of risk and the Board is committed to ensure that the Group has an effective risk management framework which will allow the Group to be able to identify, evaluate, monitor and manage risks that affect the achievement of the Group's business objectives and strategies within a defined risk tolerance level in a timely and effective manner.

Risk Governance

The Board encourages a strong risk governance culture which shapes the Group's attitude towards risk by establishing a sound control environment via the following:

- Written communication of the Group's values, expected code of conduct, policies and procedures;
- Board Charter which sets out the responsibilities and functions of the Board, each of its committees and the individual Directors;
- Management's philosophy and operating style, as guided by the business strategy and investment manual approved by the Board; and
- Organisational structure, assigning authority, responsibilities and clear reporting lines which segregate the function and duties of each employee in the investment and finance division of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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**

The Board is fully responsible for the risk management of the Group and carries out its duties by having regular Board meetings to review and approve business strategies, risk management policies and business performance of the Group.

- **The Risk Management Committee**

The Risk Management Committee has been established to review the adequacy and effectiveness of risk management of the Group. The Risk Management Committee's main role is to review, on behalf of the Board, the system of risk management necessary to manage the key risks inherent in the business and to present its findings to the Board.

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 quarterly 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 Risk Management Committee is assisted by the internal risk management function. The role of the internal risk management function is to monitor and evaluate the effectiveness of the risk management process within the Group on an on-going basis.

- **The Audit Committee**

The Audit Committee is responsible to review the adequacy and effectiveness of internal control and governance systems of the Group. The Audit Committee's main role is to review, on behalf of the Board, the system of internal controls necessary to manage the key risks inherent in the business and to present its findings to the Board.

The Audit Committee is assisted by the internal audit function, whose role is to review the effectiveness of risk identification procedures and control processes implemented by the management. The Audit Committee also reviews and deliberates on any matters relating to internal control highlighted by the external auditors in the course of their statutory audit of the financial statements of the Group.

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

The Group's risk management framework is consistent with the ISO 31000 Risk Management Principles and Guidelines, which is designed to establish the context for an embedded ERM into key departments and business processes of the Group.

The framework:

- provides clear functional responsibilities and accountabilities within the Group for the management of risk;
- helps to identify the risk appetite and risk tolerance level through having a set of measurable parameters related to the critical risks that may impact the strategy, performance and reputation of the Group;
- ensures the risk policies and limits are consistent with the risk appetite and risk tolerance level of the Group; and
- helps to report, monitor and ensure that appropriate skills and resources are applied in managing the risks.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Key Elements of the Group's System of Internal Control

The Group's internal control system consists of the policies, processes, activities and control environment that facilitates an effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks to achieving the Group's strategy and objectives.

The key elements of the Group's internal control system, that are regularly reviewed by the Board, are described below:

- Understanding and ensuring the adequacy of risk management practices by establishing 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;
- Maintenance and development of risk management framework by active participation in objectives and strategy-setting process of the Group and regular involvement in formulating the Group's investment criteria and ensuring that this is communicated and executed appropriately;
- Continual monitoring and assessment of the financial performance of the investee companies against key performance indicators and peers comparison as an integral part of the performance measurement of the Group;
- Monthly reporting by management to the Executive Committee on key business performance, operating statistics, corporate developments and other regular matters. This allows for an effective monitoring of significant variances and deviation from standard operating procedures and budget;
- Identifying risk exposure from the financial assets that have impacted or are likely to impact the Group's achievement of objectives and strategies and deliberating whether findings indicate a need for more extensive monitoring of the system of risk management and enhancement of control processes;
- Recommendations of necessary actions to manage risk to an acceptable level of risk tolerance in a timely manner;
- Assessing possibility of emerging operational risk likely to happen in future due to changing economic environment and the need to put in place appropriate controls;
- Recruitment of experienced, skilled and professional staff with the necessary calibre to fulfill the respective responsibilities and job functions;
- Clear Group structure, reporting lines of responsibilities and appropriate levels of delegation;
- Documented policies, procedures and limits of approving authorities for key aspects of the businesses. This provides a sound framework of authority and accountability within the organisation and facilitates proper corporate decision-making at the appropriate level in the organisation's hierarchy;
- Establishment of the proper set of checklists to facilitate proper business proposal evaluation;
- Ensuring quality of internal and external reporting deliverables which require proper records keeping and maintenance of effective processes that generate timely, relevant and reliable information within and outside the Group;
- Establishment of an effective segregation of duties via independent checks, review and reconciliation activities to prevent human errors, fraud and abuses;
- Engagement of independent internal auditors to review the effectiveness of internal controls; and
- Review of risk management reports and investment performance reports presented by the independent risk management team on quarterly basis. Independent risk assessment is conducted periodically by an independent risk management team which reports directly to the Risk Management Committee. The reports assist the Risk Management Committee in assessing the effectiveness of the Group in managing its investment activities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Assurance Mechanisms

The Audit Committee is tasked by the Board to carry out the duty to review and monitor the effectiveness of the Group's system of internal control. To discharge its responsibilities, the Audit Committee relies significantly on the support of the independent internal auditors to review the effectiveness of risk identification procedures and control processes implemented by management. The independent internal auditors report directly to the Audit Committee during the Audit Committee meetings and provide assurance over the operation and validity of the internal control system in relation to the level of risk involved using Risk-Based-Auditing methodology.

Based on the audit, the internal auditors provide the Audit Committee with a yearly report highlighting observations, recommendations and management action plans to improve the system of internal control.

The Audit Committee Report is set out on pages 40 to 43 of this Annual Report.

THE BOARD'S COMMITMENT

As the Group operates in a dynamic business environment, a sound risk management and internal control system must be in place in order to be able to support its business objectives. Therefore, the Board remains committed towards maintaining a sound system of risk management and internal control and believes that a balanced achievement of its business objectives and operational efficiency can be attained.

THE BOARD'S CONCLUSION

The Board has reviewed the risk management and internal control system and believes that the risk management and internal control system of the Group is in place for the year under review and up to the date of issuance of the financial statements and is effective and adequate to safeguard the shareholders' investments, the interests of regulators and employees. The Board has also received assurance from the Chief Operating Officer and Chief Financial Officer that the Group's risk management and internal control system is, in all material aspects, effective and adequate throughout the year under review.

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this statement for inclusion in the annual report of the Group for the year ended 31 December 2013 and reported to the Board that nothing has come to their attention that caused them to believe this statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the internal control system of the Group.

ADDITIONAL DISCLOSURES

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

There were no material contracts entered by the Company and its subsidiaries involving Directors' and major shareholders' interest, either still subsisting at the end of the financial year ended 31 December 2013 or entered into since the end of the previous financial year.

DEPOSITORY RECEIPT ("DR") PROGRAMME

The Company did not sponsor any DR programme during the financial year ended 31 December 2013.

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 2013.

VARIATION IN RESULTS

There were no variations between the financial results in the Audited Financial Statements 2013 and the audited financial results for the year ended 31 December 2013 announced on 17 February 2014.

PROFIT GUARANTEE

There was no profit guarantee for the financial year.

CORPORATE SOCIAL RESPONSIBILITIES

Information pertaining to the Company's corporate social responsibility activities for the year 2013 is presented in the Sustainability Report on pages 16 to 17 of this Annual Report.

SHARE BUY-BACK

During the financial year, there were shares buy-back by the Company, the details of which are set out in the Notes to Financial Statements on pages 98 to 99 of this Annual Report.

OPTIONS OR CONVERTIBLE SECURITIES

The Warrants 2010/2015 issued by the Company remains unexercised during the financial year.

The Company did not issue any options or convertible securities during the financial year.

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 Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards issued by International Accounting Standards Board, 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 2013, 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 to prevent and detect fraud and other irregularities.

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DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit attributable to Owners of the Company	17,066,975	3,322,990

In the opinion of the Directors, the results of the operations of the Group and of the Company during the year were not substantially affected by any item, transaction or event of a material and unusual nature other than net fair value gain on financial instruments of RM15.05 million and those disclosed in Notes 5 and 14 to the financial statements.

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

The Directors do not recommend the payment of dividend in respect of the current financial 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 Yee Min
Tan Sri Ong Leong Huat @ Wong Joo Hwa (Appointed on 5 February 2013)
Dr. Ngo Get Ping (Appointed on 7 March 2013)
Leong Keng Yuen (Appointed on 10 April 2013)
Dato' Thanarajasingam Subramaniam (Appointed on 15 May 2013)
Ong Ju Yan (Retired on 10 April 2013)
Wong Chong Kim (Retired on 10 April 2013)
Foo San Kan (Retired on 10 April 2013)
Tan Sri Datuk Dr. Omar bin Abdul Rahman (Retired on 10 April 2013)
Dato' Seri Abdul Azim bin Mohd. Zabidi (Retired on 10 April 2013)

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.

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' INTERESTS

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

	Number of Ordinary Shares of RM0.50 each			
	1.1.2013/ *As at appointment date	Acquired	Disposed	31.12.2013
Direct Interest:				
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	3,257,615	-	-	3,257,615
Tan Sri Ong Leong Huat @ Wong Joo Hwa	*53,671,446	-	53,671,446	-
Ong Yee Min	68,148	58,800	-	126,948
Leong Keng Yuen	*73	-	-	73
Indirect Interest:				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	* ⁽¹⁾ 9,792,774	97,012,489	6,020,013 ⁽²⁾	100,785,250
Yee Chee Wai	⁽³⁾ 1,000	-	-	⁽³⁾ 1,000

	Number of Warrants 2010/2015			
	1.1.2013/ *As at appointment date	Acquired	Disposed	31.12.2013
Direct Interest:				
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	1,617,048	-	-	1,617,048
Tan Sri Ong Leong Huat @ Wong Joo Hwa	*28,055,464	2,650,000	30,705,464	-
Ong Yee Min	34,074	-	-	34,074
Indirect Interest:				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	* ⁽¹⁾ 6,671,774	39,024,264	-	⁽⁴⁾ 45,696,038
Yee Chee Wai	⁽³⁾ 844	-	-	⁽³⁾ 844

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D)

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. Salient terms of warrants 2010/2015 are disclosed in Note 21(b) to the financial statements.

- (1) Deemed interested pursuant to Section 6A of the Companies Act, 1965 ("the Act") by virtue of his substantial shareholdings in Land Management Sdn. Bhd. and OSK Holdings Berhad and disclosure made pursuant to Section 134(12)(c) of the Act on interest held by his spouse and children.
- (2) Deemed interested pursuant to Section 6A of the Act by virtue of his substantial shareholdings in OSK Holdings Berhad and OSK Equity Holdings Sdn. Bhd. and disclosure made pursuant to Section 134(12)(c) of the Act on interest held by his spouse and children.
- (3) Disclosure made pursuant to Section 134(12)(c) of the Act on interest held by his spouse.
- (4) Deemed interested pursuant to Section 6A of the Act by virtue of his substantial shareholdings in Land Management Sdn. Bhd., OSK Holdings Berhad and OSK Equity Holdings Sdn. Bhd. and disclosure made pursuant to Section 134(12)(c) of the Act on interest held by his spouse and children.

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

TREASURY SHARES

The details of treasury shares are disclosed in Note 22 to the financial statements.

EXECUTIVE SHARE OPTION SCHEME ("ESOS")

The details of the Company's ESOS are disclosed in Note 20 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.

OTHER STATUTORY INFORMATION (CONT'D)

- (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.

SIGNIFICANT EVENT DURING THE YEAR

Significant event during the year are disclosed in Note 32 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 17 February 2014.

Dato' Nik Mohamed Din bin Datuk Nik Yusoff

Yee Chee Wai

Kuala Lumpur, Malaysia

STATEMENT BY DIRECTORS

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

We, Dato' Nik Mohamed Din bin Datuk Nik Yusoff and Yee Chee Wai, being two of the Directors of OSK Ventures International Berhad, state that in the opinion of the Directors, the accompanying financial statements set out on pages 59 to 109 are drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2013 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 33 to the financial statements on page 110, has been 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.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 17 February 2014.

Dato' Nik Mohamed Din bin Datuk Nik Yusoff

Yee Chee Wai

Kuala Lumpur, Malaysia

STATUTORY DECLARATION

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

I, Ong Shew Sze, 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 59 to 110 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 Ong Shew Sze at
Kuala Lumpur in the Federal Territory
on 17 February 2014

Ong Shew Sze

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 2013 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 59 to 109.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is 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 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 14(a) to the financial statements, being financial statements that have been included in the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT

To the Members of OSK Ventures International Berhad (Incorporated in Malaysia)

- (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 Companies Act, 1965.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 33 to the financial statements on page 110 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. 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.

OTHER MATTERS

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

Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
17 February 2014

Kua Choh Leang
No. 2716/01/15(J)
Chartered Accountant

INCOME STATEMENTS

For the Year Ended 31 December 2013

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Revenue	4	45,834,818	90,012,956	1,835,855	58,836,217
Net carrying value of investments disposed		(38,077,147)	(78,900,752)	-	-
Other income		232,728	1,446,400	3,054,407	-
Loss on derecognition of embedded derivative		-	(116,950)	-	-
Net fair value gain on financial instruments		15,047,349	4,169,237	-	-
Administrative expenses		(3,166,689)	(3,428,902)	(769,892)	(701,754)
Impairment losses	5	-	-	-	(49,237,800)
Operating profit		19,871,059	13,181,989	4,120,370	8,896,663
Finance costs		(439,565)	(1,180,277)	(439,565)	(1,180,277)
Profit before tax	6	19,431,494	12,001,712	3,680,805	7,716,386
Income tax (expense)/benefit	9	(2,364,519)	102,844	(357,815)	(385,256)
Profit for the year from continuing operations		17,066,975	12,104,556	3,322,990	7,331,130
Profit from discontinued operation, net of tax	10	-	3,819,494	-	-
		17,066,975	15,924,050	3,322,990	7,331,130
Profit attributable to:					
Owners of the Company		17,066,975	14,394,342	3,322,990	7,331,130
Non-controlling interest		-	1,529,708	-	-
		17,066,975	15,924,050	3,322,990	7,331,130
Earning per share attributable to equity owners of the Company (sen):					
Basic	11	8.72	7.35		
Diluted	11	8.19	7.35		
Basic and diluted - continuing operations	11	-	6.18		
Basic and diluted - discontinued operation	11	-	1.17		

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

STATEMENTS OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2013

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit after tax for the year, representing total comprehensive income for the year, net of tax	17,066,975	15,924,050	3,322,990	7,331,130
Total comprehensive income attributable to:				
Owners of the Company	17,066,975	14,394,342	3,322,990	7,331,130
Non-controlling interest	-	1,529,708	-	-
	17,066,975	15,924,050	3,322,990	7,331,130

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2013

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Assets					
Non-current assets					
Equipment	12	716,123	496,527	-	-
Intangible assets	13	8,883	1,279	-	-
Investments in subsidiaries	14(a)	-	-	13,307,003	13,307,003
Investment securities	15	103,668,116	-	-	-
		104,393,122	497,806	13,307,003	13,307,003
Current assets					
Investment securities	15	48,958,483	122,634,902	-	-
Derivative financial assets	16	857,076	4,191,266	-	-
Trade and other receivables	17	2,313,004	163,548	4,864	27,079,009
Amounts due from subsidiaries	14(b)	-	-	141,626,985	132,363,938
Prepayments		16,649	31,956	-	21,788
Tax recoverable		1,188,169	-	29,144	-
Cash and cash equivalents	18	42,307,856	76,480,887	41,424,379	67,543,311
		95,641,237	203,502,559	183,085,372	227,008,046
Total assets		200,034,359	204,000,365	196,392,375	240,315,049
Equity					
Share capital	19	97,872,267	97,872,267	97,872,267	97,872,267
Reserves	21	99,780,377	82,713,402	83,660,258	80,337,268
Treasury shares	22	(3,614)	(2,621)	(3,614)	(2,621)
Total equity		197,649,030	180,583,048	181,528,911	178,206,914
Liabilities					
Non-current liability					
Deferred tax liability	23	1,598,603	556,900	-	-
Current liabilities					
Sundry payables	24	786,726	794,433	410,301	412,760
Amounts due to subsidiaries	14(c)	-	-	14,453,163	39,629,391
Tax payable		-	65,984	-	65,984
Short term borrowing	25	-	22,000,000	-	22,000,000
		786,726	22,860,417	14,863,464	62,108,135
Total liabilities		2,385,329	23,417,317	14,863,464	62,108,135
Total equity and liabilities		200,034,359	204,000,365	196,392,375	240,315,049

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Year Ended 31 December 2013

Group	Attributable to Owners of the Company									
	Share capital (Note 19) RM	Treasury shares (Note 22) RM	Share premium (Note 21) RM	Share redemption reserve (Note 21) RM	Capital redemption reserve (Note 21) RM	Equity compensation reserve (Note 21) RM	Warrants reserve (Note 21) RM	Retained profits/ (accumulated losses) (Note 21) RM	Total RM	Non-controlling interest RM
At 1 January 2013	97,872,267	(2,621)	84,362,809	3,191,600	-	11,255,311	(16,096,318)	180,583,048	-	180,583,048
Total comprehensive income	-	-	-	-	-	-	17,066,975	17,066,975	-	17,066,975
Transactions with owners										
Share buyback	-	(993)	-	-	-	-	-	(993)	-	(993)
Total transactions with owners	-	(993)	-	-	-	-	-	(993)	-	(993)
At 31 December 2013	97,872,267	(3,614)	84,362,809	3,191,600	-	11,255,311	970,657	197,649,030	-	197,649,030
At 1 January 2012	97,872,267	(1,719)	84,362,809	3,191,600	423,000	11,255,311	(26,020,119)	171,083,149	6,526,267	177,609,416
Total comprehensive income	-	-	-	-	-	-	14,394,342	14,394,342	1,529,708	15,924,050
Transactions with owners										
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(1,056,770)	(1,056,770)
Dividend paid to shareholders	-	-	-	-	-	-	(4,893,541)	(4,893,541)	-	(4,893,541)
Disposal of a subsidiary (Note 10)	-	-	-	-	-	-	-	-	(6,999,205)	(6,999,205)
Expiry of ESOS	-	-	-	-	(423,000)	-	423,000	-	-	-
Share buyback	-	(902)	-	-	-	-	-	(902)	-	(902)
Total transactions with owners	-	(902)	-	-	(423,000)	-	(4,470,541)	(4,894,443)	(8,055,975)	(12,950,418)
At 31 December 2012	97,872,267	(2,621)	84,362,809	3,191,600	-	11,255,311	(16,096,318)	180,583,048	-	180,583,048

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

STATEMENTS OF CHANGES IN EQUITY

For the Year Ended 31 December 2013

Company	Non-distributable							Total equity
	Share capital (Note 19) RM	Treasury shares (Note 22) RM	Share premium (Note 21) RM	Equity compensation reserve (Note 21) RM	Capital redemption reserve (Note 21) RM	Warrants reserve (Note 21) RM	Accumulated losses (Note 21) RM	
At 1 January 2013	97,872,267	(2,621)	84,362,809	-	3,191,600	11,255,311	(18,472,452)	178,206,914
Total comprehensive income	-	-	-	-	-	-	3,322,990	3,322,990
Transactions with owners	-	(993)	-	-	-	-	-	(993)
Share buyback	-	(993)	-	-	-	-	-	(993)
Total transactions with owners	-	(993)	-	-	-	-	-	(993)
At 31 December 2013	97,872,267	(3,614)	84,362,809	-	3,191,600	11,255,311	(15,149,462)	181,528,911
At 1 January 2012	97,872,267	(1,719)	84,362,809	423,000	3,191,600	11,255,311	(21,333,041)	175,770,227
Total comprehensive income	-	-	-	-	-	-	7,331,130	7,331,130
Transactions with owners	-	-	-	(423,000)	-	-	423,000	-
Expiry of ESOS	-	-	-	(423,000)	-	-	423,000	-
Dividend paid to shareholders	-	-	-	-	-	-	(4,893,541)	(4,893,541)
Share buyback	-	(902)	-	-	-	-	-	(902)
Total transactions with owners	-	(902)	-	(423,000)	-	-	(4,470,541)	(4,894,443)
At 31 December 2012	97,872,267	(2,621)	84,362,809	-	3,191,600	11,255,311	(18,472,452)	178,206,914

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

STATEMENTS OF CASH FLOWS

For the Year Ended 31 December 2013

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash flows from operating activities				
Profit before tax from continuing operations	19,431,494	12,001,712	3,680,805	7,716,386
Profit before tax from discontinued operation (Note 10)	-	5,425,506	-	-
	19,431,494	17,427,218	3,680,805	7,716,386
Adjustments for:				
Amortisation of intangible assets	1,402	9,074	-	-
Depreciation of equipment	127,143	252,579	-	-
Loss on disposal of equipment	1,324	-	-	-
Impairment loss on amount due from subsidiaries	-	-	-	46,600,000
Reversal of impairment loss on amount due from subsidiaries	-	-	(2,900,000)	-
Impairment loss on cost of investment of a subsidiary	-	-	-	2,637,800
Realisation of embedded derivative	-	(1,331,450)	-	-
Loss on derecognition of embedded derivative	-	116,950	-	-
Gain on disposals of investment securities	(1,659,917)	(6,248,433)	-	-
(Gain)/loss on disposal of derivative financial assets	(1,416,989)	286,146	-	-
Net fair value gain on financial instruments	(15,047,349)	(4,169,237)	-	-
Gain on disposals of a subsidiary	-	(1,439,418)	-	-
Interest income	(1,884,219)	(2,464,903)	(1,835,855)	(1,836,217)
Interest expense	439,565	1,180,277	439,565	1,180,277
Dividend income	(2,796,546)	(1,744,325)	-	(57,000,000)
Unrealised (gain)/loss on foreign exchange	(38,410)	166,046	-	-
Operating (loss)/profit before working capital changes	(2,842,502)	2,040,524	(615,485)	(701,754)
(Increase)/decrease in operating assets				
Receivables	(2,248,030)	1,275,693	21,788	58,895
Amounts due from subsidiaries	-	-	(6,363,047)	21,940,348
Proceeds from disposals of:				
- investment securities	37,251,462	82,606,058	-	-
- derivative financial assets	3,902,591	2,256,981	-	-
Purchase of:				
- investment securities	(49,687,305)	(42,686,386)	-	-
Realisation of embedded derivative	-	1,214,500	-	-
Increase/(decrease) in operating liabilities				
Payables	15,347	428,054	24,030	60,373
Amounts due to subsidiaries	-	-	1,823,772	(757,117)
Cash (used in)/generated from operations	(13,608,437)	47,135,424	(5,108,942)	20,600,745
Dividends received	2,721,760	1,721,306	-	30,000,000
Interest received	1,958,861	2,306,455	1,910,000	1,796,320
Interest paid	(462,619)	(1,172,715)	(466,054)	(1,172,715)
Taxes paid	(2,462,944)	(1,223,503)	(452,943)	(370,772)
Net cash (used in)/generated from operating activities	(11,853,379)	48,766,967	(4,117,939)	50,853,578

STATEMENTS OF CASH FLOWS

For the Year Ended 31 December 2013

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash flows from investing activities				
Proceeds from disposal of equipment	2,500	-	-	-
Net cash outflow arising on disposal of a subsidiary (Note 10)	-	(4,565,081)	-	-
Purchase of equipment	(350,563)	(4,758)	-	-
Purchase of software licence	(9,006)	-	-	-
Net cash used in investing activities	(357,069)	(4,569,839)	-	-
Cash flows from financing activities				
Share buyback	(993)	(902)	(993)	(902)
Dividends paid to shareholders	-	(4,893,541)	-	(4,893,541)
Dividend paid to non-controlling interest	-	(1,056,770)	-	-
Repayment of revolving credit	(22,000,000)	(6,000,000)	(22,000,000)	(6,000,000)
Net cash used in financing activities	(22,000,993)	(11,951,213)	(22,000,993)	(10,894,443)
Net (decrease)/increase in cash and cash equivalents	(34,211,441)	32,245,915	(26,118,932)	39,959,135
Effects of exchange rate changes	38,410	(166,046)	-	-
Cash and cash equivalents at beginning of year	76,480,887	44,401,018	67,543,311	27,584,176
Cash and cash equivalents at end of year (Note 18)	42,307,856	76,480,887	41,424,379	67,543,311

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

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. During the financial year, the registered office of the Company was shifted from 9th Floor to 7th Floor of Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 17 February 2014.

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 Malaysian Financial Reporting Standards ("MFRSs") and the Companies Act, 1965 in Malaysia. These financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group and the Company adopted new and amendments to MFRSs which are mandatory for financial periods beginning on or after 1 January 2013 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 unless otherwise indicated. The financial statements are presented in Ringgit Malaysia ("RM") unless otherwise indicated.

(b) Changes in accounting policies

On 1 January 2013, the Group and the Company adopted the following new MFRSs, Amendments to MFRSs and Issues Committee ("IC") Interpretations mandatory for annual financial periods beginning on or after 1 January 2013.

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
Amendments to MFRS 1	Government Loans
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance
Amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134	Annual Improvements 2009-2011 Cycle
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendment to IC Interpretation 2	Annual Improvements 2009-2011 Cycle

Adoption of the above MFRSs, Amendments to MFRSs and IC Interpretations did not have any effect on the financial performance or position of the Company and of the Group.

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

(c) MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective

The Group had not adopted the following MFRSs, Amendments to MFRSs and IC Interpretations which have been issued but not yet effective:

MFRSs, Amendments to MFRSs and IC Interpretation		Effective for financial periods beginning on or after
MFRS 9	Financial Instruments	To be announced
Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities	1 January 2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014

The adoption of the above MFRSs, Amendments to MFRSs and IC Interpretations will have no material impact on the financial statements in the period of initial application.

(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.

Classification of financial assets

The Group classifies all of its financial assets as fair value through profit or loss and loans and receivables.

The classification of current and non-current financial assets are based on management's strategic intent and will change accordingly as the management's intent changes from time to time.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

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

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

(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:

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.

Impairment of loans and receivables

The Group 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 Group considers factors such as the probability of insolvency or significant financial difficulties of the subsidiaries and default or significant delay in payments.

Where 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 14(b). An impairment loss of RM46,600,000 was recognised as an expense in the prior year (Note 5). However, a reversal of impairment loss of RM2,900,000 was recognised as other income in the current year.

Impairment of investments in subsidiaries

The Company assesses at each reporting date whether there is any objective evidence that its investments in subsidiaries are impaired. This involves assessing net assets of the subsidiaries as at year end and measuring the recoverable amounts which include the fair value less cost to sell and value in use using valuation techniques. Valuation techniques include the use of discounted cash flow analysis, considering the current market value indicators. These estimates provide reasonable approximation to the computation of recoverable amount.

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 for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business Combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

Business Combinations (Cont'd)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 3(e).

Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(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 statements 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 statements 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).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Equipment and depreciation (Cont'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 statements.

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 statements.

(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.

Impairment losses are recognised in income statements 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 statements 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 CGU that are expected to benefit from the synergies of the combination.

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

Where goodwill forms part of a CGU and part of the operation within that CGU 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 CGU 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%.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(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 statements. 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 statements 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 based on management's strategic intent.

(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 statements 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.

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 statements.

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, the date that the Group and the Company commit to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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, receivables 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 statements.

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 of 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.

(i) 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, short term and cash management fund that are 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(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 statements 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").

(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 Group 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 Group 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.

NOTES TO THE FINANCIAL STATEMENTS

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 statements 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 statements except to the extent that the tax relates to items recognised outside income statements, either in other comprehensive income or directly in equity.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Income taxes (Cont'd)

(ii) Deferred tax (Cont'd)

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 statements is recognised outside income statements. 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.

(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

Proceeds from sale of investments 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(iv) 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.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in income statements 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 statements 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 statements 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.

The exchange rates used in translation are as follows:

	2013 RM	2012 RM
<u>Closing rate</u>		
United States Dollar	3.28	3.06
Singapore Dollar	2.59	2.50
Hong Kong Dollar	0.42	0.40
100 Thai Baht	0.10	_*
100 Cambodian Riel	0.08	0.08
100 Indonesian Rupiah	0.03	0.03

* *Not applicable*

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Foreign currencies (Cont'd)

(ii) Foreign currency transactions (Cont'd)

	2013	2012
	RM	RM
<i>Average rate</i>		
United States Dollar	3.15	3.09
Singapore Dollar	2.52	2.47
Hong Kong Dollar	0.41	0.40
100 Thai Baht	0.10	-*
100 Cambodian Riel	0.08	0.08
100 Indonesian Rupiah	0.03	0.03

* *Not applicable*

(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 statements.

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.

(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 MFRS 139, 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. 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 statements. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Financial liabilities (Cont'd)

(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 statements 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 statements.

4. REVENUE

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Proceeds from disposal of derivative financial assets	3,902,591	2,256,981	-	-
Proceeds from disposal of investment securities	37,251,462	82,606,058	-	-
Gain on disposal of a subsidiary	-	1,439,418	-	-
Interest income	1,884,219	1,966,174	1,835,855	1,836,217
Dividend income	2,796,546	1,744,325	-	57,000,000
	45,834,818	90,012,956	1,835,855	58,836,217

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

4. REVENUE (CONT'D)

Gain on disposal of financial instruments is arrived at based on the following:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Proceeds from disposal of derivative financial assets	3,902,591	2,256,981	-	-
Proceeds from disposal of investment securities	37,251,462	82,606,058	-	-
Less: Cost of investment	(40,727,018)	(47,569,810)	-	-
Gain on disposal	427,035	37,293,229	-	-
Add/(less): Previously recognised fair value changes	2,649,871	(31,330,942)	-	-
Net gain on disposal (as reported)	3,076,906	5,962,287	-	-

Gain on disposal of investment securities represents the difference between an instrument's cost of investment and disposal proceeds.

5. IMPAIRMENT LOSSES

	Company	
	2013 RM	2012 RM
In respect of:		
Amount due from a subsidiary (Note 14(b))	-	46,600,000
Investment in a subsidiary (Note 14(a))	-	2,637,800
	-	49,237,800

A reversal of impairment loss of RM2,900,000 was recognised as other income in the current year.

NOTES TO THE FINANCIAL STATEMENTS

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6. PROFIT BEFORE TAX

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Auditors' remuneration:				
(i) Statutory audit				
- current year:	110,826	105,160	36,000	34,000
- Continuing operations	110,826	99,955	36,000	34,000
- Discontinued operation	-	5,205	-	-
- Under provision in prior year	5,207	6,187	5,000	3,000
(ii) Other services				
- current year	17,000	20,000	17,000	20,000
- prior year	15,000	-	15,000	-
Gain from realisation of embedded derivative	-	(1,331,450)	-	-
Loss on derecognition of embedded derivative	-	116,950	-	-
Employee benefits expenses (excluding executive Directors' remuneration) (Note 7):	866,214	2,462,589	939	3,162
- Continuing operations	866,214	980,210	939	3,162
- Discontinued operation	-	1,482,379	-	-
Directors' remuneration (Note 8)	1,272,894	1,035,480	275,534	246,381
Rental of office and parking space:	136,080	222,805	-	-
- Continuing operations	136,080	140,874	-	-
- Discontinued operation	-	81,931	-	-
Depreciation of equipment (Note 12):	127,143	252,579	-	-
- Continuing operations	127,143	123,375	-	-
- Discontinued operation	-	129,204	-	-
Loss on disposal of equipment	1,324	-	-	-
Interest expense	439,565	1,180,277	439,565	1,180,277
Amortisation of intangible assets (Note 13):	1,402	9,074	-	-
- Continuing operations	1,402	334	-	-
- Discontinued operation	-	8,740	-	-
Reversal of impairment loss	-	-	(2,900,000)	-
Realised loss on foreign exchange	-	173,971	-	-
Unrealised (gain)/loss on foreign exchange	(38,410)	166,046	-	-

7. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Salaries and bonuses	743,765	2,220,677	-	-
Defined contribution plan	76,873	204,773	-	-
Other staff related expenses	45,576	37,139	939	3,162
	866,214	2,462,589	939	3,162

NOTES TO THE FINANCIAL STATEMENTS

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8. DIRECTORS' REMUNERATION

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Directors of the Company				
Executive:				
Salaries, bonuses and other emoluments	871,000	688,000	-	1,233
Directors' fees	79,493	120,000	79,493	120,000
Defined contribution plan	126,360	102,480	-	148
	1,076,853	910,480	79,493	121,381
Non-Executive:				
Directors' fees	196,041	125,000	196,041	125,000
Total Directors' remuneration (Note 6)	1,272,894	1,035,480	275,534	246,381

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	
	2013	2012
Executive Directors:		
Below RM50,000	1	2
RM250,001 - RM300,000	-	1
RM400,001 - RM450,000	1	-
RM550,001 - RM600,000	-	1
RM600,001 - RM650,001	1	-
Non-Executive Directors:		
Below RM50,000	9	4
	12	8

NOTES TO THE FINANCIAL STATEMENTS

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9. INCOME TAX EXPENSE/ (BENEFIT)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Malaysian income tax:				
Current year:	1,238,169	372,000	273,169	372,000
Under provision in prior years	84,647	13,256	84,646	13,256
	1,322,816	385,256	357,815	385,256
Deferred tax (Note 23):				
Relating to origination and reversal of temporary differences	1,041,703	(488,100)	-	-
	1,041,703	(488,100)	-	-
Income tax attributable to continuing operations	2,364,519	(102,844)	357,815	385,256
Income tax attributable to discontinued operation	-	1,606,012	-	-
	2,364,519	1,503,168	357,815	385,256

Subsidiary of the Company, namely OSK Venture Equities Sdn. Bhd. ("OSKVE") was 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 OSKVE are effective from Year of Assessment ("YA") 2003 to YA 2012 inclusive. On 30 May 2013, OSKVE obtained approval from the SC in respect of the above mentioned tax exemption for YA 2012. The tax exemption incentive for OSKVE has expired in financial year 2012.

The domestic income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdiction.

Based on 2014 budget, the income tax rate will be reduced by 1% to 24% from the year of assessment 2016 onwards.

NOTES TO THE FINANCIAL STATEMENTS

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

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit before tax				
- Continuing operations	19,431,494	12,001,712	3,680,805	7,716,386
- Discontinued operation	-	5,425,506	-	-
	19,431,494	17,427,218	3,680,805	7,716,386
Tax at Malaysian statutory tax rate of 25% (2012: 25%)	4,857,874	4,356,805	920,201	1,929,097
Effect of different tax rate in foreign jurisdiction	123,485	253,130	-	-
Expenses not deductible for tax purposes	519,532	1,157,223	229,334	12,692,903
Income not subjected to tax	(857,479)	(4,108,839)	(876,366)	(14,250,000)
Utilisation of previously unrecognised tax losses	(2,579,126)	(5,142,880)	-	-
Deferred tax assets not recognised	215,586	4,808,037	-	-
Over provision of deferred tax in prior year	-	(2,976)	-	-
Under provision of income tax in prior year	84,647	182,668	84,646	13,256
Income tax expense for the year	2,364,519	1,503,168	357,815	385,256

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

	Group	
	2013 RM	2012 RM
Unutilised tax losses	14,550,000	20,212,000
Unrealised fair value losses on financial instruments	46,224,000	50,059,000
	60,774,000	70,271,000

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

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10. DISCONTINUED OPERATION

On 28 May 2012, the Company announced that its wholly-owned subsidiary, OSK Venture Equities Sdn. Bhd. ("OSKVE"), had entered into a Conditional Share Purchase Agreement ("CSPA") with RHB Capital Berhad ("RHBC") in relation to the Proposed Disposal of 6,811,111 ordinary shares of RM1.00 each representing 59.95% equity interest in Finexasia.com Sdn. Bhd. ("Finexasia"), for a cash consideration of RM12,500,000. The completion of the CSPA is subject to the fulfillment of the conditions precedent (unless waived in accordance with the terms of the CSPA). On 14 November 2012, the conditions precedent of the CSPA have been fully met and the disposal was completed on the same day.

Finexasia was previously reported in the internet financial solutions business segment. Following the completion of the disposal, the results of Finexasia up to the date of disposal are presented separately on the income statements as "profit from discontinued operation, net of tax".

Income Statements disclosures

The results of Finexasia up to the date of disposal, 14 November 2012 are as follows:

	2012 RM
Revenue	8,497,618
Expenses	(3,072,112)
Profit before tax from discontinued operation	5,425,506
Income tax expense	(1,606,012)
Profit from discontinued operation, net of tax	3,819,494

Statement of cash flows disclosures

The cash flows attributable to Finexasia up to the date of disposal, 14 November 2012 are as follows:

	2012 RM
Operating	3,207,096
Investing	374,962
Financing	(2,638,700)
Net cash inflows	943,358

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

10. DISCONTINUED OPERATION (CONT'D)

The disposal had the following effects on the financial position of the Group as at the reporting date:

	2012 RM
Equipment (Note 12)	281,145
Intangible assets (Note 13)	33,681
Other investment	86
Trade and other receivables	1,288,713
Prepayments	162,721
Cash and bank balances	17,011,351
Trade and other payables	(491,423)
Tax payable	(809,856)
	<hr/>
Net assets	17,476,418
Less: Non-controlling interest	(6,999,205)
	<hr/>
Net assets disposal	10,477,213
Add: Attributable goodwill (Note 13)	529,639
	<hr/>
Sales proceeds, net of transaction costs	11,006,852
	(12,446,270)
	<hr/>
Gain on disposal of Group	(1,439,418)
	<hr/>
Net Cash Outflow arising from the disposal:	
Cash consideration	12,500,000
Less: Transaction costs	(53,730)
Less: Cash and cash equivalents of a subsidiary disposed	(17,011,351)
	<hr/>
Net cash outflow of the Group	(4,565,081)
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit 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.

Diluted earnings per share is calculated by dividing the profit 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 plus the weighted average number of ordinary shares that would be issued on the conversion of all the diluted potential warrants into ordinary shares.

	Group	
	2013	2012
Profit for the year attributable to owners of the Company (RM)	17,066,975	14,394,342
Profit for the year attributable to owners of the Company (RM)		
- Continuing operations	17,066,975	12,104,556
- Discontinued operation	-	2,289,786
Weighted average number of ordinary shares in issue*	195,737,807	195,739,810
Effect of dilution on assumed exercise of warrants	12,765,947	-
Weighted average number of ordinary shares for diluted earnings per share	208,503,754	195,739,810
Basic earnings per share (sen)	8.72	7.35
Diluted earnings per share (sen)	8.19	7.35
Basic and diluted earnings per share (sen) - Continuing operations	-	6.18
Basic and diluted earnings per share (sen) - Discontinued operation	-	1.17

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

NOTES TO THE FINANCIAL STATEMENTS

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12. EQUIPMENT

Group	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Computer equipment RM	Total RM
2013						
Cost						
At 1 January 2013	109,493	453,969	171,532	204,933	35,747	975,674
Additions	-	327,136	20,268	-	3,159	350,563
Disposal	-	-	(21,850)	-	-	(21,850)
At 31 December 2013	109,493	781,105	169,950	204,933	38,906	1,304,387
Accumulated depreciation						
At 1 January 2013	54,903	164,564	148,004	94,290	17,386	479,147
Charge for the year (Note 6)	10,185	76,273	12,726	20,493	7,466	127,143
Disposal	-	-	(18,026)	-	-	(18,026)
At 31 December 2013	65,088	240,837	142,704	114,783	24,852	588,264
Net carrying amount	44,405	540,268	27,246	90,150	14,054	716,123
2012						
Cost						
At 1 January 2012	132,808	453,969	3,449,147	402,440	217,700	4,656,064
Additions attributable to discontinued operation	-	-	2,228	-	2,530	4,758
Attributable to discontinued operation (Note 10)	(23,315)	-	(3,279,843)	(197,507)	(184,483)	(3,685,148)
At 31 December 2012	109,493	453,969	171,532	204,933	35,747	975,674
Accumulated depreciation						
At 1 January 2012	49,514	96,469	3,245,473	185,535	53,580	3,630,571
Charge for the year (Note 6)	12,218	68,095	103,365	30,521	38,380	252,579
Attributable to discontinued operation (Note 10)	(6,829)	-	(3,200,834)	(121,766)	(74,574)	(3,404,003)
At 31 December 2012	54,903	164,564	148,004	94,290	17,386	479,147
Net carrying amount	54,590	289,405	23,528	110,643	18,361	496,527

Included in equipment of the Group are fully depreciated assets which are still in use as follows:

	2013 RM	2012 RM
Office equipment	94,666	79,939
Furniture and fittings	7,620	7,620
	102,286	87,559

NOTES TO THE FINANCIAL STATEMENTS

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13. INTANGIBLE ASSETS

Group	Software licenses RM
2013	
Cost	
At 1 January 2013	2,225
Additions	9,006
	<hr/>
At 31 December 2013	11,231
	<hr/>
Accumulated amortisation	
At 1 January 2013	946
Amortisation (Note 6)	1,402
	<hr/>
At 31 December 2013	2,348
	<hr/>
Net carrying amount	8,883
	<hr/>

	Goodwill on consolidation RM	Software licenses RM	Total RM
2012			
Cost			
At 1 January 2012	529,639	69,035	598,674
Additions to discontinued operations (Note 10)	(529,639)	(66,810)	(596,449)
	<hr/>		
At 31 December 2012	-	2,225	2,225
	<hr/>		
Accumulated amortisation			
At 1 January 2012	-	25,001	25,001
Amortisation (Note 6)	-	9,074	9,074
Attributable to discontinued operation (Note 10)	-	(33,129)	(33,129)
	<hr/>		
At 31 December 2012	-	946	946
	<hr/>		
Net carrying amount	-	1,279	1,279
	<hr/>		

NOTES TO THE FINANCIAL STATEMENTS

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14. SUBSIDIARIES

(a) Investments in subsidiaries

	Company	
	2013 RM	2012 RM
Unquoted shares, at cost		
- In Malaysia	15,944,802	15,944,802
- Outside Malaysia	1	1
Allowance for impairment	15,944,803 (2,637,800)	15,944,803 (2,637,800)
	13,307,003	13,307,003

Movement in allowance account:

	Company	
	2013 RM	2012 RM
At 1 January	2,637,800	-
Charge for the year (Note 5)	-	2,637,800
At 31 December	2,637,800	2,637,800

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 (%)	
		2013	2012
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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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14. SUBSIDIARIES (CONT'D)

(b) Amounts due from subsidiaries

	Company	
	2013 RM	2012 RM
Amounts due from subsidiaries	265,572,985	259,209,938
Less: Allowance for impairment	(123,946,000)	(126,846,000)
	141,626,985	132,363,938

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

Movements in allowance account:

	Company	
	2013 RM	2012 RM
At 1 January	126,846,000	80,246,000
(Reversal)/charge for the year (Note 6)	(2,900,000)	46,600,000
At 31 December	123,946,000	126,846,000

(c) Amounts due to subsidiaries

	Company	
	2013 RM	2012 RM
Amounts due to subsidiaries	14,453,163	39,629,391

The amounts due to subsidiaries are unsecured, interest free and repayable on demand.

15. INVESTMENT SECURITIES

Group	Market value		Market value	
	Carrying amount 2013 RM	of quoted investments 2013 RM	Carrying amount 2012 RM	of quoted investments 2012 RM
Current				
Investment securities				
Quoted shares in Malaysia	36,526,098	36,526,098	98,526,260	98,526,260
Quoted shares outside Malaysia	12,432,385	12,432,385	22,034,611	22,034,611
Unquoted shares outside Malaysia	-	-	2,074,031	-
	48,958,483	48,958,483	122,634,902	120,560,871

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15. INVESTMENT SECURITIES (CONT'D)

Group (Cont'd)	Carrying amount	Market value of quoted investments	Carrying amount	Market value of quoted investments
	2013 RM	2013 RM	2012 RM	2012 RM
Non-current Investment securities				
Quoted shares in Malaysia	98,174,313	98,174,313	-	-
Quoted shares outside Malaysia	3,598,809	3,598,809	-	-
Unquoted shares outside Malaysia	1,894,994	-	-	-
	103,668,116	101,773,122	-	-
Total investment securities	152,626,599	150,731,605	122,634,902	120,560,871
Add: Derivative financial assets (Note 16)	857,076	857,076	4,191,266	4,191,266
Total financial assets at fair value through profit or loss	153,483,675	151,588,681	126,826,168	124,752,137

Details of major quoted investment securities are as follows:

Counter:	Equity interest held (%)		Market value	
	2013	2012	2013 RM	2012 RM
Green Packet Berhad	15.86	17.51	48,399,079	53,802,402
mTouche Technology Berhad	22.21	20.89	10,155,284	11,847,832

16. DERIVATIVE FINANCIAL ASSETS

Current Derivative financial assets	Group	
	Carrying amount/ market value of quoted investments 2013 RM	Carrying amount/ market value of quoted investments 2012 RM
Quoted warrants in Malaysia	857,076	4,191,266

NOTES TO THE FINANCIAL STATEMENTS

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16. DERIVATIVE FINANCIAL ASSETS (CONT'D)

Details of major warrants held are as follows:

	Number of warrants		Market value	
	2013	2012	2013 RM	2012 RM
Counter:				
Green Packet Berhad	2,996,553	23,505,653	344,604	3,290,791
mTouche Technology Berhad (WB)	6,405,900	6,405,900	512,472	576,531

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade receivables				
Third parties	2,270,593	-	-	-
Other receivables				
Dividend receivable	-	39,239	-	27,000,000
Interest receivable	705	75,347	364	74,509
Deposits	41,706	48,962	4,500	4,500
	42,411	163,548	4,864	27,079,009
Total trade and other receivables	2,313,004	163,548	4,864	27,079,009
Add: Cash and cash equivalents (Note 18)	42,307,856	76,480,887	41,424,379	67,543,311
Add: Amounts due from subsidiaries (Note 14(b))	-	-	141,626,985	132,363,938
Total loans and receivables	44,620,860	76,644,435	183,056,228	226,986,258

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 (2012: 30 days) unless modified by terms of agreement on case-by-case basis. The Group seeks to maintain strict control over its outstanding receivables.

As at the reporting date, the third parties receivables are not yet due. The amounts were fully recovered subsequent to the reporting date.

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18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash on hand and at banks	309,725	1,373,156	83,552	70,510
Deposits with a licensed investment bank	5,172,669	75,107,731	4,515,365	67,472,801
Cash Management Fund	36,825,462	-	36,825,462	-
	42,307,856	76,480,887	41,424,379	67,543,311

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

	Group		Company	
	2013	2012	2013	2012
Weighted average effective interest rate (%)	2.98	3.04	2.95	3.17
Average maturity (days)	2	12	1	13

Cash Management Fund aims to provide a higher level of liquidity while providing better return from non-taxable income by predominantly investing its assets in Ringgit Malaysia deposits with financial institutions in Malaysia. The income is calculated daily and distributed at month-end.

19. SHARE CAPITAL

	Group/ Company			
	Number of ordinary shares		Amount	
	2013	2012	2013 RM	2012 RM
Authorised				
At beginning/end of year:	500,000,000	500,000,000	250,000,000	250,000,000
Issued and fully paid				
At beginning/end of year:	195,744,533	195,744,533	97,872,267	97,872,267

During the current year, the Company has not issued any new shares.

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

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20. 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 in previous year is as follows:

	Number of Options over Ordinary Shares of RM0.50 each			
	At beginning of year	Forfeited	Expired	At end of year
2012	900,000	(225,000)	(675,000)	-

The ESOS expired on 10 April 2012.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

20. EXECUTIVE SHARE OPTION SCHEME (CONT'D)

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

On 11 April 2007

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

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

21. RESERVES

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Share premium		84,362,809	84,362,809	84,362,809	84,362,809
Capital redemption reserve	(a)	3,191,600	3,191,600	3,191,600	3,191,600
Warrants reserve	(b)	11,255,311	11,255,311	11,255,311	11,255,311
		98,809,720	98,809,720	98,809,720	98,809,720
Retained profits/ (Accumulated losses)		970,657	(16,096,318)	(15,149,462)	(18,472,452)
		99,780,377	82,713,402	83,660,258	80,337,268

(a) Capital redemption reserve

Capital redemption reserve arose from the cancellation of treasury shares.

(b) 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:

	Number of warrants		Amount	
	2013	2012	2013 RM	2012 RM
At beginning/end of year	97,872,266	97,872,266	11,255,311	11,255,311

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.

NOTES TO THE FINANCIAL STATEMENTS

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21. RESERVES (CONT'D)

(b) Warrants reserve (Cont'd)

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

- (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; and
- (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 2013, 97,872,266 units of warrants remained unexercised.

22. TREASURY SHARES

	Group and Company	
	2013	2012
	RM	RM
At cost:		
At beginning of year	2,621	1,719
Share buybacks	993	902
At end of year	3,614	2,621
	Number of shares	
	2013	2012
Number of treasury shares:		
At beginning of year	6,000	4,000
Share buybacks	2,000	2,000
At end of year	8,000	6,000
Total number of outstanding shares in issue after set off (excluding treasury shares held)	195,736,533	195,738,533
Total number of issued and fully paid ordinary shares	195,744,533	195,744,533

The shareholders of the Company, by an ordinary resolution passed in the Annual General Meeting ("AGM") held on 10 April 2013, 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 Malaysia 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.

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22. TREASURY SHARES (CONT'D)

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.

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

	Number of ordinary shares	Highest price RM	Lowest price RM	Average cost* RM	Total amount paid RM
2013					
At beginning of year	6,000			0.44	2,621
Share buyback in					
- May 2013	1,000	0.39	0.36	0.43	432
- November 2013	1,000	0.52	0.52	0.56	561
At end of year	8,000			0.45	3,614
2012					
At beginning of year	4,000			0.43	1,719
Share buyback in					
- May 2012	1,000	0.42	0.42	0.46	461
- November 2012	1,000	0.39	0.39	0.44	441
At end of year	6,000			0.44	2,621

* Average cost included transaction costs.

23. DEFERRED TAXATION

	Group	
	2013 RM	2012 RM
As at 1 January	556,900	1,045,000
Recognised in income statements (Note 9)	1,041,703	(488,100)
At 31 December	1,598,603	556,900

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

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24. SUNDRY PAYABLES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Accruals	772,380	753,598	395,955	371,924
Others	14,346	40,835	14,346	40,836
	786,726	794,433	410,301	412,760
Add: Short term borrowing (Note 25)	-	22,000,000	-	22,000,000
Total financial liabilities carried at amortised cost	786,726	22,794,433	410,301	22,412,760

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 4.72% (2012: 5.37%) per annum. As at 31 December 2013, the Group had fully settled its unsecured revolving credit facilities of RM22,000,000.

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

Yee Chee Wai
Ong Yee Min
Ong Ju Yan (Retired on 10 April 2013)

Non-Executive Directors

Dato' Nik Mohamed Din bin Datuk Nik Yusoff
Tan Sri Ong Leong Huat @ Wong Joo Hwa (Appointed on 5 February 2013)
Dr. Ngo Get Ping (Appointed on 7 March 2013)
Leong Keng Yuen (Appointed on 10 April 2013)
Dato' Thanarajasingam Subramaniam (Appointed on 15 May 2013)
Wong Chong Kim (Retired on 10 April 2013)
Foo San Kan (Retired on 10 April 2013)
Tan Sri Datuk Dr. Omar bin Abdul Rahman (Retired on 10 April 2013)
Dato' Seri Abdul Azim bin Mohd. Zabidi (Retired on 10 April 2013)

27. SIGNIFICANT RELATED PARTY TRANSACTIONS AND RELATIONSHIPS

(a) Transactions with related parties

	Nature of transactions	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
(i) Subsidiaries of OSK Holdings Berhad* ("OSKH")					
OSK Investment Bank Berhad [^]	Brokerage fees	-	107,652	-	80
	Group support fees	-	104,143	-	-
	Interest received	-	(2,464,903)	-	(1,836,217)
	Annual fees income	-	(715,219)	-	-
	User access fees income	-	(7,151,398)	-	-
	Corporate website maintenance income	-	(105,260)	-	-
	Software development, subscription and hosting fees income	-	(9,587)	-	-
OSK Trustees Berhad [^]	Hosting fees income	-	(4,187)	-	-
OSK-UOB Unit Trust Management Berhad [^]	Hosting fees income	-	(10,467)	-	-
OSK Indochina Bank Limited [^]	Interest received	-	(86,751)	-	-
OSK-UOB Islamic Fund Management Berhad [^]	Corporate website maintenance income	-	(1,400)	-	-
KE-ZAN Holdings Berhad	Rental of office and parking space	56,700	196,014	-	-
OSK Realty Sdn Bhd	Rental of office	79,380	-	-	-
(ii) Other related party					
Le Design Sdn Bhd [#]	Office equipment maintenance and renovation cost	-	2,645	-	-

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

[^] On 9 November 2012, OSKH had completed the disposal of equity interests in OSK Investment Bank Berhad to RHB Capital Berhad. The said disposal resulted in a change in the structure of these companies which in turn affected the relationship of the Group and of the Company with them. The transactions entered into between the Group and those companies were not regarded as related party transactions, hence, the comparatives may not be comparable.

[#] On 8 February 2013, Le Design Sdn Bhd has ceased to be a subsidiary of Dindings Consolidated Sdn Bhd ("Dinding").

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

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

Balances outstanding with subsidiaries and related parties are reflected in Note 14(b) 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 15, amounting to RM28,700,890 (2012: RM14,244,145). Willowglen, a company listed on the Main Market of Bursa Malaysia Securities Berhad, 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 (2012: RM1,062,996).
- (iii) The Group and the Company have entered into insurance contracts with DC Services Sdn. Bhd. ("DCSSB"), Dindings Life Agency Sdn Bhd ("DLASB") and Dinding Risks Management Services Sdn. Bhd. ("DRMSSB"). These companies are subsidiaries of Dinding, of which the substantial shareholders and certain Directors of Dinding are close family members of the substantial shareholder and certain Directors of the Company.

The insurance premium paid by the Group to DCSSB, DLASB and DRMSSB during the year is RM7,375 (2012: RM37,382), RM8,848 (2012: NIL) and RM19,838 (2012: RM14,819) 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 2013 and 2012.

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 the 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.

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

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

(d) Foreign currency risk

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, Thailand Baht, Cambodian Riel and Indonesian Rupiah.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. The Group does not hedge these exposure. However, the Group will consider to hedge its foreign currency exposures should the performance be affected significantly by the movements in exchange rates.

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:

	Group	
	2013	2012
	RM	RM
United States Dollar	1,968,645	9,141,691
Singapore Dollar	8,600,769	2,476
Hong Kong Dollar	3,834,324	16
Thailand Baht	1,514,888	-
Cambodian Riel	101	125
Indonesian Rupiah	2,129,683	1,127,857
	18,048,410	10,272,165

Financial liabilities held in non-functional currencies:

	Group	
	2013	2012
	RM	RM
Hong Kong Dollar	21,344	27,583

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

(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 fair value through profit or loss financial assets. The Group does not have any 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 profit before tax would have been RM7,700,000 higher/lower, arising as a result of higher/lower fair value gains/(losses) on fair value through profit or loss investments and derivative financial instruments.

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 (such as prices) or indirectly (derived from prices).
- Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs)

	Level 1 RM	Level 2 RM	Total RM
Group 2013			
Investment securities	150,731,605	1,894,994	152,626,599
Derivative financial assets	857,076	-	857,076
	151,588,681	1,894,994	153,483,675
2012			
Investment securities	120,560,871	2,074,031	122,634,902
Derivative financial assets	4,191,266	-	4,191,266
	124,752,137	2,074,031	126,826,168

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.

There have been no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 2013 and 2012.

The Group and the Company do not have any financial instruments classified as Level 3 as at 31 December 2013 and 2012.

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 three reportable operating segments are as follows:

- (i) Venture capital business and private equity business which includes incubating high growth companies, management of private funds and holding of long term investments;
- (ii) Internet financial solutions businesses (discontinued operation) which includes development and provision of internet financial solutions and related activities; and
- (iii) 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.

	Venture capital and private equity businesses RM	Holding entity RM	Eliminations RM	Note	Consolidated RM
2013					
Revenue					
External revenue	43,998,963	1,835,855	-		45,834,818
Inter-segment revenue	6,108,062	-	(6,108,062)	(i)	-
Total Revenue	50,107,025	1,835,855	(6,108,062)	4	45,834,818
Results:					
Interest income	48,364	1,835,855	-		1,884,219
Dividend income	2,796,546	-	-		2,796,546
Depreciation and amortisation	128,545	-	-		128,545
Other non-cash item	(15,047,349)	-	-	(ii)	(15,047,349)
Segment profit	18,650,689	4,120,370	(2,900,000)	(iii)	19,871,059
Finance costs					(439,565)
Profit before tax					19,431,494
Income tax expense					(2,364,519)
Profit for the year					17,066,975
Assets:					
Additions to non-current assets	359,569	-	-	(iv)	359,569
Segment assets	158,575,972	41,458,387	-		200,034,359
Segment liabilities	1,975,028	410,301	-	(v)	2,385,329

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

30. SEGMENT INFORMATION (CONT'D)

(a) Business segments (Cont'd)

	Venture capital and private equity businesses RM	Internet financial solutions businesses - discontinued operation RM	Holding entity RM	Eliminations RM	Note	Consolidated RM
2012						
Revenue						
External revenue	88,176,739	8,497,609	1,836,217	(8,497,609)		90,012,956
Inter-segment revenue	15,299,304	-	57,000,000	(72,299,304)	(i)	-
Total Revenue	103,476,043	8,497,609	58,836,217	(80,796,913)	4	90,012,956
Results:						
Interest income	129,957	498,729	1,836,217	(498,729)		1,966,174
Dividend income	1,744,325	-	57,000,000	(57,000,000)		1,744,325
Depreciation and amortisation	123,709	137,944	-	(137,944)		123,709
Other non-cash items	(4,169,237)	-	(49,237,800)	49,237,800	(ii)	(4,169,237)
Segment profit	12,047,526	5,425,506	8,896,663	(13,187,706)	(iii)	13,181,989
Finance costs						(1,180,277)
Profit before tax						12,001,712
Income tax benefit						102,844
Profit for the year						12,104,556
Assets:						
Additions to non-current assets	-	-	-	-	(iv)	-
Segment assets	136,356,257	-	67,644,108	-		204,000,365
Segment liabilities	938,573	-	22,478,744	-	(v)	23,417,317

(i) Inter-segment revenues are eliminated on consolidation. The amounts relating to the Internet Financial Solution Businesses have also been excluded to arrive at amounts shown in the consolidated income statements as they are presented separately in the consolidated income statements under "profit from discontinued operation, net of tax".

(ii) Other material non-cash items consist of the following items as presented in the respective notes to the financial statements :

	2013 RM	2012 RM
Net fair value gain on financial instruments	(15,047,349)	(4,169,237)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

30. SEGMENT INFORMATION (CONT'D)

(a) Business segments (Cont'd)

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

	2013 RM	2012 RM
Impairment loss	(2,900,000)	49,237,800
Inter-segment dividend	-	(57,000,000)
Attributable to discontinued operation	-	(5,425,506)
	(2,900,000)	(13,187,706)

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

	Note	2013 RM	2012 RM
Equipment	12	350,563	-
Intangible asset	13	9,006	-
		359,569	-

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

	Note	2013 RM	2012 RM
Deferred tax liabilities	23	1,598,603	556,900
Sundry payables	24	786,726	794,433
Short term borrowing	25	-	22,000,000
Tax payable		-	65,984
		2,385,329	23,417,317

(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 RM	Segment assets RM	Capital expenditure RM
2013			
Malaysia	29,758,544	197,425,824	350,563
Hong Kong	2,623,102	2,608,535	-
Singapore	13,375,777	-	-
Thailand	35,805	-	-
Cambodia	10,486	-	-
Indonesia	31,104	-	-
	45,834,818	200,034,359	350,563

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

30. SEGMENT INFORMATION (CONT'D)

(b) Geographical segments (Cont'd)

	Revenue RM	Segment assets RM	Capital expenditure RM
2012			
Continuing operations			
Malaysia	86,328,345	201,236,999	-
Hong Kong	-	2,763,366	-
Cambodia	2,450,367	-	-
Indonesia	1,234,244	-	-
	90,012,956	204,000,365	-
Discontinued operation			
Malaysia	8,497,609	-	4,758

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 2013 and 31 December 2012.

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Short term borrowings	-	22,000,000	-	22,000,000
Sundry payables	786,726	794,433	410,301	412,760
Less: Cash and cash equivalents	(42,307,856)	(76,480,887)	(41,424,379)	(67,543,311)
Net (assets)/debts	(41,521,130)	(53,686,454)	(41,014,078)	(45,130,551)
Equity attributable to the owners of the Company, representing total capital	197,649,030	180,583,048	181,528,911	178,206,914
Capital and net debts	156,127,900	126,896,594	140,514,833	133,076,363
Equity over capital and net debt	127%	142%	129%	134%

32. SIGNIFICANT EVENT DURING THE YEAR

On 27 December 2013, OSK Ventures International Berhad ("OSKVI") received a notice of conditional mandatory take-over offer ("Offer") by OSK Equity Holdings Sdn. Bhd. ("Offeror") through RHB Investment Bank Berhad to acquire the following:

- (i) all the remaining ordinary shares of RM0.50 each in OSKVI ("OSKVI Share(s)") not already held by the Offeror, Tan Sri Ong Leong Huat @ Wong Joo Hwa ("Tan Sri Ong" or "Ultimate Offeror") and the persons acting in concert with them ("PACs") (excluding treasury shares);
- (ii) all the outstanding Warrants not already held by the Offeror, the Ultimate Offeror and the PACs ("Offer Warrant(s)"); and
- (iii) all the new OSKVI Shares that may be issued prior to the closing date of the Offer arising from the exercise of the outstanding Warrants,

at a cash consideration of RM0.58 per OSKVI Share and RM0.15 per Offer Warrant, respectively.

On 31 December 2013, the Offeror and the PACs hold in aggregate, more than 50% of the voting shares of OSKVI (excluding 8,000 treasury shares held by OSKVI). As a result, OSK Equity Holdings Sdn Bhd, a private limited liability company incorporated and domiciled in Malaysia, became the holding company of OSKVI.

As at the closing date of the Offer on 10 February 2014, the Offeror and the PACs held 58.81% and 51.03% of OSKVI Shares and Warrants respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

33. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFITS/(ACCUMULATED LOSSES) INTO REALISED AND UNREALISED

The breakdown of the retained profits/(accumulated losses) of the Group and of the Company as at 31 December 2013 into realised losses and unrealised profits 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.

	Group RM	Company RM
As at 31 December 2013		
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised losses	(19,650,764)	(15,149,462)
- Unrealised profits	20,621,421	-
Retained profits/(accumulated losses) as per financial statements	970,657	(15,149,462)
As at 31 December 2012		
Total accumulated losses of the Company and its subsidiaries		
- Realised losses	(25,799,468)	(18,472,452)
- Unrealised profits	9,703,150	-
Accumulated losses as per financial statements	(16,096,318)	(18,472,452)

STATEMENT OF DIRECTORS' INTERESTS

As at 28 February 2014

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. Tan Sri Ong Leong Huat @ Wong Joo Hwa	-	-	⁽¹⁾ 115,226,873	58.87
3. Yee Chee Wai	-	-	⁽²⁾ 1,000	^
4. Ong Yee Min	126,948	0.06	-	-
5. Leong Keng Yuen	73	^	-	-

Name of Director	Number of Warrants			
	Direct Interest	%	Indirect Interest	%
1. Tan Sri Ong Leong Huat @ Wong Joo Hwa	-	-	⁽³⁾ 49,100,897	50.17
2. Ong Yee Min	34,074	0.03	-	-

Notes:

^ Negligible

⁽¹⁾ Disclosure made pursuant to Section 6A of the Companies Act, 1965 ("the Act") by virtue of his substantial shareholdings in OSK Holdings Berhad and OSK Equity Holdings Sdn. Bhd. and disclosure made pursuant to Section 134(12)(c) of the Act on interests held by his spouse and children.

⁽²⁾ Disclosure made pursuant to Section 134(12)(c) of the Act on interest held by his spouse.

⁽³⁾ Disclosure made pursuant to Section 6A of the Act by virtue of his substantial shareholdings in OSK Holdings Berhad, OSK Equity Holdings Sdn. Bhd. and Land Management Sdn. Bhd. and disclosure made pursuant to Section 134(12)(c) of the Act on interests held by his spouse and children.

 Tan Sri Ong Leong Huat @ Wong Joo Hwa, by virtue of his interest in the Company, is also deemed to have an interest in the shares of all the Company's subsidiaries to the extent the Company has an interest.

Other than the above, none of the other Directors in office has any interest in the shares or warrants of the Company or its related corporations as at 28 February 2014.

STATEMENT OF SHAREHOLDINGS

As at 28 February 2014

Authorised Capital	:	RM250,000,000
Issued and fully paid-up capital	:	RM97,868,266.50 comprising 195,736,533 Ordinary Shares of RM0.50 each (excluding the treasury shares of 8,000)
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	3,988	22.26	78,178	0.04
100 – 1,000	9,815	54.79	3,687,068	1.88
1,001 – 10,000	3,240	18.09	9,877,364	5.05
10,001 – 100,000	765	4.27	22,857,644	11.68
100,001 – 9,786,825*	105	0.59	47,833,349	24.44
9,786,826 and above**	2	0.01	111,402,930	56.91
	17,915	100.00	195,736,533	100.00

Remarks:

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

SUBSTANTIAL SHAREHOLDERS

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

Name of Substantial Shareholder	Number of Ordinary Shares of RM0.50 each			
	Direct Interest	%	Indirect Interest	%
1. Tan Sri Ong Leong Huat @ Wong Joo Hwa	-	-	*111,865,531	57.15
2. OSK Equity Holdings Sdn. Bhd.	111,402,130	56.91	-	-

Note:

- * Deemed interested pursuant to Section 6A of the Companies Act, 1965 by virtue of his substantial shareholdings in OSK Holdings Berhad and OSK Equity Holdings Sdn. Bhd.

THIRTY LARGEST REGISTERED HOLDERS

Name	No. of Shares	%
1. OSK Equity Holdings Sdn. Bhd.	65,877,630	33.66
2. Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for OSK Equity Holdings Sdn. Bhd. (211920)	45,525,300	23.26
3. Nora Ee Siong Chee	3,750,000	1.92
4. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	3,257,615	1.66

STATEMENT OF SHAREHOLDINGS

As at 28 February 2014

THIRTY LARGEST REGISTERED HOLDERS (CONT'D)

Name	No. of Shares	%
5. Alliancegroup Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Lim Hun Swee (8108460)	2,695,000	1.38
6. Maybank Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Teo Huay Siong	1,629,000	0.83
7. Chong Yiew On	1,563,000	0.80
8. Puan Sri Khor Chai Moi	1,505,422	0.77
9. Teo Huay Siong	1,314,720	0.67
10. Lee Hui Gek	1,305,900	0.67
11. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koh Boon Poh (008)	1,214,300	0.62
12. Lee Ngee Moi	1,130,100	0.58
13. Tan Sim Wah	1,066,666	0.54
14. Ong Yee Ching	1,060,678	0.54
15. Chan Yan Ping	1,051,333	0.54
16. Dato' Nik Mohamed bin Nik Yahya	1,047,838	0.54
17. RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Hiew Kat Kee (071123)	982,600	0.50
18. Wong Chong Kim	799,500	0.41
19. Foo San Kan	668,000	0.34
20. Mary Ang Poh Chan	656,720	0.34
21. Cheah Poh Keng	600,000	0.31
22. Tan Soo Sum	600,000	0.31
23. Gan Beng Tong	554,972	0.28
24. Teresa Goh Lean See	547,210	0.28
25. Teo Ah Khiang @ Chiang Kee Foon	515,000	0.26
26. Siow Cheng Lee	500,000	0.26
27. Public Invest Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Sui Diong Hoe (M)	496,518	0.25
28. Chor Yen Peng	480,000	0.25
29. Piong Teck Min	478,600	0.24
30. Life Enterprise Sdn. Bhd.	476,090	0.24

STATEMENT OF WARRANT HOLDINGS

As at 28 February 2014

No. of Outstanding Warrants issued : 97,872,266

BREAKDOWN OF HOLDINGS

Range of Holdings	No. of Holders	Percentage of Holders	No. of Warrants	Percentage Issued Warrants
1 – 99	282	11.41	11,100	0.01
100 – 1,000	1,003	40.57	464,605	0.47
1,001 – 10,000	828	33.50	2,669,030	2.73
10,001 – 100,000	276	11.17	10,605,722	10.84
100,001 – 4,893,612*	81	3.28	41,692,686	42.60
4,893,613 and above**	2	0.08	42,429,123	43.35
	2,472	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	No. of Warrants	%
1. OSK Equity Holdings Sdn. Bhd.	35,923,123	36.70
2. Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for OSK Equity Holdings Sdn. Bhd. (211920)	6,506,000	6.65
3. Land Management Sdn. Bhd.	4,788,806	4.89
4. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Heng Yong Kang @ Wang Yong Kang (08HE101Q1-008)	3,885,500	3.97
5. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kwong Ming Kwei (08KW032ZQ-008)	3,175,100	3.24
6. Nora Ee Siong Chee	1,850,000	1.89
7. Lim Mei Choo	1,800,000	1.84
8. Lim Kim Loy	1,500,000	1.53
9. Alliancegroup Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Lim Hun Swee (8108460)	1,350,000	1.38
10. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Sim Kay Eng	1,042,100	1.06
11. Tan Hooi Hooi	900,000	0.92
12. J B Properties Sdn. Bhd.	871,600	0.89

STATEMENT OF WARRANT HOLDINGS

As at 28 February 2014

THIRTY LARGEST REGISTERED HOLDERS (CONT'D)

Name	No. of Warrants	%
13. HLIB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Liew Sun Yick (CCTS)	800,000	0.82
14. Michael Heng Chun Hong	799,900	0.82
15. Maybank Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Teo Huay Siong	765,820	0.78
16. Lee Ngee Moi	757,500	0.77
17. AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Hong Poh Yung	752,900	0.77
18. Puan Sri Khor Chai Moi	752,710	0.77
19. Chin Poh Ling	700,000	0.72
20. Teo Huay Siong	657,360	0.67
21. Tan Sim Wah	533,332	0.54
22. Ong Yee Ching	530,338	0.54
23. Chan Yan Ping	525,666	0.54
24. Lee Hui Gek	519,940	0.53
25. Kenanga Nominees (Tempatan) Sdn. Bhd. Gan Boon Guat (EM1-P88)	500,000	0.51
26. Ho Boi Hua	490,000	0.50
27. Wong Chong Kim	413,792	0.42
28. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koh Boon Poh (008)	403,300	0.41
29. Goh Ten Fook	401,500	0.41
30. Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lai Siew Leong	401,500	0.41

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OSK VENTURES INTERNATIONAL BERHAD (636117-K)

(Incorporated in Malaysia)

FORM OF PROXY

CDS ACCOUNT NO.	NUMBER OF ORDINARY SHARES

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

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

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

**and/or (* delete if not applicable)*

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

**and/or (* delete if not applicable)*

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

or failing him/her, the Chairman of the Meeting as **my/our proxy* to vote for **me/us* and on **my/our* behalf at the Tenth Annual General Meeting of the Company to be held at Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Monday, 21 April 2014 at 10:00 a.m. and at any adjournment thereof.

**My/our proxy* is to vote as indicated below:

Item	Agenda			
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and the Auditors thereon.			
		Resolution	For	Against
2.	To approve the payment of Directors' fees of RM275,534.00 for the financial year ended 31 December 2013.	1		
3.	To re-elect Ms. Ong Yee Min who retires by rotation in accordance with Article 94 of the Company's Articles of Association and being eligible, offers herself for re-election.	2		
4.	To re-elect Mr. Leong Keng Yuen who retires in accordance with Article 99 of the Company's Articles of Association and being eligible, offers himself for re-election.	3		
5.	To re-elect Dato' Thanarajasingam Subramaniam who retires in accordance with Article 99 of the Company's Articles of Association and being eligible, offers himself for re-election.	4		
6.	To re-appoint Dato' Nik Mohamed Din bin Datuk Nik Yusoff 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.	5		
7.	To re-appoint Tan Sri Ong Leong Huat @ Wong Joo Hwa 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		
Special Business				
9.	Authority to Issue Shares	8		
10.	Proposed Renewal	9		

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 _____ 2014

*Signature/Common Seal of Shareholder
(delete if not applicable)*

NOTES:

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 April 2014 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
- 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.
- 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.
- 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.
- 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.
- The instrument appointing a proxy must be deposited at the office of the Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

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