

OSK Ventures International Berhad
(636117-K)

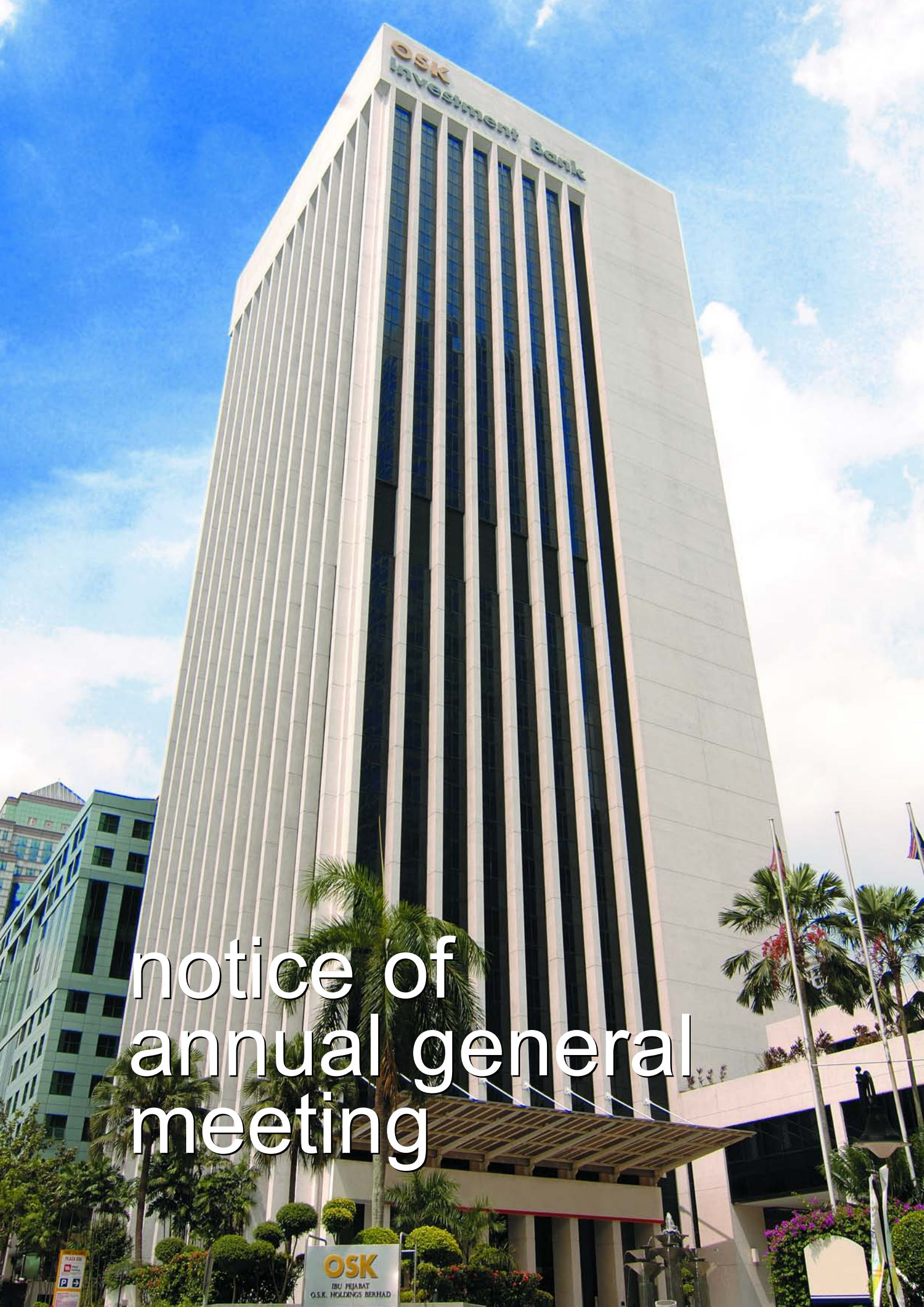
Annual Report 2006

OSK

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A tall, modern skyscraper with a white facade and vertical glass panels. The building is identified by a sign at the top as 'OSK Investment Bank'. The sky is blue with some clouds. In the foreground, there are palm trees and a sign for 'OSK' and 'OSK HOLDINGS BERHAD'.

notice of annual general meeting

OSK

IBU PEJABAT
OSK HOLDINGS BERHAD

Notice of Annual General Meeting

OSK Ventures International Berhad

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of OSK Ventures International Berhad will be held at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 19 April 2007 at 10:00 a.m. to transact the following business:-

Agenda

- | | |
|---|--|
| 1. To receive the Directors' Report, Audited Financial Statements and the Auditors' Report for the financial year ended 31 December 2006. | Ordinary Resolution 1 |
| 2. To sanction the declaration of a final dividend of 5 sen per ordinary share less 27% income tax in respect of the financial year ended 31 December 2006. | Ordinary Resolution 2 |
| 3. To approve the payment of Directors' fees of RM225,000.00 for the financial year ended 31 December 2006. | Ordinary Resolution 3 |
| 4. To re-elect the following Directors who retire by rotation in accordance with Article 94 of the Company's Articles of Association and being eligible, offer themselves for re-election:

(a) Mr. Ong Leong Huat @ Wong Joo Hwa

(b) Mr. Yap Yuh Foh, Eddie | Ordinary Resolution 4

Ordinary Resolution 5 |
| 5. To re-elect Mr. Ong Ju Yan who retires in accordance with Article 99 of the Company's Articles of Association and being eligible, offer himself for re-election. | Ordinary Resolution 6 |
| 6. To re-appoint Yang Berbahagia Tan Sri Datuk Dr. Omar bin Abdul Rahman who retires pursuant to Section 129 (6) of the Companies Act, 1965 to hold office until the conclusion of the next Annual General Meeting of the Company. | Ordinary Resolution 7 |
| 7. 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 8 |

As Special Business

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

8. AUTHORITY TO ALLOT AND ISSUE SHARES

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

Ordinary Resolution 9

Notice of Annual General Meeting

OSK Ventures International Berhad

9. PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND NEW MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions involving the interests of the Directors, major shareholders or persons connected with Directors and/or major shareholders of the Company and/or its subsidiary companies ("Related Parties") as specified in Section 2.3 of the Circular to Shareholders dated 28 March 2007, provided that such arrangements and/or transactions are:

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

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

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

whichever is the earlier.

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

**Ordinary
Resolution 10**

Notice of Annual General Meeting

OSK Ventures International Berhad

10. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

"THAT the proposed amendments to the Articles of Association of the Company as contained in the Appendix II which is attached in the Circular to Shareholders dated 28 March 2007 be approved.

AND THAT the Directors be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all steps as may be considered necessary to give full effect to the proposed amendments to the Articles of Association of the Company."

**Special
Resolution**

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

Notice Of Dividend Entitlement and Payment

Notice is hereby given that the final dividend of 5 sen per ordinary share less 27% income tax for the year ended 31 December 2006, if approved by the shareholders at the Third Annual General Meeting, will be payable on 18 May 2007 to shareholders whose names appear in the Record of Depositors at the close of business on 4 May 2007.

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

- (a) Shares transferred into the Depositor's securities account before 4.00 p.m. on 4 May 2007 in respect of the transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

WONG WEI FONG (MAICSA 7006751)

LIM LEE KUAN (MAICSA 7017753)

Company Secretaries

Kuala Lumpur

28 March 2007

Notice of Annual General Meeting

OSK Ventures International Berhad

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies [not more than three (3)] to attend and vote instead of him. A proxy may but need not be a member of the Company.
2. Where a member appoints two (2) or three (3) proxies, the appointment shall be invalid unless he specifies the proportions of his holding(s) to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or in some other manner approved by its Board of Directors.
4. The instrument appointing a proxy must be deposited at the registered office of the Company, 20th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
5. Explanatory Notes on Special Business
 - (i) Ordinary Resolution 9 - Authority to Allot and Issue Shares

The Ordinary Resolution 9, if passed, will empower the Directors to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.
 - (ii) Ordinary Resolution 10 - Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and New Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature.

Please refer to the Circular to Shareholders dated 28 March 2007 for further information.
 - (iii) Special Resolution - Proposed Amendments to the Articles of Association of the Company will bring the Articles of Association of the Company in line with the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad.

Statement Accompanying Notice of Annual General Meeting

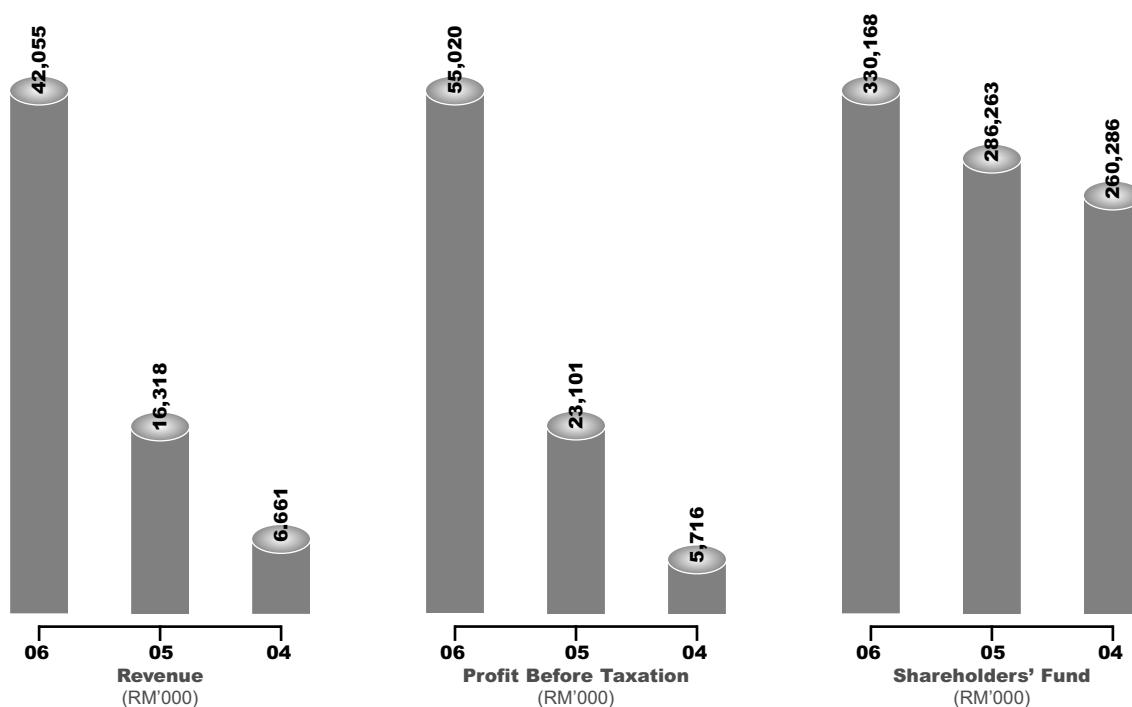
Details of Directors who are standing for re-election in Agenda 4, 5 and 6 of the Notice of the Third Annual General Meeting are set out in the Directors' Profile appearing on page 11 to 13 of this Annual Report.

Three Year Financial Summary

OSK Ventures International Berhad

(RM'000)	2006	2005	2004
Revenue	42,055	16,318	6,661
Profit Before Taxation ¹	55,020	23,101	5,716
Profit Attributable To Equity Holders Of The Company	47,009	20,297	5,626
Shareholders' Funds	330,168	286,263	260,286
Net Assets	330,168	286,263	260,286
Number Of Outstanding Shares As Issued And Fully Paid ('000 shares)	150,000	150,000	1,500,000
Basic Earnings Per Share (sen)	31.34	13.53	0.97
Gross Dividends Per Share (sen)	20.00	10.00	-
Net Tangible Assets Per Share (RM)	2.20	1.91	0.17
Net Assets Per Share (RM)	2.20	1.91	0.17
Closing Price At End Of The Year (RM)	2.80	2.12	0.18

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



Corporate Information

OSK Ventures International Berhad

Board of Directors

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

Audit Committee

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

Nomination Committee

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

Remuneration Committee

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

Company Secretaries

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

Auditors

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

Principal Banker

RHB Bank Berhad

Solicitor

Cheang & Ariff

Sponsor

OSK Investment Bank Berhad
(formerly known as OSK Securities Berhad)
20th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel : (603) 2333 8333
Fax : (603) 2175 3220

Registrar

Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : (603) 2721 2222
Fax : (603) 2721 2530

Registered Office

20th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel : (603) 2333 8333
Fax : (603) 2175 3220

Head Office/Principal Business Address

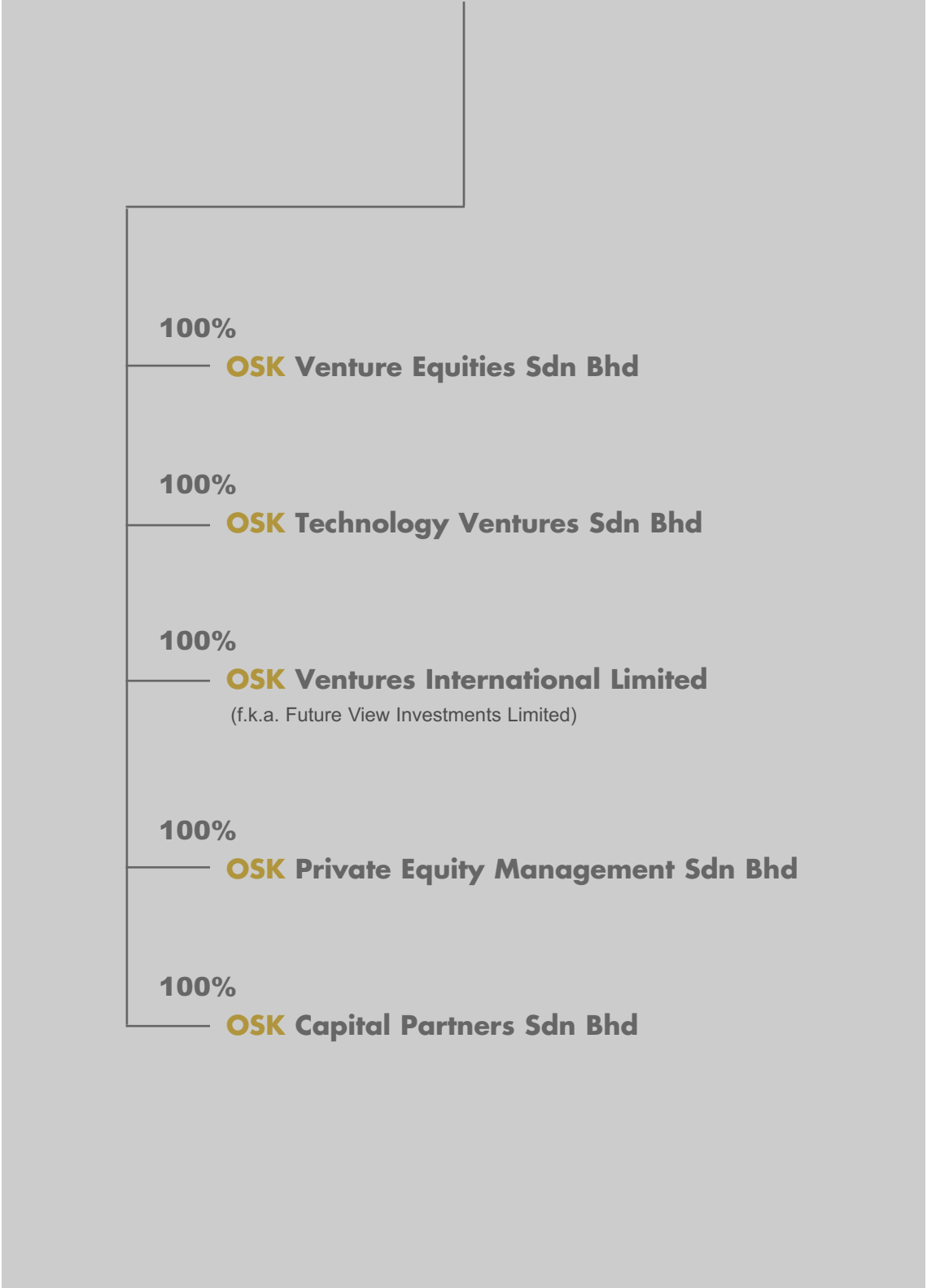
15th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel : (603) 2333 8333
Fax : (603) 2175 3322

Stock Exchange Listing

MESDAQ Market of Bursa Malaysia Securities Berhad

OSK Ventures International Berhad

(636117-K)





directors'
profile

Executive Chairman

DATO' NIK MOHAMED DIN BIN DATUK NIK YUSOFF,

aged 64, a Malaysian, is the Executive Chairman of OSK Ventures International Berhad ("OSKVI"). He was appointed to the Board of the Company on 5 December 2003. Dato' Nik Mohamed Din is one of the First Directors of OSKVI.

Dato' Nik Mohamed Din is a lawyer by profession. He read law at Lincoln's Inn, London and was admitted to the English Bar in 1968. Dato' Nik Mohamed Din was the Chairman and Executive Chairman of Bursa Malaysia Securities Berhad for 12 years from 1985. He had previously served as a Magistrate for the Malaysian Judicial Services in 1969. He joined Messrs Mah, Kok and Din as a lawyer for 13 years before assuming the appointment as the Executive Chairman of OSK Securities Berhad in 1984.

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

Dato' Nik Mohamed Din does not have any family relationship with any directors and/or major shareholders of the Company and has no conflict of interest other than those disclosed under Additional Disclosures (Recurrent Related Party Transactions) which appears on page 29 in this Annual Report. He has no conviction for any offences within the past ten years.

Dato' Nik Mohamed Din attended all the four (4) Board meetings of the Company held during the financial year.

Group Managing Director/ Chief Executive Officer (CEO)

ONG LEONG HUAT @ WONG JOO HWA,

aged 63, a Malaysian, is the Group Managing Director/Chief Executive Officer (CEO) of OSKVI. He was appointed to the Board of the Company on 5 December 2003. Mr Ong is one of the First Directors of OSKVI. Mr Ong is also a member of the Remuneration Committee of the Company.

Mr Ong has been the Managing Director/CEO of OSK Securities Berhad since July 1985. He holds a dealer's representative licence issued by the Securities Commission under the Securities Industry Act, 1983. Prior to this, he was attached to a leading financial institution for 17 years from 1969 where he held the position of Senior General Manager.

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

Mr Ong is the brother of Mr Wong Chong Kim and the father of Mr Ong Ju Yan. He has no conflict of interest other than those disclosed under Additional Disclosures (Recurrent Related Party Transactions) which appears on page 29 in this Annual Report. He has no conviction for any offences within the past ten years.

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

Executive Director

WONG CHONG KIM,

aged 51, a Malaysian, is currently the Executive Director of OSKVI. He was appointed to the Board of the Company on 22 July 2004.

Mr Wong is a Fellow of the Chartered Association of Certified Accountants, a member of the Malaysian Institute of Accountants and a member of The Institute of Internal Auditors Malaysia. He joined OSK Securities Berhad as a Finance Manager in 1985 and became the Executive Director in 1989. He holds a dealer's representative licence issued by the Securities Commission under the Securities Industry Act, 1983. Prior to this, he was the Accountant and Assistant Credit Manager of a leading financial institution in 1983 for 2 years.

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

Mr Wong is the brother of Mr Ong Leong Huat and the uncle of Mr Ong Ju Yan. He has no conflict of interest other than those disclosed under Additional Disclosures (Recurrent Related Party Transactions) which appears on page 29 in this Annual Report. He has no conviction for any offences within the past ten years.

Mr Wong attended all the four (4) Board meetings of the Company held during the financial year.

Directors' Profile

OSK Ventures International Berhad

Independent Non-Executive
Director

TAN SRI DATUK DR. OMAR BIN ABDUL RAHMAN,

aged 74, a Malaysian, is the Independent Non-Executive Director of OSKVI. He was appointed to the Board of the Company on 22 July 2004. He is the Chairman of the Remuneration Committee and Nomination Committee of the Company and a member of the Audit Committee.

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

Nationally, Tan Sri serves on a number of national committees shaping a new regional and global vision for Malaysia. He is also the founder of the Academy of Sciences Malaysia, Malaysian Technology Development Corporation ("MTDC") and Technology Park Malaysia Corporation ("TPM") and Composites Technology Research Malaysia Sdn Bhd ("CTRM"). He started his professional career in 1960 in veterinary research. Later, he was the Founding Dean of the

Faculty of Veterinary Medicine and Animal Sciences and was the first professor appointed by University Pertanian Malaysia, now University Putra Malaysia ("UPM"). His last position at UPM was Deputy Vice-Chancellor of Academic Affairs.

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

Tan Sri does not have any family relationship with any directors and/or major shareholders of the Company and has no conflict of interest other than those disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on page 29 in this Annual Report. He has no conviction for any offences within the past ten years.

Tan Sri attended all four (4) Board meetings of the Company held during the financial year.

Independent Non-Executive
Director

DATO' ABDUL AZIM BIN MOHD. ZABIDI,

aged 47, a Malaysian, is the Independent Non-Executive Director of OSKVI. He was appointed to the Board of the Company on 22 July 2004. He is a member of the Remuneration Committee, Nomination Committee and Audit Committee of the Company.

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

He is also active in the work undertaken by the World Savings Banks Institute ("WSBI"), Brussels, Belgium. In 2000, in recognition of this, he was appointed President (Asia Pacific) for WSBI and in 2006, he was elevated to Vice President and Treasurer.

Dato' Abdul Azim's extensive involvement in unit trusts/mutual funds and fund management culminated in him being elected President of the Federation of Malaysian Unit Trust Managers in 1998 through 2003. During this period, he was appointed Member of the Steering Committee of the International Investment Funds Association ("IIFA"), Montreal, Canada, a post he holds till today.

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

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

Dato' Abdul Azim also holds directorships in Permodalan BSN Berhad, Wijaya Baru Global Berhad, M3energy Berhad, Kumpulan Europlus Berhad, Ranhill Berhad, Timberwell Berhad and Focus Dynamics Technologies Berhad.

Dato' Abdul Azim does not have any family relationship with any directors and/or major shareholders of the Company and has no conflict of interest other than those disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on page 29 in this Annual Report. He has no conviction for any offences within the past ten years.

Dato' Abdul Azim attended three (3) out of four (4) Board meetings of the Company held during the financial year.

Executive Director

ONG JU YAN,

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

Mr Ong has been the Special Assistant to OSK Securities Berhad's Group Managing Director/CEO since May 2004.

His responsibilities cover various aspects of corporate strategy and he is actively involved in the Company's operating activities, with a focus on debt capital markets, treasury, institutional equities and research.

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

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

Mr Ong is the son of Mr Ong Leong Huat and the nephew of Mr Wong Chong Kim. He has no conflict of interest other than those disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on page 29 in this Annual Report. He has no conviction for any offences within the past ten years.

Mr Ong attended one (1) out of one (1) Board meeting of the Company held during the financial year.

Executive Director and the Chief Operating Officer

YAP YUH FOH, EDDIE,

aged 38, a Malaysian, is an Executive Director and the Chief Operating Officer of OSKVI Group. He was appointed to the Board of the Company on 22 July 2004. He is also a member of Audit Committee of OSKVI.

Mr Eddie Yap is responsible for managing venture capital investment covering a spectrum of industrial and high technology companies. He joined the OSK Holdings Berhad Group in 1996 and prior to his involvement in the OSKVI Group in 2000, he was the Senior Manager of the corporate finance division.

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

Mr Eddie Yap sits on the Board of OSKVI's various investee companies comprising, inter-alia eBworx Berhad, Green Packet Berhad and GMO Limited. He is also a committee member of the Malaysian Venture Capital Association.

Mr Eddie Yap does not have any family relationship with any directors and/or major shareholders of the Company and has no conflict of interest other than those disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on page 29 in this Annual Report. He has no conviction for any offences within the past ten years.

Mr Eddie Yap attended all four (4) Board meetings of the Company held during the financial year.

Independent Non-Executive Director

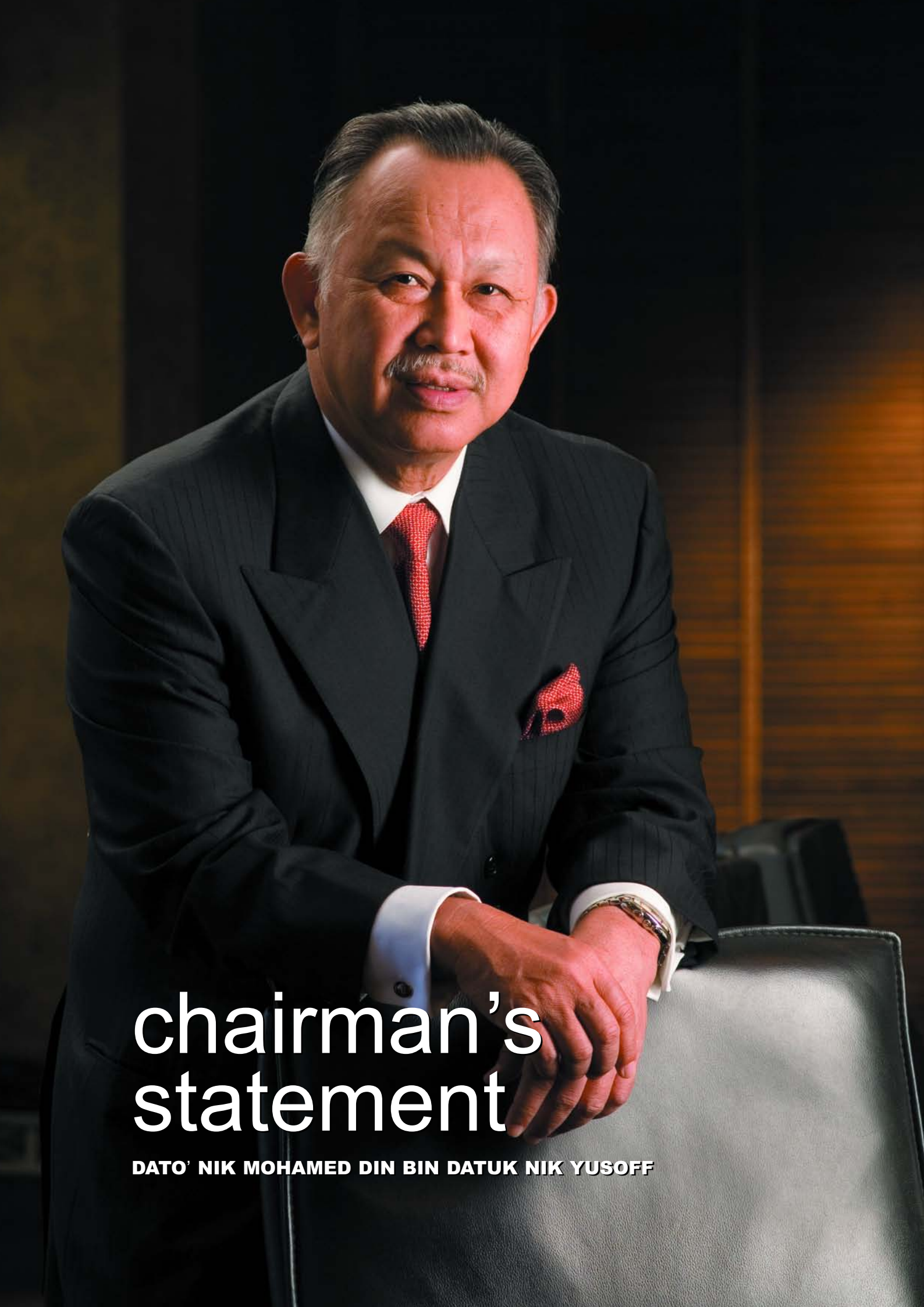
FOO SAN KAN,

aged 58, a Malaysian, is the Independent Non-Executive Director of OSKVI. He was appointed to the Board of the Company on 22 July 2004. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of the Company.

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

Mr Foo does not have any family relationship with any directors and/or major shareholders of the Company and has no conflict of interest other than those disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on page 29 in this Annual Report. He has no conviction for any offences within the past ten years.

Mr Foo attended all four (4) Board meetings of the Company held during the financial year.

A professional portrait of Dato' Nik Mohamed Din Bin Datuk Nik Yusoff, an older man with grey hair and a mustache, wearing a dark pinstripe suit, a white shirt, and a red patterned tie. He is seated, leaning forward with his hands clasped on a dark leather chair. The background is dark and out of focus.

chairman's statement

DATO' NIK MOHAMED DIN BIN DATUK NIK YUSOFF

The year 2006 marks the 6th year of operations for the venture capital and private equity business. The Group started off with a capital of RM50 million from OSK Holdings Berhad, the ultimate holding company in 2000. Looking back, I must say that we have come a long way and we should all be proud of what our Company and its group of companies ("the Group") have achieved over the short span of six years. I am optimistic of the Group's growth and am confident that the venture capital industry will eventually grow to support the participants in line with the development of the capital market and the economy.

The venture capital industry in Malaysia continued to grow in breadth and depth in 2006 with the Government according more incentives under Budget 2006. According to Bank Negara Malaysia, the number of committed venture capital funds grew to RM2.6 billion at the end of 2005 from RM2.3 billion in 2004. The total number of investee companies increased from 322 in 2004 to 388 in 2005, involving a total investment of over RM1.4 billion. Although relatively small as compared to the regional investments, the country is continuing to gain momentum.

Financial Performance

It has been another year of inspiring results for the Group. The Group's pre-tax profit for the year ended 31 December 2006 increased to RM55.0 million, more than double the preceding year's pre-tax profit of RM23.1 million. The results were delivered on the back of substantial gains on realisation of investments as well

as higher share of profit contributions from associated companies. Of the RM55.0 million pre-tax profit, approximately 69% was from realisation of gain from investments, interest and fee income, and the balance was from the share of profits from the

"The total market value of our listed investee companies was approximately RM536 million, while our cost of investments was only RM145 million"

Group's associated companies. The Group's after-tax profit surged to RM47.0 million in 2006, representing an improvement of 132% over the previous year's results. The Group's earnings per share improved from 13.53 sen in 2005 to 31.34 sen in 2006.

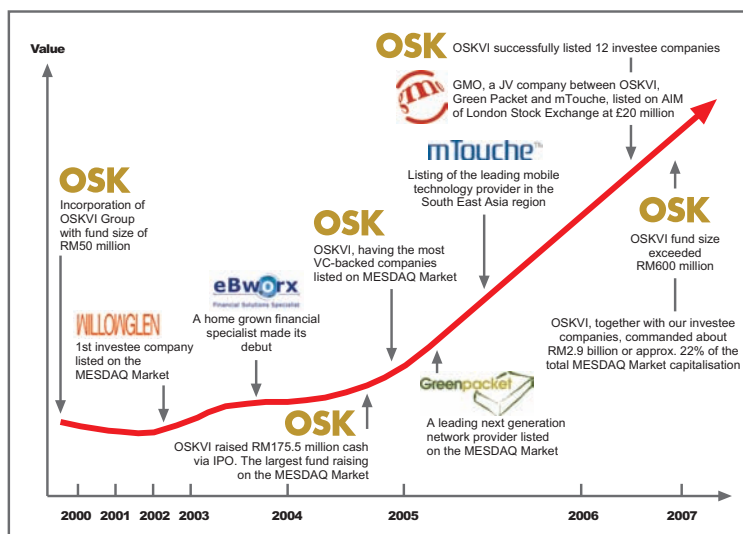
Review of Operations

The shareholders will be pleased to know that the market value of the Group's investments has increased significantly over the past year. Together with its investee companies, the Group commanded about RM2.9 billion or approximately 22% of the total MESDAQ Market capitalisation as at 31 December 2006. This is a great feat as it reflects the profile and significance of our investee companies that are listed on the MESDAQ Market.

Since its inception in 2000, OSKVI has successfully nurtured 12 investee companies for IPOs, of which 10 are listed on the MESDAQ Market, one on the Main Board of Bursa Malaysia Securities Berhad and one on the Alternative Investment Market ("AIM") of the London Stock Exchange. At present, OSKVI invested in 7 companies, of which 6 are listed on the MESDAQ Market and one on AIM. The Group's listed investee companies

Chairman's Statement

OSK Ventures International Berhad



include Green Packet Berhad, mTouche Technology Berhad, GMO Limited ("GMO"), eBworx Berhad, MNC Wireless Berhad, Willowglen MSC Berhad and INS Bioscience Berhad.

I am also pleased to announce that as at 28 February 2007, our investments in the listed investee companies had a total unrealised gain of over RM391 million. The total market value of our listed investee companies was approximately RM536 million, while our cost of investments was only RM145 million. The Group will realise the said unrealised gain in due course when we believe that we have optimised our returns.

In addition, OSKVI's fund size has grown at a commendable rate, with a compounded annual growth rate ("CAGR") of 43% since inception. The Group's fund size presently exceeds RM600 million. Today, OSKVI is acknowledged as one of the most successful private equity outfit in the country in terms of return on investments and growth.

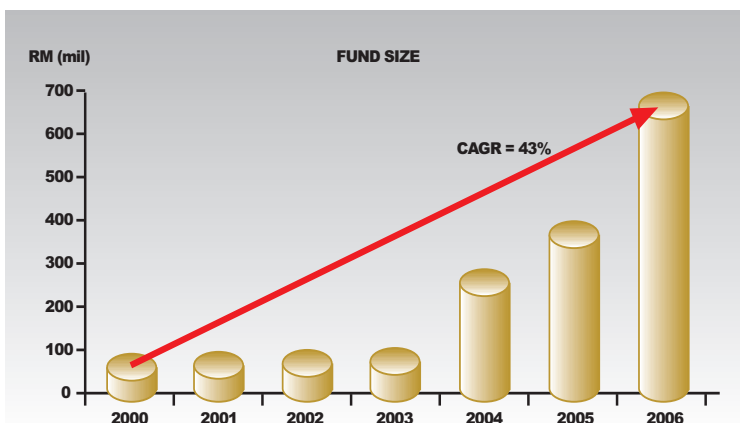
In September 2006, OSKVI listed its investee company GMO, a leading

"OSKVI's fund size has grown at a commendable rate, with a compounded annual growth rate of 43% since inception"

provider of wireless value-added services in China, on the London

Stock Exchange's AIM. Moving forward, GMO will further develop its STP platform and continue to enhance the product offerings to content providers to assist these content providers to increase their range of content services to their targeted mobile subscribers in China. GMO aims to be a leading player in China and will focus on organic and acquisition led strategies.

Further, the Group also invested in two other companies in 2006. We invested in a Singapore-based company involved in providing comprehensive waste management solutions from environmental laboratory testing to treatment of disposal for both hazardous and non-hazardous wastes. The company focuses mostly on industrial waste that is generated from petrochemical and pharmaceutical companies. Further to that, the Group has also invested in a company involved in the outdoor advertisement business in China. The company holds all the economic rights and benefits to the existing bicycle shelter and public service bulletin board advertising businesses via an exclusive concession granted by the Ministry



of Public Security in China. To-date, the company is the only exclusive provider to carry out this type of advertisements for the whole of China. Our investee company is poised to become the market leader in the outdoor advertising business in China. These two investments amounting to over RM53 million will spur the Group's growth further in the near future.

Corporate Developments

On 26 May 2006, OSKVI proposed to implement an Executive Share Option Scheme ("ESOS") of up to ten percent (10%) of the issued and paid-up share capital of the Company for the eligible executives and directors of the Company and its subsidiaries. All the required approvals for this proposal have been obtained and the ESOS is now pending implementation.

On 28 August 2006, OSKVI proposed a private placement of up to 15,000,000 new ordinary shares of RM1.00 each, representing up to ten percent (10%) of the issued and paid-up share capital of the Company to investors to be identified. The proposed private placement will enable the Company to raise funds, which will be utilised for future investment activities. The new funding will further enhance the growth of the Group. All the required approvals for the proposed private placement have been obtained and the exercise is now pending implementation.

Prospects for 2007

The Group has successfully executed its strategy of creating value via active partnership with its investee companies. The impetus to establish platform or flagship companies and to be a strategic investor of high growth companies has improved its earnings. In 2007, the Group is expected to realise additional gain from its investments, including potentially from its unlisted investee companies. Going forward, the Group will continue to explore and invest in dynamic businesses that will contribute positively to its performance and shareholders' value.

Dividends

On 12 October 2006, the company has paid the first interim dividend of 5.0 sen per share comprising, 0.79 sen per share tax exempt and 4.21 sen per share less 28% income tax. On the same day, OSKVI also paid a special dividend of 5.0 sen per share less 28% income tax. On 29 December 2006, OSKVI paid a second interim dividend of 5.0 sen per share less 28% income tax.

The Board of Directors has recommended a final dividend of 5.0 sen less 27% income tax per share for the year ended 31 December 2006. Total dividend for the year is 20.0 sen per share, which comprises 0.79 sen tax exempt and 19.21 sen less income

**"Total dividend
for the year is
20.0 sen per share,
which comprises
0.79 sen tax
exempt and
19.21 sen less
income tax"**

tax. The proposed final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

Acknowledgement

On behalf of the Board of Directors, I would like to express my deepest appreciation to you, our shareholders, the management and staff as well as our business partners for their commitment, contributions and support over the past year. We believe that together we can overcome all internal and external challenges to bring the Group to a position of greater strength and I am confident that the year ahead will be a successful one.

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

Statement of Corporate Governance

OSK Ventures International Berhad

The Board of Director of OSK Ventures International Berhad ("OSKVI" or "the Company") is supportive of the adoption of principles and best practices as enshrined in the Malaysian Code on Corporate Governance throughout the Group. It is recognised that the adoption of the highest standards of governance is imperative for the enhancement of the stakeholders' value.

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

DUTIES AND RESPONSIBILITIES OF THE BOARD

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

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

COMPOSITION OF THE BOARD

The Board currently consists of eight (8) Directors, three (3) of whom are Independent Non-Executive Directors. The Independent Non-Executive Directors fulfill their role through objective participation in the deliberations of the Board and by the exercise of independent judgement with regard to the long-term interest of the stakeholders of the Company.

The composition of the Board contributes extensive experience and expertise to the Company in the areas of technology, finance, accounting, economics and law. The profiles of all members of the Board are set out in the Directors' Profile appearing on Pages 11 to 13 of the Annual Report.

BOARD MEETINGS

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

Directors	Total No of Meetings	Meetings Attended
1. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	4	4
2. Ong Leong Huat @ Wong Joo Hwa	4	4
3. Wong Chong Kim	4	4
4. Yap Yuh Foh, Eddie	4	4
5. Tan Sri Datuk Dr. Omar bin Abdul Rahman	4	4
6. Dato' Abdul Azim bin Mohd. Zabidi	4	3
7. Foo San Kan	4	4
8. Ong Ju Yan (Appointed on 28 August 2006)	4	1

SUPPLY OF INFORMATION

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

The Board has access to all information within the Group and also to the advice or services of the Company Secretary and Senior Management in carrying out their duties. The Directors may obtain independent professional advice in the event such services are required.

APPOINTMENT OF DIRECTORS

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

The Nomination Committee, comprising Independent Non-Executive Directors, recommends all appointments to the board. Details of the Nomination Committee are set out on Page 22 of the Annual Report.

REMUNERATION OF DIRECTORS

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

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

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

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

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

	Executive RM	Non- Executive RM	Total RM
2006 Company			
Fees			
- current year	130,000	95,000	225,000
- underprovision in prior year	72,000	54,000	126,000
	<u>202,000</u>	<u>149,000</u>	<u>351,000</u>
Group			
Fees			
- current year	130,000	95,000	225,000
- underprovision in prior year	72,000	54,000	126,000
	<u>202,000</u>	<u>149,000</u>	<u>351,000</u>
Salaries, bonuses and other emoluments	753,560	-	753,560
Fair value of ESOS shares of OSK Holdings Berhad granted to eligible employees	75,925	-	75,925
Benefits-in-kind	23,950	-	23,950
	<u>1,055,435</u>	<u>149,000</u>	<u>1,204,435</u>

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

	Executive	Non-Executive	Total
2006 Group			
Below RM50,000	4	2	6
RM50,001 – RM100,000	-	1	1
RM850,001 – RM900,000	1	-	1
	<u>5</u>	<u>3</u>	<u>8</u>

Statement of Corporate Governance

OSK Ventures International Berhad

CONTINUING EDUCATION OF DIRECTORS

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

RE-ELECTION OF DIRECTORS

An election of Directors takes place each year. One-third of the Directors will retire from office at each Annual General Meeting and are eligible to offer themselves for re-election. The Directors appointed by the Board in each financial year are subject to election by the shareholders at the next Annual General Meeting following their appointments.

Directors standing for re-election at the Third Annual General Meeting of the Company to be held on 19 April 2007 are detailed in the Notice of the Third Annual General Meeting.

INVESTOR RELATIONS

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

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

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on Page 39 of the Annual Report.

Internal Control

The Information on the Group's Internal Control is presented in the Statement on The State of Internal Control Appearing on Pages 27 and 28 of the Annual Report.

Relationship with Auditors

Details of the relationship with Auditors are set out in the Audit Committee Report appearing on Pages 24 to 26 of the Annual Report.

SANCTIONS AND/OR PENALTIES IMPOSED

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

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

Save as disclosed in Additional Disclosure on Pages 29 to 30 of this Annual Report, there are no other material contracts involving directors and substantial shareholders still subsisting at the end of the financial year or entered in to since the end of the previous financial year.

BOARD COMMITTEES

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

Audit Committee

Particulars of the Audit Committee are at Pages 24 to 26 of the Annual Report.

Remuneration Committee

Composition

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

Terms of Reference

Authority

The Committee is granted the authority to recommend to the Board of Directors the remuneration of the Executive Directors in all its forms.

Frequency of Meeting

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

There was one (1) meeting held in this financial year. The Directors' attendance at the meeting is as follows:

Directors	Meetings Attended
1. Tan Sri Datuk Dr. Omar bin Abdul Rahman	1
2. Ong Leong Huat @ Wong Joo Hwa	1
3. Dato' Abdul Azim bin Mohd Zabidi	1
4. Foo San Kan	1

Statement of Corporate Governance

OSK Ventures International Berhad

Functions and Duties

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

Nomination Committee

Composition

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

Terms of Reference

Authority

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

Frequency of Meeting

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

There was (1) meeting held in this financial year. The Directors' attendance at the meeting is as follows:

Directors	Meetings Attended
1. Tan Sri Datuk Dr. Omar bin Abdul Rahman	1
2. Dato' Abdul Azim bin Mohd Zabidi	1
3. Foo San Kan	1

Functions and Duties

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

Status of Utilisation of the Proceeds from Initial Public Offering ("IPO")

OSK Ventures International Berhad

The status of utilisation of the proceeds from the Company's IPO up to 31 December 2006 are summarised below:-

<u>Purpose</u>	<u>Proposed utilisation</u> RM'000	<u>Actual utilisation to date</u> RM'000
Investment and incubation	165,000	165,000
Working capital/Listing expenses	10,500	10,500
	175,500	175,500

Audit Committee Report

OSK Ventures International Berhad

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2006.

MEMBERSHIP

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

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

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

The Audit Committee consists of the following members:

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

TERMS OF REFERENCE

• **Duties and Functions**

- a) Review and report to the Board of Directors;
 - with the external auditor, the audit plan;
 - with the external auditor, his evaluation of the system of internal controls;
 - with the external auditor, his audit report;
 - the assistance given by the employees of the listed issuer to the external auditor;
 - the adequacy of the scope, functions and resources of Internal Audit Department and that it has the necessary authority to carry out its work;
 - the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - the quarterly results and year end financial statements, prior to the approval by the Board of Director, focusing particularly on:
 - changes in or implementation of accounting policies and practices;
 - the going concern assumption;
 - significant adjustments arising from the audit;
 - major judgmental issues;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements;
 - any related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - external auditor's management letter and management's response;
- b) To consider the major findings of internal investigations by internal and external auditors and management's response;
- c) To discuss problems and reservations arising from the interim and final audit and any matter the external auditor may wish to discuss (in the absence of management where necessary);
- d) To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
- e) To recommend the nomination of a person or persons as external auditors;
- f) To consider any other functions or duties as may be agreed to by the Committee and the Board.

• **Authority**

The Audit Committee shall:

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

Audit Committee Report

OSK Ventures International Berhad

ATTENDANCE AT MEETING

During the financial year ended 31 December 2006, the Audit Committee held a total of 4 meetings. The details of attendance of the Committee members are as follows:

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

The quorum for meetings of the Audit Committee shall be two (2) members and the majority of members present must be Independent Directors. Head of Group Internal Audit and Head of Group Finance and Accounts, and the representatives of the external auditors are invited to attend the Committee meetings. The Company Secretary shall be the Secretary to the Audit Committee.

SUMMARY OF ACTIVITIES

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

1. Reviewed the annual audited financial statements of the Group with the external auditors prior to submission to the Board for approval;
2. Reviewed and discussed the observations, recommendations and Audit Report and the Management's comments in respect of the issues raised by the External Auditor on their evaluation of the system of internal controls;
3. Reviewed the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
4. Reviewed and discussed the internal audit reports. The Committee was briefed by the Head of Group Internal Audit that in a few instances, the audit process identified certain control and operational weaknesses which were brought to the attention of the management, and that adequate corrective actions had been taken to rectify the weaknesses;
5. Reviewed the quarterly and year end financial statements and ensure that the financial reporting and disclosure requirements of relevant authorities had been complied with, focusing particularly on;
 - 5.1 changes in or implementation of major accounting policies and practices;
 - 5.2 the going concern assumption;
 - 5.3 significant adjustments arising from the audit;
 - 5.4 major judgemental issues;
 - 5.5 significant and unusual events; and
 - 5.6 compliance with accounting standards and other legal requirements.
6. Reviewed the related party transactions and conflict of interest situation that may arise within the Company or Group including any transactions, procedures or course of conduct that raises questions of management integrity.

INTERNAL AUDIT FUNCTION

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

INTRODUCTION

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

RESPONSIBILITY

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

TYPE OF RISKS

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

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

- Market Risk** - Market risk is the risk of potential losses due to unfavourable changes in the market value of financial or non-financial assets held by the Group. The Group is exposed to market risks from venture business investment activities in the venture companies.
- Operational Risk** - Operational risk is the risk of opportunity cost or economic loss due to inadequate procedures and policies, human error, lack of basic internal control, liquidity problem, non-compliance with the regulatory requirements, management failure, unauthorised activities and fraud.

RISK MANAGEMENT

The Board confirms that an ongoing process for identifying, measuring and managing the Group's principal risks has operated throughout the year under review. This process is reviewed by the Audit Committee whose main role is to review, on behalf of the Board, the key risks inherent in the business and the system of control necessary to manage such risks, and to present its findings to the Board. The Audit Committee is supported by the Group Internal Audit Department in carrying out its roles and responsibilities. To ensure that risks are managed effectively, Risk Based Auditing approach which begins with risk identification, risk evaluation and mapping of controls has been introduced and implemented.

Statement of Internal Control

OSK Ventures International Berhad

KEY ELEMENTS OF INTERNAL CONTROL SYSTEM

The key elements of the Group's internal control system, that are regularly reviewed by the Board and are in accordance with the Guidance, are described below: -

- Establishment of a conducive control environment in respect of the overall attitude, awareness and actions of Directors and management regarding the internal control system and its importance to the Group;
- Recruitment of adequate experienced, skilled and professional staff with the necessary caliber to fulfill the respective responsibilities and ensuring that minimum controls are in place;
- Clear group structure, reporting lines of responsibilities and appropriate levels of delegation;
- Documented policies and procedures, limits of Approving Authorities (AA) for key aspects of the businesses. This provides a sound framework of authority and accountability within the organisation and facilitates proper corporate decision making at the appropriate level in the organisation's hierarchy;
- Establishment of proper set of checklists to facilitate proper business proposal evaluation;
- Engagement of external professional services firms to conduct independent financial and legal due diligence review on proposed investments;
- Establishment of an effective segregation of duties via independent checks, review and reconciliation activities to prevent human errors, fraud and abuses;
- Regular management reports to the Board on key business performance, operating statistics and regular matters. This enables effective monitoring of significant variances and deviation from standard operating procedures and budget; and
- Group Internal Audit independently reviews the risk identification procedures and control processes implemented by management, and reports to the Audit Committee on a quarterly basis. The Group Internal Audit provides assurance over the operation and validity of the system of internal control in relation to the level of risk involved using Risk Based Auditing methodology.

The Board believes that the system of internal control in the Group is adequate and has been effective in its function, with no significant weakness noted during the period under review.

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

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Details of the Group's recurrent related party transactions made during the financial year ended 31 December 2006 pursuant to the shareholders' mandate obtained by the Company at the Annual General Meeting held on 6 April 2006 are as follows :

Name of Company/ Group Involved	Nature of Transaction	Name of Related Party	Relationship with OSKVI - Interested Directors (ID), Major Shareholders (MS) and Persons Connected (PC)	Actual Value 31 December 2006 (RM)
OSKVE	Rental of office and parking space by OSKVE	KHB	OSK (MS), OLH (ID/MS) (See Note 1)	117,242
OSKVI Group	Procurement of insurance policies by OSKVI Group	DCSB Group	OSK (MS), OLH (ID/MS), WCK (ID), KCM (PC) WAC (PC) (See Note 2)	13,185
OSKVI	Provision of share registration services	SSR	FSK (ID) (See Note 3)	9,532
OSKVI Group	Brokerage fees paid by OSKVI Group	OSKIB	OSK (MS), OLH (ID/MS), WCK (ID) (See Note 4)	95,304

Notes:

- (1) KE-ZAN Holdings Berhad ("KHB") is a wholly owned subsidiary of OSK Holdings Berhad ("OSK") while OSK Venture Equities Sdn Bhd ("OSKVE") is a wholly-owned subsidiary of OSK Ventures International Berhad ("OSKVI") which in turn a subsidiary of OSK. Ong Leong Huat @ Wong Joo Hwa (OLH) is the director of KHB, OSKVI, OSK and former director of OSKVE. OLH is also the major shareholder of OSK.
- (2) OLH and Mr Wong Chong Kim (WCK), directors of OSK and OSKVI, are the brothers of Mr Wong Ah Chew (WAC), who in turn is a director and major shareholder of Dindings Consolidated Sdn Bhd (DCSB). Madam Khor Chai Moi (KCM), a director and major shareholder of DCSB is the wife of OLH. As at 28 February 2007, KCM holds 0.02% direct shareholding in OSKVI while WAC does not hold any share in OSKVI. OLH is also the major shareholder of OSK, the holding company of OSKVI. The principal activities of the DCSB Group comprise of investment holdings, insurance and construction.
- (3) Mr Foo San Kan (FSK) is a director of OSKVI and Symphony House Berhad, the holding company of Symphony Share Registrars Sdn Bhd (SSR). FSK holds 0.07% direct shareholding in OSKVI as at 28 February 2007.
- (4) OLH is the director of OSK Investment Bank Berhad (formerly known as OSK Securities Berhad) ("OSKIB") and OSKVI. While WCK is the former director of OSKIB and director of OSKVI. As at 28 February 2007, OLH and WCK both hold 0.20% shares in OSKVI. OLH is also major shareholder of OSK, the holding company of OSKIB.

Additional Disclosure

OSK Ventures International Berhad

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

There were no material contract entered by the Company or its subsidiaries involving directors' and substantial shareholders' interest in the financial year ended 31 December 2006.

VARIATION OF RESULTS

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

NON-AUDIT FEES

The non-audit fees paid by the Company to external auditors for the financial year ended 31 December 2006 are disclosed in Note 5 of the financial statements.

PROFIT FORECAST/PROFIT GUARANTEE

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

Statement of Directors' Responsibilities

For Preparing the Annual Audited Financial Statements

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

The Directors have responsibilities for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company and which enable them to ensure that the financial statements are drawn up in accordance with the applicable Approved Accounting Standards in Malaysia for Entities Other Than Private Entities, the provisions of Companies Act, 1965 and the Listing Requirements of Bursa Malaysia Securities Berhad.

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

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

financial statements



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Directors' Report

OSK Ventures International Berhad

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 2006.

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

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

There have been no significant changes in the nature of these activities during the year.

RESULTS

	Group RM	Company RM
Profit for the year, attributable to equity holders of the Company	47,008,637	21,713,308

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

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

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2005 were as follows:

In respect of the year ended 31 December 2005 as reported in the directors' report of that year:

	RM
Final dividend paid on 27 April 2006:	
- 8% tax exempt	12,000,000
- 2% less 28% income tax	2,160,000
In respect of the year ended 31 December 2006:	
First interim dividend paid on 12 October 2006:	
- 0.79% tax exempt	1,185,000
- 4.21% less 28% income tax	4,546,796
Special dividend of 5% less 28% income tax paid on 12 October 2006	5,400,000
Second interim dividend of 5% less 28% income tax paid on 29 December 2006	5,400,000
	30,691,796

The Board of Directors has recommended a final dividend of 5% less 27% income tax per share for the year ended 31 December 2006 amounting to RM5,475,000. The proposed dividend is subject to shareholders approval at the forthcoming Annual General Meeting. The financial statements for the current year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the year ending 31 December 2007.

DIRECTORS

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

Dato' Nik Mohamed Din bin Datuk Nik Yusoff
 Ong Leong Huat @ Wong Joo Hwa
 Wong Chong Kim
 Yap Yuh Foh, Eddie
 Tan Sri Datuk Dr. Omar bin Abdul Rahman
 Dato' Abdul Azim bin Mohd. Zabidi
 Foo San Kan
 Ong Ju Yan (Appointed on 28 August 2006)

DIRECTORS' BENEFITS

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

Since the end of the previous year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 7 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 he is a member, or with a company in which he has a substantial financial interest, other than the transactions as disclosed in Note 21 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, warrant and options over shares in the Company and its related corporations during the year were as follows:

The Company

	Number of ordinary shares of RM1 each			
	1.1.2006	Acquired	Disposed	31.12.2006
Direct Interest:				
Dato' Nik Mohamed Din bin				
Datuk Nik Yusoff	200,000	200,000	-	400,000
Ong Leong Huat @ Wong Joo Hwa	300,000	-	-	300,000
Wong Chong Kim	300,000	-	-	300,000
Yap Yuh Foh, Eddie	37,500	-	-	37,500
Foo San Kan	-	100,000	-	100,000
Indirect Interest:				
Wong Chong Kim	170,000	77,100	-	247,100
Holdings in which the director is deemed to have an interest:				
Ong Leong Huat @ Wong Joo Hwa	88,792,770	8,897,500	-	97,690,270

Directors' Report

OSK Ventures International Berhad

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

Number of ordinary shares of RM1 each				
	1.1.2006/ date of appointment	Acquired	Disposed	31.12.2006
Direct Interest:				
Dato' Nik Mohamed Din bin				
Datuk Nik Yusoff	14,109,685	850,000	(1,398,900)	13,560,785
Ong Leong Huat @ Wong Joo Hwa	185,406,812	238,400	-	185,645,212
Wong Chong Kim	425,327	300,000	-	725,327
Ong Ju Yan	697,155	1,000,000	-	1,697,155
Indirect Interest:				
Wong Chong Kim	358,395	100,000	-	458,395

Number of Warrant B 2000/2010				
	1.1.2006	Acquired	Disposed	31.12.2006
Direct Interest:				
Dato' Nik Mohamed Din bin				
Datuk Nik Yusoff	2,896,810	-	(2,896,800)	10
Ong Leong Huat @ Wong Joo Hwa	35,857,915	1,726,000	-	37,583,915

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

Number of options over ordinary shares of RM1 each				
	1.1.2006/ date of appointment	Granted	Exercised	31.12.2006
Dato' Nik Mohamed Din bin				
Datuk Nik Yusoff	1,050,000	450,000	(850,000)	650,000
Ong Leong Huat @ Wong Joo Hwa	1,050,000	450,000	-	1,500,000
Wong Chong Kim	1,050,000	450,000	(300,000)	1,200,000
Yap Yuh Foh, Eddie	566,600	303,700	(712,800)	157,500
Ong Ju Yan	-	182,200	-	182,200

The options over ordinary shares were granted pursuant to the ESOS of OSKH.

Related company, OSK Property Holdings Berhad ("OSKPH")

Number of ordinary shares of RM1 each				
	1.1.2006/ date of appointment	Acquired	Disposed	31.12.2006
Direct Interest:				
Ong Leong Huat @ Wong Joo Hwa	6,343,059	-	(1,000,000)	5,343,059
Wong Chong Kim	875,757	-	-	875,757
Ong Ju Yan	62,000	-	-	62,000
Indirect Interest:				
Wong Chong Kim	143,000	244,100	-	387,100
Holdings in which the director is deemed to have an interest:				
Ong Leong Huat @ Wong Joo Hwa	60,033,200	-	-	60,033,200

Number of Warrant 2004/2009				
	1.1.2006/ date of appointment	Acquired	Disposed	31.12.2006
Direct Interest:				
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	20	-	-	20
Ong Leong Huat @ Wong Joo Hwa	7,265,443	-	-	7,265,443
Wong Chong Kim	438,000	-	-	438,000
Ong Ju Yan	31,000	-	-	31,000
Indirect Interest:				
Wong Chong Kim	5,600	-	-	5,600
Holdings in which the director is deemed to have an interest:				
Ong Leong Huat @ Wong Joo Hwa	31,926,068	-	-	31,926,068

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

Directors' Report

OSK Ventures International Berhad

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

	Number of ordinary shares of RM1 each			
	1.1.2006	Acquired	Disposed	31.12.2006
Ascendas-OSK REIT Management Sdn Bhd	5,100	504,900	-	510,000
Finexasia.com Sdn Bhd	10,000,000	-	-	10,000,000
OSK-UOB Unit Trust Management Berhad	7,000,000	-	-	7,000,000

	Number of ordinary shares/amount (SGD)			
	As at date of acquisition	Acquired	Disposed	31.12.2006
	31.3.2006			
DMG & Partners Securities Pte Ltd	15,300,000	-	-	15,300,000

	Number of ordinary shares of HKD1 each			
	1.1.2006	Acquired	Disposed	31.12.2006
OSK Asia Holdings Limited	46,000,000	66,000,000	-	112,000,000

Other than as disclosed above, the directors in office at the end of the year did not have any interest in shares in the Company or its related corporations.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts or to make any allowance for doubtful debts in respect of the financial statements of the Group and of the Company; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the 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 and of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the 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 EVENTS

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 24 to the financial statements.

Directors' Report

OSK Ventures International Berhad

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 16 February 2007.

Dato' Nik Mohamed Din bin Datuk Nik Yusoff

Yap Yuh Foh, Eddie

Kuala Lumpur, Malaysia

Statement by Directors

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

OSK Ventures International Berhad

We, Dato' Nik Mohamed Din bin Datuk Nik Yusoff and Yap Yuh Foh, Eddie, 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 41 to 73 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 16 February 2007.

Dato' Nik Mohamed Din bin Datuk Nik Yusoff

Yap Yuh Foh, Eddie

Kuala Lumpur, Malaysia

Statutory Declaration

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

I, Ding Lien Bing, 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 41 to 73 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 Ding Lien Bing at)
Kuala Lumpur in the Federal Territory)
on 16 February 2007)

Ding Lien Bing

Before me,

Commissioner for Oaths

Kuala Lumpur, Malaysia

Auditors' Report

To the members of OSK Ventures International Berhad

We have audited the accompanying financial statements set out on pages 41 to 73. These financial statements are the responsibility of the Company's directors.

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

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

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year ended 31 December 2006; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

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

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

Ernst & Young
AF: 0039
Chartered Accountants

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

Kuala Lumpur, Malaysia
16 February 2007

Income Statements

For the Year Ended 31 December 2006

OSK Ventures International Berhad

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Revenue	4	42,054,845	16,318,454	30,786,856	17,450,695
Other income		26,000	21,250	-	-
Administrative expenses		(4,292,846)	(1,490,362)	(706,719)	(529,613)
Share of profits of associated companies		17,232,249	8,251,847	-	-
Profit before taxation	5	55,020,248	23,101,189	30,080,137	16,921,082
Income tax expense	8	(8,011,611)	(2,804,197)	(8,366,829)	(1,294,238)
Profit for the year		47,008,637	20,296,992	21,713,308	15,626,844
Profit attributable to equity holders of the Company		47,008,637	20,296,992	21,713,308	15,626,844
Earnings per share (sen)					
Basic	9	31.34	13.53		

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

Balance Sheets

As at 31 December 2006

OSK Ventures International Berhad

		Group		Company	
	Note	2006 RM	2005 RM	2006 RM	2005 RM
ASSETS					
Non-current assets					
Plant and equipment	10	313,515	340,038	-	-
Investments in subsidiary companies	11(a)	-	-	15,944,802	15,944,801
Investments in associated companies	12	226,251,077	143,356,839	5,588,213	159
Other investments	13	74,956,972	21,510,700	-	-
		301,521,564	165,207,577	21,533,015	15,944,960
Current assets					
Other receivables, deposits and prepayments	14	1,076,620	203,642	40,854	92,959
Amounts due from subsidiary companies	11(b)	-	-	233,798,768	187,117,361
Tax recoverable		1,048,649	-	14,338	-
Cash, bank balances and deposits	15	27,388,897	122,304,297	7,133,183	68,237,757
		29,514,166	122,507,939	240,987,143	255,448,077
TOTAL ASSETS		331,035,730	287,715,516	262,520,158	271,393,037
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	16	150,000,000	150,000,000	150,000,000	150,000,000
Reserves		180,168,423	136,263,169	111,190,958	119,953,126
Total equity		330,168,423	286,263,169	261,190,958	269,953,126
Current liabilities					
Other payables and accruals	19	834,533	491,389	252,400	375,489
Amount due to a subsidiary company	11(c)	-	-	1,076,800	1,037,393
Tax payable		32,774	960,958	-	27,029
Total liabilities		867,307	1,452,347	1,329,200	1,439,911
TOTAL EQUITY AND LIABILITIES		331,035,730	287,715,516	262,520,158	271,393,037

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

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2006

OSK Ventures International Berhad

	Attributable to equity holders of the Company				
	Share capital (Note 16) RM	Non-Distributable Share premium RM	Other reserves (Note 17) RM	Distributable Retained profits (Note 18) RM	Total equity RM
At 1 January 2006	150,000,000	104,180,473	4,826,574	27,256,122	286,263,169
Reversal of unutilised share issue expense	-	278,830	-	-	278,830
Expense pursuant to ESOS	-	(62,510)	-	-	(62,510)
Share of associated companies' reserves	-	-	(1,071,825)	-	(1,071,825)
Net gain on deemed disposals of shares in associated companies	-	-	28,443,918	-	28,443,918
Reserves realised on disposal of shares in an associated company	-	-	(50,606)	50,606	-
Net income and expense recognised directly in equity	-	216,320	27,321,487	50,606	27,588,413
Profit for the year	-	-	-	47,008,637	47,008,637
Total income and expense recognised for the year	-	216,320	27,321,487	47,059,243	74,597,050
Dividends paid (Note 20)	-	-	-	(30,691,796)	(30,691,796)
At 31 December 2006	150,000,000	104,396,793	32,148,061	43,623,569	330,168,423
At 1 January 2005	150,000,000	104,185,723	1,370,860	6,959,130	262,515,713
Share issue expense	-	(5,250)	-	-	(5,250)
Share of associated companies' reserves	-	-	85,841	-	85,841
Net gain on deemed disposal of shares in associated companies	-	-	3,369,873	-	3,369,873
Net income and expense recognised directly in equity	-	(5,250)	3,455,714	-	3,450,464
Profit for the year	-	-	-	20,296,992	20,296,992
Total income and expense recognised for the year	-	(5,250)	3,455,714	20,296,992	23,747,456
At 31 December 2005	150,000,000	104,180,473	4,826,574	27,256,122	286,263,169

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

Statement of Changes in Equity

For the Year Ended 31 December 2006

OSK Ventures International Berhad

	Share capital (Note 16) RM	Non- Distributable Share premium RM	Distributable Retained profits (Note 18) RM	Total equity RM
At 1 January 2006	150,000,000	104,180,473	15,772,653	269,953,126
Reversal of unutilised share issue expense	-	278,830	-	278,830
Expense pursuant to ESOS	-	(62,510)	-	(62,510)
Net income and expense recognised directly in equity	-	216,320	-	216,320
Profit for the year	-	-	21,713,308	21,713,308
Total income and expense recognised for the year	-	216,320	21,713,308	21,929,628
Dividends paid (Note 20)	-	-	(30,691,796)	(30,691,796)
At 31 December 2006	150,000,000	104,396,793	6,794,165	261,190,958
At 1 January 2005	150,000,000	104,185,723	145,809	254,331,532
Share issue expense	-	(5,250)	-	(5,250)
Profit for the year	-	-	15,626,844	15,626,844
Total income and expense recognised for the year	-	(5,250)	15,626,844	15,621,594
At 31 December 2005	150,000,000	104,180,473	15,772,653	269,953,126

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

Cash Flow Statements

For the Year Ended 31 December 2006

OSK Ventures International Berhad

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	55,020,248	23,101,189	30,080,137	16,921,082
Adjustments for:				
Depreciation	66,090	56,479	-	-
Dividend income	-	(1,153,966)	(28,999,700)	(16,971,667)
Gain on disposal of plant and equipment	-	(20,250)	-	-
Gain on disposals of investments in shares	(7,108,484)	(7,935,372)	-	-
Gain on disposals of investments in associated companies	(25,998,197)	-	-	-
Impairment of investment in unquoted shares	691,750	-	-	-
Interest income	(3,948,164)	(5,364,116)	(1,787,156)	(479,028)
Share of profits of associated companies	(17,232,249)	(8,251,847)	-	-
Operating profit/(loss) before working capital changes	1,490,994	432,117	(706,719)	(529,613)
Decrease/(increase) in receivables	148,944	121,954	52,105	(1,258)
(Increase)/decrease in net amounts due from subsidiary companies	-	-	(46,681,407)	57,881,738
Increase/(decrease) in payables	621,974	(458,068)	155,741	9,548,901
Increase in amount due to a subsidiary company	-	-	39,407	1,037,393
Cash generated from/(used in) operations	2,261,912	96,003	(47,140,873)	67,937,161
Proceeds from disposals of investments in shares	18,351,878	16,956,233	-	-
Purchase of investments in shares	(70,382,734)	(9,825,751)	-	-
Dividend received	1,388,868	851,817	21,023,620	-
Interest received	3,089,368	5,364,116	1,787,156	479,028
Income tax paid	(9,988,444)	(975,436)	(432,116)	(178,675)
Net cash (used in)/generated from operating activities	(55,279,152)	12,466,982	(24,762,213)	68,237,514

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

Cash Flow Statements

For the Year Ended 31 December 2006

OSK Ventures International Berhad

		Group		Company	
	Note	2006	2005	2006	2005
		RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposals of shares in associated companies		31,232,800	5,807,716	-	-
Purchase of shares in associated companies		(40,075,175)	(108,986,591)	(5,588,054)	(159)
Proceeds from disposal of plant and equipment		-	45,000	-	-
Purchase of plant and equipment		(39,567)	(360,428)	-	-
Net cash used in investing activities		(8,881,942)	(103,494,303)	(5,588,054)	(159)
CASH FLOWS FROM FINANCING ACTIVITIES					
Acquisition of a subsidiary company		-	-	(1)	(2)
Expense pursuant to ESOS		(62,510)	(5,250)	(62,510)	(5,250)
Dividends paid		(30,691,796)	-	(30,691,796)	-
Net cash used in financing activities		(30,754,306)	(5,250)	(30,754,307)	(5,252)
Net (decrease)/increase in cash and cash equivalents		(94,915,400)	(91,032,571)	(61,104,574)	68,232,103
Cash and cash equivalents at beginning of the year		122,304,297	213,336,868	68,237,757	5,654
Cash and cash equivalents at end of the year	15	27,388,897	122,304,297	7,133,183	68,237,757

Non-cash transactions

- During the year, the Group disposed part of its equity interests in Green Packet Berhad and gain additional equity interests by way of part conversion of an unquoted investment in debt instruments into ordinary shares of Green Packet Berhad (Note 12).
- During the year, the Group acquired its equity interests in GMO Limited by way of a share swap with its existing interest in GMO Global Limited (Note 12).

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

Notes to the Financial Statements

31 December 2006

OSK Ventures International Berhad

1. GENERAL INFORMATION

The Company is an investment holding company. The principal activities of the subsidiary companies are described in Note 11. There have been no significant changes in the nature of these activities during the year.

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

The immediate and ultimate holding company of the Company is OSK Holdings Berhad which is incorporated in Malaysia and listed on the Main Board of Bursa Malaysia. The Company regards related companies as those companies which are subsidiaries of the ultimate holding company as disclosed in Note 21(c).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 16 February 2007.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company are stated on the historical costs basis unless otherwise indicated. The financial statements are presented in Ringgit Malaysia.

(a) Statement of Compliance

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities.

(b) Adoption of Financial Reporting Standards ("FRSs") for the Year

The accounting policies adopted are consistent with those of the previous year except that the Group has adopted the following new/revised standards mandatory for the years beginning on or after 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effect of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

Notes to the Financial Statements

31 December 2006

OSK Ventures International Berhad

The Group has not early adopted the deferred FRS 139 - Financial Instruments: Recognition and Measurement and the following new/revised FRSs that have been issued but are only effective for annual periods beginning on or after 1 January 2007:

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 117	Leases
FRS 119	Employee Benefits-Actuarial Gains and Losses, Group Plan and Disclosures
FRS 124	Related Party Disclosures

The adoption of the new/revised standards did not have a significant financial impact on the Group and comparative figures have been amended as required. The revised accounting policies are described in the summary of significant accounting policies respectively.

c) Significant Accounting Judgements and Estimates

(i) Judgements

In the process of applying the Group's accounting policies, the management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements.

Investments in associated companies

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

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

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

(ii) Estimation Uncertainty

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

Impairment of investments

The management determines whether the carrying amounts of its investments are impaired at balance sheet date. This involves measuring the recoverable amounts which includes fair value less costs to sell and valuation techniques. Valuation techniques include amongst others, discounted cash flows analysis and in some cases, based on published analysts' reports and current market indicators and estimates that provide reasonable approximations to the computation of recoverable amounts.

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

(c) Significant Accounting Judgements and Estimates (Cont'd)

(ii) Estimation Uncertainty (Cont'd)

Impairment of investments (Cont'd)

In performing discounted cash flow analysis, the discount rates and growth rates used reflect, amongst others, the maturity of the business development cycle as well as the industry growth potential. The discount rates applied to the respective cash flow projections range between 10% to 15% (2005: 10% to 15%). The growth rates used to forecast the projected cash flows for the following year approximate the performances of the respective investments based on the latest available management accounts. The growth rates used to extrapolate the cash flows beyond the following year reflect a progressive decline to a rate lower than industry average, however a minimum growth rate of 4% to 5% (2005: 4% to 5%) is maintained.

Based on the opinion of the directors, adequate impairment loss has been recognised in the income statement and the management's assessments have provided reasonable assumptions that the carrying amounts of investments at the balance sheet date are not impaired.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

(i) Subsidiary Companies

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

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

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

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

With effect from 1 January 2006, FRS 3 requires that all business combinations to be accounted for using the acquisition method. Merger method is now prohibited. The Group has applied the revised accounting policy prospectively in accordance with the transitional provisions of FRS 3 whereby the subsidiaries, OSK Venture Equities Sdn Bhd, OSK Technology Ventures Sdn Bhd and OSK Private Equity Management Sdn Bhd are consolidated using the merger method of accounting. Under the merger method of accounting, the results of the subsidiary are presented as if the merger had been effected since the beginning. In the consolidated financial statements, the cost of the merger is cancelled with the nominal values of the shares received. Any resulting credit, merger reserve is classified as equity and regarded as a non-distributable reserve. Any resulting debit, merger deficit is adjusted against any suitable reserve.

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OSK Ventures International Berhad

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Consolidation (Cont'd)

(ii) Associated Companies

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

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

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

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

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

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

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

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

Prior to 1 January 2006, the Group's share of taxation of associated companies accounted for using the equity method were included as part of the Group's income tax expense in the consolidated income statement. Upon the adoption of the revised FRS 101, the share of taxation of associated companies accounted for using the equity method are now included in the respective shares of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Investments in Subsidiary Companies and Associated Companies

The Company's investments in subsidiary companies and associated companies are stated at cost less any impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(d).

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

(c) Plant and Equipment and Depreciation

Plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

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

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

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

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

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

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

(d) Impairment of Assets

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Impairment of Assets (Cont'd)

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

Impairment loss is reversed when there has been a change in the estimates used to determine the asset's recoverable amount, which causes an increase in the recoverable amount.

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

(e) Cash and Cash Equivalents

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

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

(f) Provisions for Liabilities

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

(g) Employee Benefits

(i) Short term benefits

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

(ii) Defined contribution plans

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

(iii) Share-based compensation

Eligible executives of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments of the holding company, OSK Holdings Berhad (equity-settled transactions).

The fair value of the compensation expense relating to share options issued by the holding company, to the Group's employees is recognised as an expense in the income statement on date of grant which is also the vesting date. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options granted and to be vested by the vesting date. The fair value of the share option is computed using a binomial model.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Income Taxes

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

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unutilised tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unutilised tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

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

(i) Revenue and Income Recognition

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

(i) Sale of investments

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

(ii) Interest income

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

(iii) Dividend income

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

(iv) Fee income

Fee income is recognised upon performance of services.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial Instruments

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

(i) Investments in shares

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

Investments are stated at cost less impairment. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(ii) Receivables

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

(iii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iv) Deposits and placements of banks and financial institutions

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

(v) Equity instruments

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

The transaction costs of an equity transaction are accounted for as deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) 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 consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Transactions in foreign currencies

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

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

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised as profit or loss in income statement for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised as profit or loss in income statement of the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

(iii) Foreign operations

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

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

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

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4. REVENUE

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Gain on disposals of investments in shares	7,108,484	7,935,372	-	-
Gain on disposals of investments in associated companies	25,998,197	-	-	-
Interest income	3,948,164	5,364,116	1,787,156	479,028
Dividend income	-	1,153,966	28,999,700	16,971,667
Fee income	5,000,000	1,865,000	-	-
	<u>42,054,845</u>	<u>16,318,454</u>	<u>30,786,856</u>	<u>17,450,695</u>

5. PROFIT BEFORE TAXATION

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

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Auditors' remuneration				
(i) Statutory audit:				
- Current year	79,537	19,600	25,000	4,000
- Underprovision in prior year	5,400	-	1,000	-
(ii) Other services	37,500	8,000	20,800	8,000
Depreciation	66,090	56,479	-	-
Staff costs (Note 6)	672,125	368,648	-	-
Directors' remuneration (Note 7)	1,180,485	409,600	351,000	91,500
Impairment of investment in unquoted shares	691,750	-	-	-
Gain on disposal of plant and equipment	-	(20,250)	-	-
Rental of office and parking space paid to a related company	117,242	79,560	-	-
	<u></u>	<u></u>	<u></u>	<u></u>

6. STAFF COSTS

	Group	
	2006	2005
	RM	RM
Salaries and bonuses	543,998	323,570
Fair value of ESOS shares of OSK Holdings Berhad granted to eligible employees (Note 3(g)(iii))	44,250	-
Social security costs	4,066	3,112
Employees Provident Fund	71,933	38,990
Other staff related expenses	7,878	2,976
	<u>672,125</u>	<u>368,648</u>

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OSK Ventures International Berhad

7. DIRECTORS' REMUNERATION

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Directors of the Company				
Executive:				
Salaries, bonuses and other emoluments	753,560	318,100	-	-
Fees - current year	130,000	48,000	130,000	48,000
- underprovision in prior year	72,000	-	72,000	-
Fair value of ESOS shares of OSK Holdings Berhad granted to eligible employees (Note 3(g)(iii))	75,925	-	-	-
	<u>1,031,485</u>	<u>366,100</u>	<u>202,000</u>	<u>48,000</u>
Non-executive:				
Fees - current year	95,000	43,500	95,000	43,500
- underprovision in prior year	54,000	-	54,000	-
	<u>149,000</u>	<u>43,500</u>	<u>149,000</u>	<u>43,500</u>
Total directors' remuneration (Note 5)	<u>1,180,485</u>	<u>409,600</u>	<u>351,000</u>	<u>91,500</u>
Executive:				
Benefits-in-kind	<u>23,950</u>	<u>20,233</u>	<u>-</u>	<u>-</u>

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

	Number of Directors	
	2006	2005
Executive directors:		
Below RM50,000	4	3
RM300,001 - RM350,000	-	1
RM850,001 - RM900,000	1	-
Non-executive directors:		
Below RM50,000	2	3
RM50,001 - RM100,000	1	-
	<u>8</u>	<u>7</u>

Notes to the Financial Statements

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OSK Ventures International Berhad

8. INCOME TAX EXPENSE

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Income tax charge for the year:				
Malaysian income tax:				
Current year	7,946,384	2,217,828	8,362,508	1,294,238
Underprovision in prior years	65,227	586,369	4,321	-
	<u>8,011,611</u>	<u>2,804,197</u>	<u>8,366,829</u>	<u>1,294,238</u>

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

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

The tax exempt periods for OSKTV and OSKVE are effective from YA 2002 to YA 2011 and from YA 2003 to YA 2012 inclusive, respectively. On 5 June 2006, OSKVE had obtained the certification from SC in respect of YA 2005. OSKTV did not meet certain criteria for the exemption for YA 2005.

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

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

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Profit before taxation	55,020,248	23,101,189	30,080,137	16,921,082
Tax at Malaysian statutory tax rate of 28% (2005: 28%)	15,405,669	6,468,333	8,422,438	4,737,903
Effect of statutory tax rate of 20% (2005: 20%)	(76,466)	(120,000)	-	-
Effect of different tax rates in other countries	(7,247)	-	-	-
Effect of expenses not deductible	311,501	156,530	83,906	141,735
Effect of income not subjected to tax	(7,695,265)	(4,287,035)	(143,836)	(3,585,400)
Effect of deferred tax assets not recognised	8,192	-	-	-
Underprovision of income tax in prior year	65,227	586,369	4,321	-
Income tax expense for the year	<u>8,011,611</u>	<u>2,804,197</u>	<u>8,366,829</u>	<u>1,294,238</u>

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8. INCOME TAX EXPENSE (CONT'D)

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

	Group	
	2006	2005
	RM	RM
Unutilised tax losses	44,499	-

The unutilised tax losses carried forward is available indefinitely for offset against future taxable profits of the subsidiary companies subject to no substantial changes in the shareholdings of the subsidiary companies under Section 44(5A) and (5B) of Income Tax Act, 1967.

9. EARNINGS PER SHARE

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

	Group	
	2006	2005
	RM	RM
Profit for the year	47,008,637	20,296,992
Weighted average number of ordinary shares in issue	150,000,000	1,500,000,000
10 shares of RM0.10 each consolidated into 1 share of RM1.00 each (Note 16(a))	-	(1,350,000,000)
	150,000,000	150,000,000
Basic earnings per share (sen)	31.34	13.53

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

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OSK Ventures International Berhad

10. PLANT AND EQUIPMENT

	Furniture and fittings RM	Motor vehicle RM	Office equipment RM	Renovation RM	Total RM
Group					
2006					
Cost					
At 1 January 2006	9,570	358,478	53,520	-	421,568
Additions	-	-	37,667	1,900	39,567
At 31 December 2006	9,570	358,478	91,187	1,900	461,135
Accumulated Depreciation					
At 1 January 2006	3,178	44,810	33,542	-	81,530
Charge for the year	957	53,772	11,266	95	66,090
At 31 December 2006	4,135	98,582	44,808	95	147,620
Net Book Value					
At 31 December 2006	5,435	259,896	46,379	1,805	313,515
	Furniture and fittings RM	Motor vehicle RM	Office equipment RM		Total RM
2005					
Cost					
At 1 January 2005		7,620	110,000	53,520	171,140
Additions		1,950	358,478	-	360,428
Disposals		-	(110,000)	-	(110,000)
At 31 December 2005		9,570	358,478	53,520	421,568
Accumulated Depreciation					
At 1 January 2005		2,286	82,500	25,515	110,301
Charge for the year		892	47,560	8,027	56,479
Disposals		-	(85,250)	-	(85,250)
At 31 December 2005		3,178	44,810	33,542	81,530
Net Book Value					
At 31 December 2005		6,392	313,668	19,978	340,038

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11. SUBSIDIARY COMPANIES

(a) Investments in subsidiary companies

	Company	
	2006 RM	2005 RM
Unquoted shares, at cost	15,944,802	15,944,801

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

Name of companies	Principal activities	Equity interest held (%)	
		2006	2005
OSK Venture Equities Sdn Bhd ("OSKVE") *	To undertake venture capital business and management of investments in securities of venture companies.	100	100
OSK Technology Ventures Sdn Bhd ("OSKTV") *	To undertake venture capital business.	100	100
OSK Private Equity Management Sdn Bhd ("OSKPEM") *	To undertake the management of investments in securities of venture companies.	100	100
OSK Capital Partners Sdn Bhd ("OSKCP") *	To undertake investment holding and private equity business.	100	100
OSK Ventures International Limited (formerly known as Future View Investments Limited) ("OSKVIL") **	To undertake investment holding and private equity business.	100	-

* Audited by Chartered Accountants, Messrs. Ernst & Young, Malaysia

** Audited by Chartered Accountants, Messrs. Ernst & Young, Hong Kong

On 9 August 2006, the Company acquired one (1) ordinary share of HK\$1.00 in OSKVIL, representing the entire issued and paid up share capital in OSKVIL for a cash consideration of HK\$1.00. OSKVIL was incorporated in Hong Kong on 20 July 2006 with an authorised share capital of HK\$10,000 comprising 10,000 shares of HK\$1.00 each. By virtue of the acquisition, OSKVIL has become a wholly owned subsidiary of the Company.

(b) Amounts due from subsidiary companies

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

(c) Amount due to a subsidiary company

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

Notes to the Financial Statements

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OSK Ventures International Berhad

12. INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
At cost:				
Quoted shares in Malaysia	134,176,743	123,400,425	-	-
Quoted shares outside Malaysia	5,588,213	-	5,588,213	-
Unquoted shares in Malaysia	6,018,686	6,018,686	-	-
Unquoted shares outside Malaysia	21,346,041	159	-	159
	167,129,683	129,419,270	5,588,213	159
Share of post-acquisition reserves	59,121,394	13,937,569	-	-
	226,251,077	143,356,839	5,588,213	159
At market value:				
Quoted shares in Malaysia	437,253,346	224,878,697	-	-
Quoted shares outside Malaysia	44,292,000	-	44,292,000	-
	481,545,346	224,878,697	44,292,000	-

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

	Group	
	2006 RM	2005 RM
Assets and liabilities		
Current assets	570,835,054	195,475,079
Non-current assets	285,924,841	86,595,846
Total assets	856,759,895	282,070,925
Current liabilities	(130,500,499)	(49,618,761)
Non-current liabilities	(18,947,368)	(940,000)
Total liabilities	(149,447,867)	(50,558,761)
Results		
Revenue	274,947,564	140,696,401
Profits for the year	96,728,936	58,542,135

The details of goodwill included within the Group's carrying amount of investment in associated companies are as follows:

	RM
Cost	
At 1 January 2005	8,872,350
Arising from investments in associated companies	84,978,093
At 31 December 2005 and 1 January 2006	93,850,443
Arising from investments in associated companies	857,373
At 31 December 2006	94,707,816

Notes to the Financial Statements

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OSK Ventures International Berhad

12. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

The details of the associated companies, all of which are incorporated in Malaysia, except for GMO Limited and Eco Industrial Environmental Engineering Pte Ltd which are incorporated in Jersey, Channel Island and Singapore respectively, are as follows:

Name of companies	Principal activities	Equity interest (%)	
		2006	2005
Finexasia.com Sdn Bhd	Development and provision of internet financial solutions and related activities.	47.97	47.97
Green Packet Berhad	Wireless networking and telecommunication products, networking solutions and other high technology products and services.	17.46 [#]	20.27
MNC Wireless Berhad	Sales and marketing, research and development of wireless, mobile and multimedia solutions and content and investment holding.	20.06	20.71
eBworx Berhad	Provision of computer software applications and dealing in computer software and hardware for financial services industry.	20.40	22.63
mTouche Technology Berhad	Provision of innovative digital commerce solutions to the financial services industry.	20.31	18.44
GMO Limited	Investment holding company.	14.96 [^]	-
GMO Global Limited	Provision of cellular communication and wireless value-added services.	-	20.00
Eco Industrial Environmental Engineering Pte Ltd	Management, collection, treatment, recovery, incineration and disposal of industrial and hazardous waste, research and development, waste management planning and services and trading in secondary resource, and recovered and recycled materials.	27.56	-

[#] During the year, the Group disposed part of its equity interests in Green Packet Berhad and gained additional equity interests by way of part conversion of an unquoted investment in debt instruments into ordinary shares of Green Packet Berhad.

[^] During the year, the Group acquired its equity interest in GMO Limited by way of a share swap with its existing interest in GMO Global Limited. The equity interest was subsequently diluted due to the listing of GMO Limited on the Alternative Investment Market ("AIM") of the London Stock Exchange.

Notes to the Financial Statements

31 December 2006

OSK Ventures International Berhad

13. OTHER INVESTMENTS

	Group	
	2006 RM	2005 RM
At cost:		
Quoted shares in Malaysia	6,875,197	10,817,632
Redeemable convertible preference shares in Malaysia	-	5,000,000
Unquoted shares outside Malaysia	47,768,188	5,693,068
Redeemable loan notes outside Malaysia	21,005,337	-
	75,648,722	21,510,700
Less: Impairment loss	(691,750)	-
	74,956,972	21,510,700
At market value:		
Quoted shares in Malaysia	9,115,037	12,360,732

The redeemable loan notes bear an interest of 12% per annum and is payable in arrears. The interest is payable at the option of the issuer either on maturity date or yearly at the rate of 5% per annum on 31 December of each year, with the balance on maturity date, 31 August 2009.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Other receivables	1,021,922	178,315	6,354	88,459
Deposits	24,258	24,258	4,500	4,500
Prepayments	30,440	1,069	30,000	-
	1,076,620	203,642	40,854	92,959

15. CASH, BANK BALANCES AND DEPOSITS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Cash on hand and at banks	51,197	104,297	13,183	37,757
Deposits with licensed banks	27,337,700	122,200,000	7,120,000	68,200,000
	27,388,897	122,304,297	7,133,183	68,237,757

Notes to the Financial Statements

31 December 2006

OSK Ventures International Berhad

15. CASH, BANK BALANCES AND DEPOSITS (CONT'D)

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

	Group		Company	
	2006	2005	2006	2005
Weighted average effective interest rates (%)	4.07	2.97	3.32	2.95
Average maturity (days)	8	23	5	11

16. SHARE CAPITAL

	Group/Company			
	Number of Ordinary Shares		Amount	
	2006	2005	2006	2005
			RM	RM
Authorised:				
At beginning of the year of RM1.00 (2005: RM0.10) each	500,000,000	5,000,000,000	500,000,000	500,000,000
10 shares of RM0.10 each consolidated into 1 share of RM1.00 each (Note a)	-	(4,500,000,000)	-	-
At end of the year of RM1.00 each	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid:				
At beginning of the year of RM1.00 (2005: RM0.10) each	150,000,000	1,500,000,000	150,000,000	150,000,000
10 shares of RM0.10 each consolidated into 1 share of RM1.00 each (Note a)	-	(1,350,000,000)	-	-
At end of the year of RM1.00 each	150,000,000	150,000,000	150,000,000	150,000,000

Note a

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

Notes to the Financial Statements

31 December 2006

OSK Ventures International Berhad

17. OTHER RESERVES

Other reserves relate to share of associated companies reserves and gains or losses on deemed disposals of investments in associated companies.

18. RETAINED PROFITS

The Company has sufficient estimated tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax exempt income account to frank the payment of dividends out of its entire retained profits as at 31 December 2006 without incurring additional tax liability.

19. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Other payables	-	278,989	-	278,830
Accruals	834,533	212,400	252,400	96,659
	834,533	491,389	252,400	375,489

20. DIVIDENDS PAID

	Amount		Net dividend per share	
	2006	2005	2006	2005
	RM	RM	Sen	Sen
For the year ended				
31 December 2005				
Final dividend paid on				
27 April 2006:				
- 8% tax exempt	12,000,000	-	8.00	-
- 2% less 28% income tax	2,160,000	-	1.44	-
For the year ended				
31 December 2006				
First interim dividend paid on				
12 October 2006:				
- 0.79% tax exempt	1,185,000	-	0.79	-
- 4.21% less 28% income tax	4,546,796	-	3.03	-
Special dividend of 5% less 28% income tax, paid on				
12 October 2006	5,400,000	-	3.60	-
Second interim dividend of 5% less 28% income tax, paid on				
29 December 2006	5,400,000	-	3.60	-
	30,691,796	-	20.46	-

The Board of Directors has recommended a final dividend of 5% less 27% income tax per share for the year ended 31 December 2006 amounting to RM5,475,000. The proposed dividend is subject to shareholders approval at the forthcoming Annual General Meeting. The financial statements for the current year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the year ending 31 December 2007.

Notes to the Financial Statements

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OSK Ventures International Berhad

21. SIGNIFICANT RELATED PARTY TRANSACTIONS AND RELATIONSHIPS

(a) Directors' remuneration

The directors' remuneration disclosed in Note 7 is payable to the following directors:

Executive directors

Dato' Nik Mohamed Din bin Datuk Nik Yusoff

Ong Leong Huat @ Wong Joo Hwa

Wong Chong Kim

Yap Yuh Foh, Eddie

Ong Ju Yan

Non-executive directors

Tan Sri Datuk Dr. Omar bin Abdul Rahman

Dato' Abdul Azim bin Mohd. Zabidi

Foo San Kan

(b) Transactions with related companies:

Identities	Nature of transactions	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
OSK	Corporate finance				
Investment	advisory services	163,510	90,000	163,510	90,000
Bank Berhad	Brokerage fees	95,304	303,653	-	-
(formerly known as OSK Securities Berhad)	Internal audit fees	22,500	-	13,800	-
KE-ZAN Holdings Berhad	Rental of office and parking space	117,242	79,560	-	-
OSK Holdings Berhad	Fair value of ESOS shares	120,175	-	-	-

Notes to the Financial Statements

31 December 2006

OSK Ventures International Berhad

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

(c) The related companies of the Company are as follows:

Ascendas-OSK REIT Management Sdn Bhd
 Aspect Potential Sdn Bhd
 Aspect Synergy Sdn Bhd
 DMG & Partners Securities Pte Ltd
 DMG & Partners Nominees Pte Ltd
 Finexasia.com Sdn Bhd
 K.E. Malaysian Capital Partners Sdn Bhd
 KE-ZAN Holdings Berhad
 KE-ZAN Nominees (Asing) Sdn Bhd
 KE-ZAN Nominees (Tempatan) Sdn Bhd
 KPEN Sdn Bhd
 OSK Asia Futures Limited
 OSK Asia Holdings Limited
 OSK Asia Nominees Limited
 OSK Asia Securities Limited
 OSK Asset Management Sdn Bhd
 OSK Capital Sdn Bhd
 OSK Futures And Options Sdn Bhd
 OSK Investment Bank Berhad (formerly known as OSK Securities Berhad)
 OSK Investment Bank (Labuan) Limited
 OSK Nominees (Asing) Sdn Bhd
 OSK Nominees (Tempatan) Sdn Bhd
 OSK Properties (Seremban) Sdn Bhd
 OSK Properties Management Sdn Bhd
 OSK Properties Sdn Bhd
 OSK Property Holdings Berhad
 OSK Realty Sdn Bhd
 OSK Research Sdn Bhd
 OSK Trustees Berhad
 OSK Ventures Sdn Bhd
 OSK-UOB Unit Trust Management Berhad
 Stock188.com Sdn Bhd
 Summit Nominees Pte Ltd
 TCL Nominees (Asing) Sdn Bhd
 TCL Nominees (Tempatan) Sdn Bhd

(d) Transactions with other related parties:

Identity	Nature of transactions	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Symphony Share Registrars Sdn Bhd	Professional fees paid	9,532	34,200	9,532	34,200

Mr Foo San Kan is a director of the holding company of Symphony Share Registrars Sdn Bhd.

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

22. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's business whilst managing its credit, interest rate, liquidity, currency and cash flow risks. The Group operates within clearly defined guidelines that are approved by the Board of Directors.

(a) Credit Risk

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

(b) Interest Rate Risk

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

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

(c) Liquidity Risk

Liquidity risk, also referred to as funding risk, is the risk that the Group will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Group actively manages its operating cash flows and the availability of funding so as to ensure that all funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

(d) Currency Risk

The currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. There are no material unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies which may give rise to currency risk other than those disclosed in the respective notes to financial statements.

(e) Cash Flow Risk

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

Notes to the Financial Statements

31 December 2006

OSK Ventures International Berhad

22. FINANCIAL INSTRUMENTS (CONT'D)

(f) Fair Values

The carrying amounts of financial assets and liability of the Group and of the Company at the balance sheet date approximate their fair values except for the following:

		Group		Company	
	Note	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
2006					
Financial Assets					
Amounts due from					
subsidiary companies	11(b)	-	-	233,798,768	*
Other investments:	13				
- quoted shares in Malaysia		6,875,197	9,115,037	-	-
- unquoted shares					
outside Malaysia		47,768,188	**	-	-
- redeemable loan notes					
outside Malaysia		21,005,337	**	-	-
Financial Liability					
Amount due to a					
subsidiary company	11(c)	-	-	1,076,800	*
2005					
Financial Assets					
Amounts due from					
subsidiary companies	11(b)	-	-	187,117,361	*
Other investments:	13				
- quoted shares in Malaysia		10,817,632	12,360,732	-	-
- redeemable convertible					
preference shares in					
Malaysia		5,000,000	**	-	-
- unquoted shares					
outside Malaysia		5,693,068	**	-	-
Financial Liability					
Amount due to a					
subsidiary company	11(c)	-	-	1,037,393	*

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

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

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

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

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

(ii) Quoted shares in Malaysia

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

Notes to the Financial Statements

31 December 2006

OSK Ventures International Berhad

23. SEGMENT INFORMATION

(a) Business Segments

The Group is organised into three major business segments:

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

All inter-segment 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 Businesses RM	Private Equity Businesses and Investment Holding RM	Holding Entity RM	Eliminations RM	Consolidated RM
31 December 2006					
Revenue					
External revenue	36,876,161	916,295	4,262,389	-	42,054,845
Inter-segment revenue	6,508,799	-	28,999,700	(35,508,499)	-
	<u>43,384,960</u>	<u>916,295</u>	<u>33,262,089</u>	<u>(35,508,499)</u>	<u>42,054,845</u>
Results					
Segment results	39,850,144	890,983	3,555,671	(6,508,799)	37,787,999
Share of profits of associated companies					17,232,249
					<u>55,020,248</u>
Profit before taxation					(8,011,611)
Income tax expense					
					<u>47,008,637</u>
Assets					
Segment assets	93,189,962	3,372,005	7,174,037	-	103,736,004
Investment in associated companies					226,251,077
					<u>329,987,081</u>
Liabilities					
Segment liabilities	566,133	16,000	252,400	-	834,533
Other Information					
Capital expenditure	39,567	-	-	-	39,567
Depreciation	66,090	-	-	-	66,090
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>

Notes to the Financial Statements

31 December 2006

OSK Ventures International Berhad

23. SEGMENT INFORMATION (CONT'D)

(a) Business Segments (Cont'd)

	Venture Capital Businesses RM	Private Equity Businesses and Investment Holding RM	Holding Entity RM	Eliminations RM	Consolidated RM
31 December 2005					
Revenue					
External revenue	12,633,881	3,205,545	479,028	-	16,318,454
Inter-segment revenue	-	-	16,971,667	(16,971,667)	-
	<u>12,633,881</u>	<u>3,205,545</u>	<u>17,450,695</u>	<u>(16,971,667)</u>	<u>16,318,454</u>
Results					
Segment results	11,710,418	3,189,509	(50,585)	-	14,849,342
Share of profits of associated companies					<u>8,251,847</u>
Profit before taxation					23,101,189
Income tax expense					<u>(2,804,197)</u>
Profit for the year					<u>20,296,992</u>
Assets					
Segment assets	25,935,257	50,092,705	68,330,715	-	144,358,677
Investment in associated companies					<u>143,356,839</u>
					<u>287,715,516</u>
Liabilities					
Segment liabilities	109,600	6,300	375,489	-	491,389
Other Information					
Capital expenditure	360,428	-	-	-	360,428
Depreciation	56,479	-	-	-	<u>56,479</u>

(b) Geographical Segments

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

24. SIGNIFICANT EVENTS

(a) Proposed Executive Share Option Scheme ("ESOS")

On 26 May 2006, the Company proposed to implement an ESOS of up to ten percent (10%) of the issued and paid up share capital of the Company for the eligible executives and directors of the Company and its subsidiaries.

All the required approvals for this proposal have been obtained and as of the date of these financial statements, the ESOS has not been implemented.

(b) Associated Company - GMO Limited ("GMOL")

The Company had on 2 August 2006, further subscribed for 1,520,000 new ordinary shares of USD1.00 each in GMO Global Limited ("GMO") for a total cash consideration of USD1,520,000. The shareholding of the Company in GMO remains at 20% as the existing shareholders in GMO subscribed the new ordinary shares according to their respective current shareholdings.

The Company had on 18 August 2006, entered into a Share Exchange Agreement ("SEA") with Green Packet Berhad ("GPB"), mTouche Technology Berhad ("mTouche"), GMOL, Monitor Holdings Limited ("MHL") and Primary Holdings Limited ("PHL") where GMOL acquired the entire issued and paid up share capital of GMO. Pursuant to the SEA, GMOL had on even date acquired from Company its 20% equity interest in GMO for a total consideration of £1,013,966 (equivalent to USD1,810,659) was satisfied by way of a share swap which entailed the issuance of 599,980 shares of £1.00 each in GMOL at an issue price of £1.69 per GMOL Share, to be credited as fully paid up shares.

Following the completion of acquisition of GMO by GMOL, GMOL had implemented a share split on the basis of every one share of £1.00 each in GMOL into ten (10) shares of £0.10 each ("New GMOL Shares"). Upon completion of the share split exercise and in conjunction with the listing of GMOL on AIM of the London Stock Exchange, GMOL had undertaken a public issue of 10 million New GMOL Shares, representing approximately 25% of the enlarged issued and paid up share capital of GMOL, at subscription price of £0.50 each. Thereafter, GMOL became a 15% associated company of the Company.

On 6 September 2006, the entire issued and paid up share capital of GMOL of £4,000,000 comprising 40,000,000 ordinary shares of £0.10 each was admitted to AIM of the London Stock Exchange.

On 19 September 2006, GMOL further issued 100,000 new ordinary shares of £0.10 each from the shares options exercised, accordingly, the equity interest of the Company in GMOL became 14.96%.

(c) Proposed Private Placement

On 28 August 2006, the Company proposed a Private Placement of up to 15,000,000 new ordinary shares of RM1.00 each ("the Placement Shares"), representing up to ten percent (10%) of the issued and paid up share capital of the Company to investors to be identified.

The proposed Private Placement will enable the Company to raise funds without incurring interest costs, as compared to bank borrowings. The funds to be raised will be utilised for future investments that may arise which would enhance the growth of the Group.

All the approvals required for the Private Placement have been obtained and as at the date of these financial statements, the Private Placement has not been implemented.

Statement of Directors' Interests

as at 28 February 2007

OSK Ventures International Berhad

OSK VENTURES INTERNATIONAL BERHAD

Name of Director	Number of Ordinary Shares of RM1.00 each			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat @ Wong Joo Hwa	300,000	0.20	98,487,270*	65.66
2. Wong Chong Kim	300,000	0.20	247,100**	0.16
3. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	400,000	0.27	-	-
4. Yap Yuh Foh, Eddie	37,500	0.03	-	-
5. Foo San Kan	100,000	0.07	-	-

Notes:

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

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

ULTIMATE HOLDING COMPANY – OSK HOLDINGS BERHAD ("OSKH")

Name of Director	Number of Ordinary Shares of RM1.00 each			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat @ Wong Joo Hwa	185,645,212	29.07	-	-
2. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	13,910,785	2.18	-	-
3. Wong Chong Kim	725,327	0.11	458,395*	0.07
4. Ong Ju Yan	1,697,155	0.27	-	-
5. Yap Yuh Foh, Eddie	157,500	0.02	-	-

Note:

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

Name of Director	Number of Warrant B 2000/2010			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat @ Wong Joo Hwa	37,583,915	37.06	-	-
2. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	10	#	-	-
3. Ong Ju Yan	140,000	0.14	-	-

Note:

Negligible

Name of Director	Number of Options over Ordinary Shares of RM1.00 each			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat @ Wong Joo Hwa	1,050,000	N/A	-	-
2. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	300,000	N/A	-	-
3. Wong Chong Kim	1,200,000	N/A	-	-

Statement of Directors' Interests

as at 28 February 2007

OSK Ventures International Berhad

RELATED COMPANIES:-

OSK PROPERTY HOLDINGS BERHAD ("OSKPH")

Name of Director	Number of Ordinary Shares of RM1.00 each			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat @ Wong Joo Hwa	5,343,059	5.72	60,033,200*	64.24
2. Wong Chong Kim	875,757	0.94	387,100**	0.41
3. Ong Ju Yan	62,000	0.07	-	-

Notes:

* Deemed interested by virtue of his substantial interest in OSKH

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

Name of Director	Number of Warrant 2004/2009			
	Direct Interest	%	Indirect Interest	%
1. Ong Leong Huat @ Wong Joo Hwa	7,265,443	14.53	31,926,068*	63.86
2. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	20	#	-	-
3. Wong Chong Kim	438,000	0.88	5,600**	0.01
4. Ong Ju Yan	31,000	0.06	-	-

Notes:

Negligible

* Deemed interested by virtue of his substantial interest in OSKH

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

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

SUBSIDIARY COMPANIES

Name of Company	Number of Ordinary Shares of RM1.00 each	
	Indirect Interest	%
1. Finexasia.com Sdn Bhd	10,000,000	88.02
2. OSK-UOB Unit Trust Management Berhad	7,000,000	70.00
3. Ascendas-OSK REIT Management Sdn Bhd	510,000	51.00

Name of Company	Number of Ordinary Shares of HKD1.00 each	
	Indirect Interest	%
1. OSK Asia Holdings Limited	112,000,000	87.50

Name of Company	Number of Ordinary Shares of SGD1.00 each	
	Indirect Interest	%
2. DMG & Partners Securities Pte Ltd	15,300,000	51.00

Other than the above, none of the directors in office has any interest in the shares, warrants, debentures and options of the Company and its related corporations as at 28 February 2007.

Statement of Shareholdings

as at 28 February 2007

OSK Ventures International Berhad

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

BREAKDOWN OF HOLDINGS

Range of Holdings	No. of Holders	Percentage of Holders	No. of RM1.00 share	Percentage of Issued Capital
1 - 99	78	1.54	2,500	0.00
100 - 1000	2,883	57.00	1,445,590	0.96
1,001 - 10,000	1,577	31.18	6,645,230	4.43
10,001 - 100,000	453	8.96	15,788,980	10.53
100,001 - 7,499,999 *	66	1.30	28,038,430	18.69
7,500,000 and above **	1	0.02	98,079,270	65.39
	5,058	100.00	150,000,000	100.00

Remark :

* Less than 5% of the issued holdings

** 5% and above of the issued holdings

SUBSTANTIAL SHAREHOLDERS

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

Name of Substantial Shareholder	Number of Ordinary Shares of RM1.00 each			
	Direct Interest	%	Indirect Interest	%
1. OSK Holdings Berhad	98,487,270	65.66	-	-
2. Ong Leong Huat @ Wong Joo Hwa *	300,000	0.20	98,487,270	65.66

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

THIRTY LARGEST REGISTERED HOLDERS

Name	No. of Shares	%
1. OSK Holdings Berhad	98,079,270	65.39
2. OSK Nominees (Tempatan) Sdn Bhd Pledged securities account for Tiong King Sing	2,421,300	1.61
3. Nora Ee Siong Chee	2,000,000	1.33
4. TCL Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sieh Joo Shiong	1,709,800	1.14
5. Loh Teck Yen	1,600,000	1.07
6. Lee Sui Hee	1,581,100	1.05
7. Lim Hun Swee	1,077,500	0.72

Statement of Shareholdings

as at 28 February 2007

OSK Ventures International Berhad

THIRTY LARGEST REGISTERED HOLDERS (CONT'D)

Name	No. of Shares	%
8. Teo Huay Siong	984,040	0.66
9. HSBC Nominees (Asing) Sdn Bhd HPBS SG for Media Strategic Limited	828,000	0.55
10. Mayban Nominees (Asing) Sdn Bhd Pledged securities account for Teo Huay Siong	803,090	0.54
11. Tan Sim Wah	800,000	0.53
12. ECM Libra Avenue Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Leong Kam Chee	696,000	0.46
13. Ong Yee Ching	690,000	0.46
14. Chan Yan Ping	595,000	0.40
15. Khaw Swee Lean	569,000	0.38
16. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Henry Wan	550,000	0.37
17. Universal Trustee (Malaysia) Berhad SBB Emerging Companies Growth Fund	524,000	0.35
18. Tan Kin Lee	488,000	0.33
19. UBB (Malaysia) Trustee Berhad Common Fund	449,900	0.30
20. Nik Mohamed Din bin Nik Yusoff	400,000	0.27
21. Chor Yen Peng	360,000	0.24
22. OSK Nominees (Tempatan) Sdn Berhad Pledged securities account for Lee Thiam Loy	303,000	0.20
23. Ong Leong Huat @ Wong Joo Hwa	300,000	0.20
24. Lee Choon Hooi	300,000	0.20
25. AMSEC Nominees (Tempatan) Sdn Bhd P.T. Arab-Malaysian Capital Indonesia for Ng Siew Hong	300,000	0.20
26. Wong Chong Kim	300,000	0.20
27. Ong Chiow Hock	295,000	0.20
28. Mirzan bin Mahathir	290,000	0.19
29. TCL Nominees (Asing) Sdn Bhd Pledged Securities Account For Lim Hun Swee	282,600	0.19
30. HSBC Nominees (Asing) Sdn Bhd TNTC for DBS Malaysia Equity Fund	276,200	0.18

OSK VENTURES INTERNATIONAL BERHAD

(Company No. 636117-K)
(Incorporated in Malaysia)

FORM OF PROXY

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

of

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

NRIC No./Passport No. of

or failing him/her NRIC No./Passport No.

of

or failing him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Third Annual General Meeting of the Company to be held at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 19 April 2007 at 10:00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:

Resolutions		For	Against
Ordinary Resolution 1	To receive the Directors' Report, Audited Financial Statements and the Auditors' Report for the financial year ended 31 December 2006.		
Ordinary Resolution 2	To sanction the declaration of a final dividend of 5 sen per share less 27% income tax in respect of the financial year ended 31 December 2006.		
Ordinary Resolution 3	To approve the payment of Directors' fees of RM225,000.00.		
Ordinary Resolution 4	To re-elect Mr. Ong Leong Huat @ Mr. Wong Joo Hwa as Director pursuant to Article 94 of the Company's Articles of Association.		
Ordinary Resolution 5	To re-elect Mr. Yap Yuh Foh, Eddie as Director pursuant to Article 94 of the Company's Articles of Association.		
Ordinary Resolution 6	To re-elect Mr. Ong Ju Yan as Director pursuant to Article 99 of the Company's Articles of Association.		
Ordinary Resolution 7	To re-appoint Yang Berbahagia Tan Sri Datuk Dr. Omar bin Abdul Rahman as Director pursuant to Section 129(6) of the Companies Act, 1965.		
Ordinary Resolution 8	To re-appoint Messrs Ernst & Young as the Company's Auditors for the ensuing year.		
Special Business			
Ordinary Resolution 9	Authority to allot and issue shares.		
Ordinary Resolution 10	Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature and new mandate for additional recurrent related party transaction of a revenue or trading nature.		
Special Resolution	Proposed amendments to the Articles of Association of the Company.		

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 2007

**Number of ordinary
shares held**

.....
*Signature/Common Seal of Shareholder

* Delete if not applicable

NOTES:

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