

# Annual Report 2007

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

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

**ANNUAL REPORT 2007**

20th Floor, Plaza OSK  
Jalan Ampang  
50450 Kuala Lumpur, Malaysia  
Website : [www.osk.com.my](http://www.osk.com.my)

Tel : (603) 2333 8333  
Fax : (603) 2175 3220

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NOTICE OF  
**ANNUAL  
GENERAL  
MEETING**

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of the Company will be held at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 17 April 2008 at 10:00 a.m. to transact the following business:-

### A G E N D A

- |                                                                                                                                                                                                                                    |                              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| 1. To receive the Directors' Report, Audited Financial Statements and the Auditors' Report for the financial year ended 31 December 2007.                                                                                          | <b>Ordinary Resolution 1</b> |
| 2. To sanction the declaration of a final dividend of 7.50 sen per share less income tax of 26% in respect of the financial year ended 31 December 2007.                                                                           | <b>Ordinary Resolution 2</b> |
| 3. To approve the payment of Directors' fees of RM245,000 for the financial year ended 31 December 2007.                                                                                                                           | <b>Ordinary Resolution 3</b> |
| 4. To re-elect the following Directors who retire by rotation in accordance with Article 94 of the Company's Articles of Association and being eligible, offer themselves for re-election:                                         |                              |
| (a) Dato' Nik Mohamed Din Bin Datuk Nik Yusoff                                                                                                                                                                                     | <b>Ordinary Resolution 4</b> |
| (b) Mr. Foo San Kan                                                                                                                                                                                                                | <b>Ordinary Resolution 5</b> |
| 5. 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. | <b>Ordinary Resolution 6</b> |
| 6. To re-appoint Messrs. Ernst & Young as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.                                                                           | <b>Ordinary Resolution 7</b> |

### AS SPECIAL BUSINESS

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

#### 7. AUTHORITY TO ALLOT AND ISSUE SHARES

"THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this Resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on 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 8**

## NOTICE OF ANNUAL GENERAL MEETING

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

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions involving the interests of the Directors, major shareholders or persons connected with Directors and/or major shareholders of the Company and/or its subsidiary companies ("Related Parties") as specified in Section 2.1.3 of the Circular to Shareholders dated 26 March 2008, 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 9**

9. **PROPOSED AUTHORISATION TO ENABLE OSK VENTURES INTERNATIONAL BERHAD TO PURCHASE UP TO 10% OF THE ISSUED AND PAID-UP ORDINARY SHARE CAPITAL OF THE COMPANY PURSUANT TO SECTION 67A OF THE COMPANIES ACT, 1965**

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

- (i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;

## NOTICE OF ANNUAL GENERAL MEETING

- (ii) an amount not exceeding the Company's audited retained profit of RM10.78 million and/or the share premium account of RM104.40 million for the financial year ended 31 December 2007 at the time of the purchase(s) will be allocated by the Company for the purchase of own shares; and
- (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends.

AND THAT the authority conferred by this resolution will commence immediately and will, subject to renewal thereat, expire at the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution (unless earlier revoked or varied by an Ordinary Resolution of the shareholders of the Company in a general meeting) but shall not prejudice the completion of purchase(s) by the Company or any person before that aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authorities;

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares or to resell the shares or distribute the shares as dividends) in accordance with the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company and the requirements and/or guidelines of Bursa Securities for the MESDAQ Market and all other relevant governmental and/or regulatory authorities."

**Ordinary  
Resolution 10**

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

"THAT the Articles of Association of the Company be amended in the following manners:-

#### **Article 2**

The following existing definition:-

"Securities"

- Securities as defined in Section 2 of the Securities Commission Act, 1993" be deleted in its entirety and

be substituted with the following new definition which shall read as follows :-

**"Securities"**

- ***Shall have the meaning given in Section 2 of the Capital Markets and Services Act, 2007"***

**Special  
Resolution**

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

## NOTICE OF ANNUAL GENERAL MEETING

### NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

Notice is hereby given that the final dividend of 7.50 sen per ordinary share less 26% income tax for the year ended 31 December 2007, if approved by the shareholders at the Fourth Annual General Meeting, will be payable on 21 May 2008 to shareholders whose names appear in the Record of Depositors at the close of business on 6 May 2008.

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 6 May 2008 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  
26 March 2008

#### 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 8 – Authority to Allot and Issue Shares  
The Ordinary Resolution 8, if passed, will empower the Directors to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.
  - (ii) Ordinary Resolution 9 – Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and New Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature  
Please refer to the Circular to Shareholders dated 26 March 2008 for further information.
  - (iii) Ordinary Resolution 10 – Proposed Authorisation to enable OSK Ventures International Berhad to purchase up to 10% of the issued and paid-up share capital of the Company pursuant to Section 67A of the Companies Act, 1965  
Please refer to the Circular to Shareholders dated 26 March 2008 for further information.
  - (iv) 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 Requirement of Bursa Malaysia Securities Berhad.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

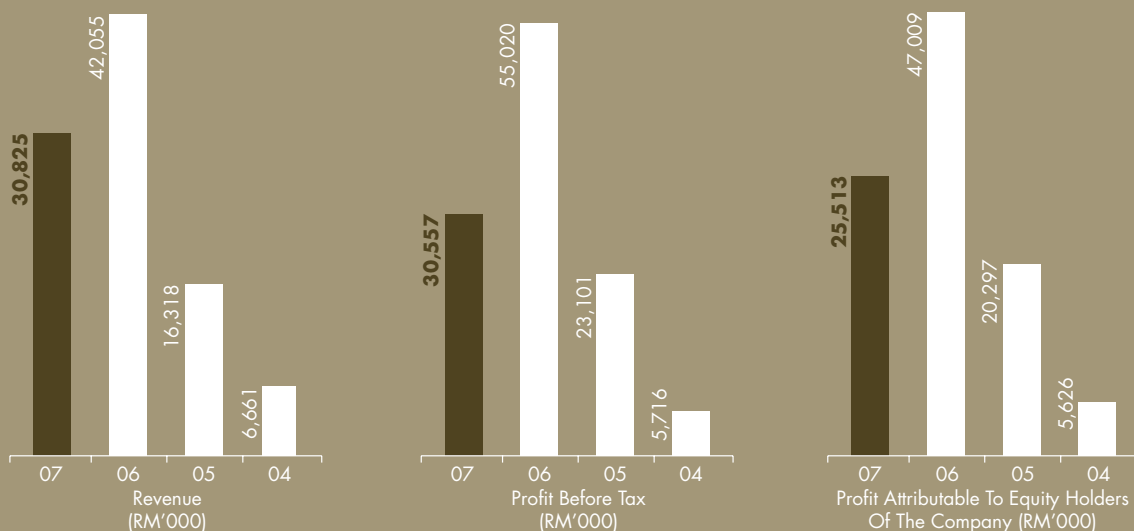
Details of Directors who are standing for re-election in Agenda 4 and Agenda 5 of the Notice of the Fourth Annual General Meeting are set out in the Directors' Profile appearing on Pages 11 to 15 of this Annual Report.

## FOUR-YEAR GROUP FINANCIAL SUMMARY

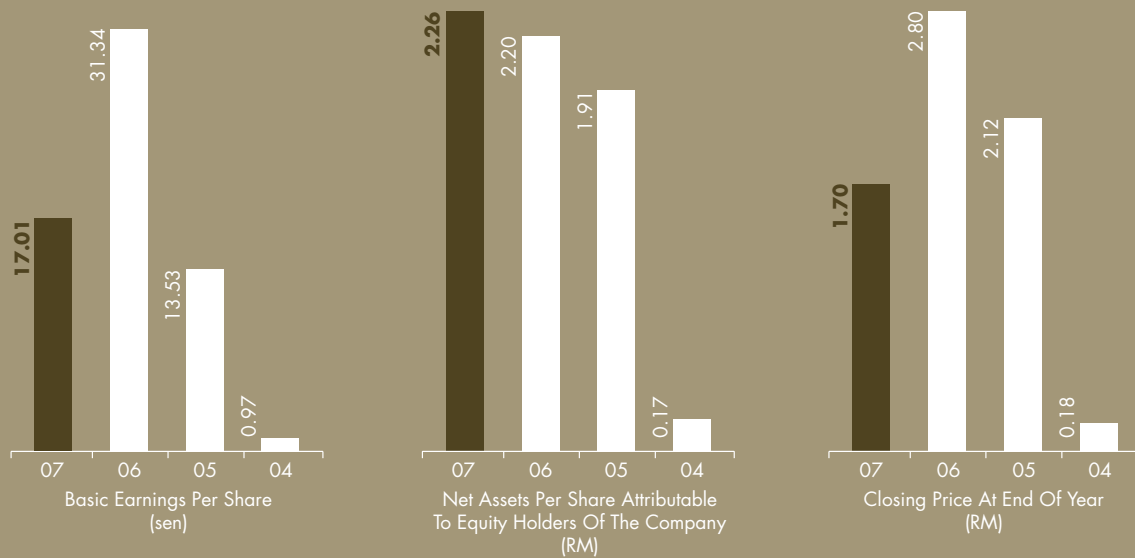
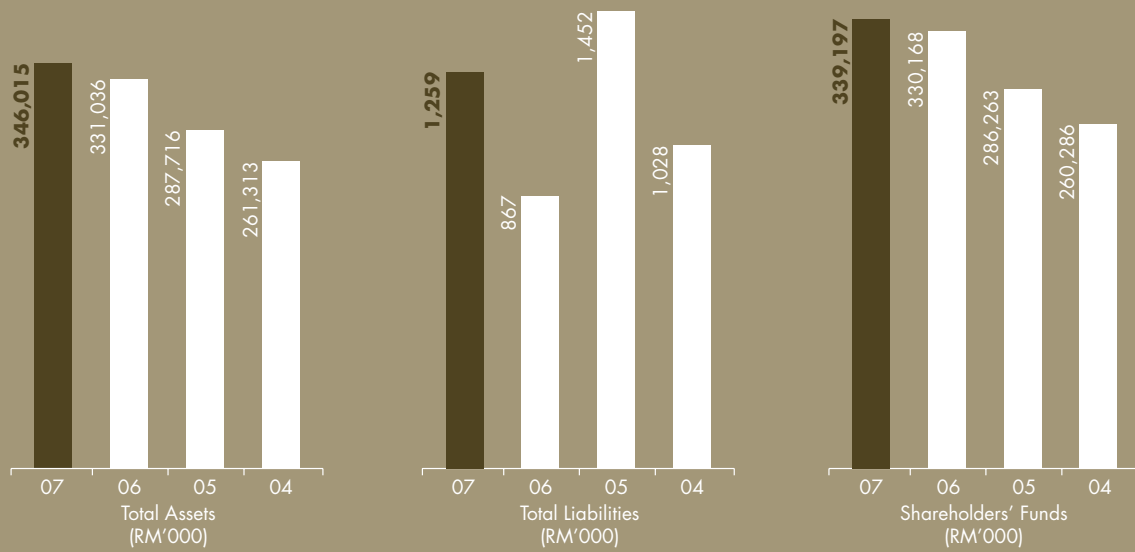
| (RM'000)                                                                       | 2007           | 2006    | 2005    | <sup>2</sup> 2004 |
|--------------------------------------------------------------------------------|----------------|---------|---------|-------------------|
| <b>FINANCIAL RESULTS</b>                                                       |                |         |         |                   |
| Revenue                                                                        | <b>30,825</b>  | 42,055  | 16,318  | 6,661             |
| Profit Before Tax <sup>1</sup>                                                 | <b>30,557</b>  | 55,020  | 23,101  | 5,716             |
| Profit Attributable To Equity Holders Of The Company                           | <b>25,513</b>  | 47,009  | 20,297  | 5,626             |
| <b>KEY BALANCE SHEET DATA</b>                                                  |                |         |         |                   |
| Total Assets                                                                   | <b>346,015</b> | 331,036 | 287,716 | 261,313           |
| Total Liabilities                                                              | <b>1,259</b>   | 867     | 1,452   | 1,028             |
| Net Assets Attributable To Equity Holders Of The Company (Shareholders' Funds) | <b>339,197</b> | 330,168 | 286,263 | 260,286           |
| Number Of Outstanding Ordinary Shares As Issued And Fully Paid ('000 shares)   | <b>150,000</b> | 150,000 | 150,000 | 1,500,000         |
| <b>SHARE INFORMATION</b>                                                       |                |         |         |                   |
| Basic Earnings Per Share (sen)                                                 | <b>17.01</b>   | 31.34   | 13.53   | 0.97              |
| Gross Dividends Per Share (sen)                                                | <b>17.50</b>   | 20.00   | 10.00   | -                 |
| Net Assets Per Share Attributable To Equity Holders Of The Company (RM)        | <b>2.26</b>    | 2.20    | 1.91    | 0.17              |
| Closing Price At End Of Year (RM)                                              | <b>1.70</b>    | 2.80    | 2.12    | 0.18              |

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

<sup>2</sup> The financial period is from 5 December 2003 to 31 December 2004.



## FOUR-YEAR GROUP FINANCIAL SUMMARY



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

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

### AUDIT COMMITTEE

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

### NOMINATION COMMITTEE

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

### REMUNERATION COMMITTEE

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

### COMPANY SECRETARIES

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

### AUDITORS

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

### PRINCIPAL BANKERS

Bangkok Bank Berhad  
Malayan Banking Berhad  
RHB Bank Berhad  
Standard Chartered Bank (Hong Kong) Limited

### SOLICITORS

Cheang & Ariff

### SPONSOR

OSK Investment Bank Berhad  
20th Floor, Plaza OSK  
Jalan Ampang  
50450 Kuala Lumpur  
Tel : (603) 2333 8333  
Fax : (603) 2175 3217

### REGISTRAR

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

### REGISTERED OFFICE

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

### PRINCIPAL BUSINESS ADDRESS

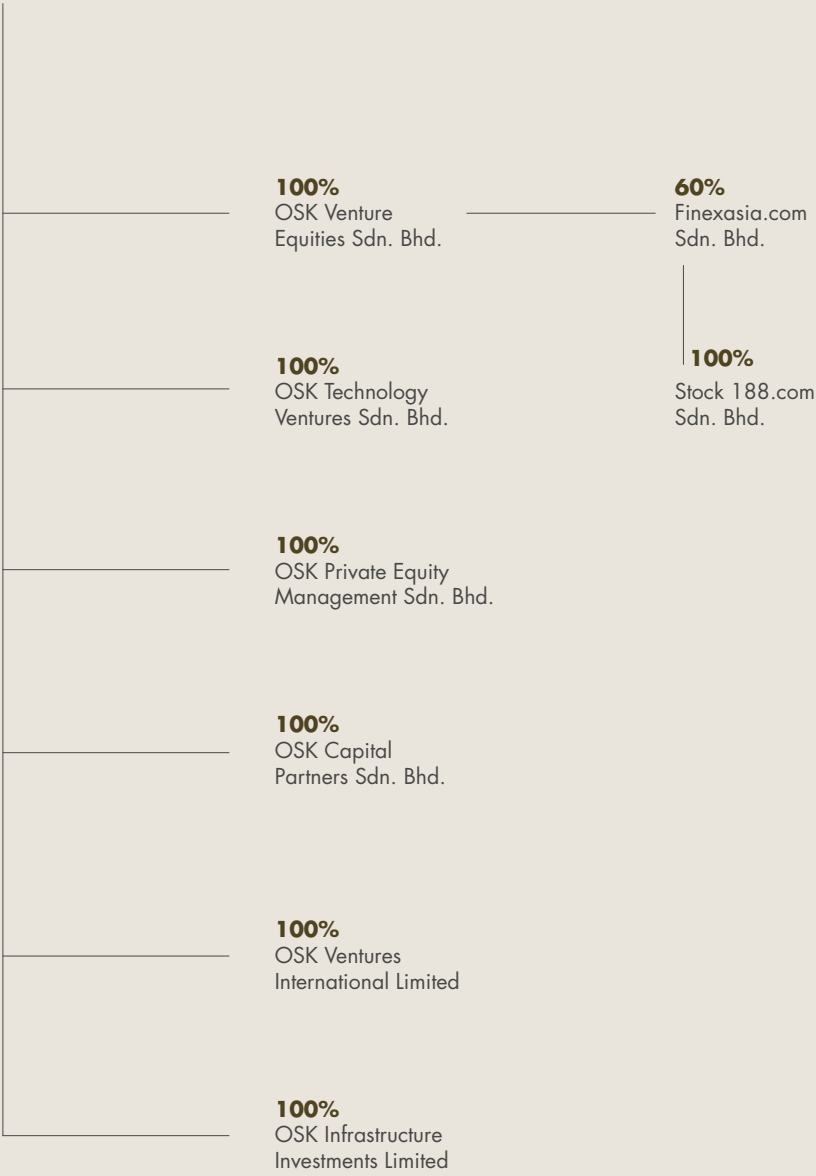
15th Floor, Plaza OSK  
Jalan Ampang  
50450 Kuala Lumpur  
Tel No. : (603) 2333 8333  
Fax No. : (603) 2175 3322

### STOCK EXCHANGE LISTING

MESDAQ Market of Bursa Malaysia Securities Berhad

CORPORATE STRUCTURE

OSK VENTURES  
INTERNATIONAL BERHAD  
(636117-K)





## DIRECTORS' **PROFILE**

## DIRECTORS' PROFILE

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

#### EXECUTIVE CHAIRMAN

Dato' Nik Mohamed Din Bin Datuk Nik Yusoff, aged 65, 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 (now known as OSK Investment Bank Berhad) in 1984. Dato' Nik Mohamed Din was appointed to the Board of the OSK Investment Bank Berhad ("OSKIB") on 29 January 2007 as a Non-Independent Non-Executive Director. He is a member of the Nominating Committee of OSKIB.

Dato' Nik Mohamed Din is also the 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 Disclosure which appears on Page 32 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.

### **ONG LEONG HUAT @ WONG JOO HWA**

#### NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Ong Leong Huat @ Wong Joo Hwa, aged 64, a Malaysian, is the Non-Independent Non-Executive Director of OSK Ventures International Berhad ("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 (now known as OSK Investment Bank Berhad) since July 1985. In January 2007, he was reinstated as the Group Managing Director/CEO of OSK Investment Bank Berhad. He holds a dealer's representative licence issued by the Securities Commission under the Capital Markets And Services Act, 2007. 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 Non-Independent Non-Executive Director of OSK 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 Disclosure which appears on Page 32 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.

### **WONG CHONG KIM**

#### NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Wong Chong Kim, aged 52, a Malaysian, is currently the Non-Independent Non-Executive Director of OSK Ventures International Berhad ("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 (now known as OSK Investment Bank Berhad) as a Finance Manager in 1985 and became an Executive Director in 1989. In January 2007, Mr Wong was appointed as the Deputy Chief Executive Officer of OSK Investment Bank Berhad. He holds a dealer's representative licence issued by the Securities Commission under the Capital Markets And Services Act, 2007. Prior to this, he was the Accountant and Assistant Credit Manager of a leading financial institution in 1983 for 2 years.

Mr Wong is also the Non-Independent Non-Executive Director of OSK Holdings Berhad and OSK Property Holdings Berhad.

Mr Wong is the brother of Mr Ong Leong Huat and the uncle of Mr Ong Ju Yan. He has no conflict of interest other than those disclosed under Additional Disclosure which appears on Page 32 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

### **YAP YUH FOH, EDDIE**

#### EXECUTIVE DIRECTOR AND CHIEF OPERATING OFFICER

Yap Yuh Foh, Eddie, age 39, a Malaysian, is the Executive Director and Chief Operating Officer of OSK Ventures International Berhad ("OSKVI") Group. He was appointed to the Board of the Company on 22 July 2004.

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 which appears on Page 32 in this Annual Report. He has no conviction for any offences within the past ten years.

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

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

#### INDEPENDENT NON-EXECUTIVE DIRECTOR

Tan Sri Datuk Dr. Omar Bin Abdul Rahman, aged 76, a Malaysian, is the Independent Non-Executive Director of OSK Ventures International Berhad ("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 Datuk Dr. Omar obtained a Bachelor in Veterinary Science Degree from Sydney University, Australia and a Certificate in Pathology from University of Queensland in 1958 and 1959 respectively. He then completed the Doctorate of Philosophy from Cambridge University, United Kingdom in 1966. Currently, he is the President and CEO of the Malaysia University of Science and Technology (MUST) and the Prime Minister's Special Representative to the Commonwealth Partnership for Technology Management ("CPTM") Ltd.

He was Science Advisor in the Prime Minister's Department from 1984 to 2001 and the Executive Chairman of Kumpulan Modal Perdana Sdn. Bhd. from 2001 to April 2007. As a 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").

At the national level, Tan Sri Datuk Dr. Omar serves on a number of national committees shaping a new regional and global vision for Malaysia. He is also the founder of the Academy of Sciences Malaysia, Malaysian Technology Development Corporation ("MTDC") and Technology Park Malaysia Corporation ("TPM") and Composites Technology Research Malaysia Sdn. Bhd. ("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 the first professor appointed by University Pertanian Malaysia, now University Putra Malaysia ("UPM"). His last position at UPM was Deputy Vice-Chancellor of Academic Affairs.

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

Tan Sri Datuk Dr. Omar 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 which appears on Page 32 in this Annual Report. He has no conviction for any offences within the past ten years.

Tan Sri Datuk Dr. Omar attended three (3) out of four (4) Board meetings of the Company held during the financial year.

## DIRECTORS' PROFILE

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

#### INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Seri Abdul Azim Bin Mohd. Zabidi, aged 49, a Malaysian, is the Independent Non-Executive Director of OSK Ventures International Berhad ("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' Seri Abdul Azim is currently the Chairman of Bank Simpanan Nasional (National Savings Bank), a position he has held over 8 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' Seri Abdul Azim's extensive involvement in unit trusts/mutual funds and fund management culminated in him being elected President of the Federation of Malaysian Unit Trust Managers in 1998 through 2003. During this period, he was appointed Member of the Steering Committee of the International Investment Funds Association ("IIFA"), Montreal, Canada, a post he holds till today and at their meeting in 2007, he was elected as the Association's first Treasurer.

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

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

Dato' Seri Abdul Azim also holds directorships in Permodalan BSN Berhad, Wijaya Baru Global Berhad, M3nergy Berhad, Kumpulan Europlus Berhad, Ranthill Berhad and Timberwell Berhad.

Dato' Seri 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 which appears on Page 32 in this Annual Report. He has no conviction for any offences within the past ten years.

Dato' Seri Abdul Azim attended all the four (4) Board meetings of the Company held during the financial year.

### **FOO SAN KAN**

#### INDEPENDENT NON-EXECUTIVE DIRECTOR

Foo San Kan, aged 60, a Malaysian, is the Independent Non-Executive Director of OSK Ventures International Berhad ("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 Nominating Committee of the Company.

Mr Foo was the Country Managing Partner of Ernst & Young Malaysia from 1997 to 2002 before he retired as a practicing accountant. He has 34 years of experience in the accounting profession, the first 4 years in the U.K. and the other 30 years were spent in various positions in Ernst & Young offices in East and West Malaysia. He is a Chartered Accountant of the Malaysian Institute of Accountants. He is also a member of the Malaysian Institute of Certified Public Accountants, a Fellow of the Institute of Chartered Accountants in England and Wales as well as the Malaysian Institute of Taxation.

Mr Foo is also a director of Symphony House Berhad, Allianz Malaysia Berhad (formerly known as Allianz General Insurance Malaysia Berhad), OSK Investment Bank Berhad, OSK Trustees Berhad and SEG International Berhad.

Mr Foo does not have any family relationship with any directors and/or major shareholders of the Company and has no conflict of interest other than those disclosed under Additional Disclosure which appears on Page 32 in this Annual Report. He has no conviction for any offences within the past ten years.

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

## DIRECTORS' PROFILE

### ONG JU YAN

#### EXECUTIVE DIRECTOR

Ong Ju Yan, aged 29, a Malaysian, is the Executive Director of OSK Ventures International Berhad ("OSKVI"). He was appointed to the Board of the Company on 28 August 2006.

Mr Ong has been the Special Assistant to the Group Managing Director/CEO of OSK Securities Berhad (now known as OSK Investment Bank Berhad) since May 2004. In January 2007, he has been redesignated as Director, Investment Banking & Special Assistant to Group Managing Director/CEO of OSK Investment Bank Berhad. His responsibilities cover various aspects of corporate strategy and he is actively involved in the Company's operating activities, with a focus on investment banking, 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 which appears on Page 32 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.



**OSK**  
Investment Bank

**CHAIRMAN'S STATEMENT**  
**DATO' NIK MOHAMED DIN BIN DATUK NIK YUSOFF**

## CHAIRMAN'S STATEMENT

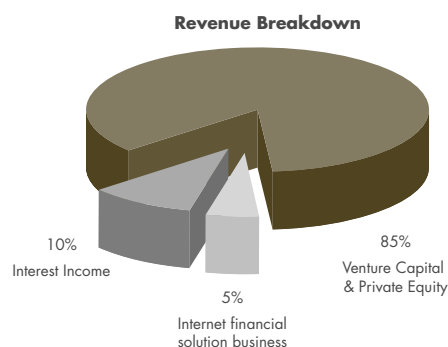
The global economy is expected to continue expanding at 5.2% in 2008, mainly driven by robust growth in the PRC, India, emerging Asia as well as Russia. The positive outlook, however, is affected by fallout of the US subprime mortgage crisis, impacting on the real economy in the US and global economy, resulting housing market slump and dampened consumer spending.

Notwithstanding such risks, Malaysia is well positioned to take advantage of the growing external market as well as the increasing trade and investment opportunities, supported by continuous efforts to enhance national competitiveness and resilience.

### Financial Performance

For the financial year under review, OSK Ventures International Berhad ("OSKVI") and its group of companies ("the Group") recorded revenue of RM30.8 million, representing a decrease of 26.7% from the RM42.1 million achieved in the previous corresponding year. The weaker performance in 2007 was primarily due to a reduction in realisation of investments. As a result, pre-tax profit also decreased to RM30.6 million from RM55.0 million a year earlier. Incidentally, pre-tax profit was affected by lower share of profits from our investee companies due to challenging business environment.

OSKVI's revenue was generally segregated to three broad categories in year 2007, namely venture capital and private equity business (comprising 85% of total revenue), internet financial solution business (5%) and interest income (10%).



Despite the lower profits achieved in year 2007, OSKVI continued to enjoy healthy cash balance of RM61.8 million (i.e. 125.5% increase) with zero gearing.

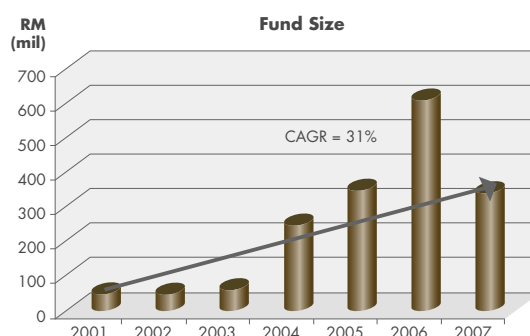
### Review of Operations

The year of 2007 experienced unprecedented volatility across global capital markets. While the first half of the year was characterised by general positive returns and high liquidity; the second half of the year was filled with heightened volatility, contracted liquidity and tightened credit control in the global financial markets as a result of the subprime crisis in the United States.

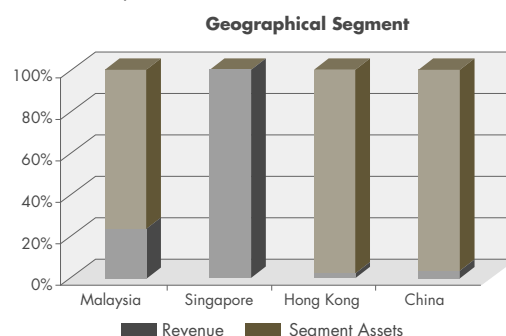
We believe that a well-managed organisation is capable to prosper in times of turbulence and uncertainties. This is proven in the year of 2007 where OSKVI continued to deliver positive results to the stakeholders.

The Group's performance in the first six months of year 2007 was promising with delivery of high revenue and profits. Nonetheless, the severe and unprecedented liquidity crunch during the last six months in year 2007 has impacted the global economic growth and dampened the capital market globally. As a result of that, OSKVI's performance was impacted by this economic slowdown.

The Group's fund size has declined from approximately RM600 million of year 2006 to approximately RM350 million in year 2007. This is attributed to a slowdown in transactional activities or any realisation of investment caused by the uncertain economic conditions and credit market. Despite the volatility in year 2007, OSKVI's fund size continues to deliver a compounded annual growth rate ("CAGR") of 31% in a period of 7 years.



During the year of 2007, OSKVI's investments spread across several countries, and mitigated the impact of an anticipated slowdown in economic activities on OSKVI's overall financial performance.



Certain of the investee companies of OSKVI in the telecommunication industry are facing some challenges as they are striving to transform their businesses to higher levels of resilience during this economic slowdown.

Generally, the availability of quality deals and financing on acceptable terms and conditions amidst the current uncertain market conditions are the key challenges facing the venture capital and private equity industry in the year of 2008.

## CHAIRMAN'S STATEMENT

### Corporate Development

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

On 11 April 2007, OSKVI granted 1,314,100 options to the eligible executives and directors of OSKVI and its subsidiary companies at RM2.57 each. The ESOS was implemented to recognise and reward their contributions and commitment to the success of OSKVI.

(ii) Acquisition of OSK Infrastructure Investments Limited ("OSKII")

On 29 June 2007, OSKVI acquired one (1) ordinary share of HK\$1.00 in OSKII, representing the entire issued and paid-up share capital in OSKII for a cash consideration of HK\$1.00 from B. & McK. Nominees Limited. By virtue of the acquisition, OSKII became a wholly-owned subsidiary of OSKVI.

(iii) Acquisition of additional shares in Finexasia.com Sdn Bhd ("FINEX")

On 5 October 2007, a subsidiary company of OSKVI acquired additional shares in FINEX, previously an associated company. Pursuant to the acquisition, OSKVI's equity interest in FINEX increased from 47.97% to 59.95%.

### Prospects for 2008

The outlook for the year 2008 looks different from 2007, with the much widespread economic uncertainty, contracted capital and consumer spending as well as the entry of powerful sovereign wealth funds onto the global capital market pose a tougher outlook for equity returns and private equity activities.

Nevertheless, the strength of OSKVI's financial position and quality of its network will enable OSKVI to continuously explore and invest in more dynamic and high growth businesses. In addition, OSKVI will also assist its investee companies to strengthen their performance to ensure they continue to contribute positively to the Group's performance and shareholders' value.

### Dividends

On 27 September 2007, OSKVI has paid the first interim dividend of 5.0 sen per share less 27% income tax per share as well as a special dividend of 5.0 sen per share less 27% income tax per share.

The Board of Directors has recommended a final dividend of 7.5 sen less 26% income tax per share bringing the total dividend declared to 17.5 sen per share less income tax for the financial year ended 31 December 2007. The proposed final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

### Acknowledgement

I would like to express my deep appreciation to our shareholders, the board of directors, management, staff and our valued clients for their commitment, contributions and support over the past year. They have surmounted internal and external challenges to bring the Group to a position of greater strength and opportunity.

With continuing perseverance and passion, I am confident the Group will forge ahead to greater accomplishments.

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

Executive Chairman

## STATEMENT OF CORPORATE GOVERNANCE

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

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

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

### A. THE BOARD OF DIRECTORS ("Board")

#### • Duties and Responsibilities of the Board

An effective Board that leads and controls the Group is vital in the stewardship of its direction and operations and ultimately the enhancement of long-term shareholder value. Thus, the Board is responsible for the strategic direction, establishing goals for the Management and monitoring the achievement of these goals.

The Board also plays a critical role in ensuring sound and prudent policies and practices are in place and performs an oversight role on the management of the Group businesses to safeguard stakeholders' interests.

#### • Composition of the Board

The Board comprises one (1) Executive Chairman, two (2) Executive Directors and five (5) Non-Executive Directors, of which three (3) are Independent Directors.

The composition of the Board reflects a balance of the Executive and Non-Executive Directors. The Non-Executive Directors contribute significantly in areas such as performance monitoring, allocation of resources as well as improving governance and controls. The Independent Non-Executive Directors fulfill an independent role in corporate accountability through their objective participation in the deliberations of the Board and the exercise of independent judgement.

The current Board membership is also well represented by individuals with diverse professional backgrounds and experience such as in areas of technology, finance, accounting, economics and law. The profile of the Board is set out in the Directors' Profile appearing on Pages 11 to 15 of the Annual Report.

#### • Supply of Information

The Board has unrestricted access to information in the discharge of their duties and receives regular information updates on the Company's performance to enable them to make informed decisions.

The Board papers which are presented to the Board includes, amongst others, the following details:-

- Quarterly performance reports of the Group;
- Research Reports and Operations Report;
- Market share and market responses to the Group's strategies;
- Major investments, acquisitions and disposals of investee companies;
- Major operational and financial issues;
- Manpower and human resource issues.

For all the Board meetings, the notices of meetings are sent to the Directors at least seven (7) days in advance and the board papers are delivered within three (3) days before the scheduled date of meeting. This provides the Board with sufficient time to deliberate on issues to be raised at the meetings. All proceedings of the meetings are properly minuted and filed by the Company Secretary.

The Board are given access to independent professional advice whenever such services are needed to assist them in carrying out their duties. Each Director also has unhindered access to the advice and services of the Company Secretary, as well as the Senior Management.

## STATEMENT OF CORPORATE GOVERNANCE

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

#### • Board Meetings

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

| Directors                                     | Attendance |
|-----------------------------------------------|------------|
| 1. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff | 4/4        |
| 2. Yap Yuh Foh                                | 4/4        |
| 3. Ong Ju Yan                                 | 4/4        |
| 4. Ong Leong Huat @ Wong Joo Hwa              | 4/4        |
| 5. Wong Chong Kim                             | 4/4        |
| 6. Tan Sri Datuk Dr. Omar Bin Abdul Rahman    | 3/4        |
| 7. Dato' Seri Abdul Azim Bin Mohd. Zabidi     | 4/4        |
| 8. Foo San Kan                                | 4/4        |

#### • Appointment of Directors

The Nomination Committee recommends to the Board suitable candidates for appointment as Directors and to fill vacant seats on Committee of the Board. The Nomination Committee has a formal assessment mechanism in place to assess the effectiveness of the Board and the contribution of each individual director, including the Independent Non-Executive Directors as well as the Chief Operating Officer ("COO"). The performance measurement to assess the Board and the individual Directors' performance are carried out annually by the Nomination Committee.

The Nomination Committee comprises exclusively of three (3) Independent Non-Executive Directors and the details are set out on Page 24 of this Annual Report.

#### • Retirement and Re-election of Directors

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

Directors who are standing for re-election at the Fourth Annual General Meeting of the Company to be held on 17 April 2008 are detailed in the Notice of the Fourth AGM.

#### • Remuneration of Directors

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

- whether the remuneration supports the Group's objective, culture and strategy;
- the Group's performance for the year;
- the individual's performance against established criteria and performance related elements, responsibility and accountability;
- Non-Executive Directors' remuneration is in line with the level of contribution and taking into account, factors such as efforts and time spent and the responsibilities entrusted;
- level of expertise, knowledge and experience;
- the Group's policy which cover directors' fee, salaries, allowances, bonuses, options and benefits-in-kind and termination/retirement benefits.

The Remuneration Committee comprises mainly of Independent Non-Executive Directors and the details are set out on Page 23 of the Annual Report. The Executive Director(s) do not participate in the decision regarding their own remuneration.

## STATEMENT OF CORPORATE GOVERNANCE

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

#### • Remuneration of Directors (Cont'd)

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

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

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

|                                                     | Executive<br>RM | Non-<br>Executive<br>RM | Total<br>RM    |
|-----------------------------------------------------|-----------------|-------------------------|----------------|
| <b>Amount received/receivable from the Company:</b> |                 |                         |                |
| <b>2007</b>                                         |                 |                         |                |
| <b>Company</b>                                      |                 |                         |                |
| Fee – Provision for the year                        | 90,000          | 155,000                 | 245,000        |
| Salaries, bonuses and other emoluments              | 110,000         | -                       | 110,000        |
| Defined contribution plan                           | 13,200          | -                       | 13,200         |
|                                                     | 123,200         | -                       | 123,200        |
|                                                     | <b>213,200</b>  | <b>155,000</b>          | <b>386,200</b> |

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

|                                        |                  |                |                  |
|----------------------------------------|------------------|----------------|------------------|
| <b>2007</b>                            |                  |                |                  |
| Fee – Provision for the year           | 90,000           | 155,000        | 245,000          |
| Salaries, bonuses and other emoluments | 690,712          | -              | 690,712          |
| Share options of the Company           | 246,750          | 317,250        | 564,000          |
| Share options of OSK Holdings Berhad   | 14,963           | -              | 14,963           |
| Defined contribution plan              | 79,200           | -              | 79,200           |
|                                        | 1,031,625        | 317,250        | 1,348,875        |
|                                        | <b>1,121,625</b> | <b>472,250</b> | <b>1,593,875</b> |
| Benefits-in-kind                       | 2,936            | -              | 2,936            |

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

|                       | Executive | Non-<br>Executive | Total    |
|-----------------------|-----------|-------------------|----------|
| <b>2007</b>           |           |                   |          |
| <b>Group</b>          |           |                   |          |
| Below RM50,000        | 1         | -                 | 1        |
| RM50,001 – RM100,000  | -         | 3                 | 3        |
| RM100,001 – RM150,000 | -         | 2                 | 2        |
| RM250,001 – RM300,000 | 1         | -                 | 1        |
| RM800,001 – RM850,000 | 1         | -                 | 1        |
|                       | <b>3</b>  | <b>5</b>          | <b>8</b> |

## STATEMENT OF CORPORATE GOVERNANCE

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

#### • Continuing Education of Directors

The Directors of the Company have attended the Mandatory Accreditation Programme (MAP) prescribed by Bursa Securities for directors of public listed companies. During the year, the Directors attended the following trainings endorsed by Bursa Securities and/or other regulatory authorities:-

- 1) Banking and Financial Institutions Act 1989 (Compliance and Law from Lending Perspective)
- 2) Briefing on Anti-Money Laundering and Anti-Terrorism Act, 2007
- 3) Improving Board of Directors' Performance, Leadership and Governance
- 4) Investor Relations and Financial Communications
- 5) Islamic Securities in Malaysia and Global Market
- 6) Regional Capital Markets Conference 2007
- 7) The Financial Leaders Forum – Advanced Business Management for Senior Leaders in the Capital Market

The Directors will continue to participate in other training programmes to keep abreast with relevant changes in laws and regulations, and the business environment from time to time.

#### • Investors Relations

The Board has always recognised the importance of accurate and timely dissemination of information to its shareholders and potential investors. As such, 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:

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

### B. 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 quarterly results and annual financial statements are reviewed by the Audit Committee, recommended to the Board for approval and then after released to the public via the Bursa Securities Link.

The details of the financial statements of the Company are set out on Pages 43 to 84 of the Annual Report.

#### • Internal Control

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

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

## STATEMENT OF CORPORATE GOVERNANCE

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

#### • Internal Control (Cont'd)

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

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

#### • Relationship with Auditors

The Board has established formal and transparent relationships with both the internal and external auditors through the AC. The AC meets with the internal and external auditors to discuss the audit plan, audit findings and the Group's financial statements.

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

| 2007                                     | Group<br>(RM) | Company<br>(RM) |
|------------------------------------------|---------------|-----------------|
| Audit fees paid to external auditors     | 98,572        | 35,000          |
| Non-audit fees paid to external auditors | -             | -               |

### C. BOARD COMMITTEES

The Board delegates certain responsibilities to the Board Committees that function within the clearly defined terms of reference.

The details of the Board Committees of the Company are listed below :-

#### • Audit Committee

The particulars of the Audit Committee are at Pages 27 to 29 of the Annual Report.

#### • Remuneration Committee

##### Composition

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

Members - Dato' Seri Abdul Azim Bin Mohd. Zabidi  
(Independent Non-Executive Director)

Foo San Kan  
(Independent Non-Executive Director)

Ong Leong Huat @ Wong Joo Hwa  
(Non-Independent Non-Executive Director)

## STATEMENT OF CORPORATE GOVERNANCE

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

- **Remuneration Committee (Cont'd)**

Authority

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

Frequency of Meeting

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

There was one (1) meeting held in this financial year. The attendance of the members of Remuneration Committee is as follows :-

| Members                                 | Attendance |
|-----------------------------------------|------------|
| Tan Sri Datuk Dr. Omar Bin Abdul Rahman | 1/1        |
| Dato' Seri Abdul Azim Bin Mohd. Zabidi  | 1/1        |
| Foo San Kan                             | 1/1        |
| Ong Leong Huat @ Wong Joo Hwa           | 1/1        |

Functions and Duties

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

- **Nomination Committee**

Composition

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

Members - Dato' Seri Abdul Azim Bin Mohd. Zabidi  
(Independent Non-Executive Director)

Foo San Kan  
(Independent Non-Executive Director)

Authority

The Committee is granted the authority to propose new nominee(s) for the Board and to assess Directors on an ongoing basis and it is obliged to report its recommendations 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.

## STATEMENT OF CORPORATE GOVERNANCE

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

- **Nomination Committee (Cont'd)**

Frequency of Meeting

The Committee is to meet at least once a year.

There was one (1) meeting held in this financial year. The attendance of the members of Nomination Committee is as follows :-

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

Functions and Duties

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

- **Option Committee**

Composition

Chairman - Foo San Kan  
(Independent Non-Executive Director)

Members - Ong Ju Yan  
(Executive Director)  
  
Yap Yuh Foh  
(Executive Director/Chief Operating Officer)

## STATEMENT OF CORPORATE GOVERNANCE

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

#### • Option Committee (Cont'd)

##### Authority

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

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

The decision of the Committee shall be final and binding.

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

##### Frequency of Meeting

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

##### Functions and Duties

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

## AUDIT COMMITTEE REPORT

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2007.

### MEMBERSHIP

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

Foo San Kan  
Chairman, Independent Non-Executive Director

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

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

Yap Yuh Foh (Resigned on 19 February 2008)  
Executive Director/Chief Operating Officer

### ATTENDANCE OF MEETINGS

During the financial year ended 31 December 2007, the Committee held a total of four (4) meetings. The details of attendance of the Committee members are as follows:-

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

### COMPOSITION AND TERMS OF REFERENCE

#### Composition

The Committee shall be appointed by the Board from amongst the Directors of the Company with at least three (3) members, a majority of whom must be independent. At least one member of the Committee:-

- must be a member of the Malaysian Institute of Accountants; or
- if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years of working experience and
  - he must have passed the 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 Committee shall be chaired by an independent director. No alternate director is to be appointed as a member of the Committee. The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three (3) years. In the event of any vacancy in the Committee resulting in the non-compliance of the Listing Requirement, the vacancy must be filled within three (3) months.

#### Frequency of Meetings

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

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

The Company Secretary shall be the Secretary to the Committee.

## AUDIT COMMITTEE REPORT

### COMPOSITION AND TERMS OF REFERENCE (CONT'D)

#### Quorum

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

#### Authority

The Committee shall within its terms of reference:-

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

### DUTIES AND RESPONSIBILITIES

#### 1. Internal Audit

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

#### 2. Internal Controls

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

#### 3. External Audit

- To review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal and to make recommendations to the Board;
- To assess the objectivity, performance and independence of external auditors;
- To review the external auditors' audit scope and plan, including any changes to the planned scope of the audit plan;
- To review the external auditors' management letter and response;
- To review the audit findings raised by the external auditors and ensure that issues are being managed and rectified appropriately and in a timely manner;
- To approve the provision of non-audit service by the external auditors;
- To review the assistance given by the employees of the Company and its subsidiaries to the external auditors;
- To discuss problems and reservations arising from the interim and final audit and any matter the external auditors may wish to discuss (in the absence of management where necessary).

#### 4. Financial Reporting

Review and report to the Board of Directors on the quarterly results and year-end financial statements, prior to the approval by the Board of Director, focusing particularly on:-

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

## AUDIT COMMITTEE REPORT

### DUTIES AND RESPONSIBILITIES (CONT'D)

#### 5. Related Party Transactions

Review 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.

#### 6. Other Matters

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

### SUMMARY OF ACTIVITIES

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

#### Internal Audit

- 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;
- Reviewed and discussed the internal audit reports and ensure that corrective actions had been taken to rectify the weaknesses highlighted in the audit reports.

#### Financial Reporting

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:-

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

#### External Audit

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

#### Related Party Transaction

- 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 its functions effectively. The internal audit function is performed by the Group Internal Audit ("GIA") of OSK Holdings Berhad. The GIA has introduced Risk-Based-Auditing approach with risks focused audit programme in order to ensure that the principal risks are being identified and mapped with the existing systems of internal control. The GIA carries out its duties according to the audit plan, and areas of concern which need further improvement as highlighted in the audit reports are discussed in the Committee meetings. The Board has via the Committee evaluated the effectiveness of the GIA by reviewing the results of its work in the Committee meetings.

### STATEMENT OF COMPLIANCE OF EXECUTIVE SHARE OPTION SCHEME (ESOS) ALLOCATION

The Committee confirms that the criteria of allocation of the ESOS has been verified and hereby confirms that the allocation of this ESOS was in compliance with the criteria disclosed by the company to its employees.

## STATEMENT ON INTERNAL CONTROL

### INTRODUCTION

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

### RESPONSIBILITY OF THE BOARD

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

### TYPES OF RISKS

The principal business activities of the Group are venture capital and the management of investments in venture companies. There have been no significant changes in the nature of these activities during the financial year.

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

- |                         |   |                                                                                                                                                                                                                                                                                      |
|-------------------------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Market Risk</b>      | - | 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.                       |
| <b>Operational Risk</b> | - | Operational risk is the risk of opportunity cost or economic loss due to inadequate procedures and policies, human error, lack of basic internal control, liquidity problem, non-compliance with the regulatory requirements, management failure, unauthorized activities and fraud. |

### RISK MANAGEMENT FRAMEWORK

The Board confirms that an ongoing process for identifying, measuring and managing the Group's principal risks has been operated throughout the year under review. This process is reviewed by the Audit Committee whose main role is to review, on behalf of the Board, the 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 ON INTERNAL CONTROL

### KEY ELEMENTS OF INTERNAL CONTROL

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

- Establishment of a conducive control environment in respect of the overall attitude, awareness and actions of Directors and management regarding the internal control system and its importance to the Group;
- Recruitment of experienced, skilled and professional staff with the necessary caliber to fulfill the respective responsibilities and ensuring that minimum controls are put in place;
- Clear Group structure, reporting lines of responsibilities and appropriate levels of delegation;
- Documented policies, procedures and limits of approving authorities for key aspects of the businesses. This provides a sound framework of authority and accountability within the organisation and facilitates proper corporate decision-making at the appropriate level in the organisation's hierarchy;
- Establishment of proper set of checklists to facilitate proper business proposal evaluation;
- Engagement of external professional services firms to conduct independent financial and legal due diligence review on proposed investments;
- Establishment of an effective segregation of duties via independent checks, review and reconciliation activities to prevent human errors, fraud and abuses;
- 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;
- Group Internal Audit independently reviews the risk identification procedures and control processes implemented by the Management, and reports to the Audit Committee during the Audit Committee meetings. The Group Internal Audit provides assurance over the operation and validity of the system of internal control in relation to the level of risk involved using Risk-Based-Auditing methodology; and
- The Audit Committee regularly convenes meetings to deliberate on the findings and recommendations for improvement by Group Internal Audit, external auditors as well as regulatory authorities. The Audit Committee reviews the actions taken to rectify the findings in a timely manner, and to evaluate the effectiveness and adequacy of the Group's internal control systems.

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

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

## **ADDITIONAL DISCLOSURE**

### **RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

There was no recurrent related party transactions made during the financial year ended 31 December 2007 pursuant to the shareholders' mandate obtained by the Company at the Third Annual General Meeting held on 19 April 2007 where the aggregate value is equal to or exceeds the applicable prescribed threshold under paragraph 2.1 of the GN8/2006.

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

There was no material contract entered by the Company or its subsidiaries involving directors' and substantial shareholders' interest in the financial year ended 31 December 2007.

### **VARIATION IN RESULTS**

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

### **NON-AUDIT FEES**

There was no non-audit fees paid/payables by the Group to external auditors for the financial year ended 31 December 2007.

### **PROFIT FORECAST / PROFIT GUARANTEE**

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

### **CORPORATE SOCIAL RESPONSIBILITIES (CSR)**

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

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR PREPARING THE FINANCIAL STATEMENTS**

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

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

In preparing the audited financial statement, 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 judgement 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

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 2007.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The principal activities of the subsidiary companies are described in Note 13(a) to the financial statements.

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

### RESULTS

|                                                 | <b>Group</b>      | <b>Company</b>    |
|-------------------------------------------------|-------------------|-------------------|
|                                                 | <b>RM</b>         | <b>RM</b>         |
| Profit for the year:                            |                   |                   |
| - Attributable to equity holders of the Company | 25,512,877        | 20,412,045        |
| - Attributable to minority interests            | 226,020           | -                 |
|                                                 | <b>25,738,897</b> | <b>20,412,045</b> |

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 2006 were as follows:

|                                                                                                     | <b>RM</b>         |
|-----------------------------------------------------------------------------------------------------|-------------------|
| In respect of the year ended 31 December 2006 as reported in the directors' report of that year:    |                   |
| Final dividend of 5% less 27% income tax declared on 27 March 2007 and paid on 4 May 2007           | 5,474,999         |
| In respect of the year ended 31 December 2007:                                                      |                   |
| Interim dividend of 5% less 27% income tax declared on 23 August 2007 and paid on 27 September 2007 | 5,474,999         |
| Special dividend of 5% less 27% income tax declared on 23 August 2007 and paid on 27 September 2007 | 5,474,999         |
|                                                                                                     | <b>16,424,997</b> |

The Board of Directors has recommended a final dividend of 7.50% less 26% income tax per share for the year ended 31 December 2007 amounting to RM8,325,000. 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 2008.

## DIRECTORS' REPORT

### 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  
Yap Yuh Foh, Eddie  
Ong Ju Yan  
Ong Leong Huat @ Wong Joo Hwa  
Wong Chong Kim  
Tan Sri Datuk Dr. Omar bin Abdul Rahman  
Dato' Seri Abdul Azim bin Mohd. Zabidi  
Foo San Kan

### DIRECTORS' BENEFITS

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

Since the end of the previous year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 25 to the financial statements.

### DIRECTORS' INTERESTS

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

#### (i) The Company

|                                            | Number of ordinary shares of RM1 each |          |          |            |
|--------------------------------------------|---------------------------------------|----------|----------|------------|
|                                            | 1.1.2007                              | Acquired | Disposed | 31.12.2007 |
| <b>Direct Interest</b>                     |                                       |          |          |            |
| Dato' Nik Mohamed Din bin Datuk Nik Yusoff | 400,000                               | -        | -        | 400,000    |
| Yap Yuh Foh, Eddie                         | 37,500                                | -        | -        | 37,500     |
| Ong Leong Huat @ Wong Joo Hwa              | 300,000                               | 77,000   | -        | 377,000    |
| Wong Chong Kim                             | 300,000                               | -        | -        | 300,000    |
| Foo San Kan                                | 100,000                               | -        | -        | 100,000    |
| <b>Indirect Interest</b>                   |                                       |          |          |            |
| Ong Leong Huat @ Wong Joo Hwa^ *           | 98,421,370                            | 983,400  | -        | 99,404,770 |
| Wong Chong Kim<                            | 247,100                               | 26,500   | -        | 273,600    |

## DIRECTORS' REPORT

### (i) The Company (Cont'd)

|                                            | Number of options over ordinary shares of RM1 each |         |           |            |
|--------------------------------------------|----------------------------------------------------|---------|-----------|------------|
|                                            | 1.1.2007                                           | Granted | Exercised | 31.12.2007 |
| <b>Direct Interest</b>                     |                                                    |         |           |            |
| Dato' Nik Mohamed Din bin Datuk Nik Yusoff | -                                                  | 225,000 | -         | 225,000    |
| Yap Yuh Foh, Eddie                         | -                                                  | 300,000 | -         | 300,000    |
| Ong Leong Huat @ Wong Joo Hwa              | -                                                  | 225,000 | -         | 225,000    |
| Wong Chong Kim                             | -                                                  | 225,000 | -         | 225,000    |
| Tan Sri Datuk Dr. Omar bin Abdul Rahman    | -                                                  | 75,000  | -         | 75,000     |
| Dato' Seri Abdul Azim bin Mohd. Zabidi     | -                                                  | 75,000  | -         | 75,000     |
| Foo San Kan                                | -                                                  | 75,000  | -         | 75,000     |

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

### (ii) Ultimate Holding Company, OSK Holdings Berhad ("OSKH")

|                                            | Number of ordinary shares of RM1 each |           |           |             |
|--------------------------------------------|---------------------------------------|-----------|-----------|-------------|
|                                            | 1.1.2007                              | Acquired  | Disposed  | 31.12.2007  |
| <b>Direct Interest</b>                     |                                       |           |           |             |
| Dato' Nik Mohamed Din bin Datuk Nik Yusoff | 13,200,785                            | 480,000 ~ | (543,000) | 13,137,785  |
| Yap Yuh Foh, Eddie                         | -                                     | 157,500   | (157,500) | -           |
| Ong Ju Yan                                 | 1,697,155                             | 500,000   | -         | 2,197,155   |
| Ong Leong Huat @ Wong Joo Hwa              | 185,645,212                           | 5,531,800 | -         | 191,177,012 |
| Wong Chong Kim                             | 725,327                               | 400,000 ~ | -         | 1,125,327   |
| <b>Indirect Interest</b>                   |                                       |           |           |             |
| Ong Leong Huat @ Wong Joo Hwa *            | 6,896,330                             | 5,006,001 | -         | 11,902,331  |
| Wong Chong Kim * <                         | 882,499                               | 65,095    | -         | 947,594     |

|                                            | Number of Warrant B 2000/2010 |          |                          |            |
|--------------------------------------------|-------------------------------|----------|--------------------------|------------|
|                                            | 1.1.2007                      | Acquired | Transferred/<br>Disposed | 31.12.2007 |
| <b>Direct Interest</b>                     |                               |          |                          |            |
| Dato' Nik Mohamed Din bin Datuk Nik Yusoff | 10                            | -        | -                        | 10         |
| Ong Ju Yan                                 | 140,000                       | -        | -                        | 140,000    |
| Ong Leong Huat @ Wong Joo Hwa              | 37,583,915                    | -        | -                        | 37,583,915 |
| <b>Indirect Interest</b>                   |                               |          |                          |            |
| Ong Leong Huat @ Wong Joo Hwa *            | 1,730,658                     | -        | (1,392,000)              | 338,658    |
| Wong Chong Kim * <                         | 40,000                        | 30,000   | -                        | 70,000     |

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.

## DIRECTORS' REPORT

### (ii) Ultimate Holding Company, OSKH (Cont'd)

|                                            | Number of options over ordinary shares of RM1 each |         |           |            |
|--------------------------------------------|----------------------------------------------------|---------|-----------|------------|
|                                            | 1.1.2007                                           | Granted | Exercised | 31.12.2007 |
| <b>Direct Interest</b>                     |                                                    |         |           |            |
| Dato' Nik Mohamed Din bin Datuk Nik Yusoff | 650,000                                            | -       | (350,000) | 300,000    |
| Yap Yuh Foh, Eddie                         | 157,500                                            | -       | (157,500) | -          |
| Ong Ju Yan                                 | 182,200                                            | -       | -         | 182,200    |
| Ong Leong Huat @ Wong Joo Hwa              | 1,500,000                                          | -       | -         | 1,500,000  |
| Wong Chong Kim                             | 1,200,000                                          | -       | (400,000) | 800,000    |

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

### (iii) Related Company, OSK Property Holdings Berhad ("OSKPH")

|                               | Number of ordinary shares of RM1 each |           |                          |            |
|-------------------------------|---------------------------------------|-----------|--------------------------|------------|
|                               | 1.1.2007                              | Acquired  | Transferred/<br>Disposed | 31.12.2007 |
| <b>Direct Interest</b>        |                                       |           |                          |            |
| Ong Ju Yan                    | 62,000                                | 62,000    | -                        | 124,000    |
| Ong Leong Huat @ Wong Joo Hwa | 5,343,059                             | 6,396,059 | -                        | 11,739,118 |
| Wong Chong Kim                | 875,757                               | 875,757   | -                        | 1,751,514  |

|                                  |            |            |           |             |
|----------------------------------|------------|------------|-----------|-------------|
| <b>Indirect Interest</b>         |            |            |           |             |
| Ong Leong Huat @ Wong Joo Hwa *^ | 63,445,682 | 64,623,682 | -         | 128,069,364 |
| Wong Chong Kim *<                | 567,867    | 567,867    | (160,000) | 975,734     |

|                                            | Number of Warrant A 2004/2009 |          |                          |            |
|--------------------------------------------|-------------------------------|----------|--------------------------|------------|
|                                            | 1.1.2007                      | Acquired | Transferred/<br>Disposed | 31.12.2007 |
| <b>Direct Interest</b>                     |                               |          |                          |            |
| Dato' Nik Mohamed Din bin Datuk Nik Yusoff | 20                            | -        | -                        | 20         |
| Ong Ju Yan                                 | 31,000                        | -        | -                        | 31,000     |
| Ong Leong Huat @ Wong Joo Hwa              | 7,265,443                     | -        | (269,200)                | 6,996,243  |
| Wong Chong Kim                             | 438,000                       | -        | -                        | 438,000    |

|                                  |            |   |          |            |
|----------------------------------|------------|---|----------|------------|
| <b>Indirect Interest</b>         |            |   |          |            |
| Ong Leong Huat @ Wong Joo Hwa *^ | 33,125,808 | - | -        | 33,125,808 |
| Wong Chong Kim *<                | 92,600     | - | (57,000) | 35,600     |

Each Warrant A 2004/2009 entitles the registered holder to subscribe for 1 new ordinary share in OSKPH at an exercise price of RM1.00 per share, at any time before the expiry date of 5 April 2009.

## DIRECTORS' REPORT

### (iii) Related Company, OSKPH (Cont'd)

|                                  | Number of Warrant B 2007/2012 |            |                          |            |
|----------------------------------|-------------------------------|------------|--------------------------|------------|
|                                  | 1.1.2007                      | Acquired   | Transferred/<br>Disposed | 31.12.2007 |
| <b>Direct Interest</b>           |                               |            |                          |            |
| Ong Ju Yan                       | -                             | 31,000     | -                        | 31,000     |
| Ong Leong Huat @ Wong Joo Hwa    | -                             | 2,671,529  | (2,266,378)              | 405,151    |
| Wong Chong Kim                   | -                             | 437,878    | (50,000)                 | 387,878    |
| <b>Indirect Interest</b>         |                               |            |                          |            |
| Ong Leong Huat @ Wong Joo Hwa *^ | -                             | 31,722,840 | (322,984)                | 31,399,856 |
| Wong Chong Kim *<                | -                             | 283,933    | (283,800)                | 133        |

Each Warrant B 2007/2012 entitles the registered holder to subscribe for 1 new ordinary share in OSKPH at an exercise price of RM1.25 per share, at any time before the expiry date of 30 September 2012.

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 subsidiaries, except wholly-owned subsidiaries, are as follows:

|                                                                                            | Number of ordinary shares of RM1.00 each |            |          |            |
|--------------------------------------------------------------------------------------------|------------------------------------------|------------|----------|------------|
|                                                                                            | 1.1.2007                                 | Acquired   | Disposed | 31.12.2007 |
| OSK REIT Management Sdn. Bhd. (formerly known as Ascendas-OSK REIT Management Sdn. Bhd.) # | 510,000                                  | 490,000    | -        | 1,000,000  |
| Finexasia.com Sdn. Bhd. #                                                                  | 10,000,000                               | 1,1361,111 | -        | 11,361,111 |
| OSK-UOB Unit Trust Management Berhad                                                       | 7,000,000                                | -          | -        | 7,000,000  |

|                                     | Number of ordinary shares/amount (SGD) |             |          |            |
|-------------------------------------|----------------------------------------|-------------|----------|------------|
|                                     | 1.1.2007                               | Bonus Issue | Disposed | 31.12.2007 |
| DMG & Partners Securities Pte. Ltd. | 15,300,000                             | 22,950,000  | -        | 38,250,000 |

|                           | Number of ordinary shares of HKD1.00 each |            |          |             |
|---------------------------|-------------------------------------------|------------|----------|-------------|
|                           | 1.1.2007                                  | Subscribed | Disposed | 31.12.2007  |
| OSK Asia Holdings Limited | 112,000,000                               | 50,000,000 | -        | 162,000,000 |

## DIRECTORS' REPORT

- \* Pursuant to Section 134(12)(c) of the Companies (Amendment) Act, 2007 in relation to shares or warrants held by the spouse and/or children of the director.
- ^ Included deemed interest by virtue of substantial shareholding of the director in the ultimate holding company.
- < Included deemed interest by virtue of substantial shareholding of the director in a corporation which held shares or warrants in the ultimate holding company or its related corporations.
- ~ Included acquisition by exercising options over ordinary shares granted.
- # During the year, the ultimate holding company and its subsidiary company acquired the balance of equity interests in both OSK REIT Management Sdn. Bhd. (formerly known as Ascendas-OSK REIT Management Sdn. Bhd.) and Finexasia.com Sdn. Bhd. Therefore, upon the respective acquisition dates, OSK REIT Management Sdn. Bhd. became a wholly-owned subsidiary of the ultimate holding company whilst Finexasia.com Sdn. Bhd. became a subsidiary of the Group.

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

### EXECUTIVE SHARE OPTION SCHEME

The OSK Ventures International ESOS is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 17 November 2006. The ESOS was implemented on 11 April 2007 and is to be in force for a period of 5 years from the date of implementation. The salient features and other terms of the ESOS are disclosed in Note 20 to the financial statements.

The names of option holders, other than directors, granted ESOS of the Company are as follows:

| Name        | Grant Date | Expiry Date | Exercise Price RM | Number of Share Option |           |            |
|-------------|------------|-------------|-------------------|------------------------|-----------|------------|
|             |            |             |                   | Granted                | Exercised | 31.12.2007 |
| Lim Ee Jin  | 11.4.2007  | 10.4.2012   | 2.57              | 85,500                 | -         | 85,500     |
| Lim Lay Him | 11.4.2007  | 10.4.2012   | 2.57              | 28,600                 | -         | 28,600     |

## DIRECTORS' REPORT

### OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that 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 or of the Company which has arisen since the end of the year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the year in which this report is made.

### 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 27 February 2008.

**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**

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 43 to 84 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2007 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 27 February 2008.

**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, Lim Ah Lay, 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 43 to 84 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 Lim Ah Lay at  
Kuala Lumpur in the Federal Territory  
on 27 February 2008

**Lim Ah Lay**

Before me,

Commissioner for Oaths  
Kuala Lumpur, Malaysia

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

We have audited the accompanying financial statements set out on pages 43 to 84. 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 Financial Reporting Standards in Malaysia so as to give a true and fair view of:
  - (i) the financial position of the Group and of the Company as at 31 December 2007 and of the results and the cash flows of the Group and of the Company for the year ended 31 December 2007; 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 have considered the financial statements and the auditor's report thereon of the subsidiaries of which we have not acted as auditor, as indicated in Note 13(a) to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

Kuala Lumpur, Malaysia  
27 February 2008

**George Koshy**

No. 1846/07/09(J)

Partner

**INCOME STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

|                                                                                | <b>Note</b> | <b>Group</b>      |                   | <b>Company</b>    |                   |
|--------------------------------------------------------------------------------|-------------|-------------------|-------------------|-------------------|-------------------|
|                                                                                |             | <b>2007</b>       | <b>2006</b>       | <b>2007</b>       | <b>2006</b>       |
|                                                                                |             | <b>RM</b>         | <b>RM</b>         | <b>RM</b>         | <b>RM</b>         |
| <b>Revenue</b>                                                                 | 4           | 30,825,081        | 42,054,845        | 28,750,910        | 30,786,856        |
| Other income                                                                   | 5           | 29,985            | 26,000            | 9                 | -                 |
| Administrative expenses                                                        |             | (5,791,401)       | (4,292,846)       | (1,843,749)       | (706,719)         |
| Share of profits of associated companies                                       |             | 5,492,967         | 17,232,249        | -                 | -                 |
| <b>Profit before tax</b>                                                       | 6           | 30,556,632        | 55,020,248        | 26,907,170        | 30,080,137        |
| Income tax expense                                                             | 9           | (4,817,735)       | (8,011,611)       | (6,495,125)       | (8,366,829)       |
| <b>Profit for the year</b>                                                     |             | <b>25,738,897</b> | <b>47,008,637</b> | <b>20,412,045</b> | <b>21,713,308</b> |
| Profit attributable to:                                                        |             |                   |                   |                   |                   |
| Equity holders of the Company                                                  |             | 25,512,877        | 47,008,637        | 20,412,045        | 21,713,308        |
| Minority interests                                                             |             | 226,020           | -                 | -                 | -                 |
|                                                                                |             | <b>25,738,897</b> | <b>47,008,637</b> | <b>20,412,045</b> | <b>21,713,308</b> |
| <b>Earnings per share attributable to equity holders of the Company (sen):</b> |             |                   |                   |                   |                   |
| Basic and diluted, for profit for the year                                     | 10          | <b>17.01</b>      | <b>31.34</b>      |                   |                   |

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

**BALANCE SHEETS**  
**AS AT 31 DECEMBER 2007**

|                                                      |       | Group       |             | Company     |             |
|------------------------------------------------------|-------|-------------|-------------|-------------|-------------|
|                                                      |       | 2007        | 2006        | 2007        | 2006        |
| Note                                                 |       | RM          | RM          | RM          | RM          |
| ASSETS                                               |       |             |             |             |             |
| Non-current assets                                   |       |             |             |             |             |
| Plant and equipment                                  | 11    | 830,480     | 313,515     | -           | -           |
| Intangible assets                                    | 12    | 549,142     | -           | -           | -           |
| Investment in subsidiary companies                   | 13(a) | -           | -           | 15,944,803  | 15,944,802  |
| Investment in associated companies                   | 14    | 190,966,078 | 226,251,077 | 5,588,213   | 5,588,213   |
| Other investments                                    | 15    | 80,690,213  | 74,956,972  | 11,122,450  | -           |
|                                                      |       | 273,035,913 | 301,521,564 | 32,655,466  | 21,533,015  |
| Current assets                                       |       |             |             |             |             |
| Other investments                                    | 15    | 6,157,314   | -           | -           | -           |
| Trade and other receivables                          | 16    | 1,355,819   | 1,076,620   | 1,142,194   | 40,854      |
| Amounts due from subsidiary companies                | 13(c) | -           | -           | 228,830,257 | 233,798,768 |
| Amounts due from related companies                   | 17    | 2,199,605   | -           | -           | -           |
| Tax recoverable                                      |       | 1,495,004   | 1,048,649   | 390,036     | 14,338      |
| Cash, bank balances and deposits                     | 18    | 61,771,575  | 27,388,897  | 19,582,516  | 7,133,183   |
|                                                      |       | 72,979,317  | 29,514,166  | 249,945,003 | 240,987,143 |
| TOTAL ASSETS                                         |       | 346,015,230 | 331,035,730 | 282,600,469 | 262,520,158 |
| EQUITY AND LIABILITIES                               |       |             |             |             |             |
| Equity attributable to equity holders of the Company |       |             |             |             |             |
| Share capital                                        | 19    | 150,000,000 | 150,000,000 | 150,000,000 | 150,000,000 |
| Reserves                                             | 21    | 189,196,651 | 180,168,423 | 115,795,633 | 111,190,958 |
|                                                      |       | 339,196,651 | 330,168,423 | 265,795,633 | 261,190,958 |
| Minority interests                                   |       | 5,559,473   | -           | -           | -           |
| Total equity                                         |       | 344,756,124 | 330,168,423 | 265,795,633 | 261,190,958 |
| Current liabilities                                  |       |             |             |             |             |
| Deferred income                                      | 22    | 85,080      | -           | -           | -           |
| Sundry payables                                      | 23    | 1,049,792   | 834,533     | 345,770     | 252,400     |
| Amounts due to subsidiary companies                  | 13(c) | -           | -           | 16,459,066  | 1,076,800   |
| Amounts due to related companies                     | 17    | 124,234     | -           | -           | -           |
| Income tax payable                                   |       | -           | 32,774      | -           | -           |
| Total liabilities                                    |       | 1,259,106   | 867,307     | 16,804,836  | 1,329,200   |
| TOTAL EQUITY AND LIABILITIES                         |       | 346,015,230 | 331,035,730 | 282,600,469 | 262,520,158 |

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

# **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** **FOR THE YEAR ENDED 31 DECEMBER 2007**

|                                                                  | Attributable to Equity Holders of the Company |                            |                                          |                             |                               |                    | Minority         | Total              |
|------------------------------------------------------------------|-----------------------------------------------|----------------------------|------------------------------------------|-----------------------------|-------------------------------|--------------------|------------------|--------------------|
|                                                                  | Share capital<br>(Note 19)                    | Share premium<br>(Note 21) | Equity compensation reserve<br>(Note 21) | Other reserves<br>(Note 21) | Retained profits<br>(Note 21) | Total              | Interests        | Equity             |
|                                                                  | RM                                            | RM                         | RM                                       | RM                          | RM                            | RM                 | RM               | RM                 |
| <b>At 1 January 2007</b>                                         | 150,000,000                                   | 104,396,793                | -                                        | 32,148,061                  | 43,623,569                    | 330,168,423        | -                | 330,168,423        |
| Acquisition of a subsidiary company (Note 13(b))                 | -                                             | -                          | -                                        | -                           | -                             | -                  | 5,499,528        | 5,499,528          |
| Share of associated companies' reserves                          | -                                             | -                          | -                                        | (563,537)                   | -                             | (563,537)          | -                | (563,537)          |
| Loss on deemed disposal of shares in associated companies        | -                                             | -                          | -                                        | (113,742)                   | -                             | (113,742)          | -                | (113,742)          |
| Reserves realised on disposals of shares in associated companies | -                                             | -                          | -                                        | (2,271,454)                 | 2,271,454                     | -                  | -                | -                  |
| Net income and expense recognised directly in equity             | -                                             | -                          | -                                        | (2,948,733)                 | 2,271,454                     | (677,279)          | -                | (677,279)          |
| Profit for the year                                              | -                                             | -                          | -                                        | -                           | 25,512,877                    | 25,512,877         | 226,020          | 25,738,897         |
| Total income and expense recognised for the year                 | -                                             | -                          | -                                        | (2,948,733)                 | 27,784,331                    | 24,835,598         | 226,020          | 25,061,618         |
| Dividends paid (Note 24)                                         | -                                             | -                          | -                                        | -                           | (16,424,997)                  | (16,424,997)       | -                | (16,424,997)       |
| Dividends paid to minority interests                             | -                                             | -                          | -                                        | -                           | -                             | -                  | (166,075)        | (166,075)          |
| Share options of the Company (Note 7)                            | -                                             | -                          | 617,627                                  | -                           | -                             | 617,627            | -                | 617,627            |
| <b>At 31 December 2007</b>                                       | <b>150,000,000</b>                            | <b>104,396,793</b>         | <b>617,627</b>                           | <b>29,199,328</b>           | <b>54,982,903</b>             | <b>339,196,651</b> | <b>5,559,473</b> | <b>344,756,124</b> |

|                                                                  | Attributable to Equity Holders of the Company |                            |                             |                               |                    |
|------------------------------------------------------------------|-----------------------------------------------|----------------------------|-----------------------------|-------------------------------|--------------------|
|                                                                  | Share capital<br>(Note 19)                    | Share premium<br>(Note 21) | Other reserves<br>(Note 21) | Retained profits<br>(Note 21) | Total equity       |
|                                                                  | RM                                            | RM                         | RM                          | RM                            | RM                 |
| <b>At 1 January 2006</b>                                         | 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 24)                                         | -                                             | -                          | -                           | (30,691,796)                  | (30,691,796)       |
| <b>At 31 December 2006</b>                                       | <b>150,000,000</b>                            | <b>104,396,793</b>         | <b>32,148,061</b>           | <b>43,623,569</b>             | <b>330,168,423</b> |

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

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2007**

|                                                                                    | Non-Distributable          |                            |                                          | Distributable                 |                    |
|------------------------------------------------------------------------------------|----------------------------|----------------------------|------------------------------------------|-------------------------------|--------------------|
|                                                                                    | Share capital<br>(Note 19) | Share premium<br>(Note 21) | Equity compensation reserve<br>(Note 21) | Retained profits<br>(Note 21) | Total equity       |
|                                                                                    | RM                         | RM                         | RM                                       | RM                            | RM                 |
| <b>At 1 January 2007</b>                                                           | 150,000,000                | 104,396,793                | -                                        | 6,794,165                     | 261,190,958        |
| Profit for the year, representing total income and expense recognised for the year | -                          | -                          | -                                        | 20,412,045                    | 20,412,045         |
| Dividends paid (Note 24)                                                           | -                          | -                          | -                                        | (16,424,997)                  | (16,424,997)       |
| Share options of the Company (Note 7)                                              | -                          | -                          | 617,627                                  | -                             | 617,627            |
| <b>At 31 December 2007</b>                                                         | <b>150,000,000</b>         | <b>104,396,793</b>         | <b>617,627</b>                           | <b>10,781,213</b>             | <b>265,795,633</b> |
| <b>At 1 January 2006</b>                                                           | 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 24)                                                           | -                          | -                          | -                                        | (30,691,796)                  | (30,691,796)       |
| <b>At 31 December 2006</b>                                                         | <b>150,000,000</b>         | <b>104,396,793</b>         | <b>-</b>                                 | <b>6,794,165</b>              | <b>261,190,958</b> |

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

**CASH FLOW STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

|                                                               | <b>Group</b>       |                     | <b>Company</b>    |                     |
|---------------------------------------------------------------|--------------------|---------------------|-------------------|---------------------|
|                                                               | <b>2007</b>        | <b>2006</b>         | <b>2007</b>       | <b>2006</b>         |
|                                                               | <b>RM</b>          | <b>RM</b>           | <b>RM</b>         | <b>RM</b>           |
| <b>Cash Flows from Operating Activities</b>                   |                    |                     |                   |                     |
| Profit before tax                                             | 30,556,632         | 55,020,248          | 26,907,170        | 30,080,137          |
| Adjustments for:                                              |                    |                     |                   |                     |
| Amortisation of intangible asset                              | 247                | -                   | -                 | -                   |
| Depreciation                                                  | 111,609            | 66,090              | -                 | -                   |
| Share options of the Company                                  | 617,627            | -                   | -                 | -                   |
| Plant and equipment written off                               | 3,720              | -                   | -                 | -                   |
| Impairment of investments                                     | 188,219            | 691,750             | -                 | -                   |
| Gain on disposal of plant and equipment                       | (6,976)            | -                   | -                 | -                   |
| Gain on disposals of other investments                        | (128,349)          | (7,108,484)         | -                 | -                   |
| Gain on disposals of investments in associated companies      | (25,464,814)       | (25,998,197)        | -                 | -                   |
| Interest income                                               | (3,136,825)        | (3,948,164)         | (1,400,910)       | (1,787,156)         |
| Dividend income                                               | (498,344)          | -                   | (27,350,000)      | (28,999,700)        |
| Share of profits of associated companies                      | (5,492,967)        | (17,232,249)        | -                 | -                   |
| Unrealised loss on foreign exchange                           | 499,513            | -                   | 741,514           | -                   |
| Operating (loss)/profit before working capital changes        | (2,750,708)        | 1,490,994           | (1,102,226)       | (706,719)           |
| Decrease/(increase) in receivables                            | 1,832,289          | 148,944             | (53,100)          | 52,105              |
| Decrease/(increase) in amounts due from subsidiary companies  | -                  | -                   | 4,968,511         | (46,681,407)        |
| Increase in amount due from related companies                 | (2,517,910)        | -                   | -                 | -                   |
| (Decrease)/increase in payables                               | (107,733)          | 621,974             | 93,370            | 155,741             |
| Increase in amount due to subsidiary companies                | -                  | -                   | 15,999,893        | 39,407              |
| Increase in amount due to related companies                   | 116,214            | -                   | -                 | -                   |
| Cash (used in)/generated from operations                      | (3,427,848)        | 2,261,912           | 19,906,448        | (47,140,873)        |
| Proceeds from disposals of other investments                  | 36,701,600         | 18,351,878          | -                 | -                   |
| Purchase of other investments                                 | (44,812,240)       | (70,382,734)        | (11,825,864)      | -                   |
| Dividend received                                             | 4,364,797          | 1,388,868           | 20,775,500        | 21,023,620          |
| Interest received                                             | 2,898,453          | 3,089,368           | 314,570           | 1,787,156           |
| Income tax refund                                             | 468,319            | -                   | -                 | -                   |
| Taxes paid                                                    | (5,500,884)        | (9,988,444)         | (296,323)         | (432,116)           |
| <b>Net cash (used in)/generated from operating activities</b> | <b>(9,307,803)</b> | <b>(55,279,152)</b> | <b>28,874,331</b> | <b>(24,762,213)</b> |

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

**CASH FLOW STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007 (CONT'D)**

|                                                                     | <b>Group</b>        |                     | <b>Company</b>      |                     |
|---------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                                                     | <b>2007</b>         | <b>2006</b>         | <b>2007</b>         | <b>2006</b>         |
|                                                                     | <b>RM</b>           | <b>RM</b>           | <b>RM</b>           | <b>RM</b>           |
| <b>Cash Flows from Investing Activities</b>                         |                     |                     |                     |                     |
| Net cash inflow from acquisition of subsidiary company (Note 13(b)) | 5,103,399           | -                   | (1)                 | (1)                 |
| Proceeds from disposals of shares in associated companies           | 56,925,362          | 31,232,800          | -                   | -                   |
| Purchase of shares in associated companies                          | (2,212,615)         | (40,075,175)        | -                   | (5,588,054)         |
| Purchase of plant and equipment                                     | (24,718)            | (39,567)            | -                   | -                   |
| Purchase of software licence                                        | (19,750)            | -                   | -                   | -                   |
| Proceeds from disposal of plant and equipment                       | 3,400               | -                   | -                   | -                   |
| <b>Net cash generated from/(used in) investing activities</b>       | <b>59,775,078</b>   | <b>(8,881,942)</b>  | <b>(1)</b>          | <b>(5,588,055)</b>  |
| <b>Cash Flows from Financing Activities</b>                         |                     |                     |                     |                     |
| Expense pursuant to ESOS                                            | -                   | (62,510)            | -                   | (62,510)            |
| Dividends paid to shareholders (Note 24)                            | (16,424,997)        | (30,691,796)        | (16,424,997)        | (30,691,796)        |
| Dividends paid to minority interests                                | (166,075)           | -                   | -                   | -                   |
| <b>Net cash used in financing activities</b>                        | <b>(16,591,072)</b> | <b>(30,754,306)</b> | <b>(16,424,997)</b> | <b>(30,754,306)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>         | <b>33,876,203</b>   | <b>(94,915,400)</b> | <b>12,449,333</b>   | <b>(61,104,574)</b> |
| <b>Effects of exchange rate changes</b>                             | <b>506,475</b>      | <b>-</b>            | <b>-</b>            | <b>-</b>            |
| <b>Cash and cash equivalents at beginning of year</b>               | <b>27,388,897</b>   | <b>122,304,297</b>  | <b>7,133,183</b>    | <b>68,237,757</b>   |
| <b>Cash and cash equivalents at end of year (Note 18)</b>           | <b>61,771,575</b>   | <b>27,388,897</b>   | <b>19,582,516</b>   | <b>7,133,183</b>    |

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

## **1. GENERAL INFORMATION**

The Company is a public company limited by shares, incorporated under the Companies Act, 1965, domiciled in Malaysia, and is listed on 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 is an investment holding company. The principal activities of the subsidiary companies are described in Note 13(a). There have been no significant changes in the nature of these activities during the year except for the acquisitions of new subsidiary companies as disclosed in Note 13(b).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 February 2008.

## **2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

### **(a) Basis of Preparation**

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia.

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

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

On 1 January 2007, the Group and the Company adopted the following revised FRSs and amendment to FRS:

|                                      |                                                                                |
|--------------------------------------|--------------------------------------------------------------------------------|
| FRS 6                                | Exploration for and Evaluation of Mineral Resources                            |
| FRS 117                              | Leases                                                                         |
| Amendment to FRS 119 <sub>2004</sub> | Employee Benefits<br>- Actuarial Gains and Losses, Group Plans and Disclosures |
| FRS 124                              | Related Party Disclosures                                                      |

In addition, the Group has adopted early the Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation, for the year beginning 1 January 2007. The changes in accounting policies have been reflected in the significant accounting policies accordingly.

The adoption of the new and amendments to FRSs did not have a significant financial impact on the Group and the Company. However, the adoption of the revised FRS 124 give rise to additional disclosures but did not result in significant changes in accounting policies of the Group and the Company.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2007

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

### (b) Adoption of Financial Reporting Standards ("FRSs") for the Year (Cont'd)

At the date of authorisation of these financial statements, the following new and revised FRSs, amendment to FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

| FRSs and Interpretations |                                                                                                         | Effective for financial period beginning on or after |
|--------------------------|---------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| FRS 107                  | Cash Flow Statements                                                                                    | 1 July 2007                                          |
| FRS 111                  | Construction Contracts                                                                                  | 1 July 2007                                          |
| FRS 112                  | Income Taxes                                                                                            | 1 July 2007                                          |
| FRS 118                  | Revenue                                                                                                 | 1 July 2007                                          |
| FRS 120                  | Accounting for Government Grants and Disclosure of Government Assistance                                | 1 July 2007                                          |
| FRS 134                  | Interim Financial Reporting                                                                             | 1 July 2007                                          |
| FRS 137                  | Provisions, Contingent Liabilities and Contingent Assets                                                | 1 July 2007                                          |
| FRS 139                  | Financial Instruments: Recognition and Measurement                                                      | Deferred                                             |
| IC Interpretation 1      | Changes in Existing Decommissioning, Restoration and Similar Liabilities                                | 1 July 2007                                          |
| IC Interpretation 2      | Members' Shares in Co-operative Entities and Similar Instruments                                        | 1 July 2007                                          |
| IC Interpretation 5      | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds    | 1 July 2007                                          |
| IC Interpretation 6      | Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment | 1 July 2007                                          |
| IC Interpretation 7      | Applying the Restatement Approach under FRS 129: Financial Reporting in Hyperinflationary Economies     | 1 July 2007                                          |
| IC Interpretation 8      | Scope of FRS 2                                                                                          | 1 July 2007                                          |

The Group is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139. The revised FRSs and Interpretations are expected to have no significant financial impact on the financial statements of the Group and the Company upon their initial application.

### (c) Significant Accounting Judgements and Estimates

#### (i) Judgements

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

#### Investment in associated companies

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

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

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

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

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

#### **(ii) Estimation uncertainly**

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

#### **Impairment 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.

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% (2006: 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% (2006: 4% to 5%) is maintained.

## **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.

#### **(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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2007

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

##### (a) Basis of Consolidation (Cont'd)

##### (ii) Associated companies (Cont'd)

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.

##### (b) Investment 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.

Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of 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% |

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

#### **(c) Plant and Equipment and Depreciation (Cont'd)**

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

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

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

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

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

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

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

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

#### **(e) Intangible Assets**

##### **(i) Goodwill on consolidation**

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

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2007

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

#### (e) Intangible Asset (Cont'd)

##### (ii) Software license

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

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

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

#### (f) Cash and Cash Equivalents

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

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

#### (g) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present 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.

#### (h) Operating Leases - The Group as Lessee

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

#### (i) Employee Benefits

##### (i) Short term benefits

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

##### (ii) Defined contribution plans

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

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

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

#### **(i) Employee Benefits (Cont'd)**

##### **(iii) Share-based compensation**

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

The fair value of the share options granted to employees by the Company is recognised as employee cost with a corresponding increase in the equity compensation reserve within equity. The proceeds received net of any directly attributable transaction costs are credited to equity when these options are exercised. The equivalent employee costs arising from share options granted by the holding company is included as amount owing to the holding company. Both the share options granted to employees by the Company and the holding company vest immediately upon acceptance of the offer by employees. The fair value of share options is measured at grant date, computed using a binomial model and the number of share options granted.

#### **(j) 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 credited to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

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

#### **(k) Revenue and Income Recognition**

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

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

##### **(i) Sale of investments**

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

## **NOTES TO THE FINANCIAL STATEMENTS**

### **31 DECEMBER 2007**

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

##### **(k) Revenue and Income Recognition (Cont'd)**

###### **(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) Revenue from services**

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

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

###### **(v) Other income**

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

##### **(l) Financial Instruments**

Financial instruments are recognised in the balance sheet when the Group becomes 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) Other investments**

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

Investments in shares are stated at cost less impairment. On disposal of such investments, the difference between net disposal proceed and its carrying amount is recognised in the income statement.

Loan and promissory notes are stated at fair value of consideration paid and are redeemed on maturity dates.

###### **(ii) Receivables**

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

###### **(iii) Payables**

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

###### **(iv) Deposits and placements with banks and financial institutions**

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

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

#### **(l) Financial Instruments (Cont'd)**

##### **(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.

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

Where the Group has a monetary item that forms part of its net investment in a foreign operation, the exchange differences arising from such monetary items are recognised in equity in the consolidated financial statements, irrespective of the currency of the monetary item. Prior to the adoption of the amendment to FRS 121, exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation are recognised in equity in the consolidated financial statements only when that monetary item is denominated either in the functional currency of the reporting entity or the foreign operation.

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.

The exchange rates used in translation are as follows:

|                      | <b>31.12.2007</b> | <b>31.12.2006</b> |
|----------------------|-------------------|-------------------|
|                      | <b>RM</b>         | <b>RM</b>         |
| <b>Closing rate</b>  |                   |                   |
| United States Dollar | 3.31              | 3.53              |
| Singapore Dollar     | 2.29              | 2.30              |
| Hong Kong Dollar     | 0.42              | 0.45              |

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2007

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

#### (m) Foreign Currencies (Cont'd)

##### (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 expense for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

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

### 4. REVENUE

|                                                          | <b>Group</b>      |                   | <b>Company</b>    |                   |
|----------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                          | <b>2007</b>       | <b>2006</b>       | <b>2007</b>       | <b>2006</b>       |
|                                                          | <b>RM</b>         | <b>RM</b>         | <b>RM</b>         | <b>RM</b>         |
| Gain on disposals of other investments                   | 128,349           | 7,108,484         | -                 | -                 |
| Gain on disposals of investments in associated companies | 25,464,814        | 25,998,197        | -                 | -                 |
| Interest income                                          | 3,136,825         | 3,948,164         | 1,400,910         | 1,787,156         |
| Dividend income                                          | 498,344           | -                 | 27,350,000        | 28,999,700        |
| Revenue from services                                    | 1,596,749         | 5,000,000         | -                 | -                 |
|                                                          | <b>30,825,081</b> | <b>42,054,845</b> | <b>28,750,910</b> | <b>30,786,856</b> |

### 5. OTHER INCOME

|                                          | <b>Group</b>  |               | <b>Company</b> |             |
|------------------------------------------|---------------|---------------|----------------|-------------|
|                                          | <b>2007</b>   | <b>2006</b>   | <b>2007</b>    | <b>2006</b> |
|                                          | <b>RM</b>     | <b>RM</b>     | <b>RM</b>      | <b>RM</b>   |
| Gain on disposals of plant and equipment | 6,976         | -             | -              | -           |
| Sundry income                            | 23,009        | 26,000        | 9              | -           |
|                                          | <b>29,985</b> | <b>26,000</b> | <b>9</b>       | <b>-</b>    |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2007**

**6. PROFIT BEFORE TAX**

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

|                                                              | <b>Group</b> |             | <b>Company</b> |             |
|--------------------------------------------------------------|--------------|-------------|----------------|-------------|
|                                                              | <b>2007</b>  | <b>2006</b> | <b>2007</b>    | <b>2006</b> |
|                                                              | <b>RM</b>    | <b>RM</b>   | <b>RM</b>      | <b>RM</b>   |
| Auditors' remuneration                                       |              |             |                |             |
| (i) Statutory audit:                                         |              |             |                |             |
| - current year                                               | 88,572       | 79,537      | 25,000         | 25,000      |
| - underprovision in prior year                               | 10,000       | 5,400       | 10,000         | 1,000       |
| (ii) Other services                                          | -            | 37,500      | -              | 20,800      |
| Employee benefits expense (Note 7)                           | 2,337,301    | 1,425,685   | 213,200        | 202,000     |
| Non-executive directors' remuneration (Note 8)               | 472,250      | 149,000     | 155,000        | 149,000     |
| Impairment of investments                                    | 188,219      | 691,750     | -              | -           |
| Rental of office and parking space paid to a related company | 117,956      | 117,242     | -              | -           |
| Amortisation of intangible asset                             | 247          | -           | -              | -           |
| Depreciation                                                 | 111,609      | 66,090      | -              | -           |
| Plant and equipment written off                              | 3,720        | -           | -              | -           |
| Realised loss on foreign exchange                            | 1,107,979    | -           | 114,594        | -           |
| Unrealised loss on foreign exchange                          | 499,513      | -           | 741,514        | -           |

**7. EMPLOYEE BENEFITS EXPENSE**

|                                      | <b>Group</b>     |                  | <b>Company</b> |                |
|--------------------------------------|------------------|------------------|----------------|----------------|
|                                      | <b>2007</b>      | <b>2006</b>      | <b>2007</b>    | <b>2006</b>    |
|                                      | <b>RM</b>        | <b>RM</b>        | <b>RM</b>      | <b>RM</b>      |
| Salaries and bonuses                 | 1,547,526        | 1,297,558        | 200,000        | 202,000        |
| Share options of the Company         | 617,627          | -                | -              | -              |
| Share options of OSK Holdings Berhad | 21,499           | 44,250           | -              | -              |
| Defined contribution plan            | 138,500          | 75,999           | 13,200         | -              |
| Other staff related expenses         | 12,149           | 7,878            | -              | -              |
|                                      | <b>2,337,301</b> | <b>1,425,685</b> | <b>213,200</b> | <b>202,000</b> |

Included in employee benefits expense of the Group and the Company is executive directors' remuneration amounting to RM1,121,625 (2006: RM1,031,485) and RM213,200 (2006: RM202,000) respectively as further disclosed in Note 8.

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**8. DIRECTORS' REMUNERATION**

|                                        | <b>Group</b>            |                         | <b>Company</b>        |                       |
|----------------------------------------|-------------------------|-------------------------|-----------------------|-----------------------|
|                                        | <b>2007</b>             | <b>2006</b>             | <b>2007</b>           | <b>2006</b>           |
|                                        | <b>RM</b>               | <b>RM</b>               | <b>RM</b>             | <b>RM</b>             |
| <b>Directors of the Company</b>        |                         |                         |                       |                       |
| Executive (Note 7):                    |                         |                         |                       |                       |
| Salaries, bonuses and other emoluments | 690,712                 | 668,000                 | 110,000               | -                     |
| Directors' fees:                       |                         |                         |                       |                       |
| - current year                         | 90,000                  | 130,000                 | 90,000                | 130,000               |
| - underprovision in prior year         | -                       | 72,000                  | -                     | 72,000                |
| Share options of the Company           | 246,750                 | -                       | -                     | -                     |
| Share options of OSK Holdings Berhad   | 14,963                  | 75,925                  | -                     | -                     |
| Defined contribution plan              | 79,200                  | 85,560                  | 13,200                | -                     |
|                                        | <u>1,121,625</u>        | <u>1,031,485</u>        | <u>213,200</u>        | <u>202,000</u>        |
| Non-executive (Note 6):                |                         |                         |                       |                       |
| Fees:                                  |                         |                         |                       |                       |
| - current year                         | 155,000                 | 95,000                  | 155,000               | 95,000                |
| - underprovision in prior year         | -                       | 54,000                  | -                     | 54,000                |
| Share options of the Company           | 317,250                 | -                       | -                     | -                     |
|                                        | <u>472,250</u>          | <u>149,000</u>          | <u>155,000</u>        | <u>149,000</u>        |
| Total directors' remuneration          | <b><u>1,593,875</u></b> | <b><u>1,180,485</u></b> | <b><u>368,200</u></b> | <b><u>351,000</u></b> |
| Executive:                             |                         |                         |                       |                       |
| Benefits-in-kind                       | <u>26,886</u>           | <u>49,431</u>           | <u>2,936</u>          | <u>-</u>              |

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

|                          | <b>Number of directors</b> |                 |
|--------------------------|----------------------------|-----------------|
|                          | <b>2007</b>                | <b>2006</b>     |
| Executive directors:     |                            |                 |
| Below RM50,000           | 1                          | 4               |
| RM250,001 - RM300,000    | 1                          | -               |
| RM800,001 - RM850,000    | 1                          | -               |
| RM850,001 - RM900,000    | -                          | 1               |
| Non-executive directors: |                            |                 |
| Below RM50,000           | -                          | 2               |
| RM50,001 - RM100,000     | 3                          | 1               |
| RM100,001 - RM150,000    | 2                          | -               |
|                          | <b><u>8</u></b>            | <b><u>8</u></b> |

**NOTES TO THE FINANCIAL STATEMENTS**  
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**9. INCOME TAX EXPENSE**

|                               | <b>Group</b>     |                  | <b>Company</b>   |                  |
|-------------------------------|------------------|------------------|------------------|------------------|
|                               | <b>2007</b>      | <b>2006</b>      | <b>2007</b>      | <b>2006</b>      |
|                               | <b>RM</b>        | <b>RM</b>        | <b>RM</b>        | <b>RM</b>        |
| <b>Malaysian income tax:</b>  |                  |                  |                  |                  |
| Current year                  | 4,798,070        | 7,946,384        | 6,495,070        | 8,362,508        |
| Underprovision in prior years | 19,665           | 65,227           | 55               | 4,321            |
|                               | <b>4,817,735</b> | <b>8,011,611</b> | <b>6,495,125</b> | <b>8,366,829</b> |

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

The Income Tax (Exemption) (Amendment) (No.2) Order 2006 exempts a Venture Capital Company ("VCC") from payment of tax in respect of statutory income on all sources of income (other than interest income arising from savings or fixed deposits and profits from syariah-based deposits) for 10 years if 70% of the invested funds of the VCC are invested in Venture Company and in the form of start-up or early stage financing and if 50% of the invested funds of the VCC are invested in Venture Company and in the form of seed capital. The tax exempt status is subject to annual certification by the Securities Commission ("SC").

The tax exempt periods for OSKTV and OSKVE are effective from YA 2002 to YA 2011 and from YA 2003 to YA 2012 inclusive, respectively. On 13 June 2007, OSKVE obtained the certification from SC in respect of YA 2006. OSKTV did not meet certain criteria for the exemption for YA 2006.

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

Subsidiary companies which are 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 27% on the excess of RM500,000. Income tax expense of the Company is calculated based on the statutory income tax rate of 27% of the estimated taxable profit for the year. The statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2007

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

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

|                                                        | <b>Group</b>     |                  | <b>Company</b>   |                  |
|--------------------------------------------------------|------------------|------------------|------------------|------------------|
|                                                        | <b>2007</b>      | <b>2006</b>      | <b>2007</b>      | <b>2006</b>      |
|                                                        | <b>RM</b>        | <b>RM</b>        | <b>RM</b>        | <b>RM</b>        |
| Profit before tax                                      | 30,556,632       | 55,020,248       | 26,907,170       | 30,080,137       |
| Tax at Malaysian statutory tax rate of 27% (2006: 28%) | 8,250,291        | 15,405,669       | 7,264,936        | 8,422,438        |
| Effect of statutory tax rate of 20% (2006: 20%)        | 31,927           | (76,466)         | -                | -                |
| Effect of different tax rates in other countries       | (354,597)        | (7,247)          | -                | -                |
| Expenses not deductible for tax purposes               | 1,054,061        | 311,501          | 344,967          | 83,906           |
| Income not subjected to tax                            | (4,394,774)      | (7,695,265)      | (1,114,833)      | (143,836)        |
| Deferred tax assets not recognised                     | 211,162          | 8,192            | -                | -                |
| Underprovision of income tax in prior years            | 19,665           | 65,227           | 55               | 4,321            |
| Income tax expense for the year                        | <b>4,817,735</b> | <b>8,011,611</b> | <b>6,495,125</b> | <b>8,366,829</b> |

Deferred tax assets have not been recognised in respect of unutilised tax losses of certain subsidiary companies amounting to RM1,099,931 (2006: RM44,121) as they have arisen in subsidiary companies that have a recent history of losses. The unutilised tax losses of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

#### 10. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

|                                                                        | <b>Group</b> |              |
|------------------------------------------------------------------------|--------------|--------------|
|                                                                        | <b>2007</b>  | <b>2006</b>  |
| Profit for the year attributable to equity holders of the Company (RM) | 25,512,877   | 47,008,637   |
| Weighted average number of ordinary shares in issue                    | 150,000,000  | 150,000,000  |
| Basic earnings per share (sen)                                         | <b>17.01</b> | <b>31.34</b> |

For the year ended 31 December 2007, the outstanding share options have been excluded from the computation of fully diluted earnings per RM1 ordinary shares as their conversion to ordinary shares would be antidilutive.

**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. PLANT AND EQUIPMENT**

|                                                     | <b>Furniture<br/>and fittings</b> | <b>Motor<br/>vehicle</b> | <b>Office<br/>equipment</b> | <b>Renovation</b> | <b>Total</b>   |
|-----------------------------------------------------|-----------------------------------|--------------------------|-----------------------------|-------------------|----------------|
|                                                     | <b>RM</b>                         | <b>RM</b>                | <b>RM</b>                   | <b>RM</b>         | <b>RM</b>      |
| <b>Group</b>                                        |                                   |                          |                             |                   |                |
| <b>2007</b>                                         |                                   |                          |                             |                   |                |
| <b>Cost</b>                                         |                                   |                          |                             |                   |                |
| At 1 January 2007                                   | 9,570                             | 358,478                  | 91,187                      | 1,900             | 461,135        |
| Additions                                           | -                                 | -                        | 31,718                      | -                 | 31,718         |
| Disposals                                           | -                                 | -                        | (31,019)                    | -                 | (31,019)       |
| Written off                                         | -                                 | -                        | (6,779)                     | -                 | (6,779)        |
| Acquisition of a subsidiary<br>company (Note 13(b)) | -                                 | -                        | 3,369,330                   | 82,534            | 3,451,864      |
| At 31 December 2007                                 | 9,570                             | 358,478                  | 3,454,437                   | 84,434            | 3,906,919      |
| <b>Accumulated depreciation</b>                     |                                   |                          |                             |                   |                |
| At 1 January 2007                                   | 4,135                             | 98,582                   | 44,808                      | 95                | 147,620        |
| Charge for the year                                 | 957                               | 53,772                   | 54,626                      | 2,254             | 111,609        |
| Disposals                                           | -                                 | -                        | (27,595)                    | -                 | (27,595)       |
| Written off                                         | -                                 | -                        | (3,059)                     | -                 | (3,059)        |
| Acquisition of a subsidiary<br>company (Note 13(b)) | -                                 | -                        | 2,792,154                   | 55,710            | 2,847,864      |
| At 31 December 2007                                 | 5,092                             | 152,354                  | 2,860,934                   | 58,059            | 3,076,439      |
| <b>Net carrying amount</b>                          | <b>4,478</b>                      | <b>206,124</b>           | <b>593,503</b>              | <b>26,375</b>     | <b>830,480</b> |
| <b>2006</b>                                         |                                   |                          |                             |                   |                |
| <b>Cost</b>                                         |                                   |                          |                             |                   |                |
| 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        |
| <b>Accumulated depreciation</b>                     |                                   |                          |                             |                   |                |
| 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        |
| <b>Net carrying amount</b>                          | <b>5,435</b>                      | <b>259,896</b>           | <b>46,379</b>               | <b>1,805</b>      | <b>313,515</b> |

During the year, the Group acquired plant and equipment at an aggregate cost of RM31,718 (2006: RM39,567), of which RM7,000 (2006: Nil) is by trade in of an existing asset.

**NOTES TO THE FINANCIAL STATEMENTS**  
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**12. INTANGIBLE ASSETS**

|                                                  | <b>Goodwill<br/>on consoli-<br/>dation</b> | <b>Software<br/>license</b> | <b>Total</b>   |
|--------------------------------------------------|--------------------------------------------|-----------------------------|----------------|
|                                                  | <b>RM</b>                                  | <b>RM</b>                   | <b>RM</b>      |
| <b>Group</b>                                     |                                            |                             |                |
| <b>Cost</b>                                      |                                            |                             |                |
| At 1 January 2007                                | -                                          | -                           | -              |
| Acquisition of a subsidiary company (Note 13(b)) | 529,639                                    | -                           | 529,639        |
| Addition                                         | -                                          | 19,750                      | 19,750         |
| At 31 December 2007                              | 529,639                                    | 19,750                      | 549,389        |
| <b>Accumulated amortisation</b>                  |                                            |                             |                |
| At 1 January 2007                                | -                                          | -                           | -              |
| Amortisation                                     | -                                          | 247                         | 247            |
| At 31 December 2007                              | -                                          | 247                         | 247            |
| <b>Net carrying amount</b>                       |                                            |                             |                |
| At 31 December 2007                              | <b>529,639</b>                             | <b>19,503</b>               | <b>549,142</b> |
| At 31 December 2006                              | -                                          | -                           | -              |

**Impairment test for goodwill**

The allocation of goodwill to the Group's CGUs identified according to business segments is as follows:

|                                      | <b>2007</b> | <b>2006</b> |
|--------------------------------------|-------------|-------------|
|                                      | <b>RM</b>   | <b>RM</b>   |
| Internet financial solution business | 529,639     | -           |

The management believes that the goodwill is not impaired based on the significant net tangible asset position of the investment as at balance sheet date.

**13. SUBSIDIARY COMPANIES**

**(a) Investment in subsidiary companies**

|                          | <b>Company</b>    |                   |
|--------------------------|-------------------|-------------------|
|                          | <b>2007</b>       | <b>2006</b>       |
|                          | <b>RM</b>         | <b>RM</b>         |
| Unquoted shares, at cost | <b>15,944,803</b> | <b>15,944,802</b> |

**NOTES TO THE FINANCIAL STATEMENTS**  
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**13. SUBSIDIARY COMPANIES (CONT'D)**

**(a) Investment in subsidiary companies (Cont'd)**

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

**(i) Held by the Company**

| Name of companies                                                                                   | Principal activities                                                                                    | Equity interest held (%) |      |
|-----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|--------------------------|------|
|                                                                                                     |                                                                                                         | 2007                     | 2006 |
| 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                      | 100  |
| OSK Infrastructure Investments Limited ("OSKII") **                                                 | To undertake investment holding and private equity business.                                            | 100                      | -    |

**(ii) Held through subsidiaries**

| Name of companies                   | Principal activities                                                                                                         | Equity interest held (%) |      |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------|--------------------------|------|
|                                     |                                                                                                                              | 2007                     | 2006 |
| Finexasia.com Sdn. Bhd. ("FINEX")   | Development and provision of internet financial solutions and related activities.                                            | 59.95                    | -    |
| Stock188.com Sdn. Bhd. ("Stock188") | Application service provider to facilitate access to online equity trading, other online information and financial services. | 100                      | -    |

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

\*\* Audited by Chartered Accountants, other than Messrs. Ernst & Young

**NOTES TO THE FINANCIAL STATEMENTS**  
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**13. SUBSIDIARY COMPANIES (CONT'D)**

**(b) Acquisitions of subsidiary companies**

On 5 October 2007, OSKVE, a subsidiary company of the Company, acquired additional shares in FINEX, previously an associated company. Pursuant to the acquisition, the equity interest in FINEX increased from 47.97% to 59.95%. The cost of acquisition of the additional shares which amounts to RM1,606,111 was paid by cash.

The acquisition resulted in net cash inflow to the Group as follows:

|                                                          | <b>RM</b>          |
|----------------------------------------------------------|--------------------|
| Purchase consideration satisfied by cash                 | 1,606,111          |
| Cash and cash equivalents of subsidiary company acquired | (6,709,510)        |
| Net cash inflow of the Group                             | <b>(5,103,399)</b> |

FINEX has contributed the following financial results to the Group:

|                       | <b>5.10.2007<br/>to<br/>31.12.2007<br/>RM</b> |
|-----------------------|-----------------------------------------------|
| Revenue               | 1,596,750                                     |
| Profit for the period | 656,311                                       |

If the acquisition had been effected on 1 January 2007, the financial results contributed by FINEX for the year ended 31 December 2007 would have been:

|                     | <b>2007<br/>RM</b> |
|---------------------|--------------------|
| Revenue             | 5,806,329          |
| Profit for the year | 3,588,812          |

The fair values of assets and liabilities, which is also the acquiree's carrying amount, recognised upon acquisition are as follows:

|                                                                       | <b>4.10.2007<br/>RM</b> |
|-----------------------------------------------------------------------|-------------------------|
| Plant and equipment (Note 11)                                         | 604,000                 |
| Other investments                                                     | 4,754,310               |
| Trade and other receivables                                           | 1,807,985               |
| Tax recoverable                                                       | 264,300                 |
| Cash, bank balances and deposit                                       | 6,709,510               |
|                                                                       | <b>14,140,105</b>       |
| Deferred liabilities                                                  | (95,960)                |
| Other payables and accruals                                           | (312,112)               |
|                                                                       | <b>(408,072)</b>        |
| Fair value of total net assets                                        | 13,732,033              |
| Less: Minority interests                                              | (5,499,528)             |
| Group's share of net assets                                           | 8,232,505               |
| Less: Carrying amount of investment in FINEX as an associated company | (7,156,033)             |
|                                                                       | <b>1,076,472</b>        |
| Add: Goodwill on acquisition (Note 12)                                | 529,639                 |
| Total cost of acquisition                                             | <b>1,606,111</b>        |

**NOTES TO THE FINANCIAL STATEMENTS**  
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**13. SUBSIDIARY COMPANIES (CONT'D)**

**(b) Acquisitions of subsidiary companies (Cont'd)**

On 29 June 2007, the Company acquired one (1) ordinary share of HK\$1.00 in OSKII, representing the entire issued and paid up share capital in OSKII for a cash consideration of HK\$1.00. OSKII was incorporated in Hong Kong on 22 June 2007.

**(c) Amounts due from/to subsidiary companies**

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

**14. INVESTMENT IN ASSOCIATED COMPANIES**

|                                    | <b>Group</b>       |                    | <b>Company</b>   |                   |
|------------------------------------|--------------------|--------------------|------------------|-------------------|
|                                    | <b>2007</b>        | <b>2006</b>        | <b>2007</b>      | <b>2006</b>       |
|                                    | <b>RM</b>          | <b>RM</b>          | <b>RM</b>        | <b>RM</b>         |
| At cost:                           |                    |                    |                  |                   |
| Quoted shares in Malaysia          | 130,290,284        | 134,176,743        | -                | -                 |
| Quoted shares outside Malaysia     | 5,588,213          | 5,588,213          | 5,588,213        | 5,588,213         |
| Unquoted shares in Malaysia        | -                  | 6,018,686          | -                | -                 |
| Unquoted shares outside Malaysia   | -                  | 21,346,041         | -                | -                 |
|                                    | 135,878,497        | 167,129,683        | 5,588,213        | 5,588,213         |
| Share of post-acquisition reserves | 55,087,581         | 59,121,394         | -                | -                 |
|                                    | <b>190,966,078</b> | <b>226,251,077</b> | <b>5,588,213</b> | <b>5,588,213</b>  |
| At market value:                   |                    |                    |                  |                   |
| Quoted shares in Malaysia          | 191,789,514        | 437,253,346        | -                | -                 |
| Quoted shares outside Malaysia     | 5,113,860          | 44,292,000         | 5,113,860        | 44,292,000        |
|                                    | <b>196,903,374</b> | <b>481,545,346</b> | <b>5,113,860</b> | <b>44,292,000</b> |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2007**

**14. INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)**

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

|                               | <b>2007</b>          | <b>Group<br/>2006</b> |
|-------------------------------|----------------------|-----------------------|
|                               | <b>RM</b>            | <b>RM</b>             |
| <b>Assets and liabilities</b> |                      |                       |
| Current assets                | 438,094,273          | 570,835,054           |
| Non-current assets            | 364,716,119          | 285,924,841           |
| Total assets                  | <u>802,810,392</u>   | <u>856,759,895</u>    |
| Current liabilities           | (79,401,978)         | (130,500,499)         |
| Non-current liabilities       | (65,749,148)         | (18,947,368)          |
| Total liabilities             | <u>(145,151,126)</u> | <u>(149,447,867)</u>  |
| <b>Results</b>                |                      |                       |
| Revenue                       | 264,715,015          | 274,947,564           |
| Profits for the year          | <u>29,432,748</u>    | <u>96,728,936</u>     |

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

|                                                                     | <b>RM</b>                |
|---------------------------------------------------------------------|--------------------------|
| <b>Cost</b>                                                         |                          |
| At 1 January 2006                                                   | 93,850,443               |
| Arising from investment in associated companies                     | <u>857,373</u>           |
| At 31 December 2006 and 1 January 2007                              | 94,707,816               |
| Arising from acquisition of additional shares in FINEX (Note 13(b)) | (529,639)                |
| Arising from investment in an associated company                    | (370,596)                |
| Arising from disposals of investments in associated companies       | <u>(12,432,729)</u>      |
| At 31 December 2007                                                 | <b><u>81,374,852</u></b> |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2007**

**14. INVESTMENT 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 the Jersey, Channel Island and Singapore respectively, are as follows:

| Name of companies                                | Principal activities                                                                                                                                                                                                                                | Equity interest held (%) |       |
|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------|
|                                                  |                                                                                                                                                                                                                                                     | 2007                     | 2006  |
| Finexasia.com Sdn. Bhd.                          | Development and provision of internet financial solutions and related activities.                                                                                                                                                                   | -                        | 47.97 |
| Green Packet Berhad                              | Wireless networking and telecommunication products, networking solutions and other high technology products and services.                                                                                                                           | 16.13                    | 17.46 |
| MNC Wireless Berhad                              | Sales and marketing, research and development of wireless, mobile and multimedia solutions and content and investment holding.                                                                                                                      | 20.06                    | 20.06 |
| eBworx Berhad                                    | Provision of computer software applications and dealing in computer software and hardware for financial services industry.                                                                                                                          | 20.26                    | 20.40 |
| mTouche Technology Berhad                        | Provision of innovative digital commerce solutions to the financial services industry.                                                                                                                                                              | 23.44                    | 20.31 |
| GMO Limited                                      | Investment holding company.                                                                                                                                                                                                                         | 14.96                    | 14.96 |
| 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 |

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**15. OTHER INVESTMENTS**

|                                            | <b>Group</b>      |                   | <b>Company</b>    |             |
|--------------------------------------------|-------------------|-------------------|-------------------|-------------|
|                                            | <b>2007</b>       | <b>2006</b>       | <b>2007</b>       | <b>2006</b> |
|                                            | <b>RM</b>         | <b>RM</b>         | <b>RM</b>         | <b>RM</b>   |
| At cost:                                   |                   |                   |                   |             |
| Quoted shares in Malaysia                  | 12,803,461        | 6,875,197         | -                 | -           |
| Quoted shares outside Malaysia             | 1,604,942         | -                 | -                 | -           |
| Unquoted shares outside Malaysia           | 62,196,643        | 47,768,188        | -                 | -           |
| Loan and promissory notes outside Malaysia | 11,122,450        | 21,005,337        | 11,122,450        | -           |
|                                            | 87,727,496        | 75,648,722        | 11,122,450        | -           |
| Less: Impairment loss                      | (879,969)         | (691,750)         | -                 | -           |
|                                            | <b>86,847,527</b> | <b>74,956,972</b> | <b>11,122,450</b> | <b>-</b>    |
| Analysed as:                               |                   |                   |                   |             |
| Non-current                                | 80,690,213        | 74,956,972        | 11,122,450        | -           |
| Current                                    | 6,157,314         | -                 | -                 | -           |
|                                            | <b>86,847,527</b> | <b>74,956,972</b> | <b>11,122,450</b> | <b>-</b>    |
| At market value:                           |                   |                   |                   |             |
| Quoted shares in Malaysia                  | 15,297,596        | 9,115,037         | -                 | -           |
| Quoted shares outside Malaysia             | 1,416,723         | -                 | -                 | -           |

|                        | <b>Group</b>   |                |
|------------------------|----------------|----------------|
|                        | <b>2007</b>    | <b>2006</b>    |
|                        | <b>RM</b>      | <b>RM</b>      |
| <b>Impairment loss</b> |                |                |
| At beginning of year   | 691,750        | -              |
| Addition               | 188,219        | 691,750        |
| At end of year         | <b>879,969</b> | <b>691,750</b> |

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

|                                               | <b>Group</b> |             | <b>Company</b> |             |
|-----------------------------------------------|--------------|-------------|----------------|-------------|
|                                               | <b>2007</b>  | <b>2006</b> | <b>2007</b>    | <b>2006</b> |
| Weighted average effective interest rates (%) | 10.00        | 12.00       | 10.00          | -           |
| Average maturity (days)                       | 386          | 973         | 386            | -           |

Included in other investments of the Group of RM87,727,496 (2006: RM75,648,722) is RM6,345,533 (2006: Nil) being short term investments placed in marketable securities managed by a related corporation of the Company.

**NOTES TO THE FINANCIAL STATEMENTS**  
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**16. TRADE AND OTHER RECEIVABLES**

|                          | <b>Group</b>     |                  | <b>Company</b>   |               |
|--------------------------|------------------|------------------|------------------|---------------|
|                          | <b>2007</b>      | <b>2006</b>      | <b>2007</b>      | <b>2006</b>   |
|                          | <b>RM</b>        | <b>RM</b>        | <b>RM</b>        | <b>RM</b>     |
| <b>Trade receivables</b> |                  |                  |                  |               |
| Third parties            | 104,449          | -                | -                | -             |
| <b>Other receivables</b> |                  |                  |                  |               |
| Dividend receivable      | 1,412            | 163,126          | -                | -             |
| Interest receivable      | 1,097,168        | 858,796          | 1,092,694        | 6,354         |
| Deposits                 | 68,962           | 24,258           | 4,500            | 4,500         |
| Prepayments              | 83,828           | 30,440           | 45,000           | 30,000        |
|                          | <u>1,251,370</u> | <u>1,076,620</u> | <u>1,142,194</u> | <u>40,854</u> |
|                          | <b>1,355,819</b> | <b>1,076,620</b> | <b>1,142,194</b> | <b>40,854</b> |

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit, generally for a period of 60 days unless modified by terms of agreement on case-by-case basis. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The significant concentration of credit risk at balance sheet date arises from one customer representing 84% (2006: Nil) of total trade receivables.

**17. AMOUNTS DUE FROM/TO RELATED COMPANIES**

Related companies are companies within the OSK Holdings Berhad group. The amounts due from/to related companies are unsecured, interest free and have no fixed terms of repayments except for an amount of RM8,020 (2006: Nil) being amount due to OSK Investment Bank Berhad which is payable within 3 days.

**18. CASH, BANK BALANCES AND DEPOSITS**

|                                                                                   | <b>Group</b>      |                   | <b>Company</b>    |                  |
|-----------------------------------------------------------------------------------|-------------------|-------------------|-------------------|------------------|
|                                                                                   | <b>2007</b>       | <b>2006</b>       | <b>2007</b>       | <b>2006</b>      |
|                                                                                   | <b>RM</b>         | <b>RM</b>         | <b>RM</b>         | <b>RM</b>        |
| Cash on hand and at banks                                                         | 1,802,403         | 51,197            | 62,516            | 13,183           |
| Deposits with licensed banks                                                      | 56,510,172        | 27,337,700        | 19,520,000        | 7,120,000        |
| Deposits with a licensed investment bank,<br>a related corporation of the Company | 3,459,000         | -                 | -                 | -                |
|                                                                                   | <u>61,771,575</u> | <u>27,388,897</u> | <u>19,582,516</u> | <u>7,133,183</u> |

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

|                                               | <b>Group</b> |             | <b>Company</b> |             |
|-----------------------------------------------|--------------|-------------|----------------|-------------|
|                                               | <b>2007</b>  | <b>2006</b> | <b>2007</b>    | <b>2006</b> |
| Weighted average effective interest rates (%) | 1.58         | 4.07        | 3.35           | 3.32        |
| Average maturity (days)                       | 1            | 8           | 1              | 5           |

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**19. SHARE CAPITAL**

|                                  | Group/Company                         |                    |                    |                    |
|----------------------------------|---------------------------------------|--------------------|--------------------|--------------------|
|                                  | Number of Ordinary Shares of RM1 Each |                    | Amount             |                    |
|                                  | 2007                                  | 2006               | 2007<br>RM         | 2006<br>RM         |
| <b>At beginning/end of year:</b> |                                       |                    |                    |                    |
| Authorised                       | <b>500,000,000</b>                    | <b>500,000,000</b> | <b>500,000,000</b> | <b>500,000,000</b> |
| Issued and fully paid            | <b>150,000,000</b>                    | <b>150,000,000</b> | <b>150,000,000</b> | <b>150,000,000</b> |

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

**20. EXECUTIVE SHARE OPTION SCHEME**

The Executive Share Option Scheme ("ESOS") of the Company is governed by the by-laws approved by the Company's shareholders at the Extraordinary General Meeting held on 17 November 2006. The ESOS was implemented on 11 April 2007 and is to be in force for a duration of 5 years from the date of implementation.

The salient features of the ESOS are as follows:

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

**NOTES TO THE FINANCIAL STATEMENTS**  
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**20. EXECUTIVE SHARE OPTION SCHEME (CONT'D)**

The number of options granted since implementation of ESOS is 1,314,100, which is also the number outstanding at 31 December 2007 with weighted average exercise price of RM2.57. No share options have been exercised or forfeited during the year.

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

**On 11 April 2007**

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

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

**21. RESERVES**

|                             | <b>Note</b> | <b>Group</b>              |                           | <b>Company</b>            |                           |
|-----------------------------|-------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                             |             | <b>2007</b>               | <b>2006</b>               | <b>2007</b>               | <b>2006</b>               |
|                             |             | <b>RM</b>                 | <b>RM</b>                 | <b>RM</b>                 | <b>RM</b>                 |
| Non-distributable:          |             |                           |                           |                           |                           |
| Share premium               |             | 104,396,793               | 104,396,793               | 104,396,793               | 104,396,793               |
| Equity compensation reserve | (a)         | 617,627                   | -                         | 617,627                   | -                         |
| Other reserves              | (b)         | 29,199,328                | 32,148,061                | -                         | -                         |
|                             |             | <u>134,213,748</u>        | <u>136,544,854</u>        | <u>105,014,420</u>        | <u>104,396,793</u>        |
| Distributable:              |             |                           |                           |                           |                           |
| Retained profits            | (c)         | 54,982,903                | 43,623,569                | 10,781,213                | 6,794,165                 |
|                             |             | <b><u>189,196,651</u></b> | <b><u>180,168,423</u></b> | <b><u>115,795,633</u></b> | <b><u>111,190,958</u></b> |

**(a) Equity compensation reserve**

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

**(b) Other reserves**

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

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2007

## 21. RESERVES (CONT'D)

### (c) Retained profits

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007. As at 31 December 2007, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings.

## 22. DEFERRED INCOME

This represents advance fees received from subscribers.

## 23. SUNDRY PAYABLES

|          | Group            |                | Company        |                |
|----------|------------------|----------------|----------------|----------------|
|          | 2007             | 2006           | 2007           | 2006           |
|          | RM               | RM             | RM             | RM             |
| Accruals | 1,029,097        | 834,533        | 335,907        | 252,400        |
| Others   | 20,695           | -              | 9,863          | -              |
|          | <b>1,049,792</b> | <b>834,533</b> | <b>345,770</b> | <b>252,400</b> |

## 24. DIVIDENDS PAID

|  | Group and Company |      |                        |      |
|--|-------------------|------|------------------------|------|
|  | Amount            |      | Net dividend per share |      |
|  | 2007              | 2006 | 2007                   | 2006 |
|  | RM                | RM   | Sen                    | Sen  |

### For the year ended 31 December 2005

Final dividends paid on 27 April 2006:

|                               |   |            |   |      |
|-------------------------------|---|------------|---|------|
| - 8% tax exempt dividend; and | - | 12,000,000 | - | 8.00 |
| - 2% less 28% income tax      | - | 2,160,000  | - | 1.44 |

**NOTES TO THE FINANCIAL STATEMENTS**  
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**24. DIVIDENDS PAID (CONT'D)**

|                                                                                | <b>Amount</b>     |                   | <b>Group and Company</b> |              |
|--------------------------------------------------------------------------------|-------------------|-------------------|--------------------------|--------------|
|                                                                                | <b>2007</b>       | <b>2006</b>       | <b>2007</b>              | <b>2006</b>  |
|                                                                                | <b>RM</b>         | <b>RM</b>         | <b>Sen</b>               | <b>Sen</b>   |
| <b>For the year ended 31 December 2006</b>                                     |                   |                   |                          |              |
| First interim dividends paid on 12 October 2006:                               |                   |                   |                          |              |
| - 0.79% tax exempt; and                                                        | -                 | 1,185,000         | -                        | 0.79         |
| - 4.21% less 28% income tax                                                    | -                 | 4,546,796         | -                        | 3.03         |
| Special dividend of 5% less 28% income tax,<br>paid on 12 October 2006         | -                 | 5,400,000         | -                        | 3.60         |
| Second interim dividend of 5% less 28% income<br>tax, paid on 29 December 2006 | -                 | 5,400,000         | -                        | 3.60         |
| Final dividend of 5% less 27% income tax,<br>paid on 4 May 2007                | 5,474,999         | -                 | 3.65                     | -            |
| <b>For the year ended 31 December 2007</b>                                     |                   |                   |                          |              |
| Interim dividend of 5% less 27% income tax,<br>paid on 27 September 2007       | 5,474,999         | -                 | 3.65                     | -            |
| Special dividend of 5% less 27% income tax,<br>paid on 27 September 2007       | 5,474,999         | -                 | 3.65                     | -            |
|                                                                                | <b>16,424,997</b> | <b>30,691,796</b> | <b>10.95</b>             | <b>20.46</b> |

The Board of Directors has recommended a final dividend of 7.50% less 26% income tax per share for the year ended 31 December 2007 amounting to RM8,325,000. 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 2008.

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

**(a) Compensation of key management personnel**

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

**Executive directors**

Dato' Nik Mohamed Din bin Datuk Nik Yusoff  
Yap Yuh Foh, Eddie  
Ong Ju Yan

**Non-executive directors**

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

The key management personnel have been granted share options on the same terms and conditions as those offered to other employees of the Group (Note 20). The number of options granted to the directors during the year is 1,200,000 (2006: Nil). No share options have been exercised or forfeited during the year.

**(b) Transactions with related parties**

| Identities                                                           | Nature of transactions                       | Group       |            | Company    |            |
|----------------------------------------------------------------------|----------------------------------------------|-------------|------------|------------|------------|
|                                                                      |                                              | 2007<br>RM  | 2006<br>RM | 2007<br>RM | 2006<br>RM |
| (i) Ultimate holding company                                         |                                              |             |            |            |            |
| OSK Holdings Berhad                                                  | Share options                                | 21,499      | 120,175    | -          | -          |
|                                                                      | Dividends paid                               | 14,801,051  | -          | 14,801,051 | -          |
| (ii) Related companies                                               |                                              |             |            |            |            |
| OSK Investment Bank Berhad (formerly known as OSK Securities Berhad) | Brokerage fees                               | 22,374      | 95,304     | -          | -          |
|                                                                      | Commission fees                              | 5,146       | -          | -          | -          |
|                                                                      | Internal audit fees                          | -           | 22,500     | -          | 13,800     |
|                                                                      | Group support fees                           | 149,850     | -          | 120,000    | -          |
|                                                                      | Corporate finance advisory services          | -           | 163,510    | -          | 163,510    |
|                                                                      | Dividend paid                                | 166,075     | -          | -          | -          |
|                                                                      | Interest received                            | (310,353)   | -          | (252,727)  | -          |
|                                                                      | Annual fees income                           | (205,003)   | -          | -          | -          |
|                                                                      | User access fees income                      | (1,239,965) | -          | -          | -          |
|                                                                      | Corporate website maintenance income         | (14,900)    | -          | -          | -          |
|                                                                      | Software development and hosting fees income | (1,200)     | -          | -          | -          |

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

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

| Identities                                                  | Nature of transactions             | Group      |            | Company    |            |
|-------------------------------------------------------------|------------------------------------|------------|------------|------------|------------|
|                                                             |                                    | 2007<br>RM | 2006<br>RM | 2007<br>RM | 2006<br>RM |
| (ii) Related companies (Cont'd)                             |                                    |            |            |            |            |
| OSK Asset Management Sdn. Bhd.                              | Management and incentive fees      | 101,373    | -          | -          | -          |
| OSK Nominees (Tempatan) Sdn. Berhad                         | Custodial fees                     | 90         | -          | -          | -          |
| KE-ZAN Holdings Berhad                                      | Rental of office and parking space | 117,956    | 117,242    | -          | -          |
| OSK Asia Holdings Limited                                   | Software development income        | (41,200)   | -          | -          | -          |
| OSK Trustees Berhad                                         | Hosting fees income                | (1,200)    | -          | -          | -          |
| OSK-UOB Unit Trust Management Berhad                        | Hosting fees income                | (3,000)    | -          | -          | -          |
| (iii) Subsidiary companies                                  |                                    |            |            |            |            |
| Settlement of liabilities on behalf of subsidiary companies |                                    | -          | -          | 3,249,359  | 89,431,081 |
| Settlement of liabilities on behalf by subsidiary companies |                                    | -          | -          | 7,655,083  |            |

Balance outstanding with subsidiary companies and related parties were reflected in the balance sheet.

**(c) Transactions with other related parties**

(i) The Company paid RM18,484 (2006: RM9,532) to Symphony Share Registrars Sdn. Bhd., a firm of which Mr. Foo San Kan is a director of its holding company, for the provision of professional services. No balance with the firm was outstanding as at 31 December 2007 (2006: Nil).

(ii) The Group and the Company have entered into insurance contracts with DC Services Sdn. Bhd. ("DCSSB") and Dinding Risks Management Services Sdn. Bhd. ("DRMSSB"). These companies are subsidiaries of Dindings Consolidated Sdn. Bhd., of which certain directors of the latter are the family members of both Mr. Ong Leong Huat @ Wong Joo Hwa and Mr. Wong Chong Kim.

The insurance premium paid by the Group to DCSSB during the year is RM4,090 (2006: RM8,898). The insurance premium paid to DRMSSB by the Group and the Company during the year is RM22,168 (2006: RM4,287) and RM5,357 (2006: Nil) respectively. No balance with these related parties were outstanding as at 31 December 2007 (2006: Nil).

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.

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

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

OSK REIT Management Sdn. Bhd. (formerly known as Ascendas-OSK REIT Management Sdn. Bhd.)  
Aspect Potential Sdn. Bhd.  
Aspect Synergy Sdn. Bhd.  
Atria Damansara Sdn. Bhd.  
Country Wheels Sdn. Bhd.  
DMG & Partners Securities Pte. Ltd.  
DMG & Partners Nominees Pte. Ltd.  
Finexasia.com Sdn. Bhd.  
IFAST-OSK Sdn. Bhd.  
IFAST Capital 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 Capital Limited  
OSK Asia Finance Limited  
OSK Asia Futures Limited  
OSK Asia Holdings Limited  
OSK Asia Nominees Limited  
OSK Asia Precious Metal Limited (formerly known as Fine Silver Investment 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. Berhad  
OSK Nominees (Tempatan) Sdn. Berhad  
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-UOB Unit Trust Management Berhad  
OSK Ventures Sdn. Bhd.  
OSK Wealth Planners Sdn. Bhd.  
Perspektif Vista Sdn. Bhd.  
Semponia Sdn. Bhd.  
Stock188.com Sdn. Bhd.  
Summit Nominees Pte. Ltd.  
TCL Nominees (Asing) Sdn. Bhd.  
TCL Nominees (Tempatan) Sdn. Bhd.  
UOB Trustee (Malaysia) Berhad

## 26. 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 significant concentration of credit risk from exposure to one customer representing 84% (2006: Nil) of total trade receivables, and that the majority of fixed deposits and short term placements are placed with major licensed banks. 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 Group is exposed to currency risk primarily through placements of deposits and investments in loan notes which are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollar, Singapore Dollar and Hong Kong Dollar.

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

Financial assets held in non-functional currencies:

|                      | <b>2007</b>       | <b>2006</b>       |
|----------------------|-------------------|-------------------|
|                      | <b>RM</b>         | <b>RM</b>         |
| United States Dollar | 16,005,782        | 26,627,620        |
| Singapore Dollar     | 31,833,150        | 21,005,337        |
| Hong Kong Dollar     | 2,024,833         | -                 |
|                      | <b>49,863,765</b> | <b>47,632,957</b> |

Financial liabilities held in non-functional currencies:

|                      | <b>2007</b>   | <b>2006</b>   |
|----------------------|---------------|---------------|
|                      | <b>RM</b>     | <b>RM</b>     |
| United States Dollar | 28,040        | -             |
| Hong Kong Dollar     | 28,101        | 19,537        |
|                      | <b>56,141</b> | <b>19,537</b> |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2007**

**26. FINANCIAL INSTRUMENTS (CONT'D)**

**(e) Cash Flow Risk**

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

**(f) Fair Values**

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

|                                              | Note  | Group           |            | Company         |            |
|----------------------------------------------|-------|-----------------|------------|-----------------|------------|
|                                              |       | Carrying amount | Fair value | Carrying amount | Fair value |
|                                              |       | RM              | RM         | RM              | RM         |
| <b>2007</b>                                  |       |                 |            |                 |            |
| <b>Financial Assets</b>                      |       |                 |            |                 |            |
| Amounts due from subsidiary companies        | 13(c) | -               | -          | 228,830,257     | *          |
| Other investments:                           | 15    |                 |            |                 |            |
| - quoted shares in Malaysia                  |       | 12,803,461      | 15,297,596 | -               | -          |
| - quoted shares outside Malaysia             |       | 1,604,942       | 1,416,723  | -               | -          |
| - unquoted shares outside Malaysia           |       | 62,196,643      | **         | -               | -          |
| - loan and promissory notes outside Malaysia |       | 11,122,450      | **         | 11,122,450      | **         |
| Amounts due from related companies           | 17    | 2,199,605       | *          | -               | -          |
| <b>Financial Liabilities</b>                 |       |                 |            |                 |            |
| Amounts due to subsidiary companies          | 13(c) | -               | -          | 16,459,066      | *          |
| Amounts due to related companies             | 17    | 124,234         | *          | -               | -          |
| <b>2006</b>                                  |       |                 |            |                 |            |
| <b>Financial Assets</b>                      |       |                 |            |                 |            |
| Other investments:                           | 15    |                 |            |                 |            |
| - quoted shares in Malaysia                  |       | 6,875,197       | 9,115,037  | -               | -          |
| - unquoted shares outside Malaysia           |       | 47,768,188      | **         | -               | -          |
| - loan and promissory notes outside Malaysia |       | 21,005,337      | **         | -               | -          |
| Amounts due from subsidiary companies        | 13(c) | -               | -          | 233,798,768     | *          |
| <b>Financial Liability</b>                   |       |                 |            |                 |            |
| Amounts due to subsidiary companies          | 13(c) | -               | -          | 1,076,800       | *          |

## **26. FINANCIAL INSTRUMENTS (CONT'D)**

### **(f) Fair Values (Cont'd)**

- \* It is not practicable to estimate the fair values for amounts due from/to subsidiary companies and related companies due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs. The Company does not anticipate the carrying amounts of these financial instruments to be significantly different from the values they would eventually be settled or received.
- \*\* It is not practicable to estimate the fair value of the Group's investment in unquoted investments and placements in loan and promissory notes due principally to a lack of quoted market price and without incurring excessive costs.

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

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

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

#### **(ii) Quoted shares**

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.

## **27. SEGMENT INFORMATION**

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

### **(a) Business Segments**

The Group is organised into four major business segments:

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2007**

**27. SEGMENT INFORMATION (CONT'D)**

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

|                                                         | Venture<br>Capital<br>Businesses | Private<br>Equity<br>Businesses<br>and<br>Investment<br>Holding | Internet<br>Financial<br>Solutions<br>Businesses | Holding<br>Entity | Eliminations        | Consoli-<br>dated  |
|---------------------------------------------------------|----------------------------------|-----------------------------------------------------------------|--------------------------------------------------|-------------------|---------------------|--------------------|
|                                                         | RM                               | RM                                                              | RM                                               | RM                | RM                  | RM                 |
| <b>2007</b>                                             |                                  |                                                                 |                                                  |                   |                     |                    |
| <b>Revenue</b>                                          |                                  |                                                                 |                                                  |                   |                     |                    |
| External revenue                                        | 35,733,542                       | 302,608                                                         | 1,679,763                                        | 1,400,910         | (8,291,742)         | 30,825,081         |
| Inter-segment revenue                                   | 10,452,444                       | -                                                               | -                                                | 27,350,000        | (37,802,444)        | -                  |
|                                                         | <b>46,185,986</b>                | <b>302,608</b>                                                  | <b>1,679,763</b>                                 | <b>28,750,910</b> | <b>(46,094,186)</b> | <b>30,825,081</b>  |
| <b>Results</b>                                          |                                  |                                                                 |                                                  |                   |                     |                    |
| Segment results                                         | 34,885,854                       | (953,755)                                                       | 206,693                                          | 26,912,170        | (35,982,297)        | 25,063,665         |
| Share of profits of associated companies                |                                  |                                                                 |                                                  |                   |                     | 5,492,967          |
| Profit before tax                                       |                                  |                                                                 |                                                  |                   |                     | 30,556,632         |
| Income tax expense                                      |                                  |                                                                 |                                                  |                   |                     | (4,817,735)        |
| Profit for the year                                     |                                  |                                                                 |                                                  |                   |                     | 25,738,897         |
| Minority interests                                      |                                  |                                                                 |                                                  |                   |                     | (226,020)          |
| Profit attributable to equity holders<br>of the Company |                                  |                                                                 |                                                  |                   |                     | <b>25,512,877</b>  |
| <b>Assets</b>                                           |                                  |                                                                 |                                                  |                   |                     |                    |
| Segment assets                                          | 102,191,942                      | 5,221,586                                                       | 14,293,460                                       | 31,847,160        | -                   | 153,554,148        |
| Investments in associated companies                     |                                  |                                                                 |                                                  |                   |                     | 190,966,078        |
|                                                         |                                  |                                                                 |                                                  |                   |                     | <b>344,520,226</b> |
| <b>Liabilities</b>                                      |                                  |                                                                 |                                                  |                   |                     |                    |
| Segment liabilities                                     | 381,542                          | 26,220                                                          | 505,574                                          | 345,770           | -                   | 1,259,106          |
| <b>Other information</b>                                |                                  |                                                                 |                                                  |                   |                     |                    |
| Capital expenditure                                     | 31,718                           | -                                                               | -                                                | -                 | -                   | 31,718             |
| Depreciation                                            | 67,013                           | -                                                               | 44,596                                           | -                 | -                   | 111,609            |
| Plant and equipment written off                         | 1                                | -                                                               | 3,719                                            | -                 | -                   | 3,720              |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2007**

**27. SEGMENT INFORMATION (CONT'D)**

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

|                                          | Venture<br>Capital<br>Businesses | Private<br>Equity<br>Businesses<br>and<br>Investment<br>Holding | Holding<br>Entity | Eliminations        | Consoli-<br>dated  |
|------------------------------------------|----------------------------------|-----------------------------------------------------------------|-------------------|---------------------|--------------------|
|                                          | RM                               | RM                                                              | RM                | RM                  | RM                 |
| <b>2006</b>                              |                                  |                                                                 |                   |                     |                    |
| <b>Revenue</b>                           |                                  |                                                                 |                   |                     |                    |
| 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)        | -                  |
|                                          | <b>43,384,960</b>                | <b>916,295</b>                                                  | <b>33,262,089</b> | <b>(35,508,499)</b> | <b>42,054,845</b>  |
| <b>Results</b>                           |                                  |                                                                 |                   |                     |                    |
| 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         |
| Profit before tax                        |                                  |                                                                 |                   |                     | 55,020,248         |
| Income tax expense                       |                                  |                                                                 |                   |                     | (8,011,611)        |
| Profit for the year                      |                                  |                                                                 |                   |                     | <b>47,008,637</b>  |
| <b>Assets</b>                            |                                  |                                                                 |                   |                     |                    |
| Segment assets                           | 93,189,962                       | 3,372,005                                                       | 7,174,037         | -                   | 103,736,004        |
| Investment in associated companies       |                                  |                                                                 |                   |                     | 226,251,077        |
|                                          |                                  |                                                                 |                   |                     | <b>329,987,081</b> |
| <b>Liabilities</b>                       |                                  |                                                                 |                   |                     |                    |
| Segment liabilities                      | 566,133                          | 16,000                                                          | 252,400           | -                   | 834,533            |
| <b>Other Information</b>                 |                                  |                                                                 |                   |                     |                    |
| Capital expenditure                      | 39,567                           | -                                                               | -                 | -                   | 39,567             |
| Depreciation                             | 66,090                           | -                                                               | -                 | -                   | 66,090             |

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2007**

**27. SEGMENT INFORMATION (CONT'D)**

**(b) Geographical Segments**

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

|                                     | <b>Revenue</b>    | <b>Segment assets</b> | <b>Capital expenditure</b> |
|-------------------------------------|-------------------|-----------------------|----------------------------|
|                                     | <b>RM</b>         | <b>RM</b>             | <b>RM</b>                  |
| <b>2007</b>                         |                   |                       |                            |
| Malaysia                            | 23,332,651        | 76,437,054            | 31,718                     |
| Singapore                           | 5,284,577         | -                     | -                          |
| Hong Kong                           | 890,373           | 40,158,038            | -                          |
| China                               | 1,317,480         | 36,959,056            | -                          |
|                                     | 30,825,081        | 153,554,148           | 31,718                     |
| Investments in associated companies | -                 | 190,966,078           | -                          |
|                                     | <b>30,825,081</b> | <b>344,520,226</b>    | <b>31,718</b>              |
| <b>2006</b>                         |                   |                       |                            |
| Malaysia                            | 38,742,512        | 55,265,947            | 39,567                     |
| Singapore                           | 831,279           | 21,836,616            | -                          |
| Hong Kong                           | 5,821             | 15,225,291            | -                          |
| China                               | 2,475,233         | 11,408,150            | -                          |
|                                     | 42,054,845        | 103,736,004           | 39,567                     |
| Investments in associated companies | -                 | 226,251,077           | -                          |
|                                     | <b>42,054,845</b> | <b>329,987,081</b>    | <b>39,567</b>              |

**STATEMENT OF DIRECTORS' INTERESTS  
AS AT 5 MARCH 2008**

**OSK VENTURES INTERNATIONAL BERHAD**

| Name of Director                              | Number of Ordinary Shares of RM1.00 each |      |                   |       |
|-----------------------------------------------|------------------------------------------|------|-------------------|-------|
|                                               | Direct Interest                          | %    | Indirect Interest | %     |
| 1. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff | 400,000                                  | 0.27 | —                 | —     |
| 2. Ong Leong Huat @ Wong Joo Hwa              | 377,000                                  | 0.25 | *99,404,770       | 66.27 |
| 3. Wong Chong Kim                             | 300,000                                  | 0.20 | **273,600         | 0.18  |
| 4. Yap Yuh Foh                                | 37,500                                   | 0.03 | —                 | —     |
| 5. Foo San Kan                                | 100,000                                  | 0.07 | —                 | —     |

Notes :

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

| Name of Director                              | Number of Options over Ordinary Shares of RM1.00 each |     |                   |   |
|-----------------------------------------------|-------------------------------------------------------|-----|-------------------|---|
|                                               | Direct Interest                                       | %   | Indirect Interest | % |
| 1. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff | 225,000                                               | N/A | —                 | — |
| 2. Ong Leong Huat @ Wong Joo Hwa              | 225,000                                               | N/A | —                 | — |
| 3. Wong Chong Kim                             | 225,000                                               | N/A | —                 | — |
| 4. Dato' Seri Abdul Azim Bin Mohd Zabidi      | 75,000                                                | N/A | —                 | — |
| 5. Yap Yuh Foh                                | 300,000                                               | N/A | —                 | — |
| 6. Foo San Kan                                | 75,000                                                | N/A | —                 | — |
| 7. Tan Sri Datuk Dr. Omar Bin Abdul Rahman    | 75,000                                                | N/A | —                 | — |

**ULTIMATE HOLDING COMPANY – OSK HOLDINGS BERHAD**

| Name of Director                              | Number of Ordinary Shares of RM1.00 each |       |                   |      |
|-----------------------------------------------|------------------------------------------|-------|-------------------|------|
|                                               | Direct Interest                          | %     | Indirect Interest | %    |
| 1. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff | 13,168,785                               | 2.03  | —                 | —    |
| 2. Ong Leong Huat @ Wong Joo Hwa              | 191,177,012                              | 29.47 | *11,902,331       | 1.83 |
| 3. Wong Chong Kim                             | 1,125,327                                | 0.17  | **947,594         | 0.15 |
| 4. Ong Ju Yan                                 | 2,197,155                                | 0.34  | —                 | —    |

Notes :

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

## STATEMENT OF DIRECTORS' INTERESTS AS AT 5 MARCH 2008

### ULTIMATE HOLDING COMPANY – OSK HOLDINGS BERHAD (CONT'D)

| Name of Director                              | Number of Warrant B 2000/2010 |       |                   |      |
|-----------------------------------------------|-------------------------------|-------|-------------------|------|
|                                               | Direct Interest               | %     | Indirect Interest | %    |
| 1. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff | 10                            | 0.00  | —                 | —    |
| 2. Ong Leong Huat @ Wong Joo Hwa              | 37,583,915                    | 37.06 | *1,730,658        | 1.71 |
| 3. Wong Chong Kim                             | —                             | —     | **70,000          | 0.07 |
| 4. Ong Ju Yan                                 | 140,000                       | 0.14  | —                 | —    |

Notes :

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

| Name of Director                              | Number of Options over Ordinary Shares of RM1.00 each |     |                   |   |
|-----------------------------------------------|-------------------------------------------------------|-----|-------------------|---|
|                                               | Direct Interest                                       | %   | Indirect Interest | % |
| 1. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff | 300,000                                               | N/A | —                 | — |
| 2. Ong Leong Huat @ Wong Joo Hwa              | 1,500,000                                             | N/A | —                 | — |
| 3. Wong Chong Kim                             | 800,000                                               | N/A | —                 | — |
| 4. Ong Ju Yan                                 | 182,000                                               | N/A | —                 | — |

### RELATED COMPANY – OSK PROPERTY HOLDINGS BERHAD ("OSKP")

| Name of Director                 | Number of Ordinary Shares of RM1.00 each |      |                   |       |
|----------------------------------|------------------------------------------|------|-------------------|-------|
|                                  | Direct Interest                          | %    | Indirect Interest | %     |
| 1. Ong Leong Huat @ Wong Joo Hwa | 11,739,118                               | 5.87 | *128,069,364      | 64.03 |
| 2. Wong Chong Kim                | 1,751,514                                | 0.88 | **975,734         | 0.49  |
| 3. Ong Ju Yan                    | 124,000                                  | 0.06 | —                 | —     |

Notes :

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

| Name of Director                              | Number of Warrant A 2004/2009 |       |                   |       |
|-----------------------------------------------|-------------------------------|-------|-------------------|-------|
|                                               | Direct Interest               | %     | Indirect Interest | %     |
| 1. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff | 20                            | 0.00  | —                 | —     |
| 2. Ong Leong Huat @ Wong Joo Hwa              | 6,996,243                     | 13.99 | *33,125,808       | 66.26 |
| 3. Wong Chong Kim                             | 438,000                       | 0.88  | **35,600          | 0.07  |
| 4. Ong Ju Yan                                 | 31,000                        | 0.06  | —                 | —     |

Notes :

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

## STATEMENT OF DIRECTORS' INTERESTS AS AT 5 MARCH 2008

### RELATED COMPANY – OSK PROPERTY HOLDINGS BERHAD ("OSKP") (CONT'D)

| Name of Director                 | Number of Warrant B 2007/2012 |      |                   |       |
|----------------------------------|-------------------------------|------|-------------------|-------|
|                                  | Direct Interest               | %    | Indirect Interest | %     |
| 1. Ong Leong Huat @ Wong Joo Hwa | 405,151                       | 0.81 | *31,399,856       | 62.80 |
| 2. Wong Chong Kim                | 387,878                       | 0.78 | **133             | 0.00  |
| 3. Ong Ju Yan                    | 31,000                        | 0.06 | —                 | —     |

Notes :

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

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

### OTHER SUBSIDIARY COMPANIES

| Name of Companies                       | Number of Ordinary Shares of RM1.00 each |       |
|-----------------------------------------|------------------------------------------|-------|
|                                         | Indirect Interest                        | %     |
| 1. Finexasia.com Sdn. Bhd.              | 9,028,675                                | 79.47 |
| 2. OSK-UOB Unit Trust Management Berhad | 7,000,000                                | 70.00 |
| 3. Semponia Sdn. Bhd.                   | 76,538                                   | 51.00 |
| 4. Country Wheels Sdn. Bhd.             | 76,538                                   | 51.00 |

| Name of Company              | Number of Ordinary Shares of HK\$1.00 each |       |
|------------------------------|--------------------------------------------|-------|
|                              | Indirect Interest                          | %     |
| 1. OSK Asia Holdings Limited | 162,000,000                                | 91.02 |

| Name of Company                        | Number of Ordinary Shares of SG\$1.00 each |       |
|----------------------------------------|--------------------------------------------|-------|
|                                        | Indirect Interest                          | %     |
| 1. DMG & Partners Securities Pte. Ltd. | 38,250,000                                 | 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 5 March 2008.

## STATEMENT OF SHAREHOLDINGS AS AT 5 MARCH 2008

|                                  |   |                                           |
|----------------------------------|---|-------------------------------------------|
| 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                | 80             | 1.74                  | 2,670               | 0.00                         |
| 100 — 1,000           | 2,519          | 54.68                 | 1,279,500           | 0.85                         |
| 1,001 — 10,000        | 1,492          | 32.39                 | 6,188,380           | 4.13                         |
| 10,001 — 100,000      | 445            | 9.66                  | 14,392,350          | 9.59                         |
| 100,001 — 7,499,999*  | 70             | 1.52                  | 29,463,430          | 19.64                        |
| 7,500,000 and above** | 1              | 0.02                  | 98,673,670          | 65.78                        |
|                       | <b>4,607</b>   | <b>100.00</b>         | <b>150,000,000</b>  | <b>100.00</b>                |

Remarks :-

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

### SUBSTANTIAL SHAREHOLDERS

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

| Name of Substantial Shareholder  | Number of Ordinary Shares of RM1.00 each |       |                   |       |
|----------------------------------|------------------------------------------|-------|-------------------|-------|
|                                  | Direct Interest                          | %     | Indirect Interest | %     |
| 1. OSK Holdings Berhad           | 98,673,670                               | 65.78 | —                 | —     |
| 2. Ong Leong Huat @ Wong Joo Hwa | 377,000                                  | 0.25  | *98,673,670       | 65.78 |

Note :-

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

## STATEMENT OF SHAREHOLDINGS AS AT 5 MARCH 2008

### THIRTY LARGEST REGISTERED HOLDERS

| Name and Address                                                                                           | No. of Shares | %     |
|------------------------------------------------------------------------------------------------------------|---------------|-------|
| 1. OSK Holdings Berhad                                                                                     | 98,673,670    | 65.78 |
| 2. HSBC Nominees (Tempatan) Sdn. Bhd.<br>HSBC (M) Trustee Bhd for OSK-UOB Global New Stars Fund (5717-401) | 3,384,200     | 2.26  |
| 3. OSK Nominees (Tempatan) Sdn. Berhad<br>Pledged Securities Account For Tiong King Sing                   | 2,421,300     | 1.61  |
| 4. Nora Ee Siong Chee                                                                                      | 2,000,000     | 1.33  |
| 5. Loh Teck Yen                                                                                            | 1,600,000     | 1.07  |
| 6. OSK Nominees (Asing) Sdn. Berhad<br>Pledged Securities Account For Lee Sui Hee                          | 1,500,000     | 1.00  |
| 7. Mayban Nominees (Asing) Sdn. Bhd.<br>Pledged Securities Account For Teo Huay Siong                      | 1,146,090     | 0.76  |
| 8. Teo Huay Siong                                                                                          | 986,040       | 0.66  |
| 9. Tan Sim Wah                                                                                             | 800,000       | 0.53  |
| 10. Lim Hun Swee                                                                                           | 792,100       | 0.53  |
| 11. Ong Yee Ching                                                                                          | 690,000       | 0.46  |
| 12. UBB (Malaysia) Trustee Berhad Common Fund                                                              | 664,900       | 0.44  |
| 13. Chan Yan Ping                                                                                          | 595,000       | 0.40  |
| 14. Khaw Swee Lean                                                                                         | 569,000       | 0.38  |
| 15. TCL Nominees (Asing) Sdn. Bhd.<br>Pledged Securities Account For Lim Hun Swee                          | 500,000       | 0.33  |
| 16. Tan Kin Lee                                                                                            | 488,000       | 0.33  |
| 17. Nik Mohamed Din Bin Nik Yusoff                                                                         | 400,000       | 0.27  |
| 18. OSK Nominees (Tempatan) Sdn. Berhad<br>Tiong King Sing                                                 | 384,300       | 0.26  |
| 19. Ong Leong Huat @ Wong Joo Hwa                                                                          | 377,000       | 0.25  |
| 20. Chor Yen Peng                                                                                          | 360,000       | 0.24  |
| 21. ECM Libra Avenue Nominees (Tempatan) Sdn. Bhd.<br>Pledged Securities Account For Leong Kam Chee        | 350,000       | 0.25  |
| 22. JF Apex Nominees (Tempatan) Sdn. Bhd.<br>Pledged Securities Account For Teo Siew Lai (Margin)          | 330,500       | 0.22  |
| 23. HLB Nominees (Tempatan) Sdn. Bhd.<br>Pledged Securities Account For Piong Teck Min                     | 328,000       | 0.22  |
| 24. OSK Nominees (Tempatan) Sdn. Berhad<br>Pledged Securities Account For Lee Thiam Loy                    | 312,700       | 0.21  |
| 25. AMSEC Nominees (Tempatan) Sdn. Berhad<br>Pledged Securities Account For Henry Wan                      | 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. Dato' Nik Mohamed Bin Nik Yahya                                                                        | 275,000       | 0.18  |
| 30. Harmony Chime Sdn. Bhd.                                                                                | 273,600       | 0.18  |

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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 Fourth Annual General Meeting of the Company to be held at the Auditorium, 11<sup>th</sup> Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 17 April 2008 at 10:00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below :

| Resolutions                   |                                                                                                                                                                                                                               | For | Against |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|---------|
| <b>Ordinary Resolution 1</b>  | To receive the Directors' Report, Audited Financial Statements and the Auditors' Report for the financial year ended 31 December 2007.                                                                                        |     |         |
| <b>Ordinary Resolution 2</b>  | To sanction the declaration of a final dividend of 7.50 sen per share less income tax of 26% in respect of the financial year ended 31 December 2007.                                                                         |     |         |
| <b>Ordinary Resolution 3</b>  | To approve the payment of Directors' fees of RM245,000.                                                                                                                                                                       |     |         |
| <b>Ordinary Resolution 4</b>  | To re-elect Dato' Nik Mohamed Din Bin Datuk Nik Yusoff as Director pursuant to Article 94 of the Company's Articles of Association.                                                                                           |     |         |
| <b>Ordinary Resolution 5</b>  | To re-elect Mr. Foo San Kan as Director pursuant to Article 94 of the Company's Articles of Association.                                                                                                                      |     |         |
| <b>Ordinary Resolution 6</b>  | 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.                                                                                      |     |         |
| <b>Ordinary Resolution 7</b>  | To re-appoint Messrs Ernst & Young as the Company's Auditors for the ensuing year.                                                                                                                                            |     |         |
| <b>Special Business</b>       |                                                                                                                                                                                                                               |     |         |
| <b>Ordinary Resolution 8</b>  | Authority to allot and issue shares.                                                                                                                                                                                          |     |         |
| <b>Ordinary Resolution 9</b>  | Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature and new mandate for additional recurrent related party transaction of a revenue or trading nature. |     |         |
| <b>Ordinary Resolution 10</b> | Proposed authorisation to enable OSK Ventures International Berhad to purchase of up to 10% of the issued and paid-up ordinary share capital of the Company pursuant to Section 67A of the Companies Act, 1965.               |     |         |
| <b>Special Resolution</b>     | 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 \_\_\_\_\_ 2008

**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.