ANNUAL REPORT 2010

OSKVI

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of the Company will be held at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 13 April 2011 at 11.30 a.m. to transact the following business:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2010 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Explanatory Note (i))**

2. To approve the payment of Directors' fees of RM223,750.00 for the financial year ended 31 December 2010. **Ordinary Resolution 1**

3. 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 **Ordinary Resolution 2**

   (b) Mr. Foo San Kan **Ordinary Resolution 3**

4. To re-appoint Yang Berbahagia Tan Sri Datuk Dr. Omar bin Abdul Rahman who retires pursuant to Section 129 (6) of the Companies Act, 1965 to hold office until the conclusion of the next Annual General Meeting of the Company. **Ordinary Resolution 4**

5. To re-appoint Messrs. Ernst & Young as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration. **Ordinary Resolution 5**

As Special Business

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

6. **AUTHORITY TO ISSUE SHARES**

   "THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, if applicable, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the total issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 6**

NOTICE OF ANNUAL GENERAL MEETING

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

"THAT, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market, approval be and is hereby given to the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature as set out in Part A (I) Section 1.4 of the Circular to Shareholders dated 22 March 2011, provided that such transactions are undertaken in the ordinary course of business, on arms length basis, on normal commercial terms which are not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders;

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

(a) the conclusion of the next Annual General Meeting of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the next Annual General Meeting;

(b) the expiration of the period within which the next Annual General Meeting is to be held pursuant to Section 143(1) of the Companies Act ("the Act") (but will not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) is revoked or varied by resolution passed by the shareholders in a general meeting before the next Annual General Meeting;

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate." **Ordinary Resolution 7**

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

"THAT, subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market and all other applicable laws, guidelines, rules and regulations, if applicable, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM0.50 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interest of the Company, provided that:

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

(ii) an amount not exceeding the Company's share premium account of RM84.48 million for the financial year ended 31 December 2010 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;

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

AND THAT authority be and is hereby given to the Directors of the Company to act and take all such steps and do all things as are necessary or expedient to implement, finalise and give full effect to the aforesaid purchase." **Ordinary Resolution 8**

NOTICE OF ANNUAL GENERAL MEETING

9. **SPECIAL RESOLUTION**
PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY ("PROPOSED AMENDMENT")

"THAT the amendment to the Articles of Association of the Company as set out in Part A (II) of the Circular to Shareholders dated 22 March 2011 be and is hereby approved and adopted AND THAT the Board of Directors be and is hereby authorised to give effect to the said amendment." **Special Resolution**

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

By Order of the Board

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

Company Secretaries

Kuala Lumpur
22 March 2011

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 at 20th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

5. Explanatory Notes on Special Business

(i) Item 1 of the Agenda

This agenda item is meant for discussion only, as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

(ii) Ordinary Resolution 6 – Authority to Issue Shares

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

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

(iii) Ordinary Resolution 7 – Proposed Shareholders' Mandates

The proposed resolution, if passed, will allow the Group to enter into recurrent related party transactions of a revenue or trading nature pursuant to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market.

Please refer to the Circular to Shareholders dated 22 March 2011 for further information.

(iv) Ordinary Resolution 8 – Proposed Renewal

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

Please refer to the Share Buy-Back Statement dated 22 March 2011 for further information.

(v) Special Resolution – Proposed Amendment

The proposed amendment to the Articles of Association of the Company is to facilitate the payment of dividend, interest or other monies payable in cash in respect of a share directly into the shareholders' account opened and maintained with a financial institution in Malaysia by way of electronic payment.

Please refer to the Circular to Shareholders dated 22 March 2011 for further information.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

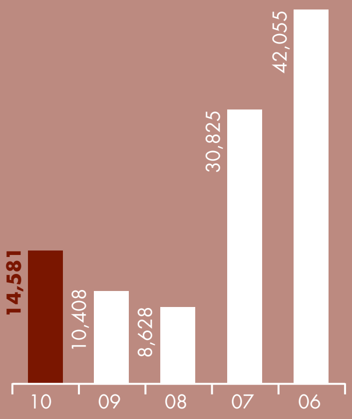
Details of Directors who are standing for re-election in Agenda 3 and Agenda 4 of the Notice of the Seventh Annual General Meeting are set out in the Directors' Profile appearing on pages 11 to 15 of this Annual Report.

FIVE-YEAR GROUP FINANCIAL SUMMARY

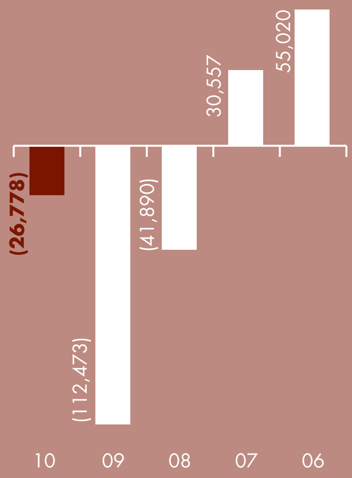
(RM'000)	2010*	2009	2008	2007	2006
Revenue	**14,581**	10,408	8,628	30,825	42,055
(Loss)/Profit Before Tax	**(26,778)**	(112,473)	(41,890)	30,557	55,020
(Loss)/Profit Attributable To Equity Owners Of The Company	**(17,666)**	(114,424)	(42,325)	25,513	47,009
Total Assets	**237,953**	231,454	324,177	346,015	331,036
Total Liabilities	**31,057**	29,894	11,205	1,259	867
Net Assets Attributable To Equity Owners Of The Company (Shareholders' Funds)	**199,100**	193,893	306,987	339,197	330,168
Number Of Outstanding Ordinary Shares As Issued And Fully Paid ('000 shares), Exclude Treasury Shares Held	**195,745**	146,808	146,810	150,000	150,000
Basic (Loss)/Earnings Per Share (sen)	**(11.21)**	(77.94)	(28.36)	17.01	31.34
Gross Dividends Per Share (sen)	**-**	-	-	17.50	20.00
Net Assets Per Share Attributable To Equity Owners Of The Company (RM)	**1.26**	1.32	2.06	2.26	2.20
Closing Price At End Of The Year (RM)	**0.400**	0.665	0.650	1.700	2.800

* With the adoption of FRS 139, the Group has accounted for its associated companies by Fair Value Through Profit or Loss (listed associated companies are marked to market) to reflect a fairer financial performance and profit as compared to equity accounting previously adopted. In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives for 2006 to 2009 are not restated.

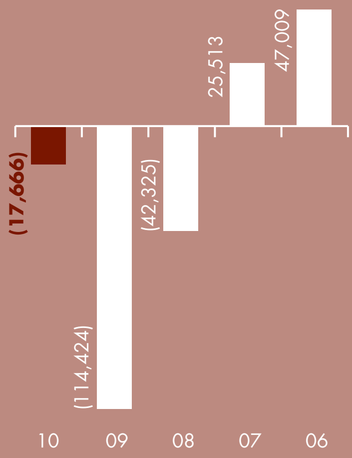
FIVE-YEAR GROUP FINANCIAL SUMMARY



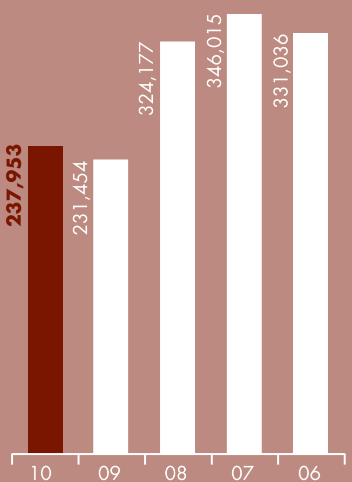
Revenue
(RM'000)



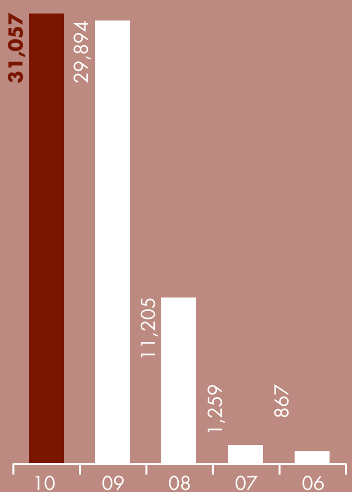
(Loss)/Profit Before Tax
(RM'000)



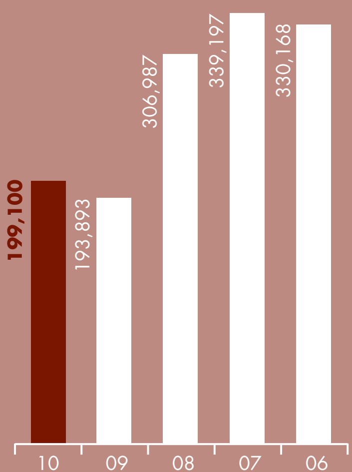
(Loss)/Profit Attributable To Equity
Owners Of The Company
(RM'000)



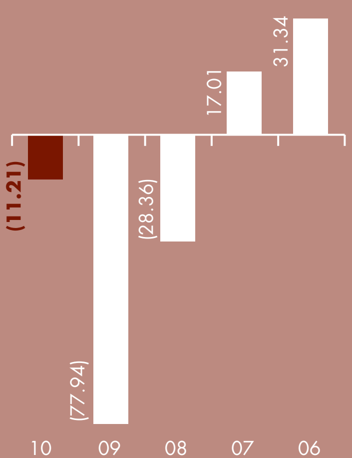
Total Assets
(RM'000)



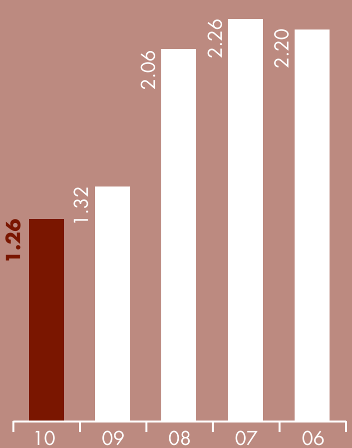
Total Liabilities
(RM'000)



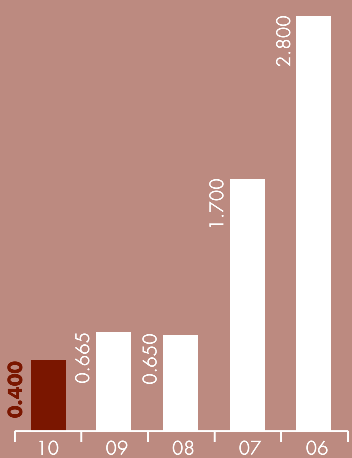
Net Assets Attributable To Equity
Owners Of The Company
(RM'000)



Basic (Loss)/Earnings Per Share
(sen)



Net Assets Per Share Attributable
To Equity Owners Of The Company
(RM)



Closing Price At End Of The Year
(RM)

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

OPTION COMMITTEE

Foo San Kan – *Chairman*
Ong Ju Yan

COMPANY SECRETARIES

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

AUDITORS

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

PRINCIPAL BANKERS

Bangkok Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad

SOLICITORS

Cheang & Ariff
Naqiz & Partners

REGISTRAR

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

REGISTERED OFFICE

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

PRINCIPAL BUSINESS ADDRESS

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

STOCK EXCHANGE LISTING

ACE Market, Bursa Malaysia Securities Berhad

CORPORATE STRUCTURE
AS AT 3 MARCH 2011

OSK VENTURES INTERNATIONAL BERHAD (636117-K)

- **100%** OSK Venture Equities Sdn. Bhd.
  - **59.95%** Finexasia.com Sdn. Bhd.
    - **100%** Stock 188.com Sdn. Bhd.
- **100%** OSK Technology Ventures Sdn. Bhd.
- **100%** OSK Private Equity Management Sdn. Bhd.
- **100%** OSK Capital Partners Sdn. Bhd.
- **100%** OSK Ventures International Limited
- **100%** OSK Infrastructure Investments Limited

DIRECTORS' **PROFILE**

DIRECTORS' PROFILE

DATO' NIK MOHAMED DIN BIN DATUK NIK YUSOFF
EXECUTIVE CHAIRMAN

Dato' Nik Mohamed Din bin Datuk Nik Yusoff, aged 68, a Malaysian, is the Executive Chairman of the Company. He was one of the First Director of the Company appointed on 5 December 2003.

Dato' Nik Mohamed Din is a lawyer by profession. He read law at Lincoln's Inn, London and was admitted to the English Bar in 1968. He then served as a Magistrate for the Malaysian Judicial Services in 1969. Thereafter, he joined private legal practice at Mah, Kok and Din as a lawyer for 13 years. In 1984, he left legal practice to join the stockbroking business and assumed the position of the Executive Chairman as well as a shareholder of O.S.K. & Partners Sendirian Berhad (now known as OSK Investment Bank Berhad).

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

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

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

Dato' Nik Mohamed Din attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2010.

YEE CHEE WAI
EXECUTIVE DIRECTOR/CHIEF OPERATING OFFICER

Yee Chee Wai, aged 46, is the Executive Director/Chief Operating Officer of the Company. He was appointed to the Board of the Company on 18 April 2008.

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

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

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

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

Mr. Yee attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2010.

DIRECTORS' PROFILE

ONG JU YAN
EXECUTIVE DIRECTOR

Ong Ju Yan, aged 31, a Malaysian, is the Executive Director of the Company. He was appointed to the Board of the Company on 28 August 2006. He is a member of the Option Committee of the Company.

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

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

He holds a B.A. in Economics from Yale University.

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

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 disclosed under Additional Disclosure (Recurrent Related Party Transactions) which appears on pages 36 to 37 in this Annual Report. He has no conviction for any offences within the past ten (10) years.

Mr. Ong attended all four (4) Board Meetings of the Company held during the financial year ended 31 December 2010.

WONG CHONG KIM
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Wong Chong Kim, aged 54, a Malaysian, is a Non-Independent Non-Executive Director of the Company. He was appointed to the Board of the Company on 22 July 2004. He is a member of the Risk Management Committee of the Company.

Mr. Wong is a a Chartered Accountant and a member of the Malaysian Institute of Accountants. He is also a Fellow of the Association of Chartered Certified Accountants. He holds a Capital Markets and Services Representative's Licence for dealing in securities issued by the Securities Commission under the Capital Markets and Services Act 2007. He joined OSK Investment Bank Berhad ("OSKIB") as Finance Manager in 1985 and was appointed to the Board of OSKIB in 1989 as an Executive Director. He then resigned from the Board of OSKIB and was appointed as Deputy Chief Executive Officer of OSKIB on 29 January 2007. Prior to this, he was the Accountant and Assistant Credit Manager of a leading financial institution in 1983 for 2 years.

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

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

Mr. Wong attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2010.

DIRECTORS' PROFILE

TAN SRI DATUK DR. OMAR BIN ABDUL RAHMAN
INDEPENDENT NON-EXECUTIVE DIRECTOR

Tan Sri Datuk Dr. Omar bin Abdul Rahman, aged 78, a Malaysian, is the Independent Non-Executive Director of the Company. He was appointed to the Board of the Company on 22 July 2004. He is the Chairman of the Remuneration Committee, Nominating Committee and Risk Management Committee and a member of the Audit Committee of the Company.

Tan Sri Datuk Dr. Omar obtained a Bachelor of Veterinary Science Degree from Sydney University, Australia and a Certificate in Pathology from University of Queensland in 1958 and 1959 respectively. He then completed the Doctorate of Philosophy from Cambridge University, United Kingdom in 1966. 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 and President cum CEO of The Malaysia University of Science and Technology ("MUST") from 2007 to 2009. As Science Advisor he was also active in the science and technology scene internationally. He served on the United Nation Council for Science and Technology for Development ("UNCSTD") and also on a number of other United Nations Educational Scientific and Cultural Organisation ("UNESCO") committees, as well as on the Organisation of Islamic Conference Standing Committee on Science and Technology Cooperation ("COMSTECH"). He is currently a member of UNESCO's Committee on Ethics in Science & Technology ("COMEST").

Nationally, Tan Sri Datuk Dr. Omar serves on a number of national committees shaping a science and technology policy for Malaysia. He is also the founder of the Academy of Sciences Malaysia, Malaysian Technology Development Corporation ("MTDC"), Technology Park Malaysia Corporation ("TPM") and Composites Technology Research Malaysia Sdn Bhd. He started his professional career in 1960 in veterinary research. Later, he was the Founding Dean of the Faculty of Veterinary Medicine and Animal Sciences and the first professor appointed by University Pertanian Malaysia, now University Putra Malaysia ("UPM"). His last position at UPM was Deputy Vice-Chancellor of Academic Affairs. He is now also professor emeritus of the UPM.

Tan Sri Datuk Dr. Omar also holds directorship in Green Packet Berhad, Kotra Industries Berhad, GW Plastics Holdings Berhad and BCT Technology Berhad.

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

Tan Sri Datuk Dr. Omar attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2010.

DIRECTORS' PROFILE

DATO' SERI ABDUL AZIM BIN MOHD. ZABIDI
INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Seri Abdul Azim bin Mohd. Zabidi, aged 51, a Malaysian, is the Independent Non-Executive Director of the Company. He was appointed to the Board of the Company on 22 July 2004. He is a member of the Remuneration Committee, Nominating Committee and Audit Committee of the Company.

Dato' Seri Abdul Azim was the Chairman of Bank Simpanan Nasional (BSN), Malaysia's National Savings Bank, a position he held for 10 years till June 2009. During his tenure at BSN, he was also active in the work undertaken by the World Savings Banks Institute ("WSBI"), Brussels, Belgium. In 2000, in recognition of this, he was appointed President (Asia Pacific) for WSBI and elevated to its Board of Directors in 2003. In September 2006 until April 2009, he was elected as Vice President and Treasurer of WSBI.

Dato' Seri Abdul Azim's extensive involvement in unit trusts/mutual funds and fund management culminated in him being elected President of the Federation of Malaysian Unit Trust Managers in 1998 through 2003. During this period, he was appointed Member of the Steering Committee of the International Investment Funds Association ("IIFA"), Montreal, Canada, a post that he held until 2008.

On the Malaysian scene, during the period 2000 to 2004, Dato' Seri Abdul Azim was selected by the Government to be a member of the National Economic Consultative Council II, where he served on the Islamic Banking and Finance Committee, selected by the Securities Commission to be a member of its Capital Market Advisory Council, selected by the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad) to be a member of its Index Committee and Deputy Chairman of its Board of Advisors for the Malaysian Central Depository.

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

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

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

Dato' Seri Abdul Azim attended three (3) out of four (4) Board Meetings of the Company held during the financial year ended 31 December 2010.

FOO SAN KAN
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Foo San Kan, aged 62, a Malaysian, is the Senior Independent Non-Executive Director of the Company. He was appointed to the Board of the Company on 22 July 2004. He is the Chairman of the Audit Committee and Option Committee and a member of the Nominating Committee, Remuneration Committee and Risk Management Committee of the Company.

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

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

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

Mr. Foo attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2010.

CHAIRMAN'S **STATEMENT**

DATO' NIK MOHAMED DIN BIN DATUK NIK YUSOFF

CHAIRMAN'S STATEMENT

Introduction

As the lingering effects of the global economic crisis subsided, the year 2010 proved to be a year of recovery and expansion as market conditions improved underpinned by robust private demand, rapid turnaround in exports as well as concerted accommodative fiscal and monetary policies. Valuations of asset classes rebounded significantly, with credit more available albeit lending institutions remain highly selective. Although the global economic recovery was gaining traction, pockets of vulnerability persisted, amidst slow and subdued growth in advance economies moderated by high employment, renewed concerns of the feasibility of austerity measures and the lack of a comprehensive long term solution.

On the upside, most Asian economies remained on a firm recovery path, giving rise to buoyant stock markets and economies. Apart from a rebound in manufacturing activities that fueled exports, domestic consumption provided strong support to the growth momentum as healthy household and corporate statements of financial position enabled increases in spending. At the same time, strong government reserves coupled with robust domestic banking systems provided macroeconomic and financial stability.

The region's solid recovery boded well for Malaysia as evident by the surge in Kuala Lumpur Composite Index ("KLCI") from below 1,280 points to a record high of above 1,530 points. Recent indicators pointed towards an expansion in private sector activities aided by sustained employment and income growth. Monetary policy also remained supportive as the Malaysian financial system resilience strengthened under accommodative financing environment. Nonetheless, significant but volatile foreign capital inflows have brought with it risks to financial stability, presenting challenges to macroeconomic stability.

On the backdrop of improved investing and economic landscape, OSKVI successfully invested in several quality investments as more businesses opt for private equity as a source of alternative funding. We strategically restructured and rebalanced our investment portfolio to a more optimal level and at the same time, divested some non-core activities to be more focused on our overall investment objectives. Advertently, we will continue with the best practices of private equity industry, focusing primarily on enhancing stakeholder's value.

Financial Performance

For the financial year ended ("FYE") 2010, we recorded revenue of RM14.6 million, representing an increase of 40.4% from RM10.4 million achieved in the previous year. The stronger performance in the FYE 2010 was primarily attributed to an increase in realisation of investments. For the FYE 2010, we registered a pre-tax loss of RM26.8 million mainly due to changes in fair valuation of investment securities pursuant to the adoption of FRS 139 wherein we have accounted our investment in associated companies by Fair Value Though Profit or Loss (listed associated companies are marked to market) to reflect a fairer financial performance and profit as compared to equity accounting previously adopted. For the FYE 2010, we have recorded an unrealised loss of investment securities of RM37.1 million. On the whole, we registered a lower pre-tax loss of RM26.8 million for the FYE 2010 as compared to the pre-tax loss of RM112.5 million in the preceding year, as the high pre-tax loss previously was attributable to share of losses of associated companies and impairment losses of investments.

Review of Operations

During the year under review, we identified and carried out several investments in the oil and gas ("O&G") and consumer sectors. Prospects for the O&G players are bright following a steady flow of positive news from increase exploration activities, translating to an uptrend in the award of O&G contracts, new tax incentives to promote the O&G industry, and the current high levels of crude oil prices. Meanwhile, prospects for the consumer sector are promising. A swelling middle class and accelerating urbanisation in the region are providing strong private consumption driven by higher income levels and better employment opportunities, auguring well for the consumer industry, who are likely to be beneficiaries of these developments.

As the economic recovery proceeded broadly as expected, the China based companies which we have invested in, have successfully listed on the Main Market of Bursa Malaysia Securities Berhad. We remained bullish on these investments premised on the robust growth prospects of China, fuelled by healthy exports as well as domestic demand. Coupled with a discipline and strategic approach, we achieved improved results to our stakeholders as we divested and crystallised some of our investments.

The overall performance of our investees had also shown a marked improvement witnessed by the steady growth of financial and operating results as their businesses grew. We will continue to enhance portfolio value through ongoing investee support and safeguard fund interests effectively through pro-active investee relationship management as well as following closely peer and industry developments.

In the year 2010, we raised additional funds for working capital via a rights issue in light of the potential increasing investment opportunities. In addition, the rights issue allowed OSKVI to be recapitalised by increasing the size and strength of our statements of financial position. We continue to tread with prudence in our transactions with continuous emphasis of investments in fundamentally strong deals with tangible assets base and proven track records together with a clearly identified exit strategy to reduce our investment risks.

CHAIRMAN'S STATEMENT

Corporate Development

During the FYE 2010, we obtained our shareholders' approval at the Extraordinary General Meeting which was held on 1 July 2010 in relation to the following corporate exercises:

Capital reduction by the cancellation of RM0.50 of the par value of every existing ordinary share of RM1.00 each in OSKVI together with the reduction of the share premium account of OSKVI, to be off-set against the accumulated losses of OSKVI;

Amendment to the memorandum and articles of association of OSKVI to facilitate the change in the par value of the ordinary shares in OSKVI resulting from the capital reduction; and

Renounceable rights issue of up to 48,936,133 new ordinary shares of RM0.50 each in OSKVI ("Rights Share(s)") on the basis of one (1) Rights Share for every three (3) OSKVI ordinary shares of RM0.50 each held after the capital reduction, together with up to 97,872,266 new free detachable warrants on the basis of two (2) warrants for every one (1) Right Share subscribed ("Rights Issue").

On 12 August 2010, we announced the completion of the capital reduction after the sealed order of the High Court of Malaya in Kuala Lumpur confirming the capital reduction has been lodged with the Companies Commission of Malaysia on the even date. The Rights Issue was completed subsequent to the listing of the 48,936,133 Rights Shares together with the 97,872,266 Warrants on the ACE Market of Bursa Malaysia Securities Berhad on 12 October 2010. The Rights Issue was over subscribed by 115.16% over the total number of 48,936,133 Rights Shares available for subscription.

Prospects for 2011

The growth in emerging and developing economies is expected to remain buoyant as economic conditions are expected generally to remain stable or improve. However, the introduction of credible medium-term fiscal consolidation plans and comprehensive actions to reform the financial systems are required to sustain the global recovery.

The outlook for Asia remained positive, with fairly strong investor appetite and improved investor sentiments given that confidence levels remained high amidst strong consumption and improving labor conditions. The pace of growth will likely decelerate in year 2011, due in part to the end of the low-base effect and moderation in the expansion of world trade. The region is also being affected by global inflationary pressures arising from the higher commodity and food prices.

Malaysia's growth prospects will continue to be supported by robust domestic economic activity given the Malaysian Government's commitment to economic and policy reforms. The economic transformation programmes unveiled by the Malaysian Government to transform the country into a developed and high income nation will reinvigorate the economy, enhancing sources and sustainability of growth.

Moving forward, we expect to maintain revenue growth in tandem with the improvement in the economy and are optimistic in our longer term business prospects. We will aggressively identify investment opportunities via a consistent and disciplined process as there remain scores of companies which are under-capitalised and potentially attractive. Despite the improved outlook, we shall be guarded and vigilant in expanding our businesses to deliver enhanced and sustainable long term performance. We look forward to an exciting year as we continue to expand our footprint across the region.

Dividends

Our Board of Directors did not recommend any dividend payment for the year 2010, as we remained prudent in our efforts to conserve capital and enhance the Group's liquidity position.

Acknowledgement

On behalf of our Board, I would like to take this opportunity to offer my heartfelt thanks to all stakeholders for their continuous support and confidence over the past year. My sincere gratitude goes especially to our Board of Directors, management and staff for their unwavering hard work, passion and dedication.

I am confident we are committed to strive together to be the preferred private equity partner, ensuring long term and sustainable returns to our stakeholders.

Dato' Nik Mohamed Din Bin Datuk Nik Yusoff
Executive Chairman

STATEMENT ON CORPORATE GOVERNANCE

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

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

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

A. THE BOARD OF DIRECTORS ("Board")

a) Duties and Responsibilities of the Board

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

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

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

Details of the Board Committees are set out on Pages 25 to 30 of the Annual Report.

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

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

b) Composition of the Board

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

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

The Board is composed of three (3) Executive Directors (including the Executive Chairman) and four (4) Non-Executive Directors, three (3) of whom are Independent Directors. The Independent Non-Executive Directors make up one-third of the membership of the Board. The Board views the present number of its Independent Directors as ideal to provide the necessary check and balance to the Board's decision-making process. The Independent Non-Executive Directors have fulfilled their role as independent directors through objective participation in Board deliberations and the exercise of independent judgement. None of the Independent Non-Executive Directors of the Company has served a term of twelve (12) years.

STATEMENT ON CORPORATE GOVERNANCE

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

b) Composition of the Board (Cont'd)

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

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

The profiles of the Directors are set out in the Directors' Profile on Pages 11 to 15 of this Annual Report.

c) Supply of Information

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

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

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

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

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

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

d) Board Meetings

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

Directors	**Attendance**
1. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	4/4
2. Ong Leong Huat @ Wong Joo Hwa (Retired at the AGM held on 14 April 2010)	1/1
3. Wong Chong Kim	4/4
4. Ong Ju Yan	4/4
5. Yee Chee Wai	4/4
6. Tan Sri Datuk Dr. Omar bin Abdul Rahman	4/4
7. Dato' Seri Abdul Azim bin Mohd. Zabidi	3/4
8. Foo San Kan	4/4

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

d) Board Meetings (Cont'd)

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

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

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

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

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

e) Appointment of Directors

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

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

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

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

f) Retirement and Re-election of Directors

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

The Directors who are standing for re-election at the upcoming Annual General Meeting of the Company to be held on 13 April 2011 are as stated in the Notice of the Seventh AGM.

g) Remuneration of Directors

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

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

STATEMENT ON CORPORATE GOVERNANCE

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

g) Remuneration of Directors (Cont'd)

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

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

There was no increase in the Directors' fees for the financial year ended 31 December 2010. The Directors' fees for each Director has been fixed at RM30,000/- per annum with additional fee of RM5,000/- per annum to the Audit Committee Chairman. The Directors are also entitled to meeting allowance of RM1,000/-.

The proposed Directors' fees for the financial year 2010 would be tabled at the Seventh AGM for approval by the shareholders.

Details of the Directors' remuneration for the financial year ended 31 December 2010 are as follows:

2010	**Executive RM**	**Non-Executive RM**	**Total RM**
Amount received/receivable from the Company:			
Fee – Provision for the year	**90,000**	**133,750**	**223,750**
Defined contribution plan	7,200	-	7,200
Salaries, bonuses and other emoluments	60,000	-	60,000
	67,200	-	67,200
	157,200	**133,750**	**290,950**
Benefits-in-kind	**-**	**-**	**-**
Amount received/receivable from the Group:			
Fee – Provision for the year	**90,000**	**133,750**	**223,750**
Defined contribution plan	49,740	-	49,740
Salaries, bonuses and other emoluments	414,500	-	414,500
	464,240	-	464,240
	554,240	**133,750**	**687,990**
Benefits-in-kind	**-**	**-**	**-**

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

2010	**Executive**	**Non-Executive**	**Total**
Group			
RM50,000 and below	1	5	6
RM50,001 up to RM100,000	1	-	1
RM450,001 up to RM500,000	1	-	1
	3	**5**	**8**

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

h) Continuing Education of Directors

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

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

1. Financial Institutions Directors Education (FIDE) Programme;
2. Performance Pays – the Report on Non Executive Directors Remuneration;
3. Bursa Malaysia Evening Talk on Corporate Governance;
4. Getting Up to Speed with Governance;
5. Regional Research & IE Conference 2010;
6. Corporate Governance & Ethic;
7. Malayan Banking Summit 2010;
8. Corporate Strategic Analytics 1: Essentials of Corporate Proposal Analysis;
9. The Spirit of the Code of Corporate Governance and Corporate Responsibility & Meeting The Needs Of Investor: Increasing Transparency Accountability;
10. Creating Global Community: Media Liberalisation and New Politics Reality;
11. Leadership and The Choice - The Choice that Changes Everything;
12. Colloquium on Risk Management of Derivatives: What Directors and Senior Management Should Know; and
13. International Financial Reporting.

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

i) Investors Relations

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

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

a) The Annual General Meeting has been the main forum of dialogue for the shareholders to raise their concerns, if any pertaining to the Company.

b) Quarterly announcements and corporate disclosure to Bursa Securities are available on the website *www.bursamalaysia.com.*

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* provides corporate information on the Group.

STATEMENT ON CORPORATE GOVERNANCE

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

i) Investors Relations (Cont'd)

Mr. Yee Chee Wai, aged 46, is the Executive Director/Chief Operating Officer of the Company. He is the personnel in charge of addressing inquiries from shareholders, investors and the public. Mr. Yee is a member of the Malaysian Institute of Accountants as a Chartered Accountant and Malaysian Institute of Certified Public Accountants as a Certified Public Accountant. He has been an investment banker with various investment banks in Malaysia from June 1991 to year 2007.

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

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

During the year, the Board adopted the following to enhance the Company's corporate governance practices:

- Code of Ethics for Officers and Employees;
- Code of Ethics for the Board of Directors; and
- Code of Ethics for the Company Secretaries.

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

B. ACCOUNTABILITY AND AUDIT

a) Financial Reporting

The Board is responsible for presenting a balanced, clear and meaningful assessment of the Group's financial positions and prospects to shareholders, investors and regulatory authorities. The quarterly results and annual financial statements are reviewed by the Audit Committee and recommended to the Board for approval before releasing to the public via the Bursa Link.

The details of the financial statements of the Company are set out on Pages 40 to 97 of this Annual Report.

b) Related Party Transactions

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

Details of these transactions are set out under the Additional Disclosure on Pages 36 to 37 and the Notes to Financial Statements on Pages 88 to 90 of this Annual Report.

c) Internal Control

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

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

The Statement on Internal Control, which provides an overview of the state of internal controls within the Group, is set out on pages 34 and 35 of this Annual Report.

B. ACCOUNTABILITY AND AUDIT (CONT'D)

d) Relationship with Auditors

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

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

2010	**Group (RM)**	**Company (RM)**
Audit fees paid to external auditors	87,992	25,000
*Non-audit fees paid to external auditors	19,000	19,000

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

***Non-audit fees**	**Group (RM)**	**Company (RM)**
Review of Statement on Internal Control	3,000	3,000
Professional fees for capital reduction and rights issue exercise	16,000	16,000

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

C. BOARD COMMITTEES

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

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

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

The composition of each Committee's members, terms of reference, the activities carried out during the year and the number of meetings attended during the year 2010 are set out below.

a) Audit Committee

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

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

STATEMENT ON CORPORATE GOVERNANCE

C. BOARD COMMITTEES (CONT'D)

b) Remuneration Committee

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

Composition

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

Members - Ong Leong Huat @ Wong Joo Hwa
Non-Independent Non-Executive Director
(Retired at the AGM held on 14 April 2010)

Foo San Kan
Senior Independent Non-Executive Director

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

Authority

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

Frequency of Meeting

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

Functions and Duties

(a) To review the existing level of remuneration of Executive Directors and Senior Management (SE1 and above) is compatible with their corporate and individual performance;

(b) 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;

(c In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the particular Non-Executive Director's concerned. Determination of remuneration packages shall be a matter for the Board's consideration. The individual(s) concerned shall abstain from discussion of their own remuneration; and

(d) The Company shall establish a formal and transparent procedures on Executive Directors' remuneration and Senior Management (SE1 and above) and fix the remuneration packages of individual Directors.

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

Members	**Attendance**
Tan Sri Datuk Dr. Omar bin Abdul Rahman	1/1
Ong Leong Huat @ Wong Joo Hwa *(Retired at the AGM held on 14 April 2010)*	1/1
Foo San Kan	1/1
Dato' Seri Abdul Azim bin Mohd. Zabidi	1/1

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

- review and recommend the financial year 2009 bonus for the Executive Chairman and Directors; and
- review and propose the Directors' fees for the year 2009.

C. BOARD COMMITTEES (CONT'D)

c) Nominating Committee

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

Composition

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

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

Foo San Kan
Senior Independent Non-Executive Director

Authority

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

Frequency of Meeting

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

Functions and Duties

(a) To recommend to the Board, the candidates for directorships to be filled by the shareholders or the Board;

(b) To consider, in making its recommendations, candidates for directorships proposed by the Executive Director and within the bounds of practicability, by any other senior executive(s) or any Director(s) or shareholder;

(c) To recommend to the Board, the Director(s) to fill the seat(s) on Board Committees;

(d) To review annually the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board; and

(e) To assess the effectiveness of the Board as a whole, the Committees and the contribution each individual Director.

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

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

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

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

STATEMENT ON CORPORATE GOVERNANCE

C. BOARD COMMITTEES (CONT'D)

d) Risk Management Committee

Composition

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

Members - Foo San Kan
Senior Independent Non-Executive Director

Wong Chong Kim
Non-Independent Non-Executive Director

Authority

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

Frequency of Meeting

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

Functions and Duties

(a) To review and recommend appropriate risk management strategies and policies for the Board's approval;

(b) To review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risks and the extent to which these are operating effectively;

(c) To ensure that adequate infrastructure, resources and systems are in place for risk management;

(d) To review periodic reports from the Risk Management Unit/Department of OSK Group ("Group RMD") or any outsourced third party on risk exposures, risk portfolio compositions and risk management activities; and

(e) To note and adopt minutes of the Committee of the respective subsidiaries, if any.

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

Members	**Attendance**
Tan Sri Datuk Dr. Omar bin Abdul Rahman	4/4
Foo San Kan	4/4
Wong Chong Kim	4/4

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

(a) Establish parameters and guidelines for the reporting of the Group's risk management activities and rolling out the report;

(b) Assess the Group's risk management infrastructure including policies, processes, structure and system;

(c) Review the investment concentration risk profile of the Group as well as the investment portfolio performance vis-a-vis overall investment strategy and objectives; and

(d) Evaluate the key risk indicators of the Group and any significant risk and control issues highlighted by the Risk Management Department.

C. BOARD COMMITTEES (CONT'D)

e) Option Committee

Composition

Chairman - Foo San Kan
Senior Independent Non-Executive Director

Member - Ong Ju Yan
Executive Director

Authority

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

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

The decision of the Committee shall be final and binding.

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

Frequency of Meeting

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

There was no meeting held during the year.

Functions and Duties

(a) To select for participation and the quantity of allocation under the Scheme which shall be based on the performance of any Eligible Executive, the performance of his business unit/department/division/subsidiary and the overall performance of the Group.

(b) To grade the performance of each Eligible Executive and to classify each Eligible Executive into various performance grades.

(c) To determine the allocation based on the criteria set out under the By-Law of the Scheme which will be made to each Eligible Executive over the duration of the Scheme.

(d) To determine the number of options to be offered to the Eligible Executive under the Scheme depending on the seniority and performance of the Eligible Executive and his/her length of service and contribution to the Group as at the Offer Date.

(e) To make an Offer to any Eligible Executive based in performance, seniority and length of service of the Eligible Executive and contribution to the Group and subject the Maximum Allowable Allotment set out in the By-Law of the Scheme.

(f) To introduce additional categories of Eligible Executive who are eligible to participate in the Scheme during the duration of the Scheme, subject to the approval of the Board.

STATEMENT ON CORPORATE GOVERNANCE

C. BOARD COMMITTEES (CONT'D)

e) Option Committee (Cont'd)

(g) To suspend and/or cancel the rights of any Grantee who is being subjected to disciplinary proceedings to exercise his Option pending the outcome of such disciplinary proceedings and in additional 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 cased basis may allow the Grantee to exercise his Option provided such Option shall remain exercisable during the Option Period.

To add, amend and/or delete the By-Law(s) of the Scheme by resolution from time to time.

This Statement on Corporate Governance was tabled and approved by the Board of Directors of the Company on 16 February 2011.

AUDIT COMMITTEE REPORT

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2010.

MEMBERSHIP

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

Foo San Kan
Chairman, Senior Independent Non-Executive Director

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

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

ATTENDANCE OF MEETINGS

During the financial year ended 31 December 2010, the Committee held a total of four (4) meetings. The details of attendance of the Committee members are as follows:-

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

COMPOSITION AND TERMS OF REFERENCE

Composition

The Committee shall be appointed by the Board from amongst the Directors of the Group with at least three (3) members, a majority of whom must be independent. At least one (1) member of the Committee:-

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

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

Frequency of Meetings

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

Head of Group Internal Audit, Head of Group Finance and 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.

Quorum

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

Authority

The Committee shall within its terms of reference:-

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

AUDIT COMMITTEE REPORT

DUTIES AND RESPONSIBILITIES

1. Internal Audit

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

2. Internal Controls

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

3. External Audit

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

4. Financial Reporting

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

5. Related Party Transactions

- To review any related party transactions and conflict of interest situation that may arise within the 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

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

Financial Reporting

1. Reviewed the quarterly and year end financial statements and ensured that the financial reporting and disclosure requirements of relevant authorities had been complied with, focusing particularly on:-
    - any change in or implementation of accounting policies and practices;
    - significant adjustments arising from the audit, if any;
    - the going concern assumption;
    - significant and unusual events; and
    - compliance with accounting standards and other regulatory requirements.

External Audit

1. Reviewed the Limited Reviewed Reports accompanying the Group's six months unaudited condensed financial statements performed by the external auditors;
2. Reviewed the annual audited financial statements of the Group with the external auditors prior to submission to the Board for approval; and
3. Reviewed and discussed the observations, recommendations and the Management's comments in respect of the issues raised by the external auditors on their evaluation of the system of internal controls.

Related Party Transactions

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

INTERNAL AUDIT FUNCTION

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

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

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

RESPONSIBILITY OF THE BOARD

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

TYPE OF RISKS

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

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

Market Risk - Market risk is the risk of potential losses due to unfavourable changes in the market value of financial or non-financial assets held by the Group. The Group is exposed to market risks from venture business investment activities in the venture companies.

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

RISK MANAGEMENT FRAMEWORK

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

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

- **The Committees** - whose key function is to review the adequacy and effectiveness of risk management, internal control and governance systems of the Group. The Audit Committee's main role is to review, on behalf of the Board, the system of internal controls necessary to manage the key risks inherent in the business and to present its findings to the Board. The Audit Committee assumes its roles and responsibilities via the Group Internal Audit Department. In addition, the Board Risk Management Committee plays a significant role in contributing to the establishment of a more conducive risk management environment. The Board Risk Management Committee meets regularly to oversee the development of general risk policies and procedures to monitor and evaluate the numerous risks that may arise from the various business activities in the Group.

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

KEY ELEMENTS OF INTERNAL CONTROL

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

- Establishment of a conducive control environment in respect of the overall attitude, awareness and actions of Directors and management regarding the internal control system and its importance to the Group;

- Recruitment of experienced, skilled and professional staff with the necessary calibre to fulfill the respective responsibilities and ensuring that adequate controls are put in place;

- Clear Group structure, reporting lines of responsibilities and appropriate levels of delegation;

- Documented policies, procedures and limits of approving authorities for key aspects of the businesses. This provides a sound framework of authority and accountability within the organisation and facilitates proper corporate decision-making at the appropriate level in the organisation's hierarchy;

STATEMENT ON INTERNAL CONTROL

- Establishment of proper set of checklists to facilitate proper business proposal evaluation;
- Engagement of external professional services firms to conduct independent financial and legal due diligence review on proposed investments.
- Establishment of an effective segregation of duties via independent checks, review and reconciliation activities to prevent human errors, fraud and abuses;
- Regular management reports to the Board on key business performance, operating statistics and regular matters. This allows for an effective monitoring of significant variances and deviation from standard operating procedures and budget;
- Group Internal Audit independently reviews the risk identification procedures and control processes implemented by management, and reports to the Audit Committee during the Audit Committee meetings. The Group Internal Audit provides assurance over the operation and validity of the system of internal controls in relation to the level of risk involved using Risk-Based-Auditing methodology; and
- The Audit Committee regularly convenes meetings to deliberate on the findings and recommendations for improvement by Group Internal Audit, external auditors as well as regulatory authorities. The Audit Committee reviews the actions taken to rectify the findings in a timely manner, and to evaluate the effectiveness and adequacy of the Group's internal control systems.

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

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

ADDITIONAL DISCLOSURE

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

In accordance with prescribed thresholds under Rule 10.09(1) of the Listing Requirements, details of the OSK Ventures International Berhad ("OSKVI" or "the Company") Group's recurrent related party transactions made during the financial year ended 31 December 2010 pursuant to the shareholders' mandate obtained by the Company at the Sixth Annual General Meeting as follows:

Name of Company/ Group Involved	Nature of Transaction	Name of Related Party	Relationship with OSKVI – Interested Directors, Major Shareholder and Persons Connected	Actual Value (RM)
Finexasia	Annual fees, hosting fee, user access fee, website maintenance and software development fee paid by OSKIB	OSKIB	OLH, WCK, KCM, OJY, OYS, OYC, OJX, OYM	7,627,525

Note:-

(1) Finexasia is a 40.05%-owned associate company of OSK Investment Bank Berhad ("OSKIB") which in turn is a wholly-owned subsidiary of OSK Holdings Berhad ("OSK") and a 59.95%-owned subsidiary of OSK Venture Equities Sdn. Bhd. ("OSKVE"), which in turn is a wholly-owned subsidiary of OSKVI.

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

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

Mr. Ong Ju Yan (OJY) is a Director and shareholder of OSKVI and the son of OLH and KCM. He is also deemed to have interest in OSKVI Shares held by other corporations by virtue of Section 6A(4) of the Act, namely LMSB.

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

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

There were no material contract entered by the Company or its subsidiaries involving directors' and substantial shareholders' interest for the financial year ended 31 December 2010.

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

The Company did not sponsor any ADR or GDR programme for the financial year ended 31 December 2010.

IMPOSITION OF SANCTIONS/PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by relevant regulatory bodies for the financial year ended 31 December 2010.

VARIATION OF RESULTS

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

ADDITIONAL DISCLOSURE

PROFIT FORECAST/PROFIT GUARANTEE

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

STATEMENT ON REVALUATION POLICY

The Group doest not have any revaluation policy.

STATUS OF UTILISATION OF THE PROCEEDS FROM THE RIGHTS ISSUE

The Group raised RM24,468,067 from the rights issue of 48,936,133 new ordinary shares of RM0.50 each at an issue price of RM0.50 each in the current year. The status of utilisation of proceeds from the rights issue as at 31 December 2010 are summarised below :

	Proposed utilisation RM'000	Actual utilisation to date RM'000	Balance RM'000
Working capital	23,868	70	23,798
Rights issue expenses	600	600	-
	24,468	670	23,798

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

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

The Directors are also responsible for ensuring that the annual audited financial statements of the Group and the Company are prepared with reasonable accuracy from the accounting records of the Group and the Company so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2010, and of the results of their operations and cash flows for the year ended on that date.

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

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

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES

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

FINANCIAL RESULTS

	Group	Company
	RM	RM
Loss attributable to:		
- Owners of the Company	(17,665,805)	(1,562,951)
- Minority interest	2,175,892	-
	(15,489,913)	**(1,562,951)**

RESERVES AND PROVISIONS

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the changes in accounting policies due to the adoption FRS 139 Financial Instruments: Recognition as disclosed in Notes 2(b) to the financial statements.

DIVIDENDS

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

DIRECTORS

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

Dato' Nik Mohamed Din bin Datuk Nik Yusoff
Yee Chee Wai
Ong Ju Yan
Wong Chong Kim
Tan Sri Datuk Dr. Omar bin Abdul Rahman
Dato' Seri Abdul Azim bin Mohd. Zabidi
Foo San Kan
Ong Leong Huat @ Wong Joo Hwa (Retired on 14.04.2010)

DIRECTORS' BENEFITS

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

Since the end of the previous year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 31 to the financial statements.

DIRECTORS' REPORT

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM0.50 each			
	1.1.2010	Rights Issue/ Acquired	Disposed	31.12.2010
Direct Interest:				
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	2,425,574	2,347,193	(1,515,152)	3,257,615
Wong Chong Kim	470,504	206,896	-	677,400
Foo San Kan	381,100	286,900	-	668,000
Ong Ju Yan	332,902	110,967	-	443,869
Indirect Interest:				
Ong Ju Yan *	-	4,907,613	-	4,907,613
Yee Chee Wai **	578	422	-	1,000

	Number of Warrants			
	1.1.2010	Rights Issue/ Acquired	Disposed	31.12.2010
Direct Interest:				
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	-	1,617,048	-	1,617,048
Wong Chong Kim	-	413,792	-	413,792
Foo San Kan	-	338,380	(179,380)	159,000
Ong Ju Yan	-	221,934	-	221,934
Indirect Interest:				
Ong Ju Yan *	-	4,788,806	-	4,788,806
Yee Chee Wai **	-	844	-	844

* Include deemed interest by virtue of subtantial shareholding of the Director in a corporation which held shares or warrants in the Company.

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

	Number of Options over Ordinary Shares of RM0.50 each			
	1.1.2010	Granted	Disposed	31.12.2010
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	225,000	-	-	225,000
Wong Chong Kim	225,000	-	-	225,000
Tan Sri Datuk Dr. Omar bin Abdul Rahman	75,000	-	-	75,000
Dato' Seri Abdul Azim bin Mohd. Zabidi	75,000	-	-	75,000
Foo San Kan	75,000	-	-	75,000

The options over ordinary shares were granted pursuant to the ESOS, as disclosed in Note 24 to the financial statements.

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

DIRECTORS' REPORT

TREASURY SHARES

On 2 March 2010, the Company affected the cancellation of 3,191,600 ordinary shares of RM1.00 each which were previously acquired at a cost of RM2,725,300. Consequent to the cancellation of treasury shares, the Company created a Capital Redemption Reserve of RM3,191,600 pursuant to the requirement of the Companies Act, 1965. Upon the completion of the cancellation of treasury shares, the share capital of the Company was reduced from RM150,000,000 to RM146,808,400 comprising 146,808,400 ordinary shares of RM1.00 each.

The details of treasury shares are disclosed in Note 26 to the financial statements.

SHARE CAPITAL REDUCTION

On 12 August 2010, the Company undertook a share capital reduction exercise involving the cancellation of RM0.50 par value of every existing issued and paid up ordinary share of RM1.00 each.

As a result, the credit of RM73,404,200 arising from the share capital reduction exercise was used to reduce the accumulated losses of the Company by RM89,922,902 with the balance of RM16,518,702 netted off against share premium.

ISSUE OF SHARES

On 12 October 2010, the Company increased its issued and paid-up ordinary share capital from RM73,404,200 to RM97,872,267 by way of issuance of 48,936,133 new ordinary shares of RM0.50 each pursuant to a renounceable rights issue exercise.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

EXECUTIVE SHARE OPTION SCHEME

The details of the Company's ESOS are disclosed in Note 24 to the financial statements.

WARRANTS

On 12 August 2010, the Company issued 97,872,266 new detachable warrants pursuant to the renounceable rights issue exercise of up to 48,936,133 new ordinary shares of RM0.50 each in the Company on the basis of two(2) new warrants for every one(1) rights share subscribed. The new warrants entitled the registered holder, at any time within a period of 5 years commencing on and including the issue date to subscribe for one (1) new ordinary share of RM0.50 each in the Company at an exercise price of RM0.50 per ordinary share for every warrant held.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

   (i) it necessary to write off any bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in respect of these financial statements; and

   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

OTHER STATUTORY INFORMATION (CONT'D)

(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 16 February 2011.

Dato' Nik Mohamed Din bin Datuk Nik Yusoff **Ong Ju Yan**

Kuala Lumpur, Malaysia
16 February 2011

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

We, Dato' Nik Mohamed Din bin Datuk Nik Yusoff and Ong Ju Yan, being two of the Directors of OSK Ventures International Berhad, state that in the opinion of the Directors, the accompanying financial statements set out on pages 47 to 97 are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of the results and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 35 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 16 February 2011.

Dato' Nik Mohamed Din bin Datuk Nik Yusoff **Ong Ju Yan**

Kuala Lumpur, Malaysia
16 February 2011

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

I, Yee Chee Wai, being the Director 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 47 to 97 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 Yee Chee Wai at
Kuala Lumpur in the Federal Territory
on 16 February 2011 **Yee Chee Wai**

Before me,
Commissioner for Oaths
Kuala Lumpur, Malaysia
16 February 2011

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of OSK Ventures International Berhad, which statements of financial position as at 31 December 2010 of the Group and of the Company, statements, statements of comprehensive income, statements of changes in equity and statements flows of the Group and of the Company for the year ended, and a summary of significant accounting and other explanatory notes, as set out on pages 47 to 97.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of its financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) In our opinion, the accounting and other records and the registers required by the Companies 1965 to be kept by the Company and its subsidiary companies of which we have acted as have been properly kept in accordance with the provisions of the Companies Act, 1965.

(b) We have considered the accounts and the auditors' reports of the subsidiary companies of have not acted as auditors, which are indicated in Note 14(a) to the financial statements.

(c) We are satisfied that the accounts of the subsidiary companies that have been consolidated financial statements of the Company are in form and content appropriate and proper for the purpose of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Companies 1965.

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

OTHER MATTERS

The supplementary information set out in Note 35 on page 97 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Ernst & Young
AF: 0039

Chartered Accountants

Kuala Lumpur, Malaysia
16 February 2011

Low Khung Leong
No. 2697/01/13(J)

Chartered Accountant

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

		Group		Company	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
Revenue	4	14,580,837	10,407,859	355,446	173,293
Other income		2,172,614	1,787,265	-	-
Net fair value loss on financial instruments		(37,093,462)	-	-	-
Administrative expenses		(5,305,251)	(6,424,473)	(784,245)	(1,023,651)
Allowances for doubtful debts	5	-	(171,720)	-	(71,471,720)
Impairment losses	6	-	(62,346,217)	-	(18,977,319)
Operating loss		(25,645,262)	(56,747,286)	(428,799)	(91,299,397)
Finance costs		(1,132,596)	(771,125)	(1,132,596)	(771,125)
Share of losses of associated companies, net of tax		-	(54,954,837)	-	-
Loss before tax	7	(26,777,858)	(112,473,248)	(1,561,395)	(92,070,522)
Income tax benefit/(expense)	10	11,287,945	(268,682)	(1,556)	(22,235)
Loss for the year		**(15,489,913)**	**(112,741,930)**	**(1,562,951)**	**(92,092,757)**
(Loss)/profit attributable to:					
Owners of the Company		(17,665,805)	(114,424,286)	(1,562,951)	(92,092,757)
Minority interest		2,175,892	1,682,356	-	-
		(15,489,913)	**(112,741,930)**	**(1,562,951)**	**(92,092,757)**
Loss per share attributable to owners of the Company (sen):					
Basic and diluted	11	**(11.21)**	**(77.94)**		

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Loss after tax for the year	(15,489,913)	(112,741,930)	(1,562,951)	(92,092,757)
Other comprehensive income				
Share of associated companies' other comprehensive income	-	1,331,806	-	-
Other comprehensive income for the year, net of tax	-	1,331,806	-	-
Total comprehensive loss for the year, net of tax	**(15,489,913)**	**(111,410,124)**	**(1,562,951)**	**(92,092,757)**
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(17,665,805)	(113,092,480)	(1,562,951)	(92,092,757)
Minority interest	2,175,892	1,682,356	-	-
	(15,489,913)	**(111,410,124)**	**(1,562,951)**	**(92,092,757)**

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Assets					
Non-current assets					
Equipment	12	1,183,189	966,555	-	-
Intangible assets	13	560,230	557,176	-	-
Investments in subsidiary companies	14(a)	-	-	15,944,803	15,944,803
Investments in associated companies	15	-	141,443,063	-	-
Other investments	16	-	59,637,657	-	-
Investments securities	17	139,425,532	-	-	-
		141,168,951	202,604,451	15,944,803	15,944,803
Current assets					
Other investments	16	-	6,986,537	-	-
Investments securities	17	33,226,651	-	-	-
Derivative financial assets	18	10,797,249	-	-	-
Trade and other receivables	19	659,661	500,637	176,247	22,889
Amounts due from					
- subsidiary companies	14(b)	-	-	199,260,506	198,284,795
- former related companies	20	-	3,128,813	-	-
- associated companies	21	-	96,971	-	-
Tax recoverable		2,189,669	2,244,792	-	77,785
Cash, bank balances and deposits	22	49,910,430	15,892,232	30,443,252	1,339,677
		96,783,660	28,849,982	229,880,005	199,725,146
Total assets		**237,952,611**	**231,454,433**	**245,824,808**	**215,669,949**

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010 (CONT'D)

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Equity					
Share capital	23	97,872,267	150,000,000	97,872,267	150,000,000
Reserves	25	101,228,238	46,618,243	87,594,238	15,956,858
Treasury shares	26	(957)	(2,725,300)	(957)	(2,725,300)
Equity attributable to owners of the Company		199,099,548	193,892,943	185,465,548	163,231,558
Minority interest		7,795,903	7,667,511	-	-
Total equity		206,895,451	201,560,454	185,465,548	163,231,558
Liabilities					
Non-current liabilities					
Deferred tax liabilities	27	1,241,538	-	-	-
Current liabilities					
Deferred income	28	48,380	77,140	-	-
Sundry payables	29	767,242	816,839	339,581	324,067
Amounts due to subsidiary companies	14(b)	-	-	31,019,679	23,114,324
Short term borrowing	30	29,000,000	29,000,000	29,000,000	29,000,000
Total liabilities		31,057,160	29,893,979	60,359,260	52,438,391
Total equity and liabilities		**237,952,611**	**231,454,433**	**245,824,808**	**215,669,949**

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

Group

	Attributable to owners of the Company										
	Share capital (Note 23)	Treasury shares (Note 26)	Share premium (Note 25)	Capital redemption reserve (Note 25)	Equity compensation reserve (Note 25)	Other reserves (Note 25)	Warrant reserves (Note 25)	(Accumulated losses)/ Retained profits (Note 25)	Total	Minority interest	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2010	150,000,000	(2,725,300)	104,396,793	-	423,000	50,725,105	-	(108,926,655)	193,892,943	7,667,511	201,560,454
Effects of adopting FRS 139	-	-	-	-	-	(50,725,105)	-	49,800,574	(924,531)	-	(924,531)
At 1 January 2010 as restated	150,000,000	(2,725,300)	104,396,793	-	423,000	-	-	(59,126,081)	192,968,412	7,667,511	200,635,923
Total comprehensive income	-	-	-	-	-	-	-	(17,665,805)	(17,665,805)	2,175,892	(15,489,913)
Cancellation of treasury shares:											
- Issued capital diminished transfer to capital redemption reserve	(3,191,600)	-	-	3,191,600	-	-	-	-	-	-	-
- Cost of treasury shares cancelled set off against share premium	-	2,725,300	(2,725,300)	-	-	-	-	-	-	-	-
Dividend paid to minority interest	-	-	-	-	-	-	-	-	-	(2,047,500)	(2,047,500)
Capital reduction	(73,404,200)	-	(16,518,702)	-	-	-	-	89,922,902	-	-	-
Rights issue	24,468,067	-	-	-	-	-	-	-	24,468,067	-	24,468,067
Rights issue expenses	-	-	(670,169)	-	-	-	-	-	(670,169)	-	(670,169)
Share buybacks	-	(957)	-	-	-	-	-	-	(957)	-	(957)
Rights issue warrants reserve	-	-	-	-	-	-	11,255,311	(11,255,311)	-	-	-
Total (expense)/income recognised for the year	(52,127,733)	2,724,343	(19,914,171)	3,191,600	-	-	11,255,311	78,667,591	23,796,941	(2,047,500)	21,749,441
At 31 December 2010	**97,872,267**	**(957)**	**84,482,622**	**3,191,600**	**423,000**	**-**	**11,255,311**	**1,875,705**	**199,099,548**	**7,795,903**	**206,895,451**

	Attributable to owners of the Company								
	Share capital (Note 23)	Treasury shares (Note 26)	Share premium (Note 25)	Equity compen-sation reserve (Note 25)	Other reserves (Note 25)	Retained profits/ (Accumulated losses) (Note 25)	Total	Minority interest	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2009	150,000,000	(2,723,822)	104,396,793	423,000	50,362,869	4,528,061	306,986,901	5,985,155	312,972,056
Total comprehensive income	-	-	-	-	-	(114,424,286)	(114,424,286)	1,682,356	(112,741,930)
Share of associated companies' reserves	-	-	-	-	1,331,806	-	1,331,806	-	1,331,806
Reserve realised upon disposal of an associated company	-	-	-	-	(969,570)	969,570	-	-	-
Total income/(expense) recognised for the year	-	-	-	-	362,236	969,570	1,331,806	-	1,331,806
Share buybacks	-	(1,478)	-	-	-	-	(1,478)	-	(1,478)
At 31 December 2009	**150,000,000**	**(2,725,300)**	**104,396,793**	**423,000**	**50,725,105**	**(108,926,655)**	**193,892,943**	**7,667,511**	**201,560,454**

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT'D)

Company

		Distributable	Non-distributable					
	Share capital (Note 23)	Treasury shares (Note 26)	Share premium (Note 25)	Equity compensation reserve (Note 25)	Capital redemption reserve (Note 25)	Warrant reserve (Note 25)	(Accumulated losses)/ Retained profits	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2010	150,000,000	(2,725,300)	104,396,793	423,000	-	-	(88,862,935)	163,231,558
Total comprehensive loss	-	-	-	-	-	-	(1,562,951)	(1,562,951)
Cancellation of treasury shares:								
- Issued capital diminished transfer to capital redemption reserve	(3,191,600)	-	-	-	3,191,600	-	-	-
- Cost of treasury shares cancelled set off against share premium	-	2,725,300	(2,725,300)	-	-	-	-	-
Capital reduction	(73,404,200)	-	(16,518,702)	-	-		89,922,902	-
Rights issue	24,468,067	-	-	-	-	-	-	24,468,067
Rights issue expenses	-	-	(670,169)	-	-	-	-	(670,169)
Rights issue warrants reserve	-	-	-	-	-	11,255,311	(11,255,311)	-
Share buybacks	-	(957)	-	-	-	-	-	(957)
Total (expense)/income recognised for the year	(52,127,733)	2,724,343	(19,914,171)	-	3,191,600	11,255,311	78,667,591	23,796,941
At 31 December 2010	**97,872,267**	**(957)**	**84,482,622**	**423,000**	**3,191,600**	**11,255,311**	**(11,758,295)**	**185,465,548**

		Distributable	Non-distributable			
	Share capital (Note 23)	Treasury shares (Note 26)	Share premium (Note 25)	Equity compensation reserve (Note 25)	(Accumulated losses)/ Retained profits	Total equity
	RM	RM	RM	RM	RM	RM
At 1 January 2009	150,000,000	(2,723,822)	104,396,793	423,000	3,229,822	255,325,793
Total comprehensive loss	-	-	-	-	(92,092,757)	(92,092,757)
Share buybacks	-	(1,478)	-	-	-	(1,478)
At 31 December 2009	**150,000,000**	**(2,725,300)**	**104,396,793**	**423,000**	**(88,862,935)**	**163,231,558**

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash flows from operating activities				
Loss before tax	(26,777,858)	(112,473,248)	(1,561,395)	(92,070,522)
Adjustments for:				
Amortisation of intangible assets	6,671	4,623	-	-
Allowances for doubtful debts	-	171,720	-	71,471,720
Depreciation of equipment	266,815	221,158	-	-
Gain on disposal of equipment	(16)	-	-	-
Equipment written off	1,181	540	-	-
Impairment losses	-	62,346,217	-	18,977,319
Gain on disposals of other investments	-	(354,341)	-	-
Gain on disposals of interests in associated companies	-	(2,326,653)	-	-
Gain on disposals of securities held-for-trading	(352,323)	-	-	-
Gain on disposals of derivative financial assets	(4,430,406)	-	-	-
Net fair value loss on financial instruments, net	37,093,462	-	-	-
Interest income	(662,130)	(800,444)	(355,446)	(173,293)
Interest expense	1,132,596	771,125	1,132,596	771,125
Dividend income	(1,307,041)	(866,951)	-	-
Unrealised (gain)/loss on foreign exchange	(251,980)	135,789	-	-
Share of losses of associated companies	-	54,954,837	-	-
Operating profit/(loss) before working capital changes	4,718,971	1,784,372	(784,245)	(1,023,651)
Decrease/(increase) in operating assets				
Receivables	(127,784)	(39,201)	(153,358)	(2,820)
Amounts due from:				
- subsidiary companies	-	-	(975,711)	(24,774,573)
- former related companies	3,128,813	(2,052,829)	-	-
- associated companies	96,971	(268,691)	-	(171,720)
Cash generated from/ (used in) operations	7,816,971	(576,349)	(1,913,314)	(25,972,764)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT'D)

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
(Decrease)/increase in operating liabilities				
Payables	(86,642)	(295,681)	(8,286)	(12,706)
Amounts due to:				
- subsidiary companies	-	-	7,905,355	3,948,091
- former related companies	-	(4,624)	-	-
Proceeds from disposals of other investments	-	23,496,471	-	-
Proceeds from disposals of				
- interest in associated companies	-	3,524,571	-	-
- derivative financial assets	5,809,195	-	-	-
- securities held-for-trading	20,744,062	-	-	-
Purchase of				
- derivative financial assets	(266,986)	-	-	-
- securities held-for-trading	(22,113,356)	-	-	-
- other investments	-	(43,539,793)	-	-
Purchase of interests in associated companies	-	(27,186,208)	-	-
Dividends received	1,307,041	862,485	-	-
Interest received	630,890	646,286	383,565	173,610
Interest paid	(1,124,311)	(781,802)	(1,136,915)	(781,802)
Taxes (paid)/refund	(47,683)	1,561,759	76,229	369,474
Net cash generated from/(used in) operating activities	12,669,181	(42,292,885)	5,306,634	(22,276,097)
Cash flows from investing activities				
Proceeds from disposals of equipment	20	-	-	-
Purchase of equipment	(484,634)	(237,322)	-	-
Purchase of software licence	(9,725)	(7,376)	-	-
Net cash used in investing activities	(494,339)	(244,698)	-	-

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT'D)

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash flows from financing activities				
Share buybacks	(957)	(1,478)	(957)	(1,478)
Proceeds from rights issue	24,468,067	-	24,468,067	-
Rights issue expenses	(670,169)	-	(670,169)	-
Dividend paid to minority interest	(2,047,500)	-	-	-
Drawdown of revolving credit	-	19,000,000	-	19,000,000
Net cash generated from financing activities	21,749,441	18,998,522	23,796,941	18,998,522
Net increase/(decrease) in cash and cash equivalents	33,924,283	(23,539,061)	29,103,575	(3,277,575)
Effects of exchange rate changes	93,915	70,017	-	-
Cash and cash equivalents at beginning of year	15,892,232	39,361,276	1,339,677	4,617,252
Cash and cash equivalents at end of year (Note 22)	**49,910,430**	**15,892,232**	**30,443,252**	**1,339,677**

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

1. GENERAL INFORMATION

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 16 February 2011.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 2 (b).

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

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2010, the Group and the Company adopted the following new and amended Financial Reporting Standards ("FRS"), amendments to FRSs, Issues Committee ("IC") Interpretations, Technical Releases ("TR") and Statement of Principles ("SOP") mandatory for annual financial periods beginning on or after 1 January 2010:

FRSs, Amendments to FRSs, IC Interpretations, TR and SOP

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (revised in 2009)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 5	Non-current Assets Held for Sale and Discountinued Operations
Amendments to FRS 7	Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
Amendments to FRS 8	Operations Segments
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 117	Leases
Amendments to FRS 119	Employee Benefits
Amendments to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendments to FRS 123	Borrowing Costs
Amendments to FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 128	Investments in Associates

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

(b) Changes in accounting policies (Cont'd)

FRSs, Amendments to FRSs, IC Interpretations, TR and SOP (Cont'd)

Amendments to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 138	Intangible Assets
Amendments to FRS 140	Investment Property
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2- Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
TR i-3	Presentation of Financial Statements of Islamic Financial Institutions
SOP i-1	Financial Reporting from an Islamic Perspective

FRS 4, amendments to FRS 5, FRS 120, FRS 128, FRS 129, FRS 131, and FRS 140, IC Interpretations 13 and 14, TR i-3 and SOP i-1 are not applicable to the Group and the Company. The other FRSs, amendments to FRSs and IC Interpretations above are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for FRS 7, FRS 8, FRS 101 (revised) and FRS 139 as discussed below:

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 33 to the financial statements.

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

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

(b) Changes in accounting policies (Cont'd)

FRSs, Amendments to FRSs, IC Interpretations, TR and SOP (Cont'd)

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit and loss, either in one single statement or in two linked statements. The Company has elected to present this statement as two linked statements.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group and the Company to make new disclosures to enable users of the financial statements to evaluate the Group's and the Company's objectives, policies and processes for managing capital.

The revised FRS 101 was adopted retrospectively by the Group and the Company.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

Equity instruments

Prior to 1 January 2010, the Group and the Company classified their investments in equity instruments which were held for trading purposes as other investments. Such investments were carried at the lower of cost and market value, determined on an aggregate basis. Upon the adoption of FRS 139, these investments are designated at 1 January 2010 as held-for-trading investments and accordingly are stated at their fair values as at that date amounting to RM198,161,397. The adjustments to their previous carrying amounts are recognised as adjustments to the opening balance of retained earnings as at 1 January 2010.

Derivatives

Prior to 1 January 2010, derivatives, such as quoted warrants in associates, were stated at cost less accumulated impairment, included within investments in associated companies. Upon the adoption of FRS 139, investments in derivatives are classified as derivative financial assets and are recognised at their fair values and accordingly are stated at their fair values as at that date amounting to RM23,462,680. The adjustments to their previous amounts are recognised as adjustments to the opening balance of retained earnings as at 1 January 2010.

With the adoption of FRS 139 on 1 January 2010 and as permitted under FRS 128, the Group and the Company had adopted fair valuation for their investments in associated companies and its other investments and classified such investments as investment securites at fair value through profit or loss ("FVTPL") with effect from 1 January 2010. The Group re-designated all investments in associated companies and other investment securities at FVTPL and accounted for in accordance with FRS 139, with fair value recognised in the income statement in the period of change. This fair valuation of investment securities provides fairer financial performance and position of the Group and the Company.

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

(b) Changes in accounting policies (Cont'd)

FRSs, Amendments to FRSs, IC Interpretations, TR and SOP (Cont'd)

Impairment of amounts due from subsidiary companies, trade and other receivables

Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivables carrying amount and the present value of the estimated future cash flows discounted at the receivables original effective interest rate. As at 1 January 2010, the Group did not have any provision for doubtful debts which need to be remeasured as allowance for impairment losses as at that date in accordance with FRS 139. As at 1 January 2010, the Company has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 in respect of amounts due from subsidiaries which are not materially different from the carrying amount as at 31 December 2009.

	As at 31.12.2010 RM	As at 1.1.2010 RM
Statements of financial position		
Group		
Other investments	-	(66,624,194)
Investment in associates	-	(141,443,063)
Investment securities	-	198,161,397
Derivative financial assets	-	23,462,680
Deferred tax liabilities	-	(12,632,289)
Other reserves	-	(50,725,105)
Accumulated losses	**-**	**49,800,574**

(c) FRSs, Amendments to FRSs, IC Interpretations issued but not yet effective

The Group and the Company have not adopted the following FRSs, amendments to FRSs and IC Interpretations which have effective dates as follows:

FRSs, Amendments to FRSs, IC Interpretations, TR and SOP		**Effective for financial periods beginning on or after**
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations (Revised)	1 July 2010
FRS 124	Related Party Disclosures	1 January 2012
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1	Limited Exemption from Comparatives FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1	Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2011
Amendments to FRS 2	Share-based Payment	1 July 2010
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 3	Business Combinations	1 January 2011
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

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

(c) FRSs, Amendments to FRSs, IC Interpretations issued but not yet effective (Cont'd)

FRSs, Amendments to FRSs, IC Interpretations, TR and SOP		Effective for financial periods beginning on or after
Amendments to FRS 7	Financial Instruments: Disclosures	1 January 2011
Amendments to FRS 101	Presentation of Financial Statements	1 January 2011
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2011
Amendments to FRS 128	Investments in Associates	1 January 2011
Amendments to FRS 131	Interests in Joint Ventures	1 January 2011
Amendments to FRS 132	Classification of Rights Issues	1 March 2010
Amendments to FRS 134	Interim Financial Reporting	1 January 2011
Amendments to FRS 138	Intangible Assets	1 July 2010
Amendments to FRS 139	Financial Instruments: Recognition and Measurement	1 January 2011
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease	1 January 2011
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 July 2010
Amendments to IC Interpretation 13	Customer Loyalty Programmes	1 January 2011
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2011
TR 3	Guidance on Disclosures of Transition to IFRSs	1 January 2011
TR i-4	Shariah Compliant Sale Contracts	1 January 2011

Except for the new disclosures required under the Amendments to FRS 7, the Directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

(d) Significant accounting judgements and estimates

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

(i) Judgements

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

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

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

(ii) Estimation uncertainties

Assumptions and other sources of estimation at the reporting date that potentially 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 unquoted shares carried at fair value through profit or loss

Impairment of unquoted shares carried at fair value through profit or loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment assessment of goodwill

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

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

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

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

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

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Transactions with minority interests

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

(c) Plant and equipment and depreciation

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

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

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

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

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

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

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

(d) Impairment of non-financial assets

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

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

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment lossess recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

(e) Intangible assets

(i) Goodwill

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

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

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

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

(ii) Software license

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

- Software or license that is embedded in computer-controlled equipment, including operating system that cannot operate without that specific software is an integral part of the related hardware is treated as equipment; and

- application software that is being used on a computer is generally easily replaced and is not an integral part of the related hardware is classified as intangible asset.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Subsidiaries

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

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

(g) Financial assets

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

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

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

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

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

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

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

(ii) Loans and receivables

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment of financial assets

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

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

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

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

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

(i) Share capital and share issuance expenses

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

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

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

The statements of cash flows are prepared using the indirect method. Changes in cash and cash equivalents are classified into operating, investing and financing activities.

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

(k) Provisions for liabilities

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

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

(l) Operating leases - the Group as lessee

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Treasury shares

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

(n) Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

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

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

(iii) Share-based compensation

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

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

Both the share options granted to employees by the Company and the former ultimate 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.

(o) Borrowing costs

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Segment reporting

For management purposes, the Group is organised into business segments as the Group's risk and rate of return are affected predominantly by its business activities. The Group's geographical segments are based on the location of the operations of the Group's assets. Revenue by geographical segment is based on income derived from those assets. Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

(q) Income taxes

(i) Current tax

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

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

(ii) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint venturs, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

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

(r) Revenue and income recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable.

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

(i) Sale of investments

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

(ii) Interest income

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

(iii) Dividend income

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

(iv) Revenue from services

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

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

(v) Other income

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

(s) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

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

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

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translationof 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Foreign currencies (Cont'd)

(iii) Foreign operations

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

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

The exchange rates used in translation are as follows:

	2010	2009
Closing rate		
United States Dollar	3.06	3.40
Singapore Dollar	2.38	2.43
Hong Kong Dollar	0.39	0.44
Average rate		
United States Dollar	3.22	3.52
Singapore Dollar	2.36	2.43
Hong Kong Dollar	0.42	0.45

(t) Financial liabilities

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Financial liabilities (Cont'd)

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include other payables and loans and borrowings.

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

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

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

4. REVENUE

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Gain on disposal of derivative financial assets	4,430,406	-	-	-
Gain on disposal of securities held-for-trading	352,323	-	-	-
Gain on disposals of other investments	-	354,341	-	-
Interest income	662,130	800,444	355,446	173,293
Dividend income	1,307,041	866,951	-	-
Fees from internet financial solutions	7,828,937	6,059,470	-	-
Gain on disposals of interests in associated companies	-	2,326,653	-	-
	14,580,837	**10,407,859**	**355,446**	**173,293**

5. ALLOWANCES FOR DOUBTFUL DEBTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Amounts due from subsidiary companies (Note14(b))	-	-	-	71,300,000
Amounts due from associated companies (Note 21)	-	171,720	-	171,720
	-	**171,720**	**-**	**71,471,720**

NOTES TO THE FINANCIAL STATEMENTS
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6. IMPAIRMENT LOSSES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Investments in associated companies (Note 15)	-	32,663,665	-	18,977,319
Others investments (Note 16)	-	29,682,552	-	-
	-	**62,346,217**	**-**	**18,977,319**

In the previous financial year, the Group and the Company had provided impairment losses of RM62,346,217 and RM18,977,319 in respect of its investments.

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

The impairment loss arising from other investments was predominantly in respect of an investment outside of Malaysia to which significant financial losses were highly probable causing the planned initial public offering by the investee, to be aborted.

7. LOSS BEFORE TAX

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Auditors' remuneration:				
(i) Statutory audit				
- current year	87,992	88,250	25,000	22,000
- Under / (over) provision in prior year	1,549	(150)	1,408	-
(ii) Other services				
- current year	19,000	9,000	19,000	9,000
- underprovision in prior year	-	18,000	-	18,000
Profit from investment venture*	(2,097,837)	(1,679,033)	-	-
Employee benefits expense (Note 8)	2,558,628	2,190,993	157,200	162,800
Directors' remuneration (Note 9)	687,990	756,840	290,950	317,800
Rental of office and parking space	372,647	232,895	-	-
Depreciation of equipment	266,815	221,158	-	-
Equipment written off	1,181	540	-	-
Gain on disposal of equipment	(16)	-	-	-
Interest expense	1,132,596	771,125	1,132,596	771,125
Amortisation of intangible assets	6,671	4,623	-	-
Realised loss / (gain) on foreign exchange	165,799	1,513,400	(510)	341
Unrealised (gain) / loss on foreign exchange	(251,980)	135,789	-	-

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Salaries and bonuses	2,246,091	1,915,024	150,000	155,000
Defined contribution plan	232,531	229,166	7,200	7,800
Other staff related expense	80,006	46,803	-	-
	2,558,628	**2,190,993**	**157,200**	**162,800**

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM554,240 (2009: RM601,840) and RM157,200 (2009: RM162,800) respectively as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Directors of the Company				
Executive (Note 8):				
Salaries, bonuses and other emoluments	414,500	457,000	60,000	65,000
Directors' fees	90,000	90,000	90,000	90,000
Defined contribution plan	49,740	54,840	7,200	7,800
	554,240	601,840	157,200	162,800
Non-executive (Note 7):				
Directors' fees	**133,750**	**155,000**	**133,750**	**155,000**
Total Directors' remuneration	**687,990**	**756,840**	**290,950**	**317,800**
Executive:				
Benefits-in-kind	**-**	**2,961**	**-**	**2,961**

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

	Number of Directors	
	2010	2009
Executive Directors:		
Below RM50,000	1	1
RM50,001 - RM100,000	1	1
RM450,001 - RM500,000	1	1
Non-executive Directors:		
Below RM50,000	5	5
	8	**8**

NOTES TO THE FINANCIAL STATEMENTS
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10. INCOME TAX (BENEFIT)/EXPENSE

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Malaysian income tax:				
Current year	102,830	81,000	-	-
(Over)/under provision in prior years	(24)	187,682	1,556	22,235
	102,806	268,682	1,556	22,235
Deferred tax (Note 27):				
Relating to origination and reversal of temporary differences	(11,390,751)	-	-	-
	(11,287,945)	**268,682**	**1,556**	**22,235**

Two of the subsidiary companies, OSK Technology Ventures Sdn. Bhd. ("OSKTV") and OSK Venture Equities Sdn. Bhd. ("OSKVE") were previously granted the Venture Capital Company tax exemption incentive pursuant to the Income Tax (Exemption) (No. 3) Order 2001, which was repealed by Income Tax (Exemption) (No.11) Order 2005 and by Income Tax (Exemption) (Amendment) (No.2) Order 2006.

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

The tax exempt periods for OSKTV and OSKVE are effective from Year of Assessment ("YA") 2002 to YA 2011 and from YA 2003 to YA 2012 inclusive, respectively. On 9 June 2010, OSKVE obtained approval from SC in respect of YA 2009. OSKTV did not meet certain criteria for the exemption for YA 2009.

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

The domestic income tax is calculated at the statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS
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10. INCOME TAX (BENEFIT)/EXPENSE (CONT'D)

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Loss before tax	**(26,777,858)**	**(112,473,248)**	**(1,561,395)**	**(92,070,522)**
Tax at Malaysian statutory tax rate of 25%	(6,694,465)	(28,118,311)	(390,349)	(23,017,630)
Effect of different tax rate in foreign jurisdiction	632,127	3,745,242	-	-
Expenses not deductible for tax purposes	2,016,869	26,717,470	390,349	23,017,630
Income not subjected to tax	(8,785,618)	(2,062,164)	-	-
Utilisation of previously unrecognised tax losses	(238,513)	(1,041,000)	-	-
Deferred tax assets not recognised	1,781,679	839,763	-	-
(Over)/under provision of income tax in prior year	(24)	187,682	1,556	22,235
Income tax (benefit)/expense for the year	**(11,287,945)**	**268,682**	**1,556**	**22,235**

Deferred tax assets have not been recognised in respect of unutilised tax losses of RM26,700,000 (2009: RM19,590,000) of the Group. The unutilised tax losses carried forward are available indefinitely for offset against future taxable profits of the subsidiary companies subject to no substantial changes in the shareholdings of the subsidiary companies under Section 44(5A) and (5B) of the Income Tax Act, 1967 and guidelines issued by the tax authorities.

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

11. LOSS PER SHARE

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

	Group	
	2010	2009
Loss for the year attributable to owners of the Company (RM)	(17,665,805)	(114,424,286)
Weighted average number of ordinary shares in issue*	157,589,991	146,809,682
Basic loss per share (sen)	**(11.21)**	**(77.94)**

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

The outstanding share options and new warrants issued during the year have been excluded from the computation of diluted loss per share as they are antidilutive.

NOTES TO THE FINANCIAL STATEMENTS
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12. EQUIPMENT

	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Computer equipment RM	Total RM
Group						
2010						
Cost						
At 1 January 2010	122,808	358,478	3,569,975	395,730	59,432	4,506,423
Additions	10,000	453,968	-	-	20,666	484,634
Disposal	-	-	(131,682)	-	-	(131,682)
Written off	-	-	(1,499)	-	-	(1,499)
At 31 December 2010	132,808	812,446	3,436,794	395,730	80,098	4,857,876
Accumulated depreciation						
At 1 January 2010	23,713	259,896	3,139,617	114,309	2,333	3,539,868
Charge for the year	12,528	82,145	119,391	39,571	13,180	266,815
Disposal	-	-	(131,678)	-	-	(131,678)
Written off	-	-	(318)	-	-	(318)
At 31 December 2010	36,241	342,041	3,127,012	153,880	15,513	3,674,687
Net carrying amount	**96,567**	**470,405**	**309,782**	**241,850**	**64,585**	**1,183,189**
2009						
Cost						
At 1 January 2009	109,493	358,478	3,514,405	287,468	-	4,269,844
Additions	13,315	-	55,760	108,262	59,432	236,769
Written off	-	-	(1,490)	-	-	(1,490)
Transfer*	-	-	1,300	-	-	1,300
At 31 December 2009	122,808	358,478	3,569,975	395,730	59,432	4,506,423
Accumulated depreciation						
At 1 January 2009	11,877	206,125	3,022,566	78,345	-	3,318,913
Charge for the year	11,836	53,771	117,254	35,964	2,333	221,158
Written off	-	-	(950)	-	-	(950)
Transfer*	-	-	747	-	-	747
At 31 December 2009	23,713	259,896	3,139,617	114,309	2,333	3,539,868
Net carrying amount	**99,095**	**98,582**	**430,358**	**281,421**	**57,099**	**966,555**

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

13. INTANGIBLE ASSETS

	Goodwill on consolidation RM	Software licenses RM	Total RM
Group			
2010			
Cost			
At 1 January 2010	529,639	36,372	566,011
Additions	-	9,725	9,725
At 31 December 2010	529,639	46,097	575,736
Accumulated amortisation			
At 1 January 2010	-	8,835	8,835
Amortisation	-	6,671	6,671
At 31 December 2010	-	15,506	15,506
Net carrying amount	**529,639**	**30,591**	**560,230**
2009			
Cost			
At 1 January 2009	529,639	28,996	558,635
Additions	-	7,376	7,376
At 31 December 2009	529,639	36,372	566,011
Accumulated amortisation			
At 1 January 2009	-	4,212	4,212
Amortisation	-	4,623	4,623
At 31 December 2009	-	8,835	8,835
Net carrying amount	**529,639**	**27,537**	**557,176**

Impairment test for goodwill

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

	Group	
	2010 RM	2009 RM
Internet financial solution business	**529,639**	**529,639**

The recoverable amount of the goodwill has been determined based on a value-in-use calculation using a 5-year discounted cash flow analysis at a discount rate of 10% (2009:15%). No impairment loss is required to be provided in respect of the current financial year.

14. SUBSIDIARY COMPANIES

(a) Investments in subsidiary companies

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

(i) Held by the Company

Name of companies	Principal activities	Proportion of ownership interest (%) 2010	2009
OSK Venture Equities Sdn. Bhd.	To undertake venture capital business and management of investments in securities of venture companies.	100	100
OSK Technology Ventures Sdn. Bhd.	To undertake venture capital business.	100	100
OSK Private Equity Management Sdn. Bhd.	To undertake the management of investments in securities of venture companies.	100	100
OSK Capital Partners Sdn. Bhd.	To undertake investment holding and private equity business.	100	100
OSK Ventures International Limited*	To undertake investment holding and private equity business.	100	100
OSK Infrastructure Investments Limited^	To undertake investment holding and private equity business.	100	100

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

Name of companies	Principal activities	Proportion of ownership interest (%) 2010	2009
Finexasia.com Sdn. Bhd.	Development and provision of internet financial solutions and related activities.	59.95	59.95
Stock188.com Sdn. Bhd.	Application service provider to facilitate access to online equity trading, other online information and financial services.	100	100

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

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

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

Amounts due from subsidiary companies are stated after an allowance for doubtful debt of RM71,300,000 (2009: RM71,300,000).

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

NOTES TO THE FINANCIAL STATEMENTS
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15. INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At cost:				
Quoted shares in Malaysia	-	167,137,603	-	-
Quoted warrants in Malaysia	-	4,641,004	-	-
Unquoted shares outside Malaysia	-	18,977,319	-	18,977,319
	-	190,755,926	-	18,977,319
Share of post-acquisition reserves	-	(2,048,300)	-	-
Less: Accumulated impairment losses	-	(47,264,563)	-	(18,977,319)
	-	**141,443,063**	**-**	**-**
At market value:				
Quoted shares in Malaysia	-	153,475,074	-	-
Quoted warrants in Malaysia	-	24,058,853	-	-
	-	177,533,927	-	-
Accumulated impairment losses				
At beginning of year	-	19,440,000	-	-
Impairment losses (Note 6)	-	32,663,665	-	18,977,319
Disposal of an associated company	-	(4,839,102)	-	-
At end of year	**-**	**47,264,563**	**-**	**18,977,319**

During the year, investment in associated companies were redesignated as investment securities pursuant to the adoption of FRS 139 Financial Instrument: Recognition and Measurement.

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

	Group	
	2010 RM	2009 RM
Assets and liabilities at reporting date (100%)		
Current assets	-	435,655,215
Non-current assets	-	748,818,164
Total assets	**-**	**1,184,473,379**
Current liabilities	-	(169,723,955)
Non-current liabilities	-	(415,244,000)
Total liabilities	**-**	**(584,967,955)**
Results (100%)		
Revenue	-	330,981,075
Loss for the year	**-**	**(274,441,519)**

15. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

The details of the associated companies, all of which are incorporated in Malaysia, except for GMO Global Limited which is incorporated in The British Virgin Islands, are as follows:

Name of companies	Principal activities	Equity interest held (%) 2010	Equity interest held (%) 2009
Green Packet Berhad	Wireless networking and telecommunication products, networking solutions and other high technology products and services.	-	16.23
eBworx Berhad	Provision of computer software applications and dealing in computer software and hardware for financial services industry.	-	20.72
mTouche Technology Berhad	Provision of mobile applications and related technology services	-	29.54
GMO Global Limited	Investment holding company.	-	19.29

16. OTHER INVESTMENTS

	Group 2010 RM	Group 2009 RM
At cost:		
Quoted shares in Malaysia	-	11,925,779
Quoted shares outside Malaysia	-	272,374
Unquoted shares in Malaysia	-	9,483,500
Unquoted shares outside Malaysia	-	66,457,214
Loan and promissory notes outside Malaysia	-	6,150,000
Unit trusts outside Malaysia	-	2,713,253
	-	97,002,120
Less: Accumulated impairment losses	-	(30,377,926)
	-	**66,624,194**
Analysed as:		
Non-current	-	59,637,657
Current	-	6,986,537
	-	**66,624,194**
At market value:		
Quoted shares in Malaysia	-	19,015,985
Quoted shares outside Malaysia	-	264,218
Unit trusts outside Malaysia	-	2,751,238
	-	**22,031,441**
Accumulated impairment losses		
At beginning of year	-	695,374
Impairment losses (Note 6)	-	29,682,552
At end of year	**-**	**30,377,926**

During the year, the above investments were redesignated as investment securities pursuant to the adoption of FRS 139 Financial Instrument: Recognition and Measurement.

In previous financial year, out of the short term investment of RM6,986,537, RM4,800,781 were placed with a former related company.

NOTES TO THE FINANCIAL STATEMENTS
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17. INVESTMENTS SECURITIES

	Group 2010		Group 2009	
	Carrying amount	Market value of quoted investments	Carrying amount *	Market value of quoted investments
	RM	RM	RM	RM
Current				
Held for trading investments				
Quoted shares in Malaysia	17,638,060	17,638,060	-	-
Unquoted shares in Malaysia	15,588,591	15,588,591	-	-
	33,226,651	**33,226,651**	**-**	**-**
Non-current				
Held for trading investments				
Quoted shares in Malaysia	133,899,501	133,899,501	-	-
Unquoted shares outside Malaysia	5,526,031	5,526,031	-	-
	139,425,532	**139,425,532**	**-**	**-**

* Prior to 1 January 2010, the current investments were carried at cost less impairment losses. The non-current investments are accounted for in accordance with FRS 128: Investment in Associates ("FRS 128").

Details of major quoted investment securities are as follows :

	Equity interest held (%)		Market value	
	2010	2009	2010	2009
			RM	RM
Counter:				
Green Packet Berhad	16.23	-	77,839,642	-
mTouche Technology Berhad	24.00	-	19,806,794	-
eBworx Berhad	23.28	-	21,796,320	-

18. DERIVATIVE FINANCIAL ASSETS

	Group 2010		Group 2009	
	Carrying amount	Market value of quoted investments	Carrying amount *	Market value of quoted investments
	RM	RM	RM	RM
Current				
Quoted warrants in Malaysia	**10,797,249**	**10,797,249**	**-**	**-**

* Prior to 1 January 2010, derivatives were stated at cost less accumulated impairment, included within investments in associated companies.

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18. DERIVATIVE FINANCIAL ASSETS (CONT'D)

Details of major warrants held are as follows :

	Number of warrants		Market value	
	2010	2009	2010	2009
			RM	RM
Green Packet Berhad	24,575,653	-	8,355,722	-
mTouche Technology Berhad (WA)	16,532,423	-	743,959	-
mTouche Technology Berhad (WB)	14,146,400	-	1,697,568	-

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade receivables				
Third parties	9,961	14,751	-	-
Other receivables				
Dividend receivable	-	4,466	-	-
Interest receivable	308,897	277,657	151,722	69
Deposits	95,333	107,894	4,500	4,500
Prepayments	57,320	33,151	20,025	18,320
Sundry	188,150	62,718	-	-
	649,700	485,886	176,247	22,889
	659,661	**500,637**	**176,247**	**22,889**

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit, generally for a period of 30 days (2009: 30 days) unless modified by terms of agreement on case-by-case basis. The Group seeks to maintain strict control over its outstanding receivables. All trade receivables as at the reporting date are current and not past due.

20. AMOUNTS DUE FROM FORMER RELATED COMPANIES

In the previous financial year, the amounts due from former related companies were unsecured, interest free and have no fixed terms of repayment.

21. AMOUNTS DUE FROM ASSOCIATED COMPANIES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Amounts due from associated companies	-	268,691	-	171,720
Less: Allowance for doubtful debts (Note 5)	-	(171,720)	-	(171,720)
	-	**96,971**	**-**	**-**

The prior year amounts due from associated companies were unsecured, interest free and had no fixed terms of repayment except for the amount due from GMO Global Limited of RM171,720 which was repayable on demand.

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22. CASH, BANK BALANCES AND DEPOSITS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash on hand and at banks	1,015,539	607,041	43,252	14,677
Deposits with licensed banks	-	2,446,300	-	1,325,000
Deposits with licensed investment bank	48,894,891	12,838,891	30,400,000	-
	49,910,430	**15,892,232**	**30,443,252**	**1,339,677**

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Weighted average effective interest rate (%)	2.78	2.07	2.79	1.92
Average maturity (days)	17	11	19	3

23. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		Amount	
	2010	2009	2010 RM	2009 RM
Authorised				
At beginning/end of year:	**500,000,000**	**500,000,000**	**500,000,000**	**500,000,000**
Issued and fully paid				
At beginning of year at RM1.00 per share	150,000,000	150,000,000	150,000,000	150,000,000
Cancellation treasury shares	(3,191,600)	-	(3,191,600)	-
	146,808,400	150,000,000	146,808,400	150,000,000
Capital reduction	-	-	(73,404,200)	-
Issuance of shares pursuant to rights issue exercise	48,936,133	-	24,468,067	-
At end of year at RM0.50/RM1.00 per share	**195,744,533**	**150,000,000**	**97,872,267**	**150,000,000**

(a) On 2 March 2010, the Company effected the cancellation of 3,191,600 ordinary shares of RM1.00 each which was previously acquired at a cost of RM2,725,300. As a result of the cancellation of treasury shares, the Company created a Capital Redemption Reserve of RM3,191,600 pursuant to the requirement of the Companies Act, 1965. Upon the completion of the cancellation of treasury shares, the share capital has reduced from RM150,000,000 to RM146,808,400 comprising of 146,808,400 ordinary shares of RM1.00 each.

23. SHARE CAPITAL (CONT'D)

(b) On 12 August 2010, the Company undertook a share capital reduction exercise involving the cancellation of RM0.50 par value of every existing issued and paid up ordinary shares of RM1.00 each.

Accordingly, the Company's issued and paid up share capital has reduced to RM73,404,200 comprising 146,808,400 shares of RM0.50 each.

(c) On 12 October 2010, the Company increased its issued and paid up ordinary shares capital from 146,808,400 to 195,744,533 by way of issuance of 48,936,133 new ordinary shares of RM0.50 each pursuant to a renounceable rights issue exercise.

The 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.

24. EXECUTIVE SHARE OPTION SCHEME

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

The salient features of the ESOS are as follows:

(a) Eligible grantees are employees and Directors of the Group who have been in the full time employment or under an employment contract of the Group for a period of at least twelve (12) full months of continuous service and whose employment have been confirmed in writing on or prior to the date of the offer for employees and in the case of Directors have been appointed as Directors of the Group on or prior to the date of the offer. The eligibility for participation in the ESOS shall be based on the performance of the eligible grantees and shall be at the discretion of the ESOS Committee appointed by the Board of Directors;

(b) The total number of shares to be offered shall not exceed in aggregate 10% of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS and out of which not more than 50% of the shares shall be allocated, in aggregate, to Directors and senior management. In addition, not more than 10% of the shares available under the ESOS shall be allocated to any individual Director or employee who, either singly or collectively through his/her associates, hold 20% or more in the issued and paid-up capital of the Company;

(c) The option price for each share, as determined by the ESOS Committee, shall be at a discount of not more than ten per cent (10%) from the weighted average of the market quotation of the Company's shares in the daily list issued by Bursa Malaysia for the five (5) market days preceding the date of offer, or at par value of the ordinary shares of the Company, whichever is higher;

(d) The shares to be allotted upon any exercise of the option shall upon allotment and issue rank pari passu in all respects with the existing ordinary shares of the Company provided always that the new shares so allotted will not be entitled to any dividends, rights, allotments and/or other distributions unless such new shares are specified as being credited to the Securities Account of the Grantee in the Record of Depositors maintained by the Company with Bursa Depository and requested by the Company from Bursa Depository for the purpose of determining persons entitled to such dividends, rights, allotments, and/or distributions in accordance with the Company's Articles of Association;

(e) The employees' entitlements to the options are vested at the grant date;

(f) No option shall be granted for less than 1,000 shares and shall not be more than the maximum allowable allotment for each eligible grantee allowed under their respective categories; and

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24. EXECUTIVE SHARE OPTION SCHEME (CONT'D)

(g) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respect with the existing ordinary shares of the Company.

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

	Number of options over ordinary shares of RM0.50 each			
	At beginning of year	Granted	Forfeited	At end of year
2010	**900,000**	**-**	**-**	**900,000**
2009	**900,000**	**-**	**-**	**900,000**

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

	On 11 April 2007
Fair value of ESOS granted (RM)	0.47
Weighted average share price (RM)	2.49
Weighted average exercise price (RM)	2.57
Expiry date	10 April 2012
Expected volatility (%)	30.00
Risk-free interest rate (%)	4.50
Expected dividend yield (%)	6.15

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

25. RESERVES

		Group		Company	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
Share premium		84,482,622	104,396,793	84,482,622	104,396,793
Equity compensation reserve	(a)	423,000	423,000	423,000	423,000
Capital redemption reserve	(b)	3,191,600	-	3,191,600	-
Other reserves	(c)	-	50,725,105	-	-
Warrant reserve	(d)	11,255,311	-	11,255,311	-
		99,352,533	155,544,898	99,352,533	104,819,793
Retained profits/ (Accumulated losses)		1,875,705	(108,926,655)	(11,758,295)	(88,862,935)
		101,228,238	**46,618,243**	**87,594,238**	**15,956,858**

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25. RESERVES (CONT'D)

(a) Equity compensation reserve

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

(b) Capital redemption reserve

Capital redemption reserve arose from the cancellation of 3,191,600 treasury shares on 2 March 2010.

(c) Other reserves

Other reserves relate to share of associated companies' reserves.

(d) Warrant reserve

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

	Number of warrants		Amount	
	2010	2009	2010	2009
			RM	RM
At the beginning of the year	-	-	-	-
Warrants issued	97,872,266	-	11,255,311	-
At the end of year	**97,872,266**	**-**	**11,255,311**	**-**

26. TREASURY SHARES

	Group and Company	
	2010 RM	2009 RM
At cost:		
At beginning of year	2,725,300	2,723,822
Cancellation	(2,725,300)	-
Share buybacks	957	1,478
At end of year	**957**	**2,725,300**
	Number of shares	**Number of shares**
Number of treasury shares:		
At beginning of year	3,191,600	3,189,600
Cancellation	(3,191,600)	-
Share buybacks	2,000	2,000
At end of year	2,000	3,191,600
Total number of outstanding shares in issue after set off (excluding treasury shares held)	195,742,533	146,808,400
Total number of issued and fully paid ordinary shares	**195,744,533**	**150,000,000**

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

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

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

(ii) an amount not exceeding the Company's last audited retained profit and/or the share premium account at the time of the purchase(s) will be allocated by the Company for the purchase of own shares; and

(iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends.

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

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

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

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

	Number of ordinary shares	Highest price	Lowest price	Average cost*	Total amount paid
		RM	RM	RM	RM
2010					
At beginning of year at RM1.00 per share	3,191,600	1.55	0.55	0.85	2,725,300
Cancellation March 2010	(3,191,600)	1.55	0.55	0.85	(2,725,300)
	-	-	-	-	-
Share buyback in May 2010	1,000	0.48	0.48	0.52	521
November 2010	1,000	0.40	0.40	0.44	436
At end of year at RM0.50/ RM1.00 per share	**2,000**	**0.48**	**0.40**	**0.48**	**957**
2009					
At beginning of year at RM1.00 per share	3,189,600	1.55	0.55	0.85	2,723,822
May 2009	1,000	0.78	0.64	0.73	732
November 2009	1,000	0.92	0.59	0.75	746
At end of year RM1.00 per share	**3,191,600**	**1.55**	**0.55**	**0.85**	**2,725,300**

* Average cost included transaction costs.

27. DEFERRED TAXATION

	Group	
	2010 RM	2009 RM
As at 1 January 2010	-	-
Effect of adoption of FRS 139	12,632,289	-
At 1 January 2010 as restated	12,632,289	-
Recognised in income statement	(11,390,751)	-
At 31 December 2010	**1,241,538**	**-**

The component and movement of deferred tax liabilities are as follows :

Deferred tax liabilities :

	Fair value gain on financial instrument, net RM
As at 1 January 2010	-
Effect of adoption of FRS 139	12,632,289
At 1 January 2010 as restated	12,632,289
Recognised in income statement	(11,390,751)
At 31 December 2010	**1,241,538**

28. DEFERRED INCOME

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

29. SUNDRY PAYABLES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Accruals	752,883	808,194	325,582	315,782
Others	14,359	8,645	13,999	8,285
	767,242	**816,839**	**339,581**	**324,067**

30. SHORT TERM BORROWING

The short term borrowing of the Group and the Company consists of an unsecured revolving credit which is subject to an interest charge at 4.15% (2009: 3.53%). The revolving credit is repayable monthly.

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31. SIGNIFICANT RELATED PARTY TRANSACTIONS AND RELATIONSHIPS

(a) Compensation of key management personnel

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

Executive Directors

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

Non-executive Directors

Ong Leong Huat @ Wong Joo Hwa (retired on 14.4.2010)
Wong Chong Kim
Tan Sri Datuk Dr. Omar bin Abdul Rahman
Dato' Seri Abdul Azim bin Mohd. Zabidi
Foo San Kan

The terms and conditions of the share options granted are the same as those offered to other employees of the Group (Note 24). The movements of share options granted to the key management personnel during the year are as follows:

	Number of options over ordinary shares of RM0.50 each			
	At beginning of year	Granted	Forfeited	At end of year
2010	900,000	-	-	900,000
2009	900,000	-	-	900,000

(b) Transactions with related parties

Identities	Nature of transactions	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
(i) Former related companies					
OSK Investment Bank Berhad	Brokerage fees	43,108	7,824	80	80
	Commission fees	5,347	3,346	-	-
	Group support fees	119,400	239,400	-	120,000
	Professional fees	250,000	12,500	250,000	12,500
	Sponsorship	-	-	-	-
	Server maintenance fees	8,732	7,285	-	-
	Interest received	(599,193)	(424,387)	(305,023)	(152,768)
	Annual fees income	(820,000)	(820,000)	-	-

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

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

Identities	Nature of transactions	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
(i) Former related companies (Cont'd)					
OSK Investment Bank Berhad	User access fees income	(6,757,925)	(4,939,750)	-	-
	Corporate website maintenance income	(41,800)	(23,400)	-	-
	Software development, subscription and hosting fees income	(7,800)	(7,800)	-	-
	Custodial fees	-	344	-	-
	Real time data feed subscription reimbursement	-	(395,365)	-	-
	Real time equity market fees	(9,120)	(10,440)	-	-
OSK International Asset Management Sdn Bhd	Management and incentive fees	52,373	57,363	-	-
OSK Nominees (Tempatan) Sdn Berhad	Custodial fees	330	360	-	-
DMG & Partners Securities Pte Ltd	Real time data feed subscription	-	242,762	-	-
KE-ZAN Holdings Berhad	Rental and utility deposits	(12,561)	-	-	-
	Rental of office and parking space	222,439	224,395	-	-
OSK (China) Investment Advisory Company Ltd ("OSKCIA")	Share of OSKCIA's cost	118,377	251,850	118,377	251,850
OSK Trustees Berhad	Hosting fees income	(4,800)	(4,800)	-	-
	Renewal DNS fees	-	(135)	-	-
OSK-UOB Unit Trust Management Berhad	Hosting fees income	(12,000)	(12,000)	-	-
	Corporate website maintenance income	-	(1,200)	-	-

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

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

Identities	Nature of transactions	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
(i) Former related companies (Cont'd)					
OSK Hong Kong Securities Limited	Placement of trading deposit	-	3,128,752	-	-
	Corporate website maintenance income	-	(5,000)	-	-
(ii) Other related company					
Le Design Sdn Bhd	Office equipment maintenance and renovation cost	3,780	87,985	-	-
(iii) Subsidiary companies					
Settlement of liabilities on behalf of subsidiary companies		-	-	-	24,774,574
Settlement of liabilities on behalf by subsidiary companies		-	-	-	3,948,092

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

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

(c) Transactions with other related parties

(i) The Group holds a long term interest in Willowglen MSC Berhad ("Willowglen"), included in investment securities (2009: other investments) as disclosed in Note 17 (2009: Note 16), amounting to RM14,456,745 (2009: RM7,646,178). Willowglen, a company listed on ACE Market, is a company in which Mr. Ong Leong Huat @ Wong Joo Hwa has an indirect interest.

(ii) The dividends received from Willowglen during the year amounted to RM1,275,595 (2009: RM850,397).

(iii) The Company paid RM3,500 (2009: RM10,926) to Symphony Share Registrars Sdn. Bhd., a firm of which Mr. Foo San Kan is a Director of the holding company, for the provision of professional services. No balance with the firm was outstanding as at 31 December 2010 (2009: Nil).

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

The insurance premium paid by the Group to DCSSB during the year is RM8,963 (2009: RM12,069). The insurance premium paid to DRMSSB by the Group and the Company during the year is RM7,220 (2009: RM15,602) and Nil (2009: RM1,109) respectively.

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. No balances with these related parties were outstanding as at 31 December 2010 and 2009.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

(a) Credit risk

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

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

Exposure to credit risk

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

Information regarding concentration of credit risk is disclosed in Note 19.

(b) Interest rate risk

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

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

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

(c) Liquidity risk

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

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

(d) Foreign currency risk

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

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

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

Financial assets held in non-functional currencies:

	Group	
	2010 RM	**2009 RM**
United States Dollar	6,357,928	39,187,803
Singapore Dollar	2,357	6,152,527
Hong Kong Dollar	16	3,401,127
	6,360,301	**48,741,457**

Financial liabilities held in non-functional currencies:

	Group	
	2010 RM	**2009 RM**
Hong Kong Dollar	**54,244**	**36,052**

(e) Cash flow risk

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

(f) Market price risk

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

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

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

Sensitivity analysis for equity price risk

At the reporting date, if the share prices had been 5% higher/lower, with all other variables held constant, the Group's loss before tax would have been RM9,200,000 higher/lower, arising as a result of higher/lower fair value gains/(losses) on held for trading investments and derivative financial instruments.

33. SEGMENT INFORMATION

(a) Business segments

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

(i) Venture capital 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.

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

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

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

	Venture capital businesses	Private equity businesses and investment holding	Internet financial solutions businesses	Holding entity	Eliminations	Note	Consolidated
	RM	RM	RM	RM	RM		RM
2010							
Revenue							
External revenue	7,795,876	1,164,468	5,265,047	355,446	-		14,580,837
Inter-segment revenue	6,179,421	-	-	-	(6,179,421)	(i)	-
Total Revenue	**13,975,297**	**1,164,468**	**5,265,047**	**355,446**	**(6,179,421)**		**14,580,837**
Results:							
Interest income	14,130	-	292,554	355,446	-		662,130
Dividend income	673,950	601,645	31,446				1,307,041
Depreciation and amortisation	136,984	-	136,502	-	-		273,486
Other non-cash expenses	60,822,854	(23,766,196)	37,985	-	-	(ii)	37,094,643
Segment (loss)/profit	(46,819,355)	25,312,975	5,534,338	(428,799)	(9,244,421)	(iii)	(25,645,262)
Finance costs							(1,132,596)
Loss before tax							(26,777,858)
Income tax							11,287,945
Loss for the year							**(15,489,913)**
Assets:							
Additions to non-current assets	473,800	-	20,559	-	-	(iv)	494,359
Segment assets	**130,197,837**	**57,468,349**	**19,666,926**	**30,619,499**	**-**		**237,952,611**
Segment liabilities	**1,494,614**	**22,000**	**200,965**	**29,339,581**	**-**	(v)	**31,057,160**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

33. SEGMENT INFORMATION (CONT'D)

(a) Business segments (Cont'd)

	Venture capital businesses	Private equity businesses and investment holding	Internet financial solutions businesses	Holding entity	Eliminations	Note	Consolidated
	RM	RM	RM	RM	RM		RM
2009							
Revenue							
External revenue	2,764,169	1,021,062	6,449,335	173,293	-		10,407,859
Inter-segment revenue	4,689,475	-	-	-	(4,689,475)	(i)	-
	7,453,644	**1,021,062**	**6,449,335**	**173,293**	**(4,689,475)**		**10,407,859**
Results:							
Interest income	18,158	339,734	269,259	173,293	-		800,444
Dividend income	449,300	401,096	16,555	-	-		866,951
Depreciation and amortisation	105,234	-	120,547	-	-		225,781
Other non-cash expenses	29,724,161	10,931,560	(41,069)	21,903,825	-	(ii)	62,518,477
Segment (loss)/profit	(23,757,835)	(9,901,009)	4,355,216	(22,754,183)	(4,689,475)	(iii)	(56,747,286)
Finance Cost							(771,125)
Share of losses of associated companies							(54,954,837)
Loss before tax							(112,473,248)
Income tax expense							(268,682)
Loss for the year							**(112,741,930)**
Assets:							
Additions to non-current assets	9,060	-	235,085	-	-	(iv)	244,145
Segment assets	61,985,347	4,978,362	19,440,302	1,362,567	-		87,766,578
Investments in associated companies							141,443,063
Unallocated assets							2,244,792
							231,454,433
Segment liabilities	**247,912**	**15,500**	**306,500**	**29,324,067**	**-**	(v)	**29,893,979**

33. SEGMENT INFORMATION (CONT'D)

(a) Business segments (Cont'd)

(i) Inter-segment revenues are eliminated on consolidation.

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

	Note	2010 RM	2009 RM
Allowances for doubtful debts	5	-	171,720
Equipment written off	7	1,181	540
Impairment losses	2	-	62,346,217
Net fair value loss on financial instruments	2	37,093,462	-
		37,094,643	**62,518,477**

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

	2010 RM	2009 RM
Inter-segment dividend	3,065,000	-
Annual management fees and performance bonus	6,179,421	4,689,475
	9,244,421	**4,689,475**

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

	Note	2010 RM	2009 RM
Equipment	12	484,634	236,769
Intangible asset	13	9,725	7,376
		494,359	**244,145**

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

	Note	2010 RM	2009 RM
Deferred tax liabilities	27	1,241,538	-
Deferred income	28	48,380	77,140
Sundry payables	29	767,242	816,839
Short term borrowing	30	29,000,000	29,000,000
		31,057,160	**29,893,979**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

33. SEGMENT INFORMATION (CONT'D)

(b) Geographical segments

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

	Revenue	Segment assets	Capital expenditure
	RM	RM	RM
2010			
Malaysia	14,580,837	231,765,402	494,359
Hong Kong	-	6,187,209	-
	14,580,837	**237,952,611**	**494,359**
2009			
Malaysia	10,361,005	68,443,436	244,145
Singapore	23,265	2,751,238	-
Hong Kong	23,589	938,404	-
China	-	15,633,500	-
	10,407,859	87,766,578	244,145
Interests in associated companies	-	141,443,063	-
	10,407,859	**229,209,641**	**244,145**

34. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the ended 31 December 2010 and 31 December 2009.

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Short term borrowings	29,000,000	29,000,000	29,000,000	29,000,000
Sundry payables	767,242	816,839	339,581	324,067
Less : Cash and bank balances	(49,910,430)	(15,892,232)	(30,443,252)	(1,339,677)
Net (asset) / debt	(20,143,188)	13,924,607	(1,103,671)	27,984,390
Equity attributable to the owners of the Company, representing total capital	199,099,548	193,892,943	185,465,548	163,231,558
Capital and net (assets) / debt	**178,956,360**	**207,817,550**	**184,361,877**	**191,215,948**
Equity over capital and net (assets) / debt	**111%**	**93%**	**101%**	**85%**

35. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

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

	Group RM	Company RM
Total retained profits of the Company and its subsidiaries		
- Realised	31,383,766	11,758,295
- Unrealised	(33,259,471)	-
Retained profits as per financial statements	**(1,875,705)**	**11,758,295**

STATEMENT OF DIRECTORS' INTERESTS
AS AT 3 MARCH 2011

Name of Director	Number of Ordinary Shares of RM0.50 each			
	Direct Interest	%	Indirect Interest	%
1. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	3,257,615	1.66	-	-
2. Wong Chong Kim	677,400	0.35	-	-
3. Foo San Kan	668,000	0.34	-	-
4. Ong Ju Yan	443,869	0.23	*4,907,613	2.51
5. Yee Chee Wai	-	-	**1,000	0.00

Notes:

* Deemed interested by virtue of his substantial shareholding in Land Management Sdn. Bhd.
** Disclosure made pursuant to Section 134(12)(c) of the Companies Act, 1965 ("the Act") on interest held by his spouse.

Name of Director	Number of Warrants			
	Direct Interest	%	Indirect Interest	%
1. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	1,617,048	1.65	-	-
2. Wong Chong Kim	413,792	0.42	-	-
3. Ong Ju Yan	221,934	0.23	*4,788,806	4.89
4. Yee Chee Wai	-	-	**844	0.00

Notes:

* Deemed interested by virtue of his substantial shareholding in Land Management Sdn. Bhd.
** Disclosure made pursuant to Section 134(12)(c) of the Act on interest held by his spouse.

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

STATEMENT OF SHAREHOLDINGS
AS AT 3 MARCH 2011

Authorised Capital	:	RM500,000,000
Issued and fully paid-up capital	:	RM97,871,266.50 Comprising 195,742,533 Ordinary Shares of RM0.50 each (excluding the treasury shares 2,000)
Class of Shares	:	Ordinary Shares of RM0.50 each fully paid
Voting Rights	:	One vote per RM0.50 share

BREAKDOWN OF HOLDINGS

Range of Holdings	No. of Holders	Percentage of Holders	No. of RM0.50 share	Percentage of Issued Capital
1 — 99	3,806	15.43	78,043	0.04
100 — 1,000	13,705	55.57	5,379,701	2.75
1,001 — 10,000	5,466	22.16	17,463,877	8.93
10,001 — 100,000	1,490	6.04	44,731,192	22.85
100,001 — 7,340,419*	195	0.79	85,670,374	42.13
7,340,420 and above**	2	0.01	45,610,946	23.30
	24,664	**100.00**	**195,742,533**	**100.00**

Remarks:

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

SUBSTANTIAL SHAREHOLDER

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

	Name of Substantial Shareholder	Number of Ordinary Shares of RM0.50 each			
		Direct Interest	%	Indirect Interest	%
1.	Ong Leong Huat @ Wong Joo Hwa	45,610,946	23.30	*463,401	0.24

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

THIRTY LARGEST REGISTERED HOLDER

Name	No. of Shares	%
1. Ong Leong Huat @ Wong Joo Hwa	31,583,214	16.14
2. HSBC Nominees (Tempatan) Sdn. Bhd. AA Noms SG for Ong Leong Huat	14,027,732	7.17
3. Land Management Sdn. Bhd.	4,907,613	2.51
4. Nora Ee Siong Chee	3,700,000	1.89
5. Nik Mohamed Din bin Nik Yusoff	3,257,615	1.66
6. Pengerang Jaya Pte. Ltd.	2,890,724	1.48
7. P J Equity Sdn. Bhd.	2,697,556	1.38
8. Alliancegroup Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Lim Hun Swee (8041132)	2,695,000	1.38
9. HSBC Nominees (Asing) Sdn. Bhd. AA Noms SG for JY Ltd.	2,218,508	1.13

STATEMENT OF SHAREHOLDINGS
AS AT 3 MARCH 2011

THIRTY LARGEST REGISTERED HOLDER (CONT'D)

Name	No. of Shares	%
10. HSBC Nominees (Asing) Sdn. Bhd. AA Noms SG for YC Ltd.	1,906,558	0.97
11. HSBC Nominees (Asing) Sdn. Bhd. AA Noms SG for YM Ltd.	1,888,442	0.96
12. HSBC Nominees (Asing) Sdn. Bhd. AA Noms SG for YS Ltd.	1,857,440	0.95
13. HSBC Nominees (Asing) Sdn. Bhd. AA Noms SG for JX Ltd.	1,798,110	0.92
14. Mayban Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Teo Huay Siong	1,629,000	0.83
15. Khor Chai Moi	1,505,422	0.77
16. Public Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Tan Chee Wee (E-JBU)	1,400,000	0.72
17. Teo Huay Siong	1,314,720	0.67
18. Lee Hui Gek	1,305,900	0.67
19. Tan Sim Wah	1,066,666	0.54
20. Ong Yee Ching	1,060,678	0.54
21. Chan Yan Ping	1,051,333	0.54
22. Dato' Nik Mohamed Bin Nik Yahya	1,047,838	0.54
23. RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Hiew Kat Kee (071123)	870,900	0.44
24. Public Invest Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Sui Diong Hoe (M)	814,418	0.42
25. Lo Khiam Shin	800,000	0.41
26. Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tay Soon Hwa (E-TSA)	700,000	0.36
27. Wong Chong Kim	677,400	0.35
28. Foo San Kan	668,000	0.34
29. Public Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Tan Chee Wee (E-JBU)	662,400	0.34
30. EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Mary Ang Poh Chan (KLM)	656,720	0.34

STATEMENT OF WARRANT HOLDINGS
AS AT 3 MARCH 2011

No. of Warrants issued: 97,872,266

BREAKDOWN OF HOLDINGS

Range of Holdings	No. of Holders	Percentage of Holders	No. of Warrants	Percentage of Issued Capital
1 — 99	140	3.81	6,510	0.01
100 — 1,000	1,492	40.60	729,986	0.75
1,001 — 10,000	1,435	39.05	4,620,942	4.72
10,001 — 100,000	492	13.39	17,294,952	17.67
100,001 — 4,893,612*	115	3.13	47,164,412	48.19
4,893,612 and above**	1	0.03	28,055,464	28.67
	3,675	**100.00**	**97,872,266**	**100.00**

Remarks:

* Less than 5 % of the issued Warrants
** 5% and above of the issued Warrants

THIRTY LARGEST REGISTERED HOLDERS

Name	No. of Warrants	%
1. HSBC Nominees (Tempatan) Sdn. Bhd. AA Noms SG for Ong Leong huat	28,055,464	28.67
2. Land Management Sdn. Bhd.	4,788,806	4.89
3. Ong Cheok Leng	2,045,300	2.09
4. Nora Ee Siong Chee	1,850,000	1.89
5. Nik Mohamed Din bin Nik Yusoff	1,617,048	1.65
6. Tan Sze Hung	1,591,000	1.63
7. Pengerang Jaya Pte. Ltd.	1,445,362	1.48
8. Alliancegroup Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Lim Hun Swee (8041132)	1,350,000	1.38
9. P J Equity Sdn. Bhd.	1,348,778	1.38
10. Ho Shwu Jiuan	1,175,000	1.20
11. HSBC Nominees (Asing) Sdn. Bhd. AA Noms SG for YM Ltd.	944,220	0.96
12. Tan Kok Keng	936,400	0.96
13. HSBC Nominees (Asing) Sdn. Bhd. AA Noms SG for YS Ltd.	928,720	0.95
14. Liew Ai Yeng	908,640	0.93
15. Ngu Koi Poo	900,006	0.92
16. HSBC Nominees (Asing) Sdn. Bhd. AA Noms SG for JX Ltd.	899,054	0.92
17. OSK Nominees (Tempatan) Sdn. Berhad Tan Kim San @ Tan Kim Sun	871,600	0.89

STATEMENT OF WARRANT HOLDINGS
AS AT 3 MARCH 2011

THIRTY LARGEST REGISTERED HOLDER (CONT'D)

Name	No. of Warrants	%
18. HSBC Nominees (Asing) Sdn. Bhd. AA Noms SG for JY Ltd.	859,254	0.88
19. Mayban Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Teo Huay Siong	765,820	0.78
20. Khor Chai Moi	752,710	0.77
21. HSBC Nominees (Asing) Sdn. Bhd. AA Noms SG for YC Ltd.	703,278	0.72
22. Teo Huay Siong	657,360	0.67
23. Chin Poh Ling	650,000	0.66
24. Lim Sze Hock	600,000	0.61
25. Tan Kok Keng	550,000	0.56
26. Tan Sim Wah	533,332	0.54
27. Ong Yee Ching	530,338	0.54
28. Chan Yan Ping	525,666	0.54
29. Lee Hui Gek	519,940	0.53
30. Wong Chong Kim	413,792	0.42

OSK VENTURES INTERNATIONAL BERHAD (636117-K)
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	Number of ordinary shares

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

of ____

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

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

*and/or (*delete if not apllicable)

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

or failing him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Seventh Annual General Meeting of the Company to be held at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 13 April 2011 at 11:30 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:

Item	Agenda	Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2010 together with the Reports of the Directors and the Auditors thereon.			
		Resolution	**For**	**Against**
2.	To approve the payment of Directors' fees of RM223,750.00 for the financial ended 31 December 2010.	1		
3.	To re-elect Dato' Nik Mohamed Din Bin Datuk Nik Yusoff as Director pursuant to Article 94 of the Company's Articles of Association.	2		
4.	To re-elect Mr. Foo San Kan as Director pursuant to Article 94 of the Company's Articles of Association.	3		
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.	4		
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.	5		
Special Business				
7.	Authority to issue shares	6		
8.	Proposed Shareholders' Mandate	7		
9.	Proposed Renewal	8		
10.	Proposed Amendment	9		

Please indicate with an "X" in the appropriate space how you wish your proxy to vote. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit or, at his discretion, abstain from voting.

Dated this day ________________ of ________________ 2011

____
*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 at 20th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

OSK Ventures International Berhad (636117-K)

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