ANNUAL REPORT 2013

OSK Holdings

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fourth Annual General Meeting ("AGM") of the Company will be held at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Monday, 21 April 2014 at 2.30 p.m. to transact the following business:

AGENDA

1. To receive the Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2013 and the Reports of Directors and Auditors thereon. **(Please refer to Explanatory Note (i))**

2. To sanction the declaration of a single-tier final dividend of 5.0 sen per share in respect of the financial year ended 31 December 2013. **Ordinary Resolution 1**

3. To approve the payment of Directors' fees of RM278,562.00 for the financial year ended 31 December 2013. **Ordinary Resolution 2**

4. To re-elect Mr Foo San Kan who retires by rotation in accordance with Article 102(1) of the Company's Articles of Association and being eligible, offer himself for re-election. **Ordinary Resolution 3**

5. To re-appoint the following Directors who retire pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of the next Annual General Meeting of the Company:

   a) Dato' Nik Mohamed Din bin Datuk Nik Yusoff **Ordinary Resolution 4**

   b) Tan Sri Ong Leong Huat @ Wong Joo Hwa **Ordinary Resolution 5**

6. To re-appoint Messrs. PricewaterhouseCoopers as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration. **Ordinary Resolution 6**

AS SPECIAL BUSINESS

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

7. **AUTHORITY TO ISSUE SHARES** **Ordinary Resolution 7**

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

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

"THAT, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature as set out in Part A of the Circular to Shareholders dated 27 March 2014, provided that such transactions are undertaken in the ordinary course of business, on arm's length basis, on normal commercial terms which are not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders;

THAT such approval shall continue to be in force until 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, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) such approval is revoked or varied by resolution passed by 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 Renewal of Shareholders' Mandate."

9. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")** **Ordinary Resolution 9**

"THAT, subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities 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 audited retained profit of approximately RM1,365.2 million for the financial year ended 31 December 2013 at the time of the purchase(s) to be allocated by the Company for the purchase of its own shares; and

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

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

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

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

Notice is hereby given that the single-tier final dividend of 5.0 sen per ordinary share for the financial year ended 31 December 2013, if approved by the shareholders at the Twenty-Fourth Annual General Meeting, will be payable on 15 May 2014 to shareholders whose names appear in the Register of Members and Record of Depositors on 28 April 2014.

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

(a) Shares deposited into the Depositor's securities account before 12.30 p.m. on 24 April 2014 (in respect of shares which are exempted from mandatory deposit);

(b) Shares transferred into the Depositor's securities account before 4.00 p.m. on 28 April 2014 in respect of ordinary transfers; and

(c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

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

Kuala Lumpur
27 March 2014

NOTES:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 April 2014 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.

2. A member entitled to attend and vote at this meeting is entitled to appoint a proxy/proxies to attend and vote instead of him. A proxy may but need not be a member of the Company. Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

3. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holding(s) to be represented by each proxy.

4. 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.

5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

6. The instrument appointing a proxy must be deposited at the office of the Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

7. Explanatory Notes on Ordinary and Special Business

   (i) Item 1 of the Agenda

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

   (ii) Ordinary Resolution 7 – Authority to Issue Shares

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

   The proposed resolution, if passed, will provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the funding of the Company's future investments 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 the next Annual General Meeting of the Company.

   (iii) Ordinary Resolution 8 – Proposed Renewal of Shareholders' Mandate

   The proposed resolution, if passed, will allow the Group to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature pursuant to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

   Please refer to the Circular to Shareholders dated 27 March 2014 for further information.

   (iv) Ordinary Resolution 9 – Proposed Renewal of Share Buy-Back Authority

   The proposed resolution, if passed, will allow the Company to purchase its own 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 retained profit of the Company.

   Please refer to the Share Buy-Back Statement dated 27 March 2014 for further information.

FIVE-YEAR GROUP FINANCIAL SUMMARY

(RM'000)	2013	2012	2011	2010	2009 [4]
FINANCIAL RESULTS					
Revenue	61,269	906,094 [2]	1,051,384	1,012,205	820,368
Profit Before Tax	213,185	987,654 [2]	95,015	207,802	191,022
Profit Attributable To Owners Of The Company	195,635	944,925 [2]	52,751	127,624	112,629
KEY FINANCIAL POSITION					
Total Assets	2,924,322	2,626,348	9,707,503	9,102,847	9,887,117
Total Liabilities	328,714	181,231	7,945,929	7,399,385	8,375,430
Net Assets Attributable To Owners Of The Company (Shareholders' Funds)	2,595,608	2,445,117	1,460,386	1,458,721	1,287,140
Total Number Of Outstanding Ordinary Shares In Issue	968,421	968,423	939,992	938,060	654,516
SHARE INFORMATION					
Basic Earnings Per Share (sen)	20.20	98.74 [2]	5.62	13.87	13.88 [5]
Gross Dividends Per Share Declared / Proposed (sen)	7.50 [1]	10.00	Note [3]	7.50	7.50
Net Assets Per Share Attributable To Owners Of The Company (RM)	2.68	2.52	1.55	1.56	1.97
Closing Price At End Of The Year (RM)	1.65	1.44	1.78	1.97	1.71

Notes:

1 7.50 sen consists of an interim dividend of 2.50 sen less 25% income tax and a proposed single-tier final dividend of 5.0 sen per share. The proposed dividend is subject to Shareholders' approval at the forthcoming Annual General Meeting.

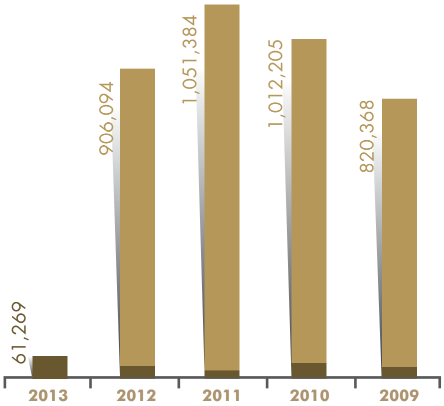
2 For comparison to prior years, these figures included both Continuing and Discontinued Operations as per MFRS 5: Non-Current Assets Held for Sale and Discontinued Operations. The profit before tax and profit attributable to Owners of the Company consists of a gain on disposal of investment bank subsidiaries of RM857.69 million.

3 Dividend of 4.50 sen less 25% income tax and one (1) treasury share for every forty (40) ordinary shares held.

4 The financial figures for financial year 2009 had not been restated in accordance with MFRS 139: Financial Instruments - Recognition and Measurement and Financial Reporting Standards Implementation Committee Consensus 18: Monies Held in Trust By Participating Organisations of Bursa Malaysia Securities Berhad.

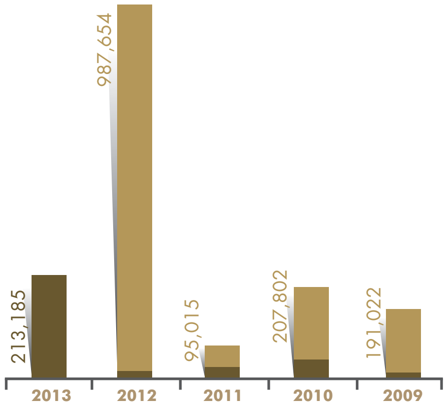
5 For comparison purpose, the weighted average number of ordinary shares in issue for the financial year 2009 had been restated for the effects of bonus issue on the basis of one (1) new Share for every four (4) existing Shares held, which was completed on 25 January 2010, as if the bonus issue had been issued at 1 January 2009.

Revenue (RM'000)



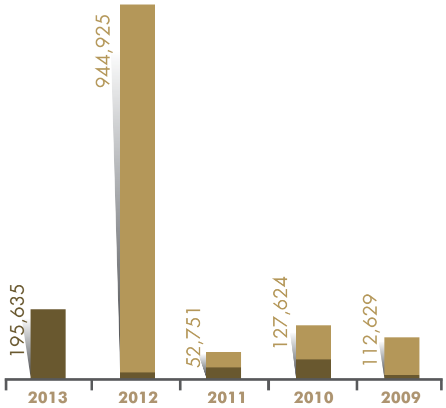
	-	865,240	1,022,430	970,483	791,189
	61,269	40,854	28,954	41,722	29,179
	61,269	906,094	1,051,384	1,012,205	820,368

Profit Before Tax (RM'000)



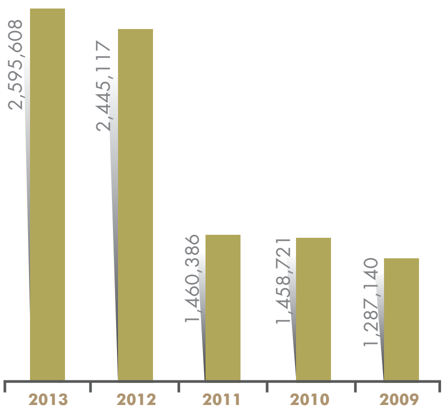
	-	972,621	68,659	159,469	178,450
	213,185	15,033	26,356	48,333	12,572
	213,185	987,654	95,015	207,802	191,022

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

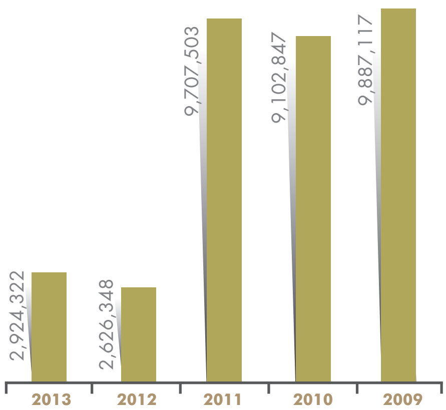


	-	930,392	31,449	87,592	105,792
	195,635	14,533	21,302	40,032	6,837
	195,635	944,925	52,751	127,624	112,629

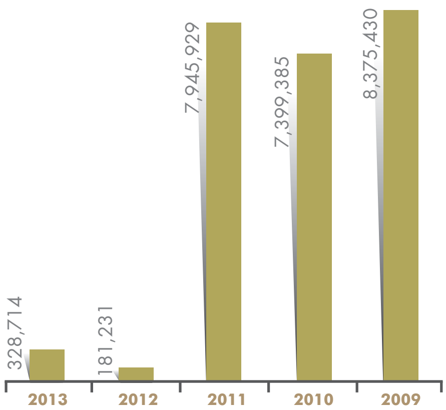
Net Assets Attributable To Owners Of The Company (Shareholders' Funds) (RM'000)



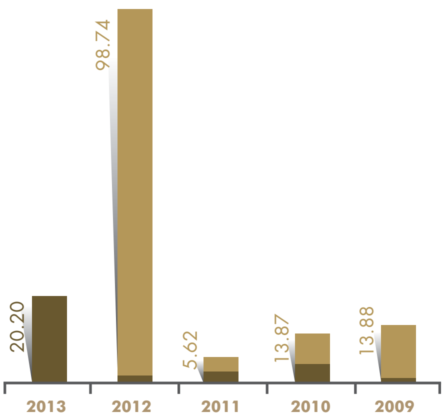
Total Assets (RM'000)



Total Liabilities (RM'000)

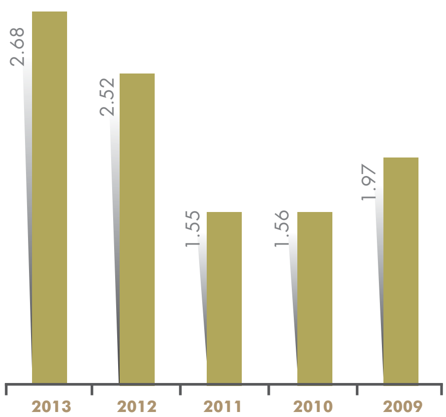


Basic Earnings Per Share (sen)

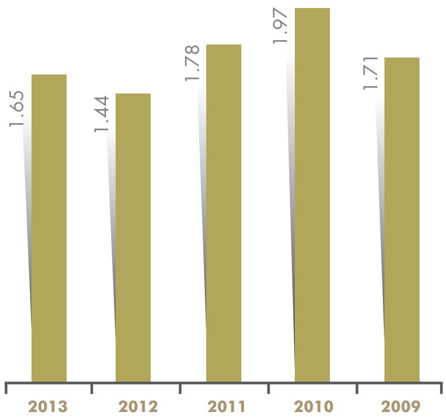


	-	97.22	3.35	9.52	13.04
	20.20	1.52	2.27	4.35	0.84
	20.20	98.74	5.62	13.87	13.88

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



Closing Price At End Of The Year (RM)



Discontinued Operations
Continuing Operations

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Nik Mohamed Din bin Datuk Nik Yusoff	- *Non-Independent Non-Executive Chairman*
Tan Sri Ong Leong Huat @ Wong Joo Hwa	- *Chief Executive Officer / Group Managing Director*
Foo San Kan	- *Senior Independent Non-Executive Director*
Dato' Abdul Majit bin Ahmad Khan	- *Independent Non-Executive Director*
Dr. Ngo Get Ping	- *Independent Non-Executive Director*

AUDIT COMMITTEE

Foo San Kan – *Chairman*
Dato' Abdul Majit bin Ahmad Khan
Dr. Ngo Get Ping

RISK MANAGEMENT COMMITTEE

Dr. Ngo Get Ping – *Chairman*
Foo San Kan
Dato' Abdul Majit bin Ahmad Khan

NOMINATING COMMITTEE

Foo San Kan – *Chairman*
Dato' Abdul Majit bin Ahmad Khan
Dr. Ngo Get Ping

REMUNERATION COMMITTEE

Dato' Abdul Majit bin Ahmad Khan – *Chairman*
Tan Sri Ong Leong Huat @ Wong Joo Hwa
Foo San Kan

MANAGEMENT TEAM

Lee Choon Meng	– *Financial Controller / Head of Finance*
Chow Hock Kin	– *Director, Capital Financing*
Loh Joo Soon	– *Senior Vice President, Building Management*

COMPANY SECRETARIES

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

SOLICITORS

Cheang & Ariff
Shen, Eow & Partners

AUDITORS

PricewaterhouseCoopers (AF: 1146)
Chartered Accountants
Level 10, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
50706 Kuala Lumpur

PRINCIPAL BANKERS

Bangkok Bank Berhad
CIMB Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad
Standard Chartered Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad

REGISTRAR

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

REGISTERED OFFICE/ PRINCIPAL BUSINESS ADDRESS

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

STOCK EXCHANGE LISTING

Main Market, Bursa Malaysia Securities Berhad

STOCK NAME AND CODE

OSK (5053)

OSK Holdings Berhad

(207075-U)

ASSOCIATED COMPANY

- RHB Capital Berhad
  9.91%

SUBSIDIARY COMPANIES

- OSK Capital Sdn. Bhd.
  100%
- OSK Realty Sdn. Bhd.
  100%
- KE-ZAN Holdings Berhad
  100%
- OSK REIT Management Sdn. Bhd.
  100%
- OSK Ventures Sdn. Bhd.
  100%

DATO' NIK MOHAMED DIN BIN DATUK NIK YUSOFF

Non-Independent Non-Executive Chairman

Dato' Nik Mohamed Din bin Datuk Nik Yusoff, aged 71, a Malaysian, is the Non-Independent Non-Executive Chairman of the Company. He was appointed to the Board of the Company on 12 January 1998 and re-designated as the Non-Independent Non-Executive Chairman on 28 December 2009.

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

In 1985, Dato' Nik Mohamed Din was elected Chairman and in 1988 appointed by the Minister of Finance as the first Executive Chairman of the Kuala Lumpur Stock Exchange ("KLSE") (now known as Bursa Malaysia Securities Berhad) and he held this position for twelve (12) years.

Upon expiry of his 3rd term of appointment as Executive Chairman of the KLSE, Dato' Nik Mohamed Din returned to the OSK group as the Executive Chairman of the Company and was thereafter re-designated to his current position on 28 December 2009.

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

Dato' Nik Mohamed Din does not have any family relationship with the other Directors and/or major shareholders of the Company. He has no conflict of interest other than disclosed under Additional Disclosures (Recurrent Related Party Transactions) which appears on page 45 of this Annual Report. He has no conviction for any offences within the past ten (10) years.

Dato' Nik Mohamed Din attended all the five (5) Board Meetings of the Company held during the financial year ended 31 December 2013.

TAN SRI ONG LEONG HUAT @ WONG JOO HWA

Chief Executive Officer / Group Managing Director

Tan Sri Ong Leong Huat @ Wong Joo Hwa, aged 70, a Malaysian, is the Chief Executive Officer / Group Managing Director of the Company. He was first appointed to the Board of the Company on 21 November 1990. He was formerly the Group Managing Director/Chief Executive Officer of the Company and was re-designated to a Non-Independent Non-Executive Director on 4 May 2007. Tan Sri Ong was then re-designated to his current position on 9 November 2012. He is also a member of the Remuneration Committee of the Company.

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

For over seventeen (17) years since 1969, he was attached to a leading financial institution where he last held the position of Senior General Manager. He has been the Managing Director/CEO of OSK Securities Berhad from July 1985 to January 2007 and thereafter appointed as the Group Managing Director/CEO of OSK Investment Bank Berhad (formerly known as OSK Securities Berhad). He was then re-designated as a Non-Independent Non-Executive Director of OSK Investment Bank Berhad on 18 January 2011 and thereafter he resigned from the aforesaid position on 30 April 2013.

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

Tan Sri Ong 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 Disclosures (Recurrent Related Party Transactions) which appears on page 45 of this Annual Report. He has no conviction for any offences within the past ten (10) years.

Tan Sri Ong attended four (4) out of the five (5) Board Meetings of the Company held during the financial year ended 31 December 2013.

FOO SAN KAN

Senior Independent Non-Executive Director

Foo San Kan, aged 65, a Malaysian, was appointed to the Board of the Company on 2 January 2009. He is the Chairman of the Audit Committee and Nominating Committee and a member of the Risk Management Committee and Remuneration Committee of the Company.

Mr. Foo was the Country Managing Partner of Ernst & Young Malaysia from 1997 to 2002 before he retired as a practicing accountant. He has thirty four (34) years of experience in the accounting profession, the first four (4) years in the U.K. and the other thirty (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 also a Director of OSK Property Holdings Berhad, Symphony House Berhad, Allianz Malaysia Berhad, Allianz Life Insurance Malaysia Berhad, Allianz General Insurance Company (Malaysia) Berhad, RHB Trustees Berhad (formerly known as OSK Trustees Berhad), Malaysian Trustees Berhad and PJ Development Holdings Berhad.

Mr. Foo 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 Disclosures (Recurrent Related Party Transactions) which appears on page 45 of this Annual Report. He has no conviction for any offences within the past ten (10) years.

Mr. Foo attended all the five (5) Board Meetings of the Company held during the financial year ended 31 December 2013.

DATO' ABDUL MAJIT BIN AHMAD KHAN

Independent Non-Executive Director

Dato' Abdul Majit bin Ahmad Khan, aged 68, a Malaysian, was appointed to the Board of the Company on 2 January 2009. He is the Chairman of the Remuneration Committee and a member of the Audit Committee, Risk Management Committee and Nominating Committee of the Company.

Dato' Abdul Majit holds a Bachelor of Economics (Honours) from Universiti Malaya. He served with the government for thirty four (34) years and held various positions in the Prime Minister's Department and the Ministry of Foreign Affairs of Malaysia. His positions provided him with wide exposures in various countries that he served at, such as Laos, Vietnam, USA, Nigeria, Ghana, Cote de Ivoire, Sierra Leone and Cameroon, the Democratic People's Republic of Korea and the People's Republic of China.

In his capacity as the Under Secretary of West Asia and the OIC, he participated in several Ministerial and prime Ministerial visits to West Asian Countries and OIC Meetings. He was the Director General of the Association of Southeast Asian Nations ("ASEAN") Division of the Ministry of Foreign Affairs, from 1996 until 1998. As Director General of ASEAN Division, he actively participated in the organisation of the 30th ASEAN Ministerial Meeting held in Kuala Lumpur as well as the ASEAN Heads of Summit and the 10+3 Summit Meetings in Malaysia.

In 1998, Dato' Abdul Majit was appointed as the Ambassador of Malaysia to the People's Republic of China until his retirement on 2 January 2005.

Currently, he is a Director of Hong Leong Asset Management Berhad, Hong Leong Islamic Bank Berhad and Zecon Berhad.

Dato' Abdul Majit 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 Disclosures (Recurrent Related Party Transactions) which appears on page 45 of this Annual Report. He has no conviction for any offences within the past ten (10) years.

Dato' Abdul Majit attended all the five (5) Board Meetings of the Company held during the financial year ended 31 December 2013.

DR. NGO GET PING

Independent Non-Executive Director

Dr. Ngo Get Ping, aged 55, a Malaysian, was appointed to the Board of the Company on 16 January 2007 as an Independent Non-Executive Director. He is the Chairman of the Risk Management Committee and a member of the Audit Committee and Nominating Committee of the Company.

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

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

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

Dr. Ngo 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 Disclosures (Recurrent Related Party Transactions) which appears on page 45 of this Annual Report. He has no conviction for any offences within the past ten (10) years.

Dr. Ngo attended all the five (5) Board Meetings of the Company held during the financial year ended 31 December 2013.

CHAIRMAN'S STATEMENT

Dato' Nik Mohamed Din bin Datuk Nik Yusoff

Dear Valued Shareholders,

The global economy has been volatile in 2013, principally influenced by the possibility of quantitative easing tapering by the United States (US) and macroeconomic headwinds from the slowdown in emerging economies. Despite the overall challenges, the year 2013 concluded on a good note with positive signs of growth in advanced economies and strength of China's economic growth in second half of the year. The positive external environment gave an impetus to the performance of domestic economy and the FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) which hit an all-time high of 1,872.52 points in December 2013.

OSK Holdings Berhad has demonstrated resilience and maintained its earnings despite the challenging economic conditions in the year of 2013.

RM213.2
million

Profit Before Tax

RM2.9
billion

Total Assets

Financial Performance

I am pleased to report, on behalf of the Board of Directors, that for the year ended 31 December 2013, the Group's Continuing Operations recorded pre-tax profit of RM213.18 million in 2013, an increase of 14 times or RM198.15 million from RM15.03 million in 2012. Excluding the gain on disposal of subsidiaries of RM857.69 million in 2012, the Group's net profit of RM195.64 million in 2013 surpassed the total net profit from both Continuing and Discontinued Operations of RM99.69 million in 2012. The net profit from Continuing Operations in 2013 comprised: (i) the share of profit of RHB Capital Berhad (RHBC) group totaling RM161.34 million versus RM32.91 million for the period from 9 November 2012, the completion date of disposal of subsidiaries, to 31 December 2012; and (ii) profits generated by our existing businesses of RM34.30 million, turnaround from net loss of RM18.38 million in 2012, thanks to higher operating revenue and appreciation in investment securities and investment properties.

In 2013, the Group's Continuing Operations recorded RM61.27 million in revenue, an increase of RM20.42 million from RM40.85 million reported in 2012. The growth was contributed by higher operating income generated from the Capital Financing business and higher rental income reported from the Property Investment business.

The profit attributable to Owners of the Company from Continuing Operations for 2013 increased to RM195.64 million from RM14.53 million in 2012, up by 13.5 times or RM181.11 million. This translates to earnings per share of 20.20 sen, up by 18.68 sen from 1.52 sen in 2012.

In terms of business segments' performance, the Group's pre-tax profit in 2013 was largely contributed by the returns generated from our Investment Holdings segment, which accounted for 84% of the Group's pre-tax profit, with 76% of it was generated by the share of profit of RHBC and 8% of it was derived from our investment portfolio. Our Capital Financing and Property Investment businesses respectively accounted for the remaining 10% and 6% of the Group's pre-tax profit.

Our Investment Holdings segment emerged as the Group's top profit contributor in 2013 with pre-tax profit of RM178.62 million as compared to RM20.07 million in 2012. The increase in pre-tax profit was mainly attributed to the share of profit of RHBC group and appreciation in investment securities.

Our Capital Financing segment contributed operating pre-tax profit of RM21.35 million in 2013 against RM19.41 million in 2012, excluding allowance for impairment of RM0.50 million and RM26.08 million as reported in 2013 and 2012 respectively.

On the other hand, our Property Investment segment reported pre-tax profit of RM13.71 million, including appreciation in investment properties of RM4.09 million in 2013, compared with pre-tax profit of RM10.00 million in 2012.

RM195.6 million

Profit Attributable To Owners Of The Company

RM2.6 billion

Total Equity/Equity Attributable To Owners Of The Company

Dividends

I am pleased to announce that for the year of 2013, the Board has declared/recommended total dividend of 7.5 sen per share, which consists of an interim dividend of 2.5 sen per share less 25% income tax and the proposed single-tier final dividend of 5.0 sen per share, subject to Shareholders' approval at the forthcoming Annual General Meeting (2012: 10.0 sen per share less 25% income tax).

Review of Operations

The Group's total assets further expanded by 11% to RM2.92 billion at the end of 2013 as compared with RM2.63 billion a year ago, of which 6% from the investment in RHBC group while the balance of 4% from our capital financing portfolio and 1% from our investment in properties and securities.

Our Capital Financing business expanded its loan base to RM411.29 million at the end of 2013, up by 29% or RM93.07 million from RM318.22 million at the end of 2012. While our Property Investment business continued to deliver sustainable returns through attaining full occupancy of our investment properties throughout the year of 2013.

The Group's business operations are funded by our internal generated funds coupled with some borrowings to achieve a comfortable level of liquidity at the same time maximising Shareholders' returns. Our Shareholders' funds of the Group strengthened to RM2.60 billion at the end of 2013 from RM2.45 billion reported at the end of 2012, resulting in net assets per share up by RM0.16 or 6% to RM2.68 from RM2.52.

Overall, the Group's operational performance in 2013 was satisfactory.

Corporate Development

We participated in RHBC's Dividend Reinvestment Plans by reinvesting all of our dividend entitlement of RM54.43 million and subscribed approximately 7.30 million new ordinary shares of RM1.00 each in RHBC on 1 August 2013 and 13 November 2013 respectively. Accordingly, our equity stake in RHBC augmented to 9.91% from 9.82%.

On 31 December 2013, we subscribed additional 117.00 million new ordinary shares of RM1.00 each in our wholly-owned subsidiary, OSK Realty Sdn Bhd (OSKR) for additional working capital purpose. The issued and paid-up share capital of OSKR was increased to RM150.00 million from RM33.00 million.

Recognition

In our endeavor to comply with the principles and recommendations as provided in the Malaysian Code on Corporate Governance (CG) 2012 issued by the Securities Commission of Malaysia, our 2012 annual report was ranked 25th under the transparency category based on the Malaysian-Asean Corporate Governance Index 2013 adopted by the Minority Shareholders Watchdog Group (MSWG). This achievement is testament to our commitment in upholding high standards of corporate governance within our organisation.

Prospects for 2014

The Group expects the global economy to be on a path of moderate recovery in 2014, fuelled by sustained economic recovery in the US, a bottomed-out Eurozone and improvement in China's economy. The signs of a more solid growth momentum in the advanced economies augur well for Malaysia's international trade, which will boost the economic growth of Malaysia in 2014. Malaysia's economic growth is projected to accelerate to 5.4% in 2014, given the continued resilience displayed by the domestic economy, which is mainly driven by domestic private investment as well as public sectors.

With regard to the Group's business, we foresee our Investment Holdings business to remain as the main profit contributor for the Group, and continue to reap profit from its equity interest in the RHBC group and its investment portfolio. We are making good progress with our Capital Financing business and Property Investment activities which we believe will continue to contribute satisfactory results to the Group in 2014.

We will continue to seek and evaluate viable businesses and investment opportunities to further enhance our performance. The Board is confident that the Group will achieve satisfactory results in 2014 despite the challenging economic environment.

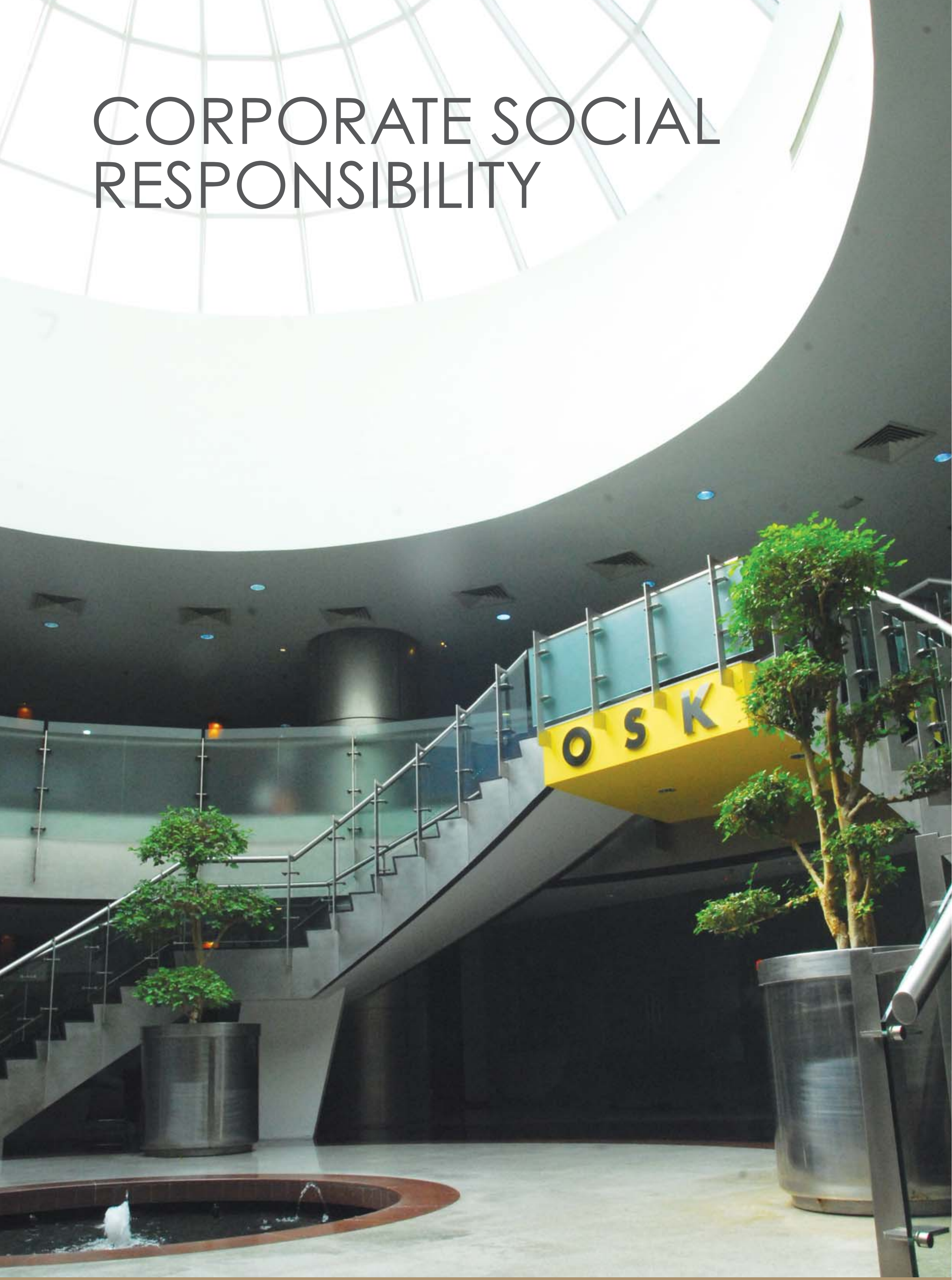
Acknowledgements

On behalf of the Board of Directors, I would like to express our sincere appreciation to all our valued Shareholders, clients, bankers, business partners and the regulatory authorities for their continued support, trust and confidence in us over the past year.

I wish to take this opportunity to convey our heartfelt thanks and gratitude to the management and colleagues for their utmost dedication and unwavering commitment to ensure the continued growth and success of our Group.

Dato' Nik Mohamed Din bin Datuk Nik Yusoff
Chairman

CORPORATE SOCIAL RESPONSIBILITY



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At OSK Holdings Berhad (OSK), we are cognizant that our fundamental approach to business is a key contributor to the long-term success of our company. Therefore, in deploying our corporate social responsibility initiatives, we place great emphasis on the development and sustainability of the three essential pillars on which we operate - the environment, the community and the workplace.

CSR for the environment

As operational efficiency remains part of our corporate responsibility focus, we continue to promote sustainable development initiatives within our organisation through the principle of 3Rs - Reduce, Reuse, Recycle, to minimise the impact of our business operations on the environment.

At OSK, we encourage the efficient use of office resources and thus paper waste management is an area of priority for the Group. All departments are encouraged to go paperless by using electronic communications and to opt for double-sided printing if hard copy printouts are required. In addition, recycling boxes for paper and plastic are placed in the offices to inculcate the recycling habit among our staff.

OSKers show their care towards the environment by bringing their own reusable food containers to the office for their lunch takeaways. This simple act helps minimise the consumption of polystyrene packets and plastic bags, thus reducing carbon emissions and its impact on the environment. To promote cleaner indoor air quality in our office, employees beautified their work desks with their own plant, creating a greener work place which helps reduce stress and enhance productivity in the long-run.

In line with our on-going efforts of achieving greater energy savings in our building, the air-conditioning system of Plaza OSK has been programmed to turn on during working hours only and it automatically shuts down at the end of every business day. Staff of OSK also practice energy-saving measures by switching their computers to energy-saving setting when they are away for more than 10 minutes and turn off lights when they leave for the day.

OSK demonstrated its commitment to combating climate change by participating in WWF's Earth Hour with the global community on 23 March 2013. All lights in OSK's buildings, including its principal office, branches and regional offices were turned out for an hour between 8.30pm and 9.30pm at the respective local time.

In conducting our business responsibly, the Group's 2013 annual reports are printed on recycled paper. We encourage our Shareholders to recycle the report after reading it, at the same time promoting environmental sustainability awareness among the public.

1. *Sweating it out for a good cause - Team OSK at the Frost & Sullivan "Frost the Trail" run.*

CSR for the community

OSK's CSR tagline, "OSK Gives Back" reflects its commitment to help disadvantaged communities by alleviating poverty and suffering through the provision of food and other in-kind contributions. We are proud of our employees, who have selflessly volunteered their time and energy to support all our CSR activities throughout the reporting year.

OSK put smiles on the faces of children when our staff delivered non-perishable food items and groceries to the underprivileged children at Shelter Home 1 in Petaling Jaya. The food donation drive was initiated by the staff of OSK and OSK Ventures International Berhad, using the donations contributed by the Group's staff.

Books are known as food for thought and they are powerful in shaping a person's character. To cultivate good reading habits among underprivileged children, OSK organised a book donation campaign, from 23 September until 12 October 2013, at the Group's principle office. A big box, which was made of recycled cardboard boxes, was placed in a highly visible corner of Plaza OSK to collect books from the public.

The book donation campaign received an overwhelming response with approximately 350 books and magazines collected in just 20 days. Contents of every book and magazine were carefully screened through before being sent to the children from the homes of Rumah Kids, Home 1 and Ti-Ratana Welfare Society.

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2. *Some new and used books donated by OSKers and members of public.*
3. *Children from Rumah Kids, Home 1 happily receiving books from OSK.*
4. *OSK staff dropping books into the box*
5. *Books are donated to Ti-Ratana Welfare Society in Desa Petaling, one of the benefitted charities in our Book Donation Drive.*

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On 5 October 2013, staff and management of OSK spent meaningful time with 20 underprivileged children and 2 guardians from Shelter Home 1 during an educational tour to Aquaria KLCC. The half-day excursion was an eye-opener for the children aged between five and 13 years old as they had the opportunity to acquaint themselves with the underwater world and rainforest environment. They learned about the habitats of various land and aquatic species and observed a diver feeding marine wildlife. The children were also treated to lunch at Wendy's KLCC after the educational trip.

6a & 6b. OSK volunteers and children of Shelter Home 1 are all smiles in Aquaria KLCC.

7. Children having lunch at Wendy's after the trip to Aquaria KLCC.

The Frost & Sullivan 'Frost the Trail' run saw OSK sending three teams of volunteers to take part in the annual race held at FRIM, Kuala Lumpur on 10 November 2013. Our participation helped this event to raise a total of RM31,800, and all proceeds were donated to the two adopted charities - Shelter Home for Children and Orphans Homes (Miskin Darul Hikmah).

On top of that, OSK also contributed RM20,000 to Yayasan Anak-Anak Yatim Sultanah Haminah during its annual fund-raising gala dinner which was held on 8 December 2013.

CSR in the workplace

We constantly look at ways to foster a strong sense of belonging among our employees as their commitment and productivity are important to our long-term business sustainability.

Regular interaction between staff and management through get-together activities and festive celebrations such as annual dinner, monthly birthday parties, Chinese New Year luncheon, Hari Raya buka puasa and Christmas celebration, etc. These events were held to gather everyone in an informal setting to develop greater bonds among all.

As a gesture of appreciation, our company provides dinners to staff who are required to stay back to complete their work. In return, our employees contribute positively where possible.

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8. An employee showing off her Christmas gift during our Christmas celebration.
9. Colleagues and birthday babies posing for photos before the cake cutting ceremony.

The Board of Directors of OSK Holdings Berhad ("the Company") recognises and subscribes to the importance of the principles and recommendations set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"). The Board remains committed in ensuring the highest standards of corporate governance in the Company and would strive to continuously improve on its governance process and structures towards enhancing long-term shareholder value.

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

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

A. THE BOARD OF DIRECTORS ("BOARD")

a) Duties and Responsibilities of the Board

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

The Board has formulated a Sustainability Policy which sets out the business strategy that drives long-term corporate growth and profitability, by including environmental and social considerations in the business model.

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

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

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

Details of the Board Committees are set out on pages 31 to 37 of this Annual Report.

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

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

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

A. THE BOARD OF DIRECTORS ("BOARD")

b) Composition of the Board

The Board comprises one (1) Non-Independent Non-Executive Chairman, one (1) Chief Executive Officer / Group Managing Director ("CEO/GMD") and three (3) Independent Non-Executive Directors, after the retirement of Mr. Wong Chong Kim at the conclusion of the 23rd Annual General Meeting ("AGM") held on 10 April 2013 as a Non-Independent Non-Executive Director. The Independent Non-Executive Directors make up more than half of the membership of the Board. The Board views the number of its Independent Directors as ideal to provide the necessary check and balance to the Board's decision-making process. The Independent Non-Executive Directors have fulfilled their role as independent directors through objective participation in Board deliberations and the exercise of independent judgement. The recommendation of MCCG 2012 that the Board must comprise a majority of independent directors where the Chairman of the Board is not an independent director has been complied with.

The Board deems the 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 finance, accounting, economics and law, as well as capital markets services.

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

The MCCG 2012 recommended that the positions of Chairman and Chief Executive Officer should be held by different individuals, and the Chairman must be a non-executive member of the Board.

Dato' Nik Mohamed Din bin Datuk Nik Yusoff, who was previously the Executive Chairman, was re-designated as the Non-Executive Chairman of the Company on 28 December 2009.

On 9 November 2012, Tan Sri Ong Leong Huat @ Wong Joo Hwa was re-designated as the CEO/GMD of the Company.

The Board has established the roles and responsibilities of the Chairman, which is distinct and separate from the roles and responsibilities of the CEO/GMD. The segregation between the duties and responsibilities of the Chairman and the CEO/GMD ensures an appropriate balance of roles, responsibilities and accountability at Board level.

The Board is supportive of gender diversity in the boardroom as recommended by the MCCG 2012 and has developed a Gender Diversity Policy to promote the representation of women in the composition of the Board. Presently, there is no female Director on the Board of the Company.

The profiles of the Directors are set out in the Directors' Profiles on pages 10 to 12 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 includes:

- strategy and budget for the year;
- quarterly performance reports of the Group;
- investments, acquisitions and disposal of major/material assets;
- major operational and financial issues;
- risks related to its investments and businesses; and
- manpower and human resource matters.

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

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

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

c) Supply of Information (Cont'd)

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

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

Board members have complete and unhindered access to the senior management and Company Secretaries at any time. Senior management officers are invited to attend Board meetings to report to the Board on matters relating to their areas of responsibility, and also to brief and provide details to the Directors on recommendations or reports submitted to the Board. The Board may consult with other employees under the Group and seek additional information where necessary. Likewise, the Directors also have access to independent professional advice whenever such services are needed to assist them in carrying out their duties.

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

d) Company Secretaries

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

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

The Code of Ethics for Company Secretaries is adopted and the Board ensures that the Company Secretaries appointed have the relevant experiences and skills.

e) Board Meetings

During the financial year under review, five (5) Board meetings were held. Details of the Directors' attendance are as follows:

Directors	Attendance
1. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	5/5
2. Tan Sri Ong Leong Huat @ Wong Joo Hwa	4/5
3. Foo San Kan	5/5
4. Dato' Abdul Majit bin Ahmad Khan	5/5
5. Dr. Ngo Get Ping	5/5
6. Wong Chong Kim *(Retired on 10 April 2013)*	1/1

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

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

All the Directors 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 will of the majority prevails at all times.

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

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

e) Board Meetings (Cont'd)

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

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

f) Appointment and Assessment of Directors

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

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

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

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

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

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

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

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

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

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

In line with the recommendations of the MCCG 2012, the Nominating Committee has also recommended to the Board the appointment of the Senior Independent Non-Executive Director as the Chairman of Nominating Committee during the year under review.

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

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

The current Nominating Committee which comprises exclusively Non-Executive Directors with a minimum of three (3) members, all of whom are Independent Directors, is chaired by the Senior Independent Non-Executive Director. The details are set out on pages 32 to 34 of this Annual Report.

g) Re-appointment and Re-election of Directors

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

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

The performance of the Directors who are subject to re-appointment and re-election at the AGM will be assessed by the Nominating Committee whereupon their recommendations will be submitted to the Board for consideration and thereafter for recommendation to the shareholders for approval at the forthcoming AGM.

The Directors who are standing for re-appointment and re-election at the forthcoming 24th AGM of the Company to be held on 21 April 2014 are as stated in the Notice of the 24th AGM.

h) Remuneration of Directors

The Remuneration Committee is responsible for developing a formal and transparent policy and framework on the remuneration of the Directors (including that of the Executive Director) for recommendations and approval by the Board of Directors. In determining the level and make-up of the Director's remuneration, the Remuneration Committee considers 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' fees, salaries, allowances, bonuses, options and benefits-in-kind and termination/retirement benefits.

The current Remuneration Committee which comprises a majority of Non-Executive Directors with at least three (3) members, is chaired by an Independent Director and the details are set out on pages 31 to 32 of this Annual Report.

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

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

h) Remuneration of Directors (Cont'd)

The Executive Director does not participate in decisions with regard to his remuneration. The remuneration package for Directors is determined by the Board as a whole, with the Directors concerned abstaining from deliberations and voting on his/her own remuneration.

In respect of the financial year 2013, the Remuneration Committee has reviewed the Directors' remuneration and proposed an increase in the Directors' fees from RM30,000 to RM50,000 per annum for each Director, with additional fee paid to the Chairman of the Audit Committee and Risk Management Committee.

The proposed Directors' fees for the financial year 2013 will be tabled at the 24th AGM for the approval of the shareholders.

Details of the Directors' remuneration for the financial year ended 31 December 2013 are as follows:

2013	**Executive RM'000**	**Non-Executive RM'000**	**Total RM'000**
Amount received/receivable from the Company:			
Fee – current year	**50**	**229**	**279**
Amount received/receivable from the Group:			
Fee – current year	**50**	**229**	**279**
Defined contribution plan	390	-	390
Other emoluments	2,758	301	3,059
	3,148	301	3,449
Estimated money value of benefits-in-kind	15	23	38
Total	**3,213**	**553**	**3,766**

The number of Directors of the Company whose total remuneration (excluding benefits-in-kind) falls within the following bands:

2013	**Executive**	**Non-Executive**	**Total**
Group			
RM50,000 and below	-	2	2
RM50,001 up to RM100,000	-	2	2
RM350,001 up to RM400,000	-	1	1
RM3,150,001 up to RM3,200,000	1	-	1
	1	**5**	**6**

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

i) Continuing Education of Directors

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

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

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

1. Personal Data Protection Act 2010 and Foreign Account Tax Compliance Act Presentation for Directors;
2. Nominating Committee Programme;
3. Malaysian Code on Corporate Governance 2012 Seminar;
4. Fraud Detection & Prevention – A Necessity, Not a Choice;
5. Singapore Corporate Awards – Singapore Exchange Seminar 2013 – Selections, Dynamics and Performance of a Board;
6. Singapore Institute of Directors' Listed Company Director ("LCD") Certification Programme – LCD Module 3 on "Risk Management Essentials";
7. Financial Services Act 2013 and Islamic Financial Services Act 2013 and Directors and Officers Liability Insurance Policy Presentation for Directors;
8. Business Talk on Ethical Investing Future Outlook & Opportunities;
9. Board Oversight Responsibilities for Merger & Acquisition – Passion Beyond Numbers; and
10. Briefing session on Bank Negara Malaysia's Annual Report 2012 / Financial Stability and Payment Systems Report 2012.

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 corporate governance matters, from time to time.

j) Effective Communication with Shareholders

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

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

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

a) Annual Report communicates comprehensive information on the financial results and activities undertaken by Group;

b) The AGM has been the main forum of dialogue for the shareholders to raise their concerns, if any, pertaining to the Company;

c) Quarterly announcements and corporate disclosures to Bursa Securities are available on the website *www.bursamalaysia.com*;

d) Press releases provide up-to-date information on the Group's key corporate initiatives and new product and service launches, if any; and

e) The Company's website *www.oskholdings.com* provides corporate information of the Group.

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

j) Effective Communication with Shareholders (Cont'd)

A dedicated section for Corporate Governance has been set up on the Company's website, wherein a copy of the Board Charter, Sustainability Policy and Whistle-Blowing Policy of the Company are available.

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

k) Investors Relations

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

Mr. Lee Choon Meng, aged 42, is the Financial Controller / Head of Finance of the Group. He is the personnel in charge of addressing inquiries from the shareholders, investors and the general public.

He is a fellow member of the Association of Chartered Certified Accountants (ACCA) – United Kingdom, a member of Malaysian Institute of Accountants (MIA) as well as a member of the Malaysian Institute of Certified Public Accountants (MICPA). Mr. Lee joined OSK Group as an Accountant under Group Finance and Accounts in December 2003. Later in January 2007, he was re-designated as Vice President until January 2011 when he was promoted to Senior Vice President. During the tenure, he was responsible for full spectrum of the financial reporting and management for OSK Property Holdings Berhad and OSK Ventures International Berhad Groups of Companies in the earlier years in OSK Group. During the tenure when he was attached to OSK Investment Bank Berhad ("OSKIB"), he was heading the Group Reporting and Tax of OSKH and OSKIB Groups of Companies. He was also assigned to take charge of derivative structured products and treasury accounting affairs and was involved in corporate exercise of the divestment of OSKIB group of companies. Prior to joining OSK Group, he was attached to a professional firm for about seven (7) years and his last position was Assistant Audit Manager. He was in charge of audit of public listed groups and tax matters for various industries.

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

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

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

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

B. ACCOUNTABILITY AND AUDIT

a) Financial Reporting

The Board is responsible for presenting a balanced, clear and meaningful assessment of the Group's financial positions and prospects to the shareholders, investors and regulatory authorities. The quarterly results and annual financial statements are reviewed by the Audit Committee and recommended to the Board for approval before public release via Bursa Securities' website. The Audit Committee also reviews the appropriateness of the Company's and Group's accounting policies and the changes to these policies as well as ensures the financial statements comply with the applicable accounting standards and other regulatory requirements.

B. ACCOUNTABILITY AND AUDIT (CONT'D)

a) Financial Reporting (Cont'd)

The details of the financial statements of the Company are set out on pages 50 to 148 of this Annual Report.

b) Related Party Transactions

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

Details of these transactions are set out under the Additional Disclosures on page 45 and the Notes to Financial Statements on pages 124 to 128 of this Annual Report.

c) Risk Management and Internal Control

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

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

The Statement on Risk Management and Internal Control, which provides an overview of the state of risk management and internal controls within the Group, is set out on pages 41 to 44 of this Annual Report.

d) Relationship with Auditors

The Board has established formal and transparent relationships with both the internal and external auditors through the Audit Committee. The Audit Committee meets with the internal and external auditors to discuss the audit plan, audit findings and the Group's financial statements. The internal auditors meet the Audit Committee of the Company at least once a year without the presence of the Management. The external auditors also meet with the Audit Committee of the Company at least twice a year without the presence of the Management. In addition, the external auditors are invited to attend the AGM and are available to answer the shareholders' questions relating to the audited financial statements.

The Audit Committee is responsible 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:

2013	Group RM'000	Company RM'000
Audit fees paid to external auditors	125	55
Non-audit fees paid to external auditors - Review of Statement on Risk Management and Internal Control	10	10

The external auditors, Messrs. PricewaterhouseCoopers, who performs statutory audit function for the Group, is independent. The internal auditors, BDO Governance Advisory Sdn. Bhd., who performs the internal audit function for the Group, is also independent.

C. BOARD COMMITTEES

To assist the Board in carrying out its responsibilities, it 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
- Executive Share Option Scheme Committee *(dissolved on 28 February 2013).*

C. BOARD COMMITTEES (CONT'D)

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

The composition of each Committee, terms of reference, the activities carried out during the year and the number of meetings attended during the year 2013 are set out below:

a) Audit Committee

The Audit Committee comprises entirely of Non-Executive Directors, all of whom are Independent Directors, is chaired by an Independent Director. The Audit Committee is established by the Board to provide independent oversight on the Company's internal and external audit functions, financial reporting, internal control systems and to ensure checks and balances within the Company.

During the financial year, the Audit Committee has reviewed and recommended to the Board for adoption, the Policy and Guidelines on the Performance Evaluation of External Auditors to assess the suitability and independence of external auditors. The details of the activities carried out by the Audit Committee during the year are set out in the Audit Committee Report on pages 38 to 40 of this Annual Report.

b) Remuneration Committee

The Remuneration Committee consists of the following members:

<u>Composition</u>

Chairman	-	Dato' Abdul Majit bin Ahmad Khan *Independent Non-Executive Director*
Members	-	Foo San Kan *Senior Independent Non-Executive Director*
	-	Tan Sri Ong Leong Huat @ Wong Joo Hwa *Chief Executive Officer / Group Managing Director*

The current Remuneration Committee which comprises a majority of Non-Executive Directors with at least three (3) members, is chaired by an Independent Directors.

<u>*Authority*</u>

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

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

<u>*Functions and Duties*</u>

(i) Remuneration Framework

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

C. BOARD COMMITTEES (CONT'D)

b) Remuneration Committee (Cont'd)

Functions and Duties (Cont'd)

(ii) Remuneration Packages

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

Frequency of Meeting

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

There were two (2) meetings held during the financial year. The attendance of the members of the Remuneration Committee are as follows:

Members	Attendance
Dato' Abdul Majit bin Ahmad Khan	2/2
Foo San Kan	2/2
Tan Sri Ong Leong Huat @ Wong Joo Hwa	2/2

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

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

c) Nominating Committee

The Nominating Committee consists of the following members:

Composition

Chairman	-	Foo San Kan *Senior Independent Non-Executive Director*
Members	-	Dato' Abdul Majit bin Ahmad Khan *Independent Non-Executive Director*
	-	Dr. Ngo Get Ping *Independent Non-Executive Director*
	-	Wong Chong Kim *Non-Independent Non-Executive Director* *(Retired on 10 April 2013)*

The current Nominating Committee which comprises exclusively Non-Executive Directors with a minimum of three (3) members, all of whom are Independent Directors, is chaired by the Senior Independent Non-Executive Director of the Company.

C. BOARD COMMITTEES (CONT'D)

c) Nominating Committee (Cont'd)

Authority

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

Functions and Duties

(i) Establish Minimum Requirements for the Board, CEO and Key Senior Management Staff;

- To establish minimum requirements for the board i.e. required mix of skills, experience, qualification and other core competencies required of a director;
- To establish minimum requirements for the CEO and key senior management staff; and
- The requirements and criteria shall be approved by the full board.

(ii) Establish Assessment Mechanism

- To establish a mechanism for the formal assessment on the effectiveness of the Board as a whole and the contribution of each director to the effectiveness of the Board, the contribution of the Board's various committees and the performance of the CEO and other key senior management staff;
- Annual assessment shall be conducted based on an objective performance criterion and the performance criteria shall be approved by the full Board;
- To establish an appropriate framework or policy on succession planning for Executive Director and/or senior management staff; and
- The succession planning framework or policy shall be approved by the full Board.

(iii) Recommendation and Assessment

- To recommend and assess the nominees for directorship, board committee members as well as nominees for the CEO and key senior management staff;
- The actual decision as to who shall be nominated shall be the responsibility of the full Board;
- To recommend to the Board the removal of a director/CEO from the board/management if the director/CEO is ineffective, errant and negligent in discharging his responsibilities; and
- To recommend to the Board the removal of key senior management staff if they are ineffective, errant and negligent in discharging their responsibilities.

(iv) Overseeing the Board and Key Senior Management Staff

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

C. BOARD COMMITTEES (CONT'D)

c) Nominating Committee (Cont'd)

Frequency of Meeting

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

There were two (2) meetings held during the financial year. The attendance of the members of the Nominating Committee are as follows:

Members	Attendance
Foo San Kan	2/2
Dato' Abdul Majit bin Ahmad Khan	2/2
Dr. Ngo Get Ping	2/2
Wong Chong Kim	1/1

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

- assessed the effectiveness of the Board as a whole and the contribution of the various Board Committees;
- reviewed and assessed the performance of the Non-Executive Chairman, Executive Director and Non-Executive Directors;
- assessed the overall composition of the Board in terms of its appropriate size, mix of skills, experience, core competencies and the balance between Executive Director, Non-Executive Directors and Independent Directors;
- reviewed the independency of the Independent Directors;
- reviewed the proportion of female to male Board members;
- reviewed the training programmes attended by Directors during the financial year;
- recommended to the Board, the re-election and re-appointment of the Directors who will be retiring at the forthcoming AGM of the Company; and
- reviewed and recommended to the Board, the following changes for implementation, to be in line with the recommendations of the MCCG 2012:
  - Appointment of the Senior Independent Non-Executive Director as the Chairman of the Nominating Committee;
  - Appointment of member of Board Committees arising from the vacancy of the retiring Director;
  - Adoption of Gender Diversity Policy;
  - Revisions to the Terms of Reference of the Nominating Committee; and
  - Revisions to the annual assessment criteria of the Board, Board Committees and individual Director.

d) Risk Management Committee

The Risk Management Committee consists of the following members:

Composition

Chairman - Dr. Ngo Get Ping
Independent Non-Executive Director

Members - Dato' Abdul Majit bin Ahmad Khan
Independent Non-Executive Director

- Foo San Kan
Senior Independent Non-Executive Director
(Appointed on 10 April 2013)

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

The current Risk Management Committee which comprises entirely Non-Executive Directors, the majority of whom are Independent Directors, is chaired by an Independent Director.

C. BOARD COMMITTEES (CONT'D)

d) Risk Management Committee (Cont'd)

Authority

The Committee is granted the authority by the Board to oversee the senior management activities of the Company and companies in the Group (where applicable) in managing credit, market, liquidity, operational, legal and other risks, and to ensure that risk management processes are in place and functioning effectively.

Functions and Duties

(i) To review and recommend risk management strategies, policies and risk tolerance levels for Board's approval.

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

(iii) To ensure infrastructure, resources and systems are in place for risk management i.e. ensure that the staff responsible for implementing risk management systems perform those duties independently of the risk originating activities of the Company and companies in the Group (where applicable).

(iv) To review periodic risk management and business exposures reports from the respective business units of the Company and companies in the Group (where applicable) on risk exposures, risk portfolio compositions and risk management activities.

(v) To review and recommend new policies or changes to policies and to consider their risk implications.

(vi) To ensure that the respective risk management committees of the companies in the Group (where applicable) mirror the role and responsibility functions, duties and authority described herein; and

(vii) To note and adopt the respective board minutes (or any other forms of documents that highlight the risk exposures and activities) of companies in the Group with respect to risk management activities carried out at that level.

Frequency of Meeting

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

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

Members	Attendance
Dr. Ngo Get Ping	4/4
Dato' Abdul Majit bin Ahmad Khan	4/4
Foo San Kan	3/3
Wong Chong Kim	1/1

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

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

C. BOARD COMMITTEES (CONT'D)

e) Executive Share Option Scheme ("ESOS") Committee

(Dissolved on 28 February 2013)

The ESOS Committee consists of the following members:

Composition

Chairman	-	Dato' Abdul Majit bin Ahmad Khan *Independent Non-Executive Director*
Member	-	Wong Chong Kim *Non-Independent Non-Executive Director*

After the expiration of the ESOS Scheme ("Scheme") on 17 February 2013, the ESOS Committee was dissolved on 28 February 2013.

Authority

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

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

The decision of the Committee shall be final and binding.

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

Functions and Duties

(i) To select for participation and the quantity of allocation under the Scheme on the basis of the performance of any Eligible Grantee, the performance of his business unit/department/division/subsidiary and the overall performance of the OSK Group.

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

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

(iv) To determine the number of options to be offered to the Eligible Grantee under the Scheme to be made to each Eligible Grantee over the duration of the Scheme.

(v) To determine the number of shares to be offered to the Eligible Grantee under the Scheme which may vary from period to period depending on the performance grade of which the Eligible Grantee is assigned to during the period under review.

(vi) To make an Offer to any Eligible Grantee based in performance of the Eligible Grantee and subject to the Maximum Allowable Allotment set out in the By-Law of the Scheme.

(vii) To suspend 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.

C. BOARD COMMITTEES (CONT'D)

e) Executive Share Option Scheme ("ESOS") Committee (Cont'd)

(viii) To consider cases in the event of cessation of employment of a Grantee by reason of retirement, ill-health, injury, disability, redundancy, retrenchment, transfer 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.

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

Frequency of Meeting

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

There was no meeting held during the financial year until the dissolution of the ESOS Committee on 28 February 2013.

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

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

MEMBERSHIP

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

Chairman – Foo San Kan
Senior Independent Non-Executive Director

Members – Dr. Ngo Get Ping
Independent Non-Executive Director

Dato' Abdul Majit bin Ahmad Khan
Independent Non-Executive Director
(Appointed on 10 April 2013)

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

ATTENDANCE OF MEETINGS

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

Name of Committee Member	No. of Meetings Attended
Foo San Kan	4/4
Dr. Ngo Get Ping	4/4
Dato' Abdul Majit bin Ahmad Khan	3/3
Wong Chong Kim	1/1

COMPOSITION AND TERMS OF REFERENCE

Composition

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

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

The Financial Controller / Head of Finance, representatives of the internal auditors and the external auditors are invited to attend the Committee meetings held during the financial year ended 31 December 2013.

The Company Secretary shall be the Secretary to the Committee.

Quorum

The quorum of meetings of the Committee shall be two (2) members or 50% of the total members, whichever is higher. The majority of members present must be independent directors.

Authority

The Committee shall within its terms of reference:

1. have the resources which are required to perform its duties;
2. have full and unrestricted access to any information as required to perform its duties;

3. have the authority to investigate any activity within its terms of reference;
4. have the authority to form management / sub-committee(s) if deemed necessary and fit;
5. have the authority to delegate any of its responsibilities to any person or committee(s) that is deemed fit;
6. be able to obtain independent professional or other advice; and
7. be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, and with other external parties, whenever deemed necessary.

Summary of Main Duties and Responsibilities

1. To oversee the functions of the Internal Audit and ensure compliance with relevant regulatory requirements;
2. 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;
3. To review the effectiveness of internal controls and risk management processes;
4. To review the appointment of external auditors, the audit fee and any question of resignation or dismissal and to make recommendations to the Board;
5. To review with the external auditors, their evaluation of the system of internal controls and their audit report;
6. 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;
7. To ensure fair and transparent reporting and prompt publication of the financial accounts;
8. To review and report to the Board of Directors on the quarterly results and year-end financial statements, prior to 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.
9. To review any related party transactions and conflict of interest situation that may arise within the Company and its subsidiaries including any transaction, procedure or course of conduct that raises questions of Management integrity.

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 and functions of the appointed professional firm that carried the internal audit function;
2. Reviewed and discussed the internal audit reports and ensured that corrective actions had been taken to rectify the weaknesses highlighted in the audit reports;
3. Met with the internal auditors without the presence of the Management and there was no private issue.

Financial Reporting

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 annual audited financial statements of the Group prior to submission to the Board for approval;
2. 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;
3. Reviewed and recommended to the Board for adoption, the Policy and Guidelines on the Perfomance Evaluation of External Auditors to assess the suitability and independence of external auditors; and
4. Met with the external auditors twice without the presence of the Management and there was no private issue.

Internal Controls

Reviewed the Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad and make recommendation to the Boards for approval.

Related Party Transactions

Reviewed the related party transactions and conflict of interest situation that may arise within the Company and its subsidiaries including any transaction, procedure or course of conduct that raises questions of Management integrity.

INTERNAL AUDIT FUNCTION

The Committee is assisted by the internal audit function in discharging its duties and responsibilities. The internal audit function is established to add value and improve the Group's operations by providing independent, objective assurance and consulting activities through its audit of the Group's key operations and also to ensure consistency in the control environment and the application of policies and procedures.

The internal audit function is undertaken based on the audit plan that is reviewed and approved by the Committee. The audit plan covers review of adequacy of operational controls, compliance with established policies and procedures, recommend for value-add practices and identification of areas for improvement.

A risk based audit approach is used to ensure that the higher risk activities in each auditable area are audited at least annually. These are designed to evaluate and enhance risk management, control and governance processes to assist Management to achieve its corporate targets and goals. The audits also help to ensure that appropriate instituted controls are in place, effectively applied and achieved acceptable risk exposures.

The internal audit reports prepared from the audits are deliberated by the Committee and recommendations are duly acted upon by the Management. Follow-up reviews are conducted by the internal auditors to ensure that all matters arising from each audit are adequately addressed by the auditee/Management.

The internal audit function was outsourced to BDO Governance Advisory Sdn. Bhd. The total fees incurred for the internal audit function in respect of the financial year ended 2013 was RM45,500.

INTRODUCTION

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

BOARD'S ROLE

The Board recognises the importance of a sound risk management framework and internal control systems for good corporate governance and acknowledges its primary responsibility to ensure that principal risks in the Group are identified, measured and managed with an appropriate internal control system, and to ensure that the effectiveness, adequacy and integrity of the internal control system is reviewed on an ongoing basis.

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

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

MANAGEMENT'S ROLE

Management is responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed, and for providing assurance to the board that the processes have been carried out. In this regard, at least annually, the Chief Executive Officer/Group Managing Director and Chief Financial Officer has given their assurance that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control systems of the Group, while residing in the Group's key subsidiaries.

INTERNAL AUDIT'S ROLE

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve a company's operations. The Group has appointed an external professional firm to conduct the internal audit function. The internal auditor review and check the adequacy and integrity of the internal control system, assess compliance with policies and procedures and recommend business practices. They also review and identify any potential areas for improvement in the effectiveness and efficiency of the processes.

The internal auditors will report directly to the Audit Committee of the Group. Audit Committee reviews the actions taken to rectify the findings and evaluate the effectiveness and adequacy of the Group's internal control systems.

TYPES OF RISKS

The principal activities of the Group are investment holdings, capital financing and properties investment.

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

- **Market Risk**

  The Market Risk would encompass interest rates fluctuation and the value of the collateral received due to market fluctuation.

- **Credit Risk**

  Credit risk is the risk of economic loss due to the failure of counterparty to fulfill its obligations under a contractual agreement with the Group. The credit risk of the Group includes settlement risk, shares margin / capital financing default risk, loan default risk, credit concentration risk and credit assessment risk.

- **Operational Risk**

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

KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

i) Risk Management Framework

The Group's risk management framework comprises processes and policies which aim to address the risks faced by the Group. Our framework is consistent with the ISO 31000 Risk Management Principles and Guidelines, which designed to establish the context for an embedded Enterprise Risk Management ("ERM") into key activities and business processes of the Group. The fundamental approach of the framework is to ensure that critical risks are proactively identified, communicated and managed across the Group.

In this context, the ERM framework that the Group adopt consist of five elements, as depicted in below:

Framework Element	Description
Risk Governance	Establish an approach to developing, supporting and embedding the risk strategy and accountabilities
Risk Assessment	Identify, assess, and categorise risk across the enterprise
Risk Quantification and Aggregation	Measure, analyse and consolidate risks
Risk Monitoring and Reporting	Report, monitor and conduct activities to provide insight risk management strengths and weakness
Risk and Control Optimisation	Use risk and control information to improve performance

The Board has established a proper risk management framework that ensures an ongoing process for identifying, evaluating, managing and reporting the significant risks that may affect the achievement of the Group's business objectives. This process has been in place throughout the year under review and up to the date of approval of this report. This process is carried out via the following risk management governance structure:

- **Board of Directors**

  The Board is fully responsible for the risk management of the Group and to determine the Group's risk appetite and level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Group's assets.

  The Board 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.

- **Risk Management Committee**

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

In addition, the Risk Management Committee plays a significant role in contributing to the establishment of a more conducive risk management environment. The Risk Management Committee meets 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.

- **Audit Committee**

  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 also reviews and deliberates on any matters relating to internal control highlighted by the External Auditors in the course of their statutory audit of the financial statements of the Group.

Other committees will be set up within the Group to manage specific areas of risks if required.

Our framework is designed to identify, quantify and control various risks encountered in our business operations. Through this framework, we will be able to mitigate but not completely eliminate all risks, in particular systemic risks.

The framework basically:

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

ii) Internal Control System

The key elements of the Group's internal control system, that are regularly reviewed by the Board and are in accordance with the Guidelines, 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 in place;
- Clear group structure, reporting lines of responsibilities and appropriate levels of delegation;
- Clearly defined delegation of specific responsibilities to committees of the Board and to management, which is delegated as and when the Board deems fit to do so. These committees or management have the authority to examine all matters within their scope and report back to the Board with their recommendations;
- Documented policies, procedures and limits of Approving Authorities ("AA") for key aspects of the businesses. This provides a sound framework of authority and accountability within the organisation and facilitates proper corporate decision-making at the appropriate level in the organisation's hierarchy. Such AA list is subject to periodic review by senior management and approved by Chief Executive Officer/Group Managing Director and Board of Directors;
- Establishment of specific structure limit for managing market, credit and operational risks such as single security, single client, single product, proprietary position, individual trader, business unit and stop loss limit etc. Procedures for authorising limit excesses are established and serious breaches reported to the supervisory board. These limits are also being reviewed and revised regularly;

- Establishment of effective segregation of duties via independent checks, review and reconciliation activities to prevent human errors, fraud and abuses;
- Daily backup and system vendors support to provide assurance for business continuity has been established in key business activities. There are also offline procedures to implement in case of system failure;
- Regular and comprehensive management reports to the Board from various lines of operations and business units, on key business performance, operating statistics and regular matters. This enables effective monitoring of significant variances and deviation from standard operating procedures and budget;
- An external professional firm appointed to conduct the internal audit function of the Group independently reviews the risk identification procedures and control processes implemented by management, and reports to the Audit Committee on a regular basis. Where required, assurance is provided over the operation and validity of the system of internal controls in relation to the level of risk involved using risk based auditing methodology;
- The Audit Committee regularly convenes meetings to deliberate on the findings and recommendations for improvement by external professional firms. 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'S STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

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

The Group will continue to identify and monitoring all the major risks, improve and enhance the existing risk management and internal control systems.

This statement has not dealt with the risk management and internal control of the associated company, RHB Capital Berhad ("RHBC") as RHBC is supervised by Bank Negara Malaysia, which has a stringent compliance and obligation to comply with relevant guideline.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

In accordance with prescribed thresholds under paragraph 10.09(1) of the Listing Requirements, details of the OSK Holdings Berhad ("OSK" or "the Company") Group's recurrent related party transactions made during the financial year ended 31 December 2013 pursuant to the shareholders' mandate obtained at the Annual General Meeting are as follows:

Name of Company/ Group Involved	Nature of Transaction	Name of Related Party	Relationship with OSK - Interested Directors (ID), Major Shareholders (MS) and Persons Connected (PC)	Actual Value (RM'000)
KHB*	Office rental and parking fee by PJD Group	PJD Group	OLH, WCK, WAC, WCS, KCM, OJX, DCSB (See Note 1)	799#

Notes:

All the tenures of office space are for a rental period of not more than three (3) years. The rental is paid on a monthly basis.

* During the period under review, the ownership of the property i.e. Plaza OSK, whereby the office lot and parking space situated therein have been rented out to PJD Group, has changed from KE-ZAN Holdings Berhad ("KHB") to OSK Realty Sdn. Bhd. ("OSKR"). KHB and OSKR are both wholly-owned subsidiary companies of OSK. The actual value presented is the transaction value between PJD Group and both subsidiary companies.

The following disclosure is pursuant to the Circular to Shareholders dated 19 March 2013 :

(1) KHB is a wholly-owned subsidiary company of OSK. Tan Sri Ong Leong Huat @ Wong Joo Hwa ("OLH") and Mr. Wong Chong Kim ("WCK") are the brothers of Mr. Wong Ah Chiew ("WAC") and Mr. Wong Chong Shee ("WCS"). WAC is a Director and Major Shareholder of PJ Development Holdings Berhad ("PJD"). WCS is a Director of PJD. Puan Sri Khor Chai Moi ("KCM") is a Director and Major Shareholder of PJD and the spouse of OLH. Mr. Ong Ju Xing ("OJX") is a Director of PJD, the son of OLH and KCM and the nephew of WCK, WAC and WCS. OLH is a Director of OSK and KHB and a Major Shareholder of OSK. WCK is a Director of OSK and KHB.

Dindings Consolidated Sdn. Bhd. ("DCSB") is a Major Shareholder of PJD. WAC and KCM are both Directors and substantial shareholders of DCSB.

The principal activities of the PJD Group comprise investment holding, property development and construction, manufacturing of power cables and concrete wall panels, trading of building materials, operations and management of hotel and resorts and operation of timeshare business.

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

There were no material contracts entered into by the Company or its subsidiaries involving Directors' and substantial shareholders' interest during the financial year ended 31 December 2013.

VARIATION OF RESULTS

There were no significant variations between the audited results for the financial year ended 31 December 2013 and the unaudited results previously announced.

PROFIT GUARANTEE

The was no profit guarantee for the financial year.

DEPOSITORY RECEIPT (DR) PROGRAMME

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

IMPOSITION OF SANCTIONS/PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by relevant regulatory bodies for the financial year ended 31 December 2013.

SHARE BUY-BACK

During the financial year, there were shares buy-back by the Company, the details of which are set out in the Notes to the Financial Statements on pages 107 to 108 of this Annual Report.

EXECUTIVE SHARE OPTION SCHEME ("ESOS")

The Company had granted options under the ESOS governed by the ESOS By-Laws that was approved by the Company's shareholders at the Extraordinary General Meeting held on 21 May 2002. Subsequently, the shareholders had approved the extension of duration of ESOS which was due to expire on 17 February 2008 for another 5 years to 17 February 2013 at the Extraordinary General Meeting held on 17 November 2006. The ESOS had expired on 17 February 2013 and the information of ESOS is as follows:-

	For the period from 1 January 2013 to 17 February 2013	Since commencement of the ESOS on 21 May 2002
Total number of options or shares granted	-	45,873,309
Total number of options exercised or shares vested	-	39,883,259
Total options or shares outstanding	-	-

Granted to Directors and Chief Executive	For the period from 1 January 2013 to 17 February 2013	Since commencement of the ESOS on 21 May 2002
Aggregate number of options or shares granted	-	5,075,000
Aggregate number of options exercised or shares vested	-	5,075,000
Aggregate number of options or shares outstanding	-	-

Granted to Directors and senior management	For the period from 1 January 2013 to 17 February 2013	Since commencement of the ESOS on 21 May 2002
Aggregate maximum allocation in percentage	-	20.12
Actual percentage granted	-	11.35

OPTIONS OR CONVERTIBLE SECURITIES

Other than the above, the Company did not issue any options or convertible securities during the financial year.

STATEMENT OF RESPONSIBILITY BY DIRECTORS

IN RESPECT OF THE PREPARATION OF THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are responsible 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 Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards issued by the International 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 2013, and of the results of their operations and cash flows for the year ended on that date.

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

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

FINANCIAL STATEMENTS

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiary companies and an associated company are described in Notes 6 and 7 to the financial statements respectively and changes in composition of the Group are disclosed in Note 37 to the financial statements. There have been no significant changes in the nature of these activities during the year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit after tax/Profit after tax attributable to Owners of the Company	**195,635**	**52,248**

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the year are disclosed in the financial statements.

DIVIDENDS

Dividends declared and paid by the Company since the end of the previous year are as follows:

	RM'000
(a) A final dividend of 2.5 sen per share less 25% income tax in respect of the preceding year ended 31 December 2012 was paid on 15 May 2013	18,158
(b) An interim dividend of 2.5 sen per share less 25% income tax for the year ended 31 December 2013 was paid on 25 September 2013	18,158
	36,316

The Board of Directors recommends a single-tier final dividend of 5.0 sen per share (2012: 2.5 sen per share less 25% income tax) amounting to approximately RM48.4 million, based on number of shares outstanding in issue at the end of year, for the year ended 31 December 2013. The proposed dividend is subject to Shareholders' approval at the forthcoming Annual General Meeting. The entitlement date to the final dividend shall be determined by the Board of Directors. The financial statements for the current year do not reflect these proposed dividends. Such dividends, if approved by the Shareholders, will be accounted for in equity in the year ending 31 December 2014.

DIRECTORS

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

Dato' Nik Mohamed Din bin Datuk Nik Yusoff
Tan Sri Ong Leong Huat @ Wong Joo Hwa
Foo San Kan
Dato' Abdul Majit bin Ahmad Khan
Dr. Ngo Get Ping
Wong Chong Kim *(Retired on 10 April 2013)*

DIRECTORS' BENEFITS

Neither at the end of the year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than as may arise from the share options granted pursuant to the Executive Share Option Scheme ("ESOS") of the Company that lapsed on 17 February 2013.

Since the end of the previous year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Notes 29, 34(a) and 34(b) to the financial statements or the fixed salary of a full time employee of a subsidiary company of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 34(d) to the financial statements.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the Directors in office at the end of the year who have interests in the shares and options of the Company during the year were as follows:

	Number of Ordinary Shares of RM1.00 each			
	As at 1.1.2013	**Acquired**	**Disposed**	**As at 31.12.2013**
Direct interest				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	294,974,936	-	(286,774,936)	8,200,000
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	16,797,802	-	-	16,797,802
Indirect interest				
Tan Sri Ong Leong Huat @ Wong Joo Hwa *	17,641,988	363,747,349	-	381,389,337

* Deemed interested by virtue of his substantial shareholdings in corporation(s), pursuant to Section 6A of the Companies Act, 1965 ("the Act") and/or disclosure made pursuant to Section 134(12)(c) of the Act in relation to shares held by his spouse and children.

Other than as disclosed above, the other Directors in office at the end of the year did not hold any shares or options in the Company or its related corporations.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares and debentures during the year.

EXECUTIVE SHARE OPTION SCHEME

The details of the ESOS, which expired on 17 February 2013, are disclosed in Note 21 to the financial statements.

TREASURY SHARES

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

(a) Before the financial statements 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 all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

    (ii) to ensure that any current assets other than debts, which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company have 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) the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

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

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

    (i) any charge on the assets of the Group and of the Company which has arisen since the end of the year which secures the liabilities of any other person; or

    (ii) any contingent liability of the Group or of the Company which has arisen since the end of the year, other than those arising in the normal course of business of the Group and of the Company.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONT'D)

(f) In the opinion of the Directors:

(i) 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;

(ii) 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

(iii) 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.

SIGNIFICANT EVENTS

Significant events during the year are disclosed in Note 37 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 11 March 2014.

Dato' Nik Mohamed Din bin Datuk Nik Yusoff

Tan Sri Ong Leong Huat @ Wong Joo Hwa

Kuala Lumpur, Malaysia
11 March 2014

STATEMENT BY DIRECTORS

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

We, Dato' Nik Mohamed Din bin Datuk Nik Yusoff and Tan Sri Ong Leong Huat @ Wong Joo Hwa, being two of the Directors of OSK Holdings Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 57 to 147 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of the results and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 41 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 11 March 2014.

Dato' Nik Mohamed Din bin Datuk Nik Yusoff

Tan Sri Ong Leong Huat @ Wong Joo Hwa

Kuala Lumpur, Malaysia
11 March 2014

STATUTORY DECLARATION

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

I, Lee Choon Meng, being the officer primarily responsible for the financial management of OSK Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 57 to 148 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 above named Lee Choon Meng
at Kuala Lumpur in the Federal Territory
on 11 March 2014

Lee Choon Meng

Before me,

Commissioner for Oaths
Kuala Lumpur, Malaysia

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of OSK Holdings Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of profit or loss, comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 57 to 147.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

(c) The audit reports on the financial statements 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 Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 41 on page 148 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTER

This report is made solely to the members of the Company, 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.

PricewaterhouseCoopers
(No. AF: 1146)
Chartered Accountants

Ng Yee Ling
No. 3032/01/15(J)
Chartered Accountant

Kuala Lumpur, Malaysia
11 March 2014

AS AT 31 DECEMBER 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
ASSETS:					
Non-current assets					
Property and equipment	4	9,280	8,672	2	4
Investment properties	5	358,951	349,650	-	-
Investments in subsidiary companies	6	-	-	390,989	318,284
Investment in an associated company	7	2,060,706	1,905,100	1,926,230	1,871,800
Intangible assets	8	1,048	131	147	127
Available-for-sale securities	9	165	165	-	-
Deferred tax assets	10(a)	1,776	2,379	-	-
Securities at fair value through profit or loss	11	12,406	8,870	12,406	8,870
Capital financing	12	10,431	12,942	-	-
		2,454,763	2,287,909	2,329,774	2,199,085
Current assets					
Capital financing	12	400,862	305,276	-	-
Trade receivables	13	41	673	-	-
Other assets	14	449	4,727	37	151
Amount due from subsidiary companies	15(a)	-	-	131,678	174,670
Tax recoverable		9,537	9,827	4,785	3,908
Securities at fair value through profit or loss	11	56,655	17,161	48,101	17,047
Cash and bank balances	16	2,015	775	92	39
		469,559	338,439	184,693	195,815
TOTAL ASSETS		**2,924,322**	**2,626,348**	**2,514,467**	**2,394,900**

AS AT 31 DECEMBER 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
LIABILITIES:					
Non-current liabilities					
Deferred tax liabilities	10(b)	11,829	32	2,433	-
Current liabilities					
Deferred income	17	2,004	1,521	-	-
Trade payables	18	459	84	-	-
Tax payable		164	277	-	-
Borrowings	19	290,219	156,744	-	-
Other liabilities	20	24,039	22,573	11,191	17,775
Amount due to subsidiary companies	15(b)	-	-	167,339	59,550
		316,885	181,199	178,530	77,325
TOTAL LIABILITIES		**328,714**	**181,231**	**180,963**	**77,325**
NET ASSETS		**2,595,608**	**2,445,117**	**2,333,504**	**2,317,575**
EQUITY:					
Share capital	21	969,058	969,058	969,058	969,058
Treasury shares	22	(787)	(784)	(787)	(784)
		968,271	968,274	968,271	968,274
Reserves	23	1,627,337	1,476,843	1,365,233	1,349,301
TOTAL EQUITY / Equity attributable to Owners of the Company		**2,595,608**	**2,445,117**	**2,333,504**	**2,317,575**

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

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Continuing Operations:					
Revenue	24	61,269	40,854	102,327	79,176
Direct costs	25	(15,583)	(13,452)	(284)	(39)
Gross profit		45,686	27,402	102,043	79,137
Other income	26	24,160	2,374	21,952	11,485
Administrative expenses	27	(13,271)	(18,167)	(1,991)	(11,451)
Other expenses	28	(2,555)	(27,527)	(49,917)	(9,749)
		54,020	(15,918)	72,087	69,422
Finance costs		(2,174)	(1,960)	(6,329)	(1,668)
		51,846	(17,878)	65,758	67,754
Share of profit of an associated company		161,339	32,911	-	-
Profit before tax		213,185	15,033	65,758	67,754
Income tax	30	(17,550)	(500)	(13,510)	(10,542)
Profit after tax from Continuing Operations		195,635	14,533	52,248	57,212
Discontinued Operations:					
Profit after tax from Discontinued Operations	33(c)	-	942,845	-	1,369,839
Profit for the year		**195,635**	**957,378**	**52,248**	**1,427,051**
Profit for the year attributable to:					
Owners of the Company					
- *Continuing Operations*		195,635	14,533	52,248	57,212
- *Discontinued Operations*	33(c)	-	930,392	-	1,369,839
		195,635	944,925	52,248	1,427,051
Non-controlling interests					
- *Discontinued Operations*	33(c)	-	12,453	-	-
		195,635	**957,378**	**52,248**	**1,427,051**
Earnings per share attributable to Owners of the Company (sen):					
Basic/Diluted	31				
- *Continuing Operations*		20.20	1.52		
- *Discontinued Operations*		-	97.22		
		20.20	**98.74**		

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Profit after tax for the year					
- *Continuing Operations*		195,635	14,533	52,248	57,212
- *Discontinued Operations*		-	942,845	-	1,369,839
		195,635	957,378	52,248	1,427,051
Other comprehensive income for the year, net of tax					
- *Continuing Operations*					
Items will be reclassified subsequently to profit or loss:					
Share of other comprehensive income in an associated company		(2,976)	518	-	-
Items will not be reclassified subsequently to profit or loss:					
Deferred tax relating to revaluation of investments properties arising from change of tax legislation		(4,016)	-	-	-
Revaluation surplus of properties upon transfer from property and equipment to investment properties	5	-	80,337	-	-
Share of other comprehensive income in an associated company		-	37	-	-
		(6,992)	80,892	-	-
- *Discontinued Operations*	33(d)	-	5,201	-	-
		(6,992)	86,093	-	-
Total comprehensive income for the year, net of tax		**188,643**	**1,043,471**	**52,248**	**1,427,051**
Total comprehensive income attributable to:					
Owners of the Company					
- *Continuing Operations*		188,643	95,425	52,248	57,212
- *Discontinued Operations*	33(d)	-	941,193	-	1,369,839
		188,643	1,036,618	52,248	1,427,051
Non-controlling interests					
- *Discontinued Operations*	33(d)	-	6,853	-	-
		188,643	**1,043,471**	**52,248**	**1,427,051**

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

Group

	Attributable to Owners of the Company					
	Share capital (Note 21) RM'000	Distributable treasury shares (Note 22) RM'000	Revaluation reserves (Note 23) RM'000	Other reserves (Note 23) RM'000	Distributable retained profits RM'000	Total equity RM'000
As at 1 January 2013	969,058	(784)	80,337	555	1,395,951	2,445,117
Total comprehensive income	-	-	(4,016)	(2,976)	195,635	188,643
Dividends paid to Owners of the Company [Note 32(a)]	-	-	-	-	(36,316)	(36,316)
Share buybacks by the Company (Note 22)	-	(3)	-	-	-	(3)
Accretion of interest due to subscription of new share in an associated company	-	-	-	-	(74)	(74)
Acquisition of additional shares from non-controlling interests in an associated company	-	-	-	-	(1,759)	(1,759)
Total transactions with Owners and changes in ownership interests	-	(3)	-	-	(38,149)	(38,152)
As at 31 December 2013	**969,058**	**(787)**	**76,321**	**(2,421)**	**1,553,437**	**2,595,608**

Group (Cont'd)

	Attributable to Owners of the Company												Discontinued Operations	
	Continuing Operations					Discontinued Operations								
	Share capital (Note 21) RM'000	Distributable treasury shares (Note 22) RM'000	Equity compen-sation reserve RM'000	Revaluation reserves (Note 23) RM'000	Other reserves (Note 23) RM'000	Statutory reserves RM'000	Profit equalisation reserve of Islamic banking operations RM'000	Foreign exchange reserves RM'000	Available -for-sale reserves RM'000	Other reserve RM'000	Distributable retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
As at 1 January 2012	964,145	(29,789)	581	-	-	239,537	-	(12,991)	(10,269)	(846)	310,018	1,460,386	301,188	1,761,574
Comprehensive income/ (loss)														
- Continuing Operations	-	-	-	80,337	555	-	-	-	-	-	14,533	95,425	-	95,425
- Discontinued Operations	-	-	-	-	-	-	-	(15,682)	27,413	(213)	929,675	941,193	6,853	948,046
Total comprehensive income/(loss)	-	-	-	80,337	555	-	-	(15,682)	27,413	(213)	944,208	1,036,618	6,853	1,043,471
Continuing Operations														
Dividends paid to Owners of the Company [Note 32(a)]	-	-	-	-	-	-	-	-	-	-	(68,526)	(68,526)	-	(68,526)
Distribution of treasury shares (Note 22)	-	29,008	-	-	-	-	-	-	-	-	(29,008)	-	-	-
Shares issued pursuant to exercise of ESOS (Note 21)	4,913	-	-	-	-	-	-	-	-	-	-	4,913	-	4,913
Share buybacks by the Company (Note 22)	-	(3)	-	-	-	-	-	-	-	-	-	(3)	-	(3)
Reserve reversed upon exercise and forfeiture of ESOS	-	-	(581)	-	-	-	-	-	-	-	581	-	-	-
Share of associate's acquisition of additional shares from its non-controlling interests	-	-	-	-	-	-	-	-	-	-	2	2	-	2
Discontinued Operations														
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(9,077)	(9,077)
Accretion on additional interest in a subsidiary company	-	-	-	-	-	-	-	-	-	-	6	6	(6)	-
Acquisition of additional shares from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(142)	(142)

Group (Cont'd)

	Attributable to Owners of the Company												Discontinued Operations	
	Continuing Operations					Discontinued Operations								
	Share capital (Note 21) RM'000	Distributable treasury shares (Note 22) RM'000	Equity compen-sation reserve RM'000	Revaluation reserves (Note 23) RM'000	Other reserves (Note 23) RM'000	Statutory reserves RM'000	Profit equalisation reserve of Islamic banking operations RM'000	Foreign exchange reserves RM'000	Available -for-sale reserves RM'000	Other reserve RM'000	Distributable retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Loss on deemed disposals arising from dilution of interest in an associated group	-	-	-	-	-	-	-	-	-	-	(80)	(80)	-	(80)
Transfer from other liabilities due to the adoption of BNM's Revised Guidelines for Profit Equalisation Reserves ("PER")	-	-	-	-	-	-	-	-	-	-	272	272	-	272
Transfer to PER reserve	-	-	-	-	-	-	272	-	-	-	(272)	-	-	-
Transfer to statutory reserves	-	-	-	-	-	23,444	-	-	-	-	(23,444)	-	-	-
Reserves transferred to retained profits upon disposal of subsidiary companies	-	-	-	-	-	(262,981)	(272)	-	-	1,059	262,194	-	-	-
Reserves reclassified to profit or loss upon disposal of subsidiary companies [Note 33(b)]	-	-	-	-	-	-	-	28,673	(17,144)	-	-	11,529	(298,816)	(287,287)
Total transactions with Owners and changes in ownership interests	4,913	29,005	(581)	-	-	(239,537)	-	28,673	(17,144)	1,059	141,725	(51,887)	(308,041)	(359,928)
As at 31 December 2012	**969,058**	**(784)**	**-**	**80,337**	**555**	**-**	**-**	**-**	**-**	**-**	**1,395,951**	**2,445,117**	**-**	**2,445,117**

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

Company

	Share capital (Note 21) RM'000	Distributable treasury shares (Note 22) RM'000	Distributable retained profits RM'000	Total RM'000
As at 1 January 2013	969,058	(784)	1,349,301	2,317,575
Total comprehensive income	-	-	52,248	52,248
Dividends paid to Owners of the Company [Note 32(a)]	-	-	(36,316)	(36,316)
Share buybacks by the Company (Note 22)	-	(3)	-	(3)
Total transactions with Owners	-	(3)	(36,316)	(36,319)
As at 31 December 2013	**969,058**	**(787)**	**1,365,233**	**2,333,504**

	Share capital (Note 21) RM'000	Distributable treasury shares (Note 22) RM'000	Non-Distributable equity compensation reserve RM'000	Distributable retained profits RM'000	Total RM'000
As at 1 January 2012	964,145	(29,789)	581	19,203	954,140
Comprehensive income					
- *Continuing Operations*	-	-	-	57,212	57,212
- *Discontinued Operations*	-	-	-	1,369,839	1,369,839
Total comprehensive income	-	-	-	1,427,051	1,427,051
Dividends paid to Owners of the Company [Note 32(a)]	-	-	-	(68,526)	(68,526)
Share issued pursuant to exercise of ESOS (Note 21)	4,913	-	-	-	4,913
Share buybacks by the Company (Note 22)	-	(3)	-	-	(3)
Distribution of treasury shares (Note 22)	-	29,008	-	(29,008)	-
Reserve reversed upon exercise and forfeiture of ESOS	-	-	(581)	581	-
Total transactions with Owners	4,913	29,005	(581)	(96,953)	(63,616)
As at 31 December 2012	**969,058**	**(784)**	**-**	**1,349,301**	**2,317,575**

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

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax from					
- *Continuing operations*		213,185	15,033	65,758	67,754
- *Discontinued operations*	33(c)	-	972,621	-	1,369,839
Profit before tax, total		213,185	987,654	65,758	1,437,593
Adjustments for:					
Interest income		(34,786)	(20,757)	(10,885)	(464)
Interest expense		11,739	9,471	6,329	1,668
Accretion of discount less amortisation of premium		-	(8,524)	-	-
Gross dividend income		(2)	(2,477)	(91,443)	(78,713)
(Gain)/Loss arising from sales of securities and derivatives		(4)	(54,454)	-	851
Unrealised (gain)/loss on:					
- revaluation of securities at fair value through profit or loss		(11,457)	20,211	(11,412)	(1,777)
- revaluation of derivative financial instruments		-	(37,143)	-	-
- foreign exchange		(1,524)	12,387	(1,524)	382
Gain on disposal of subsidiary companies	33(b)	-	(857,686)	-	(1,369,839)
Net fair value gain of investment properties	26	(4,088)	-	-	-
Net loss on disposal of property and equipment	29	-	575	-	-
Impairment loss on goodwill on consolidation	28	-	166	-	-
Impairment loss on subsidiary companies	28	-	-	47,900	8,516
Depreciation and amortisation	29	779	21,199	1	1
Equipment written off	29	31	17	-	-
(Write back of)/Allowance for impairment losses (net):					
- receivables		-	(195)	-	-
- capital financing		497	25,324	-	-
Bad debts written off		24	222	17	-
Write back of impairment losses on investments	33(c)	-	(12,711)	-	-
Financial guarantee income	26	-	-	(4,015)	(9,663)
Net provision for profit equalisation reserve		-	20	-	-
Reversal of provision for warranty in respect of disposal of subsidiary companies	26	(5,000)	-	(5,000)	-
Share of profits of associated companies		(161,339)	(35,208)	-	-
Operating profit/(loss) before working capital changes/Balance carried forward		8,055	48,091	(4,274)	(11,445)

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)					
Operating profit/(loss) before working capital changes/Balance brought forward		8,055	48,091	(4,274)	(11,445)
(Increase)/Decrease in operating assets:					
Cash held in segregated accounts		-	(619)	-	-
Deposits and placements with a bank		-	(62,049)	-	-
Securities at fair value through profit or loss		-	(121,083)	-	-
Securities held-to-maturity		-	142,599	-	-
Available-for-sale securities		-	(542,621)	-	-
Derivative financial assets		-	(89,987)	-	-
Capital financing		(93,597)	(664,902)	-	-
Trade and other receivables		954	(1,038,345)	71	(24)
Security deposits and statutory fund		-	61	-	-
Statutory deposits with Central Banks		-	(22,043)	-	-
Increase/(Decrease) in operating liabilities:					
Deferred income		483	1,521	-	-
Deposits from customers		-	1,226,414	-	-
Deposits and placements of banks and other financial institutions		-	191,931	-	-
Derivative financial liabilities		-	(34,395)	-	-
Obligations on securities sold under repurchase agreements		-	(56,001)	-	-
Obligations on securities borrowed		-	99,678	-	-
Trade and other payables		7,489	863,157	(1,175)	15,320
Amounts due to associated group/companies		936	(883)	45	(48)
Cash (used in)/generated from operations		(75,680)	(59,476)	(5,333)	3,803
Interest received		34,786	20,758	-	-
Interest paid		(9,503)	(7,473)	-	-
Income tax paid		(8,989)	(61,263)	(2,700)	-
Refund of income tax		-	78	-	-
Net cash (used in)/generated from operating activities		(59,386)	(107,376)	(8,033)	3,803

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Net cash outflow arising from disposal of subsidiary companies	33(f)	-	(1,232,868)	-	-
Acquisition of additional investment in an associated company		-	(700)	-	-
Acquisition of shares from non-controlling interests		-	(142)	-	-
Dividends received		-	2,589	27,759	68,137
Interest received		-	-	10,885	464
Payment for trademarks	8(b)	(20)	(58)	(20)	(58)
Payment for trading rights		-	(25)	-	-
Proceeds from disposals of securities at fair value through profit or loss		115	-	-	-
Proceeds from disposals of:					
- property and equipment		-	391	-	-
- disposal of subsidiary companies net off expenses incurred (part consideration)		-	-	-	198,104
Purchase of securities at fair value through profit or loss		(30,156)	(159)	(21,654)	(44)
Purchase of:					
- equipment	4	(2,398)	(20,890)	-	(4)
- software licenses	8(a)	(987)	(15,014)	-	-
Repayment from/(Advances to) subsidiary companies		-	-	42,975	(172,804)
Expenditure incurred on investment properties	5	(865)	-	-	-
Net cash (used in)/generated from investing activities		(34,311)	(1,266,876)	59,945	93,795

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to:					
- non-controlling interests		-	(9,077)	-	-
- Owners of the Company	32	(36,316)	(68,526)	(36,316)	(68,526)
Drawdown of revolving credits		133,430	124,581	-	-
Interest paid		(2,174)	(1,960)	(6,329)	(1,668)
Repayment to subsidiary companies		-	-	(9,211)	(34,821)
Share buybacks by the Company	22	(3)	(3)	(3)	(3)
Proceeds from issuance of shares pursuant to exercise of ESOS	21	-	4,913	-	4,913
Net cash generated from/(used in) financing activities		94,937	49,928	(51,859)	(100,105)
Net increase/(decrease) in cash and cash equivalents		1,240	(1,324,324)	53	(2,507)
Effects of exchange rate changes		-	(18,374)	-	-
Cash and cash equivalents at beginning of year		775	1,343,473	39	2,546
Cash and cash equivalents at end of year	16	**2,015**	**775**	**92**	**39**

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

1. GENERAL INFORMATION

The Company is a public company limited by shares, incorporated under the Companies Act, 1965, domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office of the Company is located at 7th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur.

The Company is an investment holding company. The principal activities of the subsidiary companies and an associated company are described in Notes 6 and 7 to the financial statements respectively and changes in composition of the Group are disclosed in Note 37 to the financial statements. 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 11 March 2014.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared on a historical costs basis, except for investment properties, securities at fair value through profit or loss, available-for-sale securities that have been stated at their fair values. The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000), unless otherwise indicated.

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965.

(b) Standards, amendments to published standards and interpretations that are effective

The new accounting standards, amendments to published standards and interpretations that are effective for the Group's and Company's year beginning on or after 1 January 2013 are as follows:

MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
Amendments to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Annual improvements 2009 – 2011 Cycle	

The adoption of the above accounting standards, amendments to published standards and interpretations to existing standards do not give rise to any material financial impact to the Group and the Company.

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

(c) Standards early adopted by the Group

The amendments to MFRS 136 Impairment of assets removed certain disclosures of the recoverable amount of CGUs which had been included in MFRS 136 by the issuance of MFRS 13. The amendment is not mandatory for the Group until 1 January 2014, however the Group has decided to early adopt the amendment as of 1 January 2013.

(d) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective

(i) Financial year beginning on/after 1 January 2014

- Amendment to MFRS 132 Financial Instruments: Presentation (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

- Amendments to MFRS 10, MFRS 12 and MFRS 127 (effective from 1 January 2014) introduce an exception to consolidation for investment entities. Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both and evaluate the performance of its investments on fair value basis. The amendments require investment entities to measure particular subsidiaries at fair value instead of consolidating them.

- IC Interpretation 21 Levies (effective from 1 January 2014) sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation clarifies that a liability to pay a levy is recognised when the obligating event occurs. Obligating event is the event identified by the legislation that triggers the payment of the levy.

(ii) Effective date yet to be determined by the Malaysian Accounting Standards Board

- MFRS 9 Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates an accounting mismatch. The Group is yet to assess MFRS 9's full impact. The Group will also consider the impact of the remaining phases of MFRS 9 when completed by the Board.

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

(d) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective (Cont'd)

The adoption of the new standards, amendments to published standards are not expected to have a material impact on the financial results of the Group and the Company except that the Group is in the process of reviewing the requirements of MFRS 9 and expects this process to be completed prior to the effective date.

(e) Significant accounting judgements and estimates

The preparation of financial statements in accordance with MFRSs requires the use of certain accounting estimates and exercise of judgements. Estimates and judgements are continually evaluated and are based on past experiences, reasonable expectations of future events and other factors. Although these estimates and judgements are based on Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates significant to the financial statements are as follows:

(i) Investment in associated company

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value. Investment is impaired following certain indications of impairment such as, amongst others, prolonged or significant shortfall between market value and carrying amount, significant changes with adverse effects on the investment and deteriorating financial performance of the investment due to changes in economic environment. Judgement is required in the identification of discounted future cash flows or estimated fair value based on quoted market price of the most recent transactions.

The management has assessed the level of influence that the Group has on its associated company, RHB Capital Berhad ("RHBC"), and determined that it has significant influence even though the share holding is at 9.91% (2012: 9.82%) because of the board representations in RHBC and its key operating subsidiaries. Consequently, this investment has been classified as an associated company.

(ii) Allowance for impairment losses

The Group and the Company review their individually significant capital financing at each reporting date to assess whether an impairment loss should be recorded in the financial statements. In particular, judgement is required in the identification of doubtful loans, and the estimation of realisation amount and timing of future cash flows from the doubtful loans when determining the level of impairment loss required.

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

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

(iii) Valuation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the profit or loss. The investment properties of the Group are held to earn rental income or for capital appreciation or both. For the year ended 31 December 2013, the Group engaged independent valuation specialists to determine fair value of such investment properties. The fair value was determined using investment method and/or comparison method. By using investment method, the comparison method is used as a check. Investment method of valuation entails determining the net annual income by deducting the annual out goings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value. The comparison method analyses recent transactions and asking price of similar properties in the larger locality with applicable adjustments made for differences in location, size and etc. The variables are subject to fluctuations in external market rates and economic conditions beyond management control and are subject to uncertainty and require the exercise of significant judgement. Changes to capitalisation rate and reversion used in the investment method by 100 basis points, the fair value of investment properties would be an estimated RM21.3 million lower or RM29.5 million higher, respectively. Refer to Note 5 for further details.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation, subsidiary companies and associated companies

(i) Basis of consolidation

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation, subsidiary companies and associated companies (Cont'd)

(i) Basis of consolidation (Cont'd)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiary companies have been adjusted to conform with the Group's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control over a subsidiary company, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that company are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(ii) Subsidiary companies

Subsidiary companies are all entities, including structured entities, over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(iii) Associated companies

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation, subsidiary companies and associated companies (Cont'd)

(iii) Associated companies (Cont'd)

The Group's share of post-acquisition profit or loss is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognise the amount adjacent to "share of profit/(loss) of an associated company" in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The cost of acquiring an additional stake in an associate is added to the carrying amount of associate and equity accounted. Goodwill arising from the purchase of additional stake is computed using fair value information at the date the additional interest is purchased. The previously held interest is not re-measured.

(iv) Investments in subsidiary companies and associated company

In the Company's separate financial statements, investments in subsidiary companies and associated company are carried at cost less accumulated impairment. On disposal of investments in subsidiary companies and associated company, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(b) Property and equipment and depreciation

Property and equipment are initially recorded at cost and subsequently at cost less accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the 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 profit or loss during the period in which they are incurred.

The policy for the recognition and measurement of impairment losses is disclosed in Note 3(e). Gains and losses on disposals are determined by comparing sale proceeds with carrying amount and are included in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Property and equipment and depreciation (Cont'd)

In the previous year, before transfer of owner-occupied properties under property and equipment to investment properties due to change in use, all leasehold land were depreciated over the period of lease (from 40 to 999 years). Freehold land was not depreciated. Long term leasehold land were with an unexpired period of 50 years or more and short term leasehold land were with an expired period of less than 50 years. Classification of leasehold land as property and equipment or prepaid land lease payments are dependent on whether the leasehold land transfer to the Group substantially all the risks and rewards incidental to ownership of the leasehold land, as further described in Note 3(g).

Depreciation of other equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life as follows:

	Years	%
Freehold buildings	50	2%
Short term leasehold buildings	24	4%
Machinery	5	20%
Motor vehicles	5 - 7	15% - 20%
Office equipment	3 - 7	15% - 33½%
Furniture and fittings	6 - 10	10% - 15%
Renovations	6 - 10	10% - 15%

Building-in-progress is depreciated only upon completion and when ready for its intended use.

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

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount. See Note 3(e) on impairment of non-financial assets.

(c) Investment properties

(i) Investment properties carried at fair value

Investment properties, principally comprise of properties held for long-term rental yields or capital appreciation or both and are not occupied by the Group.

Investment properties are measured initially at cost, including related transaction costs. Subsequent to initial recognition, investment properties are stated at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions that market participants would use when pricing the investment property under current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of leasehold land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Investment properties (Cont'd)

(i) Investment properties carried at fair value (Cont'd)

Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have experience in the location and category of the investment property being valued.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment property under construction is measured at fair value if the fair value is considered reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed, whichever is earlier.

Gains or losses arising from changes in the fair values of investment properties are recognised in the profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment properties are recognised in the profit or loss in the year of retirement or disposal.

(ii) Reclassification to/from investment properties

When an item of property and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in other comprehensive income and in equity as revaluation reserves. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of the property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

(d) Intangible assets

Acquired licenses and trademarks are shown at cost.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 6 to 7 years.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Impairment of non-financial assets

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

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

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

Impairment losses are recognised in the 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 losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the 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.

(f) Statement of cash flows and cash and cash equivalents

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

Cash and cash equivalents comprise cash on hand and at banks inclusive of money at call and deposit placements with maturities within one month and highly liquid investments which have an insignificant risk of changes in value less bank overdrafts.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Leases

(i) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. 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.

The depreciation policy for leased assets is in accordance with that for depreciable property and equipment as disclosed in Note 3(b).

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 3(j)(v).

(h) Provisions for liabilities

Provisions are recognised when the Group has 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 risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) 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) Transactions in foreign currencies

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

Exchange differences arising on the settlement of monetary items and on the translation of monetary items, are recognised in the profit or loss for the period.

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

(j) Recognition of revenue and other income

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

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

(i) Interest income on capital financing is accounted for on an accrual basis using the effective interest rate method by reference to the rest periods as stipulated in the loan agreements. Where an account classified as impaired, interest accrued and recognised as income prior to the date that the loan is classified as impaired is included in periodic impairment assessment. Thereafter, interest on the impaired loan is recognised based on the discounted present recoverable value (net of any impairment loss) at the effective interest rate of the impaired accounts over the remaining period expected to recover the principal.

Interest income from fixed income instruments, short-term placements and fixed deposits with licensed financial institutions, including amortisation of premium and accretion of discount, are accrued on a time-apportioned basis. Interest income on securities are recognised on an effective yield basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Recognition of revenue and other income (Cont'd)

(ii) Other non-refundable fees and commissions on services and facilities extended to customers that are not an integral part of the effective interest rate on the facilities granted are recognised on the inception of such transactions.

(iii) Gain or loss on disposal of investments is recognised upon the transfer of risks and rewards of ownership.

(iv) Dividend income is recognised when the right to receive payment is established.

(v) Rental income from operating leases is recognised on a straight-line basis over the lease term. Other rent related and car park income are recognised in the period in which the services being rendered.

(vi) Revenue from the sales of oil palm fresh fruit bunches is recognised when the goods are invoiced.

(vii) Other revenue is recognised on an accrual basis.

Prior to disposal of subsidiary companies as disclosed in Note 33, the Group adopted the following bases for income from the various business activities:

(i) Interest income from clients is generally recognised for all interest bearing assets on an accrual basis using the effective interest rate method. Interest income from impaired accounts will be recognised based on the discounted present recoverable value (net of any impairment losses) at the effective interest rate of the impaired accounts over the remaining period expected to recover the principal. For impaired margin accounts with insufficient collateral, interest will not be recognised until the margin account is reclassified as non-impaired account. Classification as impaired accounts relating to the margin financing business is dealt with in accordance with the relevant rules of Bursa Securities.

(ii) Gross brokerage fees are recognised on an accrual basis upon the execution of trade on behalf of the clients, computed based on a pre-determined percentage of the contract value.

(iii) Arrangement fees, agency fees, placement fees and underwriting commission are recognised as income based on the terms of contractual arrangements.

(iv) Fees from advisory and corporate finance activities are recognised as income on the completion of each stage of the assignment.

(v) Service charges from the sale of unit trusts is recognised upon the allotment of units, net of cost of units sold.

(vi) Fees earned from the management of unit trust funds are recognised on an accrual basis.

(vii) Will writing fees, custodial and service charges on trustee and nominees services are recognised on an accrual basis upon the performance of services.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Employee benefits

(i) Short term benefits

Wages, 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. Where applicable, short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred.

(iii) Share-based compensation

Prior to the expiry of Executive Share Option Scheme ("ESOS") on 17 February 2013, the Group adopts an equity-settled, share-based compensation scheme, ESOS as disclosed in Note 21. The fair value of the share options issued by the Company to the Group's employees including Directors of the Group is recognised as an expense in the profit or loss at the date of grant which is also the vesting date, with a corresponding increase in equity.

The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options granted or the incremental fair value before and after modification of the terms of the ESOS. The fair value of the share option is computed using a binomial model.

Fair value of ESOS shares that have been exercised or forfeited are transferred to retained profits of the Group in the year the ESOS are exercised or forfeited.

(l) Income tax

(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, in the same or a different period, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Income tax (Cont'd)

(ii) Deferred tax (Cont'd)

Deferred tax is not accounted for if it arises from 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. Deferred tax is determined using tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

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

Deferred tax is provided on temporary differences arising from investments in subsidiary companies and associates, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(m) Share capital, share premium and distributions to Owners

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Ordinary shares are recorded at the par value. Incremental costs directly attributable to the issue of new shares or options are deducted against share premium account. Distributions to Owners are recognised in equity in the period in which the dividends are approved.

(n) Treasury shares

When the Company or its subsidiary companies purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental external costs, net of tax, is included in equity attributable to the Company's equity holders as treasury shares until they are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, are included in equity attributable to the Company's equity holders.

(o) Financial assets

Financial assets are recognised in the statement of financial position when the Group and the Company have become a party to the contractual provisions of the financial instruments. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Financial assets (Cont'd)

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 financial assets and available-for-sale financial assets.

All regular way purchases and sales of equity financial assets are recognised on the trade date and all regular way purchases and sale of fixed income and money market financial assets are recognised on the settlement date. 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 market place concerned.

(i) Classification and subsequent measurement of financial assets

The Group has classified and accounted for its securities portfolio as follows:

- **Financial assets at fair value through profit or loss ("FVTPL")**

  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 at fair value through profit or loss 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.

- **Held-to-maturity ("HTM") financial assets**

  Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

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

- **Loans and receivables**

  Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are recognised initially at fair value plus any directly attributable transaction cost.

  Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loan and receivables are derecognised or impaired. Financial assets classified in this category include cash and bank balances, trade receivables and other assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Financial assets (Cont'd)

(i) Classification and subsequent measurement of financial assets (Cont'd)

- **Available-for-sale ("AFS") financial assets**

  Available-for-sale are financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories.

  After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest rate method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest rate method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's right to receive payment is established.

  Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

A financial asset is derecognised where 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.

(ii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(iii) Impairment of financial assets

- **Loans and receivables**

  The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Financial assets (Cont'd)

(iii) Impairment of financial assets (Cont'd)

o Loans and receivables (Cont'd)

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- Disappearance of an active market for collateral held as security; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  (i) adverse changes in the payment status of borrowers in the portfolio; and
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

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 through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

The Group has adopted certain criteria in identification of impaired loans, which include classifying loans as impaired when repayments are in arrears for more than 3 months for capital financing. The Group determines the allowance appropriate for each individually significant loan on an individual basis.

A collective impairment assessment for loans and receivables which are not individually significant, based on a certain percentage of the capital financing portfolio net of individual impairment assessment for impaired loans, is made by certain subsidiary companies against possible losses which is not specifically identified.

An uncollectible capital financing or portion of a capital financing classified as bad is written-off after taking into consideration the realisable value of collateral, if any, when in the judgement of management, there is no prospect of recovery.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Financial assets (Cont'd)

(iii) Impairment of financial assets (Cont'd)

- **AFS securities**

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(p) Derivative financial instruments

Derivatives were initially recognised at fair value on the date a derivative contract is entered into and were subsequently re-measured at their fair value.

(q) Financial liabilities

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

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group or the Company becomes 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 at fair value through profit or loss include derivatives entered into by the Group 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial liabilities (Cont'd)

(ii) Other financial liabilities

The Group's other financial liabilities include trade payables, other payables and borrowings.

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

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest rate method.

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

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.

(r) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with MFRS 137 "Provisions, contingent liabilities and contingent assets" and the amount initially recognised less cumulative amortisation, where appropriate.

Where financial guarantees in relation to loans or payables of subsidiary companies are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiary companies.

(s) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest rate method. Borrowing costs that are directly attributable to the capital financing activities are included as part of the "direct costs" in the statement of profit or loss and other borrowing costs are presented as "finance cost".

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Contingent assets and liabilities

The Group does not recognise contingent assets and liabilities, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources to and assessing performance of the operating segments of an entity. The Group has determined its Senior Management as its chief operating decision-maker.

4. PROPERTY AND EQUIPMENT

Group

2013

	As at 1.1.2013 RM'000	Additions RM'000	Disposals RM'000	Write off RM'000 (Note 29)	Transfer to investment properties RM'000 (Note 5)	Reclassification adjustment RM'000	As at 31.12.2013 RM'000
At cost							
Freehold land	1,565	-	-	-	-	-	1,565
Freehold buildings	65	-	-	-	-	-	65
Short term leasehold land and buildings	2,325	-	-	-	-	4,380	6,705
Building in progress	2,606	1,774	-	-	-	(4,380)	-
Machinery	1,094	# 3,907	-	-	(4,757)	-	244
Motor vehicles	2,117	-	(810)	-	-	-	1,307
Office equipment	2,157	389	-	-	-	(9)	2,537
Furniture and fittings	405	73	-	-	-	9	487
Renovations	525	162	-	(35)	(291)	-	361
	12,859	6,305	(810)	(35)	(5,048)	-	13,271

	As at 1.1.2013 RM'000	Charge for the year RM'000 (Note 29)	Disposals RM'000	Write off RM'000 (Note 29)	Transfer to investment properties RM'000 (Note 5)	Reclassification adjustment RM'000	As at 31.12.2013 RM'000
Accumulated depreciation							
Freehold buildings	18	1	-	-	-	-	19
Short term leasehold land and buildings	857	73	-	-	-	-	930
Machinery	536	212	-	-	(618)	-	130
Motor vehicles	441	215	(181)	-	-	-	475
Office equipment	1,868	115	-	-	-	-	1,983
Furniture and fittings	329	15	-	-	-	-	344
Renovations	138	58	-	(4)	(82)	-	110
	4,187	689	(181)	(4)	(700)	-	3,991

Amount capitalised as equipment upon completion of installation.

4. PROPERTY AND EQUIPMENT (CONT'D)

Group (Cont'd)

2012

	As at 1.1.2012 RM'000	Disposal of subsidiary companies RM'000 [Note 33(f)]	Additions RM'000	Disposals RM'000	Write off RM'000 (Discontinued Operations) (Note 29)	Transfer to investment properties RM'000 (Note 5)	Reclassification adjustment RM'000	Foreign exchange difference RM'000	As at 31.12.2012 RM'000
At cost									
Freehold land	1,565	-	-	-	-	-	-	-	1,565
Freehold buildings	113,710	* 28	-	(264)	-	(113,409)	-	-	65
Long term leasehold land and buildings	19,663	* 1,395	-	-	-	(21,058)	-	-	-
Short term leasehold land and buildings	2,325	-	-	-	-	-	-	-	2,325
Building in progress	1,750	-	856	-	-	-	-	-	2,606
Machinery	1,059	-	35	-	-	-	-	-	1,094
Motor vehicles	11,298	(10,617)	1,817	(228)	-	-	(23)	(130)	2,117
Office equipment	101,674	(104,934)	7,381	(1,986)	(5)	-	718	(691)	2,157
Furniture and fittings	27,000	(29,116)	1,344	(1,648)	(117)	-	2,963	(21)	405
Renovations	52,871	(56,999)	9,457	(448)	-	-	(3,704)	(652)	525
	332,915	(200,243)	20,890	(4,574)	(122)	(134,467)	(46)	(1,494)	12,859

	As at 1.1.2012 RM'000	Disposal of subsidiary companies RM'000 [Note 33(f)]	Charge for the year RM'000 (Continuing Operations) (Note 29)	Charge for the year RM'000 (Discontinued Operations) (Note 29)	Disposals RM'000	Write off RM'000 (Discontinued Operations) (Note 29)	Transfer to investment properties RM'000 (Note 5)	Reclassification adjustment RM'000	Foreign exchange difference RM'000	As at 31.12.2012 RM'000
Accumulated depreciation										
Freehold buildings	10,512	* 2	1,236	-	(19)	-	(11,713)	-	-	18
Long term leasehold land and buildings	2,201	* 163	77	-	-	-	(2,441)	-	-	-
Short term leasehold land and buildings	696	-	161	-	-	-	-	-	-	857
Machinery	330	-	206	-	-	-	-	-	-	536
Motor vehicles	5,548	(6,211)	239	1,136	(163)	-	-	-	(108)	441
Office equipment	73,029	(77,357)	51	8,202	(1,793)	(4)	-	(1)	(259)	1,868
Furniture and fittings	16,234	(16,171)	9	1,937	(1,523)	(101)	-	(4)	(52)	329
Renovations	24,611	(28,075)	38	3,941	(120)	-	-	-	(257)	138
	133,161	(127,649)	2,017	15,216	(3,618)	(105)	(14,154)	(5)	(676)	4,187

* The positive figures are due to realisation of unrealised gain recorded in the previous years on properties disposed by OSK Investment Bank Berhad to Ke-Zan Holdings Berhad.

4. PROPERTY AND EQUIPMENT (CONT'D)

Group (Cont'd)

Net carrying value

	2013 RM'000	2012 RM'000
Freehold land	1,565	1,565
Freehold buildings	46	47
Short term leasehold land and buildings	5,775	1,468
Building in progress	-	2,606
Machinery	114	558
Motor vehicles	832	1,676
Office equipment	554	289
Furniture and fittings	143	76
Renovations	251	387
	9,280	**8,672**

Company

	As at 1.1.2013 RM'000	Disposal/ Depreciation charge for the year RM'000 (Note 29)	As at 31.12.2013 RM'000
At cost			
Office equipment	8	(1)	7
Accumulated depreciation			
Office equipment	4	1	5

	As at 1.1.2012 RM'000	Additions/ Depreciation charge for the year RM'000 (Note 29)	As at 31.12.2012 RM'000
At cost			
Office equipment	4	4	8
Accumulated depreciation			
Office equipment	3	1	4

	2013 RM'000	2012 RM'000
Net carrying value		
Office equipment	**2**	**4**

5. INVESTMENT PROPERTIES

	Note	Group 2013 RM'000	2012 RM'000
Investment properties - at fair value			
Fair value at beginning of year		349,650	149,000
Transfer from property and equipment	4	4,348	120,313
Subsequent expenditure		564	-
Fair value gain recognised in statement of comprehensive income as revaluation surplus upon transfer from property and equipment		-	80,337
Net fair value gain recognised in profit or loss	26	4,088	-
		358,650	349,650
Investment properties under construction - at cost			
Expenditure incurred for investment property under construction		301	-
At end of year		358,951	349,650

The investment properties generated rental income and incurred the following direct expenses:

		Group 2013 RM'000	2012 RM'000
Rental income generated		16,895	3,686
Direct expenses	- Income generated	4,108	697
	- No income generated	166	160

On 9 November 2012, the owner-occupied properties under property and equipment were transferred to investment properties due to change in use. These properties are measured at their fair values based on independent valuer at the dates near to the completion date of the disposal of subsidiary companies. A total gain of RM80.3 million is recognised in the statement of comprehensive income as a revaluation surplus within equity.

The fair value of the investment properties as at 31 December 2013 of RM358.7 million (2012: RM349.7 million) was performed by an independent valuer based on the investment method and/or comparison method.

5. INVESTMENT PROPERTIES (CONT'D)

Valuation processes

The Group's investment properties were valued at 31 December 2013 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. The management team reviewed and discussed the valuations, including valuation processes, performed by the independent valuers for financial reporting purposes. Below are the key processes of review carried out each year:

(a) Verifies all major inputs to the independent valuation report;
(b) Assesses property valuation movements when compared to the prior year valuation report; and
(c) Holds discussions with the independent valuer.

Valuation techniques

Pursuant to MFRS 13: Fair Value Measurement, the Group establishes a fair value hierarchy that categorises into three levels of inputs to valuation techniques use to measure fair value as disclosed in Note 38(e). Level 2 inputs for properties with carrying amount of RM194.0 million (2012: RM184.7 million) are valued using the comparison method which uses significant observable inputs. Level 3 inputs for properties with carrying amount of RM165.0 million (2012: RM165.0 million) was determined using discounting cash flow projections based on significant unobservable inputs. The key inputs to valuation techniques include:

Future rental cash inflows	based on the actual rental supported by the terms of the existing lease;
Discount rates	reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
Capitalisation rates	based on actual location, size and quality of the properties and taking into account market data at the valuation date.

Information about fair value measurements using unobservable inputs (Level 3)

Segment	Office buildings
Valuation technique	Investment method
Rental value	RM15,035,000
Discount rate	6.25%
Capitalisation rate (%)	5.75% - 6.25%
Sensitivity in discount rate and capitalisation rate	
+ 100 basis point	- RM21,339,000
- 100 basis point	+ RM29,452,000

6. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company 2013 RM'000	Company 2012 RM'000
At cost		
Unquoted shares in Malaysia	423,727	306,727
Accumulated impairment loss	(48,529)	(629)
	375,198	306,098
Fair value of financial guarantee given to banks for facilities granted to subsidiary companies	15,791	12,186
	390,989	**318,284**

As disclosed in Note 37(b), the Company subscribed for 117,000,000 new ordinary shares of RM1.00 each in OSK Realty Sdn. Bhd. for additional working capital purpose.

The Company recognised an impairment charge of RM47.9 million to reduce the carrying amount of its investment in a subsidiary. The impairment was included in "other expenses" in the statement of profit or loss. The impairment charge has been recognised due to the carrying amount of the investment in the separate financial statements exceeded the carrying amount of the subsidiary company's net assets in its financial statements. Management has assessed the recoverable amount of the investment based on fair value less cost of disposal, which comprise mainly of investment properties at fair value determined based on comparable market method and amount due from holding company which is repayable on demand.

The subsidiary companies have the same financial year end as the Company and the details of the subsidiary companies, that incorporated in Malaysia are as follows:

Name of companies	Principal activities	Equity interest 2013 %	Equity interest 2012 %
OSK Capital Sdn. Bhd.	Capital financing business	100	100
OSK Realty Sdn. Bhd.	Property investment and letting of commercial properties	100	100
KE-ZAN Holdings Berhad	Property investment and letting of commercial properties	100	100
OSK REIT Management Sdn. Bhd.	Management company for real estate investment trusts (inactive)	100	100
OSK Ventures Sdn. Bhd.	Provision of venture capital business (inactive)	100	100

7. INVESTMENT IN AN ASSOCIATED COMPANY

	Company 2013 RM'000	Company 2012 RM'000
At cost		
Quoted shares in Malaysia	**1,926,230**	**1,871,800**
At market value		
Quoted shares in Malaysia	1,993,207	1,874,250

	Group 2013 RM'000	Group 2012 RM'000
Share of net assets including goodwill	**2,060,706**	**1,905,100**

On 9 November 2012, the Company completed the disposal of subsidiary companies as disclosed in Note 33, hence the investments in associated companies and jointly controlled entity held previously are disposed at the same date. On the even date, as part of the disposal consideration, the Company received 245,000,000 ordinary shares in RHB Capital Berhad ("RHBC") at a total value of RM1,871.8 million based on its fair value on the completion date.

During the year, the Company has reinvested its dividend entitlement of RM54.4 million by receiving 7,304,688 shares and cash of RM8 through two Dividend Reinvestment Plans ("DRP") of RHBC as disclosed in Note 37(a).

The associated company that incorporated in Malaysia has the same financial year end as the Company and details of the associated company are as follows:

Name of company	Principal activities	Equity interest 2013 %	Equity interest 2012 %
RHB Capital Berhad	RHBC group involved in commercial banking, Islamic banking, investment banking, stock brocking, leasing, offshore banking, offshore trust services, general insurance, unit trust management, asset management and nominee and custodian services.	9.91* [Note 37(a)]	9.82

* The management has assessed the level of influence that the Group has on its associated company, RHBC, and determined that it has significant influence even though the share holding is below 20% because of the board representations in RHBC and its key operating subsidiaries.

7. INVESTMENT IN AN ASSOCIATED COMPANY (CONT'D)

The summarised financial information of the associated company is as follows:

	Group 2013 RM'000	Group 2012 RM'000
Aggregated assets and liabilities as at reporting date (100%)		
Total assets	193,350,227	191,754,716
Total liabilities	(174,838,275)	(174,640,702)
Net assets	**18,511,952**	**17,114,014**
Attributable to:		
- Owners of RHBC	18,308,296	16,890,749
- Non-controlling interests of RHBC	203,656	223,265
	18,511,952	**17,114,014**
Aggregated results (100%)		
Revenue	**5,950,763**	**992,744**
Profit for the year attributable to:		
- Owners of RHBC	1,626,881	333,335
- Non-controlling interests of RHBC	12,348	2,662
	1,639,229	335,997
Other comprehensive income		
- Owners of the Parent	(30,264)	5,676
- Non-controlling interests	10,304	659
	(19,960)	6,335
Total comprehensive income	**1,619,269**	**342,332**
Attributable to Owners of RHBC (100%)		
Opening net assets	16,890,749	16,551,738
Profit for the year	1,626,881	333,335
Other comprehensive income	(30,264)	5,676
Other reserves changes	(179,070)	-
Closing net assets	**18,308,296**	**16,890,749**
Reconciliation of carrying amount		
Share of net assets	1,813,870	1,659,137
Goodwill	246,836	245,963
Carrying amount	**2,060,706**	**1,905,100**

8. INTANGIBLE ASSETS

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Software licenses	(a)	901	4	-	-
Trademarks	(b)	147	127	147	127
		1,048	**131**	**147**	**127**

(a) Software licenses

	Group 2013 RM'000	Group 2012 RM'000
At cost		
At beginning of year	7	28,532
Additions	987	15,014
Disposal	-	(34)
Attributable to disposal of subsidiary companies	-	(43,357)
Foreign exchange difference	-	(148)
At end of year	994	7
Accumulated amortisation		
At beginning of year	(3)	(7,570)
Amortisation (Note 29)		
- Continuing Operations	(90)	(1)
- Discontinued Operations	-	(3,965)
Disposal	-	33
Attributable to disposal of subsidiary companies	-	11,421
Foreign exchange difference	-	79
At end of year	(93)	(3)
Net carrying value	**901**	**4**

(b) Trademarks

	Group and Company 2013 RM'000	Group and Company 2012 RM'000
At cost		
At beginning of year	127	69
Additions	20	58
At end of year	**147**	**127**

9. AVAILABLE-FOR-SALE SECURITIES

	Group 2013 RM'000	Group 2012 RM'000
Unquoted securities:		
Shares in Malaysia	**165**	**165**

10. DEFERRED TAXATION

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
(a) Deferred tax assets					
At beginning of year		2,379	8,639	-	-
Recognised in:					
- Profit or loss					
Continuing Operations	30	(603)	2,379	-	-
Discontinued Operations	30	-	(612)	-	-
- AFS reserve		-	(5,448)	-	-
Attributable to disposal of subsidiary companies	33(f)	-	(2,444)	-	-
Foreign exchange differences		-	(135)	-	-
At end of year		**1,776**	**2,379**	**-**	**-**
The deferred tax assets mainly relate to temporary differences arising from:					
Excess of capital allowances over depreciation		(309)	(51)	-	-
Provisions		1,595	1,445	-	-
Other temporary differences		490	985	-	-
		1,776	**2,379**	**-**	**-**
Analysis of deferred tax assets:					
To be recovered within 12 months		1,557	1,318	-	-
To be recovered more than 12 months		219	1,061	-	-
		1,776	**2,379**	**-**	**-**

10. DEFERRED TAXATION (CONT'D)

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
(b) Deferred tax liabilities					
At beginning of year		32	4,106	-	4
Recognised in:					
- Profit or loss					
Continuing Operations	30	7,781	(436)	2,433	(4)
Discontinued Operations	30	-	1,857	-	-
- AFS reserve		-	3,598	-	-
- Revaluation reserve		4,016	-	-	-
Attributable to disposal of subsidiary companies	33(f)	-	(9,176)	-	-
Foreign exchange differences		-	83	-	-
At end of year		**11,829**	**32**	**2,433**	**-**
The deferred tax liabilities mainly relate to temporary differences arising from:					
Excess of capital allowances over depreciation		26	32	-	-
Provisions		(160)	-	-	-
Fair value on securities		2,433	-	2,433	-
Fair value on investment properties		9,530	-	-	-
		11,829	**32**	**2,433**	**-**
Analysis of deferred tax liabilities:					
To be settled within 12 months		2,133	32	2,267	-
To be settled more than 12 months		9,696	-	166	-
		11,829	**32**	**2,433**	**-**

11. SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Designated as fair value through profit or loss:				
Quoted securities				
Shares and exchange traded funds				
- in Malaysia	30,320	13,551	21,766	13,437
- outside Malaysia	38,741	12,480	38,741	12,480
	69,061	**26,031**	**60,507**	**25,917**
Current	56,655	17,161	48,101	17,047
Non-current	12,406	8,870	12,406	8,870
	69,061	**26,031**	**60,507**	**25,917**
Securities at fair value through profit or loss are denominated in the following currencies:				
Ringgit Malaysia	30,320	13,551	21,766	13,437
United States Dollar	16,047	12,480	16,047	12,480
Hong Kong Dollar	22,694	-	22,694	-
	69,061	**26,031**	**60,507**	**25,917**

The above securities are designated as fair value through profit or loss in accordance with the Group's investment strategy.

12. CAPITAL FINANCING

	Group	
	2013 RM'000	2012 RM'000
Term loans	426,193	353,043
Allowances for impairment losses:		
- Collective assessment	(876)	(4,243)
- Individual assessment	(14,024)	(30,582)
	(14,900)	(34,825)
Net capital financing	**411,293**	**318,218**
Current	400,862	305,276
Non-current	10,431	12,942
	411,293	**318,218**

12. CAPITAL FINANCING (CONT'D)

	Note	Group 2013 RM'000	Group 2012 RM'000
Collective assessment			
At beginning of year		(4,243)	(5,722)
Written back/(Made) - Continuing Operations	28	3,367	(2,032)
- Discontinued Operations		-	507
Attributable to disposal of subsidiary companies		-	2,924
Exchange difference		-	80
At end of year		**(876)**	**(4,243)**
Individual assessment			
At beginning of year		(30,582)	(6,831)
(Made)/Written back - Continuing Operations	28	(3,864)	(24,045)
- Discontinued Operations		-	246
Written off - Continuing Operations		20,422	-
- Discontinued Operations		-	20
Attributable to disposal of subsidiary companies		-	21
Exchange difference		-	7
At end of year		**(14,024)**	**(30,582)**

The Group performs individual impairment assessment based on certain obligatory and judgemental triggers that may indicate potential impairment. All impaired accounts as defined in Note 3(o)(iii) are selected for individual impairment assessment on a regular basis.

The capital financing bear average interest of 8.13% (2012: 8.44%) per annum. The normal credit term for capital financing ranged from 2 to 24 months from the date of financing.

As at the reporting date, the five largest clients, which contributed 51% (2012: 56%) of the net capital financing, represent the Group's significant concentration of credit risks is as follows:

	Group 2013 RM'000	Group 2012 RM'000
Amount due from clients	207,957	180,537
Less: Collective impairment losses	-	(2,472)
	207,957	**178,065**

12. CAPITAL FINANCING (CONT'D)

Ageing analysis of gross capital financing

	Group 2013 RM'000	Group 2012 RM'000
Neither past due nor impaired	358,315	292,935
1 to 30 days past due but not impaired	30,473	11,727
31 to 60 days past due but not impaired	6,049	2,773
61 to 90 days past due but not impaired	4,776	1,937
	41,298	16,437
Impaired	26,580	43,671
	426,193	**353,043**

All capital financing of the Group are at fixed interest rate and to customers located in Malaysia.

Capital financing that are neither past due nor impaired

None of the Group's capital financing that are neither past due nor impaired have been renegotiated during the year.

Capital financing that are past due but not impaired

The Group has capital financing amounting to RM41.3 million (2012: RM16.4 million) that are past due at the reporting date but not impaired, due to the availability of sufficient collateral or repaid subsequent to the reporting date.

The Group would take the possession of these collateral which are held as security against capital financing when default occur. Repossessed collateral are sold as soon as practicable. Repossessed collateral are recognised as investments. The Group does not occupy repossessed properties for its business use. For the year ended 31 December 2013 and 2012, other than force selling of shares in the normal course of the Group's business, there are no unsold repossessed collaterals as at 31 December 2013 and 2012.

13. TRADE RECEIVABLES

	Group 2013 RM'000	Group 2012 RM'000
Tenants of properties	**41**	**673**

The Group has no significant concentration of credit risk that may arise from exposures to a single client or to a group of receivables. All trade receivables are neither past due nor impaired. The normal credit period for tenants of properties is one month.

The trade receivables included amount receivables from associated group, being subsidiary companies of an associated company, of RM39,000 (2012: RM364,000).

14. OTHER ASSETS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Other receivables	133	128	28	80
Other deposits	235	4,152	5	4
Prepayments	81	399	4	67
Amounts due from an associated group	-	48	-	-
	449	**4,727**	**37**	**151**

The amounts due from an associated group, being subsidiary companies of an associated company, represent miscellaneous charges repayable on demand. The decrease in other deposits was due to an amount of RM3.9 million capitalised as equipment as disclosed in Note 4.

15. AMOUNT DUE FROM/(DUE TO) SUBSIDIARY COMPANIES

	Company	
	2013 RM'000	2012 RM'000
(a) Amounts due from subsidiary companies		
- Interest bearing	**131,678**	**174,670**
(b) Amounts due to subsidiary companies		
- Interest bearing	(167,339)	(56,102)
- Non-interest bearing	-	(3,448)
	(167,339)	**(59,550)**

The amounts due from/(due to) subsidiary companies are unsecured, repayable on demand and bear interest ranging from 4.38% to 4.53% (2012: 4.34% to 4.54%) per annum.

16. CASH AND BANK BALANCES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash on hand	1	1	-	-
Bank balances	2,014	774	92	39
	2,015	**775**	**92**	**39**

17. DEFERRED INCOME

Deferred income relates to fees and charges received in advance for capital financing business.

18. TRADE PAYABLES

	Group 2013 RM'000	Group 2012 RM'000
Advance payment from clients	**459**	**84**

19. BORROWINGS

	Group 2013 RM'000	Group 2012 RM'000
Unsecured		
Revolving credits	**290,219**	**156,744**

	Group 2013 RM'000	Group 2012 RM'000
Repayment schedules of the revolving credits are as follows:		
Rolled over on:		
- daily basis	140,092	56,657
- weekly basis	50,000	50,000
- monthly basis	100,127	50,087
	290,219	**156,744**

The revolving credits of the subsidiary companies are supported by corporate guarantees from the Company and bear effective interest rate of 4.34% (2012: 4.34%) per annum.

20. OTHER LIABILITIES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Rental and utilities deposits received from tenants	1,712	1,718	-	-
Other payables and accruals	9,313	6,392	2,275	5,541
Short-term employee benefits	9,756	11,167	7,279	10,188
Amounts due to an associated group	3,258	3,296	-	-
Fair value of financial guarantees given to banks for facilities granted to subsidiary companies	-	-	1,637	2,046
	24,039	**22,573**	**11,191**	**17,775**

The amount due to an associated group, being subsidiary companies of an associated company represent rental and utility deposits received, which is interest-free, unsecured and repayable on demand.

21. SHARE CAPITAL

	Group and Company Number of ordinary shares ('000)/ Amount (RM'000) 2013	2012
Authorised		
Ordinary shares of RM1 each:		
At beginning/end of year	**1,500,000**	**1,500,000**
Issued and fully paid		
Ordinary shares of RM1 each:		
At beginning of year	969,058	964,145
Exercise of ESOS	-	4,913
At end of year	**969,058**	**969,058**

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 residual assets of the Company. The Company has not issued any new shares during the current year.

Executive Share Option Scheme

In the prior years, the Company had granted options under the Executive Share Option Scheme ("ESOS") governed by the ESOS By-Laws that was approved by the Company's shareholders at the Extraordinary General Meeting held on 21 May 2002. The ESOS had expired on 17 February 2013.

The salient features of the ESOS are as follows:

(i) Eligible grantees are executives of the Group (including Executive Directors) 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. 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;

(ii) 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;

(iii) The extension of duration of the ESOS and the amendments to the existing ESOS By-Laws were approved by the Shareholders of the Company at the Extraordinary General Meeting held on 17 November 2006. On 4 January 2007, the duration of ESOS which was due to expire on 17 February 2008 had been extended for another 5 years to 17 February 2013;

21. SHARE CAPITAL (CONT'D)

Executive Share Option Scheme (Cont'd)

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

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

(vi) 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.

In the previous year, the Company had issued 4,912,850 new ordinary shares of RM1.00 each for cash at the respective exercise prices pursuant to the ESOS and the total cash proceeds arising from the exercise of options amounted to RM4,912,850. As at 31 December 2012, there was no outstanding ESOS options.

(i) Details of share options outstanding as at 31 December 2012:

	Group and Company 2012 '000
At beginning of year	5,046
Less:	
Number of options exercised during the year	(4,913)
Number of options forfeited during the year	(133)
At end of year	-

(ii) Share options exercised in the previous year

Details of share options exercised in the previous year and the fair values, at exercise dates, of ordinary shares issued are as follows:

	Exercise prices RM	Fair values of ordinary shares RM	Number of options '000	Conside-ration received RM'000
2012				
March, July, September and October	1.00	1.38 to 1.81	521	521
January, March to May, July to October	1.00	1.38 to 1.84	1,643	1,643
May, September and October	1.00	1.38 to 1.74	780	780
February to June, September and October	1.00	1.35 to 1.81	1,969	1,969
			4,913	4,913
Less: Par value of ordinary shares				(4,913)
Share premium				-

22. TREASURY SHARES

	Group and Company 2013 RM'000	Group and Company 2012 RM'000
At cost		
At beginning of year	784	29,789
Share buybacks	3	3
Distribution to shareholders of the Company [Note 32(a)]	-	(29,008)
At end of year	**787**	**784**

	Group and Company 2013 '000	Group and Company 2012 '000
Number of treasury shares		
At beginning of year	635	24,153
Share buybacks	2	2
Distribution to shareholders of the Company [Note 32(a)]	-	(23,520)
At end of year	637	635
Total number of outstanding shares in issue	968,421	968,423
Total number of issued and fully paid ordinary shares	**969,058**	**969,058**

The shareholders of the Company, by a special resolution passed in the Extraordinary General Meeting held on 18 December 2000, approved the Company's plan to repurchase its own ordinary shares. The Company has annually obtained the approval of the shareholders to repurchase its own ordinary shares subject to the conditions of:

(i) the aggregate number of shares purchased does not exceed 10 percent 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 last audited retained profits and/or the share premium account at the time of the purchase(s) will be allocated by the Company for the purchase of own shares; and

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

The Directors are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan is to the best interests of the Company and its shareholders. The repurchase transactions were 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 the market in accordance with the Rules of Bursa Securities or cancel the shares in accordance with Section 67A of the Companies Act, 1965.

All the shares repurchased were conducted through a former subsidiary company in the ordinary course of business on terms similar to those arranged with independent third parties.

22. TREASURY SHARES (CONT'D)

Details of the share buybacks are as follows:

	Highest price RM	Lowest price RM	Average cost* RM	Number of shares '000	Total amount paid RM'000
2013					
At beginning of year	2.82	0.90	1.23	635	784
Share buybacks during the year:					
June	1.74	1.74	1.78	1	2
December	1.60	1.60	1.64	1	1
	1.74	1.60	1.71	2	3
At end of year	**2.82**	**0.90**	**1.24**	**637**	**787**
2012					
At beginning of year	2.82	0.90	1.23	24,153	29,789
Share buybacks during the year:					
May	1.62	1.62	1.66	1	2
November	1.48	1.48	1.52	1	1
	1.62	1.48	1.59	2	3
Distribution to shareholders of the Company on 15 May 2012	-	-	-	(23,520)	(29,008)
At end of year	**2.82**	**0.90**	**1.23**	**635**	**784**

* Average cost includes transaction costs.

On 15 May 2012, as disclosed in Note 32, the Company distributed 23,520,259 treasury shares together with the final dividend, in respect of the year ended 31 December 2011, on a basis of one (1) treasury share for every forty (40) existing ordinary shares of RM1.00 each held in the Company at a total cost of RM29,007,748.

23. RESERVES

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Revaluation reserves	(a)	76,321	80,337	-	-
Other reserves	(b)	(2,421)	555	-	-
		73,900	80,892	-	-
Retained profits		1,553,437	1,395,951	1,365,233	1,349,301
		1,627,337	1,476,843	1,365,233	1,349,301

(a) Revaluation reserves

The revaluation reserves of the Group represent revaluation surplus on the owner-occupied properties under property and equipment which were transferred to investment properties on 9 November 2012 due to change in use as disclosed in Note 5.

(b) Other reserves

Other reserves are share of other reserves of an associated company. Types of reserves are as shown below:

	Group 2013 RM'000	Group 2012 RM'000
Foreign exchange reserve	563	563
Available-for-sale reserve	(11,062)	(45)
Other reserve	8,078	37
	(2,421)	**555**

24. REVENUE

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Fees and charges	9,589	11,051	-	-
Interest income				
- Non-impaired financing	33,689	20,325	-	-
- Impaired financing	1,096	432	-	-
- Subsidiary companies	-	-	10,884	463
	34,785	20,757	10,884	463
Dividend income				
- Subsidiary companies	-	-	37,013	78,700
- Associated company	-	-	54,430	-
- Securities at fair value through profit or loss	-	13	-	13
	-	13	91,443	78,713
Rental income	16,895	9,033	-	-
	61,269	**40,854**	**102,327**	**79,176**

25. DIRECT COSTS

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Fee expenses	374	622	97	-
Facility and commitment fees	1,370	1,178	187	39
Funding costs of capital financing	9,565	7,511	-	-
Investment property expenses	4,274	4,141	-	-
	15,583	**13,452**	**284**	**39**

26. OTHER INCOME

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Bad debts recovered	1,898	145	-	-
Dividend income from securities at fair value through profit or loss	2	1	-	-
Financial guarantee income	-	-	4,015	9,663
Gain arising from sale of securities	4	-	-	-
Gain on disposal of property and equipment	-	5	-	-
Interest income on deposits and placements with financial institutions	1	-	1	1
Net fair value gain on investment properties	4,088	-	-	-
Realised gain on foreign exchange translations	-	44	-	44
Reversal of provision for warranty in respect of disposal of subsidiary companies in prior year	5,000	-	5,000	-
Sale of oil palm fresh fruit bunches	147	223	-	-
Unrealised gain on revaluation of securities at fair value through profit or loss	11,457	1,777	11,412	1,777
Unrealised gain from foreign exchange translations	1,524	-	1,524	-
Others	39	179	-	-
	24,160	**2,374**	**21,952**	**11,485**

27. ADMINISTRATIVE EXPENSES

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
(a) Establishment related expenses				
Depreciation and amortisation	779	2,018	1	1
Insurance	69	41	4	-
Rental of equipment	8	-	8	-
Rental of premises	-	2	240	-
Repair and maintenance	280	104	-	3
Utility expenses	19	9	10	-
Others	158	26	-	-
	1,313	**2,200**	**263**	**4**

27. ADMINISTRATIVE EXPENSES (CONT'D)

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
(b) General administrative expenses				
Communication expenses	236	162	148	114
Donation	100	-	-	-
Legal and professional fees	752	273	470	132
Printing and stationery	285	318	221	272
Share registration	216	235	216	235
Other administrative expenses	781	394	263	141
	2,370	**1,382**	**1,318**	**894**
(c) Personnel expenses				
Salaries, allowances, bonuses and other emoluments	8,537	13,946	340	10,514
Pension costs - defined contribution plan	739	495	9	39
Others	312	144	61	-
	9,588	**14,585**	**410**	**10,553**
Total administrative expenses	**13,271**	**18,167**	**1,991**	**11,451**

28. OTHER EXPENSES

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
(Write back of)/Allowance for impairment losses on capital financing:	12				
- Collective assessment		(3,367)	2,032	-	-
- Individual assessment		3,864	24,045	-	-
Bad debts written off		24	10	17	-
Contribution to a foundation		2,000	-	2,000	-
Equipment written off		31	-	-	-
Impairment loss on goodwill on consolidation		-	166	-	-
Impairment loss on subsidiary companies		-	-	47,900	8,516
Loss arising from sale of securities		-	851	-	851
Unrealised loss from foreign exchange translations		-	383	-	382
Others		3	40	-	-
		2,555	**27,527**	**49,917**	**9,749**

29. ITEMS OF INCOME AND EXPENSES

The following amounts have been credited/(charged) to the profit or loss of Continuing Operations and Discontinued Operations:

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Auditors' remuneration:					
(i) Statutory audit - current year					
- auditors of the Company		(125)	(233)	(55)	(114)
- an affiliate of auditors of the Company		-	(105)	-	-
- other firms		-	(652)	-	-
(ii) Other services - current year					
- auditors of the Company		(10)	(364)	(10)	(71)
		(135)	(1,354)	(65)	(185)
Amortisation of software licenses	8(a)	(90)	(3,966)	-	-
Depreciation	4	(689)	(17,233)	(1)	(1)
Directors' remuneration:	34(a)				
(i) Fees - current year		(279)	(678)	(279)	(188)
(ii) Other emoluments		(3,059)	(3,799)	-	(326)
(iii) Defined contribution plan		(390)	(559)	-	(39)
		(3,728)	(5,036)	(279)	(553)
Dividend income		2	2,477	91,443	78,713
Equipment written off	4	(31)	(17)	-	-
Gain on disposal of subsidiary companies	33(a)	-	857,686	-	1,369,839
Rental of equipment		(8)	(4,315)	(8)	-
Rental of premises		-	(18,461)	(240)	-
Loss on disposals of property and equipment		-	(575)	-	-
Staff costs:					
- salaries, allowances, bonuses and other emoluments		(5,199)	(230,056)	-	-
- Defined contribution plan		(349)	(16,880)	-	-
- social security costs		(38)	(1,004)	-	-
- other staff related expenses		(274)	(9,725)	-	-
		(5,860)	(257,665)	-	-

30. INCOME TAX

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Continuing Operations:					
In respect of the current year					
Malaysian income tax		9,263	3,107	11,077	10,575
(Over)/under provision in respect of prior years					
Malaysian income tax		(97)	208	-	(29)
Deferred taxation:					
Deferred tax assets	10(a)	603	(2,379)	-	-
Deferred tax liabilities	10(b)	7,781	(436)	2,433	(4)
		8,384	(2,815)	2,433	(4)
		17,550	**500**	**13,510**	**10,542**
Discontinued Operations:					
In respect of the current year					
Malaysian income tax		-	24,695	-	-
Foreign income tax		-	1,995	-	-
		-	26,690	-	-
Under/(over) provision in respect of prior years					
Malaysian income tax		-	925	-	-
Foreign income tax		-	(308)	-	-
		-	617	-	-
Deferred taxation:					
Deferred tax assets	10(a)	-	612	-	-
Deferred tax liabilities	10(b)	-	1,857	-	-
		-	2,469	-	-
	33(c)	**-**	**29,776**	**-**	**-**
Income tax		**17,550**	**30,276**	**13,510**	**10,542**

30. INCOME TAX (CONT'D)

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Deferred taxation is further analysed as follow:					
Continuing Operations:					
Origination and reversal of temporary differences		8,505	(1,538)	2,433	(4)
Over provision in prior year		(121)	(1,277)	-	-
		8,384	**(2,815)**	**2,433**	**(4)**
Discontinued Operations:					
Origination and reversal of temporary differences		-	2,825	-	-
Over provision in prior year		-	(356)	-	-
		-	**2,469**	**-**	**-**

Malaysian income tax expense is calculated based on the statutory income tax rate of 25% on the estimated taxable profits for the year. Prior to disposal of subsidiary companies disclosed in Note 33, the statutory income tax were 25% for Indonesia and Thailand, 17% for Singapore, 16.5% for Hong Kong and 1% of turnover for Cambodia.

30. INCOME TAX (CONT'D)

The reconciliation between the tax at statutory tax rate of 25% (2012: 25%) on the profit before tax and the tax expense of Continuing Operations and Discontinued Operations is as follows:

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Profit before tax ("PBT")					
- Continuing Operations		213,185	15,033	65,758	67,754
- Discontinued Operations	33(c)	-	972,621	-	1,369,839
		213,185	**987,654**	**65,758**	**1,437,593**
Tax at Malaysian statutory on PBT		53,296	246,914	16,440	359,398
Effects of:					
- different tax rates in foreign jurisdictions/ other authorities		-	(312)	-	-
- different tax rate under Real Property Gains Tax rate		4,493	-	-	-
- non-taxable income		(41,355)	(226,051)	(15,861)	(354,246)
- non-deductible expenses		1,334	10,545	12,931	5,419
Deferred tax asset not recognised		-	18	-	-
Utilisation of tax losses and capital allowances not recognised in prior year		-	(30)	-	-
(Over)/under provision of tax in prior years		(97)	825	-	(29)
Temporary differences not recognised in prior years		(121)	(1,633)	-	-
Income tax expense		**17,550**	**30,276**	**13,510**	**10,542**

30. INCOME TAX (CONT'D)

Prior to the year of assessment 2008, companies in Malaysia adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single-tier dividend system").

With effect from 1 January 2014, all companies in Malaysia are on single-tier dividend system. The balance of tax credits under Section 108 of Income Tax Act ("ITA"), 1967 which have not been utilised as at 31 December 2013 will be disregarded.

A subsidiary company carrying an unabsorbed business loss which is available to offset against its future taxable business income:

	Group	
	2013 RM'000	2012 RM'000
Unabsorbed business loss at beginning and end of year	11,697	11,697

Deferred tax asset has not been recognised in respect of unabsorbed business loss of such subsidiary company as this subsidiary company is currently inactive. The availability of the companies' unabsorbed business loss for offsetting against future taxable business income of the subsidiary company is subject to no substantial changes in shareholdings of the subsidiary company pursuant to Section 44(5A) and (5B) of the ITA, 1967.

31. EARNINGS PER SHARE ("EPS")

	Group 2013	Group 2012
Profit attributable to Owners of the Company (RM'000)		
- Continuing Operations	195,635	14,533
- Discontinued Operations [Note 33(c)]	-	930,392
	195,635	**944,925**
Weighted average number of ordinary shares in issue ('000)	**968,422**	**956,995**
Basic/Dilutive EPS (sen)		
Continuing Operations	20.20	1.52
Discontinued Operations	-	97.22
	20.20	**98.74**

There are no potential dilutive ordinary shares outstanding at the end of years.

32. DIVIDENDS

(a) Dividends paid during the year are as follows:

	Group and Company			
	Amount		Net dividend per share	
	2013 RM'000	2012 RM'000	2013 Sen	2012 Sen
For the year ended 31 December 2013				
Interim dividend of 2.5 sen per share less 25% income tax, paid on 25 September 2013	18,158	-	1.875	-
For the year ended 31 December 2012				
First interim dividend of 2.5 sen per share less 25% income tax, paid on 18 September 2012	-	18,092	-	1.875
Second interim dividend of 5.0 sen per share less 25% income tax, paid on 20 December 2012	-	36,316	-	3.750
Final dividend of 2.5 sen per share less 25% income tax, paid on 15 May 2013	18,158	-	1.875	-
For the year ended 31 December 2011				
Final dividend of 2.0 sen per share less 25% income tax, paid on 15 May 2012	-	14,118	-	1.500
	36,316	**68,526**	**3.750**	**7.125**

32. DIVIDENDS (CONT'D)

(a) Dividends paid during the year are as follows: (Cont'd)

On 15 May 2012, the Company distributed 23,520,259 treasury shares together with the final dividend, in respect of the preceding year ended 31 December 2011, on a basis of one (1) treasury share for every forty (40) existing ordinary share of RM1.00 each held in the Company and total cost of treasury shares distributed amounting to RM29,007,748 as disclosed in Note 22.

The Board of Directors recommends a single-tier final dividend of 5.0 sen per share (2012: 2.5 sen per share less 25% income tax) amounting to approximately RM48.4 million, based on number of shares outstanding in issue at the end of year, for the year ended 31 December 2013. The proposed dividend is subject to Shareholders' approval at the forthcoming Annual General Meeting. The entitlement date to the final dividend shall be determined by the Board of Directors. The financial statements for the current year do not reflect these proposed dividends. Such dividends, if approved by the Shareholders, will be accounted for in equity in the year ending 31 December 2014.

(b) Dividends declared or proposed during the year are as follows:

	Group and Company			
	Amount		Net dividend per share	
	2013 RM'000	2012 RM'000	2013 Sen	2012 Sen
For the year ended 31 December 2013				
Interim dividend of 2.5 sen per share less 25% income tax, paid on 25 September 2013	18,158	-	1.875	-
Single-tier final dividend of 5.0 sen per share based on number of shares outstanding in issue at end of the year	48,421	-	5.000	-
For the year ended 31 December 2012				
First interim dividend of 2.5 sen per share less 25% income tax, paid on 18 September 2012	-	18,092	-	1.875
Second interim dividend of 5.0 sen per share less 25% income tax, paid on 20 December 2012	-	36,316	-	3.750
Final dividend of 2.5 sen per share less 25% income tax, paid on 15 May 2013	-	18,158	-	1.875
	66,579	**72,566**	**6.875**	**7.500**

33. DISPOSAL OF SUBSIDIARY COMPANIES

The Company had on 9 November 2012 completed the disposal of the following entities:-

a) 100% equity interest in OSK Investment Bank Berhad ("OSKIB");
b) 20% equity interest in OSK Trustees Berhad ("OSKT");
c) 20% equity interest in Malaysian Trustees Berhad ("MTB"); and
d) 100% equity interest in OSK Investment Bank (Labuan) Limited

for a total disposal consideration of RM2,094.5 million satisfied through the issuance of 245.0 million new ordinary shares of RM1.00 each in RHBC and cash of RM222.7 million.

The comparative consolidated statement of profit or loss, statement of other comprehensive income and statement of cash flows have been re-presented to show the Discontinued Operations separately from Continuing Operations:-

(a) Profit after tax from Discontinued Operations

	Group 2012 RM'000	Company 2012 RM'000
Results of Discontinued Operations	85,159	-
Gain arising from disposal of subsidiary companies	857,686	1,369,839
	942,845	**1,369,839**

(b) The effects of the disposal of subsidiary companies on the Company's and the Group's financial statements

	2012 RM'000
Cash proceeds	222,700
245.0 million new ordinary shares of RM1.00 each in RHBC, capitalised as investment in an associated company (Note 7)	1,871,800
Total disposal proceeds	2,094,500
Less: Expenses incurred on disposal	(24,596)
Net disposal proceeds	2,069,904
Reversal of financial guarantee deferred income relating to subsidiary companies disposed at Company level	(18,515)
	2,051,389
Less: Cost of investment in subsidiary companies disposed	(681,550)
Gain on disposal of subsidiary companies at Company level [Note 33(c)]	1,369,839
Add: Expenses eliminated at Group level	400
Add: Reversal of Company level adjustment on financial guarantee deferred income	18,515
	1,388,754
Post acquisition reserves recognised up to the date of disposal	(519,539)
Realisation of foreign exchange reserves	(28,673)
Realisation of available-for-sale reserves	17,144
Gain on disposal of subsidiary companies at Group level [Note 33(c)]	**857,686**

33. DISPOSAL OF SUBSIDIARY COMPANIES (CONT'D)

(c) Statement of Profit or Loss for the Discontinued Operations

The financial results for the Discontinued Operations of the Group were as follows:-

	Group 2012 RM'000	Company 2012 RM'000
Revenue	**865,240**	**-**
Interest income	262,028	-
Interest expense	(169,429)	-
Net interest income	92,599	-
Non-interest income		
- Gain on disposal of subsidiary companies	857,686	1,369,839
- Others	566,294	-
Net income from Islamic banking operations	8,247	-
Other operating expenses	(567,966)	-
Write back of impairment losses on loans, advances and financing	753	-
Write back of impairment losses on investments	12,711	-
Share of profits of associated companies	2,297	-
Profit before tax from Discontinued Operations	972,621	1,369,839
Income tax expense and zakat	(29,776)	-
Profit after tax for the period from Discontinued Operations	**942,845**	**1,369,839**
Profit attributable to:		
Owners of the Company	930,392	1,369,839
Non-controlling interests	12,453	-
	942,845	**1,369,839**

33. DISPOSAL OF SUBSIDIARY COMPANIES (CONT'D)

(d) Statement of comprehensive income for the Discontinued Operations

The Statement of comprehensive income for the Discontinued Operations of the Group were shown below:

	Group 2012 RM'000	Company 2012 RM'000
Profit after tax for the period from Discontinued Operations	942,845	1,369,839
Other comprehensive income		
Items will not be reclassified subsequently to profit or loss:		
Share of other comprehensive income in an associated group	(213)	-
Actuarial losses on defined benefit plan in subsidiary companies	(1,413)	-
Items will be reclassified subsequently to profit or loss:		
Net loss from foreign currency translation	(19,788)	-
Reversal of available-for-sale gain upon disposal	(4,764)	-
Unrealised net gain on revaluation of securities available-for-sale	40,425	-
Income tax relating to components of other comprehensive income	(9,046)	-
Other comprehensive income for the period, net of tax	5,201	-
Total comprehensive income for the period, net of tax	**948,046**	**1,369,839**
Total comprehensive income attributable to:		
Owners of the Company	941,193	1,369,839
Non-controlling interests	6,853	-
	948,046	**1,369,839**

(e) Statement of cash flows for the Discontinued Operations

The cash flows attributable to the Discontinued Operations of the Group were as follows:-

	Group 2012 RM'000
Operating activities	2,830
Investing activities	(32,255)
Financing activities	136,012
Net cash inflows	**106,587**

33. DISPOSAL OF SUBSIDIARY COMPANIES (CONT'D)

(f) The disposal of subsidiary companies had the following effects on the financial position of the Group:

	Note	As at 9.11.2012, completion date of the disposal of subsidiary companies RM'000
Cash and short term funds		1,475,551
Deposits and placements with a bank		112,049
Securities portfolio		
- Securities held-for-trading		434,184
- Securities held-to-maturity		498,473
- Securities available-for-sale		3,855,880
		4,788,537
Derivative financial assets		616
Loans, advances and financing		1,973,407
Tax recoverable		26,050
Trade receivables		2,439,455
Other assets		245,065
Statutory deposits with Central Banks		235,377
Deferred tax assets	10(a)	2,444
Investments in associated companies and a jointly controlled entity		25,901
Equipment	4	72,594
Intangible assets		241,716
Deposits from customers		(5,966,330)
Deposits and placements of banks and other financial institutions		(850,680)
Obligations on securities sold under repurchase agreements		(235,081)
Obligations on securities borrowed		(99,678)
Derivative financial liabilities		(28,643)
Trade payables		(2,104,412)
Other liabilities		(229,094)
Tax payable		(8,836)
Deferred tax liabilities	10(b)	(9,176)
Borrowings		(206,927)
Subordinated notes		(400,000)
Non-controlling interests		(298,816)
Net assets		1,201,089
Transfer from foreign exchange reserves		28,673
Transfer from available-for-sale reserves		(17,144)
		1,212,618
245.0 million new ordinary shares of RM1.00 each in RHBC, capitalised as investment in an associated company	7	(1,871,800)
Gain on disposal of subsidiary companies at Group level		857,686
Net cash proceeds from disposal of subsidiary companies		198,504
Cash and cash equivalents		(1,431,372)
Net cash outflow from disposal of subsidiary companies		**(1,232,868)**

34. SIGNIFICANT RELATED PARTY DISCLOSURES

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating policy decisions, or the parties are subject to common control or significant influence.

(a) Key management personnel's compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, including Directors of the Company and senior personnel of the Group. The key management personnel's compensation is as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors:				
Executive				
Fees - current year	50	113	50	30
Other emoluments *	2,758	1,650	-	-
	2,808	1,763	50	30
Estimated money value of benefits-in-kind	15	-	-	-
Total short-term employee benefits	2,823	1,763	50	30
Post-employment benefits				
- Defined contribution plan	390	264	-	-
Total for Executive Directors	**3,213**	**2,027**	**50**	**30**
Non-Executive				
Fees - current year	229	565	229	158
Other emoluments *	301	2,149	-	326
	530	2,714	229	484
Estimated money value of benefits-in-kind	23	24	-	-
Total short-term employee benefits	553	2,738	229	484
Post-employment benefits				
- Defined contribution plan	-	295	-	39
Total for Non-Executive Directors	**553**	**3,033**	**229**	**523**
Total for Directors	**3,766**	**5,060**	**279**	**553**

* Other emoluments included salaries, bonuses and allowances.

34. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(a) Key management personnel's compensation (Cont'd)

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Other key management personnel:				
Short-term employee benefits	955	49,285	-	-
Post-employment benefits				
- Defined contribution plan	136	3,416	-	-
	1,091	**52,701**	**-**	**-**
Total for key management personnel compensation	**4,857**	**57,761**	**279**	**553**

(b) Directors' remuneration

The Directors' remuneration included in administrative expenses as disclosed in Note 34(a) and 27(c) are paid/payable to the following Non-Executive Directors other than Tan Sri Ong Leong Huat @ Wong Joo Hwa who was re-designated as Chief Executive Officer/Group Managing Director of the Company with effect from 9 November 2012:

2013 / 2012
Dato' Nik Mohamed Din bin Datuk Nik Yusoff
Tan Sri Ong Leong Huat @ Wong Joo Hwa
Foo San Kan
Dato' Abdul Majit bin Ahmad Khan
Dr. Ngo Get Ping
Wong Chong Kim *(Retired on 10 April 2013)*

34. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(b) Directors' remuneration (Cont'd)

The number of Directors of the Company whose total remuneration (excluding benefits-in-kind) during the year fell within the following bands is analysed based on reporting date as follows:

	Number of Directors	
	2013	2012
Non-Executive:		
RM50,000 and below	2	-
RM50,001 up to RM100,000	2	-
RM100,001up to RM150,000	-	2
RM150,001up to RM200,000	-	1
RM350,001up to RM400,000	1	-
RM550,001up to RM600,000	-	1
RM2,000,001up to RM2,050,000	-	2
Executive:		
RM3,150,001up to RM3,200,000	1	-
	6	6

An amount of RM3.0 million was awarded as gratuity to the retirement of a long service director as recognition of his past contribution to the Group.

(c) Significant transactions and balances with subsidiary companies and associated company

The relationship between the Company and its subsidiary companies, and its associated company are disclosed in Notes 6 and 7 respectively. The significant transactions with subsidiary companies and associated company during the year are as follows:

Transactions and balances with subsidiary companies	Company			
	Income/(Expenses)		Amount due from/(to)	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
OSK Capital Sdn Bhd				
Dividend income	-	36,400	-	-
Interest income	6,590	463	-	-
Advance to subsidiary company	-	-	91,867	148,080
Ke-Zan Holdings Berhad				
Dividend income	37,013	42,300	-	-
Interest expense	(5,594)	(1,607)	-	-
Advance to subsidiary company	-	-	-	26,590
Advance from subsidiary company	-	-	(167,339)	(56,102)
OSK Realty Sdn Bhd				
Interest income	4,294	-	-	-
Advance to subsidiary company	-	-	39,811	-
Advance from subsidiary company	-	-	-	(3,448)

34. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(c) Significant transactions and balances with subsidiary companies and associated company (Cont'd)

Transactions and balances with an associated group of companies	Group			
	Income/(Expenses)		Amount due from/(to)	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
RHB Capital Berhad group of companies				
RHB Bank Berhad				
Office rental and parking fee income	665	108	-	-
Interest expense	(1,755)	(54)	-	-
Commitment fee expense	(515)	(139)	-	-
OSKIB Sdn Bhd* (formerly known as OSK Investment Bank Berhad)				
Office rental and parking fee income	3,942	9,678	-	243
Advisory fee expense	-	(500)	-	-
Group support service fee	-	(443)	-	-
Referral fee expense	-	(407)	-	-
Rental and utilities deposits received	-	-	-	(2,692)
RHB Investment Bank Berhad				
Office rental and parking fee income	5,506	-	39	-
Rental and utilities deposits received	-	-	(2,576)	-
OSK-UOB Investment Management Bhd*				
Office rental and parking fee income	661	688	-	107
RHB Trustees Berhad* (formerly known as OSK Trustees Berhad)				
Office rental and parking fee income	370	348	-	-
OSK Research Sdn Bhd*				
Office rental and parking fee income	192	238	-	-
OSK Nominees (Tempatan) Sdn Bhd*				
Custodial and service fee expense	(61)	(204)	-	-

During the year, the Group received dividend income of RM54.4 million from RHB Capital Berhad.

* Subsidiary companies of RHB Capital Berhad (Prior to 9 November 2012: subsidiary companies of the Group).

34. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(d) Significant transactions and balances with other related parties

Certain directors of PJ Development Holdings Berhad, Dindings Consolidated Sdn. Bhd. and OSK Property Holdings Berhad are family members of Tan Sri Ong Leong Huat @ Wong Joo Hwa.

	Group			
	Income/(Expenses)		Amount due from/(to)	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
(i) PJ Development Holdings Berhad group of companies				
PJD Management Services Sdn. Bhd.				
Office rental and parking fee income	799	801	1	73
Rental and utilities deposits received	-	-	(207)	(207)
(ii) Dindings Consolidated Sdn. Bhd. group of companies				
Dindings Risks Management Services Sdn. Bhd.				
Insurance premium expense	(256)	(151)	-	-
(iii) OSK Property Holdings Berhad group of companies				
OSK Properties Sdn. Bhd.				
Office rental and parking fee income	433	403	-	-
(e) A director of Symphony House Berhad is a common director of the Company.				
Symphony House Berhad group of companies				
Symphony Share Registrars Sdn. Bhd.				
Share registrars fee and maintenance fee for structure warrants	-	(471)	-	-

(f) Major shareholder

OSK Equity Holdings Sdn Bhd ("OSKE") is the ultimate holding company of the Company and the Company does not incurred related party transactions with OSKE during the year under review.

35. UNRECOGNISED CONTRACTUAL COMMITMENTS

	Group 2013 RM'000	Group 2012 RM'000
Capital commitments		
Contracted but not provided for:		
- Acquisition of office equipment and software	7	627
- Acquisition of machinery	-	463
- Properties under construction	514	1,468
	521	**2,558**

36. SEGMENT INFORMATION

(a) Business segments

The Group is organised into the following major business segments:

Continuing Operations:

(i) Investment Holding - Investing activities and other insignificant business segment.

(ii) Capital Financing - Capital financing activities.

(iii) Property Investment - Management and letting of properties.

Discontinued Operations (for 2012):

(iv) Investment Banking - Investment banking, loans and financing, equities and futures, wealth management, investment holding and others.

Segment revenue and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The inter-segment transactions have been entered into the ordinary course of business at terms mutually agreed between the companies concerned and are not more favourable than those arranged with independent third parties and have been eliminated to arrive at the Group's results. Revenue of approximately RM9.4 million (2012: RM9.7 million) is derived from a single customer, which is attributable to the Property Investment segment.

The segmental information for the year of 2012 has been re-presented to conform with current year to date presentation.

36. SEGMENT INFORMATION (CONT'D)

(a) Business segments (Cont'd)

2013	Investment Holding RM'000	Capital Financing RM'000	Property Investment RM'000	Eliminations RM'000	Conso-lidated RM'000
Revenue					
External parties	-	44,374	16,895	-	**61,269**
Inter-segment	10,884	-	1,527	(12,411)	**-**
Dividend from associated company	54,430	-	-	(54,430)	**-**
Dividend from subsidiary companies	37,013	-	-	(37,013)	**-**
Total	**102,327**	**44,374**	**18,422**	**(103,854)**	**61,269**
Results					
Profit from operations with external parties	19,486	43,398	17,349	(16,648)	**63,585**
Add : Inter segment revenue	10,884	-	1,527	(12,411)	**-**
Add : Inter segment income	-	-	5,594	(5,594)	**-**
Less : Inter segment expenses	(5,835)	(6,949)	(4,294)	17,078	**-**
Profit before funding costs and interest expenses	24,535	36,449	20,176	(17,575)	**63,585**
Less: Funding costs and interest expenses	(6,328)	(15,594)	(6,468)	16,651	**(11,739)**
Segment profits	18,207	20,855	13,708	(924)	**51,846**
Share of profit of an associated company	160,415	-	-	924	**161,339**
Profit before tax	**178,622**	**20,855**	**13,708**	**-**	**213,185**
Income tax expense					**(17,550)**
Profit after tax					**195,635**
Other income/(expense) disclosures:					
Interest income	10,884	34,786	5,594	(16,478)	**34,786**
Dividend income	91,443	2	-	(91,443)	**2**
Unrealised gain on revaluation of FVTPL	11,412	45	-	-	**11,457**
Allowance for impairment losses	-	(497)	-	-	**(497)**
Net fair value gain on investment properties	-	-	4,088	-	**4,088**
Funding costs and interest expenses	(6,328)	(15,594)	(6,468)	16,651	**(11,739)**
Depreciation and amortisation	(1)	(276)	(502)	-	**(779)**

36. SEGMENT INFORMATION (CONT'D)

(a) Business segments (Cont'd)

2013 (Cont'd)	Investment Holding RM'000	Capital Financing RM'000	Property Investment RM'000	Conso-lidated RM'000
Assets				
Tangible assets	60,645	422,569	368,041	**851,255**
Intangible assets	147	901	-	**1,048**
	60,792	423,470	368,041	**852,303**
Investments in an associated company	2,060,706	-	-	**2,060,706**
Segment assets	2,121,498	423,470	368,041	**2,913,009**
Deferred tax assets and tax recoverable				**11,313**
Total assets				**2,924,322**
Liabilities				
Segment liabilities	9,567	251,323	55,831	**316,721**
Deferred tax liabilities and tax payable				**11,993**
Total liabilities				**328,714**
Other information				
Capital expenditure	-	1,317	2,068	**3,385**

36. SEGMENT INFORMATION (CONT'D)

(a) Business segments (Cont'd)

2012	Investment Holding RM'000	Capital Financing RM'000	Property Investment RM'000	Elimination with Discontinued Operations RM'000	Total RM'000
	Continuing Operations				
Revenue					
External parties	13	31,755	9,086	-	**40,854**
Inter-segment revenue	463	-	9,669	(9,378)	**754**
Dividend from an associated company	-	-	-	-	**-**
Dividend from subsidiary companies	78,700	-	-	-	**78,700**
Total	**79,176**	**31,755**	**18,755**	**(9,378)**	**120,308**
Results					
Profit/(loss) from operations with external parties	(9,859)	3,277	1,277	-	**(5,305)**
Add : Inter segment revenue	463	-	9,669	(9,378)	**754**
Add : Inter segment income	-	-	1,960	-	**1,960**
Less : Inter segment expenses	(1,608)	(1,478)	(598)	1,010	**(2,674)**
(Loss)/Profit before funding costs and interest expenses	(11,004)	1,799	12,308	(8,368)	**(5,265)**
Less: Funding costs and interest expenses	(1,667)	(8,466)	(2,312)	-	**(12,445)**
Segment (loss)/profit	(12,671)	(6,667)	9,996	(8,368)	**(17,710)**
Share of profit of associated companies	32,743	-	-	-	**32,743**
Profit/(loss) before tax	**20,072**	**(6,667)**	**9,996**	**(8,368)**	**15,033**
Income tax expense and zakat					**(500)**
Profit after tax from Continuing Operations					**14,533**
Profit after tax from Discontinued Operations					
Profit attributable to Owners of the Company					
Other income/(expense) disclosures:					
Dividend income	78,713	1	-	-	**78,714**
Interest income	464	21,303	1,960	(1)	**23,726**
Funding costs and interest expenses	(1,667)	(8,466)	(2,312)	-	**(12,445)**
Depreciation and amortisation	(1)	(128)	(1,889)	-	**(2,018)**
Unrealised gain on revaluation of investments	1,777	-	-	-	**1,777**
(Allowance for)/Write back of impairment losses	-	(26,077)	-	-	**(26,077)**

Discontinued Operations							
Investment Banking RM'000	Elimination with Continuing Operations RM'000	Total RM'000	Grand Total RM'000	Eliminations RM'000	Consolidated RM'000	Adjustments for Discontinued Operations RM'000	Amount shown in Statements of Profit or Loss RM'000
865,240	-	**865,240**	906,094	-	906,094	(865,240)	**40,854**
9,775	(1,010)	**8,765**	9,519	(9,519)	-	-	**-**
264	-	**264**	264	(264)	-	-	**-**
9,214	-	**9,214**	87,914	(87,914)	-	-	**-**
884,493	**(1,010)**	**883,483**	**1,003,791**	**(97,697)**	**906,094**	**(865,240)**	**40,854**
1,147,673	-	**1,147,673**	1,142,368	(11,022)	1,131,346	(1,139,753)	**(8,407)**
9,775	(1,010)	**8,765**	9,519	(9,519)	-	-	**-**
-	-	**-**	1,960	(1,960)	-	-	**-**
(23,342)	9,378	**(13,964)**	(16,638)	16,638	-	-	**-**
1,134,106	8,368	**1,142,474**	1,137,209	(5,863)	1,131,346	(1,139,753)	**(8,407)**
(172,150)	-	**(172,150)**	(184,595)	5,695	(178,900)	169,429	**(9,471)**
961,956	8,368	**970,324**	952,614	(168)	952,446	(970,324)	**(17,878)**
2,297	-	**2,297**	35,040	168	35,208	(2,297)	**32,911**
964,253	**8,368**	**972,621**	**987,654**	**-**	**987,654**	**(972,621)**	**15,033**
		(29,776)					**(500)**
		942,845					**14,533**
							942,845
							957,378
11,941	-	**11,941**	90,655	(88,178)	2,477	(2,463)	**14**
262,028	-	**262,028**	285,754	(2,969)	282,785	(262,028)	**20,757**
(172,150)	-	**(172,150)**	(184,595)	5,695	(178,900)	169,429	**(9,471)**
(19,181)	-	**(19,181)**	(21,199)	-	(21,199)	19,181	**(2,018)**
15,155	-	**15,155**	16,932	-	16,932	(15,155)	**1,777**
13,464	-	**13,464**	(12,613)	-	(12,613)	(13,464)	**(26,077)**

36. SEGMENT INFORMATION (CONT'D)

(a) Business segments (Cont'd)

2012 (Cont'd)	Investment Holding RM'000	Capital Financing RM'000	Property Investment RM'000	Conso-lidated RM'000
Assets				
Tangible assets	26,942	320,084	361,885	**708,911**
Intangible assets	127	4	-	**131**
	27,069	320,088	361,885	**709,042**
Investment in an associated company	1,905,100	-	-	**1,905,100**
Segment assets	1,932,169	320,088	361,885	**2,614,142**
Deferred tax assets and tax recoverable				**12,206**
Total assets				**2,626,348**
Liabilities				
Segment liabilities	15,749	109,140	56,033	**180,922**
Deferred tax liabilities and tax payable				**309**
Total liabilities				**181,231**
Other information				
Capital expenditure	4	144	1,644	**1,792**

36. SEGMENT INFORMATION (CONT'D)

(b) Geographical segments

Continuing Operations:
The Group operates domestically in Malaysia only.

Discontinued Operations:
The Discontinued Operations of the Group operated in Malaysia (Domestic) and overseas which include Singapore, China and Hong Kong, Indonesia, Cambodia and Thailand.

Revenue is based on geographical locations of business operations. Non-current assets other than financial instruments and deferred tax assets are presented based on the geographical location of assets, which consist of Investments in an associated company, Investment properties, Property and equipment and Intangible assets.

	Continuing Operations	Discontinued Operations				Adjustments for Discontinued Operations	
	Domestic	Domestic	Overseas	Total	Consolidated		Adjusted
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2013							
Revenue	**61,269**	-	-	**-**	61,269	-	**61,269**
Profit before tax	**213,185**	-	-	**-**	213,185	-	**213,185**
Capital expenditure	**3,385**	-	-	**-**	3,385	-	**3,385**
Non-current assets	**2,429,985**	-	-	**-**	2,429,985	-	**2,429,985**
2012							
Revenue	**40,854**	637,905	227,335	**865,240**	906,094	(865,240)	**40,854**
Profit/(loss) before tax	**15,033**	973,798	(1,177)	**972,621**	987,654	(972,621)	**15,033**
Capital expenditure	**1,792**	20,215	13,897	**34,112**	35,904	-	**35,904**
Non-current assets	**2,263,553**	-	-	**-**	2,263,553	-	**2,263,553**

37. SIGNIFICANT EVENTS AND CHANGES IN COMPOSITION OF THE GROUP

(a) Increase of equity interest in RHBC via Dividend Reinvestment Plan ("DRP")

On 1 August 2013, 37,166,089 new RHBC shares issued and allotted at the issue price of RM7.63 per share which was applied to the final dividend in respect of the year ended 31 December 2012. The Company had elected to reinvest all its dividend entitlement of RM39,420,500 by reinvesting 5,166,513 new shares in RHBC. Accordingly, the equity interest in RHBC increased from 9.82% to 9.88%.

On 13 November 2013, 15,536,071 new RHBC shares issued and allotted at the issue price of RM7.02 per share which was applied to the interim dividend in respect of the year ended 31 December 2013. The Company had elected to reinvest all its dividend entitlement of RM15,009,991 by reinvesting 2,138,175 new shares in RHBC. Consequently, the equity interest in RHBC increased from 9.88% to 9.91%.

(b) Subscription of shares in OSK Realty Sdn Bhd ("OSKR"), a wholly-owned subsidiary company

On 31 December 2013, the Company subscribed for 117,000,000 new ordinary shares of RM1.00 each in OSKR for additional working capital purpose, via capitalisation of advances from the Company. The issued and paid-up share capital of OSKR was increased from RM33,000,000 to RM150,000,000. The equity interest in OSKR remained at 100%.

38. FINANCIAL RISK MANAGEMENT

(a) Financial risk management objectives and policies

The Group's financial risk management policies were established to ensure adequate financial resources for business development and manage its credit, liquidity, cash flow, market, interest rate, operational and currency risks. The Group manages and allocates its capital resources centrally to ensure that all business units of the Group maintain the required level of capital and prudent level of liquidity at all times. The Group operates within clearly defined guidelines that are approved by the Board of Directors.

In the previous year, prior to the disposal of subsidiary companies as disclosed in Note 33, the Group's stockbroking business in Malaysia was supervised by the Securities Commission ("SC") and Bursa Securities. The Group's stockbroking business in Singapore, Hong Kong, Indonesia, Thailand and Cambodia and banking activities in Cambodia were supervised by their respective authority bodies. OSKIB, a former subsidiary, was required to maintain the Risk Weighted Capital Ratio in accordance with the rules of Bank Negara Malaysia. Similarly, the Group's futures broking business in Malaysia was required to comply with the business rules of Bursa Malaysia Derivatives Berhad ("Bursa Derivatives") and Bursa Malaysia Derivatives Clearing Berhad and operational and financial requirements of Bursa Derivatives. The Group's unit trust business in Malaysia were supervised by SC and are required to adhere to the guidelines issued by the SC.

In dealing with its stewardship, the Board of Directors recognises that effective risk management is an integral part of good business practice. The Board acknowledges that the Group's activities may involve some degree of risks and it should be noted that any system could only provide a reasonable and not absolute assurance against any misstatement or loss.

The Board will pursue an ongoing process of identifying, assessing and managing key business areas, overall operational and financial risks faced by its business units as well as regularly reviewing and enhancing risk mitigation strategies.

38. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial risk management objectives and policies (Cont'd)

The Group's policies in respect of the major areas of financial risk activities are set out as follows:

Credit risk

Credit risk is the potential loss arising from the failure by a counterparty to fulfill its obligations under a contractual agreement and include settlement/clearing risk, concentration risk, credit assessment risk, recovery risk and credit-related liquidity risk.

Allowance for impairment losses on bad and doubtful debts are made and interest income is recognised or in accordance with the relevant rules or when deemed necessary based on estimates of possible losses that may arise from non-collection of debts from its capital financing business. Write-off of debts against individual assessment are made only when avenues of recovery have been exhausted and the debts are deemed to be irrecoverable in the foreseeable future.

The Group's capital financing activities are guided by internal credit policies and guidelines that are approved by the Board of Directors, which has been established to ensure that the overall objectives in the area of lending are achieved. The Group conservatively manages its credit risk by controlling the granting of credit approvals, revision in limits and other monitoring procedures.

Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the Group will encounter difficulties in maintaining and raising funds to meet its financial commitments and obligations when they fall due at a reasonable cost. Funding needs of the Group are primarily met by bank borrowings and internally generated funds.

The Group seeks to achieve a balance between certainty of funding and a flexible, cost- effective borrowing structure. The Group's policy seeks to ensure that all projected net borrowing needs are covered by committed facilities. In addition, debt maturities are closely monitored to ensure that the Group is able to meet its obligations as and when they fall due and any refinancing needs are met.

The Group manages the funding needs and allocates funds in such manner that all business units maintain optimum levels of liquidity which are sufficient for their operations.

Cash flow risk

Cash flow risk is the risk that the future cash flows associated with a monetary financial instrument will fluctuate in amount. Cash flow forecasts are prepared taking into account all major transactions. Any excess funds from operating cash cycles, which are temporary in nature, are invested in short term placements and fixed deposits as and when available with a wide array of licensed financial institutions at the most competitive interest rates obtainable.

38. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial risk management objectives and policies (Cont'd)

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market prices. The risk of loss in value is minimised via adherence of qualifying criteria before making the investments and by continuous monitoring of the performance and market risk of the investments.

Management continually evaluates risk arising from adverse movements in market prices or rates. The Group invests in marketable securities in Malaysia, Singapore and Hong Kong. External conditions such as global and domestic economic climates that are generally unpredictable and uncontrollable may affect the overall performance of the Group.

The credit risk of clients that the Group provides short term financing is also closely associated to market risk, as the changes in market prices will alter the value of client's investment and collateral provided to the Group. Risk of this nature is managed and mitigated by selective funding of client's investment and stringent criteria for collateral acceptance. The risk of loss in value of investment is mitigated via adherence to stringent qualifying criteria before making the investments and by continuous monitoring of the performance and medium term market risk of the investment.

In respect of the Group's property investment activities, market risk arises from changes in the state of domestic property prices. The Group minimises its exposure to adverse fluctuation in property value by continuous monitoring of the state of the property market. Gain or loss arising from the change in the fair value will be made in the statement of profit or loss for the period in which it arises.

Interest rate risk

Interest rate risk is the risk that the value or yield of a financial instrument will fluctuate due to changes in market interest rate. The floating rate borrowings based on respective financial institutions' base lending rates or cost of funds are set by the Group to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall. The floating rate borrowings are monitored and negotiated according to changes in the interest rates to ensure that the Group benefits from enjoying the lowest possible finance cost.

Currency risk

The currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Other than investments denominated in United States Dollar and Hong Kong Dollar, the Group is not exposed to any other significant foreign exchange risk arising from foreign currency transactions that may affect the overall activities of the Group.

38. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk

The Group has no significant concentration of credit risk from exposure to a single receivable or to groups of receivables except as disclosed in Note 12. The maximum exposure to credit risk associated with recognised financial assets is the carrying amount shown in the statement of financial position.

The Company is also exposed to credit risk arising from amount due from subsidiary companies and financial guarantee given to banks for subsidiary companies' borrowings, where the maximum credit risk exposure arising from the financial guarantee is the amount of borrowings utilised by the subsidiary companies. Management is of the view that the amount due from subsidiary companies is fully recoverable and financial guarantee is unlikely to be called by banks.

Bank balances are placed with creditworthy financial institutions. The Company considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

(i) Collateral

The main types of collateral obtained by the Group to mitigate credit risk of capital financing are pledges over quoted shares, charges over properties, ownership claims over assets financed and guarantee from individuals.

Credit risk of capital financing is mitigated via collateral held as security. As at 31 December 2013, collateral held as security are above the net outstanding capital financing.

(ii) Credit quality

The Group assesses credit quality of capital financing using the following internal classified grades:

(a) "Grade A" refers to capital financing with collateral value higher than the net outstanding amount. The collateral able to be used to settle in whole the indebtedness of the customer in the event of default.

(b) "Grade B" refers to capital financing with collateral value lower than the net outstanding amount. The collateral able to be used to settle in part the indebtedness of the customer in the event of default.

The credit quality of gross capital financing that are neither past due nor impaired is analysed as follows:

	Group	
	2013 RM'000	2012 RM'000
Capital financing		
- Grade A	357,573	281,750
- Grade B	742	11,185
	358,315	292,935

38. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk

The table below analyses the Group's and Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, the balances will not agree to the balances as reported in the statements of financial position as the table incorporates all contractual cash flows on an undiscounted basis, relating to both principal and interest payments.

Group	Less than 3 months RM'000	>3-12 months RM'000	>1-2 years RM'000	Over 2 years RM'000	Total RM'000
2013					
Borrowings	50,324	244,791	-	-	295,115
Trade and other payables	9,531	9,522	45	4,941	24,039
2012					
Borrowings	50,300	108,631	-	-	158,931
Trade and other payables	1,679	16,044	23	4,827	22,573
Company					
2013					
Amount due to subsidiary companies	167,339	-	-	-	167,339
Trade and other payables	212	10,979	-	-	11,191
2012					
Amount due to subsidiary companies	59,550	-	-	-	59,550
Trade and other payables	188	10,587	7,000	-	17,775

The maximum amount of the financial guarantee issued to the banks for subsidiary companies' borrowings is limited to the amount utilised by the subsidiary companies, amounting to RM290.2 million as at 31 December 2013.

The Company believes that the liquidity risk in respect of the financial guarantee is minimum as it is unlikely that the subsidiary companies will not make payment to the banks when due.

38. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market risk

Sensitivity analysis for equity price risk

At the reporting date, if the FTSE Bursa Malaysia KLCI had been 5% (2012: 5%) higher/lower, with all other variables held constant, the Groups' profit net of tax would have been approximately RM1.14 million (2012: RM508,000) higher/lower, arising as a result of higher/lower fair value gains on quoted securities at fair value through profit or loss in Malaysia listed on Bursa Malaysia.

At the reporting date, if the NYSE Composite Index in the United States of America had been 5% (2012: 5%) higher/lower, with all other variables held constant, the Groups' profit net of tax would have been approximately RM602,000 (2012: RM468,000) higher/lower, arising as a result of higher/lower fair value gains on quoted securities at fair value through profit or loss in the United States of America.

At the reporting date, if the Hang Seng Index in the Hong Kong had been 5% higher/lower, with all other variables held constant, the Group's profit net of tax would have been approximately RM851,000 higher/lower, arising as a result of higher/lower fair value gains on quoted securities at fair value through profit or loss in the Hong Kong.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been an average of 75 (2012: 75) basis points higher for the Group, with all other variables held constant, the Group's profit net of tax would have been approximately RM797,000 (2012: RM292,000) higher/lower, arising mainly as a result of higher/lower interest income from capital financing and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(e) Fair value measurement

Determination of fair value

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

(i) Trade and other receivables/payables, cash and cash equivalents, capital financing and short term borrowings

The carrying amounts approximated fair values due to the relatively short term maturity in nature of these financial instruments.

(ii) Financial guarantees

Fair value is determined using a market based approach by identifying an equivalent market rate of financial guarantee issued for the subsidiary or another company with similar credit standing, and applying the market rate against the guaranteed amount to derive fair value of financial guarantees on initial recognition. Financial guarantees are subsequently recognised as income over the period of the guarantee or at any amount payable should the guarantees crystalise. Financial guarantee liability outstanding at the reporting date relates to the guarantee income for the remaining period guaranteed.

38. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Fair value measurement (Cont'd)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows on analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Group 2013	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Recurring fair value measurement:					
Non financial asset					
Investment properties	5	-	193,951	165,000	358,951
Financial assets					
Available-for-sale financial asset		-	-	165	165
Financial assets at fair value through profit or loss	11	69,061	-	-	69,061
Total assets		**69,061**	**193,951**	**165,165**	**428,177**

Company 2013	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Recurring fair value measurement:					
Financial assets					
Financial assets at fair value through profit or loss	11	**60,507**	**-**	**-**	**60,507**

38. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Fair value measurement (Cont'd)

Fair value hierarchy (Cont'd)

Group 2012	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Recurring fair value measurement:					
Non financial asset					
Investment properties		-	184,650	165,000	349,650
Financial assets					
Available-for-sale financial asset		-	-	165	165
Financial assets at fair value through profit or loss	11	26,031	-	-	26,031
Total assets		**26,031**	**184,650**	**165,165**	**375,846**

Company 2012	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Recurring fair value measurement:					
Financial assets					
Financial assets at fair value through profit or loss	11	**25,917**	**-**	**-**	**25,917**

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. There were no transfers between Level 1 and 2 during the year.

38. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Fair value measurement (Cont'd)

Fair value hierarchy (Cont'd)

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy as follows:

	Group 2013 RM'000
As at 1 January	165,165
Amount capitalised upon completion of installation	3,907
Additions	1,005
Fair value loss recognised in profit or loss	(4,912)
As at 31 December	165,165

No movements in Level 3 financial instruments for 2012.

(f) Categories of financial instruments

	Note	Loans and receivables RM'000	Assets at fair value through profit or loss RM'000	Available-for-sale RM'000	Total RM'000
Group					
2013					
Financial Assets					
Available-for-sale securities	9	-	-	165	165
Securities at fair value through profit or loss	11	-	69,061	-	69,061
Capital financing	12	411,293	-	-	411,293
Trade receivables	13	41	-	-	41
Other financial assets	14	368	-	-	368
Cash and bank balances	16	2,015	-	-	2,015
		413,717	**69,061**	**165**	**482,943**

	Note	Other financial liabilities at amortised cost RM'000	Total RM'000
Financial Liabilities			
Trade payables	18	459	459
Borrowings	19	290,219	290,219
Other liabilities	20	24,039	24,039
		314,717	**314,717**

38. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Categories of financial instruments (Cont'd)

	Note	Loans and receivables RM'000	Assets at fair value through profit or loss RM'000	Available-for-sale RM'000	Total RM'000
Company					
2013					
Financial Assets					
Securities at fair value through profit or loss	11	-	60,507	-	60,507
Other financial assets	14	33	-	-	33
Amount due from subsidiary companies	15	131,678	-	-	131,678
Cash and bank balances	16	92	-	-	92
		131,803	**60,507**	**-**	**192,310**

	Note	Other financial liabilities at amortised cost RM'000	Total RM'000
Financial Liabilities			
Other liabilities	20	11,191	11,191
Amount due to subsidiary companies	15	167,339	167,339
		178,530	**178,530**

38. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Categories of financial instruments (Cont'd)

	Note	Loans and receivables RM'000	Assets at fair value through profit or loss RM'000	Available-for-sale RM'000	Total RM'000
Group					
2012					
Financial Assets					
Available-for-sale securities	9	-	-	165	165
Securities at fair value through profit or loss	11	-	26,031	-	26,031
Capital financing	12	318,218	-	-	318,218
Trade receivables	13	673	-	-	673
Other financial assets	14	4,328	-	-	4,328
Cash and bank balances	16	775	-	-	775
		323,994	**26,031**	**165**	**350,190**

	Note	Other financial liabilities at amortised cost RM'000	Total RM'000
Financial Liabilities			
Trade payables	18	84	84
Borrowings	19	156,744	156,744
Other liabilities	20	22,573	22,573
		179,401	**179,401**

	Note	Loans and receivables RM'000	Assets at fair value through profit or loss RM'000	Available-for-sale RM'000	Total RM'000
Company					
2012					
Financial Assets					
Securities at fair value through profit or loss	11	-	25,917	-	25,917
Other financial assets	14	84	-	-	84
Amount due from subsidiary companies	15	174,670	-	-	174,670
Cash and bank balances	16	39	-	-	39
		174,793	**25,917**	**-**	**200,710**

38. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Categories of financial instruments (Cont'd)

Company
2012 (Cont'd)

	Note	Other financial liabilities at amortised cost RM'000	Total RM'000
Financial Liabilities			
Other liabilities	20	17,775	17,775
Amount due to subsidiary companies	15	59,550	59,550
		77,325	**77,325**

39. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions by meeting the internal capital requirements, optimising return to shareholders, maintaining adequate levels and optimum mix of capital. To meet these objectives, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 31 December 2012.

The Group monitors capital by actively monitoring the level of gearing ratio, which is total borrowings divided by equity attributable to the Owners of the Company.

	Note	Group 2013 RM'000	Group 2012 RM'000
Total debts			
Borrowings	19	290,219	156,744
Total capital			
Equity attributable to the Owners of the Company		2,595,608	2,445,117
Gearing ratio (times)		**0.11**	**0.06**

40. COMPARATIVE FIGURES

The audited financial statements for year ended 31 December 2012 were prepared pursuant to the Bank Negara Malaysia - BNM/GP8 presentation as the significant results of the Group are contributed from the former investment banking subsidiary companies as disclosed in Note 33. Hence, the comparative figures for the financial statements were re-presented by complying to MFRS 101: Presentation of Financial Statements.

41. DETERMINATION REALISED AND UNREALISED PROFITS OR LOSSES IN THE CONTEXT OF DISCLOSURE PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

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

	Group	
	2013 RM'000	2012 RM'000
Total retained profits of the Company and its subsidiary companies		
- Realised	1,437,077	1,377,306
- Unrealised	111,294	105,185
	1,548,371	1,482,491
Total share of retained profits from an associated company		
- Realised	173,109	39,878
	1,721,480	1,522,369
Less : Consolidation adjustments	(168,043)	(126,418)
	1,553,437	1,395,951

	Company	
	2013 RM'000	2012 RM'000
Total retained profits of the Company		
- Realised	1,358,107	1,352,678
- Unrealised	7,126	(3,377)
	1,365,233	1,349,301

PROPERTIES CLASSIFIED AS INVESTMENT PROPERTIES

	ADDRESS/LOCATION	DESCRIPTION	TENURE	APPROXI-MATE AREA	DATE OF REVALUATION	EXISTING USE	APPROXI-MATE AGE OF BUILDING	CARRYING VALUE RM'000
1	Plaza OSK, Jalan Ampang, Kuala Lumpur	24 storey building	Freehold	5,351 square metres	31 December 2013	Offices	29 years	157,000
2	No.40, Jalan Radin Anum 2, Bandar Baru Sri Petaling, Kuala Lumpur	3 storey shop house	Leasehold, expiring on 5 April 2078	167 square metres	14 December 2012	Office	18 years	2,150
3	No. 21, 23 & 25, Jalan Seenivasagam, Greentown, Ipoh, Perak Darul Ridzuan	7 storey building	Freehold (1778 square feet) and leasehold (5422 square feet), all expiring on 21 September 2894 except for PN154658 Lot 2269N expiring on 21 September 2884	668.88 square metres	4 January 2013	Offices	19 years	8,000
4	No. 55, Zone J4, Jalan Radin Anum, Bandar Baru Seri Petaling, 57000 Kuala Lumpur	4 storey office	Leasehold, expiring on 5 April 2078	557 square metres	14 December 2012	Office	10 years	7,500
5	No.579-580, Taman Melaka Raya, 75000 Melaka	3 storey shoplot	Leasehold, expiring on 4 October 2082	466 square metres	13 December 2012	Offices	27 years	3,900
6	Lot No: 377 & 378 Town Section 20, Town of Georgetown, Daerah Timor Laut, Pulau Pinang	5 storey building	Freehold	Lot 377: 1,358 square feet and Lot 378: 2,277 square feet	20 December 2012	Office	34 years	4,500
7	Jalan Ampang, Kuala Lumpur	2 storey building	Freehold	5,652.82 square metres [1a.2r.18.3p]	31 December 2013	Under construction	-	158,000
8	No. 62 & 64, Vista Magna, Jalan Prima, Metro Prima, 52100 Kuala Lumpur	Shop offices	Leasehold, expiring on 28 April 2096	1,004 square metres	26 December 2012	Office	10 years	4,400
9	No. 3, Jalan Susur Utama 2/1, Taman Utama, 85000 Segamat, Johor Darul Takzim	4 storey shops	Freehold	153 square metres	14 December 2012	Office	9 years	700
10	B32 & B34, Lorong Tun Ismail 8, Seri Dagangan II, 25000 Kuantan, Pahang	3 storey shop offices	Freehold	260 square metres	18 December 2012	Office	7 years	2,600

PROPERTIES CLASSIFIED AS INVESTMENT PROPERTIES (CONT'D)

	ADDRESS/LOCATION	DESCRIPTION	TENURE	APPROXI-MATE AREA	DATE OF REVALUATION	EXISTING USE	APPROXI-MATE AGE OF BUILDING	CARRYING VALUE RM'000
11	119, Jalan Sutera Tanjung 8/2, Taman Sutera Utama, 81300 Skudai, Johor Bahru, Johor Darul Takzim	3 storey shop office	Freehold	201 square metres	17 December 2012	Office	6 years	2,000
12	121, Jalan Sutera Tanjung 8/2, Taman Sutera Utama, 81300 Skudai, Johor Bahru, Johor Darul Takzim	3 storey shop office	Freehold	201 square metres	17 December 2012	Office	6 years	2,000
13	No. 21, Jalan Molek 1/30 Taman Molek, 81100 Johor Bahru, Johor Darul Takzim	3 storey shop office	Freehold	230.4 square metres	14 December 2012	Office	5 years	2,000
14	No. 23, Jalan Molek 1/30 Taman Molek, 81100 Johor Bahru, Johor Darul Takzim	3 storey shop office	Freehold	178.37 square metres	14 December 2012	Office	5 years	1,600
15	No. 13, Jalan Kenari 3, Bandar Puchong Jaya, 47100 Petaling Jaya, Selangor	3½ storey shop office	Freehold	167 square metres	26 December 2012	Office	8 years	2,300

PROPERTIES CLASSIFIED AS PROPERTY AND EQUIPMENT

	ADDRESS/LOCATION	DESCRIPTION	TENURE	APPROXI-MATE AREA	DATE OF REVALUATION	EXISTING USE	APPROXI-MATE AGE OF BUILDING	CARRYING VALUE RM'000
1	Lot 569, Raub, Pahang Darul Makmur	Land	Freehold	85a.3r.10p	23 June 1995	Agriculture land	-	1,288
2	Lot 431, Raub, Pahang Darul Makmur	Land	Freehold	4a.1r.30p	23 June 1995	Agriculture land	-	323
3	A-34, Lot 89 Jalan Pekeliling/ Padang Golf, 39000 Tanah Rata, Cameron Highlands, Pahang Darul Makmur	Land and bungalow	Leasehold, expiring on 1 November 2038	2a.2r.27p	7 September 1998	Residential	1 year	5,775

Name of Director	Number of Ordinary Shares of RM1.00 each Direct Interest	%	Indirect Interest	%
1. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	16,797,802	1.73	-	-
2. Tan Sri Ong Leong Huat @ Wong Joo Hwa	8,200,000	0.85	*382,029,737	39.51

Note:

* Deemed interested by virtue of his substantial shareholdings in Land Management Sdn. Bhd. and OSK Equity Holdings Sdn. Bhd. and disclosure made pursuant to Section 134(12)(c) of the Companies Act, 1965 on interests held by his spouse and children.

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

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

STATEMENT OF SHAREHOLDINGS

AS AT 28 FEBRUARY 2014

Authorised Capital	:	RM1,500,000,000
Issued and fully paid-up capital	:	RM967,023,019 (excluding 2,035,053 treasury shares which inclusive of 1,397,900 Shares bought back by the Company on 28 February 2014 and held as treasury shares)
Class of Shares	:	Ordinary Shares of RM1.00 each fully paid
Voting Rights	:	One vote per RM1.00 share

BREAKDOWN OF HOLDINGS*

Range of Holdings	No. of Holders	Percentage of Holders	No. of RM1.00 share	Percentage of Issued Capital
1 – 99	3,285	12.86	130,571	0.01
100 – 1,000	1,537	6.02	660,953	0.07
1,001 – 10,000	14,822	58.01	55,788,431	5.76
10,001 – 100,000	5,280	20.66	134,946,471	13.93
100,001 – 48,421,044**	624	2.44	412,506,744	42.60
48,421,045 and above***	3	0.01	364,387,749	37.63
	25,551	100.00	968,420,919	100.00

Remarks:

* Based on the Record of Depositors as at 28 February 2014, which has not taken into consideration 1,397,900 Shares bought by the Company on 28 February 2014 and held as treasury shares.
** Less than 5% of the issued holdings
*** 5% and above of the issued holdings

SUBSTANTIAL SHAREHOLDERS

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

Name of Substantial Shareholder	Number of Ordinary Shares of RM1.00 each Direct Interest	%	Indirect Interest	%
1. Tan Sri Ong Leong Huat @ Wong Joo Hwa	8,200,000	0.85	*364,572,178	37.70
2. OSK Equity Holdings Sdn. Bhd.	364,387,749	37.68	-	-

Note:

* Deemed interested by virtue of his substantial shareholdings in Land Management Sdn. Bhd. and OSK Equity Holdings Sdn. Bhd.

THIRTY LARGEST REGISTERED HOLDERS*

Name	No. of Shares	%
1. Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for OSK Equity Holdings Sdn. Bhd. (211920)	177,612,813	18.34
2. UOBM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for OSK Equity Holdings Sdn. Bhd. (PCB)	100,000,000	10.33
3. OSK Equity Holdings Sdn. Bhd.	86,774,936	8.96
4. HSBC Nominees (Asing) Sdn. Bhd. Exempt AN For JPMorgan Chase Bank, National Association (NORGES BK)	17,613,000	1.82
5. Dato' Nik Mohamed Din bin Datuk Nik Yusoff	16,797,802	1.73
6. Wong Chong Ngin	15,540,000	1.60
7. HSBC Nominees (Asing) Sdn. Bhd. HSBC BK PLC for Saudi Arabian Monetary Agency	11,558,800	1.19
8. Puan Sri Khor Chai Moi	9,331,592	0.96
9. CIMB Commerce Trustee Berhad Public Focus Select Fund	8,440,400	0.87
10. HSBC Nominees (Tempatan) Sdn. Bhd. AA NOMS SG for Tan Sri Ong Leong Huat @ Wong Joo Hwa	8,200,000	0.85
11. Citigroup Nominees (Tempatan) Sdn. Bhd. Allianz Life Insurance Malaysia Berhad (P)	7,880,500	0.81
12. Amanahraya Trustees Berhad Public Smallcap Fund	7,679,800	0.79
13. HSBC Nominees (Asing) Sdn. Bhd. BNY Brussels for Wisdomtree Emerging Markets Smallcap Dividend Fund	7,409,556	0.77
14. Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Dimensional Emerging Markets Value Fund	7,208,470	0.74
15. Nora Ee Siong Chee	6,790,625	0.70
16. Chin Cheng Mei	6,305,800	0.65
17. HSBC Nominees (Asing) Sdn. Bhd. Exempt AN for Credit Suisse (SG BR-TST-ASING)	5,341,437	0.55
18. Tan Swee Kwong	5,335,825	0.55
19. Dato' Nik Mohamed Bin Nik Yahya	4,913,663	0.51

THIRTY LARGEST REGISTERED HOLDERS* (CONT'D)

Name	No. of Shares	%
20. RHB Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Lee Sui Hee	4,750,000	0.49
21. HSBC Nominees (Asing) Sdn. Bhd. Exempt AN for The Bank of New York Mellon (Mellon Acct)	4,210,141	0.43
22. Amanahraya Trustees Berhad Public Strategic Smallcap Fund	4,080,300	0.42
23. HSBC Nominees (Asing) Sdn. Bhd. Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	4,008,234	0.41
24. Tan Eng Heng	4,000,000	0.41
25. HSBC Nominees (Asing) Sdn. Bhd. Exempt AN for Credit Suisse Securities (Europe) Limited	3,883,000	0.40
26. Ong Ju Yan	3,222,229	0.33
27. Citigroup Nominees (Asing) Sdn. Bhd. CBNY for DFA Emerging Markets Small Cap Series	3,038,370	0.31
28. Khor Chei Yong	2,841,218	0.29
29. Toh Ean Hai	2,840,000	0.29
30. RHB Nominees (Asing) Sdn. Bhd. DMG & Partners Securities Pte Ltd for Jen Shek Chuen (910088)	2,665,263	0.28

Remarks:

* Based on the Record of Depositors as at 28 February 2014, which has not taken into consideration 1,397,900 Shares bought by the Company on 28 February 2014 and held as treasury shares.

OSK HOLDINGS BERHAD (207075-U)
(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 Holdings Berhad hereby appoint :-

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

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

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

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 Twenty-Fourth Annual General Meeting of the Company to be held at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Monday, 21 April 2014 at 2.30 p.m. and at any adjournment thereof.

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

Item	Agenda	Resolution	For	Against
1.	To receive the Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2013 and the Reports of Directors and Auditors thereon.			
2.	To sanction the declaration of a single-tier final dividend of 5.0 sen per share in respect of the financial year ended 31 December 2013.	1		
3.	To approve the payment of Directors' fees of RM278,562.00 for the financial year ended 31 December 2013.	2		
4.	To re-elect Mr Foo San Kan who retires by rotation in accordance with Article 102(1) of the Company's Articles of Association and being eligible, offers himself for re-election.	3		
5.	To re-appoint Dato' Nik Mohamed Din bin Datuk Nik Yusoff who retires pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of the next Annual General Meeting of the Company.	4		
6.	To re-appoint Tan Sri Ong Leong Huat @ Wong Joo Hwa who retires pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of the next Annual General Meeting of the Company.	5		
7.	To re-appoint Messrs. PricewaterhouseCoopers as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.	6		
Special Business				
8.	Authority to Issue Shares	7		
9.	Proposed Renewal of Shareholders' Mandate	8		
10.	Proposed Renewal of Share Buy-Back Authority	9		

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

Dated this day _________ of _______________ 2014

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

NOTES:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 April 2014 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
2. A member entitled to attend and vote at this meeting is entitled to appoint a proxy/proxies to attend and vote instead of him. A proxy may but need not be a member of the Company. Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
3. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holding(s) to be represented by each proxy.
4. 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.
5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy must be deposited at the office of the Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

www.oskholdings.com

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OSK Holdings Berhad (207075-U)
(Incorporated in Malaysia)

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