ANNUAL REPORT

2014

OSK Holdings


OSK

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting of the Company will be held at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Friday, 17 April 2015 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 2014 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 2014. **Ordinary Resolution 1**

3. To approve the payment of Directors' fees of RM265,000.00 for the financial year ended 31 December 2014. **Ordinary Resolution 2**

4. To re-elect Dr. Ngo Get Ping 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. **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 24 March 2015, 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 parties 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) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits and share premium account of the Company based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s); 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 2014, if approved by the shareholders at the Twenty-Fifth Annual General Meeting, will be payable on 8 May 2015 to shareholders whose names appear in the Register of Members and Record of Depositors on 20 April 2015.

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 16 April 2015 (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 20 April 2015 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
24 March 2015

NOTES:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 9 April 2015 ("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 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 24 March 2015 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 share capital of the Company by utilising the funds allocated which shall not exceed the aggregate of the retained profits and share premium account of the Company.

   Based on the Audited Financial Statements of the Company as at 31 December 2014, the Company's retained profits amounted to RM1,317.0 million and there was no share premium account.

   Please refer to the Share Buy-Back Statement dated 24 March 2015 for further information.

FIVE-YEAR GROUP FINANCIAL SUMMARY

(RM'000)	2014	2013	2012	2011	2010
FINANCIAL RESULTS					
Revenue	**59,928**	61,269	906,094 [3]	1,051,384	1,012,205
Profit Before Tax	**215,615**	213,185	987,654 [3]	95,015	207,802
Profit Attributable To Owners Of The Company	**204,255**	195,635	944,925 [3]	52,751	127,624
KEY FINANCIAL POSITION					
Total Assets	**3,116,882**	2,924,322	2,626,348	9,707,503	9,102,847
Total Liabilities	**408,891**	328,714	181,231	7,945,929	7,399,385
Net Assets Attributable To Owners Of The Company (Shareholders' Funds)	**2,707,991**	2,595,608	2,445,117	1,460,386	1,458,721
Total Number Of Outstanding Ordinary Shares In Issue ('000)	**950,961**	968,421	968,423	939,992	938,060
SHARE INFORMATION					
Basic Earnings Per Share (sen)	**21.29**	20.20	98.74 [3]	5.62	13.87
Gross Dividends Per Share Declared / Proposed (sen)	**7.50** [1]	7.50 [2]	10.00	Note [4]	7.50
Net Assets Per Share Attributable To Owners Of The Company (RM)	**2.85**	2.68	2.52	1.55	1.56
Closing Price At End Of The Year (RM)	**2.03**	1.65	1.44	1.78	1.97

Notes:

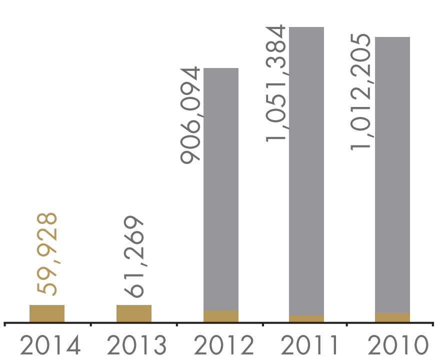
[1] 7.5 sen consists of a single-tier interim dividend of 2.5 sen and a proposed single-tier final dividend of 5.0 sen per share. The proposed dividend is subject to Shareholders' approval at the forthcoming Annual General Meeting.

[2] 7.5 sen consists of an interim dividend of 2.5 sen less 25% income tax and a single-tier final dividend of 5.0 sen per share.

[3] 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 subsidiary companies of RM857.69 million.

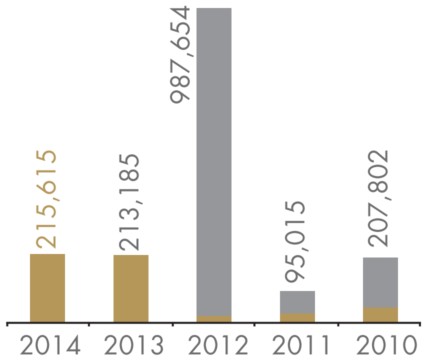
[4] Dividend of 4.5 sen less 25% income tax and one (1) treasury share for every forty (40) ordinary shares held.

Revenue (RM'000)



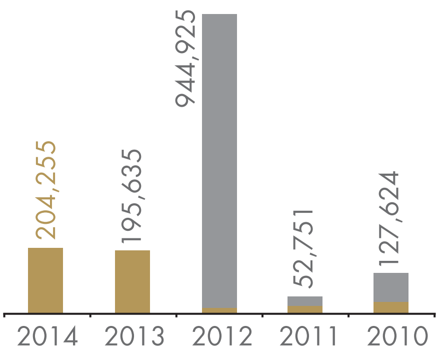
	-	-	865,240	1,022,430	970,483
	59,928	61,269	40,854	28,954	41,722
	59,928	61,269	906,094	1,051,384	1,012,205

Profit Before Tax (RM'000)



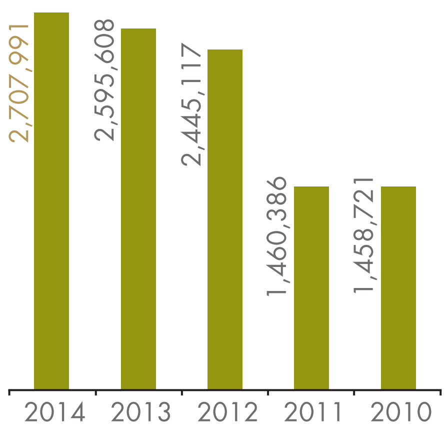
	-	-	972,621	68,659	159,469
	215,615	213,185	15,033	26,356	48,333
	215,615	213,185	987,654	95,015	207,802

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

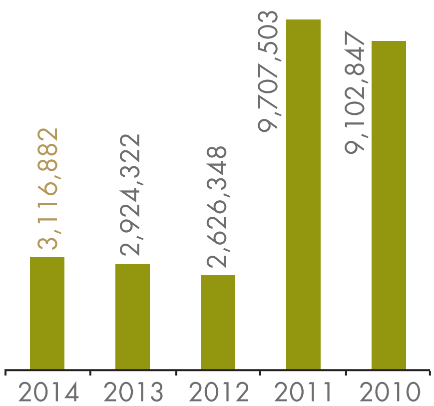


	-	-	930,392	31,449	87,592
	204,255	195,635	14,533	21,302	40,032
	204,255	195,635	944,925	52,751	127,624

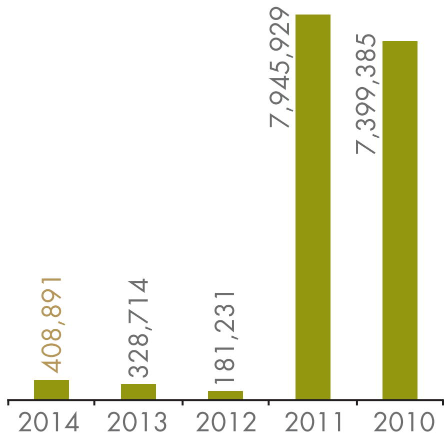
Net Assets Attributable To Owners Of The Company (Shareholders' Funds) (RM'000)



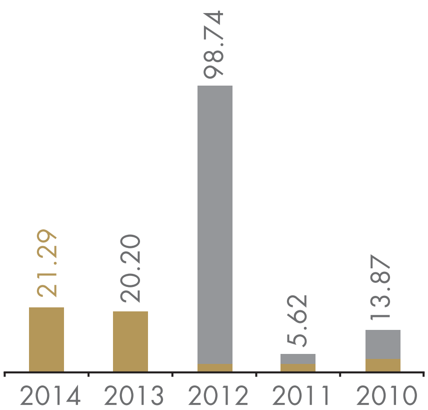
Total Assets (RM'000)



Total Liabilities (RM'000)

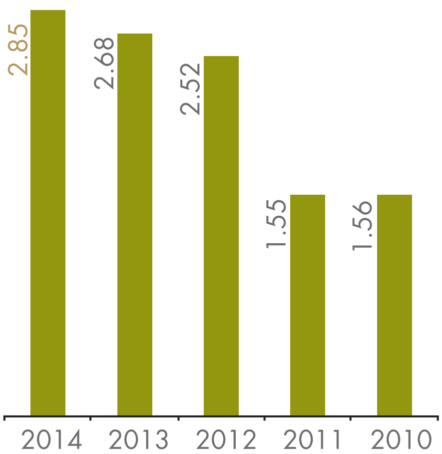


Basic Earnings Per Share (sen)

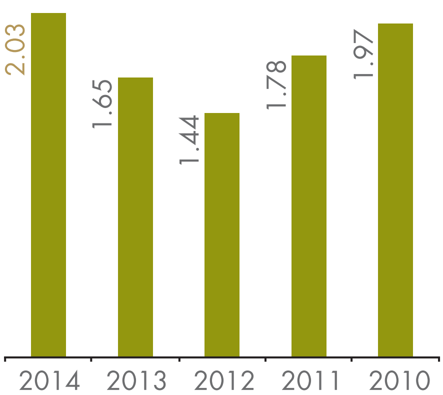


	-	-	97.22	3.35	9.52
	21.29	20.20	1.52	2.27	4.35
	21.29	20.20	98.74	5.62	13.87

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

COMPANY SECRETARIES

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

AUDITORS

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

SOLICITORS

Cheang & Ariff
Shen, Eow & Partners

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) 2026 6331

STOCK EXCHANGE LISTING

Main Market, Bursa Malaysia Securities Berhad

STOCK NAME AND CODE

OSK (5053)

CORPORATE STRUCTURE

OSK Holdings Berhad

ASSOCIATED COMPANY

- RHB Capital Berhad
  9.94%

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 72, 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 the Executive Chairman as well as a shareholder of O.S.K. & Partners Sendirian Berhad.

In 1985, Dato' Nik Mohamed Din was elected as 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, 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 and Material Contracts) which appears on pages 51 to 53 of this Annual Report. He has no conviction for any offences within the past ten (10) years.

Dato' Nik Mohamed Din attended four (4) out of the five (5) Board Meetings of the Company held during the financial year ended 31 December 2014.

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 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/Chief Executive Officer of OSK Securities Berhad from July 1985 to January 2007 and was thereafter appointed as the Group Managing Director/Chief Executive Officer 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 of the Company. He has no conflict of interest other than disclosed under Additional Disclosures (Recurrent Related Party Transactions and Material Contracts) which appears on pages 51 to 53 of this Annual Report. He has no conviction for any offences within the past ten (10) years.

Tan Sri Ong attended all the five (5) Board Meetings of the Company held during the financial year ended 31 December 2014.

FOO SAN KAN

Senior Independent Non-Executive Director

Foo San Kan, aged 66, 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, 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 and Material Contracts) which appears on pages 51 to 53 of this Annual Report. He has no conviction for any offences within the past ten (10) years.

Mr. Foo attended four (4) out of the five (5) Board Meetings of the Company held during the financial year ended 31 December 2014.

DATO' ABDUL MAJIT BIN AHMAD KHAN

Independent Non-Executive Director

Dato' Abdul Majit bin Ahmad Khan, aged 69, 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, Zecon Berhad, ML Global Berhad (formerly known as VTI Vintage Berhad) and Dutaland 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 and Material Contracts) which appears on pages 51 to 53 of this Annual Report. He has no conviction for any offences within the past ten (10) years.

Dato' Abdul Majit attended four (4) out of the five (5) Board Meetings of the Company held during the financial year ended 31 December 2014.

DR. NGO GET PING

Independent Non-Executive Director

Dr. Ngo Get Ping, aged 56, 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 Engineer, 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 of 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 and Material Contracts) which appears on pages 51 to 53 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 2014.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

Generally, the year 2014 has been challenging, especially in the second half of the year. With the oil prices in sharp decline in the fourth quarter of 2014 affecting government led initiatives, the weakening of the Malaysian Ringgit and the Goods and Services Tax ("GST") implementation in April 2015, domestic demand has been affected and business climate has dampened.

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report for OSK Holdings Berhad ("the Company") for the year ended 31 December 2014.

FINANCIAL PERFORMANCE

Amidst challenging economic conditions on both external and domestic fronts, I am pleased to report that 2014 was another good and profitable year for OSK Holdings Berhad group ("the Group").

During the year under review, the Group registered higher profit attributable to owners of the Company of RM204.25 million, up by 4% compared to RM195.64 million in 2013. Total assets stood at RM3.12 billion with shareholders' funds recorded at RM2.71 billion as at 31 December 2014, compared to RM2.92 billion and RM2.60 billion respectively as at the end of 2013.

In tandem with the positive growth of earnings and equity attributable to owners of the Company, the net assets per share of the Group improved by 6% from RM2.68 to RM2.85. Earnings per share for 2014 increased from 20.20 sen in 2013 to 21.29 sen in 2014.

The earnings growth was underpinned by higher share of profit of RHB Capital Berhad ("RHBC"), with an increase of 10% or RM15.44 million to RM176.78 million from RM161.34 million in 2013, coupled with pre-tax profit from the Group's businesses of RM38.84 million (2013: RM51.85 million) after accounting for expenses incurred in respect of the Proposed Acquisitions of RM3.09 million in 2014, appreciation in investment properties of RM12.00 million (2013: RM4.09 million) and marked-to-market loss on securities of RM0.13 million (2013: a marked-to-market gain of RM12.98 million). In addition, the Group reported share of reserves of RHBC group of RM24.62 million in 2014 compared with negative reserves of RM2.98 million in 2013.

In the financial year ended 31 December 2014, the Investment Holdings segment remained the dominant contributor for the Group. This segment, including the share of profits of RHBC group, contributed a respectable 80.4% to the Group's pre-tax profit, while the Property Investment segment generated 11.2% and the remaining of 8.4% derived from the Capital Financing segment.

The Investment Holdings segment reported pre-tax profit of RM173.43 million compared with RM178.67 million recorded in 2013. In 2014, the Group recorded higher share of profits of RHBC group by RM15.44 million offset against expenses incurred for the Proposed Acquisitions of RM3.09 million; and marked-to-market loss of RM0.13 million reported (2013: marked-to-market gain of RM12.98 million); as well as write back of provisions no longer required of RM4.90 million (2013: RM3.00 million).

The Capital Financing segment recorded pre-tax profit of RM18.03 million in 2014 compared with RM20.81 million in 2013, a slight decrease by 13% or RM2.78 million, mainly due to lower capital market activities in 2014.

The Property Investment segment contributed pre-tax profit of RM24.16 million including the appreciation in investment properties of RM12.00 million (2013: RM4.09 million), representing an increase of 76% or RM10.45 million as compared to RM13.71 million recorded in 2013. Excluding such appreciation, the pre-tax profit from this segment would have been RM12.16 million on the back of higher rental yield and net interest income generated (2013: RM9.62 million).

CORPORATE DEVELOPMENT

On the corporate front, 2014 was a significant year as we embarked on a corporate exercise to acquire controlling interests in OSK Property Holdings Berhad ("OSKP") and PJ Development Holdings Berhad ("PJD") from Tan Sri Ong Leong Huat and his parties acting in concert ("Part 1"). Thereafter, the Group will undertake a general offer to acquire the remaining shares and warrants in OSKP and PJD ("Part 2"). The proposed acquisitions will transform the Group from mainly investment holding to an enlarged Group with sustainable core businesses in property development, property investment, finance, hotels and leisure, construction, manufacturing of cables and building materials.

The proposed corporate exercise will enhance the diversity of business and earnings of the Group as well as create revenue and cost synergies. The Group expects to achieve a stronger balance sheet, sustainable growth and enhance profitability for the enlarged Group as a result of the corporate exercise.

The corporate exercise is subject to regulatory and shareholders' approvals. As of to-date, the Group has obtained approval from Bank Negara Malaysia and application to the Securities Commission was made in December 2014, which is now pending approval. We target to complete Part 1 of the corporate exercise by the middle of 2015 and Part 2 by the third quarter of the year.

DIVIDEND

I am pleased to announce that for the financial year 2014, the Board has recommended a total single-tier dividend of 7.5 sen per share, which consists of a single-tier interim dividend of 2.5 sen paid on 30 September 2014 and the proposed single-tier final dividend of 5.0 sen per share, subject to shareholders' approval at the forthcoming Annual General Meeting (2013: 7.5 sen per share comprising an interim dividend of 2.5 sen per share less 25% income tax and a single-tier final dividend of 5.0 sen per share).

RECOGNITION

The Group remains committed to upholding good corporate governance measures to instill confidence and trust among our stakeholders. In 2014, the Group was again listed as the top 50 companies with the best Corporate Governance ("CG") practices in terms of transparency based on the ASEAN CG Scorecard assessment 2014.

The annual ranking exercise was carried out by Minority Shareholder Watchdog Group ("MSWG") since 2009, mainly based on disclosures in the annual reports and company websites, to raise corporate governance standards and practices of all public-listed companies ("PLCs") in ASEAN. This achievement is a testament to our commitment in upholding high standards of corporate governance within our Group.

CORPORATE RESPONSIBILITY

The agenda of corporate responsibility has long been embedded within the Group and our employees, aiming to balance our bottom-line performance and our role as a responsible corporate citizen. With this in mind, we remain committed to roll out various Corporate Social Responsibility ("CSR") initiatives that create sustainable value for all our stakeholders. CSR activities undertaken in 2014 were focused on the key impact areas of community, environment and workplace.

As we strive to make more significant strides in touching the lives of communities, we are setting up our very own foundation to synergise and align all the CSR initiatives within the Group. With the financial strength of the Group, we believe that the foundation will better support the Group's CSR programmes and other philanthropic activities in the coming years.

OUTLOOK FOR 2015

The World Bank predicts the global economic to expand to 3% in 2015, a boost from last year's 2.6%. Developing countries can expect an uptick in growth on the back of low fuel cost, and an improving economy of the United States.

The economic outlook for Malaysia in 2015 is expected to be challenging. Malaysia's GDP growth in 2015 is projected to remain on a steady growth path, with domestic demand being the key engine of economic growth, albeit at a moderate pace, due to the scheduled implementation of the GST in April 2015, depreciating Malaysian Ringgit and lower oil price.

However, the Board is optimistic that with the Group's sound financial position, the Group will be in a position to capitalise on any good business opportunities should they arise and will continue to deliver a healthy performance in 2015. Also, we look forward to an exciting year with the successful completion of the proposed corporate exercise. The additional sources of income from the enlarged Group, are expected to enhance the Group's earnings and improve its financial position.

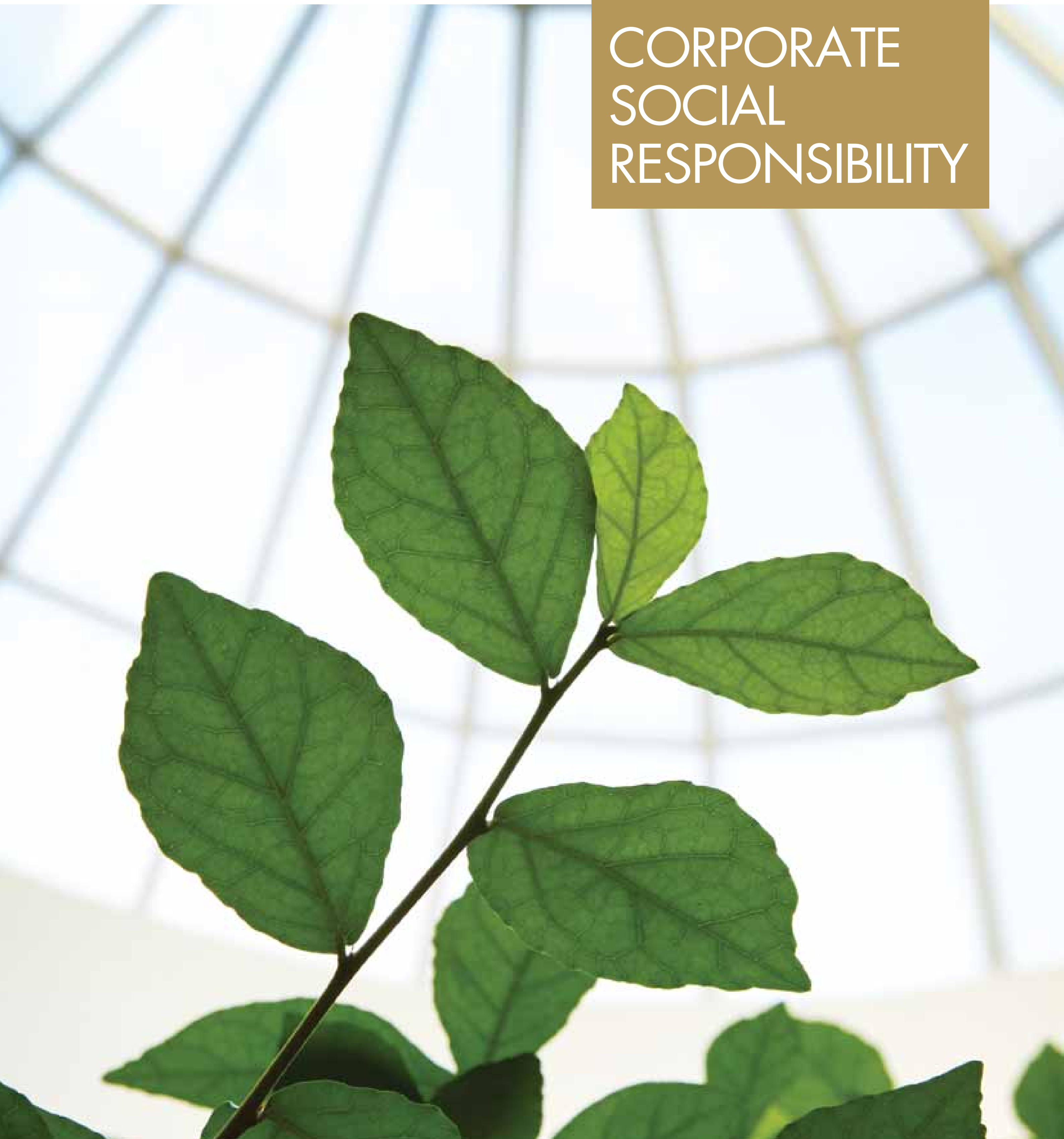
ACKNOWLEDGEMENT

I would like to take this opportunity to express my sincere appreciation to our shareholders, clients, bankers, business partners and the regulatory authorities for their relentless support and confidence in us over the past year. I wish to also thank my distinguished colleagues on the Board for their guidance, advice and contributions.

Last but not least, I wish to convey my heartfelt gratitude to the management and employees of the Company for their unwavering commitment and dedication in making 2014 a year of success. With the continued partnership and strong support of all our stakeholders, I believe we can achieve many more successes in the years to come.

Dato' Nik Mohamed Din bin Datuk Nik Yusoff
Chairman

CORPORATE SOCIAL RESPONSIBILITY



Here at OSK Holdings Berhad ("OSKH" or "the Company"), corporate sustainability is the key to our long-term business success. This has long been ingrained in our day-to-day operations, aiming to ensure a combination of good business decisions with a high standard of community and environmental behaviour. Our approach to corporate sustainability not only reinforces the brand image of OSKH as a financially sound organisation that is capable of delivering value for shareholders, but also a responsible corporate citizen that respects the environment and brings positive impact to the community and society we operate in.

Over the course of 2014, we increased our CSR efforts and garnered good support from our employees with total volunteer hours being increased to 453 hours for several good causes. This section outlines the corporate responsibility initiatives and programmes undertaken in 2014, in the key focus areas comprising environment, workplace and community.

CSR for the Environment

We are mindful of the environmental impact that our business operations may have and we constantly advocate environmentally friendly practices in the office.

To reduce our environmental impacts of our operations, our processes are regularly reviewed to integrate new environmental considerations in our day-to-day activities. To this end, we have opted for eco-friendly papers for the production of our Annual Report since 2014. We encourage our shareholders to recycle the report after reading it, at the same time promoting environmental sustainability awareness among the public.

The 3R concept of Reduce, Reuse and Recycle is being actively promoted at the workplace. On top of placing the recycling boxes for paper and plastic in all offices of Plaza OSK to inculcate the culture of disposing the waste materials responsibly, OSKers

Planting trees for the future

are also encouraged to reduce wastage by using electronic communications or practise double-sided printing if hand-outs are required. Used papers are always recycled for in-house photocopying and printing.

OSKH has been participating in the annual Earth Hour, a global environmental movement inaugurated in 2007 by the World Wide Fund for Nature (WWF). On 29 March 2014, OSKH joined the global community by turning off all non-essential lights in OSKH's buildings, including its principal office and branches for an hour between 8.30pm to 9.30pm, as an act of our commitment to the planet.

Employees of OSKH and OSK Ventures International Berhad (OSKVI) showed their support in the fight against climate change by participating in a tree planting activity organised by the Global Environment Centre Reserve on 23 August 2014. The annual event saw OSKers planting 80 "Tenggek Burung" saplings at the Raja Musa peat swamp forest which were damaged by fires. Damaged peat swamp will release significant amount of carbon dioxide into the atmosphere, contributing to global warming. The event involved hundreds of volunteers from other organisations who shared the same value in conserving the environment.

• *Donating blood to save lives*

• *Performing medical check-up and health screening*

CSR in the Workplace

In our endeavour to embed diversity and inclusion principles in our work practices and organisational environment, the Gender Diversity Policy forms part of the consideration in the selection of potential talent for the Company.

During the reporting period, OSKH's workforce has a relatively balanced mix of gender with 57% male employees and 43% female employees. Our workforce has a relatively equal age distribution, with 54% of employees aged below 39, 40% aged from 40 to 59 and 6% aged above 60. OSKH is an equal opportunity employer and melting-pot of diverse ethnicity with Chinese employees accounting for 46% of the total staff size, followed by Bumiputera employees at 43% and Indian employees at 11%.

In our quest to promote healthy living among employees, OSKH and OSKVI in collaboration with National Kidney Foundation (NKF) organised a free health screening for all employees, in our principal office at Plaza OSK. The free health screening covered blood pressure test, urine test, body mass index, waist circumference, random blood glucose, random blood total cholesterol to assess the risk for stroke, heart, kidney diseases and diabetes. Nutritionists of NKF also conducted two health talks to educate employees on ways to prevent risk of developing diabetes and kidney disease.

Employees of OSKH supported the blood donation drive which was held in conjunction with the 11th anniversary of World Blood Donor Day at Plaza OSK by Pusat Darah Negara. The event saw more than 70 walk-in donors, including employees of OSKH and the tenants of the building.

As part of our effort to cultivate a family-friendly workplace, some employee relations events such as festive celebrations, an annual dinner, monthly birthday celebrations were organised to encourage interactivity and camaraderie among the employees within the Company.

• *Annual Dinner 2014*

CSR for the Community

Our CSR tagline "OSK Gives Back" spells out our commitment to inspiring and enriching lives of the unfortunate ones through the provision of food and other in-kind contributions. Through our CSR activities, we aim to leave a positive impact in our society, at the same time nurture the team spirit and promote practice of voluntarism among OSKers.

Sharing the joy of Chinese New Year with the children of Rumah Charis

Bringing Chinese New Year Cheer to the children of Rumah Charis, Puchong

Volunteers of OSKH brought Chinese New Year cheer to the underprivileged children of Rumah Charis in Kuala Lumpur by treating them to a lunch at their premises, sharing festive joy with the needy.

Volunteers and underprivileged children of Rumah Shalom

Home Painting at Rumah Shalom

Rumah Shalom, a children welfare home in Puchong, Selangor had a long-overdue facelift to its eight bathrooms and wall fences, thanks to OSKH and OSKVI, who came forward to help the welfare home with dire needs to fix bathroom defects.

Besides appointing a contractor to handle the repairing works, the volunteers of OSKH and OSKVI spent their weekend morning giving a new coat of paint to the bathrooms and wall fences of Rumah Shalom. Four units of wall fans were also donated to Rumah Shalom, which will be installed to improve the ventilation condition in the children's room.

The Bursa Bull Charge 2014

We showed our support in charity via our sponsorship of a team of four runners to participate in the inaugural Bursa Bull Charge 2014, which raised RM1.37 million for charity. All proceeds will be channeled to welfare homes and NGOs, including Persatuan Kebajikan An-Najjah Malaysia, Sekolah Latihan Wanita Ipoh, Persatuan Rumah Amal Sabah (formerly Sabah Cheshire Home), My Performing Arts Agency, CADS Enhancement Centre, Kelab Belia Kalsom, Women International Network (WIN) and Borneo Eco Film Festival (BEFF).

OSKH runners at the Bursa Bull Charge Run

Flood Relief Donation Drive for flood victims

Moved by the plight of the flood victims in the East Coast of Malaysia, OSKH supported the Flood Relief Donation Drive initiated by RHB and donated RM10,000 worth of food items to the food relief committee on the last day of 2014 – 31 December.

Frost and Sullivan's "Frost the Trail Run"

For the second consecutive year, OSKH participated in the Frost and Sullivan's "Frost the Trail" charity run by sponsoring two teams of eight runners to the event which was held at FRIM, Kuala Lumpur. Our participation helped this event to raise a total of RM55,000 for the underprivileged children of Shelter Home.

All set for the Frost and Sullivan's "Frost the Trail Run"

Giving in-kind to flood victims in the East Coast of Malaysia

Other Philanthropic Efforts

While we remain committed to elevate the wellbeing of the communities we are engaged in through various CSR activities, OSKH continued to provide cash contributions to various charity organisations to address their societal and educational related needs.

Throughout 2014, OSKH made a total of RM39,300 cash contributions to several welfare bodies. The key beneficiaries included National Council of Unions of the Lower Income Group of Government Workers (MKTR), Ex-Police Association of Malaysia and International Innovation Festival 2014 (INNOFEST 2014) UTeM.

STATEMENT ON CORPORATE GOVERNANCE

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 (4) 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 were 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 an 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. The Sustainability Policy can be viewed on the Company's website at www.oskholdings.com.

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.

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 deemed 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 36 to 42 of this Annual Report.

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

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

The Board reserves certain powers for itself and delegates certain matters, such as the day-to-day management of the Company to the Chief Executive Officer / Group Managing Director ("CEO/GMD"), an Executive Director of the Company. 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 Board establishes Management Committees to exercise the powers and duties of the Board as well as to implement the policy decisions of the Board.

b) Composition of the Board

The Board comprises one (1) Non-Independent Non-Executive Chairman, one (1) CEO/GMD and three (3) Independent Non-Executive Directors. 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 adequate 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 all the Directors possess integrity and good character, the Company has adopted the Code of Ethics for its Directors, which is available on the Company's website.

The MCCG 2012 recommends that the positions of Chairman and Chief Executive Officer ("CEO") should be held by different individuals, which are presently held by Dato' Nik Mohamed Din bin Datuk Nik Yusoff being the Non-Independent Non-Executive Chairman and Tan Sri Ong Leong Huat @ Wong Joo Hwa being the CEO/GMD respectively. Also, the Chairman must be a non-executive member of the Board.

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.

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

b) Composition of the Board (Cont'd)

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 12 to 15 of this Annual Report.

c) Supply of Information

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

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 on the same day the notices are sent, or in any event, 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 all times. 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.

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

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	4/5
2.	Tan Sri Ong Leong Huat @ Wong Joo Hwa	5/5
3.	Foo San Kan	4/5
4.	Dato' Abdul Majit bin Ahmad Khan	4/5
5.	Dr. Ngo Get Ping	5/5

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 of time, 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 all 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.

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.

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

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 pursuit of the Gender Diversity Policy, the Nominating Committee is mindful of its responsibilities to conduct all Board appointment processes in a manner that promotes gender diversity while taking into account suitability for the role, Board balance and composition, the required mix of skills, experience and other qualities which would be relevant to enhance the composition of the Board. The Gender Diversity Policy of the Company also includes, but is not limited to, the Group's commitment to diversity in terms of age, ethnicity and cultural background.

In respect of the appointment of Directors, the Company practised 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.

The annual assessment criteria of the Board, Board Committees and individual Directors have been updated and aligned with the recommendations of the MCCG 2012 as well as recommended by the Corporate Governance Guide 2nd Edition issued by Bursa Malaysia Berhad.

The Nominating Committee has 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 diversity of Board and workforce composition in terms of gender, ethnicity, age and nationality; 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 addition, the Nominating Committee obtained an annual declaration of independence from the Independent Directors confirming their independent status pursuant to the Listing Requirements.

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

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

The 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, which is in line with the recommendation of the MCCG 2012 that the Chairman of Nominating Committee should be a Senior Independent Director. The details are set out on pages 38 to 41 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 annual general meeting ("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 the number is not three (3) or a multiple of three (3)) of the Directors to retire by rotation at every AGM. All the Directors (except the CEO 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 Twenty-Fifth ("25th") AGM of the Company to be held on 17 April 2015 are as stated in the Notice of the 25th 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 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 36 to 38 of this Annual Report.

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

h) Remuneration of Directors (Cont'd)

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.

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 Director(s) concerned abstaining from deliberations and voting on his/her own remuneration.

The Directors are paid an annual fee of RM50,000 each with additional fee paid to the Chairman of the Audit Committee and Risk Management Committee.

The proposed Directors' fees for the financial year 2014 will be tabled at the forthcoming 25th AGM for the approval of the shareholders.

Details of the Directors' remuneration for the financial year ended 31 December 2014 are as follows:

2014	**Executive RM'000**	**Non-Executive RM'000**	**Total RM'000**
Amount received/receivable from the Company:			
Fee – current year	**50**	**215**	**265**
Amount received/receivable from the Group:			
Fee – current year	**50**	**215**	**265**
Defined contribution plan	390	-	390
Other emoluments	2,751	303	3,054
	3,141	303	3,444
Estimated money value of benefits-in-kind	18	16	34
Total	**3,209**	**534**	**3,743**

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

h) Remuneration of Directors (Cont'd)

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

2014	Executive RM'000	Non-Executive RM'000	Total RM'000
Group			
RM50,000 and below	-	1	1
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	**4**	**5**

i) Continuing Education of Directors

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

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

All the Directors have attended trainings during the financial year ended 31 December 2014. Some of these training programmes, seminars and forums are as follows:

1. Board Chairman Series – The Role of the Chairman;
2. Advanced Risk Governance and Risk Management;
3. Bursa Malaysia Advocacy Session on Corporate Disclosure for Directors of Listed Issuers;
4. Goods and Services Tax Briefing;
5. Bank Negara Malaysia Dialogue Session with Nomination Committee Members;
6. Environmental, Social & Governance (ESG) Index;
7. Roundtable Discussion on Financial Reporting by Malaysian Accounting Standards Board;
8. Chairman's Conversation – The Remuneration Committee;
9. 25th Palm & Lauric Oils Conference; and
10. Creating High Performance Bonds – Challenges and Opportunities.

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

i) Continuing Education of Directors (Cont'd)

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 of the Company and the Public

The Board recognises the importance of timely and high quality disclosure 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 a Corporate Disclosure Policy and Procedures, which is applicable to the Board and all employees of the Group in handling and disclosing material information to the shareholders and the investing public. The Board has established Corporate Disclosure Committee to oversee the implementation and adherence of the Corporate Disclosure Policy and Procedures.

The Board observes the recommendation of the MCCG 2012 with regard to strengthening the relationship between the Company and its shareholders. The AGM has been the main forum for shareholders to engage with the Board and senior management of the Company. Shareholders are provided with ample time during the Questions & Answers session in the AGMs. The Chairman informed shareholders of their right to demand a poll vote at the commencement of all general meetings of the Company.

In addition to the above, 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 the Group;

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

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

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

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 summary of the Whistleblowing policy and procedure 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.

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

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. Woon Chong Boon, aged 46, is the Chief Operating Officer/Head of Corporate Strategy & Planning of the Company. He is the personnel in charge of addressing inquiries from shareholders, investors and the public. He holds a Bachelor of Business Administration and a Master of Business Administration from Western Michigan University. Mr. Woon joined the Group as General Manager, Corporate and Strategic Planning in 2002. Later in January 2007, he was re-designated as Director/Head of Group Corporate and Legal Affairs until 27 January 2011 when he was appointed as Chief Operating Officer/Head of Corporate Strategy and Finance. He joined RHB Capital Berhad's Group following the completion of disposal of investment banking and related businesses by the Company to RHB Capital Berhad in November 2014. He rejoined the Group and assumed his current position in June 2014. Prior to joining the Group in 2002, he was attached to Arthur Andersen & Co., Malaysia for about ten (10) years and his last position was Senior Manager.

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 profile of Mr. Foo is set out on page 14 of this Annual Report.

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 a Whistleblowing Policy which sets out the principle and grievance procedures for employees or members of public to raise genuine concerns of possible improprieties perpetrated within the Group. The details of lodgement channels and Frequently Asked Questions in relation to whistleblowing are available on the Company's website. The Company through the whistleblowing coordinator shall notify the whistleblower on the outcome of investigation according to the established whistleblowing procedures.

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

The details of the financial statements of the Company are set out on pages 57 to 159 of this Annual Report.

B. ACCOUNTABILITY AND AUDIT (CONT'D)

b) Related Party Transactions

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

Details of these transactions are set out under the Additional Disclosures on page 51 and the Notes to Financial Statements on pages 131 to 136 of this Annual Report.

c) Risk Management and Internal Control

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

The Board recognises that some risks may not be eliminated. Nevertheless, with the implementation of an effective system of risk management and internal control, it provides a 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 46 to 50 of this Annual Report.

d) Relationship with Auditors

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

2014	Group RM'000	Company RM'000
Audit fees paid to external auditors	115	50
Non-audit fees paid to external auditors		
- Review of Statement on Risk Management and Internal Control	10	10
- Reporting accountants' report on proforma financial statements	225	225

B. ACCOUNTABILITY AND AUDIT (CONT'D)

d) Relationship with Auditors (Cont'd)

The Audit Committee undertakes an annual assessment on the performance of external auditors, Messrs. PricewaterhouseCoopers, including the suitability and independence of external auditors, in accordance with the Policy and Guidelines on the Performance Evaluation of External Auditors. Having satisfied itself with their performance and fulfillment of criteria as set out in the aforesaid Policy and Guidelines, the Audit Committee will recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the AGM.

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 and reports directly to the Audit Committee, 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; and
- Risk Management Committee.

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 2014 are set out below.

a) Audit Committee

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

The details of the activities carried out by the Audit Committee during the year are set out in the Audit Committee Report on pages 43 to 45 of this Annual Report.

b) Remuneration Committee

The Remuneration Committee consists of the following members:

Composition

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

Members — Tan Sri Ong Leong Huat @ Wong Joo Hwa
CEO/GMD

Foo San Kan
Senior Independent Non-Executive Director

C. BOARD COMMITTEES (CONT'D)

b) Remuneration Committee (Cont'd)

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

Authority

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

Functions and Duties

(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 key senior management staff;
- There shall be a balance in determining the remuneration package, which shall be sufficient to attract and retain Directors of calibre, and yet not excessive to the extent the Company's funds are used to subsidise the excessive remuneration packages; and
- The framework shall cover all aspects of remuneration including Director's fees, salaries, allowance, bonuses, options, benefits-in-kind and termination/retirement benefits.

(ii) Remuneration Packages

- To review and recommend remuneration packages for the Executive Director(s), 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 Director(s), 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 Director(s) 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.

C. BOARD COMMITTEES (CONT'D)

b) Remuneration Committee (Cont'd)

Frequency of Meeting

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

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

Members	**Attendance**
Dato' Abdul Majit bin Ahmad Khan	1/1
Tan Sri Ong Leong Huat @ Wong Joo Hwa	1/1
Foo San Kan	1/1

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 2013.
- reviewed and recommended to the Board, the Directors' remuneration for the ensuing year; and
- reviewed and recommended to the Nominating Committee, the performance of the Remuneration Committee for the year 2013 (self-assessment).

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

The 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.

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.

C. BOARD COMMITTEES (CONT'D)

c) Nominating Committee (Cont'd)

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 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 key 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.

C. BOARD COMMITTEES (CONT'D)

c) Nominating Committee (Cont'd)

(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 Director(s), 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.

Frequency of Meeting

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

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

Members	Attendance
Foo San Kan	1/1
Dato' Abdul Majit bin Ahmad Khan	1/1
Dr. Ngo Get Ping	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 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 diversity of Board and workforce composition in terms of gender, ethnicity, age and nationality;

C. BOARD COMMITTEES (CONT'D)

c) Nominating Committee (Cont'd)

- reviewed the independency of the Independent Directors;
- reviewed the training programmes attended by Directors during the financial year; and
- recommended to the Board, the re-election and re-appointment of the Directors who will be retiring at the forthcoming AGM of the Company.

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

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

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;

C. BOARD COMMITTEES (CONT'D)

d) Risk Management Committee (Cont'd)

Functions and Duties (Cont'd)

(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	3/4
Foo San Kan	4/4

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

- reviewed and recommended to the Nominating Committee, the performance of the Risk Management Committee for the year 2013 (self-assessment);
- reviewed and recommended to the Board, the outsourcing of Risk Management services to BDO Governance Advisory Sdn. Bhd.;
- 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;
- deliberated the effectiveness of the risk awareness and training session conducted throughout the Group; and
- assessed the Group's risk management infrastructure including policies, processes, structure and system.

This Statement on Corporate Governance was approved by the Board of Directors of the Company on 3 March 2015.

AUDIT COMMITTEE REPORT

The Board of Directors ("Board") is pleased to present the Audit Committee Report for the financial year ended 31 December 2014.

MEMBERSHIP

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

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

ATTENDANCE OF MEETINGS

During the financial year ended 31 December 2014, the Committee held a total of five (5) meetings. The details of attendance of the Committee members are as follows:

Members	Attendance
Foo San Kan	4/5
Dato' Abdul Majit bin Ahmad Khan	4/5
Dr. Ngo Get Ping	5/5

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 shall be Independent Directors. At least one (1) member of the Committee:

- must be a member of the Malaysian Institute of Accountants ("MIA"); or
- if he is not a member of the MIA, he must have at least three (3) years of working experience in related field 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
    - fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

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 Main Market Listing Requirements of Bursa Securities ("Listing Requirements"), the vacancy must be filled within three (3) months.

Frequency of Meetings

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

The Committee shall meet with the external auditors at least twice a year without the presence of the Management.

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 2014.

The Company Secretary shall be the Secretary to the Committee.

Quorum

The quorum of the Committee meetings shall be at least 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 and be provided with relevant information on a timely basis 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. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
7. be able to obtain independent professional or other advise; and
8. 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 Internal Audit function and ensure compliance with relevant regulatory requirements;
2. To review the internal audit programme, internal audit findings and whether or not appropriate actions are taken by Management on the recommendations of the internal audit function;
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 the quarterly results and year end financial statements, prior to approval by the Board, focusing particularly on:
   - changes in or implementation of major accounting policy changes;
   - significant adjustments arising from the audit;
   - the going concern assumption;
   - significant and unusual events; and
   - compliance with accounting standards and other legal requirements.
9. To review any related party transactions and conflict of interest situation that may arise within the Company or its subsidiaries or group including any transaction, procedure or course of conduct that raises questions of management integrity;
10. To consider major findings of internal investigation and the Management's response in relation to the investigation; and
11. To promptly report to Bursa Securities where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

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 carrying the internal audit function;
2. Reviewed and discussed the internal audit reports and ensure that corrective actions had been taken to rectify the weaknesses highlighted in the audit reports; and
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 legal 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. Assessed the performance of the external auditors, including their suitability and independence of the external auditors, in accordance with the Policy and Guidelines on the Performance Evaluation of External Auditors and made recommendation to the Board for re-appointment; 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 Listing Requirements and make recommendation to the Board for approval.

Related Party Transactions

Reviewed the related party transactions and conflict of interest situation that may arise within the Company and its subsidiary companies 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 the adequacy of operational controls, compliance with established policies and procedures, recommendation for value-added 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 audit also helps to ensure that appropriate controls are in place and effectively applied in order to manage 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 auditees/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 financial year ended 2014 was RM45,500.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 subsidiary companies ("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 on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by the Taskforce on Internal Control with the support and endorsement of Bursa Securities.

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 appropriate internal control system, and to ensure that the effectiveness, adequacy and integrity of the internal control system are reviewed on an ongoing basis.

The Board also acknowledges that the Group's system of risk management and internal control is designed to highlight, manage 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 Financial Controller/Head of Finance have 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 subsidiary companies.

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 auditors 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 audit auditors will report directly to the Audit Committee of the Group. The 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 – 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 adopts consists of five elements, as depicted below:

Framework Element	Description
Risk Governance	Establish an approach to developing, supporting and ambedding the risk strategy and accountabilities
Risk Assessment	Identify, assess, and categorise risks 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 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 risks;
  - 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 Group and facilitates proper corporate decision-making at the appropriate level in the Group's hierarchy. Such AA list is subject to periodic review by senior management and approved by Chief Executive Officer/Group Managing Director or the Board, where applicable;
- 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/Group Managing Director and Financial Controller/ Head of Finance 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 Main Market Listing Requirements of Bursa Securities, 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.

ADDITIONAL DISCLOSURES

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

In accordance with prescribed thresholds under paragraph 10.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), details of the OSK Holdings Berhad ("OSK" or "the Company") Group's recurrent related party transactions made during the financial year ended 31 December 2014 pursuant to the shareholders' mandate obtained at the last year Annual General Meeting are as follows:

Name of Company/ Group Involved	Nature of Transaction	Name of Related Party	Relationship with OSK – Interested Directors, Major Shareholders and Persons Connected	Actual Value (RM'000)
OSK Realty Sdn Bhd ("OSKR")	Office rental	PJ Development Holdings Berhad ("PJD") and its subsidiary companies (collectively referred to as "PJD Group")	TSO, WAC, WCS, PSK, OJX, OSKE, DCSB (See Note 1)	1,220#

Notes:

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

The following disclosure is pursuant to the Circular to Shareholders dated 27 March 2014 :

(1) OSKR is a wholly-owned subsidiary company of OSK. Tan Sri Ong Leong Huat @ Wong Joo Hwa ("TSO" or "Tan Sri Ong") is a Major Shareholder and the Chief Executive Officer / Group Managing Director of OSK and a Director of OSKR. He is also a Major Shareholder and the Non-Independent Non-Executive Chairman of PJD. TSO is the brother of Mr. Wong Ah Chiew ("WAC") and Mr. Wong Chong Shee ("WCS").

WAC, who was previously a Major Shareholder of PJD, has ceased to be a Major Shareholder of PJD on 12 November 2013.

WCS is the Managing Director and a shareholder of PJD. WCS is also a shareholder of OSK.

Puan Sri Khor Chai Moi ("PSK" or "Puan Sri Khor"), spouse of TSO, is an Executive Director and a Major Shareholder of PJD. She is also a shareholder of OSK.

Mr. Ong Ju Xing ("OJX") is an Executive Director and a shareholder of PJD. He is also a Director of OSKR and a shareholder of OSK. OJX is the son of TSO and PSK and the nephew of WAC and WCS.

OSK Equity Holdings Sdn Bhd ("OSKE") is a Major Shareholder of OSK. TSO and PSK are both directors of OSKE and TSO is a substantial shareholder of OSKE.

Dindings Consolidated Sdn Bhd ("DCSB") is a Major Shareholder of PJD. TSO and PSK are both directors and substantial shareholders of DCSB. OJX is a shareholder of DCSB.

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

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

Save as disclosed below, there were no material contracts entered into by the Company or its subsidiary companies involving Directors' and major shareholders' interest in the financial year ended 31 December 2014.

(a) Acquisition by OSK of 177,642,601 ordinary shares in OSK Property Holdings Berhad ("OSKP") ("Proposed OSKP Acquisition")

On 15 October 2014, OSK had entered into a Sale of Shares Agreement with Tan Sri Ong, Land Management Sdn Bhd and parties acting in concert with them ("PAC"), namely Ong Yin Suen, Ong Yee Ching, Ong Ju Yan, Ong Yee Min, OJX and J. B. Properties Sdn Bhd to acquire a total of their 177,642,601 ordinary shares of RM1.00 each in OSKP ("OSKP Share(s)"), representing approximately 73.6% of the issued and paid-up share capital of OSKP (excluding 3,172,800 treasury shares) for a total purchase consideration of RM355,285,202 or RM2.00 per OSKP Share to be satisfied entirely by the issuance of 177,642,601 new ordinary shares of RM1.00 each in OSK ("Consideration Share(s)") at an issue price of RM2.00 per Consideration Share.

(b) Acquisition by OSK of 143,356,849 ordinary shares in PJD ("Proposed PJD Acquisition")

On 15 October 2014, OSK had entered into a Sale of Shares Agreement with DCSB, Puan Sri Khor and the PAC, namely Tan Sri Ong, Ong Yin Suen, Ong Yee Ching, Ong Ju Yan, Ong Yee Min, OJX, Land Management Sdn Bhd, Ladang Setia Sdn Bhd and WCS to acquire a total of their 143,356,849 ordinary shares of RM1.00 each in PJD ("PJD Share(s)"), representing approximately 31.7% of the issued and paid-up share capital of PJD (excluding 4,778,300 treasury shares) for a total purchase consideration of RM229,370,958 or RM1.60 per PJD Share to be satisfied entirely by the issuance of 114,685,479 new Consideration Shares at an issue price of RM2.00 per Consideration Share.

In conjunction with the Proposed OSKP Acquisition and Proposed PJD Acquisition, OSK has also resolved to undertake the Proposed OSKP Offer, the Proposed PJD Offer, the Proposed Diversification, the Proposed Exemption, the Proposed Bonus Issue of Warrants, the Proposed Special Cash Dividend, the Proposed Increase in Authorised Share Capital and the Proposed Amendments (collectively, together with the Proposed OSKP Acquisition and Proposed PJD Acquisition are referred to as the "Proposals"), the details of which are set out in the announcement of OSK on 15 October 2014.

The Proposals are conditional upon approvals being obtained from the following. Unless otherwise specified, the approvals shown below are still pending as at 27 February 2015, being the latest practicable date prior to the printing of this Annual Report.

i. Bank Negara Malaysia for the Proposed OSKP Acquisition and the Proposed PJD Acquisition, so that Tan Sri Ong and his PAC could hold an aggregate effective interest of 5% or more in RHB Capital Berhad through OSK pursuant to the Financial Services Act 2013 ("FSA") which was obtained vide its letter dated 5 December 2014, subject to the potential increase of effective interest shall not exceed the permissible 10% holding limit by an individual pursuant to Section 92 of the FSA and Section 104 of the Islamic Financial Services Act 2013;

ii. The Securities Commission Malaysia, for the following:

    (a) The Proposals;

    (b) The resultant equity structure of OSK upon completion of the Proposed OSKP Acquisition, the Proposed PJD Acquisition, the Proposed OSKP Offer and the Proposed PJD Offer; and

    (c) The Proposed Exemption;

iii. Bursa Securities for the following:

   (a) The listing of and quotation for the Consideration Shares to be issued pursuant to the Proposed OSKP Acquisition, the Proposed PJD Acquisition, the Proposed OSKP Offer and the Proposed PJD Offer on the Main Market of Bursa Securities;

   (b) Admission of the Warrants to the official list of Bursa Securities on the Main Market of Bursa Securities; and

   (c) The listing of and quotation for the Warrants and the new OSK Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities,

iv. The shareholders of OSK for the Proposals (save for the Proposed OSKP Offer) at an extraordinary general meeting to be convened (by way of poll); and

v. Any other relevant authorities, if required.

Tan Sri Ong is deemed interested in the Proposals by virtue of him being the Chief Executive Officer/ Group Managing Director and major shareholder of OSK, the Non-Independent Non-Executive Chairman and major shareholder of PJD as well as the Managing Director/ Chief Executive Officer and major shareholder of OSKP. In addition, Tan Sri Ong is one of the vendors for the Proposed OSKP Acquisition and the Proposed PJD Acquisition.

Dato' Nik Mohamed Din bin Datuk Nik Yusoff ("Dato' Nik Din") is the Non-Independent Non-Executive Chairman of OSK and OSKP. Mr. Foo San Kan is the Senior Independent Non-Executive Director of OSK and OSKP and the Independent Non-Executive Director of PJD. Dr. Ngo Get Ping is the Independent Non-Executive Director of OSK and OSKP. As the Proposed OSKP Acquisition and the Proposed PJD Acquisition are deemed as related party transactions under Paragraph 10.08 of the Listing Requirements and due to the common directorship of Dato' Nik Din, Mr. Foo San Kan and Dr. Ngo Get Ping in OSK, OSKP and/ or PJD as well as the conditionality of the Proposals as disclosed in Section 3 of the OSK's Announcement on 15 October 2014, Dato' Nik Din, Mr. Foo San Kan and Dr. Ngo Get Ping are deemed interested in the Proposals.

OSKE is deemed interested in the Proposals by virtue of it being a major shareholder of OSK and a person connected to Tan Sri Ong.

VARIATION OF RESULTS

There were no significant variations between the audited results for the financial year ended 31 December 2014 and the unaudited results previously announced.

PROFIT GUARANTEE

There was no profit guarantee for the financial year.

DEPOSITORY RECEIPT (DR) PROGRAMME

The Company did not sponsor any DR programme for the financial year ended 31 December 2014.

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 2014.

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 120 to 122 of this Annual Report.

OPTIONS OR CONVERTIBLE SECURITIES

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 2014, 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.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FINANCIAL STATEMENTS

DIRECTORS' REPORT

31 DECEMBER 2014

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 2014.

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	**204,255**	**23,079**

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 single-tier final dividend of 5.0 sen per share in respect of the preceding year ended 31 December 2013 was paid on 15 May 2014	47,548
(b)	A single-tier interim dividend of 2.5 sen per share for the year ended 31 December 2014 was paid on 30 September 2014	23,774
		71,322

The Board of Directors recommends a single-tier final dividend of 5.0 sen per share (2013: 5.0 sen per share) amounting to approximately RM47.5 million, based on number of shares outstanding in issue at the end of the year, for the year ended 31 December 2014. The proposed dividend is subject to Shareholders' approval at the forthcoming Annual General Meeting. The entitlement date for 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 2015.

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

DIRECTORS' BENEFITS

Neither at the end of the year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Notes 29, 33(a) and 33(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 33(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 1.1.2014	**Acquired**	**Disposed**	**As at 31.12.2014**
Direct interest				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	8,200,000	-	-	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	381,389,337*	1,105,852	-	382,495,189*

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

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.

TREASURY SHARES

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

ULTIMATE HOLDING COMPANY

OSK Equity Holdings Sdn. Bhd. is regarded by the Directors as being the Company's ultimate holding company.

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.

STATUS OF CORPORATE PROPOSALS

Status of corporate proposals announced but not completed are disclosed in Note 38 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 2015.

Dato' Nik Mohamed Din bin Datuk Nik Yusoff

Tan Sri Ong Leong Huat @ Wong Joo Hwa

Kuala Lumpur, Malaysia
11 March 2015

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 65 to 158 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 2014 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 43 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 2015.

Dato' Nik Mohamed Din bin Datuk Nik Yusoff

Tan Sri Ong Leong Huat @ Wong Joo Hwa

Kuala Lumpur, Malaysia
11 March 2015

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 65 to 159 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 2015

Lee Choon Meng

Before me,

Commissioner for Oaths
Kuala Lumpur, Malaysia

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF OSK HOLDINGS BERHAD (INCORPORATED IN 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 2014 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 65 to 158.

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 2014 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 43 on page 159 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. 3032/01/17(J)
Chartered Accountant

Kuala Lumpur, Malaysia
11 March 2015

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
ASSETS:					
Non-current					
Property and equipment	4	9,398	9,280	1	2
Investment properties	5	371,921	358,951	-	-
Investments in subsidiary companies	6	-	-	390,989	390,989
Investment in an associated company	7	2,245,521	2,060,706	1,952,218	1,926,230
Intangible assets	8	953	1,048	159	147
Available-for-sale securities	9	165	165	-	-
Deferred tax assets	10	1,100	1,776	-	-
Securities at fair value through profit or loss	11	-	12,406	-	12,406
Capital financing	12	36,657	10,431	-	-
		2,665,715	2,454,763	2,343,367	2,329,774
Current					
Capital financing	12	358,339	400,862	-	-
Trade receivables	13	496	41	-	-
Other assets	14	3,597	449	325	37
Amount due from subsidiary companies	15(a)	-	-	16,650	131,678
Tax recoverable		3,403	9,537	3,009	4,785
Securities at fair value through profit or loss	11	82,618	56,655	31,568	48,101
Cash and bank balances	16	2,714	2,015	79	92
		451,167	469,559	51,631	184,693
TOTAL ASSETS		**3,116,882**	**2,924,322**	**2,394,998**	**2,514,467**

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
LIABILITIES:					
Non-current					
Deferred tax liabilities	10	11,862	11,829	2,438	2,433
Current					
Deferred income	17	2,654	2,004	-	-
Trade payables	18	818	459	-	-
Tax payable		267	164	-	-
Borrowings	19	378,214	290,219	-	-
Other liabilities	20	15,076	24,039	2,357	11,191
Amount due to subsidiary companies	15(b)	-	-	134,387	167,339
		397,029	316,885	136,744	178,530
TOTAL LIABILITIES		**408,891**	**328,714**	**139,182**	**180,963**
NET ASSETS		**2,707,991**	**2,595,608**	**2,255,816**	**2,333,504**
EQUITY:					
Share capital	21	969,058	969,058	969,058	969,058
Treasury shares	22	(30,232)	(787)	(30,232)	(787)
		938,826	968,271	938,826	968,271
Reserves	23	1,769,165	1,627,337	1,316,990	1,365,233
TOTAL EQUITY / Equity attributable to Owners of the Company		**2,707,991**	**2,595,608**	**2,255,816**	**2,333,504**

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

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Revenue	24	59,928	61,269	29,735	102,327
Direct costs	25	(16,827)	(15,583)	(387)	(284)
Gross profit		43,101	45,686	29,348	102,043
Other income	26	16,426	27,527	4,069	21,952
Administrative expenses	27	(15,487)	(13,271)	(1,382)	(1,991)
Other expenses	28	(2,705)	(5,922)	559	(49,917)
		41,335	54,020	32,594	72,087
Finance costs		(2,498)	(2,174)	(7,379)	(6,329)
		38,837	51,846	25,215	65,758
Share of profit of an associated company		176,778	161,339	-	-
Profit before tax		215,615	213,185	25,215	65,758
Income tax	30	(11,360)	(17,550)	(2,136)	(13,510)
Profit after tax / Profit attributable to Owners of the Company		**204,255**	**195,635**	**23,079**	**52,248**
Earnings per share attributable to Owners of the Company (sen):					
Basic/Diluted	31	**21.29**	**20.20**		

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit after tax / Profit attributable to Owners of the Company	204,255	195,635	23,079	52,248
Other comprehensive income for the year, net of tax				
Items will be reclassified subsequently to profit or loss:				
Share of other comprehensive income in an associated company	24,617	(2,976)	-	-
Items will not be reclassified subsequently to profit or loss:				
Deferred tax relating to revaluation of investment properties arising from change of tax legislation	-	(4,016)	-	-
	24,617	(6,992)	-	-
Total comprehensive income attributable to Owners of the Company	**228,872**	**188,643**	**23,079**	**52,248**

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

Group	Attributable to Owners of the Company					
	Share capital (Note 21) RM'000	Treasury shares (Note 22) RM'000	Revaluation reserves (Note 23) RM'000	Other reserves (Note 23) RM'000	Retained profits RM'000	Total equity RM'000
As at 1 January 2014	969,058	(787)	76,321	(2,421)	1,553,437	2,595,608
Other comprehensive income	-	-	-	24,617	-	24,617
Profit for the year	-	-	-	-	204,255	204,255
Total comprehensive income	-	-	-	24,617	204,255	228,872
Dividends paid to Owners of the Company [Note 32(a)]	-	-	-	-	(71,322)	(71,322)
Share buybacks by the Company (Note 22)	-	(29,445)	-	-	-	(29,445)
Acquisition of additional interests from non-controlling interests in an associated company	-	-	-	-	(15,722)	(15,722)
Total transactions with Owners and changes in ownership interests	-	(29,445)	-	-	(87,044)	(116,489)
As at 31 December 2014	**969,058**	**(30,232)**	**76,321**	**22,196**	**1,670,648**	**2,707,991**

Group (Cont'd)	Attributable to Owners of the Company					
	Share capital (Note 21) RM'000	Treasury shares (Note 22) RM'000	Revaluation reserves (Note 23) RM'000	Other reserves (Note 23) RM'000	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
Other comprehensive loss	-	-	(4,016)	(2,976)	-	(6,992)
Profit for the year	-	-	-	-	195,635	195,635
Total comprehensive (loss)/ 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 on deemed disposal of interest in an associated company	-	-	-	-	(74)	(74)
Acquisition of additional interests 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**

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

Company

	Share capital (Note 21) RM'000	Treasury shares (Note 22) RM'000	Distributable retained profits RM'000	Total RM'000
As at 1 January 2014	969,058	(787)	1,365,233	2,333,504
Total comprehensive income	-	-	23,079	23,079
Dividends paid to Owners of the Company [Note 32(a)]	-	-	(71,322)	(71,322)
Share buybacks by the Company (Note 22)	-	(29,445)	-	(29,445)
Total transactions with Owners	-	(29,445)	(71,322)	(100,767)
As at 31 December 2014	**969,058**	**(30,232)**	**1,316,990**	**2,255,816**
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**

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		215,615	213,185	25,215	65,758
Adjustments for:					
Interest income		(34,283)	(34,786)	(3,537)	(10,885)
Interest expense		13,648	11,739	7,379	6,329
Gross dividend income	24, 26	(461)	(2)	(26,200)	(91,443)
Gain arising from sales of securities		(966)	(4)	(1,154)	-
Unrealised (gain)/loss on:					
- revaluation of securities at fair value through profit or loss	26	(1,173)	(11,457)	(1,144)	(11,412)
- foreign exchange translations	26, 28	1,304	(1,524)	1,141	(1,524)
Net gain from fair valuation on investment properties	26	(12,000)	(4,088)	-	-
Gain on disposals of equipment	29	(30)	-	-	-
Impairment loss on investment in subsidiary companies	28	-	-	-	47,900
Depreciation and amortisation	27(a)	848	779	1	1
Equipment written off	29	-	31	-	-
(Write back of)/Allowance for impairment losses on capital financing (net)	26, 28	(1,674)	497	-	-
Bad debts written off	28	1	24	-	17
Financial guarantee income	26	-	-	(1,637)	(4,015)
Reversal of provision for warranty in respect of disposal of subsidiary companies in prior year	26	-	(5,000)	-	(5,000)
Share of profit of associated companies		(176,778)	(161,339)	-	-
Operating profit/(loss) before working capital changes		4,051	8,055	64	(4,274)

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)					
Operating profit/(loss) before working capital changes/Balance brought forward		4,051	8,055	64	(4,274)
(Increase)/Decrease in operating assets:					
Capital financing		17,970	(93,597)	-	-
Trade and other receivables		(2,561)	954	(288)	71
Increase/(Decrease) in operating liabilities:					
Deferred income		650	483	-	-
Trade and other payables		(10,324)	7,489	(7,197)	(1,175)
Amounts due to associated group		-	936	-	45
Cash generated from/(used in) operations		9,786	(75,680)	(7,421)	(5,333)
Interest received		34,281	34,786	-	-
Interest paid		(11,150)	(9,503)	-	-
Income tax paid		(7,396)	(8,989)	(2,175)	(2,700)
Refund of income tax		2,984	-	1,821	-
Net cash generated from/(used in) operating activities		28,505	(59,386)	(7,775)	(8,033)

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received		461	-	212	27,759
Expenditure incurred on investment properties	5	(970)	(865)	-	-
Interest received		2	-	3,537	10,885
Payment for trademarks	8(b)	(12)	(20)	(12)	(20)
Proceeds from disposals of equipment		269	-	-	-
Proceeds from disposals of securities at fair value through profit or loss		47,296	115	38,227	-
Purchase of securities at fair value through profit or loss		(5,100)	(30,156)	-	(21,654)
Purchase of:					
- equipment	4	(1,062)	(2,398)	-	-
- software licenses	8(a)	(36)	(987)	-	-
Repayment from subsidiary companies		-	-	115,028	42,975
Net cash generated from/ (used in) investing activities		40,848	(34,311)	156,992	59,945

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to Owners of the Company	32(a)	(71,322)	(36,316)	(71,322)	(36,316)
Drawdown of revolving credits		87,995	133,430	-	-
Interest paid		(2,498)	(2,174)	(7,379)	(6,329)
Repayment to subsidiary companies		-	-	(32,952)	(9,211)
Share buybacks by the Company	22	(29,445)	(3)	(29,445)	(3)
Net cash (used in)/generated from financing activities		(15,270)	94,937	(141,098)	(51,859)
Net increase in cash and cash equivalents		54,083	1,240	8,119	53
Cash and cash equivalents at beginning of year		2,015	775	92	39
Cash and cash equivalents at end of year		**56,098**	**2,015**	**8,211**	**92**
Cash and cash equivalents comprised:					
Cash and bank balances	16	2,714	2,015	79	92
Securities at fair value through profit or loss, liquid investment	11	53,384	-	8,132	-
		56,098	**2,015**	**8,211**	**92**

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 2015.

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.

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

(a) Standards, amendments to published standards and interpretations that are applicable and are effective for the Group's and Company's financial year beginning on or after 1 January 2014 are as follows:

(i) Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 127 Consolidated and Separate Financial Statements - Investment Entities

These amendments define an "investment entity" as an entity that:

(a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
(b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
(c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

These amendments provide an exception to the principle that all subsidiary companies shall be consolidated. Instead, investment entity shall measure its investments in controlled investees at fair value through profit or loss.

A parent of an investment entity shall consolidate all entities that it controls, including those controlled through an investment entity subsidiary, unless the parent itself is an investment entity.

The parent of an investment entity may not itself meet the definition of an investment entity. In this instance, the non-investment entity parent is required to consolidate all entities it controls, including those controlled through an investment entity.

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

(a) Standards, amendments to published standards and interpretations that are applicable and are effective for the Group's and Company's financial year beginning on or after 1 January 2014 are as follows: (Cont'd)

(ii) Amendments to MFRS 132 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

The amendments to MFRS 132 provide further clarification and guidance on the application of the offsetting criteria where the right of set-off must not be contingent on a future event, and must be legally enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and its counterparties. The amendments further clarify situations where settlement on a gross basis that does not occur simultaneously (e.g. settlement through a clearing house) may satisfy the offsetting criteria.

The adoption of the above accounting standards, amendments and improvements to published standards did not have material impact on the financial statements of the Group and the Company.

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

(i) For financial year beginning on/after 1 January 2015 (effective on/after 1 July 2014)

(a) Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions

Amendments to MFRS 119 clarify the application of MFRS 119 Employee benefits to plans that require employees or third parties to contribute towards the cost of benefits.

The amendment permits contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided.

Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits; that means either in accordance with the formula in the pension plan, or where the plan provides a materially higher level of benefit for service in later years, on a straight line basis. Contributions that are not linked to service are reflected in the measurement of the benefit obligation.

(b) Annual Improvements to MFRSs 2010 - 2012 Cycle

MFRS 2 Share-based Payment

The amendment clarifies the definition of "vesting condition" by separately defines "performance condition" and "service condition".

MFRS 3 Business combinations

This amendment clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions under MFRS 132.

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

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

(i) For financial year beginning on/after 1 January 2015 (effective on/after 1 July 2014) (Cont'd)

(b) Annual Improvements to MFRSs 2010 - 2012 Cycle (Cont'd)

MFRS 3 Business combinations (Cont'd)

The amendment requires other non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value shall be recognised in profit and loss in accordance with MFRS 9 Financial Instruments.

This is applicable for business combinations where the acquisition date is on or after 1 July 2014.

MFRS 8 Operating segments

The standard is amended to disclose the judgements made by management in aggregating operating segments. This includes a brief description of the operating segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics.

The amendment requires a reconciliation of segments' assets to the entity's assets when segment assets are reported and such amounts are regularly provided to the chief operating decision maker.

MFRS 13 Fair value measurement

MFRS 13 amended the basis of conclusions to clarify that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial.

MFRS 116 Property, plant and equipment and MFRS 138 Intangible assets

Both standards are amended to clarify the treatment of gross carrying amount and accumulated depreciation when an entity revalued an item of assets. The carrying amount of that asset is adjusted to the revalued amount.

At the date of the revaluation, the asset is treated in one of the following ways:

(a) the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or

(b) the accumulated depreciation is eliminated against the gross carrying amount of the asset.

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

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

(i) For financial year beginning on/after 1 January 2015 (effective on/after 1 July 2014) (Cont'd)

(b) Annual Improvements to MFRSs 2010 - 2012 Cycle (Cont'd)

MFRS 124 Related party disclosures

The definition of "related party" is extended to include a management entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts incurred by the reporting entity for the provision of key management personnel services.

(c) Annual Improvements to MFRSs 2011 - 2013 Cycle

MFRS 1 First-time adoption of International Financial Reporting Standards

The basis of conclusions clarifies that a first-time adopter allows to apply new MFRS that is not yet effective if that MFRS permits early application. Notwithstanding with the advantages of applying a more recent version of MFRS, the first-time adopter can use either the MFRS that is currently mandatory or the new MFRS that is not yet mandatory.

MFRS 3 Business combinations

The standard is amended to clarify that MFRS 3 does not apply to the accounting for the formation of any joint arrangement under MFRS 11, including joint operations in the financial statements of the joint arrangement itself.

MFRS 13 Fair value measurement

MFRS 13 has been amended to clarify that the portfolio exception, whereby entities are exempted from measuring the fair value of a group of financial assets and financial liabilities with offsetting risk positions on a net basis, applies to all contracts within the scope of MFRS 139 or MFRS 9, regardless of whether they meet the definition of a financial asset or financial liability under MFRS 132.

An entity shall apply the amendment prospectively from the beginning of the first annual period in which MFRS 13 is applied.

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

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

(i) For financial year beginning on/after 1 January 2015 (effective on/after 1 July 2014) (Cont'd)

(c) Annual Improvements to MFRSs 2011 - 2013 Cycle (Cont'd)

MFRS 140 Investment property

The standard clarifies the interrelationship between MFRS 3 and MFRS 140 when classifying property as investment property or owner-occupied property. This standard amended to clarify that judgement is required to determine whether an acquired property is an investment property under MFRS 140 or the acquisition of the investment property constitutes a business combination under MFRS 3.

This amendment can be applied to individual acquisitions of investment property before 1 July 2014 if, and only if, the information necessary to apply the amendment is available.

The adoption of the amendments to MFRS 119 will not have any financial impact to the Group as the defined benefit plan of the Group does not require employees or third parties to contribute to the plan. The adoption of amendments to "Annual Improvements to MFRSs Cycles" is not expected to have a material impact on the financial results of the Group as the amendments focus on clarification of the definition under respective standards and requirement on additional disclosures.

(ii) For financial year beginning on/after 1 January 2016

(a) Amendments to MFRS 116 and MFRS 138 - Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to MFRS 116 clarify that revenue-based methods is not appropriate to use as a depreciation method to calculate the depreciation of property, plant and equipment. This is because the revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The amendments to MFRS 138 also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted under limited circumstances:

(i) in which the intangible asset is expressed as a measure of revenue; or
(ii) when it can be demonstrated that revenue and the consumption of economic benefits of the intangible asset are highly correlated.

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

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

(ii) For financial year beginning on/after 1 January 2016 (Cont'd)

(b) Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to MFRS 10 and MFRS 128 clarify the accounting for sale or contribution of assets to an associate or joint venture by an investor. The accounting treatment for sale or contribution of assets to an associate or joint venture depends on whether the non-monetary assets sold or contributed constitute a "business" as defined under MFRS 3.

Full gain or loss shall be recognised by the investor where the non-monetary assets constitute a "business". If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors' interests. In other words, the elimination of profits or losses resulting from "upstream" and "downstream" transactions between an investor and its associate or a joint venture rule is only applicable if the asset is not a business.

The amendments shall be applied prospectively.

(c) Amendments to MFRS 127 - Equity Method in Separate Financial Statements

Amendments to MFRS 127 allows an entity to account for its investment in subsidiary companies, joint ventures and associates using equity accounting in its separate financial statements:

(a) at cost; or
(b) in accordance with MFRS 139; or
(c) using the equity method as described in MFRS 128

The amendments shall be applied retrospectively. Entities that do not have investment in subsidiary but have investment in joint ventures and associates can elect to account for the investments in associates and joint ventures using the equity method in the separate financial statements. Hence, the entity only need to prepare one set of financial statements.

(d) Annual Improvements to MFRSs 2012 - 2014 Cycle

MFRS 5 Non-current assets held for sale and discontinued operations

The amendments clarify that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to plan of sale or distribution. That means, the asset (or disposal group) does not need to be reinstated in the financial statements as if it had never been classified as 'held for sale' or 'held for distribution'.

An entity shall apply the requirements prospectively to changes in method of disposals that occurred on or after 1 January 2016.

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

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

(ii) For financial year beginning on/after 1 January 2016 (Cont'd)

(d) Annual Improvements to MFRSs 2012 - 2014 Cycle (Cont'd)

Amendments to MFRS 7 Financial instruments: Disclosures

The amendments add specific guidance in determining whether in the context of derecognition of financial asset, the terms of arrangement to service a financial asset constitute continuing involvement for MFRS 7 disclosure. The amendment is prospective with an option to apply retrospectively.

The amendment also clarifies that the additional disclosures required by the amendments to MFRS 7 on offsetting is not specifically required by MFRS 7 unless required by MFRS 134. This amendment is retrospective.

MFRS 119 Employee benefits

The amendments clarify that discount rate for post-employment benefit obligations should be determined based on the currency the liability is denominated, and not the country where it arises.

Where there is no deep market in high-quality corporate bond in that currency, government bonds in that currency should be used.

An entity shall apply the requirements from the beginning of the earliest comparative period presented in the first financial statements in which the entity applies the amendment. Any initial adjustment on application shall be recognised in retained earnings at the beginning of that period.

MFRS 134 Interim financial reporting

This amendment requires disclosures of significant events and transactions shall be given either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement that is available to users of the financial statements on the same terms and at the same time. If users of financial statements do not have access to such information, the interim financial report is incomplete. The amendment is retrospective.

The adoption of amendments to published standards and "Annual Improvements to MFRSs Cycles" is not expected to have material financial impact to the Group as the amendments focus on clarification of the definition under respective standards and requirement on additional disclosures.

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

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

(iii) For financial year beginning on/after 1 January 2017

MFRS 15 Revenue from Contracts with Customers

The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

Transfer of control is not the same as transfer of risks and rewards as currently considered for revenue recognition. A company would recognise revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer).

When there are multiple goods or services bundled in a single arrangement, MFRS 15 requires that the consideration to be allocated to each of those goods and services based on the price an entity would charge a customer on a stand-alone basis for each goods or services. If a stand-alone selling price is not directly observable, an entity will need to estimate by considering all information that is reasonably available to the entity.

Transaction price should be adjusted for the effect of time value of money if the contract includes a significant financing component and for any consideration payable to the customer. MFRS 15 requires an estimate of variable consideration to be recognised as revenue when performance obligations are satisfied if it is highly probable that the amount will not result in a significant revenue reversal if estimates change.

MFRS 15 requires that incremental costs of obtaining a contract are recognised as an asset provided the entity expects to recover those costs.

MFRS 15 includes a cohesive set of disclosure requirements that would result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers, specifically includes:

(a) revenue recognised from contracts with customers, including the disaggregation of revenue into appropriate categories;
(b) contract balances, including the opening and closing balances of receivables, contract assets and contract liabilities;
(c) performance obligations, including when the entity typically satisfies its performance obligations and the transaction price that is allocated to the remaining performance obligations in a contract;
(d) significant judgements, and changes in judgements, made in applying the requirements to those contracts; and
(e) assets recognised from the costs to obtain or fulfil a contract with a customer.

The financial effects of adoption of MFRS 15 are still being assessed by the Group and the Company due to the complexity of this standard.

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

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

(iv) For financial year beginning on/after 1 January 2018

MFRS 9 Financial Instruments

MFRS 9 applies one classification approach for all types of financial assets, including those that contain embedded derivative features. The key provisions for classifications and measurement of financial assets are:

(a) There are three classifications for investments in debt instruments: amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The classification is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest.

(b) If the equity instrument is held for trading, changes in fair value are presented in profit or loss. However, an entity may make an irrevocable election at initial recognition for particular equity investment to present subsequent changes in fair value in other comprehensive income.

Most of the requirements in MFRS 139 on classification and measurement of financial liabilities have been remained unchange: FVTPL and amortised cost. However, the requirements related to the fair value option for financial liabilities were changed to address own credit risk. Entities are still required to separate derivatives embedded in financial liabilities if they are not closely related to the host contract.

MFRS 9 introduces the impairment requirement relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit (i.e. expected credit losses model). This model results in entities recording a day 1 loss equal at least to a 12-month expected loss on initial recognition of financial assets that are not credit impaired.

On hedge accounting, MFRS 9 aligns hedge accounting more closely with risk management and establishes a more principles-based approach to hedge accounting. It removes the 80% - 125% bright line on hedge effectiveness, removing restrictions that currently prevent some economically rational hedging strategies from qualifying from hedge accounting and relaxes the rules on the use of some hedging instruments.

Extensive disclosures are required, including reconciliation from opening to closing amount of the expected loss provision, assumption and inputs and a reconciliation on transition of the original classification categories under MFRS 139 to the new classification categories in MFRS 9. The financial effects of adoption of MFRS 9 are still being assessed by the Group and the Company due to the complexity of this standard.

(c) 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:

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

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

(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 9.94% (2013: 9.91%) 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.

(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 2014, 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 outgoings 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 RM20.8 million (2013: RM21.3 million) lower or RM28.8 million (2013: 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Basis of consolidation (Cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(iii) Associated companies (Cont'd)

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.

In the previous financial year 2012, 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. 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).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Depreciation of other property and 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	7	15%
Office equipment	7	15%
Furniture and fittings	10	10%
Renovations	10	10%

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Investment properties (Cont'd)

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

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 7 years.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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 short term placements with maturities within one month and highly liquid investments which have an insignificant risk of changes in value less bank overdrafts.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Leases (Cont'd)

(i) As lessee (Cont'd)

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Foreign currencies (Cont'd)

(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 short-term placements and fixed deposits with licensed financial institutions are accrued on a time-apportioned basis.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Income from the various business activities of the Group and the Company is recognised using the following bases: (Cont'd)

(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.

(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.

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Income tax (Cont'd)

(ii) Deferred tax (Cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Financial assets (Cont'd)

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 which 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 loans 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 loan or portion of a loan 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 costs".

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

2014

At cost	As at 1.1.2014 RM'000	Additions RM'000	Disposals RM'000	As at 31.12.2014 RM'000
Freehold land	1,565	-	-	1,565
Freehold buildings	65	-	-	65
Short term leasehold land and buildings	6,705	147	-	6,852
Machinery	209	-	-	209
Motor vehicles	1,307	-	-	1,307
Office equipment	2,546	556	(14)	3,088
Furniture and fittings	478	121	(88)	511
Renovations	396	238	(146)	488
	13,271	1,062	(248)	14,085

Accumulated depreciation	As at 1.1.2014 RM'000	Charge for the year RM'000 (Note 29)	Reversal for disposals RM'000	As at 31.12.2014 RM'000
Freehold buildings	19	1	-	20
Short term leasehold land and buildings	930	241	-	1,171
Machinery	130	37	-	167
Motor vehicles	475	167	-	642
Office equipment	1,983	187	(1)	2,169
Furniture and fittings	344	24	(3)	365
Renovations	110	48	(5)	153
	3,991	705	(9)	4,687

4. PROPERTY AND EQUIPMENT (CONT'D)

Group (Cont'd)

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	-	-	(4,792)	-	209
Motor vehicles	2,117	-	(810)	-	-	-	1,307
Office equipment	2,157	389	-	-	-	-	2,546
Furniture and fittings	405	73	-	-	-	-	478
Renovations	525	162	-	(35)	(256)	-	396
	12,859	6,305	(810)	(35)	(5,048)	-	13,271

* Amount capitalised as equipment upon completion of installation.

4. PROPERTY AND EQUIPMENT (CONT'D)

Group (Cont'd)

2013

	As at 1.1.2013 RM'000	Charge for the year RM'000 (Note 29)	Reversal for disposals RM'000	Reversal for write off RM'000 (Note 29)	Transfer to investment properties RM'000 (Note 5)	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

4. PROPERTY AND EQUIPMENT (CONT'D)

Group (Cont'd)

Net carrying value	**2014 RM'000**	**2013 RM'000**
Freehold land	1,565	1,565
Freehold buildings	45	46
Short term leasehold land and buildings	5,681	5,775
Machinery	42	79
Motor vehicles	665	832
Office equipment	919	563
Furniture and fittings	146	134
Renovations	335	286
	9,398	**9,280**

Company

2014	**As at 1.1.2014 RM'000**	**Depreciation charge for the year RM'000** (Note 29)	**As at 31.12.2014 RM'000**
At cost			
Office equipment	7	-	7
Accumulated depreciation			
Office equipment	5	1	6

2013	**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

	2014 RM'000	**2013 RM'000**
Net carrying value		
Office equipment	**1**	**2**

5. INVESTMENT PROPERTIES

		Group	
	Note	2014 RM'000	2013 RM'000
Investment properties - at fair value			
At beginning of year		358,650	349,650
Transfer from property and equipment	4	-	4,348
Subsequent expenditure		-	564
Net gain from fair valuation recognised in profit or loss	26	12,000	4,088
At end of year		370,650	358,650
Investment property under construction - at cost			
At beginning of year		301	-
Expenditure incurred for investment property under construction		970	301
At end of year		1,271	301
		371,921	**358,951**

The investment properties of the Group comprise of office buildings, shop offices and properties under construction.

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

	Group	
	2014 RM'000	2013 RM'000
Rental income generated	17,217	16,895
Direct expenses - Income generated	4,312	4,108
- No income generated	74	166

The fair value of the investment properties as at 31 December 2014 of RM370.7 million (2013: RM358.7 million) was performed by an independent valuer based on the investment method and/or comparison method.

Valuation processes overview

The Group's investment properties were valued at 31 December 2014 by independent professionally qualified valuers who hold recognised relevant professional qualifications 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 review processes carried out each year:

(a) Verification of all major inputs to the independent valuation report;
(b) Assessment of property valuation movements when compared to the prior year valuation report; and
(c) Discussions with the independent valuer.

5. INVESTMENT PROPERTIES (CONT'D)

Valuation techniques adopted

Pursuant to MFRS 13 Fair Value Measurement, the Group establishes a fair value hierarchy that categorises into three levels of inputs to valuation techniques used to measure fair value as disclosed in Note 40(b).

(a) There is no investment properties categorise under Level 1.

(b) Investment properties included in Level 2 with carrying amount of RM203.9 million (2013: RM194.0 million) are valued using the market approach (sales comparison approach) which uses observable inputs (including prices and other relevant information generated by market transactions involving identical or comparable/similar properties).

(c) Investment properties included in Level 3 with carrying amount of RM168.0 million (2013: RM165.0 million) are valued using income approach (discounting cash flow projections) based on inputs which are not observable market data. The key inputs to valuation techniques include:

Future rental cash inflows	:	based on the rental and period of the existing lease agreement;
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.

There were no changes to the valuation techniques during the year.

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

		2014	2013
Segment	:	Office buildings	Office buildings
Valuation technique	:	Investment method	Investment method
Rental value	:	RM15,496,000	RM15,035,000
Discount rate	:	6.25%	6.25%
Capitalisation rate (%)	:	5.75% - 6.25%	5.75% - 6.25%
Void allowances (%)	:	5%	5%
Sensitivity in discount rate and capitalisation rate			
+ 100 basis point	:	- RM20,825,000	- RM21,339,000
- 100 basis point	:	+ RM28,754,000	+ RM29,452,000

6. INVESTMENTS IN SUBSIDIARY COMPANIES

	Note	Company 2014 RM'000	Company 2013 RM'000
Unquoted shares in Malaysia			
At cost			
At beginning of year		423,727	306,727
Subscribed for additional shares		-	117,000
At end of year		423,727	423,727
Accumulated impairment loss			
At beginning of year		(48,529)	(629)
Impairment loss	28	-	(47,900)
At end of year		(48,529)	(48,529)
		375,198	375,198
Fair value of financial guarantee given to banks for facilities granted to subsidiary companies		15,791	15,791
		390,989	**390,989**

In the previous financial year, 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 as 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 market approach 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 are incorporated in Malaysia are as follows:

Name of companies	Principal activities	Equity interest 2014 %	Equity interest 2013 %
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	
	2014	2013
	RM'000	RM'000
At cost		
Quoted shares in Malaysia	**1,952,218**	**1,926,230**

	Group	
	2014	2013
	RM'000	RM'000
Share of net assets including goodwill	**2,245,521**	**2,060,706**

	2014	2013
	RM'000	RM'000
At market value		
Quoted shares in Malaysia	1,949,178	1,993,207

During the year, the Company has reinvested its dividend entitlement of RM26.0 million (2013: RM54.4 million) by receiving 3,492,900 (2013: 7,304,688) shares and cash of RM207 (2013: RM8) through one (2013: two) Dividend Reinvestment Plans ("DRP") of RHB Capital Berhad ("RHBC") as disclosed in Note 37.

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

Name of company	Principal activities	Equity interest 2014 %	Equity interest 2013 %
RHB Capital Berhad	RHBC group is involved in commercial banking, Islamic banking, investment banking, stock broking, leasing, offshore banking, offshore trust services, general insurance, unit trust management, asset management and nominee and custodian services.	9.94* (Note 37)	9.91*

* 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)

There are no contingent liabilities relating to the Group's interest in the associated company. The summarised financial information of the associated company is as follows:

	2014 RM'000	2013 RM'000
Aggregated assets and liabilities of RHBC as at 31 December 2014		
Total assets	221,243,673	193,350,227
Total liabilities	(201,048,062)	(174,838,275)
Net assets	**20,195,611**	**18,511,952**
Attributable to:		
- Owners of the Parent	20,095,822	18,308,296
- Non-controlling interests	99,789	203,656
	20,195,611	**18,511,952**
Aggregated results of RHBC for the year ended 31 December 2014		
Revenue	**6,234,879**	**5,950,763**
Profit for the year attributable to:		
- Owners of the Parent	1,770,300	1,626,881
- Non-controlling interests	25,464	12,348
	1,795,764	1,639,229
Other comprehensive income/(loss)		
- Owners of the Parent	228,152	(30,264)
- Non-controlling interests	(10,224)	10,304
	217,928	(19,960)
Total comprehensive income	**2,013,692**	**1,619,269**
Attributable to Owners of RHBC		
Opening net assets	18,308,296	16,890,749
Profit for the year	1,770,300	1,626,881
Other comprehensive income/(loss)	228,152	(30,264)
Other reserves changes	(210,926)	(179,070)
Closing net assets	**20,095,822**	**18,308,296**

The above information presented based on the financial statements of the associated company with adjustments for differences in accounting policies between the Group and the associated company.

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

	Group 2014 RM'000	Group 2013 RM'000
Reconciliation of carrying amount		
Equity interest in associated company	**9.94%**	**9.91%**
Share of net assets	1,998,879	1,813,870
Goodwill	246,642	246,836
Carrying amount	**2,245,521**	**2,060,706**

8. INTANGIBLE ASSETS

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Software licenses	(a)	794	901	-	-
Trademarks	(b)	159	147	159	147
		953	**1,048**	**159**	**147**

(a) Software licenses

	Group 2014 RM'000	Group 2013 RM'000
At cost		
At beginning of year	994	7
Additions	36	987
At end of year	1,030	994
Accumulated amortisation		
At beginning of year	(93)	(3)
Amortisation (Note 29)	(143)	(90)
At end of year	(236)	(93)
Net carrying value	**794**	**901**

(b) Trademarks

	Group and Company 2014 RM'000	Group and Company 2013 RM'000
At cost		
At beginning of year	147	127
Additions	12	20
At end of year	**159**	**147**

9. AVAILABLE-FOR-SALE SECURITIES

	Group	
	2014 RM'000	2013 RM'000
Unquoted securities:		
Shares in Malaysia	**165**	**165**

None of the unquoted shares held is impaired.

10. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes are related to the same authority. The following amounts determined after appropriate set off are shown in the statements of financial position:

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deferred tax assets					
At beginning of year		1,776	2,379	-	-
Recognised in profit or loss	30	(676)	(603)	-	-
At end of year		1,100	1,776	-	-
Deferred tax liabilities					
At beginning of year		(11,829)	(32)	(2,433)	-
Recognised in:					
- Profit or loss	30	(33)	(7,781)	(5)	(2,433)
- Revaluation reserve		-	(4,016)	-	-
At end of year		(11,862)	(11,829)	(2,438)	(2,433)
		(10,762)	**(10,053)**	**(2,438)**	**(2,433)**
Deferred tax assets					
- To be recovered within 12 months		1,090	1,557	-	-
- To be recovered more than 12 months		10	219	-	-
Deferred tax liabilities					
- To be settled within 12 months		(1,733)	(2,133)	(2,438)	(2,267)
- To be settled more than 12 months		(10,129)	(9,696)	-	(166)
		(10,762)	**(10,053)**	**(2,438)**	**(2,433)**

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

	Note	Property and equipment RM'000	Investment properties RM'000	Securities at fair value through profit or loss RM'000	Tax losses RM'000	Other liabilities RM'000	Other temporary differences RM'000	Total RM'000
Group								
2014								
At beginning of year		(335)	(9,529)	(2,444)	-	1,755	500	(10,053)
Recognised in profit or loss	30	577	(599)	29	-	(878)	162	(709)
At end of year		**242**	**(10,128)**	**(2,415)**	**-**	**877**	**662**	**(10,762)**
2013								
At beginning of year		(83)	-	-	986	1,444	-	2,347
Recognised in:								
- Profit or loss	30	(252)	(5,513)	(2,444)	(986)	311	500	(8,384)
- Revaluation reserve		-	(4,016)	-	-	-	-	(4,016)
At end of year		**(335)**	**(9,529)**	**(2,444)**	**-**	**1,755**	**500**	**(10,053)**

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

	Note	Securities at fair value through profit or loss RM'000	Total RM'000
Company			
2014			
At beginning of year		(2,433)	(2,433)
Recognised in profit or loss	30	(5)	(5)
At end of year		**(2,438)**	**(2,438)**
2013			
At beginning of year		-	-
Recognised in profit or loss	30	(2,433)	(2,433)
At end of year		**(2,433)**	**(2,433)**

11. SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Designated as fair value through profit or loss:				
Quoted securities				
Shares				
- in Malaysia	4,415	8,854	283	300
- outside Malaysia	1,666	17,040	-	17,040
	6,081	25,894	283	17,340
Collective investment schemes				
- in Malaysia	23,153	21,466	23,153	21,466
- outside Malaysia	-	21,701	-	21,701
	23,153	43,167	23,153	43,167
Cash Management Fund - in Malaysia	53,384	-	8,132	-
Total	**82,618**	**69,061**	**31,568**	**60,507**

11. SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current	82,618	56,655	31,568	48,101
Non-current	-	12,406	-	12,406
	82,618	**69,061**	**31,568**	**60,507**
Securities at fair value through profit or loss are denominated in the following currencies:				
Malaysian Ringgit	80,952	30,320	31,568	21,766
United States Dollar	-	16,047	-	16,047
Hong Kong Dollar	-	22,694	-	22,694
Indonesian Rupiah	1,666	-	-	-
	82,618	**69,061**	**31,568**	**60,507**

The above securities are designated as fair value through profit or loss in accordance with the Group's investment strategy. The fair value of the quoted securities is based on their last bid price in the active markets.

The Cash Management Fund aims to invest in highly liquid investments and is predominantly investing its assets in Ringgit Malaysia deposits with financial institutions in Malaysia. The tax-exempt income is calculated daily and distributed at month end.

12. CAPITAL FINANCING

	Group	
	2014 RM'000	2013 RM'000
Term loans	408,222	426,193
Allowances for impairment losses:		
- Collective assessment	(40)	(876)
- Individual assessment	(13,186)	(14,024)
	(13,226)	(14,900)
Net capital financing	**394,996**	**411,293**
Current	358,339	400,862
Non-current	36,657	10,431
	394,996	**411,293**

12. CAPITAL FINANCING (CONT'D)

		Group	
	Note	2014 RM'000	2013 RM'000
Collective assessment			
At beginning of year		(876)	(4,243)
Written back	26	836	3,367
At end of year		**(40)**	**(876)**
Individual assessment			
At beginning of year		(14,024)	(30,582)
Written back/(Made)	26, 28	838	(3,864)
Written off		-	20,422
At end of year		**(13,186)**	**(14,024)**

The capital financing bear weighted average interest rate of 8.63% (2013: 8.13%) 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 59% (2013: 51%) of the net capital financing, representing the Group's significant concentration of credit risks is as follows:

	Group	
	2014 RM'000	2013 RM'000
Amount due from five largest clients	**232,833**	**207,957**
Ageing analysis of gross capital financing		
Neither past due nor impaired	339,300	358,315
1 to 30 days past due but not impaired	6,732	30,473
31 to 60 days past due but not impaired	37,508	6,049
61 to 90 days past due but not impaired	2,462	4,776
	46,702	41,298
Impaired	22,220	26,580
	408,222	**426,193**

12. CAPITAL FINANCING (CONT'D)

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.

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 RM46.7 million (2013: RM41.3 million) that are past due at the reporting date but not impaired, due to the availability of sufficient collateral or repayment subsequent to the reporting date.

The Group would take the possession of these collaterals that are held as security against capital financing when default occurs. 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 2014 and 2013, 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 2014 and 2013.

13. TRADE RECEIVABLES

	Group	
	2014	**2013**
	RM'000	**RM'000**
Tenants	**496**	**41**

All trade receivables are neither past due nor impaired. The normal credit period for tenants of properties is one month.

As at reporting date, the trade receivables included amount receivables from associated group, being subsidiary companies of an associated company, of RM483,000 (2013: RM39,000).

14. OTHER ASSETS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other receivables	243	133	43	28
Other deposits	203	235	26	5
Prepayments	3,151*	81	256	4
	3,597	**449**	**325**	**37**

* Included in the prepayments is an amount of RM2.4 million (2013: nil) representing amount prepaid for acquisition of property and equipment.

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

	Company	
	2014 RM'000	2013 RM'000
(a) Amounts due from subsidiary companies		
- Interest bearing	**16,650**	**131,678**
(b) Amounts due to subsidiary companies		
- Interest bearing	**(134,387)**	**(167,339)**

The amounts due from/(due to) subsidiary companies are unsecured, repayable on demand and bear interest ranging from 4.40% to 4.65% (2013: 4.38% to 4.53%) per annum.

16. CASH AND BANK BALANCES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash on hand	1	1	-	-
Bank balances	2,713	2,014	79	92
	2,714	**2,015**	**79**	**92**

17. DEFERRED INCOME

Deferred income relates to fees and charges received in advance from clients.

18. TRADE PAYABLES

	Group	
	2014 RM'000	2013 RM'000
Advance payment from clients	**818**	**459**

19. BORROWINGS

	Group 2014 RM'000	Group 2013 RM'000
Unsecured		
Revolving credits	**378,214**	**290,219**

Repayment schedules of the revolving credits are as follows:

	2014 RM'000	2013 RM'000
Rolled over on:		
- daily basis	228,104	140,092
- weekly basis	50,000	50,000
- bi-weekly basis	100,110	-
- monthly basis	-	100,127
	378,214	**290,219**

The revolving credits of the subsidiary companies are supported by corporate guarantees from the Company and bear weighted average effective interest rate of 4.59% (2013: 4.34%) per annum.

20. OTHER LIABILITIES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Rental and utilities deposits received from tenants	1,720	1,712	-	-
Other payables, accruals and provisions	6,086	9,313	2,097	2,275
Short-term employee benefits	4,009	9,756	260	7,279
Amounts due to an associated group	3,261	3,258	-	-
Fair value of financial guarantees given to banks for facilities granted to subsidiary companies	-	-	-	1,637
	15,076	**24,039**	**2,357**	**11,191**

The amounts due to an associated group represent rental and utility deposits received which are interest-free, unsecured and repayable on demand.

Included in "other payables, accruals and provisions" is RM3.4 million (Group) and RM0.3 million (Company) to set up a foundation for Corporate Social Responsibility initiatives.

21. SHARE CAPITAL

	Group and Company Number of ordinary shares ('000)/ Amount (RM'000)	
	2014	2013
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/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.

22. TREASURY SHARES

	Group and Company	
	2014 RM'000	2013 RM'000
At cost		
At beginning of year	787	784
Share buybacks	29,445	3
At end of year	**30,232**	**787**

	Group and Company	
	2014 '000	2013 '000
Number of treasury shares		
At beginning of year	637	635
Share buybacks	17,460	2
At end of year	18,097	637
Total number of outstanding shares in issue	950,961	968,421
Total number of issued and fully paid ordinary shares	**969,058**	**969,058**

22. TREASURY SHARES (CONT'D)

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.

Details of the share buybacks are as follows:

2014	Highest price RM	Lowest price RM	Average cost* RM	Number of shares '000	Total amount paid RM'000
At beginning of year	2.82	0.90	1.24	637	787
Share buybacks during the year:					
February	1.62	1.61	1.62	1,398	2,270
March	1.67	1.60	1.63	4,598	7,483
April	1.73	1.66	1.72	11,463	19,690
June	1.68	1.68	1.72	1	2
	1.73	1.60	1.69	17,460	29,445
At end of year	**2.82**	**0.90**	**1.67**	**18,097**	**30,232**

22. TREASURY SHARES (CONT'D)

2013	Highest price RM	Lowest price RM	Average cost* RM	Number of shares '000	Total amount paid RM'000
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**

* Average cost includes transaction costs.

23. RESERVES

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Revaluation reserves	(a)	76,321	76,321	-	-
Other reserves	(b)	22,196	(2,421)	-	-
		98,517	73,900	-	-
Retained profits		1,670,648	1,553,437	1,316,990	1,365,233
		1,769,165	**1,627,337**	**1,316,990**	**1,365,233**

(a) Revaluation reserves

The revaluation reserves of the Group represent revaluation surpluses on the owner-occupied properties under property and equipment under a subsidiary company which were transferred to investment properties on 9 November 2012 due to change in use. These properties are measured at their fair values based on independent valuer at the date of completion of the disposal of subsidiary companies on 9 November 2012. A total of gain of RM80.3 million is recognised as a revaluation surplus in 2012 and a deferred tax of RM4.0 million arising from change of tax legislation in 2013.

(b) Other reserves

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

	Group 2014 RM'000	Group 2013 RM'000
Foreign exchange reserve	26,260	563
Available-for-sale reserve	(4,196)	(11,062)
Other reserve	132	8,078
	22,196	**(2,421)**

24. REVENUE

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Fees and charges	7,969	9,589	-	-
Interest income				
- Non-impaired financing	32,364	33,689	-	-
- Impaired financing	1,917	1,096	-	-
- Subsidiary companies	-	-	3,535	10,884
	34,281	34,785	3,535	10,884
Dividend income				
- Subsidiary companies	-	-	-	37,013
- Associated company	-	-	25,987	54,430
- Available-for-sale securities	7	-	-	-
- Securities at fair value through profit or loss	454	-	213	-
	461	-	26,200	91,443
Rental income	17,217	16,895	-	-
	59,928	**61,269**	**29,735**	**102,327**

25. DIRECT COSTS

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Fee expenses	258	374	-	97
Facility and commitment fees	1,033	1,370	387	187
Funding costs	11,150	9,565	-	-
Investment property expenses	4,386	4,274	-	-
	16,827	**15,583**	**387**	**284**

26. OTHER INCOME

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Bad debts recovered		2	1,898	-	-
Dividend income from securities at fair value through profit or loss		-	2	-	-
Financial guarantee income		-	-	1,637	4,015
Gain on disposals of equipment		30	-	-	-
Interest income on deposits and placements with financial institutions		2	1	2	1
Net gain arising from sales of securities		780	4	946	-
Net gain from fair valuation on investment properties	5	12,000	4,088	-	-
Realised gain on foreign exchange translations		186	-	208	-
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		122	147	-	-
Unrealised gain on revaluation of securities at fair value through profit or loss		1,173	11,457	1,144	11,412
Unrealised gain from foreign exchange translations		-	1,524	-	1,524
Write back of impairment losses on capital financing:					
- Collective assessment	12	836	3,367	-	-
- Individual assessment	12	838	-	-	-
Others		457	39	132	-
		16,426	**27,527**	**4,069**	**21,952**

27. ADMINISTRATIVE EXPENSES

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
(a) Establishment related expenses				
Depreciation and amortisation	848	779	1	1
Insurance	45	69	6	4
Rental of equipment	1	8	-	8
Rental of premises	-	-	129	240
Repair and maintenance	303	280	-	-
Utility expenses	31	19	12	10
Others	50	158	2	-
	1,278	**1,313**	**150**	**263**

27. ADMINISTRATIVE EXPENSES (CONT'D)

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
(b) General administrative expenses				
Communication expenses	71	236	1	148
Donation	139	100	39	-
Legal and professional fees	3,459	752	3,088	470
Printing and stationery	165	285	106	221
Share registration	251	216	251	216
Other administrative expenses	1,808	781	622	263
	5,893	**2,370**	**4,107**	**1,318**
(c) Personnel expenses				
Salaries, allowances, bonuses and other emoluments (net of over provision)	7,107	8,537	(2,914)	340
Pension costs - defined contribution plan	890	739	-	9
Others	319	312	39	61
	8,316	**9,588**	**(2,875)**	**410**
Total administrative expenses	**15,487**	**13,271**	**1,382**	**1,991**

28. OTHER EXPENSES

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Allowance for impairment losses on capital financing:					
- Individual assessment	12	-	3,864	-	-
Bad debts written off		1	24	-	17
Contribution to a foundation		1,400	2,000	(1,700)	2,000
Equipment written off		-	31	-	-
Impairment loss on investment in subsidiary companies	6	-	-	-	47,900
Realised loss on foreign exchange translations		-	3	-	-
Unrealised loss from foreign exchange translations		1,304	-	1,141	-
		2,705	**5,922**	**(559)**	**49,917**

29. ITEMS OF INCOME AND EXPENSES

The following amounts have been credited/(charged) to the profit or loss:

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Auditors' remuneration:					
(i) Statutory audit - current year - auditors of the Company		(115)	(125)	(50)	(55)
(ii) Other services - current year - auditors of the Company		(235)	(10)	(235)	(10)
		(350)	(135)	(285)	(65)
Amortisation of software licenses	8(a)	(143)	(90)	-	-
Depreciation of property and equipment	4	(705)	(689)	(1)	(1)
Directors' remuneration:	33(a)				
(i) Fees - current year		(265)	(279)	(265)	(279)
(ii) Other emoluments		(3,054)	(3,059)	-	-
(iii) Defined contribution plan		(390)	(390)	-	-
		(3,709)	(3,728)	(265)	(279)
Dividend income		461	2	26,200	91,443
Equipment written off	4	-	(31)	-	-
Gain on disposals of equipment		30	-	-	-
Rental of equipment		(1)	(8)	-	(8)
Rental of premises		-	-	(129)	(240)
Staff costs (excluding directors):					
- salaries, allowances, bonuses and other emoluments (net of over provision)		(3,788)	(5,199)	3,179	(61)
- defined contribution plan		(500)	(349)	-	-
- social security costs		(42)	(38)	-	(9)
- other staff related expenses		(277)	(274)	(39)	(61)
		(4,607)	(5,860)	3,140	(131)

30. INCOME TAX

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
In respect of the current year					
Malaysian income tax		9,359	9,263	804	11,077
Under/(Over) provision in respect of prior years					
Malaysian income tax		1,292	(97)	1,327	-
Deferred taxation:					
Deferred tax assets		676	603	-	-
Deferred tax liabilities		33	7,781	5	2,433
	10	709	8,384	5	2,433
Income tax		**11,360**	**17,550**	**2,136**	**13,510**
Deferred taxation is further analysed as follow:					
Origination and reversal of temporary differences		628	8,505	5	2,433
Under/(Over) provision in prior year		81	(121)	-	-
		709	**8,384**	**5**	**2,433**

Malaysian income tax expense is calculated based on the statutory income tax rate of 25% on the estimated taxable profits for the year. The reconciliation between the tax at statutory tax rate of 25% (2013: 25%) on the profit before tax and the tax expense is as follows:

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Profit before tax ("PBT")	215,615	213,185	25,215	65,758
Tax at Malaysian statutory on PBT	53,904	53,296	6,304	16,440
Effects of:				
- different tax rate under Real Property Gains Tax rate	(2,400)	4,493	-	-
- non-taxable income	(45,193)	(41,355)	(7,956)	(15,861)
- non-deductible expenses	3,676	1,334	2,461	12,931
Under/(Over) provision of tax in prior years	1,292	(97)	1,327	-
Temporary differences not recognised in prior years	81	(121)	-	-
Income tax expense	**11,360**	**17,550**	**2,136**	**13,510**

30. INCOME TAX (CONT'D)

With effect from 1 January 2014, all companies in Malaysia are on single-tier dividend system where 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 shareholders. The balances of tax credits under Section 108 of Income Tax Act ("ITA"), 1967 which have not been utilised as at 31 December 2013, amounting to RM19.0 million, were disregarded.

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

	Group	
	2014 RM'000	2013 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	
	2014	2013
Profit attributable to Owners of the Company (RM'000)	**204,255**	**195,635**
Weighted average number of ordinary shares in issue ('000)	**959,440**	**968,422**
Basic/Dilutive EPS (sen)	**21.29**	**20.20**

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

32. DIVIDENDS

(a) Dividends paid:

	Group and Company			
	Amount		Net dividend per share	
	2014 RM'000	2013 RM'000	2014 Sen	2013 Sen
In 2014				
Single-tier final dividend of 5.0 sen for the year ended 2013, paid on 15 May 2014	47,548	-	5.000	-
Single-tier interim dividend of 2.5 sen for the year ended 2014, paid on 30 September 2014	23,774	-	2.500	-
In 2013				
Interim dividend of 2.5 sen per share less 25% income tax, for the year ended 2013, paid on 25 September 2013	-	18,158	-	1.875
Final dividend of 2.5 sen per share less 25% income tax, for the year ended 2012, paid on 15 May 2013	-	18,158	-	1.875
	71,322	**36,316**	**7.500**	**3.750**

32. DIVIDENDS (CONT'D)

(b) Dividends declared or proposed:

	Group and Company			
	Amount		Net dividend per share	
	2014 RM'000	2013 RM'000	2014 Sen	2013 Sen
For the year ended 31 December 2014				
Single-tier interim dividend of 2.5 sen paid on 30 September 2014	23,774	-	2.500	-
Proposed single-tier final dividend of 5.0 sen per share based on number of shares outstanding in issue at end of the year	47,548	-	5.000	-
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 paid on 15 May 2014	-	47,548	-	5.000
	71,322	**65,706**	**7.500**	**6.875**

The Board of Directors recommends a single-tier final dividend of 5.0 sen per share (2013: 5.0 sen per share) amounting to approximately RM47.5 million, based on number of shares outstanding in issue at the end of the year, for the year ended 31 December 2014. The proposed dividend is subject to Shareholders' approval at the forthcoming Annual General Meeting. The entitlement date for 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 2015.

33. 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. Close family members and dependents of the key management personnel, or any entities that are controlled / significantly influenced by key management personnel or their close family members are deemed as related to the Company. The key management personnel's compensation is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Directors:				
Executive				
Fees - current year	50	50	50	50
Other emoluments *	2,751	2,758	-	-
	2,801	2,808	50	50
Estimated money value of benefits-in-kind	18	15	-	-
Total short-term employee benefits	2,819	2,823	50	50
Post-employment benefits				
- Defined contribution plan	390	390	-	-
Total for Executive Directors	**3,209**	**3,213**	**50**	**50**
Non-Executive				
Fees - current year	215	229	215	229
Other emoluments *	303	301	-	-
	518	530	215	229
Estimated money value of benefits-in-kind	16	23	-	-
Total for Non-Executive Directors	**534**	**553**	**215**	**229**
Total for Directors	**3,743**	**3,766**	**265**	**279**

* Other emoluments included salaries, bonuses and allowances.

33. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

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

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Other key management personnel:				
Short-term employee benefits	1,473	955	-	-
Estimated money value of benefits-in-kind	1	-	-	-
Total short-term employee benefits	1,474	955	-	-
Post-employment benefits - Defined contribution plan	211	136	-	-
	1,685	**1,091**	**-**	**-**
Total for key management personnel compensation	**5,428**	**4,857**	**265**	**279**

(b) Directors' remuneration

The Directors' remuneration included in administrative expenses as disclosed in Note 33(a) and 27(c) are paid/payable to the following Directors:

2014 / 2013
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

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 2014	Number of Directors 2013
Non-Executive:		
RM50,000 and below	1	2
RM50,001 up to RM100,000	2	2
RM350,001 up to RM400,000	1	1
Executive:		
RM3,150,001 up to RM3,200,000	1	1
	5	**6**

33. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(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) 2014 RM'000	2013 RM'000	Amount due from/(to) 2014 RM'000	2013 RM'000
OSK Capital Sdn Bhd				
Interest income	2,145	6,590	-	-
Advance to subsidiary company	-	-	16,641	91,867
KE-ZAN Holdings Berhad				
Dividend income	-	37,013	-	-
Interest expense	(7,314)	(5,594)	-	-
Advance from subsidiary company	-	-	(125,396)	(167,339)
OSK Realty Sdn Bhd				
Interest income	1,390	4,294	-	-
Advance to subsidiary company	-	-	-	39,811
Advance from subsidiary company	-	-	(8,991)	-

33. 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)	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
RHB Capital Berhad group of companies				
RHB Bank Berhad				
Office rental income	698	665	-	-
Interest expense	(3,185)	(1,755)	-	-
Commitment fee expense	(402)	(515)	-	-
OSKIB Sdn Bhd (formerly known as OSK Investment Bank Berhad)				
Office rental income	-	3,942	-	-
RHB Investment Bank Berhad				
Office rental income	8,827	5,506	469	39
Rental and utilities deposits received	-	-	(2,576)	(2,576)
OSK Investment Management Sdn Bhd (formerly known as OSK-UOB Investment Management Bhd)				
Office rental income	-	661	-	-
RHB Trustees Berhad (formerly known as OSK Trustees Berhad)				
Office rental income	370	370	-	-
RHB Research Institute Sdn Bhd				
Office rental income	273	68	-	-
RHB Asset Management Sdn Bhd (formerly known as RHB Investment Management Sdn Bhd)				
Office rental income	1,446	13	-	-
Rental and utilities deposits received	-	-	(245)	(81)
Net distribution from Cash Management Fund	384	-	-	-

During the year, the Company received dividend income of RM26.0 million (2013: RM54.4 million) from RHB Capital Berhad.

33. 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 common directors/major shareholder of OSK Holdings Berhad and/or family members of Tan Sri Ong Leong Huat @ Wong Joo Hwa.

The related parties are companies related to a director and a major shareholder of the Company:

PJ Development Holdings Berhad ("PJD")

- Tan Sri Ong Leong Huat @ Wong Joo Hwa, a director and major shareholder of the Company, is a director and a major shareholder of PJD.
- The spouse of Tan Sri Ong Leong Huat @ Wong Joo Hwa is a director and a major shareholder of PJD.
- The brother of Tan Sri Ong Leong Huat @ Wong Joo Hwa is a director and a shareholder of PJD.
- The son of Tan Sri Ong Leong Huat @ Wong Joo Hwa is a director and a shareholder of PJD.
- Foo San Kan, a director of the Company, is a director of PJD.

Dindings Consolidated Sdn. Bhd. ("DCSB")

- The spouse and daughter of Tan Sri Ong Leong Huat @ Wong Joo Hwa are directors of DCSB. Tan Sri Ong Leong Huat @ Wong Joo Hwa, his spouse and children collectively owned 100% of DCSB.

OSK Property Holdings Berhad ("OSKP")

- Tan Sri Ong Leong Huat @ Wong Joo Hwa, a director and major shareholder of the Company, is a director and a major shareholder of OSKP.
- The spouse of Tan Sri Ong Leong Huat @ Wong Joo Hwa is a major shareholder of OSKP.
- Land Management Sdn Bhd, a shareholder of the Company, collectively owned by Tan Sri Ong Leong Huat @ Wong Joo Hwa, his spouse and children, is a major shareholder of OSKP.
- The son of Tan Sri Ong Leong Huat @ Wong Joo Hwa is a director and a shareholder of OSKP.
- The daughter of Tan Sri Ong Leong Huat @ Wong Joo Hwa is a director and a shareholder of OSKP.

33. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(d) Significant transactions and balances with other related parties (Cont'd)

	Group			
	Income/(Expenses)		Amount due from/(to)	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
(i) PJ Development Holdings Berhad group of companies				
PJD Management Services Sdn. Bhd.				
Office rental income	1,220	799	-	1
Proceeds from disposal of equipment	248	-	-	-
Rental and utilities deposits received	-	-	(356)	(207)
(ii) Dindings Consolidated Sdn. Bhd. group of companies				
Dindings Risks Management Services Sdn. Bhd.				
Insurance premium expense	(245)	(256)	-	-
(iii) OSK Property Holdings Berhad group of companies				
OSK Properties Sdn. Bhd.				
Office rental income	639	433	-	-

(e) Ultimate holding company

OSK Equity Holdings Sdn Bhd ("OSKE") is the ultimate holding company of the Company and the Company has not incurred related party transactions or balances with OSKE during the current and prior years.

34. UNRECOGNISED CONTRACTUAL COMMITMENTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Capital commitments				
Contracted but not provided for:				
- Acquisition of office equipment and software	144	7	-	-
- Investment property	82	-	-	-
- Investment property under construction	13,642	514	-	-
- Short term leasehold land and buildings	121	-	-	-
- Professional fees for corporate exercise	913	-	913	-
- Other professional fee	46	-	4	-
	14,948	**521**	**917**	**-**

35. CONTINGENT LIABILITIES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unsecured:				
Corporate guarantees given to licensed banks for facilities granted to subsidiary companies	-	-	378,075	290,080
Bank guarantee in lieu of security deposits in favour of Tenaga Nasional Berhad	447	403	-	-
	447	**403**	**378,075**	**290,080**

36. SEGMENT INFORMATION

The Group is organised into three major business segments based on products and services, which are regularly provided to and reviewed by the chief operating decision makers:

(i) Investment Holding - Investing activities and other insignificant business segment, where investments contribute dividend income and interest income.

(ii) Capital Financing - Capital financing activities, generating interest, fee and related income.

(iii) Property Investment - Management and letting of properties, contributing rental yield and appreciation of properties.

Business 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 at terms mutually agreed between the segments concerned and have been eliminated to arrive at the Group's results. Revenue of approximately RM12.0 million (2013: RM11.8 million) is derived from a single customer, which is attributable to the Property Investment segment.

36. SEGMENT INFORMATION (CONT'D)

The segmental information for the year of 2013 has been re-presented to conform with current year to date presentation.

The Group operates domestically in Malaysia only, hence no geographical segmental information is presented. Below is the business segment analysis:

2014	Investment Holding RM'000	Capital Financing RM'000	Property Investment RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External parties	213	42,498	17,217	-	**59,928**
Inter-segment	3,535	-	1,487	(5,022)	**-**
Dividend from associated company	25,987	-	-	(25,987)	**-**
Total	**29,735**	**42,498**	**18,704**	**(31,009)**	**59,928**
Results					
Segment (loss)/profits	(2,492)	18,031	24,156	(858)	**38,837**
Share of profit of an associated company	175,920	-	-	858	**176,778**
Profit before tax	**173,428**	**18,031**	**24,156**	**-**	**215,615**
Income tax expense					**(11,360)**
Profit after tax					**204,255**
Other income/(expense) disclosures:					
Depreciation and amortisation	-	(401)	(447)	-	**(848)**
Dividend income	26,448	-	-	(25,987)	**461**
Funding costs and interest expenses	(7,380)	(13,515)	(3,919)	11,166	**(13,648)**
Interest income	3,537	34,280	7,315	(10,849)	**34,283**
Net gain from fair valuation on investment properties	-	-	12,000	-	**12,000**
Unrealised gain on revaluation of FVTPL	1,173	-	-	-	**1,173**
Unrealised loss from foreign exchange translations	(1,304)	-	-	-	**(1,304)**
Writeback of impairment losses	-	1,674	-	-	**1,674**

36. SEGMENT INFORMATION (CONT'D)

The Group operates domestically in Malaysia only, hence no geographical segmental information is presented. Below is the business segment analysis: (Cont'd)

2014 (Cont'd)	Investment Holding RM'000	Capital Financing RM'000	Property Investment RM'000	Consolidated RM'000
Assets				
Tangible assets	37,941	398,834	429,130	**865,905**
Intangible assets	159	794	-	**953**
	38,100	399,628	429,130	**866,858**
Investments in an associated company	2,245,521	-	-	**2,245,521**
Segment assets	2,283,621	399,628	429,130	**3,112,379**
Deferred tax assets and tax recoverable				**4,503**
Total assets				**3,116,882**
Liabilities				
Segment liabilities	2,370	291,875	102,517	**396,762**
Deferred tax liabilities and tax payable				**12,129**
Total liabilities				**408,891**
Other information				
Capital expenditure	-	548	550	**1,098**

36. SEGMENT INFORMATION (CONT'D)

The Group operates domestically in Malaysia only, hence no geographical segmental information is presented. Below is the business segment analysis: (Cont'd)

2013	Investment Holding RM'000	Capital Financing RM'000	Property Investment RM'000	Eliminations RM'000	Consolidated 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					
Segment profit	18,251	20,811	13,708	(924)	**51,846**
Share of profit of an associated company	160,415	-	-	924	**161,339**
Profit before tax	**178,666**	**20,811**	**13,708**	**-**	**213,185**
Income tax expense					**(17,550)**
Profit after tax					**195,635**
Other income/(expense) disclosures:					
Allowance for impairment losses	-	(497)	-	-	**(497)**
Depreciation and amortisation	(1)	(276)	(502)	-	**(779)**
Dividend income	91,445	-	-	(91,443)	**2**
Funding costs and interest expenses	(6,328)	(15,594)	(6,468)	16,651	**(11,739)**
Interest income	10,884	34,786	5,594	(16,478)	**34,786**
Net gain from fair valuation on investment properties	-	-	4,088	-	**4,088**
Unrealised gain from foreign exchange translations	1,524	-	-	-	**1,524**
Unrealised gain on revaluation of FVTPL	11,457	-	-	-	**11,457**

36. SEGMENT INFORMATION (CONT'D)

The Group operates domestically in Malaysia only, hence no geographical segmental information is presented. Below is the business segment analysis: (Cont'd)

2013 (Cont'd)	Investment Holding RM'000	Capital Financing RM'000	Property Investment RM'000	Consolidated RM'000
Assets				
Tangible assets	69,364	413,850	368,041	**851,255**
Intangible assets	147	901	-	**1,048**
	69,511	414,751	368,041	**852,303**
Investment in an associated company	2,060,706	-	-	**2,060,706**
Segment assets	2,130,217	414,751	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**

37. SIGNIFICANT EVENTS AND CHANGES IN COMPOSITION OF THE GROUP

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

On 23 July 2014, 25,546,821 new RHBC shares has been issued and allotted at the issue price of RM7.44 per share which was applied to the final dividend in respect of financial year ended 31 December 2013. The Company has reinvested its dividend entitlement of RM25,987,383 by receiving 3,492,900 shares and cash of RM207 through DRP. Accordingly, the equity interest in RHBC increased to 9.94% or 255,797,588 ordinary shares from 9.91% or 252,304,688 ordinary shares.

38. STATUS OF CORPORATE PROPOSALS

Multiple proposals for Proposed OSK Property Holdings Berhad ("OSKP") Acquisition, Proposed PJ Development Holdings Berhad ("PJD") Acquisition, Proposed OSKP Offer, Proposed PJD Offer, Proposed Diversification, Proposed Exemption, Proposed Bonus Issue of Warrants, Proposed Special Cash Dividend, Proposed Increase in Authorised Share Capital and Proposed Amendment (collectively referred to as the "Proposals") are detailed below.

On 15 October 2014, the Company ("OSKH") had entered into the following agreements:

(i) A conditional share sale agreement ("SSA") with Tan Sri Ong Leong Huat @ Wong Joo Hwa ("Tan Sri Ong"), Land Management Sdn Bhd and the parties acting in concert with them ("PAC") to acquire a total of their 177,642,601 ordinary shares of RM1.00 each in OSKP ("OSKP Share(s)"), representing approximately 73.6% of the issued and paid-up share capital of OSKP (excluding 3,172,800 treasury shares) for a total purchase consideration of RM355,285,202 or RM2.00 per OSKP Share to be satisfied entirely by the issuance of 177,642,601 new ordinary shares of RM1.00 each in the Company ("Consideration Share(s)") at an issue price of RM2.00 per Consideration Share ("Proposed OSKP Acquisition"); and

(ii) A conditional SSA with Dindings Consolidated Sdn Bhd, Puan Sri Khor Chai Moi and the PAC to acquire a total of their 143,356,849 ordinary shares of RM1.00 each in PJD ("PJD Share(s)"), representing approximately 31.7% of the issued and paid-up share capital of PJD (excluding 4,778,300 treasury shares) for a total purchase consideration of RM229,370,958 or RM1.60 per PJD Share to be satisfied entirely by the issuance of 114,685,479 new Consideration Shares at an issue price of RM2.00 per Consideration Share ("Proposed PJD Acquisition").

The Proposed OSKP Acquisition, the Proposed PJD Acquisition, the Proposed OSKP Offer and the Proposed PJD Offer would result in a significant change in the business direction or policy of OSKH pursuant to Chapter 7 of the Securities Commission Malaysia's Equity Guidelines. In addition, the Proposed OSKP Acquisition and the Proposed PJD Acquisition are deemed as related party transactions under Paragraph 10.08 of the Main Market Listing Requirements of Bursa Securities.

In conjunction with the Proposed OSKP Acquisition and the Proposed PJD Acquisition, the Company has also resolved to undertake the following:

(i) Proposed mandatory take-over offer by the Company to acquire the remaining 63,559,672 OSKP Shares, representing approximately 26.4% of the issued and paid-up share capital of OSKP (excluding 3,172,800 treasury shares) at an offer price of RM2.00 per OSKP Offer Share to be satisfied either for a cash consideration or for a share exchange offer of Company Shares issued at an issue price of RM2.00 per Share based on an exchange ratio of one (1) Company Share for every one (1) OSKP Offer Share held and the remaining 105,471,442 OSKP Warrants C 2012/ 2017 at an offer price of RM1.00 per OSKP Offer Warrant to be satisfied entirely by cash ("Proposed OSKP Offer");

(ii) Proposed voluntary take-over offer by the Company to acquire the remaining 308,351,543 PJD shares, representing approximately 68.3% of the issued and paid-up share capital of PJD (excluding 4,778,300 treasury shares) at an offer price of RM1.60 per PJD Offer Share to be satisfied either for a cash consideration or for a share exchange offer of Company Shares issued at an issue price of RM2.00 per Share based on an exchange ratio of four (4) Company Shares for every five (5) PJD Offer Shares held and the remaining 213,458,972 PJD Warrants C 2010/ 2020 at an offer price of RM0.60 per PJD Offer Warrant to be satisfied entirely by cash ("Proposed PJD Offer");

38. STATUS OF CORPORATE PROPOSALS (CONT'D)

In conjunction with the Proposed OSKP Acquisition and the Proposed PJD Acquisition, the Company has also resolved to undertake the following: (Cont'd)

(iii) Proposed diversification of the businesses of the Group to include property development and construction, manufacturing and trading of cables and building materials as well as hotel and leisure arising from the Proposed OSKP Acquisition and the Proposed PJD Acquisition ("Proposed Diversification");

(iv) Proposed exemption to Tan Sri Ong and his PAC, under Practice Note 9 of the Malaysian Code on Take-Overs and Mergers, 2010, from the obligation to undertake a mandatory take-over offer for the remaining Company Shares not already held by them pursuant to the Proposed OSKP Acquisition, the Proposed PJD Acquisition, the Proposed OSKP Offer and the Proposed PJD Offer ("Proposed Exemption");

(v) Proposed bonus issue of up to 237,740,204 warrants to existing shareholders of the Company on the basis of one (1) free Warrant for every four (4) existing Company Shares held on an entitlement date to be determined later ("Proposed Bonus Issue of Warrants");

(vi) Proposed declaration and payment of a special cash dividend of RM0.15 for every one (1) existing Company Share held on an entitlement date to be determined later ("Proposed Special Cash Dividend");

(vii) Proposed increase in the authorised share capital of the Company from RM1,500,000,000 comprising 1,500,000,000 Shares to RM3,000,000,000 comprising 3,000,000,000 Shares ("Proposed Increase in Authorised Share Capital"); and

(viii) Proposed amendments to the Memorandum and Articles of Association of the Company ("Proposed Amendments").

The conditionality of the Proposals is set out below:

(i) The Proposed OSKP Acquisition, the Proposed PJD Acquisition, the Proposed OSKP Offer (the Company is obliged to undertake a mandatory take-over offer on OSKP upon completion of the Proposed OSKP Acquisition), the Proposed Diversification, the Proposed Exemption, the Proposed Bonus Issue of Warrants, the Proposed Special Cash Dividend, the Proposed Increase in Authorised Share Capital and the Proposed Amendments are inter-conditional upon each other; and

(ii) The Proposed PJD Offer is conditional upon the Proposed PJD Acquisition.

The Board is of the view that the additional source of income stream from the Proposed OSKP Acquisition and the Proposed PJD Acquisition are expected to enhance the Group's earnings and improve the financial position of the Group while the Proposed Diversification will enable the Group to expand into property development and construction, manufacturing and trading of cables and building materials as well as hotel and leisure businesses.

On 8 December 2014, the Company announced that the Bank Negara Malaysia ("BNM") had, vide its letter dated 5 December 2014, approved Tan Sri Ong and his PAC to hold in aggregate of 5% or more of effective interest in shares in RHBC, RHB Bank Berhad, RHB Investment Bank Berhad and RHB Islamic Bank Berhad, in the event that the Proposals involving three listed companies controlled by Tan Sri Ong materialise. However, the potential increase of effective interest shall not exceed the permissible 10% holding limit by an individual.

38. STATUS OF CORPORATE PROPOSALS (CONT'D)

The Proposals are subject to the following approvals being obtained. The approvals shown below are still pending as at date of this report.

(i) The Securities Commission Malaysia, for the following:

  (a) The Proposals;

  (b) The resultant equity structure of OSKH upon completion of the Proposed OSKP Acquisition, the Proposed PJD Acquisition, the Proposed OSKP Offer and the Proposed PJD Offer; and

  (c) The Proposed Exemption;

(ii) Bursa Securities for the followings:

  (a) Listing of and quotation for the Consideration Shares to be issued pursuant to the Proposed OSKP Acquisition, the Proposed PJD Acquisition, the Proposed OSKP Offer and the Proposed PJD Offer;

  (b) Admission of the Warrants to the official list of Bursa Securities; and

  (c) Listing of and quotation for the Warrants and the new OSKH Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities;

(iii) The shareholders of OSKH for the Proposals (save for the Proposed OSKP Offer) at an extraordinary general meeting to be convened (by way of poll); and

(iv) Any other relevant authorities, if required.

39. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The Group's financial risk management policies were established to ensure that there is adequate financial resources for business development and management of the Group's credit, market, interest rate, currency, liquidity and cash flow 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 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.

39. FINANCIAL RISK MANAGEMENT (CONT'D)

Below are the risks of the Group:

(a) Credit risk

Credit risk is the risk of 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 are made and interest income is recognised in accordance with the relevant accounting policies 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.

(i) Credit risk exposures and concentration

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 and 13. The maximum exposure to credit risk associated with recognised financial assets is the carrying amount shown in the statements 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 the financial institutions to be unlikely.

(ii) Collateral

Credit risk of capital financing is mitigated via collateral held as security. 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. The Group adopts the policy of obtaining sufficient collateral and monitor closely the collateral by observing the market trends, the collateral value continually being updated based on the changes in market value.

As at 31 December 2014 and 31 December 2013, collateral held as security are above the net outstanding capital financing.

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (Cont'd)

(iii) Credit quality of capital financing

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 gross outstanding amount. The collateral obtained is 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 gross outstanding amount. The collateral obtained is 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	
	2014	**2013**
	RM'000	**RM'000**
Capital financing		
- Grade A	338,547	357,573
- Grade B	753	742
	339,300	358,315

(b) 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, such as interest rates, equity prices and foreign exchange rates. 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 and Indonesia. 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 of investment properties will be made in the statement of profit or loss for the period in which it arises.

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market risk (Cont'd)

(i) 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' cost of funds or base rates managed 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.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been an average of 75 (2013: 75) basis points higher/ lower for the Group, with all other variables held constant, the Group's profit after tax would have been approximately RM44,000 (2013: RM615,000) 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 current observable market environment.

(ii) Price risk for investment securities

Price risk arises from available-for-sale securities as well as securities at fair value through profit or loss. The Group's equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages its price risk arising from investments in equity securities by diversification of its portfolio in accordance with the limits on individual and total equity instruments.

Sensitivity analysis for price risk

At the reporting date, if the FTSE Bursa Malaysia KLCI had been 5% (2013: 5%) higher/lower, with all other variables held constant, the Group's profit after tax would have been approximately RM3.04 million (2013: RM1.14 million) 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 JKSE Composite Index in the Indonesia had been 5% higher/lower, with all other variables held constant, the Group's profit after tax would have been approximately RM62,000 (2013: nil) higher/lower, arising as a result of higher/lower fair value gains on quoted securities at fair value through profit or loss in the Indonesia.

At 31 December 2013, if the NYSE Composite Index in the United States of America had been 5% higher/ lower, with all other variables held constant, the Group's profit after tax would have been approximately RM602,000 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 31 December 2013, if the Hang Seng Index in the Hong Kong had been 5% higher/lower, with all other variables held constant, the Group's profit after 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.

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market risk (Cont'd)

(iii) 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 Indonesian Rupiah, 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.

(c) 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 refinancing needs and obligations as and when they fall due.

Cash flow forecasts, taking into account all major transactions, are prepared and monitored. 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.

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.

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (Cont'd)

Liquidity risk exposures (Cont'd)

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
2014					
Borrowings	54,051	332,348	-	-	386,399
Other liabilities	2,277	130	-	4,981	7,388
2013					
Borrowings	52,890	242,225	-	-	295,115
Other liabilities	6,854	17	35	4,970	11,876

Company	Less than 3 months RM'000	>3-12 months RM'000	>1-2 years RM'000	Over 2 years RM'000	Total RM'000
2014					
Amount due to subsidiary companies	134,387	-	-	-	134,387
Other liabilities	1,528	-	-	-	1,528
2013					
Amount due to subsidiary companies	167,339	-	-	-	167,339
Other liabilities	1,641	-	-	-	1,641

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 RM378.1 million as at 31 December 2014 (2013: RM290.1 million).

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.

40. FINANCIAL INSTRUMENTS

Fair value measurement

(a) 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 and short term borrowings

The carrying amounts of these financial assets and liabilities approximate their fair values as they are relatively short term in nature.

(ii) Capital financing

As the Group's capital financing are mostly fixed rate loans with short term maturities of less than one year, the carrying amounts of capital financing approximate their fair values.

The fair values of impaired fixed rate capital financing are represented by their carrying value, net of individual impairment allowance, being the expected recoverable amount.

(iii) 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.

(b) 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 for the assets or liabilities, 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 for the assets or liabilities.

40. FINANCIAL INSTRUMENTS (CONT'D)

Fair value measurement (Cont'd)

(b) Fair value hierarchy (Cont'd)

The following table shows an analysis of financial instruments recorded at fair value within the fair value hierarchy:

Group 2014	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	-	203,921	168,000	371,921
Financial assets					
Available-for-sale financial asset	9	-	-	165	165
Financial assets at fair value through profit or loss	11	82,618	-	-	82,618
Total assets		**82,618**	**203,921**	**168,165**	**454,704**

Company 2014	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	**31,568**	**-**	**-**	**31,568**

40. FINANCIAL INSTRUMENTS (CONT'D)

Fair value measurement (Cont'd)

(b) Fair value hierarchy (Cont'd)

The following table shows an analysis of financial instruments recorded at fair value within the fair value hierarchy: (Cont'd)

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	9	-	-	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**

40. FINANCIAL INSTRUMENTS (CONT'D)

Fair value measurement (Cont'd)

(b) Fair value hierarchy (Cont'd)

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 last bid price. There were no transfers between Level 1 and 2 during the year.

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy

	Group	
	2014	**2013**
	RM'000	**RM'000**
As at 1 January	165,165	165,165
Amount capitalised upon completion of installation	-	3,907
Additions	-	1,005
Fair value gain/(loss) recognised in profit or loss	3,000	(4,912)
As at 31 December	**168,165**	**165,165**

40. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments

Group 2014	Note	Loans and receivables RM'000	Assets at fair value through profit or loss RM'000	Available-for-sale RM'000	Total RM'000
Financial Assets					
Available-for-sale securities	9	-	-	165	165
Securities at fair value through profit or loss	11	-	82,618	-	82,618
Capital financing	12	394,996	-	-	394,996
Trade receivables	13	496	-	-	496
Other financial assets	14	446	-	-	446
Bank balances	16	2,713	-	-	2,713
		398,651	**82,618**	**165**	**481,434**

	Note	Other financial liabilities at amortised cost RM'000	Total RM'000
Financial Liabilities			
Trade payables	18	818	818
Borrowings	19	378,214	378,214
Other financial liabilities		7,395	7,395
		386,427	**386,427**

40. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments (Cont'd)

Company 2014	Note	Loans and receivables RM'000	Assets at fair value through profit or loss RM'000	Total RM'000
Financial Assets				
Securities at fair value through profit or loss	11	-	31,568	31,568
Other financial assets	14	69	-	69
Amount due from subsidiary companies	15(a)	16,650	-	16,650
Bank balances	16	79	-	79
		16,798	**31,568**	**48,366**

	Note	Other financial liabilities at amortised cost RM'000	Total RM'000
Financial Liabilities			
Other financial liabilities		1,528	1,528
Amount due to subsidiary companies	15(b)	134,387	134,387
		135,915	**135,915**

40. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments (Cont'd)

Group 2013	Note	Loans and receivables RM'000	Assets at fair value through profit or loss RM'000	Available-for-sale RM'000	Total RM'000
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
Bank balances	16	2,014	-	-	2,014
		413,716	**69,061**	**165**	**482,942**

	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 financial liabilities		11,885	11,885
		302,563	**302,563**

40. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments (Cont'd)

Company 2013	Note	Loans and receivables RM'000	Assets at fair value through profit or loss RM'000	Total RM'000
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(a)	131,678	-	131,678
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 financial liabilities		1,641	1,641
Amount due to subsidiary companies	15(b)	167,339	167,339
		168,980	**168,980**

41. 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 2014 and 31 December 2013.

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 2014 RM'000	Group 2013 RM'000
Total debts			
Borrowings	19	378,214	290,219
Total capital			
Equity attributable to Owners of the Company		2,707,991	2,595,608
Gearing ratio (times)		**0.14**	**0.11**

42. COMPARATIVE FIGURES

The comparative figures of writeback of collective assessment on capital financing of RM3.4 million reported under "other expenses" in the previous financial year ended 31 December 2013 has been reclassified to "other income" in the statement of profit or loss due to its nature as to conform with the current year's presentation.

	As previously state RM'000	Reclassification RM'000	As restated RM'000
Other income	24,160	3,367	27,527
Other expenses	(2,555)	(3,367)	(5,922)

The reclassification does not affect the statement of financial position or statement of cash flows.

43. 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	
	2014 RM'000	**2013 RM'000**
Total retained profits of the Company and its subsidiary companies		
- Realised	1,422,554	1,437,077
- Unrealised	110,454	111,294
	1,533,008	1,548,371
Total share of retained profits from an associated company		
- Realised	351,525	191,327
	1,884,533	1,739,698
Less : Consolidation adjustments	(213,885)	(186,261)
	1,670,648	**1,553,437**

	Company	
	2014 RM'000	**2013 RM'000**
Total retained profits of the Company		
- Realised	1,309,866	1,358,107
- Unrealised	7,124	7,126
	1,316,990	**1,365,233**

LIST OF PROPERTIES

AS AT 31 DECEMBER 2014

PROPERTIES CLASSIFIED AS INVESTMENT PROPERTIES

	ADDRESS / LOCATION	DESCRIPTION	TENURE	APPROXIMATE AREA	DATE OF REVALUATION	EXISTING USE	APPROXIMATE AGE OF BUILDING	CARRYING VALUE RM'000
1	Plaza OSK, Jalan Ampang, Kuala Lumpur	24 storey building	Freehold	5,351 square metres	31 December 2014	Offices	30 years	160,000
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	19 years	2,150
3	No. 21, 23 & 25, Jalan Seenivasagam, Greentown, Ipoh, Perak Darul Ridzuan	7 storey building	Freehold (1,778 square feet) and leasehold (5,422 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	20 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	11 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	28 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	35 years	4,500
7	Jalan Ampang, Kuala Lumpur	2 storey building	Freehold	5,652.82 square metres [1a.2r.18.3p]	31 December 2014	Under construction	-	167,000
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	11 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	10 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	8 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	7 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	7 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	6 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	6 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	9 years	2,300

PROPERTIES CLASSIFIED AS PROPERTY AND EQUIPMENT

	ADDRESS / LOCATION	DESCRIPTION	TENURE	APPROXI-MATE AREA	DATE OF ACQUISITION	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	-	322
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	2 years	5,681

STATEMENT OF DIRECTORS' INTERESTS

AS AT 27 FEBRUARY 2015

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	1.77	-	-
2. Tan Sri Ong Leong Huat @ Wong Joo Hwa	8,200,000	0.86	*382,495,189	40.22

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 of the Company and its related corporations as at 27 February 2015.

STATEMENT OF SHAREHOLDINGS

AS AT 27 FEBRUARY 2015

Authorised Capital	:	RM1,500,000,000
Issued and fully paid-up capital	:	RM950,960,819 (excluding the treasury shares of 18,097,253)
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	3,653	15.50	141,605	0.01
100 — 1,000	1,795	7.62	862,050	0.09
1,001 — 10,000	13,372	56.74	49,918,122	5.25
10,001 — 100,000	4,203	17.84	111,247,575	11.70
100,001 — 47,548,039*	539	2.29	424,403,718	44.63
47,548,040 and above**	3	0.01	364,387,749	38.32
	23,565	**100.00**	**950,960,819**	**100.00**

Remarks:

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

SUBSTANTIAL SHAREHOLDERS

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

	Number of Ordinary Shares of RM1.00 each			
Name of Substantial Shareholder	Direct Interest	%	Indirect Interest	%
1. Tan Sri Ong Leong Huat @ Wong Joo Hwa	8,200,000	0.86	*364,572,178	38.34
2. OSK Equity Holdings Sdn. Bhd.	364,387,749	38.32	-	-

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	18.68
2.	UOBM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for OSK Equity Holdings Sdn. Bhd. (PCB)	100,000,000	10.52
3.	OSK Equity Holdings Sdn. Bhd.	86,774,936	9.12
4.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (CIMB PRIN)	20,245,300	2.13
5.	Dato' Nik Mohamed Din bin Datuk Nik Yusoff	16,797,802	1.77
6.	Wong Chong Ngin	15,288,000	1.61
7.	Hwang Enterprises Sdn. Bhd.	14,471,800	1.52
8.	HSBC Nominees (Asing) Sdn. Bhd. Exempt AN for JPMorgan Chase Bank, National Association (Norges BK)	13,756,700	1.45
9.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt AN for Citibank New York (Norges Bank 1)	10,412,947	1.09
10.	Puan Sri Khor Chai Moi	9,597,044	1.01
11.	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (CIMB Equities)	9,293,600	0.98
12.	HSBC Nominees (Tempatan) Sdn. Bhd. AA NOMS SG for Tan Sri Ong Leong Huat @ Wong Joo Hwa	8,200,000	0.86
13.	Amanahraya Trustees Berhad Public Smallcap Fund	7,679,800	0.81
14.	Citigroup Nominees (Tempatan) Sdn. Bhd. Allianz Life Insurance Malaysia Berhad (P)	7,057,300	0.74
15.	Nora Ee Siong Chee	6,790,625	0.71
16.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Dimensional Emerging Markets Value Fund	6,513,970	0.68

THIRTY LARGEST REGISTERED HOLDERS (CONT'D)

Name		No. of Shares	%
17.	Cartaban Nominees (Tempatan) Sdn. Bhd. Exempt AN for Eastspring Investments Berhad	6,340,200	0.67
18.	Chin Cheng Mei	5,918,600	0.62
19.	CIMB Commerce Trustee Berhad Public Focus Select Fund	5,510,400	0.58
20.	HSBC Nominees (Asing) Sdn. Bhd. Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	5,296,453	0.56
21.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. SSBT Fund WTAU for Wisdomtree Emerging Markets Smallcap Dividend Fund	5,275,956	0.55
22.	Dato' Nik Mohamed bin Nik Yahya	4,913,663	0.52
23.	Citigroup Nominees (Tempatan) Sdn. Bhd. Bank Negara Malaysia National Trust Fund (CIMB)	4,786,000	0.50
24.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for DFA Emerging Markets Small Cap Series	4,704,690	0.49
25.	Amanahraya Trustees Berhad Public Strategic Smallcap Fund	4,640,300	0.49
26.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	4,410,845	0.46
27	Chinchoo Investment Sdn.Berhad	4,326,460	0.45
28.	Tan Eng Heng	4,135,000	0.43
29.	AmSec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Swee Kwong	3,400,000	0.36
30.	Toh Ean Hai	3,280,000	0.34

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-Fifth Annual General Meeting of the Company to be held at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Friday, 17 April 2015 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 2014 and the Reports of Directors and Auditors thereon.			
		Resolution	For	Against
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 2014.	1		
3.	To approve the payment of Directors' fees of RM265,000.00 for the financial year ended 31 December 2014.	2		
4.	To re-elect Dr. Ngo Get Ping 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.	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 _________________________ 2015

____
*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 9 April 2015 ("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)

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