

# OSK HOLDINGS BERHAD (207075-U)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007 UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	<b>Current quarter ended 31/3/2007 RM'000</b>	Comparative quarter ended 31/3/2006 RM'000	<b>Current year to date ended 31/3/2007 RM'000</b>	Preceding year to date ended 31/3/2006 RM'000
Revenue	<b>280,046</b>	119,671	<b>280,046</b>	119,671
Operating expenses	<b>(166,376)</b>	(76,778)	<b>(166,376)</b>	(76,778)
Other income	<b>10,628</b>	889	<b>10,628</b>	889
Finance costs	<b>(8,745)</b>	(6,305)	<b>(8,745)</b>	(6,305)
Share of profits of associated companies, net of taxation	<b>3,640</b>	3,257	<b>3,640</b>	3,257
<b>Profit before taxation</b>	<b>119,193</b>	40,734	<b>119,193</b>	40,734
Income tax expense	<b>(32,174)</b>	(11,738)	<b>(32,174)</b>	(11,738)
<b>Profit after taxation for the period</b>	<b>87,019</b>	28,996	<b>87,019</b>	28,996
<b>Profit attributable to:</b>				
<b>Equity holders of the Company</b>	<b>77,625</b>	24,773	<b>77,625</b>	24,773
<b>Minority interests</b>	<b>9,394</b>	4,223	<b>9,394</b>	4,223
	<b>87,019</b>	28,996	<b>87,019</b>	28,996
<b>Earnings per share attributable to equity holders of the Company (sen) (Note B13):</b>				
Basic	<b>12.49</b>	4.06	<b>12.49</b>	4.06
Diluted	<b>12.13</b>	4.05	<b>12.13</b>	4.05

(The accompanying explanatory notes attached to the interim financial statements form an integral part of and should be read in conjunction with this quarterly report.)

# OSK HOLDINGS BERHAD (207075-U)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007 UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	As at 31/3/2007 RM'000	As at 31/3/2006 RM'000	(Audited) As at 31/12/2006 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	159,385	158,167	160,590
Prepaid land lease payments	11,106	11,242	11,146
Investment property	42,786	42,786	42,786
Land held for property development	186,984	183,777	190,802
Investments in associated companies	228,309	147,582	225,084
Intangible assets	248,500	197,043	248,352
Other long term investments	90,566	27,090	80,439
Statutory deposits with Bank Negara Malaysia	32,714	-	-
Security deposits and statutory funds	2,464	2,455	3,413
Deferred tax assets	465	680	465
	<b>1,003,279</b>	<b>770,822</b>	<b>963,077</b>
<b>Current assets</b>			
Property development costs	78,473	56,418	71,356
Trade receivables	3,559,371	1,759,204	1,802,890
Accrued billings	2,826	1,187	-
Other receivables, deposits and prepayments	35,527	36,792	21,305
Tax recoverable	8,633	31,488	12,779
Short term investments	614,699	179,842	419,232
Derivative financial instruments	18,347	-	-
Fund manager's stocks	11,099	1,846	1,787
Deposits and placements with banks and other financial institutions	521,300	101,700	15,600
Cash, bank balances and deposits			
- General accounts	201,750	299,396	180,436
- Segregated accounts	505,488	209,467	328,479
	<b>5,557,513</b>	<b>2,677,340</b>	<b>2,853,864</b>
<b>TOTAL ASSETS</b>	<b>6,560,792</b>	<b>3,448,162</b>	<b>3,816,941</b>

(The accompanying explanatory notes attached to the interim financial statements form an integral part of and should be read in conjunction with this quarterly report.)

# OSK HOLDINGS BERHAD (207075-U)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007 UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (Cont'd)

	As at 31/3/2007 RM'000	As at 31/3/2006 RM'000	(Audited) As at 31/12/2006 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	665,037	625,417	632,352
Less : Treasury shares	(29,597)	(16,593)	(29,082)
	<b>635,440</b>	608,824	603,270
Reserves	726,944	567,031	618,984
	<b>1,362,384</b>	1,175,855	1,222,254
<b>Minority interests</b>	<b>303,661</b>	299,404	298,860
<b>TOTAL EQUITY</b>	<b>1,666,045</b>	1,475,259	1,521,114
<b>Non-current liabilities</b>			
Term loan	84,212	100,000	84,212
Seven (7)-Year Serial Al-Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS")	70,611	68,695	70,139
Finance lease payables	1,025	-	1,214
Deferred tax liabilities	27,541	29,020	28,099
	<b>183,389</b>	197,715	183,664
<b>Current liabilities</b>			
Trade payables	2,994,843	1,346,090	1,319,003
Progress billings	8,913	14,748	7,451
Other payables, deposits and accruals	171,765	136,989	155,075
Amount due to an associated company	1,726	-	3,042
Deposits from customers	697,503	-	-
Deposits and placements of banks and other financial institutions	-	140,000	102,090
Obligations on securities sold under repurchase agreements	313,541	-	-
Derivative financial instruments	40,475	-	-
Short term borrowings	450,722	109,183	516,436
Tax payable	31,870	28,178	9,066
	<b>4,711,358</b>	1,775,188	2,112,163
<b>TOTAL LIABILITIES</b>	<b>4,894,747</b>	1,972,903	2,295,827
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,560,792</b>	3,448,162	3,816,941
<b>Net Asset per share (RM) attributable to: Equity holders of the Company</b>	<b>2.13</b>	1.93	2.01

(The accompanying explanatory notes attached to the interim financial statements form an integral part of and should be read in conjunction with this quarterly report.)

**OSK HOLDINGS BERHAD (207075-U)**
**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007  
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributable to equity holders of the Company								Minority interests	Total equity	
	Share capital	Treasury shares	Share premium	Capital redemption reserve	Equity compensation reserve	Foreign exchange reserve	Other reserves	Retained profits			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			RM'000
<b>Current year to date ended</b> <b>31 March 2007 (unaudited)</b>											
At 1 January 2007	632,352	(29,082)	62,732	58,919	2,460	(2,158)	22,445	474,586	1,222,254	298,860	1,521,114
Losses on deemed disposal of shares in associated companies	-	-	-	-	-	-	(65)	-	(65)	-	(65)
Reserve arising from acquisition of additional shares in a subsidiary company	-	-	-	-	-	-	35	-	35	(35)	-
Foreign currency translation differences	-	-	-	-	-	(2,907)	-	-	(2,907)	(1,192)	(4,099)
Group's share of other reserves in associated companies	-	-	-	-	-	-	(350)	-	(350)	-	(350)
Minority interests' share of reserves in associated companies	-	-	-	-	-	-	143	-	143	(143)	-
Total (expense)/income recognised directly in equity	-	-	-	-	-	(2,907)	(237)	-	(3,144)	(1,370)	(4,514)
Profit for the period	-	-	-	-	-	-	-	77,625	77,625	9,394	87,019
Total (expense)/income for the period	-	-	-	-	-	(2,907)	(237)	77,625	74,481	8,024	82,505
Dividends paid to minority interests	-	-	-	-	-	-	-	-	-	(5,023)	(5,023)
Shares issued pursuant to private placement	25,000	-	31,250	-	-	-	-	-	56,250	-	56,250
Shares issued pursuant to exercise of ESOS	7,685	-	3,383	-	-	-	-	-	11,068	-	11,068
Reserve realised upon exercise and forfeiture of ESOS	-	-	-	-	(590)	-	-	590	-	-	-
Transaction costs	-	(2)	(1,087)	-	-	-	-	-	(1,089)	-	(1,089)
Share-based payment under ESOS for extension of time	-	-	-	-	1,268	-	-	-	1,268	-	1,268
Share buybacks by the Company	-	(513)	-	-	-	-	-	-	(513)	-	(513)
Dilution of interest in a subsidiary company due to:											
- conversion of warrants in a subsidiary company	-	-	-	-	-	-	-	-	-	1	1
- resale of treasury shares by a subsidiary company	-	-	-	-	-	-	-	(1,335)	(1,335)	3,968	2,633
Acquisition of additional shares in subsidiary company	-	-	-	-	-	-	-	-	-	(2,169)	(2,169)
At 31 March 2007	665,037	(29,597)	96,278	58,919	3,138	(5,065)	22,208	551,466	1,362,384	303,661	1,666,045

(The accompanying explanatory notes attached to the interim financial statements form an integral part of and should be read in conjunction with this quarterly report.)

## OSK HOLDINGS BERHAD (207075-U)

### QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Cont'd)

	Attributable to equity holders of the Company								Minority interests	Total equity	
	Share capital	Treasury shares	Capital re-demption reserve	Share premium	Translation reserve	Reserve on consolidation	Other reserves	Retained profits			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			RM'000
<b>Previous year to date ended</b> <b>31 March 2006 (unaudited)</b>											
At 1 January 2006	625,308	(16,593)	58,919	61,029	(127)	76,365	4,827	342,127	1,151,855	208,975	1,360,830
Effect of adoption of FRS 3	-	-	-	-	-	(76,365)	-	76,365	-	-	-
As restated	625,308	(16,593)	58,919	61,029	(127)	-	4,827	418,492	1,151,855	208,975	1,360,830
Losses on deemed disposal of shares in associated companies	-	-	-	-	-	-	(154)	-	(154)	-	(154)
Reserves realised upon actual disposal of shares in associated companies	-	-	-	-	-	-	(52)	31	(21)	21	-
Foreign currency translation differences	-	-	-	-	(816)	-	-	-	(816)	(197)	(1,013)
Group's share of other reserves in associated companies	-	-	-	-	-	-	9	-	9	-	9
Minority interests' share of reserves in associated companies	-	-	-	-	-	-	80	-	80	(80)	-
Total (expense)/income recognised directly in equity	-	-	-	-	(816)	-	(117)	31	(902)	(256)	(1,158)
Profit for the period	-	-	-	-	-	-	-	24,773	24,773	4,223	28,996
Total (expense)/income for the period	-	-	-	-	(816)	-	(117)	24,804	23,871	3,967	27,838
Acquisition of subsidiary companies	-	-	-	-	-	-	-	-	-	86,518	86,518
Share buybacks by a subsidiary company	-	-	-	-	-	-	-	-	-	(56)	(56)
Shares issued pursuant to exercise of ESOS	109	-	-	20	-	-	-	-	129	-	129
At 31 March 2006	625,417	(16,593)	58,919	61,049	(943)	-	4,710	443,296	1,175,855	299,404	1,475,259

(The accompanying explanatory notes attached to the interim financial statements form an integral part of and should be read in conjunction with this quarterly report.)

**OSK HOLDINGS BERHAD (207075-U)**
**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007  
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributable to equity holders of the Company									Minority interests	Total equity	
<u>Previous year ended</u> <u>31 December 2006 (Audited)</u>	Share capital	Treasury shares	Share premium	Capital re-demption reserve	Reserve on consolidation	Equity compensation reserve	Foreign exchange reserve	Other reserves	Retained profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2006	625,308	(16,593)	61,029	58,919	76,365	-	(127)	4,827	342,127	1,151,855	208,975	1,360,830
Effect of adoption of FRS 3	-	-	-	-	(76,365)	-	-	-	76,365	-	-	-
As restated	625,308	(16,593)	61,029	58,919	-	-	(127)	4,827	418,492	1,151,855	208,975	1,360,830
Gains on deemed disposal of shares in associated companies	-	-	-	-	-	-	-	28,444	-	28,444	-	28,444
Reserves realised upon actual disposal of shares in associated companies	-	-	-	-	-	-	-	(51)	51	-	-	-
Foreign currency translation differences	-	-	-	-	-	-	(2,031)	-	-	(2,031)	277	(1,754)
Group's share of other reserves in associated companies	-	-	-	-	-	-	-	(1,072)	-	(1,072)	-	(1,072)
Reserve arising from acquisition of additional shares in an indirect subsidiary company	-	-	-	-	-	-	-	339	-	339	(339)	-
Capital reserve arising from subscription of additional equity interest in a subsidiary company	-	-	-	-	-	-	-	7	-	7	(7)	-
Minority interest's share of reserves in associated companies	-	-	-	-	-	-	-	(10,049)	-	(10,049)	10,049	-
Total (expense)/income recognised directly in equity	-	-	-	-	-	-	(2,031)	17,618	51	15,638	9,980	25,618
Profit for the year	-	-	-	-	-	-	-	-	99,501	99,501	31,593	131,094
Total (expense)/income for the year	-	-	-	-	-	-	(2,031)	17,618	99,552	115,139	41,573	156,712
Dividends paid	-	-	-	-	-	-	-	-	(43,812)	(43,812)	-	(43,812)
Dividends paid to minority interests	-	-	-	-	-	-	-	-	-	-	(20,764)	(20,764)
Shares issued pursuant to exercise of ESOS	7,044	-	1,705	-	-	-	-	-	-	8,749	-	8,749
Transaction costs	-	-	(2)	-	-	-	-	-	-	(2)	-	(2)
Share-based payment under ESOS	-	-	-	-	-	2,859	-	-	-	2,859	-	2,859
Reserve realised upon exercise of ESOS	-	-	-	-	-	(399)	-	-	399	-	-	-
Share buybacks by the Company	-	(12,489)	-	-	-	-	-	-	-	(12,489)	-	(12,489)
Share buybacks by a subsidiary company	-	-	-	-	-	-	-	-	-	-	(52)	(52)
Acquisition of subsidiary companies	-	-	-	-	-	-	-	-	-	-	86,519	86,519
Acquisition of additional shares in subsidiary companies	-	-	-	-	-	-	-	-	(45)	(45)	(17,964)	(18,009)
Subscription of shares by minority interest	-	-	-	-	-	-	-	-	-	-	485	485
Reversal of unutilised share issue expenses in a subsidiary company	-	-	-	-	-	-	-	-	-	-	88	88
At 31 December 2006	632,352	(29,082)	62,732	58,919	-	2,460	(2,158)	22,445	474,586	1,222,254	298,860	1,521,114

(The accompanying explanatory notes attached to the interim financial statements form an integral part of and should be read in conjunction with this quarterly report.)

# OSK HOLDINGS BERHAD (207075-U)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007 UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Current year to date ended 31/3/2007 RM'000	Preceding year to date ended 31/3/2006 RM'000	(Audited) Preceding year ended 31/12/2006 RM'000
<b>Cash Flows From Operating Activities</b>			
Profit before taxation	119,193	40,734	161,638
Adjustments for :-			
Gain on disposal of shares in an associated company	-	(5,927)	(25,998)
Interest expense	10,631	5,430	17,374
Interest income	(25,253)	(12,455)	(73,524)
Other non-cash and non-operating items	9,353	(12,739)	21,257
Share of profits of associated companies, net of taxation	(3,640)	(3,257)	(18,294)
Operating profit before working capital changes	<b>110,284</b>	11,786	82,453
<i>(Increase)/Decrease in operating assets:</i>			
Deposits and placements with banks and other financial institutions	(505,700)	(101,700)	(15,600)
Statutory deposits with Bank Negara Malaysia	(32,714)	-	-
Property development costs	(4,161)	8,218	(13,745)
Other current assets	(2,183,695)	38,486	(454,979)
<i>Increase/(Decrease) in operating liabilities:</i>			
Deposits from customers	697,503	-	-
Deposits and placements of banks and other financial institutions	(102,090)	140,000	102,090
Obligations on securities sold under repurchase agreements	313,541	-	-
Other current liabilities	1,731,135	(5,917)	(18,138)
Cash generated/(used in) from operations	<b>24,103</b>	90,873	(317,919)
Income tax paid net of refund	(4,930)	(3,798)	(23,787)
Net interest received	18,604	12,272	61,511
Net cash from / (used in) operating activities	<b>37,777</b>	99,347	(280,195)
<b>Cash Flows From Investing Activities</b>			
Acquisition of additional shares in subsidiary companies	(2,476)	-	(21,855)
Acquisition of additional shares in associated companies	-	(8,654)	(18,773)
Acquisition of intangible assets	(3)	-	(135)
Dividend received	7	25	1,902
Interest received	2,480	183	12,013
Net cash outflow on acquisition of subsidiary companies	83	(40,567)	(45,001)
Net proceeds/(payment) from equity/futures/fixed income securities	8,757	-	(6,694)
Payment for merchant bank licence	-	-	(52,500)
Payment of security deposits	-	(75)	(890)
Proceeds from disposal of shares in an associated company	-	10,983	31,233
Proceeds from disposal of long term investments in shares	1,287	15	18,352
Purchase of long term investments	(11,826)	-	(91,761)
Purchase of property, plant and equipment net of sales proceeds	(2,307)	(3,313)	(14,169)
Net cash used in investing activities	<b>(3,998)</b>	(41,403)	(188,278)

(The accompanying explanatory notes attached to the interim financial statements form an integral part of and should be read in conjunction with this quarterly report.)

# OSK HOLDINGS BERHAD (207075-U)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007 UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (Cont'd)

	<b>Current year to date ended 31/3/2007 RM'000</b>	Preceding year to date ended 31/3/2006 RM'000	(Audited) Preceding year ended 31/12/2006 RM'000
<b>Cash Flows From Financing Activities</b>			
Dividends paid to shareholders	-	-	(43,812)
Dividends paid to minority interests	(5,023)	-	(20,764)
Drawdown of term loan	-	-	100,000
Interest paid	(3,883)	(4,974)	(15,877)
Net drawdown/(repayment) of revolving credits/short term loan	(54,625)	83,855	132,004
Payments of BaIDS expenses	(43)	(52)	(56)
Payments of BaIDS profits	-	-	(3,500)
Payments of finance lease instalments	(164)	-	(452)
Payments of share buybacks by the Company	(515)	-	(12,489)
Payments of share issue expenses	(1,087)	-	-
Proceeds from conversion of warrants in a subsidiary company	1	-	-
Proceeds from issuance of shares for ESOS exercised	11,068	129	8,748
Proceeds from issuance of shares for Private Placement	56,250	-	-
Proceeds from resale of treasury shares by a subsidiary company	2,633	-	-
Proceeds from subscription of shares by minority shareholders	-	-	485
Proceeds from issuance of commercial papers	-	-	252,616
Redemption of commercial papers	(50,000)	-	-
Repayment of term loan	-	-	(3,289)
Net cash (used in) / from financing activities	<b>(45,388)</b>	78,958	393,614
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(11,609)</b>	136,902	(74,859)
Effects of exchange rate changes	(3,404)	(875)	(1,585)
<b>Cash and cash equivalents at beginning of period / year</b>	<b>169,372</b>	245,816	245,816
<b>Cash and cash equivalents at end of period / year</b>	<b>154,359</b>	381,843	169,372
Cash and cash equivalents at end of period / year comprised:			
Cash, bank balances and deposits - General accounts	201,750	401,096	180,436
Bank overdrafts	(47,391)	(19,253)	(11,064)
	<b>154,359</b>	381,843	169,372

(The accompanying explanatory notes attached to the interim financial statements form an integral part of and should be read in conjunction with this quarterly report.)



# OSK HOLDINGS BERHAD (207075-U)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

### PART A - Explanatory Notes Pursuant to Financial Reporting Standard 134 ("FRS 134") Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB")

#### A1. Accounting policies

The quarterly report has been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting issued by the MASB. The report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2006 and the accompanying explanatory notes. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2006.

OSK Investment Bank Berhad (formerly known as OSK Securities Berhad) ("OSKIB") has been given a year from the date of inception of its merchant bank status to comply with the requirements of the "Revised Guidelines on Financial Reporting for Licensed Institutions" ("BNM/GP8"). Therefore, the Group and OSKIB are required to comply with BNM/GP8 for the financial statements beginning 1 January 2008.

The significant accounting policies and methods of computation adopted by the Group in this quarterly report are consistent with those of the annual financial statements for the year ended 31 December 2006 except for the adoption of the following new and revised Financial Reporting Standards and Amendments issued by MASB that are effective for financial statements beginning 1 January 2007: -

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

The Group has early adopted the Amendment to FRS 121: -

Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
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FRS 6 is not relevant to the Group's operations. The adoption of FRS 124, Amendment to FRS 119<sub>2004</sub> and Amendment to FRS 121 does not have a significant financial impact on the Group. The effects of the changes in accounting policies resulting from the adoption of FRS 117 are as follows:-

#### FRS 117: Leases

##### (a) Leasehold land held for own use

Prior to 1 January 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease, the minimum lease payments or the upfront payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The upfront payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

# OSK HOLDINGS BERHAD (207075-U)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

### A1. Accounting policies (Cont'd)

#### FRS 117: Leases (Cont'd)

##### (i) Leasehold land held for own use (Cont'd)

Upon adoption of the revised FRS 117 on 1 January 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. There were no effects on the consolidated income statement for the current year to date. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively and certain comparatives have been restated as shown below:

<b>Consolidated Balance Sheets</b>	<b>As previously stated RM'000</b>	<b>Effect of FRS 117 RM'000</b>	<b>As restated RM'000</b>
<b>As at 31 March 2006</b>			
Property, plant and equipment	169,409	(11,242)	158,167
Prepaid land lease payments	-	11,242	11,242
			<hr/>
<b>As at 31 December 2006</b>			
Property, plant and equipment	171,736	(11,146)	160,590
Prepaid land lease payments	-	11,146	11,146
			<hr/>

##### (ii) Initial direct costs

Prior to 1 January 2007, the Group, as a lessor in operating lease arrangements, had recognised initial direct costs incurred in negotiating and arranging leases as an expense in the income statement in the period in which they were incurred. The revised FRS 117 requires such costs to be added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. According to the revised FRS 117, this change in accounting policy should be applied retrospectively. The Group does not incur significant initial direct costs on negotiating and arranging leases and as a result, this change in accounting policy did not materially affect the financial statements of the Group.

### A2. Auditors' report of preceding annual financial statements

The audit report of the Group's preceding year financial statements was not qualified.

### A3. Seasonal or cyclical factors

There were no significant seasonal or cyclical factors that will materially affect the business operations of the Group for the period under review other than the stock broking subsidiary companies' operation which is dependent on the stock market performance; and the profit of OSK Ventures International Berhad ("OSKVI") group, a subsidiary group of the Company, is influenced by, amongst others, the share of profits of associated companies as well as the timing of disposal of investments by OSKVI group.

### A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting the financial statements for the current year to date.

# OSK HOLDINGS BERHAD (207075-U)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

### A5. Material changes in estimates

There were no significant changes in estimates of amounts reported in prior interim periods or prior financial year that have a material effect in the current year to date.

### A6. Changes in debt and equity securities

#### (a) Executive Share Option Scheme (“ESOS”) of the Company

During the current year to date, the Company has issued 7,684,650 new ordinary shares of RM1 each for cash at the respective exercise prices pursuant to the ESOS and the total cash proceeds arising from the exercise of options amounted to RM11,067,551. The movement in the ESOS during the current financial year to date is as follows:

Date of offer	Exercise price RM	No. of options over ordinary shares of RM1 each				
		As at 1/1/2007	Granted	Exercised and allotted	Forfeited	As at 31/3/2007
27 Jun 2003	1.33	3,660,200	-	(897,500)	-	2,762,700
16 Mar 2004	1.95	9,000,000	-	(1,939,600)	-	7,060,400
29 Apr 2005	1.18	6,026,900	-	(2,783,400)	-	3,243,500
3 May 2006	1.36	9,545,200	-	(2,064,150)	-	7,481,050
Total		28,232,300	-	(7,684,650)	-	20,547,650

In January 2007, the duration of ESOS which due to expire on 17 February 2008 has been extended for another 5 years to 17 February 2013.

#### (b) Share buybacks / Treasury shares of the Company

During the current year to date, the Company has purchased 263,000 ordinary shares of RM1 each for a total cash consideration of RM515,031 from the open market at an average price of RM1.96 per share. The shares repurchased are being held as treasury shares and treated in accordance with the requirements of Section 67A of the Companies Act, 1965. Details of share buybacks for the current year to date are as follows:

	Number of shares	Highest price	Lowest price	Average price	Total amount paid
		RM	RM	RM	RM
As at 1 Jan 2007	23,783,212	1.88	0.90	1.22	29,081,537
January 2007	263,000	1.95	1.95	1.96	515,031
As at 31 Mar 2007	24,046,212	1.95	0.90	1.23	29,596,568

#### (c) Private placement of the Company

On 26 February 2007, the Company issued 25,000,000 new ordinary shares of RM1 each to Koperasi Permodalan Felda Berhad at RM2.25 per share pursuant to the Private Placement of the Company and the said shares was granted listing and quotation on 7 March 2007. The Private Placement provides an avenue for the Company to increase its Bumiputera equity shareholdings. The total funds of RM56,250,000 raised will be utilised for the Group's working capital requirements.

Other than the above, there were no cancellations, resale and repayments of debt and equity securities for the current year to date.

# OSK HOLDINGS BERHAD (207075-U)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

### A7. Dividend paid

There were no payment of dividend during the current quarter ended 31 March 2007.

### A8. Segmental information

Please refer to Appendix 1.

### A9. Valuations of property, plant and equipment

There were no revalued property, plant and equipment as at 31 March 2007.

### A10. Material events subsequent to the end of the quarter

(a) Executive Share Option Scheme ("ESOS") of OSK Ventures International Berhad ("OSKVI")

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

On 11 April 2007, OSKVI granted 1,314,100 options to the eligible executives and directors of OSKVI and its subsidiary companies at RM2.57 each and OSKVI Group recognised a ESOS expense of RM617,627 as fair value of equity-settled share options and a corresponding equity compensation reserve was created under Statement of Changes in Equity.

(b) Proposed acquisition of five (5) parcels of contiguous freehold land measuring approximately 238,539 square feet held under Lot PT 9089, 9090, 10166, 10197 and 10198 together with a four (4) level shopping mall and annexed with two (2) car parking buildings of three (3) level erected thereon commonly known as "Atria Shopping Centre " located at Mukim of Sungai Buloh, District of Petaling, State of Selangor, by OSK Property Holdings Berhad ("OSKPH") from Atria Properties Sdn Bhd ("APSB") for a total cash consideration of RM75,000,000 ("Proposed Acquisition of Atria Properties")

On 7 March 2007, OSKPH entered into a conditional sale and purchase agreement ("SPA") with APSB, a wholly owned subsidiary company of Lien Hoe Corporation Berhad for the Proposed Acquisition of Atria Properties for a total cash purchase consideration of RM75,000,000. Upon signing the SPA, OSKPH paid a deposit of RM7,500,000 and the balance of RM67,500,000 will be paid upon completion of the SPA.

On 19 April 2007, at the Extraordinary General Meeting, the shareholders of OSKPH has approved the Proposed Acquisition of Atria Properties. The Foreign Investment Committee had on 23 April 2007 confirmed no objection of the Proposed Acquisition of Atria Properties.

The Proposed Acquisition of Atria Properties is expected to be completed in the second quarter of 2007.

## OSK HOLDINGS BERHAD (207075-U)

### QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

#### A10. Material events subsequent to the end of the quarter (Cont'd)

- (c) Proposed acquisition by KE-ZAN Holdings Berhad ("KHB"), a wholly-owned subsidiary company of the Company, of three (3) properties from OSK Properties Sdn Bhd ("OSKPSB" or "the Vendor"), a wholly-owned subsidiary company of OSK Property Holdings Berhad ("OSKPH") which in turn is a subsidiary company of OSKH ("Proposed Transfer of Properties")

On 3 May 2007, KHB entered into a sale and purchase agreement with OSKPSB to acquire three (3) properties which consists of five (5) parcels of land together with the buildings erected thereon as listed below ("the Properties") for a total cash consideration of RM6,500,000.00 ("the Consideration").

- (i) Two (2) parcels of leasehold land measuring 1,104.037 square meters held under master title no. PN33134, Lot 59059 (formerly known as PN 30371 Lot 57745) together with a three (3) storey shop office erected thereon located in the Mukim Batu, District of Kuala Lumpur;
- (ii) One (1) parcel of freehold land measuring 153.2992 square meters held under H.S. (D) 26998 for Lot No. PTD 8462 together with a four (4) storey shop office erected thereon located in the Mukim Sungai Segamat, District of Segamat, State of Johor; and
- (iii) Two (2) parcels of freehold land measuring 260 square meters held under title no. H.S. (D) 10883, Lot PT 32834 and H.S. (D) 10822, Lot PT 32833 together with a three (3) storey shop office erected thereon located in Bandar Kuantan, Daerah Kuantan, Negeri Pahang.

The Proposed Transfer of Properties will streamline the business activities within the Group, that enable OSKPH to redeploy its resources on property development while KHB to expand its revenue stream from letting investment properties for enhancing shareholders wealth.

The Proposed Transfer of Properties is expected to be completed in the second quarter of 2007.

- (d) Members' voluntary winding-up of OSK Melaka Sdn. Bhd. ("OSKM")

The members' voluntary winding-up of OSKM, a wholly-owned subsidiary company of OSKPH which in turn a subsidiary company of the Company, was completed on 16 May 2007.

#### A11. Changes in the composition of the Group

- (a) Acquisition of 725,000 ordinary shares of RM1 each, which represents 50% of the total issued and paid-up share capital of OSK Wealth Planners Sdn Bhd ("OSKWP") from Equitable Investment Co. (Hong Kong) Ltd ("EIC") ("the Acquisition of OSKWP")

On 23 February 2007, the Company completed the acquisition of 50% equity interest in OSKWP from EIC for a total cash consideration of RM1. Effectively, OSKWP became a wholly-owned subsidiary company of the Company.

# OSK HOLDINGS BERHAD (207075-U)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

### A11. Changes in the composition of the Group (Cont'd)

- (b) Acquisition of Sunway Finance Limited (now known as OSK Asia Finance Limited) ("OSKAFinance") by OSK Asia Holdings Limited ("OSKAH"), an indirect subsidiary company of the Company

On 21 March 2007, OSKAH, an indirect subsidiary company via its wholly-owned subsidiary company, OSKIB, acquired the entire issued and paid-up share capital of OSKAFinance, comprising one (1) ordinary share of HKD1 for a cash consideration of HKD1.

OSKAFinance was incorporated in Hong Kong on 15 February 2007 under the name of Sunway Finance Limited and thereafter change to its present name on 4 April 2007. Currently, OSKAFinance has an authorised share capital of HKD10,000 divided into 10,000 ordinary shares of HKD1 each and paid-up share capital of HKD1 comprising one (1) ordinary share of HKD1.

Effectively, OSKAFinance has become a wholly-owned subsidiary company of OSKAH and an indirectly subsidiary company of OSKIB and of the Company.

- (c) Acquisition of Nexus Empire Sdn. Bhd. ("Nexus")

On 24 April 2007, OSK Property Holdings Berhad ("OSKPH"), a subsidiary company, acquired the entire issued and paid-up share capital of Nexus comprising two (2) ordinary shares of RM1 each for a cash consideration of RM2.

Nexus was incorporated in Malaysia under the Companies Act, 1965 on 25 January 2007 with an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1 each. Nexus is presently dormant and its principal activities will be property management and development.

Effectively, Nexus has become a wholly-owned subsidiary company of OSKPH and an indirectly subsidiary company of the Company.

- (d) Subscription of additional shares in OSK Asia Holdings Limited ("OSKAH") by OSKIB

On 30 April 2007, OSKIB, a wholly-owned subsidiary company, had increased its equity interest in OSKAH from 87.50% to 91.01% by subscription of additional 50,000,000 new ordinary shares of HKD1 each in OSKAH for working capital purpose. The new shares rank pari passu in all respects with the existing ordinary shares of OSKAH.

With the above, the total issued and paid-up share capital of OSKAH has increased from HKD128,000,000 to HKD178,000,000.

- (e) Purchase of additional shares in OSKVI

During the current year to date, the Company purchased additional 983,400 shares of RM1 each in OSKVI at a total cost of RM2,475,892 from the open market. At end of current year to date, the Company's equity interest in OSKVI increased to 65.78% from 65.13% on 31 December 2006.

- (f) Resale of treasury shares by OSK Property Holdings Berhad ("OSKPH")

During the current year to date, OSKPH, a subsidiary company, had re-sold 2,127,600 treasury shares of RM1 each for a total consideration of RM2,633,304 to the open market. At end of current year to date, the Company's equity interest in OSKPH decreased to 62.86% from 64.30% on 31 December 2006.

# OSK HOLDINGS BERHAD (207075-U)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

### A12. Changes in contingent liabilities or contingent assets since 31 December 2006

As at 31 March 2007, the unsecured contingent liabilities of the Group are as follows:

	<b>RM'000</b>
Bank guarantee provided by OSKIB to Bursa Malaysia Securities Clearing Sdn. Bhd. ("the Securities Clearing") (Note a)	998
Contingent liabilities arising from guarantees given by the Unit Trust subsidiary to the Trustee of certain unit trust Funds (Note b)	2,705
	<u>3,703</u>

Note:

- (a) OSKIB provided a bank guarantee of RM997,588 to the Securities Clearing to ensure minimum disruption to the clearing and settlement system as a result of the failure of any trading clearing participants.
- (b) OSK-UOB Unit Trust Management Berhad ("OUTM") is principally engaged in the management of unit trusts funds, had entered into an agreement with two licensed commercial banks ("the Banks") to provide unconditional and irrevocable guarantees to the Trustee (on behalf of the Unit Holders) of OSK-UOB Capital Guaranteed Funds – Series 1; OSK-UOB Capital Guaranteed Funds – Series 2 and OSK-UOB Capital Guaranteed BRIC Fund ("the Funds") which guarantee the payment of capital value of RM1.00 per unit of the Funds at respective maturity dates, in the event that the net asset value of the Funds is less than the capital value as at the maturity dates.

Inter-alia, OUTM undertakes to reimburse the Banks in full the shortfall, if any which may be paid by the Banks to the Unit Holders pursuant to the above-mentioned guarantees at the respective maturity dates.

The contingent liabilities of OUTM are quantified annually until the date of maturity and is based on the total units in circulation and differences between the capital value and net asset value of the Funds. As at 31 March 2007, there is no contingent liability to OUTM in respect of OSK-UOB Capital Guaranteed Funds – Series 1 and OSK-UOB Capital Guaranteed Funds – Series 2 whereas the contingent liability of OUTM on OSK-UOB Capital Guaranteed BRIC Fund is estimated to be approximately RM2,704,700, based on the units in circulation and net asset value per unit of the Funds as follows:

<b>Type of funds</b>	<b>Maturity date</b>	<b>Units in circulation</b>	<b>NAV per unit RM</b>
OSK-UOB Capital Guaranteed Funds - Series 1	5 November 2008	64,410,000	1.2083
OSK-UOB Capital Guaranteed Funds - Series 2	2 August 2008	280,990,000	1.0890
OSK-UOB Capital Guaranteed BRIC Fund	31 October 2009	157,250,000	0.9828

The amount of contingent liabilities may fluctuate annually depending on the total units in circulation and net asset value of the Funds. Any materialisation of the contingent liabilities will only be determined on the maturity dates of the Funds, depending on the number of units and net asset value of the Funds on those dates.

In return for the guarantees, the Trustee placed a certain amount of the proceeds from sale of units of the Funds in Negotiable Instruments of Deposits ("NIDs") which are issued by the Banks and other banks that have a minimum rating of A and will yield a nominal value equivalent to RM1.00 for every unit held by the Unit Holders at the respective maturity dates.

# OSK HOLDINGS BERHAD (207075-U)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

### **PART B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")**

#### **B1. Review of the performance of the Company and its principal subsidiaries**

*(Commentary on current quarter and current year)*

The Group recorded impressive growth in its maiden quarter after becoming an investment bank in January 2007. The Group's pre-tax profit surged from RM40.7 million in the first quarter of 2006 to RM119.2 million in the corresponding quarter this year, representing 193% growth. The Group's revenue improved by 134% to RM280 million for the quarter under review as compared to RM119.7 million in corresponding quarter last year.

The Group's strong performance is due to the fruition of the efforts of the past few years, during which the management implemented strategic initiatives to diversify the Group's income base and to widen the geographical coverage of the Group's business. These initiatives have strengthened the Group's breath and depth in its distribution capabilities.

The remarkable performance was complemented by the buoyant regional equity market in the first quarter of 2007. Stockbroking and related activities achieved impressive profit growth in the first quarter of 2007, which accounted for approximately 53% of the Group's pre-tax profit for the period under review. The improved sentiment in the equity market led to increased activities in the capital market, which contributed positively to other segments of the Group's business activities, namely the investment banking services. Contribution from investment banking accounted for about 34% of the Group's pre-tax profit with significant contribution from debt capital markets activities.

All other business segments, particularly unit trust and capital financing activities, met performance expectation and recorded satisfactory results for the period under review. Further, the Group's overseas operations in Singapore and Hong Kong recorded improved performance with a total revenue contribution of RM58.1 million and pre-tax profit of approximately RM20 million, which accounted for about 17% of the Group's pre-tax profit.

The strong results were achieved despite relatively lower contributions from the Group's venture capital investments and properties activities. The lower profit contributions from venture capital and properties in the first quarter period were mainly due to minimal divestment of investments and lower billings as a result of the delay in launching of certain development parcels respectively. The Group expects and is confident that these two business segments will show better results in the second half of the year, with higher gain on realization of venture capital investments and with the launching of new development phases by the property arm.

#### **B2. Material change in quarterly profit before taxation**

*(Comparison on current quarter with immediate preceding quarter)*

The Group reported pre-tax profit of RM119.2 million for the first quarter of 2007 as compared to RM42.1 million achieved for the previous quarter ended 31 December 2006. The strong earnings growth of 183% was attributable to higher profit contributions from stockbroking and related activities, investment banking, capital financing and unit trust as a result of the buoyant equity market during the period under review.



# OSK HOLDINGS BERHAD (207075-U)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

### B3. Current year prospects

*(Commentary on the remaining year)*

The local bourse started well in 2007 with strong investors' participation, which became a catalyst for other capital market activities. Going forward, the Group is confident that growth will come both from domestic and regional markets. The recent investment bank status granted by Bank Negara Malaysia to OSK Securities Berhad (now known as OSK Investment Bank Berhad) will further add value to the Group. As a licensed investment bank, the Group can now offer various new services, including wholesale deposits and corporate lending activities, among others. The Group will continue to originate and offer new innovative investments products, such as structured warrants, which are expected to contribute positively to its profitability.

The Group's subsidiary in Singapore was recently granted the license by the Monetary Authority of Singapore to offer investment banking services, including corporate finance, debt capital market and other corporate advisory services. With the ability to offer investment banking services in Singapore and very soon in Hong Kong, the Group intends to offer more cross-border investment banking services through its regional offices, which will provide tremendous opportunities in future. The newly set up office in Shanghai will add strength to the Group's cross-border origination and distribution capabilities.

The Board is convinced that the Group has now moved onto a higher revenue and profit platform. With the Group's well-diversified capital market services and its regional forays, barring unforeseen circumstances, the Board is confident that the Group will record significantly better results with strong earnings growth in 2007.

### B4. Profit forecast / profit guarantee

There was no profit forecast or profit guarantee issued by the Company.

### B5. Income tax expense

	<b>Current quarter ended 31/3/2007 RM'000</b>	<b>Current year to date ended 31/3/2007 RM'000</b>
In respect of the current quarter / year to date		
- Malaysian income tax	28,737	28,737
- Foreign income tax	3,111	3,111
- Deferred taxation	307	307
	<hr/> 32,155	<hr/> 32,155
In respect of the prior year		
- Malaysian income tax	19	19
	<hr/> 32,174	<hr/> 32,174

### B6. Sales of unquoted investments and/or properties

There were no sales of unquoted investments except for the venture capital businesses which have been exempted from disclosure on the net effect of sale of unquoted securities during the current year to date. There were no sales of properties during the current year to date.

# OSK HOLDINGS BERHAD (207075-U)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

### B7. Quoted securities

Particulars of purchase and disposal of quoted securities by the Group are as follows:

- (a) Total purchase consideration, sale proceeds and results arising therefrom (except for the subsidiary companies engaged in stockbroking, investment banking and venture capital businesses which have been exempted from this disclosure):

	<b>Current quarter ended 31/3/2007 RM'000</b>	<b>Current year to date ended 31/3/2007 RM'000</b>
Total purchase consideration	<b>18,511</b>	<b>18,511</b>
Total sale proceeds	<b>18,293</b>	<b>18,293</b>
Net profit on disposals	<b>617</b>	<b>617</b>

- (b) Investments in quoted securities (including listed associated companies) as at 31 March 2007 (except for the subsidiary companies engaged in stockbroking and investment banking which have been exempted from this disclosure):

	<b>Associated companies RM'000</b>	<b>Other investments RM'000</b>
Quoted shares at cost:		
In Malaysia	<b>134,177</b>	<b>10,689</b>
Outside Malaysia	<b>5,588</b>	<b>-</b>
	<b>139,765</b>	<b>10,689</b>
Share of post-acquisition reserves	<b>62,151</b>	<b>-</b>
	<b>201,916</b>	<b>10,689</b>
Market value of quoted shares:		
In Malaysia	<b>456,869</b>	<b>15,340</b>
Outside Malaysia	<b>30,017</b>	<b>-</b>
	<b>486,886</b>	<b>15,340</b>

Investments in associated companies comprise investments in Green Packet Berhad, MNC Wireless Berhad, eBworx Berhad, mTouche Technology Berhad and GMO Limited.

# OSK HOLDINGS BERHAD (207075-U)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

### B8. Status of corporate proposals and utilisation of proceeds

#### (a) Status of corporate proposals announced but not completed as at 18 May 2007

##### (i) Proposed Private Placement of OSKVI

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

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

OSKVI had on 28 February 2007, submitted an application to the Securities Commission ("SC") for an extension of time of six (6) months from 10 March 2007 to 9 September 2007 ("Proposed Extension of Time") for OSKVI to implement the Proposed Private Placement.

The SC had, via its letter dated 9 March 2007 approved the Proposed Extension of Time, subject to the following conditions:-

- (i) OSKVI will have to implement the Proposed Private Placement before the next Annual General Meeting, 19 April 2007; and
- (ii) OSKVI to fully comply with the earlier conditions as stipulated in the SC's letter dated 11 September 2006.

The Proposed Private Placement of OSKVI was not implemented as at 19 April 2007 and as such the said Proposed Private Placement has lapsed.

# OSK HOLDINGS BERHAD (207075-U)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

### B8. Status of corporate proposals and utilisation of proceeds (Cont'd)

#### (a) Status of corporate proposals announced but not completed as at 18 May 2007 (Cont'd)

##### (ii) Proposed Merger of Stock Broking Activities of OSK Investment Bank Berhad (formerly known as OSK Securities Berhad) ("OSKIB") and Futures and Options Broking Activities of OSK Futures and Options Sdn Bhd ("OSKFO") ("the Proposed Merger")

OSKIB, a wholly-owned subsidiary of the Company, has on 15 November 2006 entered into a Business Merger Agreement ("BMA") with its wholly-owned subsidiary, OSKFO, to merge its stock broking activities with the futures and options broking activities of OSKFO.

Upon completion of the Proposed Merger, OSKFO shall cease its provision of futures and options broking services and OSKIB shall assume the same in place of OSKFO.

The Proposed Merger is a strategic move for the OSKIB Group to create a larger and more robust securities and futures broking company. The capital market operations of OSKIB and OSKFO are being combined to gain the business and operational synergies and economies of scale in terms of more effective use of its resources and cost savings from the integration process. The Proposed Merger is also in line with the recommendation of the Malaysia's Capital Market Masterplan for common trading platform for stocks and futures.

On 16 November 2006, Bursa Malaysia Derivatives Berhad ("Bursa Derivatives"), Bursa Malaysia Derivatives Clearing Berhad ("the Derivatives Clearing") had granted their approvals in-principle for the Proposed Merger. The Securities Commission ("SC") has also on 7 May 2007 agreed in principle for the Proposed Merger.

OSKIB and OSKFO made a joint application to the High Court of Malaya on 16 April 2007 to obtain a Vesting Order for the transfer of the business from OSKFO to OSKIB pursuant to Section 124(B) of the Securities Commission Act, 1993. The High Court has fixed the hearing date on 2 August 2007 for the application by OSKIB and OSKFO. Currently, both of the companies are awaiting such order from the High Court and the grant of the futures broker's licence to the OSKIB by the SC under the Futures Industry Act 1993.

# OSK HOLDINGS BERHAD (207075-U)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

### B8. Status of corporate proposals and utilisation of proceeds (Cont'd)

#### (a) Status of corporate proposals announced but not completed as at 18 May 2007 (Cont'd)

##### (iii) Joint Venture Agreement ("JVA") between OSK-UOB Unit Trust Management Berhad ("OUTM"), iFAST Corporation Pte Ltd ("iFAST") and Mr Lim Chung Chun ("LCC")

On 12 February 2007, OUTM, a 70% owned subsidiary company of OSKIB which is the Company's wholly-owned subsidiary, entered into a JVA with iFAST and LCC (collectively defined as "Parties" and "Party" shall mean any of the Parties) with a view to establish a joint venture business in Malaysia to undertake among others, the business of dealing in unit trust funds, including the marketing and distribution of unit trust funds as a third party Institutional Unit Trust Agent ("IUTA"), the operation and maintenance of a website or websites featuring advice, analyses, reports and advertisements concerning unit trust funds, as well as investment management services, and to undertake from time to time such other financial and ancillary services or investment products as permitted by the authorities in Malaysia (the businesses collectively defined as the "Business") ("Joint Venture").

The salient terms of the JVA are:

- (i) A joint venture company is proposed to be incorporated in Malaysia and to be called iFAST Financial (M'sia) Sdn Bhd ("NewCo") or by such other name as the relevant Authorities in Malaysia shall approve and the Shareholders may agree, for the purpose of carrying out the Business.
- (ii) The authorised share capital of the NewCo shall be RM1,000,000 divided into 1,000,000 ordinary shares of RM1 each of the NewCo but Parties agree to review this limit on or upon incorporating of the NewCo.
- (iii) The initial paid up capital of the NewCo shall be RM100,000 divided into 100,000 ordinary shares of RM1 each of the NewCo.
- (iv) The agreed shareholding proportion of the NewCo shall be as follows:

	%
a) OUTM	49
b) iFAST	49
c) LCC	2
	<hr/>
	100
	<hr/>

On 29 March 2007, Monetary Authority of Singapore granted its approval in principle for the Joint Venture.

The Joint Venture is pending the approvals from the following authorities:

- (i) Securities Commission;
- (ii) Foreign Investment Committee;
- (iii) Bursa Malaysia Securities Berhad;
- (iv) Bank Negara Malaysia;
- (v) Federation of Malaysia Unit Trust Managers; and
- (vi) Any other regulators or governmental agencies whether in Malaysia or Singapore.

# OSK HOLDINGS BERHAD (207075-U)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

### B8. Status of corporate proposals and utilisation of proceeds (Cont'd)

#### (a) Status of corporate proposals announced but not completed as at 18 May 2007 (Cont'd)

##### (iv) Proposed acquisition of Ernst & Young Corporate Finance Limited ("EYCF") by OSK Asia Holdings Limited ("OSKAH") ("the Proposed Acquisition of EYCF")

On 2 April 2007, OSKAH, an indirect subsidiary company in Hong Kong via OSKIB, entered into an agreement with the following Vendors to acquire the entire issued and paid-up share capital of EYCF, comprising of 1,000,000 ordinary shares of HKD1 each ("Ordinary Shares") and 9,000,000 Deferred Shares of HKD1 each ("Deferred Shares") at the respective purchase consideration:

Vendors	Sale shares	Purchase consideration
Great Era Investments Inc.	750,000 Ordinary Shares and 9,000,000 Deferred Shares	HKD9,000,000 payable in respect of 9,000,000 Deferred Shares plus an amount equal to 75% of the amount by which the Net Asset Value (NAV) of EYCF exceeds HKD9,000,000 as at the Management Accounts Date (being the last date of the calendar month immediately preceding the completion date).
Green Jasper Corporation	250,000 Ordinary Shares	25% of the amount by which the NAV of EYCF exceeds HKD9,000,000 as at the Management Accounts Date.

Presently, EYCF is licensed by the Securities and Futures Commission of Hong Kong ("SFC") to conduct Type 1 (Dealing in Securities) and Type 6 (Advising on Corporate Finance) of the regulated activities under the Securities and Futures Ordinance of the Laws of Hong Kong.

On 2 April 2007, OSKAH paid a deposit sum of HKD1,275,000 and HKD125,000 to Great Era and Green Jasper respectively, upon the signing of the Agreement, which deposits are refundable if the conditions as stipulated in the Agreement are not satisfied. As at 31 December 2006, the NAV of EYCF was approximately HK\$14 million.

On 6 April 2007, Bank Negara Malaysia granted an approval to OSKIB to become an indirect shareholder of EYCF.

The Proposed Acquisition of EYCF is pending approvals from SFC for OSKAH to be the substantial shareholder of EYCF and the relocation of the EYCF's documents and records to its new premises, if required before completion.

# OSK HOLDINGS BERHAD (207075-U)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

### B8. Status of corporate proposals and utilisation of proceeds (Cont'd)

#### (a) Status of corporate proposals announced but not completed as at 18 May 2007 (Cont'd)

- (v) Proposed disposal of 1,450,000 ordinary shares of RM1 each, which represents 100% of the total issued paid-up share capital of OSK Wealth Planners Sdn Bhd ("OSKWP") to OSK-UOB Unit Trust Management Berhad ("OUTM") ("the Proposed Transfer of Shares")

On 14 May 2007, the Company entered into a Sale and Purchase Agreement with OUTM, a 70% owned subsidiary company via OSKIB, to sell 1,450,000 ordinary shares of RM1 each, which represents 100% of the total issued and paid-up share capital of OSKWP to OUTM for a total consideration of RM1, to be satisfied wholly in cash.

The Proposed Transfer of Shares will enable the Group to streamline its fund management, financial planning business and its related financial activities under its wholly-owned subsidiary, OSK Investment Bank Berhad, to ensure a more efficient use of its resources.

The Proposed Disposal is subject to the approval of SC in respect of the change in shareholder of OSKWP.

#### (b) The status of utilisation of proceeds raised from the Private Placement of the Company

On 26 February 2007, the Company issued 25,000,000 new ordinary shares of RM1 each to Koperasi Permodalan Felda Berhad at RM2.25 per share pursuant to the Private Placement of the Company and the said shares was granted listing and quotation on 7 March 2007. The total funds of RM56,250,000 raised will be utilised for the Group's working capital requirements.

As of 31 March 2007, the proceeds from the Private Placement of the Company is fully utilised as working capital for the Group and private placement expenses.

# OSK HOLDINGS BERHAD (207075-U)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

### B9. Borrowings and debt securities

The Group's borrowings and debt securities (denominated in RM unless otherwise stated) at the end of the current year to date are as follows:-

<b>Short term:</b>	<b>RM'000</b>
<i>Unsecured</i>	
- deposits from customers	697,503
- obligations on securities sold under repurchase agreements	313,541
- bank overdrafts	16,466
- bank overdrafts denominated in SGD (SGD13.575 million)	30,925
- commercial papers	206,693
- revolving credits	117,950
- bank loan denominated in HKD (HKD148.100 million)	65,504
<i>Secured</i>	
Term loan	12,500
Finance lease payables denominated in SGD (SGD300 thousand)	684
	<u>1,461,766</u>
<b>Long term:</b>	
<i>Secured</i>	
Term loan	84,212
7-Year Serial Al-Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS")	70,611
Finance lease payables denominated in SGD (SGD0.527 million)	1,025
	<u>155,848</u>

### B10. Off balance sheet financial instruments

As at 18 May 2007 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report), the Group did not enter into any contract involving financial instruments with off balance sheet risk.



# OSK HOLDINGS BERHAD (207075-U)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

### B11. Material litigation

As at 18 May 2007 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report), save as disclosed below, the Group was not engaged in any material litigation either as plaintiff or defendant and the directors are not aware of any proceeding pending or threatened against the Group or any facts likely to give rise to any proceeding which might materially and adversely affect the financial position or business operations of the Group.

(a) Seremban High Court Suit No. 22-216-2003

Kamal, Lokman & Mustakim Holdings Sdn. Bhd. (“Chargor”) and Ahmad Azari bin Mohd. Daud (“Azari”) (collectively referred to as the “Plaintiffs”) vs OSK Capital Sdn. Bhd. (“OSKC”) and OSK Nominees (Tempatan) Sdn. Bhd. (“OSKNT”) and Another (collectively referred to as the “Defendants”)

The Plaintiffs commenced an action against the Defendants on 14 November 2003 seeking inter-alia, a declaration that a charge registered in favour of OSKC is void, damages in the sum of RM20,000,000, general damages, interest and costs and claiming against OSKC/OSKNT for negligence, breach of duty, fiduciary duty and unjust enrichment in relation to a facility of RM13,000,000 granted to Azari by OSKC. OSKC and OSKNT have filed their defence on 17 February 2004.

The Defendants have respectively filed applications to strike out the Plaintiffs’ Writ of Summons and Statement of Claim on the basis that the filing of the action by the Plaintiffs was frivolous and vexatious. The Court has on 6 April 2007 dismissed OSKC’s and OSKNT’s application for security for costs. Several other interlocutory applications/appeals have been adjourned to a date to be fixed. Plaintiffs have on 4 May 2007 filed the notice to attend case management before trial.

In a related suit, vide Seremban High Court Originating Summons No. 24-882-2001 OSK Capital Sdn. Bhd. v Kamal, Lokman & Mustakim Holdings Sdn. Bhd, OSKC has obtained an order for sale of the charged land which sale has since been completed.

(b) Kuala Lumpur High Court Suit No. D8 (D3)-22-543-1993

Asset Investments Pte. Ltd. (“the Plaintiff”) vs O.S.K. & Partners Sdn. Bhd. [now known as OSK Investment Bank Berhad (formerly known as OSK Securities Berhad) (“OSKIB”)]

The suit was brought by the Plaintiff against OSKIB for losses which purportedly resulted from the latter’s alleged breach of contract and/or negligence and/or breach of statutory duty arising from an asset-swap transaction which the Plaintiff entered into in 1992.

On 17 December 2004, judgment was entered by the High Court against OSKIB for the sum of RM26,984,729 with interest of 8% per annum from the date of filing of the said action, i.e. 27 May 1993 until full realisation and costs.

A notice of appeal against the judgment of the High Court was filed at the Court of Appeal. The High Court had on 25 January 2006 allowed OSKIB’s application for a stay of execution of the above judgment pending the appeal.

The Court of Appeal has on 18 April 2007 allowed OSKIB’s appeal and the Judgment against OSKIB has been set aside.

The Plaintiff had on 17 May 2007 filed a Notice of Motion to the Federal Court seeking leave to appeal against the Court of Appeal’s decision.

As at 31 March 2006, a total of RM56,876,415 (31 December 2006: RM56,344,114) has been provided by OSKIB for interest cost and compensation for this legal suit.

# OSK HOLDINGS BERHAD (207075-U)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

### B12. Dividend

No dividend has been declared or paid for the current year to date ended 31 March 2007 (Comparative quarter ended 31 March 2006: Nil).

### B13. Earnings Per Share (“EPS”)

	<b>Current quarter ended 31/3/2007</b>	Comparative quarter ended 31/3/2006	<b>Current year to date ended 31/3/2007</b>	Preceding year to date ended 31/3/2006
<b><u>Basic EPS</u></b>				
Profit attributable to equity holders of the Company (RM'000)	<b>77,625</b>	24,773	<b>77,625</b>	24,773
Weighted average number of ordinary shares in issue ('000 shares)	<b>621,280</b>	610,405	<b>621,280</b>	610,405
<b>Basic EPS (sen)</b>	<b>12.49</b>	4.06	<b>12.49</b>	4.06
<b><u>Diluted EPS</u></b>				
Profit attributable to equity holders of the Company (RM'000)	<b>77,625</b>	24,773	<b>77,625</b>	24,773
Weighted average number of ordinary shares in issue ('000 shares)	<b>621,280</b>	610,405	<b>621,280</b>	610,405
Effect of dilution on assumed exercise of Warrants B and options granted under ESOS ('000 shares)	<b>18,508</b>	587	<b>18,508</b>	587
Adjusted weighted average number of ordinary shares in issue and issuable ('000 shares)	<b>639,788</b>	610,992	<b>639,788</b>	610,992
<b>Diluted EPS (sen)</b>	<b>12.13</b>	4.05	<b>12.13</b>	4.05

**By Order of the Board**

**WONG CHONG KIM**  
**Director**

Kuala Lumpur  
25 May 2007

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007  
EXPLANATORY NOTES (Cont'd)**

**NOTE A8. SEGMENTAL INFORMATION**

The Group is organised into the following major business segments :

- |                         |   |
|-------------------------|---|
| 1. Investment banking   | - Debt capital market, corporate advisory, treasury, derivatives and structured products and offshore investment banking. |
| 2. Equity & nominees    | - Stockbroking, nominee services and related services both local and overseas.  |
| 3. Futures & options    | - Futures and options broking.  |
| 4. Venture capital      | - Provision of venture capital services and investee entities.  |
| 5. Capital financing    | - Licensed money lender for initial public offers and share option schemes.   |
| 6. Property development | - Development of residential and commercial properties.   |
| 7. Property investment  | - Management and letting of properties.   |
| 8. Unit trust           | - Management of unit trust funds.   |
| 9. Holding entities     | - Investment holding companies.   |
| 10. Others              | - Not significant to be separately disclosed.   |

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 in the ordinary course of business at terms mutually agreed between the companies concerned and are not more favourable than those arranged with independent third parties have been eliminated to arrive at the Group's results.



## NOTE A8. SEGMENTAL INFORMATION (Cont'd)

## Secondary reporting format - Geographical Segments

In presenting information by geographical locations, segment revenue is based on geographical locations of operations. Segment assets are based on the geographical location of assets.

	Malaysia RM'000	Hong Kong RM'000	Singapore RM'000	Total RM'000
<b><u>CURRENT YEAR TO DATE ENDED 31 MARCH 2007 (Unaudited)</u></b>				
Revenue	221,921	9,780	48,345	280,046
Total carrying amount of segment assets	3,902,187	216,493	2,433,014	6,551,694
Total capital expenditure	1,938	71	628	2,637
<b><u>PRECEDING YEAR TO DATE ENDED 31 MARCH 2006 (Unaudited)</u></b>				
Revenue	114,923	4,748	-	119,671
Total carrying amount of segment assets	2,057,648	117,797	1,240,549	3,415,994
Total capital expenditure	2,387	1,141	-	3,528