

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007 UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Current quarter ended 30/6/2007	Comparative quarter ended 30/6/2006	Current year to date ended 30/6/2007	Preceding year to date ended 30/6/2006
	RM'000	RM'000	RM'000	RM'000
Revenue	303,269	147,544	583,315	267,628
Operating expenses	(184,958)	(117,587)	(351,334)	(195,559)
Other income	14,264	8,098	24,892	8,574
Finance costs	(8,361)	(6,543)	(17,106)	(11,654)
Share of profits of associated companies, net of taxation	3,782	3,714	7,422	6,971
Profit before taxation	127,996	35,226	247,189	75,960
Income tax expense	(30,077)	(9,763)	(62,251)	(21,501)
Profit after taxation for the period	97,919	25,463	184,938	54,459
Profit attributable to:				
Equity holders of the Company	80,817	16,967	158,442	41,740
Minority interests	17,102	8,496	26,496	12,719
	97,919	25,463	184,938	54,459
Earnings per share attributable to equity holders of the Company (sen) (Note B14):				
Basic	12.53	2.78	25.02	6.84
Diluted	11.84	2.77	24.02	6.83

(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 SECOND QUARTER ENDED 30 JUNE 2007 UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	As at 30/6/2007 RM'000	As at 30/6/2006 RM'000	(Audited) As at 31/12/2006 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	159,928	159,359	160,590
Prepaid land lease payments	11,074	11,210	11,146
Investment property	42,786	42,786	42,786
Land held for property development	185,652	203,222	190,802
Investments in associated companies	196,941	157,837	225,084
Intangible assets	248,129	197,087	248,352
Other long term investments	76,615	24,438	80,439
Statutory deposits with Bank Negara Malaysia	45,870	-	-
Security deposits and statutory funds	2,693	3,166	3,413
Deferred tax assets	805	612	465
	970,493	799,717	963,077
Current assets			
Property development costs	82,941	54,153	71,356
Trade receivables	5,052,857	1,578,718	1,802,890
Accrued billings	1,275	-	-
Other receivables, deposits and prepayments	44,508	36,272	21,305
Amount due from an associated company	-	355	-
Tax recoverable	7,447	9,384	12,779
Short term investments	1,233,178	328,760	419,232
Fund manager's stocks	10,596	1,933	1,787
Loans, advances and financing	8,283	-	-
Derivative financial assets	56,357	-	-
Deposits and placements with banks and other financial institutions	391,500	-	15,600
Cash, bank balances and deposits			
- General accounts	207,501	311,165	180,436
- Segregated accounts	606,406	318,464	328,479
	7,702,849	2,639,204	2,853,864
TOTAL ASSETS	8,673,342	3,438,921	3,816,941

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007 UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (Cont'd)

	As at 30/6/2007 RM'000	As at 30/6/2006 RM'000	(Audited) As at 31/12/2006 RM'000
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	670,930	626,028	632,352
Less : Treasury shares	(29,597)	(19,627)	(29,082)
	641,333	606,401	603,270
Reserves	774,662	570,235	618,984
	1,415,995	1,176,636	1,222,254
Minority interests	316,793	296,003	298,860
TOTAL EQUITY	1,732,788	1,472,639	1,521,114
Non-current liabilities			
Term loan	76,935	100,000	84,212
Seven (7)-Year Serial Al-Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS")	46,824	69,158	70,139
Finance lease payables	838	372	1,214
Deferred tax liabilities	26,939	29,334	28,099
	151,536	198,864	183,664
Current liabilities			
Trade payables	4,067,223	1,263,417	1,319,003
Progress billings	12,206	8,714	7,451
Other payables, deposits and accruals	193,561	228,199	155,075
Amount due to an associated company	2,300	-	3,042
Derivative financial liabilities	100,889	-	-
Obligations on securities sold under repurchase agreements	383,676	-	-
Deposits and placements of banks and other financial institutions	72,050	78,550	102,090
Deposits from customers	1,198,321	-	-
Short term borrowings	705,201	176,338	516,436
Tax payable	53,591	12,200	9,066
	6,789,018	1,767,418	2,112,163
TOTAL LIABILITIES	6,940,554	1,966,282	2,295,827
TOTAL EQUITY AND LIABILITIES	8,673,342	3,438,921	3,816,941
Net Asset per share (RM) attributable to:			
Equity holders of the Company	2.19	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 SECOND QUARTER ENDED 30 JUNE 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	Equity com-	Foreign	Statutory reserves	Other reserves	Retained profits	Total		
				redemption reserve	pensation reserve	exchange reserve						
<u>Current year to date ended</u> <u>30 June 2007 (unaudited)</u>	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 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
Foreign currency translation differences	-	-	-	-	-	(3,976)	-	-	-	(3,976)	(2,129)	(6,105)
Net loss on deemed disposal of shares in associated companies	-	-	-	-	-	-	-	(114)	-	(114)	-	(114)
Realisation of gain on actual disposal of shares in associated companies:												
- gains previously recognised on deemed disposal	-	-	-	-	-	-	-	(2,511)	2,511	-	-	-
- other reserves	-	-	-	-	-	-	-	240	(240)	-	-	-
Share of other reserves in associated companies	-	-	-	-	-	-	-	(110)	-	(110)	-	(110)
Minority interests' share of reserves in associated companies	-	-	-	-	-	-	-	855	(777)	78	134	212
Transfer of reserve	-	-	-	-	-	-	52,522	-	(52,522)	-	-	-
Reserve arising from acquisition of additional shares in a subsidiary company	-	-	-	-	-	-	-	-	35	35	(35)	-
Reserve arising from subscription of additional shares in a subsidiary	-	-	-	-	-	-	-	-	146	146	(146)	-
Total (expense)/income recognised directly in equity	-	-	-	-	-	(3,976)	52,522	(1,640)	(50,847)	(3,941)	(2,176)	(6,117)
Profit for the period	-	-	-	-	-	-	-	-	158,442	158,442	26,496	184,938
Total (expense)/income for the period	-	-	-	-	-	(3,976)	52,522	(1,640)	107,595	154,501	24,320	178,821
Dividends paid	-	-	-	-	-	-	-	-	(35,307)	(35,307)	-	(35,307)
Dividends paid to minority interests	-	-	-	-	-	-	-	-	-	-	(8,191)	(8,191)
Shares issued pursuant to private placement	25,000	-	31,250	-	-	-	-	-	-	56,250	-	56,250
Shares issued pursuant to exercise of ESOS	13,578	-	5,996	-	-	-	-	-	-	19,574	-	19,574
Share-based payment under ESOS due to modification	-	-	-	-	1,268	-	-	-	-	1,268	-	1,268
Reserve realised upon exercise and forfeiture of ESOS	-	-	-	-	(1,621)	-	-	-	1,621	-	-	-
Share of share-based payment under ESOS by a subsidiary company	-	-	-	-	406	-	-	-	-	406	-	406
Transaction costs	-	-	(1,098)	-	-	-	-	-	-	(1,098)	-	(1,098)
Share buybacks by the Company	-	(515)	-	-	-	-	-	-	-	(515)	-	(515)
Acquisition of additional shares in subsidiary company	-	-	-	-	-	-	-	-	-	-	(2,169)	(2,169)
Dilution of interest in a subsidiary company due to:												
- conversion of warrants in a subsidiary company	-	-	-	-	-	-	-	-	(3)	(3)	5	2
- resale of treasury shares by a subsidiary company	-	-	-	-	-	-	-	-	(1,335)	(1,335)	3,968	2,633
At 30 June 2007	670,930	(29,597)	98,880	58,919	2,513	(6,134)	52,522	20,805	547,157	1,415,995	316,793	1,732,788

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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	Share premium	Capital re-demption reserve	Equity compensation reserve	Foreign exchange 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	RM'000		
Previous year to date ended												
30 June 2006 (unaudited)												
At 1 January 2006	625,308	(16,593)	61,029	58,919	-	(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)	61,029	58,919	-	(127)	-	4,827	418,492	1,151,855	208,975	1,360,830
Foreign currency translation differences	-	-	-	-	-	403	-	-	-	403	1,047	1,450
Gains on deemed disposal of shares in associated companies	-	-	-	-	-	-	-	6,555	-	6,555	-	6,555
Realisation upon actual disposal of shares in associated companies:												
- gains on deemed disposal	-	-	-	-	-	-	-	(55)	55	-	-	-
- other reserves	-	-	-	-	-	-	-	4	(4)	-	-	-
Share of other reserves in associated companies	-	-	-	-	-	-	-	(95)	-	(95)	-	(95)
Minority interests' share of reserves in associated companies	-	-	-	-	-	-	-	(2,553)	-	(2,553)	2,553	-
Reserve arising from subscription of additional equity interest in a subsidiary	-	-	-	-	-	-	-	-	7	7	(7)	-
Total (expense)/income recognised directly in equity	-	-	-	-	-	403	-	3,856	58	4,317	3,593	7,910
Profit for the period	-	-	-	-	-	-	-	-	41,740	41,740	12,719	54,459
Total (expense)/income for the period	-	-	-	-	-	403	-	3,856	41,798	46,057	16,312	62,369
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(21,977)	(21,977)	-	(21,977)
Dividends paid to minority interests	-	-	-	-	-	-	-	-	-	-	(13,722)	(13,722)
Share-based payment under ESOS	-	-	-	-	2,859	-	-	-	-	2,859	-	2,859
Acquisition of subsidiary companies	-	-	-	-	-	-	-	-	-	-	86,518	86,518
Acquisition of additional shares in subsidiary companies	-	-	-	-	-	-	-	-	-	-	(2,139)	(2,139)
Share buybacks by the Company	-	(3,034)	-	-	-	-	-	-	-	(3,034)	-	(3,034)
Share buybacks by a subsidiary company	-	-	-	-	-	-	-	-	-	-	(52)	(52)
Shares issued pursuant to exercise of ESOS	720	-	156	-	-	-	-	-	-	876	-	876
Reversal of unutilised share issue expenses in a subsidiary company	-	-	-	-	-	-	-	-	-	-	111	111
At 30 June 2006	626,028	(19,627)	61,185	58,919	2,859	276	-	8,683	438,313	1,176,636	296,003	1,472,639

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Cont'd)

	Attributable to equity holders of the Company										Minority interests	Total equity
<u>Previous year ended</u>	Share capital	Treasury shares	Share premium	Capital re-demption reserve	Equity compensation reserve	Foreign exchange reserve	Reserve on consolidation	Other reserves	Retained profits	Total		
<u>31 December 2006 (Audited)</u>	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	-	(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)	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)	-
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)	-	17,611	58	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)	-	17,611	99,559	115,139	41,573	156,712
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(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)	-	22,438	474,593	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 SECOND QUARTER ENDED 30 JUNE 2007 UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Current year to date ended 30/6/2007 RM'000	Preceding year to date ended 30/6/2006 RM'000	(Audited) Preceding year ended 31/12/2006 RM'000
Cash Flows From Operating Activities			
Profit before taxation	247,189	75,960	161,638
Adjustments for :-			
Gain on disposal of shares in associated companies	(25,465)	(5,584)	(25,998)
Interest expense	30,507	5,940	17,374
Profit payment on BaIDS	1,750	1,750	3,500
Accretion of discount on BaIDS	981	908	1,867
Interest income	(62,841)	(36,008)	(73,524)
Other non-cash and non-operating items	(9,074)	6,905	15,890
Share of profits of associated companies, net of taxation	(7,422)	(6,971)	(18,294)
Operating profit before working capital changes	175,625	42,900	82,453
<i>(Increase)/Decrease in operating assets:</i>			
Deposits and placements with banks and other financial institutions	(375,900)	(93,450)	(15,600)
Statutory deposits with Bank Negara Malaysia	(45,870)	-	-
Property development costs	(7,297)	(8,962)	(13,745)
Other current assets	(4,044,699)	(144,403)	(454,979)
<i>Increase/(Decrease) in operating liabilities:</i>			
Deposits from customers	1,198,321	-	-
Deposits and placements of banks and other financial institutions	(30,040)	172,000	102,090
Obligations on securities sold under repurchase agreements	383,676	-	-
Other current liabilities	2,536,009	1,684	(18,138)
Cash generated/(used in) from operations	(210,175)	(30,231)	(317,919)
Income tax paid net of refund	(12,453)	(7,139)	(23,787)
Interest received	57,269	34,620	61,511
Net cash used in operating activities	(165,359)	(2,750)	(280,195)
Cash Flows From Investing Activities			
Acquisition of additional shares in subsidiary companies	(2,476)	(2,649)	(21,855)
Acquisition of additional shares in associated companies	-	(8,654)	(18,773)
Acquisition of intangible assets	(4)	-	(135)
Dividend received	6,244	255	1,902
Interest received	721	1,388	12,013
Net cash outflow on acquisition of subsidiary companies	(1,374)	(44,982)	(45,001)
Net payment from equity/futures/fixed income securities	(17,095)	(4,436)	(6,694)
Payment for merchant bank licence	-	(10,000)	(52,500)
Payment of security deposits	-	(809)	(890)
Proceeds from disposal of shares in associated companies	56,925	10,983	31,233
Proceeds from disposal of long term investments in shares	22,293	8,906	18,352
Purchase of long term investments	(18,739)	(2,301)	(91,761)
Purchase of property, plant and equipment, net of sales proceeds	(6,660)	(7,232)	(14,169)
Subscription of preference shares	(165)	-	-
Net cash from / (used in) investing activities	39,670	(59,531)	(188,278)

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007 UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (Cont'd)

	Current year to date ended 30/6/2007 RM'000	Preceding year to date ended 30/6/2006 RM'000	(Audited) Preceding year ended 31/12/2006 RM'000
Cash Flows From Financing Activities			
Dividends paid to shareholders	(35,307)	(21,977)	(43,812)
Dividends paid to minority interests	(8,191)	(13,722)	(20,764)
Drawdown of term loan	10,000	100,000	100,000
Interest paid	(26,086)	(4,190)	(15,877)
Net drawdown of revolving credits/short term loans	292,263	63,855	132,004
Payments of BaIDS expenses	(30)	-	(56)
Payments of BaIDS profits	(1,750)	(1,750)	(3,500)
Payments of finance lease instalments	(327)	(271)	(452)
Payments of share buybacks by the Company	(515)	(3,034)	(12,489)
Payments of share issue expenses	(1,098)	-	-
Proceeds from exercise of warrants in a subsidiary company	3	-	-
Proceeds from issuance of shares for ESOS exercised	19,574	876	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
Repayment of commercial papers	(160,000)	-	-
Repayment of term loan	(4,777)	-	(3,289)
Net cash from financing activities	142,642	119,787	393,614
Net increase / (decrease) in cash and cash equivalents	16,953	57,506	(74,859)
Effects of exchange rate changes	(5,171)	1,635	(1,585)
Cash and cash equivalents at beginning of period / year	169,372	245,816	245,816
Cash and cash equivalents at end of period / year	181,154	304,957	169,372
Cash and cash equivalents at end of period / year comprised:			
Cash, bank balances and deposits - General accounts	207,501	311,165	180,436
Bank overdrafts	(26,347)	(6,208)	(11,064)
	181,154	304,957	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 SECOND QUARTER ENDED 30 JUNE 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 ₂₀₀₄	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 119₂₀₀₄ 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 SECOND QUARTER ENDED 30 JUNE 2007

A1. Accounting policies (Cont'd)

FRS 117: Leases (Cont'd)

(a) 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 preceding year to date. The restatement of certain comparatives are shown below:

Consolidated Balance Sheets	As previously stated RM'000	Effect of FRS 117 RM'000	As restated RM'000
As at 30 June 2006			
Property, plant and equipment	170,569	(11,210)	159,359
Prepaid land lease payments	-	11,210	11,210
As at 31 December 2006			
Property, plant and equipment	171,736	(11,146)	160,590
Prepaid land lease payments	-	11,146	11,146

(b) 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 operations 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.

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.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

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 13,578,310 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 RM19,574,049. 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	Forfeited	As at 30/6/2007
27 Jun 2003	1.33	3,660,200	-	(1,661,300)	-	1,998,900
16 Mar 2004	1.95	9,000,000	-	(3,342,760)	(138,500)	5,518,740
29 Apr 2005	1.18	6,026,900	-	(4,526,900)	-	1,500,000
3 May 2006	1.36	9,545,200	-	(4,047,350)	(38,700)	5,459,150
		28,232,300	-	(13,578,310)	(177,200)	14,476,790

On 4 January 2007, the duration of ESOS which was due to expire on 17 February 2008 had been extended for another 5 years to 17 February 2013.

(b) Share buybacks / Treasury shares of the Company

During the current year to date, the Company has purchased 263,100 ordinary shares of RM1 each for a total cash consideration of RM515,326 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 RM	Lowest price RM	Average cost RM	Total amount paid RM
As at 1 January 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
May 2007	100	2.82	2.82	2.95	295
	263,100	2.82	1.95	1.96	515,326
As at 30 June 2007	24,046,312	2.82	0.90	1.23	29,596,863

(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 SECOND QUARTER ENDED 30 JUNE 2007

A7. Dividend paid

A final dividend of 7.5 sen per share less 27% income tax amounted to RM35,307,086 in respect of the preceding financial year ended 31 December 2006 was paid on 21 May 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 30 June 2007.

A10. Material events subsequent to the end of the quarter

(a) Resale of treasury shares by OSK Property Holdings Berhad ("OSKPH"), a subsidiary company
During 17 July 2007 to 19 July 2007, OSKPH, a subsidiary company had resold 4,501,000 treasury shares at open market for a total cash consideration of RM6,170,835. The minimum price and maximum price at which the treasury shares resold were RM1.360 and RM1.420 respectively.

(b) Proposed rights issue by OSK Property Holdings Berhad ("OSKPH") approved at Extraordinary General Meeting ("EGM")

On 30 July 2007, shareholders of OSKPH have approved the ordinary resolution pertaining to the Proposed Rights Issue at the EGM. On 31 July 2007, the Board of Directors had resolved to fix the prices for the securities to be issued pursuant to the Proposed Rights Issue as shown in B9 (a)(v).

(c) Incorporation of iFast Capital Sdn. Bhd. ("iFastC")

On 1 August 2007, iFastC has been incorporated to carry on the business as governed in the Joint Venture Agreement as disclosed in B9 (a)(iii) with an initial issued and paid-up share capital of RM100,000 divided into 100,000 ordinary shares of RM1 each of which OSK-UOB Unit Trust Management Berhad, a 70% owned subsidiary company of OSKIB, owns 49% of shareholdings in iFastC.

(d) Vesting Order granted by the High Court of Malaya for Proposed Merger of Stock Broking Activities and Futures and Options Broking Activities

On 2 August 2007, the High Court of Malaya has granted a Vesting Order upon the joint application of OSK Investment Bank Berhad (formerly known as OSK Securities Berhad) ("OSKIB") and OSK Futures And Options Sdn Bhd ("OSKFO") for the transfer of the business from OSKFO to OSKIB pursuant to Section 124(B) of the Securities Commission Act, 1993, as disclosed in B9 (a)(i).

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

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

- (e) Proposed acquisition of 51,000 ordinary shares of RM1 each representing 51% equity interest in Semponia Sdn Bhd ("Semponia") and proposed acquisition of 51,000 ordinary shares of RM1 each representing 51% equity interest in Country Wheels Sdn Bhd ("Country Wheels") ("Proposed Acquisition of Semponia and Country Wheels")

On 7 August 2007, OSKPH had entered into two separate Share Sales Agreements ("SSAs") with Encik Ahmad Azmi bin Noordin and Encik Mohamed Nazari bin Noordin for the Proposed Acquisition of Semponia and Country Wheels for a cash consideration of RM7,650,000 each.

Semponia is a private company limited by shares incorporated on 20 September 2002, under the Companies Act, 1965 with an authorised capital of RM100,000 divided into 100,000 ordinary shares of RM1 each of which all ordinary shares have been issued and paid-up.

Country Wheels is a private company limited by shares incorporated on 5 July 2002, under the Companies Act, 1965 with an authorised capital of RM100,000 divided into 100,000 ordinary shares of RM1 each of which all ordinary shares have been issued and paid-up.

Semponia and Country Wheels had on 20 August 2003 entered into a joint venture agreement with Permodalan Negeri Selangor Berhad ("PNSB") to jointly develop a mixed development project on two pieces of land in Pekan Baru Sungai Buloh, held under H.S. (D) 239874, PT 9814 measuring approximately 202,481 sq metres and H.S. (D) 239875, PT 9815 measuring approximately 202,481 sq metres respectively. PNSB is the said lands beneficial owner.

Upon execution of the SSAs, OSKPH paid RM5,025,000 each and the balance sum of RM2,625,000 for each SSA shall be paid on 15 October 2007.

Following the above acquisitions, Semponia and Country Wheels are now 51% owned subsidiary companies of OSKPH.

- (f) 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 dispose 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 cash consideration of RM1.

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, OSKIB, to ensure a more efficient use of its resources.

On 20 August 2007, the Company has completed the Proposed Transfer of Shares. Effectively, OSKWP became a wholly-owned subsidiary company of OUTM which in turn is a 70% owned subsidiary company of OSKIB.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

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

- (g) Subscription of additional shares in OSK Asia Futures Limited ("OSKAF") by OSK Asia Holdings Limited ("OSKAH")

On 20 August 2007, OSKAH, 91.01% owned subsidiary company via OSKIB, had subscribed for 10,000,000 ordinary share of HKD1 each in its wholly-owned subsidiary company, OSKAF, for working capital purpose.

With the above, the total issued and paid-up share capital of OSKAF had increased from HKD25,000,000 to HKD35,000,000.

A11. Changes in the composition of the Group

- (a) Acquisition of 50% equity interest in OSK Wealth Planners Sdn Bhd ("OSKWP")

On 23 February 2007, the Company completed the acquisition of 50% equity interest represent 725,000 ordinary shares of RM1 each in OSKWP from Equitable Investment Co. (Hong Kong) Ltd for a total cash consideration of RM1. Effectively, OSKWP became a wholly-owned subsidiary company of the Company.

- (b) Acquisition of OSK Asia Finance Limited (formerly known as Sunway Finance Limited) ("OSKAFin") 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 OSKAFin, comprising one (1) ordinary share of HKD1 for a cash consideration of HKD1.

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

- (c) Acquisition of Atria Damansara Sdn Bhd (formerly known as Nexus Empire Sdn. Bhd.) ("AD")

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

AD 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. The principal activities of AD is property management and development.

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

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

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

(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.

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

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

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

(f) Acquisition of Ernst & Young Corporate Finance Limited ("EYCF") by OSK Asia Holdings Limited ("OSKAH") ("Acquisition of EYCF")

On 31 May 2007, OSKAH, an indirect subsidiary company in Hong Kong via OSKIB, completed the acquisition of the entire issued and paid-up share capital of EYCF, comprising of 1,000,000 ordinary shares of HKD1 each and 9,000,000 Deferred Shares of HKD1 each at a total purchase consideration of HK\$ 15,565,731.

EYCF is licensed by the Securities and Futures Commission of Hong Kong 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.

Effectively, EYCF has become a wholly-owned subsidiary company of OSKAH and an indirect subsidiary company of OSKIB and OSKH and EYCF has also changed its name to OSK Asia Capital Limited.

(g) Disposal of entire equity interest in ECO Industrial Environmental Engineering Pte Ltd ("ECO")

On 31 May 2007, OSK Ventures International Limited (formerly known as Future View Investments Limited), a wholly-owned subsidiary company of OSK Ventures International Berhad ("OSKVI"), disposed the entire equity interest in ECO, a 27.56% owned associated company of OSKVI and OSKH, for a total cash consideration of SGD11,900,000 or RM26,413,240 equivalent.

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

On 29 June 2007, OSKVI acquired one (1) ordinary share of HK\$1 in OSKII, representing the entire issued and paid-up share capital of OSKII for a cash consideration of HK\$1 (equivalent to RM0.4555 at an exchange rate of HK\$1 : RM0.4555).

OSKII was incorporated on 22 June 2007 as a limited company in Hong Kong. The authorised share capital of OSKII is HK\$10,000 comprising 10,000 shares of which one (1) share has been issued and fully paid-up. The principal activity of OSKII is that of investment holding and private equity business.

By virtue of the Acquisition, OSKII has become a wholly-owned subsidiary of OSKVI and an indirect subsidiary company of the Company.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

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

(i) 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% at 31 December 2006.

By virtue of the above purchases, the Group also increased its equity interest in an indirect subsidiary company, Finexasia.com Sdn. Bhd. ("Finex"). The Group's equity interest in Finex increased to 71.61% at 30 June 2007 from 71.29% at 31 December 2006.

(j) Resale of treasury shares by OSK Property Holdings Berhad ("OSKPH") and exercise of warrants at 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 cash consideration of RM2,633,304 to the open market; and 2,636 warrants of OSKPH have been exercised to convert into 2,636 new ordinary share of RM1 each at OSKPH for a total proceeds of RM29,000.

The Company's equity interest in OSKPH decreased to 62.86% at 30 June 2007 from 64.30% at 31 December 2006.

(k) Partial disposal of equity interest in Green Packet Holdings Berhad (GPB")

During the current year to date, OSK Technology Ventures Sdn Bhd, a subsidiary company of OSKVI, had disposed 6,500,000 ordinary shares of RM1 each in GPB for a total cash consideration of RM31,049,062 to the open market.

The Group's equity interest in GPB decreased to 16.00% at 30 June 2007 from 17.46% at 31 December 2006 .

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

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

Effect of the acquisitions of subsidiary companies as disclosed above had the following effect on the Group's financial results for the current year to date:

The cost of acquisitions and cash outflow on acquisitions are as follows:

	RM'000
Purchase consideration satisfied by cash	6,787
Costs attributable to the acquisitions, paid in cash	71
Total cost of acquisitions	<u>6,858</u>
Cash and cash equivalents of subsidiary companies acquired	(5,484)
Net cash outflow of the Group	<u>1,374</u>

These new subsidiary companies had contributed the following financial results to the Group:

	Date of acquisitions to 30.6.2007 RM'000
Revenue	379
Loss before taxation	(90)
Loss for the period	<u>(90)</u>

If the acquisitions had been effected on 1 January 2007, the financial results contributed by these new subsidiary companies for the six months ended 30 June 2007 would have been:

	1.1.2007 to 30.6.2007 RM'000
Revenue	2,631
Profit before taxation	777
Profit for the period	<u>689</u>

The fair values of assets and liabilities recognised upon acquisitions on the dates of completion were as follows:

	As at date of acquisitions RM'000
Property, plant and equipment	12
Security deposits	44
Trade and other receivables	1,414
Cash and bank balances - General accounts	5,484
Other payables and accruals	(260)
Tax payable	(74)
Fair value of total net assets	<u>6,620</u>
Minority interests	-
Group's share of net assets	<u>6,620</u>
Add: Goodwill on consolidation	238
Purchase consideration	<u>6,858</u>

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

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

As at 30 June 2007, the unsecured contingent liabilities of the Group are as follows:

	RM'000
Bank guarantee provided by OSKIB to Bursa Malaysia Securities Clearing Sdn. Bhd. ("the Securities Clearing") (Note a)	1,074
Contingent liabilities arising from guarantees given by the Unit Trust subsidiary to the Trustee of certain unit trust Funds (Note b)	-
	<u>1,074</u>

Note:

- (a) OSKIB provided a bank guarantee of RM1,074,259 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 30 June 2007, there is no contingent liability to the Company based on the units in circulation and net asset value per unit of the Funds:

Type of funds	Maturity date	Units in circulation	NAV per unit RM
OSK-UOB Capital Guaranteed Funds - Series 1	5 November 2008	56,090,000	1.2495
OSK-UOB Capital Guaranteed Funds - Series 2	2 August 2008	270,140,000	1.1191
OSK-UOB Capital Guaranteed BRIC Fund	31 October 2009	155,950,000	1.0113

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 SECOND QUARTER ENDED 30 JUNE 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 to date)

The Group recorded an excellent performance in the second quarter continuing from the growth momentum in the first quarter of 2007 after OSK Investment Bank Berhad (formerly known as OSK Securities Berhad) ("OSKIB") becoming an investment bank in January 2007. The Group's revenue improved by 106% to RM303.27 million for the quarter under review as compared to RM147.54 million in the corresponding quarter of preceding year. For the same period, the Group's profit attributable to the equity holders of the Company (i.e. profit after tax and after minority interests) surged by 376% from RM16.97 million to RM80.82 million. Basic earnings per share improved 4.5 times from 2.78 sen per share for second quarter last year to 12.53 sen per share in corresponding quarter this year.

On a year-to-date ("YTD") basis, the Group's revenue of RM583.32 million for the first 6 months in 2007 improved by 118% as compared to the corresponding period in 2006. The Group recorded a pre-tax profit of RM247.19 million for the 6-month period in 2007, which has surpassed the profit for last year's corresponding period and full year profit by 225% and 53% respectively. The results achieved in the first 2 quarters of 2007 were without any extraordinary income and profit.

The Group's strong performance is due to higher profit contributions from stockbroking, investment banking, private equity and equity financing. With the buoyant regional equity market in the first half of 2007, OSK's regional stockbroking and futures businesses and related activities achieved an impressive profit growth in the second quarter of 2007, which accounted for approximately 52% of the Group's YTD pre-tax profit. Out of this total, the Malaysia stockbroking operations contributed 35% of total pre-tax profit, while the Group's overseas operations in Singapore and Hong Kong contributed RM42.51 million, which accounted for about 17% of the Group's pre-tax profit.

The favourable 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, particularly the investment banking services. Contribution from investment banking accounted for about 23% of the Group's YTD pre-tax profit with significant contributions from debt capital markets activities as well as derivatives and structured products. As compared to the first half of 2006, the investment banking results showed an improvement of approximately 153%.

The Group's venture capital performance improved significantly in the second quarter of 2007 as compared to the immediate preceding quarter with higher gain on realisation of private equity investments. Venture capital activities recorded pre-tax profit of about RM32.99 million or 13% of the Group's YTD pre-tax profits in the first half of the year as compared to RM17.94 million in the corresponding 6-month period last year, marking an increase of 84%.

Both equity financing and unit trust activities achieved record profits. Capital financing contributed approximately 6.5% of the Group's pre-tax profit in the first half of 2007 and represented 125% growth as compared to the corresponding 6-month period last year. In the same period, unit trust management recorded marked improvement in performance with pre-tax profit of RM7.43 million in 2007 as compared to RM3.36 million in 2006, representing a growth of 121%. Most other business segments also recorded improved results.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

B1. Review of the performance of the Company and its principal subsidiaries (Contd)

(Commentary on current quarter and current year to date)

The strong results were achieved despite marginal contributions from the Group's properties activities. The lower profit contribution from properties in the first half of 2007 of RM5.16 million was mainly due to lower billings as a result of the delay in launching of certain development parcels. The Group is confident that the properties segment will show better results in the second half of the year.

The Group's impressive and strong performance is due to the fruition of the efforts of the past few years, which includes the diversification of the Group's income base and widening of the geographical coverage of the Group's business. These initiatives have strengthened the Group's breath and depth in its distribution capabilities.

B2. Material change in quarterly profit before taxation

(Comparison on current quarter with immediate preceding quarter)

The Group reported a pre-tax profit of RM128.00 million for the second quarter of 2007 as compared to RM119.19 million achieved for the immediate preceding quarter represented an improvement of about 7% quarter-on-quarter. The stronger earnings was attributable to higher profit contributions from realisation of venture capital investments, capital financing, unit trust and stockbroking despite lower contribution from debt capital market activities of the investment bank during the period under review.

B3. Current year prospects and progress on previously announced revenue or profit forecast

(a) Current year prospects

(Commentary on the remaining year)

The current volatility in the global financial market due to concerns over the sub-prime mortgage market in the United States of America has created a fair amount of uncertainty in the Asian markets, which has resulted in weaker performances in regional bourses. While this is a significant concern for all market players, the Group's view is that the markets we are operating in, namely Malaysia, Singapore and Hong Kong, still continue to have strong fundamentals and should be able to resume their growth trajectory after this period of uncertainty is over.

The Malaysian market should be able to hold at a reasonable level for the remainder of this year, as it should find support from the efforts of the Malaysian Government to spur economic growth through programmes under the Ninth Malaysia Plan, the Iskandar Development Region and the Northern Corridor Economic Region. Furthermore, we expect the upcoming Budget 2008 to be supportive of economic growth. As for Singapore and Hong Kong, both markets continue to experience record trading volumes as their stock markets are buoyed by participation in China-based companies listed on the respective exchanges. In this regard, the Group is confident of being able to maintain the performance in the equities business for the remainder of the year.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

(a) Current year prospects (Cont'd)

(Commentary on the remaining year)

The Group's performance in the coming months should also be bolstered by contributions from new businesses. In particular, the maiden contributions from our regional investment banking services in Singapore and Hong Kong should begin in the second half of 2007. In Malaysia, the venture capital business is positioned to perform well, the derivatives business is beginning to contribute significantly to profitability, our treasury operations should continue to grow in its scope, while the investment banking business should be able to sustain its deal flow for the remainder of this year.

Overall, the Group is well positioned to sustain the performance recorded in the first half of 2007 to end the year on a positive footing.

B3. Current year prospects and progress on previously announced revenue or profit forecast

(b) Progress and steps to achieve revenue or profit estimate, forecast, projection and internal targets previously announced

There was no revenue or profit forecast announced by the Company.

B4. Statement of the Board of Directors' opinion on achievability of revenue or profit estimate, forecast, projection and internal targets previously announced

There was no revenue or profit forecast announced by the Company.

B5. Profit forecast / profit guarantee

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

B6. Income tax expense

	Current quarter ended 30/6/2007 RM'000	Current year to date ended 30/6/2007 RM'000
In respect of the current quarter / year to date		
- Malaysian income tax	26,253	54,990
- Foreign income tax	4,647	7,758
- Deferred taxation	(939)	(632)
	<u>29,961</u>	<u>62,116</u>
In respect of the prior year		
- Malaysian income tax	116	135
	<u>30,077</u>	<u>62,251</u>

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

B7. 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.

B8. Quoted securities

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

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

	Current quarter ended 30/6/2007 RM'000	Current year to date ended 30/6/2007 RM'000
Total purchase consideration	48,049	66,560
Total sale proceeds	27,876	46,169
Net profit on disposals	1,325	1,942

- (b) Investments in quoted securities (including listed associated companies) as at 30 June 2007 (except for the subsidiary companies engaged in stockbroking and investment banking which have been exempted from this disclosure):

	Associated companies RM'000	Other investments RM'000
Quoted shares at cost:		
In Malaysia	128,070	33,189
Outside Malaysia	5,588	-
	133,658	33,189
Share of post-acquisition reserves	58,124	-
At carrying amount	191,782	33,189
Market value of quoted shares:		
In Malaysia	377,454	40,300
Outside Malaysia	26,401	-
	403,855	40,300

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 SECOND QUARTER ENDED 30 JUNE 2007

B9. Status of corporate proposals and utilisation of proceeds

(a) Status of corporate proposals announced but not completed as at 21 August 2007

- (i) 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 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 Malaysia Derivatives Clearing Berhad 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.

On 2 August 2007, the High Court of Malaya has granted a Vesting Order upon the joint application of OSKIB and OSKFO for the transfer of the business from OSKFO to OSKIB pursuant to Section 124(B) of the Securities Commission Act, 1993. Currently, both of the companies are awaiting the grant of the futures broker's licence to the OSKIB by the SC under the Futures Industry Act 1993.

- (ii) Joint Venture Agreement ("JVA") between OSK Investment Bank (Labuan) Limited ("OSKIBL"), Washington Square Investment Management (Asia Pacific) Limited ("WSQAP") and H.E. Khalid Ali Al Bustani ("Mr. Bustani")

On 16 November 2006, OSKIBL, a wholly-owned subsidiary of the Company, entered into a JVA with WSQAP and Mr. Bustani to set up a joint-venture company in Dubai International Financial Centre ("DIFC") to offer financial products, investment and corporate advisory services.

Pursuant to the JVA, OSKIBL and WSQAP will each hold a 42.5% stake in the joint venture company and the remaining 15% will be held by Mr. Bustani. This is subject to approvals of the relevant authorities of DIFC for the establishment of the joint venture company.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

B9. Status of corporate proposals and utilisation of proceeds (Cont'd)

(a) Status of corporate proposals announced but not completed as at 21 August 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 wholly-owned subsidiary company, entered into a JVA with iFAST and LCC (collectively defined as "Parties") to establish a joint venture company ("Newco") for the purpose of dealing in unit trust funds in Malaysia, including acting as an Institutional Unit Trust Agent, operating a unit trust-related website, investment management services and other ancillary services. The proposed shareholdings in Newco is 49% by OUTM, 49% by iFAST and 2% by LCC.

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

iFast Capital Sdn. Bhd. ("iFastC") has been incorporated on 1 August 2007 to carry on the business as governed in the JVA dated 12 February 2007 with an initial issued and paid-up share capital of RM100,000 divided into 100,000 ordinary shares of RM1 each of which OUTM owns 49% of shareholdings in iFastC.

DMG & Partners Securities Pte Ltd, a 51% owned subsidiary of OSKIB, holds 10.99% equity interest in iFAST as at 30 June 2007 (31.12.2006: 11.05%) which in turn holds 49% equity interest in iFastC. Effectively, iFastC is an 34.33% associated company of OSKIB and of the Company.

The Joint Venture is pending the approvals from the relevant regulatory authorities.

(iv) Proposed disposal of three (3) properties by OSK Properties Sdn Bhd ("OSKP"), a wholly owned subsidiary company of the Company, to KE-ZAN Holdings Berhad ("KHB"), a wholly owned subsidiary company of the Company ("the Proposed Transfer of Properties")

On 3 May 2007, OSKP entered into a sale and purchase agreement ("the SPA") with KHB to dispose 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 ("the Consideration").

- 1) Two (2) parcels of leasehold land measuring 1,104.037 square meters held under master title no. PN33134, Lot 59059 (formerly known as PN30372 Lot 57745) together with a three (3) storey shop office erected thereon located in the Mukim Batu, District of Kuala Lumpur;
- 2) 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, State of Johor;
- 3) 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.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

B9. Status of corporate proposals and utilisation of proceeds (Cont'd)

(a) Status of corporate proposals announced but not completed as at 21 August 2007 (Cont'd)

- (iv) Proposed disposal of three (3) properties by OSK Properties Sdn Bhd (“OSKP”), a wholly owned subsidiary company of the Company, to KE-ZAN Holdings Berhad (“KHB”), a wholly owned subsidiary company of the Company (“the Proposed Transfer of Properties”) (Cont'd)

The Proposed Transfer of Properties will streamline the business activities within the Group to enable OSKPH to redeploy its resources on property development while KHB may expand its revenue stream from letting of investment properties. The Proposed Transfer is expected to be completed by the third quarter of 2007.

- (v) Proposed rights issue by OSK Property Holdings Berhad (“OSKPH”)

On 21 May 2007, OSKPH proposes to undertake a renounceable rights issue of up to 149,994,000 new ordinary shares of RM1 each in OSKPH (“Rights Share(s)”) with up to 74,997,000 free detachable new warrants (“OPKPH Warrant(s) B”) on the basis of two (2) Rights Shares with one (1) free detachable warrant for every two (2) existing ordinary shares of RM1 each in OSKPH (“OSKPH Share(s)” or “Share(s)”) held on an entitlement date to be determined later (“Entitlement Date”) (“Proposed Rights Issue”).

The Proposed Rights Issue is expected to raise an estimated gross proceeds of between RM95.49 million and RM149.99 million based on issue price of RM1 per Rights Share. The proceeds are to be utilised mainly for working capital, Redemption of Al-Bai’ Bithaman Ajil Islamic Debt Securities 1st tranche due on 6 April 2008 of RM25 million and estimated expenses for the Proposed Rights Issue of RM1.88 million.

The rationale for the Proposed Rights Issue is (i) to provide the shareholders of OSKPH an opportunity to further increase their equity participation in OSKPH; (ii) to raise additional working capital for the OSKPH Group; and (iii) the free OSKPH Warrants B attached to the Rights Shares are expected to provide the shareholders of OSKPH an incentive to subscribe for the Rights Shares. It would also enable the entitled shareholders to benefit from the future growth of OSKPH and any potential capital appreciation arising thereof. OSKPH would then be able to raise further proceeds as and when any of the OSKPH Warrants B are exercised.

The Securities Commission and Bank Negara Malaysia had approved OSKPH's Proposed Rights Issue on 15 June 2007 and 20 June 2007 respectively.

On 30 July 2007, shareholders of OSKPH have approved the ordinary resolution pertaining to the Proposed Rights Issue at the Extraordinary General Meeting. On 31 July 2007, the Board of Directors had resolved to fix the following prices for the securities to be issued pursuant to the Proposed Rights Issue as follows:-

- (i) The issue price of the Rights Shares shall be fixed at RM1.00 per Rights Share; and
- (ii) The exercise price of the free detachable Warrants B to be issued pursuant to the Proposed Rights Issue shall be fixed at RM1.25 for every one (1) new OSKP Share.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

B9. Status of corporate proposals and utilisation of proceeds (Cont'd)

(a) Status of corporate proposals announced but not completed as at 21 August 2007 (Cont'd)

(v) Proposed rights issue by OSK Property Holdings Berhad ("OSKPH") (Cont'd)

The aforementioned issue price of RM1.00 per Rights Share was arrived at after taking into consideration the five (5)-day weighted average market price of OSKPH Shares as traded on Bursa Malaysia Securities Berhad from 24 July 2007 to 30 July 2007 of RM1.412 per Share. The issue price represents a discount of RM0.206 per Share or approximately 17.081% to the theoretical ex-rights price of RM1.206.

The aforementioned exercise price of RM1.25 per Warrant B was arrived at after, taking into consideration the theoretical ex-rights price of OSKPH Shares of RM1.206. The said exercise price represents a premium of RM0.044 per Share or approximately 3.648% to the theoretical ex-rights price of RM1.206.

On 6 August 2007, the Company has provided an undertaking to subscribe for its entitlement of 60,033,200 new OSKPH Shares with 30,016,600 Warrants attached for a cash consideration of RM60,033,200.

On 15 August 2007, OSKPH has entered into an Underwriting Agreement with OSKIB for the underwriting of up to 84,617,741 Rights Shares to be issued by OSKPH pursuant to the Rights Issue at the underwriting commission of 1%.

On 16 August 2007, Bursa Securities Malaysia Berhad has approved in principle the following:

- a) Admission to the Official Listing and the listing and quotation of up to 74,997,000 Warrants B to be issued pursuant to the Proposed Rights Issue;
- b) Listing of up to 149,994,000 new ordinary shares of RM1 each to be issued pursuant to the Proposed Rights Issue; and
- c) Listing of up to 74,997,000 new ordinary shares of RM1 each to be issued pursuant to the exercise of Warrants B.

The Renounceable Rights ("RR") have the following cut off dates:

- a) OSKPH's securities will be traded and quoted "Ex-Rights Issue" as from 30 August 2007.
- b) The last date of lodgement is on 4 September 2007.
- c) The RR commence trading on 7 September 2007.
- d) The date of despatch of the Prospectus and Provisional Allotment Letter of Offer is on 7 September 2007.
- e) The last day and time for Acceptance, Renunciation and Payment is on 21 September 2007 at 5:00pm.
- f) The RR cease quotation on 14 September 2007.

Arising from the Proposed Rights Issue, the existing Warrants A of OSKPH exercise price at RM1.10 per Warrant A will be adjusted accordingly and the adjusted exercise price will be determined on 4 September 2007 and takes effect from 5 September 2007 onwards.

The Proposed Rights Issue is expected to be completed by early October 2007.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

B9. Status of corporate proposals and utilisation of proceeds (Cont'd)

(a) Status of corporate proposals announced but not completed as at 21 August 2007 (Cont'd)

- (vi) Proposed acquisition of two (2) pieces of lands together with a double storey office and a single storey office by OSK Property Holdings Berhad (“OSKPH”) from Presenter Services (M) Sdn Bhd (“PSSB”) for a total cash consideration of RM11,500,000 (“Proposed Acquisition of Land and Building”)

On 21 May 2007, OSKPH entered into a sale and purchase agreement (“SPA”) with PSSB for the Proposed Acquisition of Land and Buiding for a total cash consideration of RM11,500,000.

The Proposed Acquisition of Lands consists of two (2) pieces of land held under No. Hakmilik 34839 Lot 88 Seksyen 43 Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan K.L (“Lot 88”) and No. Hakmilik 42565 Lot 87 Seksyen 43 Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan K.L (“Lot 87”) together with a double storey office and a single storey office erected thereon bearing the postal address of Nos.37 and 39 Jalan Yap Kwan Seng, 50450 Kuala Lumpur.

The Proposed Acquisition of Land and Buiding is expected to be completed by the fourth quarter of 2007.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

B9. Status of corporate proposals and utilisation of proceeds (Cont'd)

(a) Status of corporate proposals announced but not completed as at 21 August 2007 (Cont'd)

(vii) Proposed Acquisition of UOB Trustees (Malaysia) Berhad ("UOBT")

On 5 June 2007 the Company and its wholly-owned subsidiary companies ("the Purchasers") as listed below entered into a Sale and Purchase Agreement with the following shareholders ("the Vendors") of UOB Trustees (Malaysia) Berhad ("UOBT") for the acquisition of the entire issued share capital of UOBT comprising 100,000 ordinary shares of RM10 each and partly paid-up to RM5 each ("Sale Shares") which were held equally by the Vendors for a total purchase consideration of RM800,000: -

The Purchasers	The Vendors
OSK Holdings Berhad	United Overseas Bank (Malaysia) Berhad
OSK Investment Bank Berhad	UOB Smart Solutions Sdn. Bhd.
OSK Nominees (Tempatan) Sdn Berhad	UOB Credit Berhad
KE-ZAN Nominees (Tempatan) Sdn Bhd	UOB 2006 Nominees (Tempatan) Sdn. Bhd.
TCL Nominees (Tempatan) Sdn Bhd	UOB 2006 Nominees (Asing) Sdn. Bhd.

UOBT is a public limited company with authorised capital of RM1,000,000 comprising 100,000 ordinary shares of RM10 each of which 100,000 ordinary shares of RM10 each have been issued and half of the amount of every ordinary share (RM5) has been paid with the remaining half (RM5) unpaid in accordance with the requirement of Section 3(c) of the Trust Companies Act 1949. UOBT is registered as and carries on business as a trust company.

The Proposed Acquisition of UOBT will enables the Group to increase the scale of operations and expand its market share in the provision of trustee services, enhancing the future performance of the Group and thus the shareholders' value of the Company.

On 13 July 2007, the Ministry of Finance through Bank Negara Malaysia approved the Proposed Acquisition of UOBT.

The Proposed Acquisition of UOBT is conditional upon the approvals of the following:-

- the Foreign Investment Committee;
- the Companies Commission of Malaysia for the change of Board of Directors and/or Chief Executive Officer(s) on application by the Vendors, if required; and
- the shareholders of the Purchasers (including the shareholders of any holding company), if necessary.

The Proposed Acquisition of UOBT is expected to be completed by the third quarter of 2007.

(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 SECOND QUARTER ENDED 30 JUNE 2007

B10. 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:-

Short term:

RM'000

Unsecured

- deposits from customers	1,198,321
- obligations on securities sold under repurchase agreements	383,676
- deposits and placements of banks and other financial institutions	72,050
- bank overdrafts denominated in SGD (SGD11.685 million)	26,347
- commercial papers	98,536
- revolving credits	103,850
- bank loans denominated in HKD (HKD597.700 million)	264,154
- bank loans denominated in SGD (HKD72.000 million)	162,338
	2,309,272

Secured

Term loan	25,000
BaIDS	24,287
Finance lease payables denominated in SGD (SGD0.306 million)	689
	49,976

2,359,248

Long term:

Secured

Term loan	76,935
BaIDS	46,824
Finance lease payables denominated in SGD (SGD0.372 million)	838
	124,597

B11. Off balance sheet financial instruments

As at 21 August 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 SECOND QUARTER ENDED 30 JUNE 2007

B12. Material litigation

As at 21 August 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. vs. 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.

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

The Plaintiff/Applicant has on 17 May 2007 filed a Notice of Motion to the Federal Court seeking leave to appeal against the Court of Appeal’s decision. The Federal Court has previously fixed the matter for hearing on 10 September 2007 and has now postponed the hearing to a date to be fixed.

As at 30 June 2007, a total of RM57,414,631 (31.12.2006: RM56,344,113) has been provided by OSKIB for interest cost and compensation for this legal suit.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

B13. Dividend

- (a) In view of the good performance of the Group, the Board of Directors has recommended a higher interim dividend of 10.0 sen per share less 27% income tax for the current year to date as compared to the previous corresponding period of 5.0 sen per share less 28% income tax. The entitlement date to the interim dividend shall be determined by the Board of Directors at the subsequent date.
- (b) Total dividend for the current year to date is 10.0 sen per share less 27% income tax.

B14. Earnings Per Share (“EPS”)

	Current quarter ended 30/6/2007	Comparative quarter ended 30/6/2006	Current year to date ended 30/6/2007	Preceding year to date ended 30/6/2006
<u>Basic EPS</u>				
Profit attributable to equity holders of the Company (RM'000)	80,817	16,967	158,442	41,740
Weighted average number of ordinary shares in issue ('000 shares)	644,936	610,337	633,173	610,337
Basic EPS (sen)	12.53	2.78	25.02	6.84
<u>Diluted EPS</u>				
Profit attributable to equity holders of the Company (RM'000)	80,817	16,967	158,442	41,740
Weighted average number of ordinary shares in issue ('000 shares)	644,936	610,337	633,173	610,337
Effect of dilution on assumed exercise of Warrants B and options granted under ESOS ('000 shares)	37,427	1,228	26,405	676
Adjusted weighted average number of ordinary shares in issue and issuable ('000 shares)	682,363	611,565	659,578	611,013
Diluted EPS (sen)	11.84	2.77	24.02	6.83

By Order of the Board

Dato' Nik Mohamed Din bin Datuk Nik Yusoff
Executive Chairman

Kuala Lumpur
28 August 2007

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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, loans, advances and financing 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	Singapore RM'000	China and Hong Kong RM'000	Total RM'000
<u>CURRENT YEAR TO DATE ENDED 30 JUNE 2007 (Unaudited)</u>				
Revenue	447,315	107,867	28,133	583,315
Total carrying amount of segment assets	4,408,548	3,675,600	580,942	8,665,090
Total capital expenditure	4,864	1,771	393	7,028
<u>PRECEDING YEAR TO DATE ENDED 30 JUNE 2006 (Unaudited)</u>				
Revenue	230,879	26,688	10,061	267,628
Total carrying amount of segment assets	2,164,388	1,172,017	92,520	3,428,925
Total capital expenditure	6,079	915	1,348	8,342