

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007 AUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Current quarter ended 31/12/2007	Comparative quarter ended 31/12/2006	Current year to date ended 31/12/2007	Preceding year to date ended 31/12/2006
	RM'000	RM'000	RM'000	RM'000
Revenue	306,218	160,625	1,183,619	549,962
Operating expenses	(242,439)	(122,207)	(799,405)	(395,970)
Other income	14,872	8,916	48,671	18,112
Finance costs	(7,416)	(9,186)	(33,328)	(28,760)
Share of (losses) / profits of associated companies, net of taxation	(3,909)	3,996	5,401	18,294
Profit before taxation	67,326	42,144	404,958	161,638
Income tax (expense)/income	(17,617)	1,464	(104,843)	(30,544)
Profit after taxation for the period	49,709	43,608	300,115	131,094
Profit attributable to:				
Equity holders of the Company	40,726	35,739	253,077	99,501
Minority interests	8,983	7,869	47,038	31,593
	49,709	43,608	300,115	131,094
Earnings per share attributable to equity holders of the Company (sen) (Note B14):				
Basic	6.29	5.90	39.51	16.35
Diluted	6.12	5.85	38.07	16.31

(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 FOURTH QUARTER ENDED 31 DECEMBER 2007 AUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	As at 31/12/2007 RM'000	As at 31/12/2006 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	163,516	160,590
Prepaid land lease payments	11,011	11,146
Investment property	42,786	42,786
Land held for property development	296,833	190,802
Investments in associated companies	201,592	225,084
Intangible assets	250,181	248,352
Other long term investments	86,317	80,439
Statutory deposits with Bank Negara Malaysia	63,530	-
Security deposits and statutory funds	2,669	3,413
Deferred tax assets	6,778	465
	1,125,213	963,077
Current assets		
Property development costs	81,804	71,356
Trade receivables	3,673,463	1,802,890
Accrued billings	11,974	-
Other receivables, deposits and prepayments	31,264	21,305
Tax recoverable	7,460	12,779
Short term investments	1,352,222	419,232
Fund manager's stocks	12,813	1,787
Loans, advances and financing	267,883	-
Derivative financial assets	139,489	-
Deposits and placements with banks and other financial institutions	476,330	15,600
Cash, bank balances and deposits		
- General accounts	319,002	180,436
- Segregated accounts	615,485	328,479
	6,989,189	2,853,864
TOTAL ASSETS	8,114,402	3,816,941

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007 AUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (Cont'd)

	As at 31/12/2007 RM'000	As at 31/12/2006 RM'000
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	672,111	632,352
Less : Treasury shares	(29,597)	(29,082)
	642,514	603,270
Reserves	818,446	618,984
	1,460,960	1,222,254
Minority interests	377,225	298,860
TOTAL EQUITY	1,838,185	1,521,114
Non-current liabilities		
Term loan	124,034	84,212
Seven (7)-Year Serial Al-Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS")	47,446	70,139
Finance lease payables	484	1,214
Deposits from customers	326,295	-
Deferred tax liabilities	26,665	28,099
	524,924	183,664
Current liabilities		
Trade payables	3,226,867	1,319,003
Progress billings	12,254	7,451
Other payables, deposits and accruals	247,377	155,075
Amount due to an associated company	3,261	3,042
Derivative financial liabilities	210,700	-
Obligations on securities sold under repurchase agreements	241	-
Deposits and placements of banks and other financial institutions	-	102,090
Deposits from customers	1,747,303	-
Short term borrowings	261,891	516,436
Tax payable	41,399	9,066
	5,751,293	2,112,163
TOTAL LIABILITIES	6,276,217	2,295,827
TOTAL EQUITY AND LIABILITIES	8,114,402	3,816,941
Net Asset per share (RM) attributable to: Equity holders of the Company	2.25	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 FOURTH QUARTER ENDED 31 DECEMBER 2007
AUDITED 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	Statutory reserves	Other reserves	Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			RM'000
Current year ended 31 December 2007												
At 1 January 2007	632,352	(29,082)	62,732	58,919	2,460	(2,158)	-	22,438	474,593	1,222,254	298,860	1,521,114
Foreign currency translation differences	-	-	-	-	-	(5,568)	-	-	-	(5,568)	(786)	(6,354)
Net loss on deemed disposal of shares in associated companies	-	-	-	-	-	-	-	(114)	-	(114)	-	(114)
Reserves realised upon actual disposal of shares in associated companies:												
- gains previously recognised on deemed disposal	-	-	-	-	-	-	-	(2,511)	2,511	-	-	-
- other reserves	-	-	-	-	-	-	-	239	(239)	-	-	-
Share of other reserves in associated companies	-	-	-	-	-	-	-	(563)	-	(563)	-	(563)
Share of share-based payment under ESOS by a subsidiary company	-	-	-	-	618	-	-	-	-	618	-	618
Minority interest's share of:												
- other reserves in associated companies	-	-	-	-	-	-	-	1,009	(777)	232	(232)	-
- share issue expenses charged to share premium	-	-	-	-	-	-	-	-	-	-	(377)	(377)
- equity compensation reserved of a subsidiary company	-	-	-	-	(211)	-	-	-	-	(211)	211	-
Transfer of reserve	-	-	-	-	-	-	89,983	-	(89,983)	-	-	-
Accretion of interest in an indirect subsidiary arising from acquisition of additional shares in a subsidiary	-	-	-	-	-	-	-	-	35	35	(35)	-
Reserve arising from subscription of additional shares in a subsidiary	-	-	-	-	-	-	-	-	146	146	(146)	-
Total (expense)/income recognised directly in equity	-	-	-	-	407	(5,568)	89,983	(1,940)	(88,307)	(5,425)	(1,365)	(6,790)
Profit for the year	-	-	-	-	-	-	-	-	253,077	253,077	47,038	300,115
Total (expense)/income for the year	-	-	-	-	407	(5,568)	89,983	(1,940)	164,770	247,652	45,673	293,325
Dividends paid	-	-	-	-	-	-	-	-	(82,583)	(82,583)	-	(82,583)
Dividends paid to minority interests	-	-	-	-	-	-	-	-	-	-	(16,512)	(16,512)
Shares issued to minority interests	-	-	-	-	-	-	-	-	-	-	40,112	40,112
Shares issued pursuant to private placement	25,000	-	31,250	-	-	-	-	-	-	56,250	-	56,250
Shares issued pursuant to exercise of ESOS	14,759	-	6,483	-	-	-	-	-	-	21,242	-	21,242
Transactional costs	-	-	(1,102)	-	-	-	-	-	-	(1,102)	-	(1,102)
Share-based payment under ESOS due to modification	-	-	-	-	1,267	-	-	-	-	1,267	-	1,267
Reserve realised upon exercise and forfeiture of ESOS	-	-	-	-	(1,782)	-	-	-	1,782	-	-	-
Share buybacks by the Company	-	(515)	-	-	-	-	-	-	-	(515)	-	(515)
Share buybacks by a subsidiary company	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Loss recouped from minority interests	-	-	-	-	-	-	-	-	-	-	(19)	(19)
Acquisition of additional shares in subsidiary company	-	-	-	-	-	-	-	-	-	-	(3,203)	(3,203)
Dilution of interest in a subsidiary company due to:												
- conversion of warrants in a subsidiary company	-	-	-	-	-	-	-	-	(3)	(3)	9	6
- resale of treasury shares by a subsidiary company	-	-	-	-	-	-	-	-	(3,502)	(3,502)	12,306	8,804
At 31 December 2007	672,111	(29,597)	99,363	58,919	2,352	(7,726)	89,983	20,498	555,057	1,460,960	377,225	1,838,185

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007

AUDITED 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</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)
Share issue expenses	-	-	(2)	-	-	-	-	-	-	(2)	-	(2)
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)	-	-	(2,031)	-	17,611	58	15,636	9,980	25,616
Profit for the year	-	-	-	-	-	-	-	-	99,501	99,501	31,593	131,094
Total (expense)/income for the year	-	-	(2)	-	-	(2,031)	-	17,611	99,559	115,137	41,573	156,710
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
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 FOURTH QUARTER ENDED 31 DECEMBER 2007 AUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Current year to date ended 31/12/2007 RM'000	Preceding year ended 31/12/2006 RM'000
Cash Flows From Operating Activities		
Profit before taxation	404,958	161,638
Adjustments for :-		
Gain on disposal of shares in associated companies	(25,465)	(25,998)
Interest expense	80,408	17,374
Profit payment on BaIDS	3,500	3,500
Accretion of discount on BaIDS	2,009	1,867
Interest income	(157,604)	(73,524)
Other non-cash and non-operating items	18,366	15,890
Share of profits of associated companies, net of taxation	(5,401)	(18,294)
Operating profit before working capital changes	320,771	82,453
<i>(Increase)/Decrease in operating assets:</i>		
Deposits and placements with banks and other financial institutions	(460,730)	(15,600)
Loans, advances and financing	(271,962)	-
Statutory deposits with Bank Negara Malaysia	(63,530)	-
Property development costs	(98,251)	(13,745)
Other operating assets	(3,258,510)	(455,869)
<i>Increase/(Decrease) in operating liabilities:</i>		
Deposits from customers	2,073,598	-
Deposits and placements of banks and other financial institutions	(102,090)	102,090
Other operating liabilities	2,206,984	(18,138)
Cash generated from /(used in) operations	346,280	(318,809)
Income tax paid net of refund	(77,120)	(23,787)
Interest received	174,490	61,511
Net cash generated from / (used in) operating activities	443,650	(281,085)
Cash Flows From Investing Activities		
Acquisition of additional shares in subsidiary companies	(4,199)	(21,855)
Acquisition of additional shares in associated companies	(7,124)	(18,773)
Acquisition of intangible assets	(551)	(135)
Dividend received	7,439	1,902
Interest received	2,244	12,013
Net cash outflow on acquisition of subsidiary companies	(16,822)	(45,001)
Net payment from equity/futures/fixed income securities	(20,550)	(6,694)
Payment for merchant bank licence	-	(52,500)
Proceeds from disposal of shares in associated companies	56,925	31,233
Proceeds from disposal of long term investments in shares	23,184	18,352
Purchase of long term investments	(23,727)	(91,761)
Purchase of property, plant and equipment, net of sales proceeds	(17,626)	(14,169)
Subscription of preference shares	(165)	-
Net cash used in investing activities	(972)	(187,388)

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007 AUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (Cont'd)

	Current year to date ended 31/12/2007 RM'000	Preceding year ended 31/12/2006 RM'000
Cash Flows From Financing Activities		
Dividends paid to shareholders	(82,583)	(43,812)
Dividends paid to minority interests	(16,513)	(20,764)
Drawdown of term loan	70,000	100,000
Interest paid	(74,522)	(15,877)
Net (repayment) / drawdown of revolving credits/short term loans	(28,686)	132,004
Payments of BaIDS and borrowing expenses	(468)	(56)
Payments of BaIDS profits	(3,500)	(3,500)
Payments of finance lease instalments	(677)	(452)
Payments of share buybacks by the Company	(516)	(12,489)
Payments of share issue expenses	(1,101)	-
Payments of share issue expenses by a subsidiary company	(377)	-
Proceeds from exercise of warrants in a subsidiary company	6	-
Proceeds from issuance of commercial papers	-	252,616
Proceeds from issuance of shares for ESOS exercised	21,241	8,748
Proceeds from issuance of shares for Private Placement	56,250	-
Proceeds from resale of treasury shares by a subsidiary company	8,804	-
Proceeds from rights issue in a subsidiary company	39,966	-
Proceeds from subscription of shares by minority shareholders	148	485
Repayment of commercial papers	(260,000)	-
Repayment of term loan	(17,277)	(3,289)
Net cash (used in) / generated from financing activities	<u>(289,805)</u>	<u>393,614</u>
Net increase / (decrease) in cash and cash equivalents	152,873	(74,859)
Effects of exchange rate changes	(5,270)	(1,585)
Cash and cash equivalents at beginning of year	169,372	245,816
Cash and cash equivalents at end of year	<u>316,975</u>	<u>169,372</u>
Cash and cash equivalents at end of year comprised:		
Cash, bank balances and deposits - General accounts	319,002	180,436
Bank overdrafts	(2,027)	(11,064)
	<u>316,975</u>	<u>169,372</u>

(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 FOURTH QUARTER ENDED 31 DECEMBER 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 investment 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 Amendment 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

The Group has adopted early 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 Amendment to FRS 119₂₀₀₄, FRS 124 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.

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 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 performance of stock market; 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.

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.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007

A6. Changes in debt and equity securities

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

During the current year, the Company has issued 14,758,660 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 RM21,241,241. The movement in the ESOS during the current financial year 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 31/12/2007
27 Jun 2003	1.33	3,660,200	-	(1,871,200)	-	1,789,000
16 Mar 2004	1.95	9,000,000	-	(3,547,460)	(138,500)	5,314,040
29 Apr 2005	1.18	6,026,900	-	(4,818,900)	-	1,208,000
3 May 2006	1.36	9,545,200	-	(4,521,100)	(46,400)	4,977,700
		28,232,300	-	(14,758,660)	(184,900)	13,288,740

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, the Company has purchased 263,200 ordinary shares of RM1 each for a total cash consideration of RM515,611 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 are as follows:

	Number of shares	Highest price RM	Lowest price RM	Average cost (included transaction costs) 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
November 2007	100	2.45	2.45	2.58	258
	263,200	2.82	1.95	1.96	515,584
As at 31 December 2007	24,046,412	2.82	0.90	1.23	29,597,121

(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.

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007

A7. Dividend paid

During the financial year ended 31 December 2007, the dividends paid by the Company are as follows:

- (a) 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.
- (b) An interim dividend of 10.0 sen per share less 27% income tax amounting to RM47,275,991 for the current financial year was paid on 3 October 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 December 2007.

A10. Material events subsequent to the end of the quarter

- (a) Transfer of three (3) properties by OSK Properties Sdn Bhd (“OSKP”) to KE-ZAN Holdings Berhad (“KHB”)

On 3 May 2007, OSKP entered into a sale and purchase agreement with KHB, both OSKP and KHB are subsidiary companies of the Company, to dispose three (3) properties which consists of five (5) parcels of land together with the buildings erected thereon as listed below for a total cash consideration of RM6,500,000 (“the Transfer of Properties”).

- 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; and
- 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.

On 3 January 2008, the Transfer of Properties was completed and this shall streamline the business activities within the Group to enable OSKP to redeploy its resources on property development while KHB may expand its revenue stream from letting of investment properties.

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

- (b) 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.

The JVA has been terminated by mutual consent with effect from 4 January 2008.

- (c) Acquisition of shares in Ever Bloom International Investment Limited ("EBII") by OSK Asia Holdings Limited ("OSKAH") ("the Acquisition of EBII")

On 11 January 2008, OSKAH, 91.01%-owned subsidiary of OSKIB which in turn is a wholly-owned subsidiary of the Company acquired the entire issued and paid-up share capital of EBII, a shelf company comprising one (1) ordinary share of HK\$1 for a total purchase consideration of HK\$1.

EBII was incorporated in Hong Kong on 12 December 2007 with an initial authorised share capital of HK\$10,000 divided into 10,000 ordinary shares of HK\$1.00 each and paid-up share capital of HK\$1 divided into one (1) ordinary share of HK\$1. Upon completion of the Acquisition, EBII has become a wholly-owned subsidiary of OSKAH and an indirect subsidiary of the Company. EBII will be principally involved in the provision of asset management services.

Following the Acquisition, EBII has increased its authorised share capital by HK\$19,990,000 from HK\$10,000 to HK\$20,000,000. OSKAH has also on the completion date subscribed to an additional 4,999,999 ordinary shares of EBII of HK\$1 each, increasing EBII's issued and paid-up share capital from HK\$1 to HK\$5,000,000 comprising 5,000,000 ordinary shares of HK\$1 each.

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007

A11. Changes in the composition of the Group

- (a) Acquisition of 50% equity interest in OSK Wealth Planners Sdn Bhd ("OSKWP") and transfer of 100% equity interest in OSKWP") from the Company to OSK-UOB Unit Trust Management Berhad ("OUTM") ("the Transfer of Shares")

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

On 20 August 2007, the Company completed the disposal of its entire equity interest in OSKWP, comprising 1,450,000 ordinary shares of RM1 each to its 70% owned indirect subsidiary company, OUTM, via OSKIB, pursuant to the Sale and Purchase Agreement entered on 14 May 2007 for a cash consideration of RM1.

The 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 company, OSKIB, and also to ensure a more efficient use of its resources.

By virtue of the Transfer of Shares, OSKWP became a wholly-owned subsidiary company of OUTM and an indirect 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")

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 indirect subsidiary company of OSKIB and of the Company.

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007

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

(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.

(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% through subscription of additional 50,000,000 new ordinary shares of HKD1 each in OSKAH.

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 former wholly-owned subsidiary company of OSKPH that had been deconsolidated in the previous financial year.

(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 HKD 15,565,731. The principal activities of EYCF is provision of corporate finance advisory services.

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 of OSKH. On 31 May 2007, the name of EYCF was changed to OSK Asia Capital Limited.

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007

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

(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") which in turn is a subsidiary company of the Company, disposed the entire equity interest in ECO, a 27.56% owned associated company of OSKVI, for a total cash consideration of SGD11,900,000 or RM26,413,240 equivalent at a gain of RM4,780,257 to the Group.

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

On 29 June 2007, OSKVI acquired one (1) ordinary share of HKD1 in OSKII, representing the entire issued and paid-up share capital of OSKII for a cash consideration of HKD1 (equivalent to RM0.4555).

OSKII was incorporated on 22 June 2007 as a limited company in Hong Kong. The authorised share capital of OSKII is HKD10,000 comprising 10,000 shares of which one (1) share has been issued and was fully paid-up. The principal activity of OSKII is that of investment holding and private equity business.

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

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007

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

- (i) Joint Venture Agreement ("JVA 1") between OSK-UOB Unit Trust Management Berhad ("OUTM"), iFAST Corporation Pte Ltd ("iFAST Corp") and Mr Lim Chung Chun ("LCC")
Joint Venture Agreement ("JVA 2") between OSK Investment Bank Berhad ("OSKIB") and iFAST Corp
Incorporation of iFast Capital Sdn. Bhd. ("iFast Cap") and iFast-OSK Sdn. Bhd.

On 12 February 2007, OUTM, a 70% owned subsidiary company of OSKIB which is wholly-owned subsidiary company, entered into a JVA 1 with iFAST Corp 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 Corp 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. ("iFast Cap") has been incorporated on 1 August 2007 to carry on the business as governed in the JVA 1 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 iFast Cap.

On 19 November 2007, the above-mentioned joint venture partners decided to terminate JVA 1 and replace it with a new joint venture agreement entered into between OSKIB, a wholly-owned subsidiary of the Company, and iFAST Corp on even date ("JVA 2") wherein a new company named iFast-OSK Sdn. Bhd. ("iFast-OSK") had been set up as an investment holding company of iFast Cap.

iFast-OSK has an authorised share capital of RM500,000 comprising 500,000 ordinary shares of RM1 each and an initial paid-up share capital of RM200,000 comprising of 200,000 ordinary shares of RM1 each. iFast-OSK is an associated company of OSKIB (and an indirect associated company of the Company) in which it has an interest of 49%. The remaining 51% of iFast-OSK is held by iFast Corp.

On 19 November 2007, iFast-OSK and a Bumiputra investor, Dato' Nik Mohamed Din bin Datuk Nik Yusoff ("DND"), acquired from OUTM, iFast Corp and LCC their entire shareholding in iFast Cap on a willing buyer willing seller basis for RM100,000, being the issued and paid-up share capital of iFast Cap of 100,000 ordinary shares at RM1 each. Upon the acquisition, iFast-OSK and DND respectively hold 82% and 18% interest in iFast Cap.

The above structure is necessary to facilitate the restructuring of iFast Cap to fulfill the Bumiputra shareholding requirement for a license application to be submitted to the Securities Commission to carry out unit trusts funds distribution and other related services under the Capital Markets Services Act 2007.

The subscription of the 49% equity in iFast-OSK by OSKIB of RM98,000 was internally-funded by OSKIB.

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007

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

(j) Acquisition of Semponia Sdn Bhd ("Semponia") and Country Wheels Sdn Bhd ("Country Wheels")

On 7 August 2007, OSKPH entered into two separate Share Sales Agreements ("SSAs") with Encik Ahmad Azmi bin Noordin and Encik Mohamed Nazari bin Noordin for acquisition of 51,000 ordinary shares of RM1 each representing 51% equity interest in Semponia and 51,000 ordinary shares of RM1 each representing 51% equity interest in Country Wheels respectively, for a cash consideration of RM7,650,000 each ("Acquisition of Semponia and Country Wheels").

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. The principal activity of Semponia is property development.

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. The principal activity of Country Wheel is property development.

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 beneficial owner of the two pieces of land.

Effectively, Semponia and Country Wheels have become 51% owned subsidiary companies of OSKPH and indirect subsidiary companies of the Company.

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

On 20 August 2007, OSKAH, a 91.01% owned subsidiary company via OSKIB, had subscribed for 10,000,000 new 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.

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007

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

(l) Acquisition of balance of shares in Finexasia.com Sdn. Bhd. ("Finex")

On 5 October 2007, OSK Ventures Equities Sdn. Bhd. ("OSKVE") acquired the balance of the issued and paid-up share capital of Finex comprising 1,361,111 ordinary shares of RM1 each for a cash consideration of RM1,605,771.

By virtue of the above acquisition of shares, Finex became a 59.95% owned subsidiary company of OSKVE. The effective equity interest owned by the Group further increased to 79.49% from 71.61%.

(m) Acquisition of Perspektif Vista Sdn. Bhd. ("PV")

On 9 October 2007, OSKPH acquired the entire issued and paid-up share capital of PV comprising two (2) ordinary shares of RM1 each for a cash consideration of RM2 only.

PV was incorporated in Malaysia under the Companies Act, 1965 on 31 August 2007 with an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1 each. PV is presently dormant and its principal activity will be property management and development.

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

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

(n) Acquisition of UOB Trustee (Malaysia) Bhd. ("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 Acquisition of UOBT "): -

The Purchasers	The Vendors
OSK Holdings Berhad	United Overseas Bank (Malaysia) Berhad
OSK Investment Bank Berhad (Formerly known as OSK Securities 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 an 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. The principal activities of UOBT are to engage in the business of trustee agent, executor and administrator pursuant to the Trust Companies Act, 1949.

The acquisition of UOBT 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.

The acquisition of UOBT was completed on 2 November 2007 and UOBT has become a wholly-owned subsidiary company of the Group.

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007

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

- (o) Acquisition of shares in Fine Silver Investment Limited ("FSI") by OSK Asia Holdings Limited ("OSKAH") (the "Acquisition of FSIL")

On 14 December 2007, OSKAH, a subsidiary company of OSKIB which in turn is a wholly-owned subsidiary of the Company, acquired the entire issued and paid-up share capital of a shelf company of FSI, comprising one (1) ordinary share of HK\$1 for a total purchase consideration of HK\$1.

FSI was incorporated in Hong Kong on 6 December 2007 with an initial authorised share capital of HK\$10,000 divided into 10,000 ordinary shares of HK\$1 each and paid-up share capital of HK\$1 divided into one (1) ordinary share of HK\$1. Upon completion of the Acquisition of FSI, FSI has become a wholly-owned subsidiary company of OSKAH and an indirect subsidiary company of the Company. FSI will be principally involved in bullion and precious metal trading.

FSI has subsequently increased its authorised share capital by HK\$19,990,000 from HK\$10,000 to HK\$20,000,000. OSKAH has also on the completion date subscribed to an additional 9,999,999 ordinary shares of FSIL of HK\$1 each, increasing FSI's issued and paid-up share capital from HK\$1 to HK\$10,000,000 comprising 10,000,000 ordinary shares of HK\$1 each.

FSI has subsequently changed its name to OSK Asia Precious Metal Limited.

- (p) Acquisition of balance of 49% equity interest in the issued paid-up share capital of Ascendas-OSK REIT Management Sdn. Bhd. ("AOSK") from Ascendas (Malaysia) Pte Ltd ("AMPL") ("the Acquisition of Shares in AOSK")

On 19 October 2007, the Company entered into a Sale of Shares Agreement ("SSA") with AMPL to acquire 490,000 ordinary shares of RM1 each, which represents 49% of the total issued paid-up share capital of AOSK at a purchase consideration of RM117,423 subject to the terms and conditions of the SSA. The purchase consideration was arrived at on a willing-buyer willing-seller basis. AOSK is presently a 51%-owned subsidiary of the Company.

On 11 December 2007 the Acquisition of Shares in AOSK was completed, effectively AOSK has become a wholly-owned subsidiary of the Company and the Joint Venture Agreement dated 3 October 2005 entered by the Company and the AMPL is deemed terminated on even date.

- (q) Purchase of additional shares in OSKVI

During the current year, the Company purchased additional 983,400 shares of RM1 each in OSKVI at a total cost of RM2,475,892 from the open market. For current year, the Company's equity interest in OSKVI increased to 65.78% as at 31 December 2007 from 65.13% as at 31 December 2006.

By virtue of the above purchases, the Group also increased its effective equity interest in an indirect subsidiary company, Finexasia.com Sdn. Bhd. ("Finex") to 71.61% from 71.29%. In addition to the the above purchases, the Group effective interest in Finex further increased from 71.61% to 79.49% as at 31 December 2007 as disclosed in Note A11(1).

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007

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

- (r) Resale of treasury shares by OSK Property Holdings Berhad ("OSKPH"), exercise of Warrants A at OSKPH and share buybacks by OSKPH

During the current year, OSKPH, a subsidiary company, had re-sold 6,628,600 treasury shares of RM1 each for a total cash consideration of RM8,804,139 to the open market; and 5,195 Warrants A of OSKPH have been exercised for conversion into 5,195 new ordinary share of RM1 each at OSKPH for a total cash proceeds of RM5,715.

On 29 November 2007, OSKPH has purchased 100 ordinary shares of RM1 each for a total cash consideration of RM112 from the open market at an average price of RM0.99 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.

With the above resale of treasury shares and conversion of Warrants A, the Company's equity interest in OSKPH decreased to 60.03% as at 31 December 2007 from 64.30% as at 31 December 2006.

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

During the current year, 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 at a gain of RM20,921,451 to the Group.

Following the above partial disposal, the Group's equity interest in GPB decreased to 16.00% from 17.46% as at 31 December 2006 .

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

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

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

	RM'000
Purchase consideration satisfied by cash	22,887
Costs attributable to the acquisitions, paid in cash	154
Total cost of acquisitions	<u>23,041</u>
Cash and cash equivalents of subsidiary companies acquired	<u>(6,219)</u>
Net cash outflow of the Group	<u>16,822</u>

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

	Date of acquisitions to 31.12.2007 RM'000
Revenue	2,730
Profit before taxation	187
Profit for the period	<u>86</u>

If the acquisitions had been effected on 1 January 2007, the financial results contributed by these new subsidiary companies for current year would have been:

	1.1.2007 to 31.12.2007 RM'000
Revenue	5,816
Profit before taxation	3,345
Profit for the year	<u>3,157</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
Land held for property development	20,813
Security deposits	44
Trade and other receivables	1,497
Cash and bank balances - General accounts	6,219
Other payables and accruals	(567)
Tax payable	(74)
Deferred tax liabilities	(5,406)
Fair value of total net assets	<u>22,538</u>
Minority interests	-
Group's share of net assets	<u>22,538</u>
Add: Goodwill on consolidation	503
Total acquisition costs	<u>23,041</u>

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007

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

Effects of acquisition and subscription of additional shares in the existing subsidiary companies as follows:

	RM'000
Net assets acquired from minority interests	3,349
Goodwill on consolidation	996
Reserve on consolidation recognised in equity	(146)
Cash outflow on acquisition	<u>4,199</u>

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

As at 31 December 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)	1,109
Contingent liabilities arising from guarantees given by the Unit Trust subsidiary to the Trustee of certain unit trust Funds (Note b)	-
Bank guarantee in favour of HKFE Clearing Corporation Limited provided by OSK Asia Futures Limited	2,119
	<u>3,228</u>

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007

A12. Changes in contingent liabilities or contingent assets since 31 December 2006 (Cont'd)

Note:

- (a) OSKIB provided a bank guarantee of RM1,109,166 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 December 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	52,930,000	1.2566
OSK-UOB Capital Guaranteed Funds - Series 2	2 August 2008	255,070,000	1.1292
OSK-UOB Capital Guaranteed BRIC Fund	31 October 2009	150,850,000	1.0266

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.

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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)

In 2007, the OSK Group achieved record profits since its listing on Bursa Malaysia in 1991. The main contribution to the Group's performance was from OSK Investment Bank, which has just completed its maiden year as a full fledged investment bank, but the strong performance was broad-based as all business segments contributed significantly to the Group's results.

The Group attained revenues of RM1.18 billion, pre-tax profit ("PBT") of RM404.96 million and profit after tax (but before minority interests) of RM300.12 million in 2007, with strong growth in all segments of our business, from regional Equities and Futures to Investment Banking, Private Equity and Fund Management.

Revenue for 2007 was more than double that of 2006, and PBT rose two and a half times, as the Group achieved profit after tax (and after minority interest) of RM253.08 million. This translates to earnings per share of 39.51sen, up 141% from 16.35sen in 2006.

The Group's regional Equities and Futures business in Malaysia, Hong Kong and Singapore was the biggest contributor, making up 50% of Group PBT. This is made up of 28% of PBT contribution from the Malaysian Equities and Futures business and 22% from the Hong Kong and Singapore business.

The Group's Investment Banking business accounted for 29% of PBT, with significant contributions from the derivatives business, treasury, debt capital markets and corporate finance. The Private Equity business accounted for 8% of PBT while Equity Financing and Unit Trust contributed to 5% and 4% of PBT respectively. The remaining 4% of PBT was from the Properties business.

The strong results were partly due to the strong regional equity markets in Hong Kong, Singapore and Malaysia, but a large part of the growth in PBT also came from the relatively new businesses under the investment banking division. As the Group had established many new lines of businesses on top of our traditional Malaysian stock broking business, the Group was able to take advantage of the buoyant capital markets to grow the investment banking business significantly.

On a quarter-to-quarter basis, the Group's revenue improved by 91% to RM306.22 million for the fourth quarter compared to RM160.63 in the fourth quarter of 2006. Correspondingly, the Group's pre-tax profit for the quarter also increased by 60% to RM67.33 million.

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B2. Material change in quarterly profit before taxation

(Comparison on current quarter with immediate preceding quarter)

The Group recorded a pre-tax profit of RM67.33 million for the fourth quarter of 2007, compared to RM90.44 million achieved in the immediate preceding quarter. The reduction in pre-tax profit arose mainly due to a decline in capital market activities in Asian markets due to the concerns surrounding the US and European markets.

Profit contribution from the Equities and Futures business declined from RM42.10 million in the third quarter to RM29.95 million in the fourth quarter, and profit from Investment Banking activities decreased from RM33.29 million to RM24.62 million. The Private Equity business recorded losses in the fourth quarter due to no major divestments of its investment portfolio, and negative equity accounting from losses incurred by its associate companies.

However, the Unit Trust business recorded stronger profits in the fourth quarter, with PBT of RM5.27 million compared to RM3.25 million in the third quarter. The Properties business also showed an improvement, with PBT of RM7.44 million compared to RM4.09 million in the third quarter of 2007.

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

(a) Current year prospects

(Commentary on the current year 2008)

The regional capital markets have started to slow down in the fourth quarter of 2007 as a result of the concerns surrounding the US and European markets. The expectations of a recession in the US, further subprime-related write-downs by global banks and the inflationary environment driven by record crude oil and other commodity prices have collectively caused uncertainty in the global capital markets.

Against such a backdrop, the Group expects the first half of 2008 to be a challenging period for the capital markets in which we operate. Trading volumes may be lower, and capital market activities may slow down further. However, the OSK Group remains fundamentally strong with healthy financials and we expect the Group to resume its growth after this period of uncertainty is over.

While the Equities and Futures business still relies heavily on the volume of trading in the regional markets, the Group's other businesses may help to buffer any slowdown in trading volume. The pipeline of mandates in the Malaysian corporate finance and debt capital markets business is strong, the treasury business has plenty of room to grow and the derivatives business looks set to record another year of strong results. Furthermore, we expect maiden contributions from the Singapore and Hong Kong Investment Banking businesses to help buffer the Group's performance in the year ahead.

The Board is confident that the Group will be able to achieve a better performance in 2008 despite the challenges in the market and maintain its strong earnings for our shareholders in 2008.

(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.

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007

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 31/12/2007 RM'000	Current year to date ended 31/12/2007 RM'000
In respect of the current quarter / year to date		
- Malaysian income tax	23,274	98,468
- Foreign income tax	4,006	16,700
- Deferred taxation	(9,685)	(10,586)
	<hr/>	<hr/>
	17,595	104,582
In respect of the prior year		
- Malaysian income tax	22	261
	<hr/>	<hr/>
	17,617	104,843

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. There were no sales of properties during the current year.

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007

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 31/12/2007 RM'000	Current year to date ended 31/12/2007 RM'000
Total purchase consideration	69,027	214,212
Total sale proceeds	67,704	195,979
Net profit on disposals	1,407	3,007

- (b) Investments in quoted securities (including listed associated companies) as at 31 December 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	130,290	24,883
Outside Malaysia	5,588	10,452
	135,878	35,335
Share of post-acquisition reserves	55,088	-
At carrying amount	190,966	35,335
Market value of quoted shares:		
In Malaysia	191,789	27,198
Outside Malaysia	5,114	10,561
	196,903	37,759

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

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007

B9. Status of corporate proposals and utilisation of proceeds

(a) Status of corporate proposals announced but not completed as at 20 February 2008

(a) Business merger of OSK Trustees Berhad ("OSKT") and UOB Trustee (Malaysia) Bhd. ("UOBT") ("the Trustees Business Merger")

On 16 January 2008, OSKT and UOBT entered into a Business Merger Agreement ("BMA") to merge their respective business activities. OSKT and UOBT, are both public company limited by shares incorporated in Malaysia to carry on the business of a trust company.

OSKT and UOBT, are both public company limited by shares incorporated in Malaysia to carry on the business of a trust company. Presently, OSKT has an authorised share capital of RM10.0 million comprising of 1.0 million ordinary shares of RM10 each and 900,000 ordinary shares of RM10 each which is partly paid-up to RM5 each have been issued. UOBT has an authorised and issued share capital of RM1.0 million comprising of 100,000 ordinary shares of RM10 each which is partly paid-up to RM5 each.

The issued and paid-up share capital of both OSKT and UOBT are held by the following shareholders in equal proportions

- a) OSK Holdings Berhad - 20%;
- b) OSK Investment Bank Berhad - 20%;
- c) OSK Nominees (Tempatan) Sdn. Berhad - 20%;
- d) TCL Nominees (Tempatan) Sdn. Berhad - 20%; and
- e) KE-ZAN Nominees (Tempatan) Sdn. Berhad - 20%.

The Trustees Business Merger is a strategic move by OSKH Group to tap into the enlarged operational and customer base arise from the acquisition of UOBT from United Overseas Bank (Malaysia) Berhad Group, which was completed in November 2007. The operations of OSKT and UOBT are combined to achieve the business and operational synergies and economies of scale.

The Trustees Business Merger is conditional upon the following being satisfied: -

- a) the approval of Companies Commission of Malaysia, Securities Commission and/or other relevant authorities;
- b) the shareholders' approvals of OSKT and UOBT to the BMA;
- c) the grant of a Vesting Order of the High Court of Malaya to facilitate the transfer of the business of UOBT to OSKT

(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 proceeds of RM56,250,000 raised from the Private Placement and these proceeds were fully utilised as working capital for the Group and private placement expenses.

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 are as follows:-

	RM'000
Short term:	
<i>Unsecured</i>	
Deposits from customers	1,747,303
Obligations on securities sold under repurchase agreements	241
Bank overdrafts denominated in SGD	2,027
Revolving credits	119,750
Bank loans denominated in HKD	89,643
	1,958,964
 <i>Secured</i>	
Term loan	25,000
BaIDS	24,745
Finance lease payables denominated in SGD	726
	50,471
	2,009,435
 Long term:	
<i>Secured</i>	
Term loans	124,034
BaIDS	47,446
Finance lease payables denominated in SGD	484
Deposits from customers	326,295
	498,259

B11. Off balance sheet financial instruments

As at 20 February 2008 (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.

B12. Material litigation

As at 20 February 2008 (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.

OSKC and OSKNT have also filed an application 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. OSKC and OSKNT have also filed an application under Order 14A of the Rules of the High Court, 1980 to dispose of the Plaintiffs’ prayers in seeking the declarations that the charges are inequitable and/or illegal in light of the order for sale and successful auction of the charged land. The striking out application is fixed for decision on 13 March 2008 whilst the Order 14A application has been fixed for further mention on 14 April 2008.

OSKC and OSKNT had filed an application for security for costs against the Chargor on 23 August 2006 and the said application was dismissed by the Court on 6 April 2007. The Plaintiffs have on 4 May 2007 filed the notice to attend case management before trial.

The solicitors in charge of this matter are of the view that OSKC and OSKNT stand a reasonable chance of success in dismissing the Plaintiffs’ claim.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007

B12. Material litigation (Cont'd)

- (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 had 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. The Federal Court has now further postponed the hearing of the leave application fixed on 7 January 2008 to a date to be fixed pending Court of Appeal's written judgment.

As at 31 December 2007, a total of RM58,502,892 (31.12.2006: RM56,344,113) has been provided by OSKIB for interest cost and compensation for this legal suit.

B13. Dividend

- (a) The Board of Directors recommends a higher final dividend of 10.0 sen per share less 26% income tax for the current financial year ended 31 December 2007 [2006: 7.5 sen per share less 27% income tax as disclosed in Note A7(a)]. The proposed dividend is subject to Shareholders' approval at the forthcoming Annual General Meeting. The entitlement date to the final dividend shall be determined by the Board of Directors at the subsequent stage.
- (b) A higher interim dividend of 10.0 sen per share less 27% income tax paid on 3 October 2007 (2006: 5.0 sen per share less 28% income tax) as disclosed in Note A7(b). Total dividend for the current year is 20.0 sen (2006: 12.5 sen) per share less applicable income tax.

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007

B14. Earnings Per Share (“EPS”)

	Current quarter ended 31/12/2007	Comparative quarter ended 31/12/2006	Current year to date ended 31/12/2007	Preceding year to date ended 31/12/2006
<u>Basic EPS</u>				
Profit attributable to equity holders of the Company (RM'000)	40,726	35,739	253,077	99,501
Weighted average number of ordinary shares in issue ('000 shares)	647,910	605,529	640,481	608,544
Basic EPS (sen)	6.29	5.90	39.51	16.35
<u>Diluted EPS</u>				
Profit attributable to equity holders of the Company (RM'000)	40,726	35,739	253,077	99,501
Weighted average number of ordinary shares in issue ('000 shares)	647,910	605,529	640,481	608,544
Effect of dilution on assumed exercise of Warrants B and options granted under ESOS ('000 shares)	17,030	5,562	24,200	1,572
Adjusted weighted average number of ordinary shares in issue and issuable ('000 shares)	664,940	611,091	664,681	610,116
Diluted EPS (sen)	6.12	5.85	38.07	16.31

By Order of the Board

Dato' Nik Mohamed Din bin Datuk Nik Yusoff
Executive Chairman

Kuala Lumpur
27 February 2008

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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, also known as private equity business. |
| 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 ENDED 31 DECEMBER 2007</u>				
Revenue	885,007	222,793	75,819	1,183,619
Total carrying amount of segment assets	4,901,527	2,697,169	501,468	8,100,164
Total capital expenditure	13,965	2,191	2,000	18,156
<u>PRECEDING YEAR ENDED 31 DECEMBER 2006</u>				
Revenue	447,857	76,775	25,330	549,962
Total carrying amount of segment assets	2,537,412	1,079,086	187,199	3,803,697
Total capital expenditure	11,460	4,064	1,422	16,946