

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008 UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

		(Restated)
	As at	As at
Note	31/3/2008	31/12/2007
	RM'000	RM'000
ASSETS		
Cash and short-term funds		
- General accounts	224,945	319,002
- Segregated accounts	631,226	615,485
Deposits and placements with banks and other financial institutions	1,074,000	476,330
Securities portfolio		
Securities held-for-trading	A7(a) 55,089	142,245
Securities held-to-maturity	A7(b) 10,756	11,122
Securities available-for-sale	A7(c) 1,390,512	1,304,319
Loans, advances and financing	A8 400,650	382,606
Derivative financial assets	8,330	134,429
Land held for property development	295,313	296,833
Property development costs	87,204	81,804
Accrued billings	5,904	11,974
Other assets	A9 3,304,817	3,600,370
Statutory deposits with Bank Negara Malaysia	65,275	63,530
Deferred tax assets	2,736	6,778
Investments in associated companies	210,533	201,592
Investment property	42,786	42,786
Prepaid land lease payments	10,958	11,011
Property, plant and equipment	164,924	163,516
Intangible assets	250,583	250,181
TOTAL ASSETS	8,236,541	8,115,913

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008 UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (Cont'd)

		(Restated)	
		As at	
		31/3/2008	
		31/12/2007	
		RM'000	
		RM'000	
LIABILITIES			
Deposits from customers	A10	2,627,894	2,073,598
Obligations on securities sold under repurchase agreements		592	241
Derivative financial liabilities		20,059	164,757
Progress billings		12,720	12,254
Other liabilities	A11	3,135,254	3,477,505
Tax payable		30,744	41,399
Deferred tax liabilities		47,119	39,003
Borrowings	B10	455,207	433,855
TOTAL LIABILITIES		6,329,589	6,242,612
EQUITY			
Share capital		672,879	672,111
Less : Treasury shares	A5(b)	(29,597)	(29,597)
		643,282	642,514
Reserves		887,737	853,525
Equity attributable to equity holders of the Company		1,531,019	1,496,039
Minority interests		375,933	377,262
TOTAL EQUITY		1,906,952	1,873,301
TOTAL LIABILITIES AND EQUITY		8,236,541	8,115,913
Net Asset per share (RM) attributable to:			
Equity holders of the Company		2.36	2.31

(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 FIRST QUARTER ENDED 31 MARCH 2008 UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

		(Restated)		(Restated)
		Current	Comparative	Current
		quarter	quarter	year to date
		ended	ended	ended
	Note	31/3/2008	31/3/2007	31/3/2008
		RM'000	RM'000	RM'000
		RM'000	RM'000	RM'000
Revenue		228,454	287,997	228,454
Interest income	A12	49,746	26,403	49,746
Interest expense	A13	(27,387)	(12,020)	(27,387)
Net interest income		22,359	14,383	22,359
Other operating income	A14	178,708	261,594	178,708
Other operating expenses	A15	(132,913)	(159,554)	(132,913)
Allowance for losses on loans, advances and financing	A16	(563)	-	(563)
Allowance bad and doubtful debts on trade and other receivables (net)	A17	(1,174)	(3,335)	(1,174)
Share of (losses) / profits of associated companies, net of taxation		(1,242)	3,640	(1,242)
Profit before taxation		65,175	116,728	65,175
Income tax expense	B6	(19,274)	(31,533)	(19,274)
Profit after taxation for the period		45,901	85,195	45,901
Profit attributable to:				
Equity holders of the Company		40,733	75,919	40,733
Minority interests		5,168	9,276	5,168
		45,901	85,195	45,901
Earnings per share attributable to equity holders of the Company (sen):				
Basic	B14	6.28	12.22	6.28
Diluted	B14	6.26	11.87	6.26

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

OSK HOLDINGS BERHAD (207075-U)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

<u>Current year to date ended</u> 31 March 2008	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	Available-for-sale reserve	Other reserves	Retained profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 2008													
As previously reported	672,111	(29,597)	99,363	58,919	2,352	(7,726)	89,983	-	20,506	555,049	1,460,960	377,225	1,838,185
Effects of adoption of BNM/GP8:													
- fair value accounting on securities held-for-trading	-	-	-	-	-	-	-	-	-	30,510	30,510	37	30,547
- fair value accounting on securities available-for-sale	-	-	-	-	-	-	-	4,569	-	-	4,569	-	4,569
As restated	672,111	(29,597)	99,363	58,919	2,352	(7,726)	89,983	4,569	20,506	585,559	1,496,039	377,262	1,873,301
Foreign currency translation differences	-	-	-	-	-	(2,069)	-	-	-	-	(2,069)	528	(1,541)
Share of other reserves in associated companies	-	-	-	-	-	-	-	-	(1,290)	-	(1,290)	-	(1,290)
Minority interest's share of other reserves	-	-	-	-	-	-	-	-	441	-	441	(124)	317
Net change in fair value of securities available-for-sale	-	-	-	-	-	-	-	(3,825)	-	-	(3,825)	-	(3,825)
Total (expense)/income recognised directly in equity	-	-	-	-	-	(2,069)	-	(3,825)	(849)	-	(6,743)	404	(6,339)
Profit for the period	-	-	-	-	-	-	-	-	-	40,733	40,733	5,168	45,901
Total (expense)/income for the period	-	-	-	-	-	(2,069)	-	(3,825)	(849)	40,733	33,990	5,572	39,562
Dividends paid to minority interests	-	-	-	-	-	-	-	-	-	-	-	(6,901)	(6,901)
Shares issued pursuant to exercise of ESOS	768	-	223	-	-	-	-	-	-	-	991	-	991
Transactional costs	-	-	(1)	-	-	-	-	-	-	-	(1)	-	(1)
Reserve realised upon exercise of ESOS	-	-	-	-	(128)	-	-	-	-	128	-	-	-
At 31 March 2008	672,879	(29,597)	99,585	58,919	2,224	(9,795)	89,983	744	19,657	626,420	1,531,019	375,933	1,906,952

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

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	Available-for-sale reserve	Other reserves	Retained profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Previous year to date ended													
31 March 2007 (Restated)													
At 1 January 2007													
As previously reported	632,352	(29,082)	62,732	58,919	2,460	(2,158)	-	-	22,438	474,593	1,222,254	298,860	1,521,114
Effects of adoption of BNM/GP8:													
- fair value accounting on securities held-for-trading	-	-	-	-	-	-	-	-	-	2,898	2,898	-	2,898
- fair value accounting on securities available-for-sale	-	-	-	-	-	-	-	33,549	-	-	33,549	-	33,549
As restated	632,352	(29,082)	62,732	58,919	2,460	(2,158)	-	33,549	22,438	477,491	1,258,701	298,860	1,557,561
Losses on deemed disposal of shares in associated companies	-	-	-	-	-	-	-	-	(65)	-	(65)	-	(65)
Foreign currency translation differences	-	-	-	-	-	(2,907)	-	-	-	-	(2,907)	(1,192)	(4,099)
Group's share of other reserves in associated companies	-	-	-	-	-	-	-	-	(350)	-	(350)	-	(350)
Reserve arising from acquisition of additional shares in an indirect subsidiary company	-	-	-	-	-	-	-	-	35	-	35	(35)	-
Minority interest's share of reserves in associated companies	-	-	-	-	-	-	-	-	143	-	143	(143)	-
Net change in fair value of securities available-for-sale	-	-	-	-	-	-	-	(21,133)	-	-	(21,133)	-	(21,133)
Total (expense)/income recognised directly in equity	-	-	-	-	-	(2,907)	-	(21,133)	(237)	-	(24,277)	(1,370)	(25,647)
Profit for the period	-	-	-	-	-	-	-	-	-	75,919	75,919	9,276	85,195
Total (expense)/income for the period	-	-	-	-	-	(2,907)	-	(21,133)	(237)	75,919	51,642	7,906	59,548
Dividends paid to minority interests	-	-	-	-	-	-	-	-	-	-	-	(5,023)	(5,023)
Shares issued pursuant to private placement	25,000	-	31,250	-	-	-	-	-	-	-	56,250	-	56,250
Shares issued pursuant to exercise of ESOS	7,685	-	3,383	-	-	-	-	-	-	-	11,068	-	11,068
Share-based payment under ESOS due to modification	-	-	-	-	1,268	-	-	-	-	-	1,268	-	1,268
Reserve realised upon exercise of ESOS	-	-	-	-	(590)	-	-	-	-	399	-	-	-
Share buybacks by the Company	-	(513)	-	-	-	-	-	-	-	-	(513)	-	(513)
Transaction costs	-	-	(1,089)	-	-	-	-	-	-	-	(1,089)	-	(1,089)
Dilution of interest in a subsidiary company due to:													
- conversion of warrants in a subsidiary company	-	-	-	-	-	-	-	-	-	-	-	1	1
- resale of treasury shares by a subsidiary company	-	-	-	-	-	-	-	-	-	(1,335)	(1,335)	3,968	2,633
Acquisition of additional shares in subsidiary company	-	-	-	-	-	-	-	-	-	-	-	(2,169)	(2,169)
At 31 March 2007	665,037	(29,595)	96,276	58,919	3,138	(5,065)	-	12,416	22,201	552,474	1,375,992	303,543	1,679,535

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

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Current year to date ended 31/3/2008 RM'000	(Restated) Preceding year to date ended 31/3/2007 RM'000
Cash Flows From Operating Activities		
Profit before taxation	65,175	116,728
Adjustments for :-		
Interest expense	27,387	10,631
Profit payment on BaIDS	875	875
Accretion of discount on BaIDS	537	491
Interest income	(49,746)	(25,253)
Other non-cash and non-operating items	(19,804)	10,452
Share of profits of associated companies, net of taxation	1,243	(3,640)
Operating profit before working capital changes	<u>25,667</u>	110,284
<i>(Increase)/Decrease in operating assets:</i>		
Deposits and placements with banks and other financial institutions	-	(505,700)
Loans, advances and financing	(133,631)	-
Statutory deposits with Bank Negara Malaysia	(1,745)	(32,714)
Property development costs	(3,879)	(4,161)
Other operating assets	(25,535)	(2,183,695)
<i>Increase/(Decrease) in operating liabilities:</i>		
Deposits from customers	554,297	697,503
Deposits and placements of banks and other financial institutions	-	(102,090)
Obligations on securities sold under repurchase agreements	-	313,541
Other operating liabilities	(533,488)	1,731,135
Cash (used in) / generated from operations	<u>(118,314)</u>	24,103
Income tax paid net of refund	(17,312)	(4,930)
Interest received	61,800	18,604
Net cash (used in) / generated from operating activities	<u>(73,826)</u>	37,777
Cash Flows From Investing Activities		
Acquisition of additional shares in subsidiary companies	-	(2,476)
Acquisition of additional investments in associated company	(11,475)	-
Acquisition of intangible assets	(2)	(3)
Dividend received	958	7
Interest received	1,366	2,480
Net cash outflow on acquisition of subsidiary companies	-	83
Net payment from equity/futures/fixed income securities	-	8,757
Proceeds from disposal of securities held for trading	33,660	1,287
Purchase of securities held for trading	(23,508)	(11,826)
Purchase of property, plant and equipment, net of sales proceeds	(4,869)	(2,307)
Purchase of Securities Available for Sales	(2,259)	-
Purchase of software licence	(204)	-
Net cash used in investing activities	<u>(6,333)</u>	(3,998)

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008 UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (Cont'd)

	Current year to date ended 31/3/2008 RM'000	(Restated) Preceding year to date ended 31/3/2007 RM'000
Cash Flows From Financing Activities		
Dividends paid to minority interests	(6,901)	(5,023)
Interest paid	(27,387)	(3,883)
Net drawdown / (repayment) of revolving credits/short term loans	14,427	(54,625)
Payments of BaIDS and borrowing expenses	(9)	(43)
Payments of finance lease instalments	(178)	(164)
Payments of share buybacks by the Company	-	(515)
Payments of share issue expenses	-	(1,087)
Proceeds from exercise of warrants in a subsidiary company	-	1
Proceeds from issuance of shares for ESOS exercised	990	11,068
Proceeds from issuance of shares for Private Placement	-	56,250
Proceeds from resale of treasury shares by a subsidiary company	-	2,633
Repayment of commercial papers	-	(50,000)
Repayment of term loan	(12,500)	-
Net cash used in financing activities	(31,558)	(45,388)
Net decrease in cash and cash equivalents	(111,717)	(11,609)
Effects of exchange rate changes	(1,377)	(3,404)
Cash and cash equivalents at beginning of period	316,975	169,372
Cash and cash equivalents at end of period	203,881	154,359
Cash and cash equivalents at end of year comprised:		
Cash, bank balances and deposits - General accounts	224,945	201,750
Bank overdrafts	(21,064)	(47,391)
	203,881	154,359

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

PART A - Explanatory Notes Pursuant to Financial Reporting Standard 134 ("FRS 134") Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) issued by Bank Negara Malaysia ("BNM")

A1. Basis of Preparation

The quarterly report has been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting issued by the MASB and the "Revised Guidelines on Financial Reporting for Licensed Institutions" ("BNM/GP8"). The report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2007 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 2007.

As the wholly-owned subsidiary company, OSK Investment Bank Berhad ("OSKIB"), has been given a year from the date of inception of its investment bank status in January 2007 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 on 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 2007 except for the adoption of BNM/GP8 and the following new and revised Financial Reporting Standards and Amendment issued by MASB that are effective for financial statements for the period beginning on or after 1 July 2007: -

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 126	Accounting and Reporting by Retirement Benefit Plans
FRS 129	Financial Reporting in Hyperinflationary Economies
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 ₂₀₀₄ Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

FRS 120 and 129 are not applicable to the Group. The adoption of these FRSs and the Interpretations are expected to have no significant financial impact on the financial statements of the Group.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

A1. Basis of Preparation (Cont'd)

Revised Guidelines on Financial Reporting for Licensed Institutions ("BNM/GP8")

(i) Presentation of financial statements

The consolidated income statement and balance sheet are now prepared in accordance with BNM/GP8 format requirements.

(ii) Securities portfolio

The Group previously classified its securities portfolio as short term or long term investments and these were accounted for at the lower of cost or market/fair value on an aggregate portfolio basis. Upon the adoption of BNM/GP8, the Group has classified and accounted for its securities portfolio as follows:

o *Securities held-for-trading ("HFT")*

Securities held for purpose of selling or repurchasing shall be stated at fair value and any gain or loss arising from a change in the fair value will be recognised in the income statement.

Interest calculated using the effective interest method is recognised in the income statement. Dividends on equity instruments are recognised in the income statement when the right to receive payment is established.

o *Securities held-to-maturity ("HTM")*

Securities with fixed payments and maturity and positive intention and ability to hold to maturity, are measured at amortised cost using effective interest method. Gain or loss is recognised in income statement upon disposal. Amortisation and impairment loss are recognised in the income statement.

o *Securities available-for-sale ("AFS")*

Securities that are not classified as the two categories above are measured at fair value (or at cost when fair value cannot be determined with reasonable certainty) less any impairment loss. Any gain or loss arising from a change in the fair value will be recognised directly in equity through the statement of changes on equity and any impairment losses and foreign exchange gains and losses are recognised in income statement.

Interest calculated using the effective interest method is recognised in the income statement. Dividends on equity instruments are recognised in the income statement when the right to receive payment is established.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

A1. Basis of Preparation (Cont'd)

Revised Guidelines on Financial Reporting for Licensed Institutions ("BNM/GP8") (Cont'd)

(iii) Accounting for derivative financial assets and liabilities

The Group previously accounted for their derivative financial assets at the lower of cost or market/fair value on an aggregate portfolio basis; and their derivative financial liabilities at cost. Derivative financial assets were held for the purpose of hedging against derivative financial liabilities.

Upon the adoption of BNM/GP8, the Group adopts a mark-to-market approach where both derivative financial assets and liabilities are to be stated at fair value with corresponding gain or loss recognised in the income statement.

The adoption of above represent changes in accounting policies which have been applied retrospectively. The effects of changes in accounting policies on the opening reserves of the Group are shown in the consolidated statement of changes in equity . Certain comparative figures have been reclassified to conform with current year's presentation pursuant to the adoption of BNM/GP8. The restatement of certain comparatives are shown below:

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

A1. Basis of Preparation (Cont'd)

Revised Guidelines on Financial Reporting for Licensed Institutions ("BNM/GP8") (Cont'd)

Consolidated Balance Sheet as at 31 December 2007	As previously reported (Dr.)/Cr. RM'000	Effect of change in policies per BNM/GP8 (Dr.)/Cr. RM'000	Reclassification of accounts per BNM/GP8 (Dr.)/Cr. RM'000	As restated (Dr.)/Cr. RM'000
Cash and short-term funds				
- General accounts	-	-	319,002	319,002
- Segregated accounts	-	-	615,485	615,485
Cash, bank balances and deposits				
- General accounts	319,002	-	(319,002)	-
- Segregated accounts	615,485	-	(615,485)	-
Securities portfolio: Securities held-for-trading	-	397	141,848	142,245
Securities held-to-maturity	-	-	11,122	11,122
Securities available-for-sale	-	6,174	1,298,145	1,304,319
Short term investments	1,352,222	-	(1,352,222)	-
Fund manager's stocks	12,813	-	(12,813)	-
Other long term investments	86,317	-	(86,317)	-
Derivative financial assets	139,489	(5,060)	-	134,429
Loans, advances and financing	267,883	-	114,723	382,606
Other assets	-	-	3,600,370	3,600,370
Security deposits and statutory funds	2,669	-	(2,669)	-
Trade receivables	3,673,463	-	(3,673,463)	-
Other receivables, deposits and prepayments	31,264	-	(31,264)	-
Tax recoverable	7,460	-	(7,460)	-
Derivative financial liabilities	(210,700)	45,943	-	(164,757)
Other liabilities	-	-	(3,477,505)	(3,477,505)
Trade payables	(3,226,867)	-	3,226,867	-
Deferred tax liabilities	(26,665)	(12,338)	-	(39,003)
Other payables, deposits and accruals	(247,377)	-	247,377	-
Amount due to an associated company	(3,261)	-	3,261	-
Borrowings	-	-	(433,855)	(433,855)
Long term borrowings:				
Term loan	(124,034)	-	124,034	-
Seven (7)-Year Serial Al-Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS")	(47,446)	-	47,446	-
Finance lease payables	(484)	-	484	-
Short term borrowings	(261,891)	-	261,891	-
Reserves	(818,446)	(35,079)	-	(853,525)
Minority interests	(377,225)	(37)	-	(377,262)
	1,163,671	-	-	1,163,671

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

A1. Basis of Preparation (Cont'd)

Revised Guidelines on Financial Reporting for Licensed Institutions ("BNM/GP8") (Cont'd)

Consolidated Income Statement for year to date ended 31 March 2007	As previously reported	Effect of change in Reclassification policies per BNM/GP8		As restated
	(Dr.)/Cr. RM'000	(Dr.)/Cr. RM'000	(Dr.)/Cr. RM'000	(Dr.)/Cr. RM'000
Interest income	-	-	26,403	26,403
Interest expense	-	-	(12,020)	(12,020)
Other operating income	-	(2,465)	264,059	261,594
Other operating expenses	-	-	(159,554)	(159,554)
Allowance/(write back) of bad and doubtful debts on trade and other receivables (net)	-	-	(3,335)	(3,335)
				-
Revenue	280,046	-	(280,046)	-
Operating expenses	(166,376)	-	166,376	-
Other income	10,628	-	(10,628)	-
Finance costs	(8,745)	-	8,745	-
Income tax expense	(32,174)	641	-	(31,533)
	83,379	(1,824)	-	81,555

Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts ("BNM/GP3")

The Group has adopted BNM/GP3 guidelines in respect of classification of non-performing accounts, loan loss provisioning and interest income recognition.

For allowances for non-performing loans in OSKIB, OSKIB has adopted BNM/GP3 requirement since the commencement date of its investment banking business in year 2007. While for margin financing of capital financing of a licensed money lending subsidiary company had also adopted BNM/GP3 requirements in September 2007.

When loans, advances and financing granted by the Group become non-performing, interest accrued and recognised as income prior to the date the loans are classified as non-performing are reversed out of interest income in the income statement and taken to interest-in-suspense for set off against the accrued interest receivable in the balance sheet. Subsequent to suspension, interest earned on the non-performing loans, advances and financing shall be recognised as income on cash basis.

There is no significant financial impact of arising from the adoption of BNM/GP3.

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A2. 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.

A3. 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.

A4. 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.

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A5. 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 767,700 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 RM990,294. 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 1/1/2008	Granted	Exercised	Forfeited	As at 31/3/2008
27 Jun 2003	1.33	1,789,000	-	(9,000)	-	1,780,000
16 Mar 2004	1.95	5,314,040	-	(3,000)	-	5,311,040
29 Apr 2005	1.18	1,208,000	-	(307,100)	-	900,900
3 May 2006	1.36	4,977,700	-	(448,600)	-	4,529,100
		<u>13,288,740</u>	<u>-</u>	<u>(767,700)</u>	<u>-</u>	<u>12,521,040</u>

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

There were no share buybacks during the current year to date. 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 (included transaction costs) RM	Total amount paid RM
As at 1 January 2008 / As at 31 March 2008	<u>24,046,412</u>	<u>2.82</u>	<u>0.90</u>	<u>1.23</u>	<u>29,597,121</u>

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

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A6. Dividend paid

There were no payment of dividend during the current year to date.

A7. Securities portfolio

(a) Securities held-for-trading

	(Restated)
	As at
	As at
	31/12/2007
	RM'000
	RM'000
<i>At fair value</i>	
Money market instruments:	
Malaysian Government Securities	78,884
	15,000
	15,000
Quoted securities:	
Shares and warrants in Malaysia	28,504
Shares outside Malaysia	21,874
Unit trusts quoted in Malaysia	12,983
	8,733
	40,089
	40,089
	55,089
	142,245

(b) Securities held-to-maturity

	(Restated)
	As at
	As at
	31/12/2007
	RM'000
	RM'000
<i>At cost</i>	
Unquoted securities:	
Redeemable loan note outside Malaysia	11,122
	10,756
	10,756
	10,756
	11,122

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A7. Securities portfolio (Cont'd)

(c) Securities available-for-sale

	As at 31/3/2008 RM'000	(Restated) As at 31/12/2007 RM'000
<i>At fair value</i>		
Money market instruments:		
Bank Negara Malaysia Monetary Notes	30,009	30,000
Bankers' acceptance	20,704	20,161
Cagamas bonds	5,015	4,996
Khazanah bonds	28,497	28,128
Malaysian Government Securities	65,232	29,955
Malaysian Government Investment Issues	60,207	59,829
Negotiable instruments of deposit	20,203	120,059
	229,867	293,128
Quoted securities:		
Shares and warrants in Malaysia	19,967	13,571
USD Class Bonds outside Malaysia	187	194
	20,154	13,765
Unquoted securities:		
Shares in Malaysia	2,855	2,855
Shares outside Malaysia	64,586	63,843
Private debt securities in Malaysia	1,073,050	930,728
	1,140,491	997,426
	1,390,512	1,304,319

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A8. Loans, advances and financing

	As at 31/3/2008 RM'000	(Restated) As at 31/12/2007 RM'000
Term loans / financing	401,203	381,700
Revolving credit	10,725	10,934
Staff loans	98	-
	412,026	392,634
Allowance for bad and doubtful debts		
- specific	(5,275)	(4,202)
- general	(6,101)	(5,826)
	400,650	382,606

(a) Analysis of gross loans, advances and financing

(i) Analysed by type of customers:

Domestic business enterprises		
- Small and medium enterprises	135,696	21,700
- Others	113,790	264,437
Individuals	162,540	106,497
	412,026	392,634

(ii) Analysed by interest rate sensitivity:

Fixed rate	412,026	242,616
Variable rate - Cost plus	-	150,018
	412,026	392,634

(iii) Analysed by economic purpose:

Working capital	85,577	86,411
Purchase of securities	173,403	119,808
Other purposes	153,046	186,415
	412,026	392,634

(iv) Analysed by sectors:

Manufacturing	3,403	3,409
Construction	35,535	35,533
Wholesale & retail trade and restaurants & hotels	74,852	75,477
Transport, storage and communication	-	150,018
Finance, insurance and business services	117,807	7,525
Households	180,429	120,672
	412,026	392,634

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A8. Loans, advances and financing (Cont'd)

(b) Analysis of non-performing loans/financing ("NPLs")

	As at 31/3/2008 RM'000	(Restated) As at 31/12/2007 RM'000
Purchase of securities	24,456	18,772
Gross NPL	<u>24,456</u>	<u>18,772</u>
(i) Movement in NPLs		
At beginning of period/year	18,772	43,384
Classified as non-performing	6,783	4,436
Reclassified as performing	(930)	(10,351)
Amount recovered	(169)	(18,525)
Amount written off	-	(172)
At end of period/year	<u>24,456</u>	<u>18,772</u>
Specific allowance	5,275	4,202
Net non-performing loans, advances and financing	<u>29,731</u>	<u>22,974</u>
Ratio of net NPL and financing to net loans and financing	<u>7%</u>	<u>6%</u>
(ii) Movement in allowance for bad and doubtful debts		
General allowance		
At beginning of period/year	5,826	-
Allowance made	275	5,826
At end of period/year	<u>6,101</u>	<u>5,826</u>
Specific allowance		
At beginning of period/year	4,202	2,473
Allowance made	1,177	3,274
Amount recovered	(104)	(1,373)
Amount written off	-	(172)
At end of period/year	<u>5,275</u>	<u>4,202</u>

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A9. Other assets

	As at 31/3/2008 RM'000	(Restated) As at 31/12/2007 RM'000
Security deposits and statutory funds	2,634	2,669
Trade receivables	3,241,697	3,558,740
Other receivables, deposits and prepayments	48,243	31,264
Tax recoverable	8,246	7,460
Club golf memberships	1,051	228
Futures contract	2,946	9
	3,304,817	3,600,370

A10. Deposits from customers

By type of deposit

Fixed deposits	1,716,059	1,262,398
Negotiable instruments of deposit	361,258	278,600
Short term deposits	550,577	532,600
	2,627,894	2,073,598

By type of customer

Government and statutory bodies	36,500	27,000
Domestic non-bank financial institutions	2,028,787	1,710,354
Business enterprises	517,318	295,043
Foreign entities	550	550
Individuals	28,527	27,324
Others	16,212	13,327
	2,627,894	2,073,598

A11. Other liabilities

Trade payables	2,932,192	3,226,867
Other payables, deposits and accruals	199,460	247,377
Amount due to an associated company	3,602	3,261
	3,135,254	3,477,505

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A12. Interest income

	Current quarter ended 31/3/2008 RM'000	(Restated) Comparative quarter ended 31/3/2007 RM'000	Current year to date ended 31/3/2008 RM'000	(Restated) Preceding year to date ended 31/3/2007 RM'000
Loans, advances and financing				
- Interest income other than recoveries from NPL	7,120	5,587	7,120	5,587
- Recoveries from NPLs	-	108	-	108
Securities portfolio:				
Securities held-for-trading	282	-	282	-
Securities available-for-sale	15,985	6,375	15,985	6,375
Securities held-to-maturity	19	-	19	-
Deposits and placements with financial institutions	10,204	2,480	10,204	2,480
Stock-broking and futures and options broking clients	15,722	11,825	15,722	11,825
Others	382	28	382	28
	49,714	26,403	49,714	26,403
Amortisation of premium less accretion of discount	32	-	32	-
	49,746	26,403	49,746	26,403

A13. Interest expense

Accretion of discount on BaIDS	537	491	537	491
Borrowings	4,303	2,493	4,303	2,493
Commercial papers	-	2,579	-	2,579
Deposits from customers	21,638	3,539	21,638	3,539
Deposits and placements of financial institutions	-	630	-	630
Finance lease	20	31	20	31
Obligations on securities sold under repurchase agreements	4	1,358	4	1,358
Profit payment on BaIDS	875	875	875	875
Others	10	24	10	24
	27,387	12,020	27,387	12,020

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A14. Other operating income

(a) Fees and commission

	Current quarter ended 31/3/2008 RM'000	(Restated) Comparative quarter ended 31/3/2007 RM'000	Current year to date ended 31/3/2008 RM'000	(Restated) Preceding year to date ended 31/3/2007 RM'000
Advisory, agency and arrangement fees	7,034	2,314	7,034	2,314
Administrative charges, carrying charges and facility fees	3,558	1,590	3,558	1,590
Commission	77	101	77	101
Custodian and service charges	127	59	127	59
Fees earned from management of unit trust funds	12,931	7,480	12,931	7,480
Gross brokerage fees	90,603	150,098	90,603	150,098
Handling fee	203	584	203	584
Placement fees	877	2,308	877	2,308
Loan processing, facility and commitment fees	2,277	773	2,277	773
Management fee	65	19	65	19
Service charges on sale of trust units	5,774	32,986	5,774	32,986
Underwriting fees	3,643	3,102	3,643	3,102
Trustee and will-writing fees	1,200	523	1,200	523
Others	88	73	88	73
	128,457	202,010	128,457	202,010

(b) Net gain/(loss) arising from sale of securities

Securities held-for-trading	(1,445)	4,820	(1,445)	4,820
Securities available-for-sale	238	33,834	238	33,834
Net loss from realisation of derivative financial instruments	(50,710)	-	(50,710)	-
	(51,917)	38,654	(51,917)	38,654

(c) Gross dividends income

Securities held-for-trading	949	991	949	991
	949	991	949	991

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A14. Other operating income (Cont'd)

	Current quarter ended 31/3/2008 RM'000	(Restated) Comparative quarter ended 31/3/2007 RM'000	Current year to date ended 31/3/2008 RM'000	(Restated) Preceding year to date ended 31/3/2007 RM'000
(d) Unrealised gain/(loss) on revaluation of trading securities and derivatives				
Securities held-for-trading	(3,323)	(1,724)	(3,323)	(1,724)
Derivatives financial instruments	82,633	(56)	82,633	(56)
	79,310	(1,780)	79,310	(1,780)
(e) Unrealised gains/ (losses) from foreign exchange translations				
	(2,206)	(116)	(2,206)	(116)
	(2,206)	(116)	(2,206)	(116)
(f) Others				
Gain on disposal of plant and equipment (net)	48	-	48	-
Realised gain on foreign exchange	1,784	3,045	1,784	3,045
Office rental	3,534	1,337	3,534	1,337
Revenue from property development projects	17,275	16,000	17,275	16,000
Sales of oil palm produce	491	314	491	314
Others	983	1,139	983	1,139
	24,115	21,835	24,115	21,835
	178,708	261,594	178,708	261,594

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A15. Other operating expenses

	Current quarter ended 31/3/2008 RM'000	(Restated) Comparative quarter ended 31/3/2007 RM'000	Current year to date ended 31/3/2008 RM'000	(Restated) Preceding year to date ended 31/3/2007 RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	39,526	32,910	39,526	32,910
Pension costs - defined contribution plan	7,207	3,610	7,207	3,610
Others	1,593	3,144	1,593	3,144
	48,326	39,664	48,326	39,664
(b) Promotional, marketing and trading expenses				
Advertisement and promotion	2,172	1,431	2,172	1,431
Commission	29,981	73,461	29,981	73,461
Fees and charges	8,721	7,183	8,721	7,183
Property development activities	14,200	12,921	14,200	12,921
Others	104	1,087	104	1,087
	55,178	96,083	55,178	96,083
(c) Establishment related expenses				
Depreciation and amortisation	3,583	3,473	3,583	3,473
Rental of equipment	1,317	552	1,317	552
Rental of premises	2,539	1,826	2,539	1,826
Information technology expenses	595	815	595	815
Repair and maintainance	1,113	1,008	1,113	1,008
Utility expenses	1,389	906	1,389	906
Others	2,181	1,280	2,181	1,280
	12,717	9,860	12,717	9,860
(d) General administrative expenses				
Communication expenses	2,341	2,247	2,341	2,247
Legal and professional fees	4,236	3,961	4,236	3,961
Others	10,115	7,739	10,115	7,739
	16,692	13,947	16,692	13,947
	132,913	159,554	132,913	159,554

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A16. Allowance for losses on loans, advances and financing

	Current quarter ended 31/3/2008 RM'000	(Restated) Comparative quarter ended 31/3/2007 RM'000	Current year to date ended 31/3/2008 RM'000	(Restated) Preceding year to date ended 31/3/2007 RM'000
Allowance for bad and doubtful debts on loans and financing:				
Specific allowance				
Made	1,467	-	1,467	-
General allowance (net) (Written back)	(604)	-	(604)	-
Bad debts on loans and financing Recovered	(300)	-	(300)	-
	563	-	563	-

A17. Allowance/(write back) bad and doubtful debts on trade and other receivables (net)

Allowance for bad and doubtful debts:				
Specific allowance				
Made	1,245	3,458	1,245	3,458
Written back	(93)	-	(93)	-
General allowance				
Made/(Written back)	7	(117)	7	(117)
Bad debts on loans and financing				
Recovered	(3)	(13)	(3)	(13)
Written off	18	7	18	7
	1,174	3,335	1,174	3,335

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A18. Segmental information

Please refer to Appendix I.

A19. Valuations of property, plant and equipment

There were no revalued property, plant and equipment as at 31 March 2008.

A20. Material events subsequent to the end of the quarter

(a) Commencement of Islamic banking business

On 1 April 2008, OSKIB, a wholly-owned subsidiary company of the Company, has officially commenced its Islamic banking business.

(b) Acquisition of shares in Perspektif Pertama Sdn. Bhd.

On 30 April 2008, OSKPH acquired a shelf company, Perspektif Pertama Sdn. Bhd. ("PPSB") comprising two (2) ordinary shares of RM1.00 each for a cash consideration of RM2 and PPSB become a wholly-owned subsidiary of OSKPH.

PPSB was incorporated in Malaysia under the Companies Act, 1965 on 9 April 2008 with an authorised share capital of RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each. PPSB is presently a dormant company and its intended principal business activities are property management and development.

(c) Establishment of new subsidiary by OSK Asia Holdings Limited in Shanghai, China

On 9 May 2008, OSKAH received the business licence to establish a new subsidiary, namely OSK (China) Investment Advisory Co. Ltd ("OSKCIA") in Shanghai, the People's Republic of China. The said business licence dated 7 May 2008 was issued by the Shanghai Administration of Industry and Commerce.

OSKCIA is a wholly-owned subsidiary of OSKAH, a 91%-owned subsidiary of OSK Investment Bank Berhad, which is a wholly-owned subsidiary of OSK. OSKCIA was incorporated with a registered capital of USD2,000,000. It will be principally involved in the provision of investment and business advisory and related services.

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A20. Material events subsequent to the end of the quarter (Cont'd)

- (d) Acquisition and Subscription of shares in Wise Talent Investment Limited ("WTI") by OSK Asia Holdings Limited ("OSKAH")

On 21 May 2008, OSKAH acquired WTI, a shelf company comprising one (1) ordinary share of HK\$1.00 each for a total purchase consideration of HK\$1.00 to become a wholly-owned subsidiary of OSKAH (the "Acquisition of WTI").

WTI was incorporated in Hong Kong on 24 April 2008 with an initial authorised share capital of HK\$10,000 divided into 10,000 ordinary shares of HK\$1.00 each and having a paid-up share capital of HK\$1.00 divided into one (1) ordinary share of HK\$1.00.

Concurrent with the Acquisition, the authorised share capital of WTI had been increased from HK\$10,000 to HK\$20,000,000 and OSKAH had further subscribed for additional 4,999,999 ordinary shares of WTI of HK\$1.00 each ("Subscription of Shares"), thereby increasing WTI's issued and paid-up share capital from HK\$1.00 to HK\$5,000,000 comprising 5,000,000 ordinary shares of HK\$1.00 each. WTI would be principally involved in the provision of wealth management services.

A21. Changes in the composition of the Group

Acquisition of shares in Ever Bloom International Investment Limited ("EBII") (now known as OSK Asia Asset Management Limited) 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\$1.00. 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. OSKAHL has also on the completion date subscribed to an additional 4,999,999 ordinary shares of EBII of HK\$1.00 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\$1.00 each.

On 17 January 2008, EBII changed its name to OSK Asia Asset Management Limited.

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A21. Changes in the composition of the Group (Cont'd)

The effect of the acquisitions of subsidiary company 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
Purchase consideration satisfied by cash	0.44
Costs attributable to the acquisitions, paid in cash	-
Total cost of acquisitions	<u>0.44</u>
Cash and cash equivalents of subsidiary companies acquired	<u>(0.44)</u>
Net cash outflow of the Group	<u>-</u>

This new subsidiary company had contributed the following to the financial results to the Group:

	Date of acquisitions to 31.3.2008 RM'000
Revenue	-
Loss before taxation	(87)
Loss for the period	<u>(87)</u>

If the acquisition had been effected on 1 January 2008, the financial results contributed by these new subsidiary company for current year to date would have been:

	1.1.2008 to 31.3.2008 RM'000
Revenue	-
Loss before taxation	(87)
Loss for the period	<u>(87)</u>

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

	As at date of acquisitions RM
Cash and bank balances - General accounts	0.44
Fair value of total net assets	<u>0.44</u>
Minority interests	-
Group's share of net assets	<u>0.44</u>
Add: Goodwill on consolidation	-
Total acquisition costs	<u>0.44</u>

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A22. Commitments and contingencies

Please refer to Appendix II.

A23. Interest/profit rate risk

Please refer to Appendix III.

A24. Capital adequacy

The Group is not required to maintain any capital adequacy ratio requirements. The capital adequacy ratios of the investment banking subsidiary, OSK Investment Bank Berhad ("OSKIB") are as follows:

		As at 31/3/2008 RM'000	As at 31/12/2007 RM'000
Tier I capital	Issued and fully paid share capital	630,000	630,000
	Retained profits	51,581	51,581
	Statutory reserve	89,982	89,982
		771,563	771,563
	Less: Goodwill	(46,516)	(46,516)
	Less: Deferred tax assets	-	(4,758)
	Total Tier I capital	725,047	720,289
Tier II capital	General allowance for bad and doubtful debts and financing:		
	- Loan, advances and financing	3,475	4,080
	- Trade receivables	33	35
	Total Tier II capital	3,508	4,115
	Total capital	728,555	724,404
	Less: Investments in subsidiary companies	(206,297)	(206,292)
Capital base		522,258	518,112
Proposed final dividend for year ended 31 December 2007 of 11 sen less 26% income tax		51,282	51,282
Core capital ratio		26.60%	24.81%
Risk-weighted capital ratio		26.60%	24.81%

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PART B - Explanatory Notes Pursuant to Chapter 9, Appendix 9B, Part A, of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")

B1. Performance review of the Company and its principal subsidiaries for the current quarter and year to date

For the first three months of 2008, the OSK Group maintained its good performance and recorded a pre-tax profit of RM65.18 million.

The Group attained revenues of RM228.45 million for the period under review, representing a decline of 21% as compared to the corresponding period in 2007. Correspondingly, the Group's pre-tax profit decreased from RM116.73 million in Q1 2007 to RM65.18 million in Q1 2008. The Group recorded a profit after tax (after minority interest) of RM40.73 million as compared to RM75.92 million in the corresponding period last year, which translate to basic earnings per share of 6.28 sen and 12.22 sen respectively.

The decline in the Group's performance in Q1 2008 is in line with the slow down in the global financial markets activities. The global and regional financial markets have started to slow down in the fourth quarter of 2007 as a result of the concerns surrounding the US and European markets and the credit tightening in China. 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 uncertainties in the global economy. These concerns and uncertainties persisted in Q1 2008, which have adversely affected the Group's performance as well as other financial market intermediaries.

The main contribution to the Group's performance for Q1 of 2008 was from OSK Investment Bank Berhad, which accounted for about 86% of the pre-tax profit. The Investment Banking segment recorded strong performance, particularly from derivatives and structured products, corporate finance, treasury and bridging loans. The Investment Banking segment accounted for approximately 62% of the Group's pre-tax profit, while the Equity and Futures business contributed approximately 40% of Group pre-tax profit. The Unit Trust business made up about 5% of pre-tax profit and the balance 4% was contributed by the Property Development business. This was collectively offset by 11% negative contribution to pre-tax profit from the holding company as well as losses at OSK Ventures International Berhad Group due to losses at its associated companies' level.

The Unit Trust and Equity Financing business continued to contribute positively with pre-tax profit of RM3.17 million and RM0.24 million respectively. The Properties segment recorded pre-tax profit of RM2.69 million or about 4% of the Group's profit, which is comparable to last year's corresponding period.

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

B2. Material change in quarterly profit before taxation for the current quarter compared with the immediate preceding quarter

The Group recorded a pre-tax profit of RM65.18 million for Q1 2008, compared to RM67.33 million achieved in the immediate preceding quarter. The Group was able to maintain a satisfactory performance despite the slow down in the global financial markets activities. This arose from the continuous effort of the management to diversify into sustainable recurrent income activities.

Profit contribution from Investment Banking activities increased from RM24.62 million in the Q4 2007 to RM40.44 million in Q1 2008. The Equities and Futures business contributed RM25.83 million in Q1 2008 as compared to RM29.95 million in Q4 2007.

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

(a) Current year prospects

(Commentary on the rest of year)

The regional financial 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 uncertainties in the global economy.

With uncertainties and slow down in the global economy, the Group expects Q2 of 2008 to be challenging. However, with prudent management and strong financial fundamental of the Group, we are confident that the Group will continue to perform well for the rest of the year.

While the Equities and Futures businesses rely heavily on the volume of trading in the regional markets, the Group's other businesses will help to buffer the slowdown in trading volume. The pipeline of secured mandates in our Malaysian Investment Banking activities is strong, the treasury business has room to grow and the derivatives business looks set to record another year of strong results. Furthermore, we expect higher contributions from the Singapore and Hong Kong Investment Banking businesses to help buffer the Group's performance for the rest of the year.

In Malaysia, OSKIB has commenced its Islamic banking business on 1 April 2008 which will provide an additional income stream for the Group. The Group had also announced its expansion into the regional markets with proposed investments in Indonesia, Vietnam and Cambodia. These investments will strengthen the Group's regional coverage and the Board believes that they will enhance the future performance of the Group and increase shareholders' value.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

B3. Current year prospects and progress on previously announced revenue or profit forecast (Cont'd)

(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 31/3/2008 RM'000	Current year to date ended 31/3/2008 RM'000
In respect of the current quarter / year to date		
- Malaysian income tax	4,657	4,657
- Foreign income tax	2,236	2,236
- Deferred taxation	13,389	13,389
	<hr/> 20,282	<hr/> 20,282
In respect of the prior year		
- Malaysian income tax	(7)	(7)
- Foreign income tax	(1,001)	(1,001)
	<hr/> <hr/> 19,274	<hr/> <hr/> 19,274

The effective tax rate is higher than the statutory tax rate of 26% mainly due to certain expenses incurred are non-allowable for tax deduction.

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 disclosures 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.

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B8. Purchase or disposal of 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 31/3/2008 RM'000	Current year to date ended 31/3/2008 RM'000
Total purchase consideration	<u>23,289</u>	<u>23,289</u>
Total sale proceeds	<u>33,614</u>	<u>33,614</u>
Net loss on disposals	<u>(2,892)</u>	<u>(2,892)</u>

- (b) Investments in quoted securities (including listed associated companies) as at 31 March 2008 (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	141,765	21,790
Outside Malaysia	<u>5,588</u>	<u>329</u>
	147,353	22,119
Fair value adjustments	-	(1,202)
Share of post-acquisition reserves	51,708	-
At carrying amount	<u>199,061</u>	<u>20,917</u>
Market value of quoted shares:		
In Malaysia	139,877	27,198
Outside Malaysia	<u>2,665</u>	<u>10,561</u>
	<u>142,542</u>	<u>37,759</u>

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

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

B9. Status of corporate proposals and utilisation of proceeds

(a) Status of corporate proposals announced but not completed as at 23 May 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") with the intention that the business of UOBT to be transferred and merged with the business of OSKT.

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 larger 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

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

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

- (b) Proposed distribution-in-specie of up to 120,066,400 ordinary shares of RM1.00 each in OSK Property Holdings Berhad ("OSKPH") to shareholders of the Company ("Proposed Distribution")

On 14 March 2008, the Company proposed to undertake a Proposed Distribution through a reduction of its share premium account to be effected pursuant to Section 64 of the Companies Act, 1965 and a reduction in the retained earnings account of the Company.

The Proposed Distribution would involve a distribution of up to 120,066,400 OSKPH Shares held by the Company representing approximately 60.03% equity interest held in OSKPH as at 5 March 2008 to its shareholders which appear on the record of depositors of the Company at an entitlement date to be determined later.

As a condition for granting OSK Investment Bank Berhad, a wholly-owned subsidiary of the Company, a licence to operate as an investment bank, Bank Negara Malaysia and the Securities Commission ("SC") have imposed a condition that OSKH as the holding company of OSKIB has to divest its holding in OSKPH by 31 December 2008. The Proposed Distribution will allow the Company to comply with the said condition.

The Proposed Distribution is also in line with the Company's intention to streamline the business activities and assets base of the Company and its subsidiary companies by focusing on the its core activities which is in the provision of stockbroking, investment banking, fund management and other financial services and exiting from the property development activities currently undertaken by OSKPH.

In addition, the Proposed Distribution is consistent with the Company's intention to unlock shareholders value and provide returns to its shareholders by distributing assets that no longer form part of the Group's core business activities. The Proposed Distribution would reward shareholders of the Company through their direct equity participation in OSKPH.

On 5 May 2008, the Securities Commission ("SC") and SC (on behalf of Foreign Investment Committee) have approved the Proposed Distribution and the Company requires to fulfil certain conditions.

The Proposed Distribution is subject to approvals being obtained from the following:-

- (i) High Court of Malaya;
- (ii) Shareholders of OSKH at an Extraordinary General Meeting ("EGM") to be convened; and
- (iii) Any other relevant authorities, if required.

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

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

(c) Proposed Subscription of Share by OSK Investment Bank Berhad (“OSKIB”) in PT Nusadana Capital Indonesia (“PTNCI”)

8 April 2008, OSKIB, a wholly-owned subsidiary company of the Company, entered into a conditional Shares Subscription Agreement (“SSA”) with PTNCI, PT Ascend Unity Capital (“PTAUC”) and PT Multidana Assetama (“PTMA”) for the subscription of the Subscribed Shares, representing 51% of the enlarged share capital of PTNCI for an indicative subscription price of Rp201,968,800,100 (equivalent to approximately RM69,861,225, based on an exchange rate of RM1:Rp2891) in cash (“Proposed Subscription in PTNCI”).

PTNCI was established on 6 April 1990 under the name of PT Dwipanca Rezeki. The company changed its name to PT Nusadana Inti Investama on 25 September 1997 and assumed its present name on 4 March 2003. PTNCI has a 99%-owned subsidiary, PT Nusadana Aset Manajemen, which provides asset management services.

PTNCI is a securities house that is principally involved in stock broking, equity capital markets, treasury activities, fixed income, provision of corporate advisory and investment research. PTNCI obtained licenses to operate as a broker and an underwriter respectively in 1992 and 1997. In 2002, it obtained a license to provide financing for securities transactions from Indonesia Stock Exchange. PTNCI is also a member of Indonesia Stock Exchange.

At present, the authorized share capital of PTNCI is Rp60,000,000,000 comprising 60,000 ordinary shares of Rp1,000,000 each of which Rp50,000,000,000 comprising 50,000 ordinary shares of Rp1,000,000 each have been issued and fully paid up.

Pursuant to the Proposed Subscription in PTNCI, PTNCI will issue the Subscribed Shares to OSKIB with an indicative subscription price of Rp201,968,800,100 (“Subscription Price”). In relation to the said issuance, PTNCI will increase its authorised share capital from Rp60,000,000,000 to Rp200,000,000,000 and issued and paid-up capital from Rp50,000,000,000 to Rp102,041,000,000 each with a nominal value of Rp1,000,000 per share.

Upon completion of the Proposed Subscription in PTNCI, PTNCI will become a 51%-owned subsidiary of OSKIB and the enlarged share capital of PTNCI will be held by OSKIB, PTAUC and PTMA in the following manner: -

	No. of shares	%
OSKIB	52,041	51
PTAUC	40,000	39
PTMA	10,000	10
	<u>102,041</u>	<u>100</u>

The Subscription Price was arrived at on a willing buyer-willing seller basis after taking into consideration the latest available value of PTNCI’s net tangible assets (“NTA”) based on PTNCI’s audited financial statements as at 31 December 2007 amounting to Rp102,130,405,328; and the earnings potential of PTNCI. The Subscription Price will be adjusted on the completion date to reflect the NTA of PTNCI as at the last day of the preceding month before the completion.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

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

(c) Proposed Subscription of Share by OSK Investment Bank Berhad (“OSKIB”) in PT Nusadana Capital Indonesia (“PTNCI”) (Cont'd)

Indonesia is the biggest economy in the Southeast Asia which had expanded at a remarkable pace on rising investments. The Proposed Subscription allows OSKH to, via OSKIB, undertake stockbroking, investment banking and fund management activities in this country to benefit from its economic potentials and strong economic development.

The Proposed Subscription in PTNCT is subject to the following approvals:-

- (i) Bank Negara Malaysia, Malaysia;
- (ii) The Securities Commission, Malaysia;
- (iii) The Capital Market and Financial Institution Supervisory Board of the Republic of Indonesia or Badan Pengawas Pasar Modal dan Lembaga Keuangan; and
- (iv) Any other relevant governmental or regulatory authorities (whether in Malaysia or Indonesia), where applicable.

The Proposed Subscription in PTNCT is expected to be completed by the third quarter of 2008.

(d) Proposed Subscription of Shares by OSKIB in Seabank Securities Joint Stock Company (“SEABS”)

On 25 April 2008, OSKIB, a wholly-owned subsidiary company of the Company, entered into a conditional Shares Subscription Agreement (“SSA”) with SEABS for the proposed subscription of the Subscription Shares at par value of VND10,000 each, representing 49% of the enlarged share capital of SEABS for a total subscription price of VND220,500,000,000 (equivalent to approximately RM42,990,836 based on an exchange rate of RM1:VND5,129) in cash (“Proposed Subscription in SEABS”).

Following that, OSKIB has also on even date entered into a shareholders agreement (“SA”) with two of the substantial shareholders of SEABS to establish the relationship as shareholders of SEABS and to outline their respective obligations in respect to affairs and dealings with SEABS. The SA will only take effect upon completion of the SSA.

SEABS is established on 12 December 2006 in Vietnam, a securities company licensed by the State Securities Committee of Vietnam to undertake securities brokerage and dealing, provision of corporate finance advisory, securities custody, investment consultancy and other related services. SEABS is a member of HCM Securities Exchange and Hanoi Securities Exchange. SEABS’s headquarter is based in Hanoi and it has a branch in Ho Chi Minh city.

At present, SEABS has issued and paid-up share capital of VND200,000,000,000 comprising 20,000,000 ordinary shares of VND10,000 each. The present shareholders of SEABS are Southeast Asia Commercial Joint Stock Bank (“SEABANK”), controlling shareholders of SEABANK and their business associates as well as the key management personnel of SEABS.

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

(d) Proposed Subscription of Shares by OSKIB in Seabank Securities Joint Stock Company ("SEABS") (Cont'd)

Pursuant to the SSA, SEABS proposes to increase its share capital from VND200,000,000,000 to VND450,000,000,000 by way of issuing 25,000,000 new ordinary shares at par value of VND10,000 each. OSKIB will subscribe to 22,050,000 of the new shares and it will hold 49% of the enlarged share capital of SEABS upon completion of the Proposed Subscription in SEABS. The remaining 2,950,000 new ordinary shares shall be subscribed by SEABANK and a Vietnamese individual.

OSKIB's obligations to complete the Proposed Subscription in SEABS shall be conditional upon the following:

- (i) OSKIB is satisfied with its due diligence on the financial, legal and commercial aspects of SEABS;
- (ii) necessary approvals of shareholders and Board of Directors of SEABS for the implementation of all transactions contemplated in the SSA;
- (iii) receipt of all necessary consents and approvals from, or registrations with, relevant regulatory authorities for amendments to SEABS's licenses arising from transactions contemplated in the SSA; and
- (iv) amendments of the Charter of SEABS on terms agreed in the SSA to be effective on completion.

The Subscription Price was arrived at on a willing buyer-willing seller basis. The proceeds from the issuance of the Subscription Shares shall be used by SEABS to strengthen its financial position, fund its business activities and facilitate its growth. The Subscription Price will be fully satisfied by way of cash payment by OSKIB. It will be financed by a combination of OSKIB's internally generated funds and bank borrowings. There are no liabilities of SEABS, arising from the Proposed Subscription in SEABS, to be assumed by the Company or OSKIB.

Vietnam is a developing country that offers economic potential to the locals as well as to foreign investors. The Proposed Subscription in SEABS allows the Company to, via OSKIB, undertake stockbroking and investment banking services in this country to benefit from its economic potentials and strong economic development.

SEABS is a profitable securities company in Vietnam. Upon completion of the Proposed Subscription, OSKIB will hold 49% (being the maximum equity allowed to be held by the foreign investor) of the equity interest in SEABS. Further, OSKIB is irrevocably vested with the day-to-day management of SEABS, including the right to nominate the appointment of the General Director.

The Proposed Subscription in SEABS is in line with the continuous effort of OSKIB to establish a strong foothold in the regional financial markets. The expansion into strategic regional markets not only broadens OSKIB's market coverage but also allows it to undertake more cross-border business activities.

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

(d) Proposed Subscription of Shares by OSKIB in Seabank Securities Joint Stock Company ("SEABS") (Cont'd)

The Proposed Subscription in SEABS is subject to the following approvals:

- (i) Bank Negara Malaysia, Malaysia;
- (ii) The Securities Commission, Malaysia;
- (iii) The State Securities Commission, Vietnam; and
- (iv) Any other relevant governmental or regulatory authorities (whether in Malaysia or Vietnam), where applicable.

The Proposed Subscription in SEABS is expected to be completed by the third quarter of 2008.

(e) Proposed Establishment of Commercial Bank in Cambodia by OSKIB

On 23 April 2008, Bank Negara Malaysia ("BNM") approved OSKIB's proposal to establish a wholly-owned subsidiary in Cambodia to undertake commercial banking activities. In this respect, the central bank of Cambodia, the National Bank of Cambodia ("NBC"), granted an approval in principle for the incorporation of a commercial bank with the name of OSK Indochina Bank Limited ("OSKIBL") on 24 April 2008. As part of the conditions, OSKIBL is required by NBC to commence operation by 31 October 2008.

(b) The status of utilisation of proceeds raised by the Company

There were no proceeds raised from any corporate proposal by the Company.

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B10. Borrowings

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
<i>Unsecured</i>	
Bank overdrafts	7,272
Bank overdrafts denominated in SGD	13,792
Revolving credits	186,150
Bank loans denominated in HKD	37,670
	<hr/>
	244,884
<i>Secured</i>	
Term loan	84,610
BaIDS	24,378
Finance lease payables denominated in SGD	724
	<hr/>
	109,712
	<hr/>
	354,596
Long term:	
<i>Secured</i>	
Term loans	51,934
BaIDS	48,361
Finance lease payables denominated in SGD	316
	<hr/>
	100,611
	<hr/>
Total borrowings	455,207

B11. Off balance sheet financial instruments

As at 23 May 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.

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

B12. Material litigation

As at 23 May 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. Berhad. (“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. The Court has on 13 March 2008 struck out with costs the Plaintiffs’ Writ of Summons and Statement of Claim. The Chargor has since filed a Notice of Appeal against the said decision.

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 Order 14A application which was fixed for mention on 14 April 2008 has now been adjourned to 22 May 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.

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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 by unanimous decision had dismissed the Notice of Motion with costs on 20 May 2008.

As at 31 March 2008, a total of RM59,041,108 (31.12.2007: RM58,502,892) has been provided by OSKIB for interest cost and compensation for this legal suit.

B13. Dividend

No dividend has been declared or paid for the current year to date ended 31 March 2008 (Comparative quarter ended 31 March 2007: No dividend has been declared or paid).

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

B14. Earnings Per Share (“EPS”)

	(Restated) Current quarter ended 31/3/2008	(Restated) Comparative quarter ended 31/3/2007	(Restated) Current year to date ended 31/3/2008	(Restated) Preceding year to date ended 31/3/2007
Basic EPS				
Profit attributable to equity holders of the Company (RM'000)	40,733	75,919	40,733	75,919
Weighted average number of ordinary shares in issue ('000 shares)	648,332	621,280	648,332	621,280
Basic EPS (sen)	6.28	12.22	6.28	12.22
Diluted EPS				
Profit attributable to equity holders of the Company (RM'000)	40,733	75,919	40,733	75,919
Weighted average number of ordinary shares in issue ('000 shares)	648,332	621,280	648,332	621,280
Effect of dilution on assumed exercise of Warrants B and options granted under ESOS ('000 shares)	2,870	18,508	2,870	18,508
Adjusted weighted average number of ordinary shares in issue and issuable ('000 shares)	651,202	639,788	651,202	639,788
Diluted EPS (sen)	6.26	11.87	6.26	11.87

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

B15. Auditors' report of preceding annual financial statements

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

By Order of the Board

Dato' Nik Mohamed Din bin Datuk Nik Yusoff
Executive Chairman

Kuala Lumpur
29 May 2008

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

A18. 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.

OSK HOLDINGS BERHAD (207075-U)**Appendix I
(Page 3 of 3)****A18. 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 31 MARCH 2008</u>				
Revenue	178,024	37,536	12,894	228,454
Total carrying amount of segment assets	5,472,429	2,508,374	244,756	8,225,559
Total capital expenditure	4,625	338	84	5,047
<u>PRECEDING YEAR TO DATE ENDED 31 MARCH 2007 (Restated)</u>				
Revenue	228,904	48,953	10,140	287,997
Total carrying amount of segment assets	3,818,008	2,477,041	256,645	6,551,694
Total capital expenditure	1,938	628	71	2,637

A22.. Commitments and contingencies

The risk-weighted exposures of the Group are as follows:

	As at 31/3/2008			As at 31/12/2007		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Obligations under underwriting agreements	314,788	157,394	157,394	322,357	161,179	161,179
Irrevocable commitments to extend credit:						
- maturity exceeding one year	-	-	-	-	-	-
- maturity not exceeding one year	503,531	-	-	649,540	-	-
Foreign exchange related contracts:						
- less than one year	21,620	2,075	2,075	-	-	-
- one year to less than five years	-	-	-	-	-	-
Others	29,284	-	-	18,365	-	-
	869,223	159,469	159,469	990,262	161,179	161,179

A23. Interest/profit rate risk

As at 31 March 2008	Non-trading book						Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
ASSETS									
Cash and short-term funds	660,174	392	-	573	-	195,032	-	856,171	0.59
Deposits and placements with banks and other financial institutions	1,074,000			-	-	-	-	1,074,000	3.35 to 3.52
Securities portfolio								-	
<i>Securities held-for-trading</i>	-	-	-	-	-	-	55,089	55,089	
<i>Securities available-for-sale</i>	63,007	91,394	227,666	686,359	234,489	87,597	-	1,390,512	5.21
<i>Securities held-to-maturity</i>	-	10,756	-	-	-	-	-	10,756	10.00
Loans, advances and financing								-	
<i>Performing</i>	50,878	59,193	274,774	99	-	(3,475)	-	381,469	4.50 to 7.27
<i>Non-performing</i>	-	-	6,213	8,542	4,426	-	-	19,181	-
Other assets	-	-	-	100	-	1,510	-	1,610	0.22
Other non-interest sensitivity balances	-	-	-	-	-	4,447,753	-	4,447,753	
Total Assets	1,848,059	161,735	508,653	695,673	238,915	4,728,417	55,089	8,236,541	

A23. Interest/profit rate risk (Cont'd)

As at 31 March 2008	Non-trading book						Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
LIABILITIES									
Deposits from customers	1,399,155	329,723	667,282	231,734	-	-	-	2,627,894	3.10 to 3.95
Obligations on securities sold under repurchase agreements	592	-	-	-	-	-	-	592	3.10
Borrowings	244,944	12,871	25,293	120,599	51,500	-	-	455,207	2.95 to 8.00
Other non-interest sensitivity balances	-	-	-	-	-	3,245,896	-	3,245,896	
Total Liabilities	1,644,691	342,594	692,575	352,333	51,500	3,245,896	-	6,329,589	
Shareholders' funds	-	-	-	-	-	1,531,019	-	1,531,019	
Minority interests	-	-	-	-	-	375,933	-	375,933	
Total Equity	-	-	-	-	-	1,906,952	-	1,906,952	
Total Liabilities and Equity	1,644,691	342,594	692,575	352,333	51,500	5,152,848	-	8,236,541	
On-balance sheet interest sensitivity gap	203,368	(180,859)	(183,922)	343,340	187,415	(424,431)	55,089	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	
Total Interest Sensitivity Gap	203,368	(180,859)	(183,922)	343,340	187,415	(424,431)	55,089	-	

A23. Interest/profit rate risk

As at 31 December 2007	Non-trading book						Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
ASSETS									
Cash and short-term funds	643,088	-	389	573	-	290,437	-	934,487	0.79
Deposits and placements with banks and other financial institutions	426,330	50,000	-	-	-	-	-	476,330	3.51
Securities portfolio									
<i>Securities held-for-trading</i>	-	-	-	-	-	-	142,254	142,254	
<i>Securities available-for-sale</i>	38,640	49,851	295,468	610,908	228,990	80,462	-	1,304,319	5.20
<i>Securities held-to-maturity</i>	-	11,122	-	-	-	-	-	11,122	10.00
Loans, advances and financing									
<i>Performing</i>	36,691	15,246	246,448	75,477	-	(4,079)	-	369,783	4.5 to 8.00
<i>Non-performing</i>	-	-	1,503	6,861	4,459	-	-	12,823	-
Other assets	-	-	-	100	-	-	1,510	1,610	1.98
Other non-interest sensitivity balances	-	-	-	-	-	4,863,185	-	4,863,185	
Total Assets	1,144,749	126,219	543,808	693,919	233,449	5,230,005	143,764	8,115,913	

A23. Interest/profit rate risk (Cont'd)

As at 31 December 2007	Non-trading book						Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
LIABILITIES									
Deposits from customers	637,155	53,953	354,723	1,027,767	-	-	-	2,073,598	3.10 to 3.95
Obligations on securities sold under repurchase agreements	241	-	-	-	-	-	-	241	3.20
Borrowings	215,367	20,621	25,795	120,572	51,500	-	-	433,855	5.49
Other non-interest sensitivity balances	-	-	-	-	-	3,734,918	-	3,734,918	
Total Liabilities	852,763	74,574	380,518	1,148,339	51,500	3,734,918	-	6,242,612	
Shareholders' funds	-	-	-	-	-	1,496,039	-	1,496,039	
Minority interests	-	-	-	-	-	377,262	-	377,262	
Total Equity	-	-	-	-	-	1,873,301	-	1,873,301	
Total Liabilities and Equity	852,763	74,574	380,518	1,148,339	51,500	5,608,219	-	8,115,913	
On-balance sheet interest sensitivity gap	291,986	51,645	163,290	(454,420)	181,949	(378,214)	143,764	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	
Total Interest Sensitivity Gap	291,986	51,645	163,290	(454,420)	181,949	(378,214)	143,764	-	