

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008 UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

		(Restated)	
	Note	As at 30.9.2008 RM'000	As at 31.12.2007 RM'000
ASSETS			
Cash and short-term funds			
- General accounts		313,931	319,002
- Segregated accounts		579,757	615,485
Deposits and placements with banks and other financial institutions		1,187,220	476,330
Securities portfolio			
Securities held-for-trading	A7(a)	17,418	142,244
Securities held-to-maturity	A7(b)	431,163	111,122
Securities available-for-sale	A7(c)	1,885,281	1,204,319
Derivative financial assets		238	134,429
Loans, advances and financing	A8	1,091,092	1,200,007
Land held for property development		-	296,833
Property development costs		-	81,804
Accrued billings		-	11,974
Other assets	A9	1,552,784	3,116,421
Statutory deposits with Bank Negara Malaysia		92,046	63,530
Deferred tax assets		11,876	6,778
Investments in associated companies		233,521	201,592
Investment properties		42,786	42,786
Prepaid land lease payments		11,082	11,011
Property and equipment		163,673	163,516
Intangible assets		209,580	250,181
TOTAL ASSETS		7,823,448	8,449,364

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008 UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (Cont'd)

		(Restated)	
	Note	As at 30.9.2008 RM'000	As at 31.12.2007 RM'000
LIABILITIES			
Deposits from customers	A10	3,767,408	2,073,598
Obligations on securities sold under repurchase agreements		247	241
Derivative financial liabilities		4,742	164,757
Progress billings		-	12,254
Other liabilities	A11	2,081,408	3,810,957
Tax payable		12,990	41,399
Deferred tax liabilities		5,206	39,003
Borrowings	B10	177,100	433,855
Subordinated notes		100,000	-
TOTAL LIABILITIES		6,149,101	6,576,064
EQUITY			
Share capital		673,069	672,111
Less : Treasury shares	A5(b)	(29,778)	(29,597)
		643,291	642,514
Reserves		709,096	853,524
Equity attributable to equity holders of the Company		1,352,387	1,496,038
Minority interests		321,960	377,262
TOTAL EQUITY		1,674,347	1,873,300
TOTAL LIABILITIES AND EQUITY		7,823,448	8,449,364
Net Asset per share (RM) attributable to equity holders of the Company		2.08	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 THIRD QUARTER ENDED 30 SEPTEMBER 2008 UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

		(Restated)		(Restated)	
		Current	Comparative	Current	
		quarter	quarter	year to date	
		ended	ended	ended	
Note		30.9.2008	30.9.2007	30.9.2008	
		RM'000	RM'000	RM'000	
Revenue		201,928	322,970	636,427	923,480
Interest income	A12	65,460	42,860	164,472	107,780
Interest expense	A13	(38,995)	(25,105)	(94,583)	(58,343)
Net interest income		26,465	17,755	69,889	49,437
Other operating income	A14	130,972	280,110	525,067	815,700
Net income from Islamic Banking business	A26	886	-	757	-
Other operating expenses	A15	(129,561)	(183,461)	(400,777)	(506,519)
Write back/(allowance) for losses on loans, advances and financing	A16	3,191	(1,093)	(1,094)	(2,127)
(Allowance)/write back for bad and doubtful debts on trade and other receivables	A17	(491)	(2,601)	(957)	347
Impairment loss	A18	-	(524)	(22,000)	(524)
Share of (losses) / profits of associated companies, net of tax		(2,426)	1,888	(4,586)	9,310
Profit before taxation		29,036	112,074	166,299	365,624
Income tax expense	B6	(5,380)	(29,680)	(32,091)	(94,698)
Profit after taxation for the period		23,656	82,394	134,208	270,926
Profit attributable to:					
Equity holders of the Company		19,590	71,020	119,350	232,753
Minority interests		4,066	11,374	14,858	38,173
		23,656	82,394	134,208	270,926
Earnings per share attributable to equity holders of the Company (sen):					
Basic	B14	3.02	11.01	18.40	36.76
Diluted	B14	3.02	10.41	18.19	35.29

(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 THIRD QUARTER ENDED 30 SEPTEMBER 2008
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company										Minority interests	Total equity	
	Share capital	Treasury shares	Share premium	Capital redemption reserve	Equity compensation reserve	Foreign exchange reserve	Statutory reserve	Available-for-sale reserve	Other reserve	Retained profits			Total
<u>Current year to date ended</u> <u>30 September 2008</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	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	377,224	1,838,184
Effects of adoption of BNM/GP8	-	-	-	-	-	-	-	6,847	-	30,508	37,355	37	37,392
As restated	672,111	(29,597)	99,363	58,919	2,352	(7,726)	89,983	6,847	20,506	585,557	1,498,315	377,261	1,875,576
Foreign currency translation differences	-	-	-	-	-	13,428	-	-	-	-	13,428	8,027	21,455
Share of other reserves in associated companies	-	-	-	-	-	-	-	-	11,828	-	11,828	-	11,828
Minority interest's share of													
other reserves in associated companies	-	-	-	-	-	-	-	-	(3,898)	-	(3,898)	3,898	-
Net change in fair value of securities available-for-sale	-	-	-	-	-	-	-	(36,515)	-	-	(36,515)	-	(36,515)
Losses on deemed disposal of shares													
in associated companies	-	-	-	-	-	-	-	-	(149)	-	(149)	-	(149)
Transfer to statutory reserve	-	-	-	-	-	-	62,515	-	-	(62,515)	-	-	-
Total income/(expense) recognised directly in equity	-	-	-	-	-	13,428	62,515	(36,515)	7,781	(62,515)	(15,306)	11,925	(3,381)
Profit for the period	-	-	-	-	-	-	-	-	-	119,350	119,350	14,858	134,208
Total income/(expense) for the period	-	-	-	-	-	13,428	62,515	(36,515)	7,781	56,835	104,044	26,783	130,827
Dividend paid	-	-	-	-	-	-	-	-	-	(48,027)	(48,027)	-	(48,027)
Dividend paid to minority interests	-	-	-	-	-	-	-	-	-	-	-	(11,524)	(11,524)
Share buybacks by the Company	-	(181)	-	-	-	-	-	-	-	-	(181)	-	(181)
Share buybacks by a subsidiary company	-	-	-	-	-	-	-	-	-	-	-	(11)	(11)
Shares issued pursuant to exercise of ESOS	958	-	286	-	-	-	-	-	-	-	1,244	-	1,244
Transactional costs	-	-	(1)	-	-	-	-	-	-	-	(1)	-	(1)
Reserve realised upon exercise and forfeiture of ESOS	-	-	-	-	(397)	-	-	-	-	397	-	-	-
Distribution of shares in a subsidiary company	-	-	(99,648)	-	-	-	-	-	-	(103,359)	(203,007)	(128,500)	(331,507)
Acquisition of subsidiary companies	-	-	-	-	-	-	-	-	-	-	-	57,951	57,951
At 30 September 2008	673,069	(29,778)	-	58,919	1,955	5,702	152,498	(29,668)	28,287	491,403	1,352,387	321,960	1,674,347

OSK HOLDINGS BERHAD (207075-U)
QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 redemption reserve	Equity compensation reserve	Foreign exchange reserve	Statutory reserve	Available-for-sale reserve	Other reserve	Retained profits	Total		
<u>Preceding year to date ended</u> <u>30 September 2007 (Restated)</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	RM'000
At 1 January 2007													
As previously reported	632,352	(29,082)	62,732	58,919	2,460	(2,158)	-	-	22,445	474,586	1,222,254	298,860	1,521,114
Effects of adoption of BNM/GP8	-	-	-	-	-	-	-	32,360	-	2,898	35,258	-	35,258
As restated	632,352	(29,082)	62,732	58,919	2,460	(2,158)	-	32,360	22,445	477,484	1,257,512	298,860	1,556,372
Losses on deemed disposal of shares in associated companies	-	-	-	-	-	-	-	-	(114)	-	(114)	-	(114)
Foreign currency translation differences	-	-	-	-	-	(2,280)	-	-	-	-	(2,280)	(544)	(2,824)
Share issue expenses	-	-	(1,100)	-	-	-	-	-	-	-	(1,100)	-	(1,100)
Realisation of gain on actual disposal of shares in associated companies:													
- gains previously recognised on deemed disposal	-	-	-	-	-	-	-	-	(2,511)	2,511	-	-	-
- other reserves	-	-	-	-	-	-	-	-	240	(240)	-	-	-
Share of other reserves in associated companies	-	-	-	-	-	-	-	-	(499)	-	(499)	-	(499)
Reserve arising from acquisition of additional shares in an indirect subsidiary company	-	-	-	-	-	-	-	-	-	35	35	(35)	-
Reserve arising from acquisition of additional shares in a subsidiary	-	-	-	-	-	-	-	-	-	146	146	(146)	-
Minority interest's share of reserves in associated companies	-	-	-	-	-	-	-	-	988	(777)	211	1	212
Transfer of reserve	-	-	-	-	-	-	52,522	-	-	(52,522)	-	-	-
Net change in fair value of securities available-for-sale	-	-	-	-	-	-	-	(55,634)	-	-	(55,634)	-	(55,634)
Total (expense)/income recognised directly in equity	-	-	(1,100)	-	-	(2,280)	52,522	(55,634)	(1,896)	(50,847)	(59,235)	(724)	(59,959)
Profit for the period	-	-	-	-	-	-	-	-	-	232,753	232,753	38,173	270,926
Total (expense)/income for the period	-	-	(1,100)	-	-	(2,280)	52,522	(55,634)	(1,896)	181,906	173,518	37,449	210,967
Dividend paid	-	-	-	-	-	-	-	-	-	(82,583)	(82,583)	-	(82,583)
Dividends paid to minority interests	-	-	-	-	-	-	-	-	-	-	-	(11,938)	(11,938)
Shares issued pursuant to private placement	25,000	-	31,250	-	-	-	-	-	-	-	56,250	-	56,250
Shares issued pursuant to exercise of ESOS	14,395	-	6,361	-	-	-	-	-	-	-	20,756	-	20,756
Share-based payment under ESOS due to modification	-	-	-	-	1,268	-	-	-	-	-	1,268	-	1,268
Reserve realised upon exercise of ESOS	-	-	-	-	(1,747)	-	-	-	-	1,747	-	-	-
Share-based payment under ESOS by subsidiary company	-	-	-	-	406	-	-	-	-	-	406	-	406
Share buybacks by the Company	-	(515)	-	-	-	-	-	-	-	-	(515)	-	(515)
Subscription of share by minority interests	-	-	-	-	-	-	-	-	-	-	-	147	147
Loss recouped from minority interests	-	-	-	-	-	-	-	-	-	-	-	(19)	(19)
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
Acquisition of additional shares in subsidiary company	-	-	-	-	-	-	-	-	-	-	-	(2,169)	(2,169)
As at 30 September 2007	671,747	(29,597)	99,243	58,919	2,387	(4,438)	52,522	(23,274)	20,549	575,049	1,423,107	334,645	1,757,752

(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 THIRD QUARTER ENDED 30 SEPTEMBER 2008

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Note	Current year to date ended 30.9.2008 RM'000	(Restated) Preceding year to date ended 30.9.2007 RM'000
Cash Flows From Operating Activities			
Profit before taxation		166,299	365,624
Adjustments for :-			
Interest expense		96,499	54,219
Profit payment on BaIDS		2,063	2,625
Accretion of discount on BaIDS		1,263	1,499
Interest income		(170,579)	(107,780)
Other non-cash and non-operating items		(60,372)	(52,703)
Share of results of associated companies, net of taxation		(4,586)	(9,310)
Operating profit before working capital changes		<u>30,587</u>	254,174
<i>(Increase)/Decrease in operating assets:</i>			
Deposits and placements with banks and other financial institutions		(710,890)	(440,100)
Loans, advances and financing		107,573	(88,860)
Statutory deposits with Bank Negara Malaysia		(28,564)	(53,701)
Property development costs		(25,613)	(87,153)
Other operating assets		842,878	(3,586,481)
<i>Increase/(Decrease) in operating liabilities:</i>			
Deposits from customers		1,693,810	2,007,561
Deposits and placements of banks and other financial institutions		-	(102,090)
Obligations on securities sold under repurchase agreements		6	-
Other operating liabilities		<u>(1,793,440)</u>	2,274,768
Net cash generated from operations		<u>116,347</u>	178,118
Income tax paid net of refund		(75,785)	(40,179)
Interest received		<u>158,700</u>	96,078
Net cash generated from operating activities		<u>199,262</u>	234,017
Cash Flows From Investing Activities			
Acquisition of additional investment subsidiary companies		-	(2,476)
Acquisition of additional investment in associated company		(11,475)	-
Acquisition of intangible assets		(1,954)	(4)
Dividend received		2,904	8,690
Interest received		7,706	1,172
Net cash inflow / (outflow) on acquisition of subsidiary companies	A22	82	(16,495)
Proceeds from disposal of shares in associated companies		-	56,925
Net purchase from property and equipment		(16,254)	(12,055)
Net disposal / (purchase) from securities		<u>9,642</u>	(12,302)
Net cash (used in) / generated from investing activities		<u>(9,349)</u>	23,455

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008 UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (Cont'd)

	Current year to date ended 30.9.2008 RM'000	(Restated) Preceding year to date ended 30.9.2007 RM'000
Cash Flows From Financing Activities		
Cash outflow from distribution of shares in a listed subsidiary company	(44,112)	-
Dividends paid to shareholders	(48,027)	(35,307)
Dividends paid to minority interests	(11,524)	(11,938)
Drawdown of term loan	-	70,000
Interest paid	(91,257)	(59,671)
Net drawdown of revolving credits/short term loans	(69,898)	109,078
Payments of BaIDS and borrowing expenses	(30)	(464)
Payments of BaIDS profits	(1,750)	(1,750)
Payments of finance lease instalments	(575)	(503)
Payments of share buybacks by the Company	(181)	(515)
Payments of share buybacks by a subsidiary company	(11)	-
Payments of share issue expenses	-	(1,101)
Proceeds from exercise of warrants in a subsidiary company	-	6
Proceeds from issuance of shares for ESOS exercised	1,243	20,756
Proceeds from issuance of shares for Private Placement	-	56,250
Proceeds from issuance of shares for subordinated loan notes	100,000	-
Proceeds from resale of treasury shares by a subsidiary company	-	8,804
Proceeds from rights issue in a subsidiary company	-	35,245
Proceeds from subscription of shares by minority shareholders	-	147
Repayment of commercial papers	-	(199,097)
Repayment of term loan	(21,519)	(17,277)
Repayment of BaIDS	(25,000)	-
Net cash used in financing activities	<u>(212,641)</u>	<u>(27,337)</u>
Net (decrease) / increase in cash and cash equivalents	(22,728)	230,135
Effects of exchange rate changes	19,684	(1,839)
Cash and cash equivalents at beginning of period	316,975	169,372
Cash and cash equivalents at end of period	<u>313,931</u>	<u>397,668</u>
Cash and cash equivalents at end of period comprised:		
Cash, bank balances and deposits - General accounts	313,931	419,610
Bank overdrafts	-	(21,942)
	<u>313,931</u>	<u>397,668</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 THIRD QUARTER ENDED 30 SEPTEMBER 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 Interpretations 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 120	Accounting for Government Grants and Disclosure of Government Assistance
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: Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

FRS 120 is 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 THIRD QUARTER ENDED 30 SEPTEMBER 2008

A1. Basis of Preparation (Cont'd)

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

The Group had not adopted the following FRSs and Interpretations which have effective dates as follows:

		<u>Effective for financial Period beginning on or after</u>
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010

(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 are classified as HFT where held for purpose of selling or repurchasing and shall be stated at fair value. Any gain or loss arising from a change in the fair value will be recognised in the income statement.

Interest is calculated using the effective interest method and 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 THIRD QUARTER ENDED 30 SEPTEMBER 2008

A1. Basis of Preparation (Cont'd)

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

(ii) Securities portfolio (Cont'd)

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

HTM investments are securities with fixed payments and maturity and the Group has positive intention and ability to hold to maturity. These investments are measured at amortised cost using the 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 classified as AFS securities and 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 is calculated using the effective interest method and is recognised in the income statement. Dividends on equity instruments are recognised in the income statement when the right to receive payment is established.

(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 THIRD QUARTER ENDED 30 SEPTEMBER 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 held-for-trading	-	396	141,848	142,244
Securities held-to-maturity	-	-	111,122	111,122
Securities available-for-sale	-	6,174	1,198,145	1,204,319
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	-	932,124	1,200,007
Other assets	-	-	3,116,421	3,116,421
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	-	-	(3,810,957)	(3,810,957)
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)	(35,078)	-	(853,524)
Minority interests	(377,225)	(37)	-	(377,262)
	1,163,671	-	-	1,163,671

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 30 September 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
Interest income	-	-	107,780	107,780
Interest expense	-	-	(58,343)	(58,343)
Other operating income	-	27,992	787,708	815,700
Other operating expenses	-	-	(506,519)	(506,519)
Allowance for losses on loans, advances and financing	-	-	(2,127)	(2,127)
Write back of bad and doubtful debts on trade and other receivables	-	-	347	347
Revenue	877,401	-	(877,401)	-
Operating expenses	(556,966)	-	556,966	-
Other income	33,799	-	(33,799)	-
Finance costs	(25,912)	-	25,912	-
Impairment loss	-	-	(524)	(524)
Share of profits of associated companies, net of taxation	9,310	-	-	9,310
Profit before taxation	337,632	27,992	-	365,624
Income tax expense	(87,226)	(7,472)	-	(94,698)
Profit after taxation for the period	250,406	20,520	-	270,926
Profit attributable to:				
Equity holders of the Company	212,351	20,402	-	232,753
Minority interests	38,055	118	-	38,173
	250,406	20,520	-	270,926

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A1. Basis of Preparation (Cont'd)

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 arising from the adoption of BNM/GP3.

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 the stock market; and the results of OSK Ventures International Berhad ("OSKVI") group, a subsidiary group of the Company, which is influenced by, amongst others, the share of results 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.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

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 958,200 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 RM1,245,774. 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 30/9/2008
27 Jun 2003	1.33	1,789,000	-	(9,000)	-	1,780,000
16 Mar 2004	1.95	5,314,040	-	(3,000)	(29,500)	5,281,540
29 Apr 2005	1.18	1,208,000	-	(327,100)	-	880,900
3 May 2006	1.36	4,977,700	-	(619,100)	-	4,358,600
		13,288,740	-	(958,200)	(29,500)	12,301,040

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

(b) Share buybacks / Treasury shares of the Company

During the current year to date, the Company has purchased 100,000 ordinary shares of RM1 each for a total cash consideration of RM180,774 from the open market at an average price of RM1.81 per share. The shares repurchased are being held as treasury shares and treated in accordance with the requirements of Section 67A of the Companies Act, 1965. Details of share buybacks for the current year to date are as follows:

	Number of shares	Highest price RM	Lowest price RM	Average cost (included transaction costs) RM	Total amount paid RM
As at 1 January 2008	24,046,412	2.82	0.90	1.23	29,597,121
May 2008	100,000	1.80	1.80	1.81	180,774
	100,000	1.80	1.80	1.81	180,774
As at 30 September 2008	24,146,412	2.82	0.90	1.23	29,777,895

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

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A6. Dividend paid

A final dividend of 10.0 sen per share less 27% income tax amounted to RM48,026,653 in respect of the preceding financial year ended 31 December 2007 was paid on 22 May 2008.

A7. Securities portfolio

(a) Securities held-for-trading

	As at 30.9.2008 RM'000	(Restated) As at 31.12.2007 RM'000
<i>At fair value</i>		
Money market instruments:		
Malaysian Government Securities	-	78,884
	-	78,884
Quoted securities:		
Shares and warrants in Malaysia	12,613	28,506
Shares outside Malaysia	1,604	21,874
Unit trusts in Malaysia	3,201	12,980
	17,418	63,360
	17,418	142,244

(b) Securities held-to-maturity

At cost

Unquoted securities:

Redeemable loan note outside Malaysia	-	11,122
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At amortised cost

Money market instruments:

Negotiable instruments of deposit	270,000	100,000
Bankers' acceptance	6,093	-
Malaysian Government Investment Issues	70,353	-
	346,446	111,122

Unquoted securities:

Private debt securities in Malaysia	84,717	-
	84,717	-
	431,163	111,122

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A7. Securities portfolio (Cont'd)

(c) Securities available-for-sale

	As at 30.9.2008 RM'000	(Restated) As at 31.12.2007 RM'000
<i>At fair value</i>		
Money market instruments:		
Bank Negara Malaysia Monetary Notes	-	30,000
Bankers' acceptance	368,897	20,161
Cagamas bonds	4,982	4,996
Khazanah bonds	28,947	28,128
Malaysian Government Securities	187,403	29,955
Malaysian Government Investment Issues	62,652	59,829
Negotiable instruments of deposit	30,113	20,059
	682,994	193,128
Quoted securities:		
Shares and warrants in Malaysia	21,557	13,571
USD Class Bonds outside Malaysia	189	194
	21,746	13,765
Unquoted securities:		
Shares in Malaysia	2,855	2,855
Shares outside Malaysia	68,347	63,843
Private debt securities in Malaysia	1,109,190	930,728
Trust units in Malaysia	149	-
	1,180,541	997,426
	1,885,281	1,204,319

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A8. Loans, advances and financing

	As at 30.9.2008 RM'000	(Restated) As at 31.12.2007 RM'000
Term loans / financing	378,721	381,701
Revolving credit	1,303	10,934
Staff loans	964	-
Share margin financing	722,752	817,950
	1,103,740	1,210,585
Less: Unearned interest and income	(2,723)	(2,017)
	1,101,017	1,208,568
Allowance for bad and doubtful debts		
- general	(5,792)	(5,826)
- specific	(4,133)	(2,735)
	1,091,092	1,200,007

(a) Analysis of gross loans, advances and financing

(i) Analysed by type of customers:

Domestic business enterprises		
- Small and medium enterprises	420,925	287,811
- Others	59,040	264,437
Individuals	609,914	656,320
Foreign entities	11,138	-
	1,101,017	1,208,568

(ii) Analysed by interest rate sensitivity:

Fixed rate	1,034,256	904,765
Variable rate - Cost plus	66,761	303,803
	1,101,017	1,208,568

(iii) Analysed by economic purpose:

Working capital	168,043	86,411
Purchase of securities	921,445	935,742
Other purposes	11,529	186,415
	1,101,017	1,208,568

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

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

(b) Non-performing loans/financing (NPL/NPF)

	As at 30.9.2008 RM'000	(Restated) As at 31.12.2007 RM'000
Purchase of securities	29,007	17,089
Gross NPL	<u>29,007</u>	<u>17,089</u>
(i) Movement in NPLs		
At beginning of period/year	17,089	42,830
Classified as non-performing	37,514	22,922
Reclassified as performing	(733)	(31,080)
Amount recovered	(24,863)	(17,583)
At end of period/year	<u>29,007</u>	<u>17,089</u>
Specific allowance	(4,133)	(2,735)
Net non-performing loans, advances and financing	<u>24,874</u>	<u>14,354</u>
Ratio of net NPL and financing to net loans and financing	<u>2%</u>	<u>1%</u>
(ii) Movement in allowance for bad and doubtful debts:		
General allowance		
At beginning of period/year	5,827	-
Allowance made	(35)	5,826
At end of period/year	<u>5,792</u>	<u>5,826</u>
As % of gross loan, advances and financing less specific allowance	<u>0.5%</u>	<u>0.5%</u>
Specific allowance		
At beginning of period/year	2,735	1,919
Allowance made	8,997	861
Allowance written back	(7,620)	-
Amount recovered	-	(45)
Exchange difference	21	-
At end of period/year	<u>4,133</u>	<u>2,735</u>

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A9. Other assets

	As at 30.9.2008 RM'000	(Restated) As at 31.12.2007 RM'000
Security deposits and statutory funds	2,771	2,669
Trade receivables	1,484,768	3,074,791
Other receivables, deposits and prepayments	48,785	31,273
Tax recoverable	16,232	7,460
Transferable golf memberships	228	228
	1,552,784	3,116,421

A10. Deposits from customers

(a) By type of deposit

Fixed deposits	1,722,436	1,262,398
Negotiable instruments of deposit	368,753	278,600
Short term deposits	1,188,341	532,600
Mudharabah general deposits	487,878	-
	3,767,408	2,073,598

(b) By type of customer

Government and statutory bodies	382,384	27,000
Domestic bank financial institutions	20,000	-
Domestic non-bank financial institutions	2,505,256	1,710,354
Business enterprises	758,497	295,043
Foreign entities	100	550
Individuals	87,695	27,324
Others	13,476	13,327
	3,767,408	2,073,598

A11. Other liabilities

Interest/Profit payable	21,278	19,487
Trade payables	1,848,598	3,560,319
Other payables, deposits and accruals	204,546	227,890
Amount due to an associated company	6,986	3,261
	2,081,408	3,810,957

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A12. Interest income

	Current quarter ended 30.9.2008 RM'000	(Restated) Comparative quarter ended 30.9.2007 RM'000	Current year to date ended 30.9.2008 RM'000	(Restated) Preceding year to date ended 30.9.2007 RM'000
Loans, advances and financing:				
<i>Other than recoveries from NPL</i>	15,124	2,549	32,561	10,852
<i>Recoveries from NPLs</i>	947	886	1,949	994
Securities portfolio:				
<i>Securities held-for-trading</i>	63	-	506	-
<i>Securities available-for-sale</i>	16,464	16,609	45,567	34,484
<i>Securities held-to-maturity</i>	2,127	-	2,335	-
Deposits and placements with financial institutions	17,127	16,743	37,802	20,261
Stock-broking and futures and options broking clients	6,946	6,052	30,786	41,106
Others	596	21	1,820	83
	59,394	42,860	153,326	107,780
Amortisation of premium less accretion of discount	6,066	-	11,146	-
	65,460	42,860	164,472	107,780

A13. Interest expense

Accretion of discount on BaIDS	367	518	1,263	1,499
Borrowings	3,944	7,878	12,297	13,582
Commercial papers	183	1,031	183	5,452
Deposits from customers	31,360	12,822	75,814	29,758
Deposits and placements of financial institutions	35	56	35	712
Finance lease	14	49	50	85
Obligations on securities sold under repurchase agreements	2	1,876	9	4,607
Profit payment on BaIDS	594	875	2,063	2,625
Others	2,496	-	2,869	23
	38,995	25,105	94,583	58,343

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A14. Other operating income

(a) Fees and commission

	Current quarter ended 30.9.2008 RM'000	(Restated) Comparative quarter ended 30.9.2007 RM'000	Current year to date ended 30.9.2008 RM'000	(Restated) Preceding year to date ended 30.9.2007 RM'000
Advisory, agency and arrangement fees	7,600	4,778	19,883	13,011
Administrative charges, carrying charges and facility fees	2,781	2,689	10,299	7,009
Financial planning fees	100	-	100	-
Commission	1,195	2,820	7,138	6,565
Fees earned from management of unit trust funds	12,037	10,390	38,027	26,703
Gross brokerage fees	54,925	162,491	220,326	461,306
Placement fees	862	3,579	6,339	11,395
Loan processing, facility and commitment fees	1,213	5,638	5,231	10,608
Service charges on sale of trust units	1,519	13,504	14,974	68,345
Trustee and will-writing fees	1,491	1,185	4,329	2,976
Others	448	2,419	1,214	2,853
	84,171	209,493	327,860	610,771

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

Securities held-for-trading	(4,358)	(1,975)	(12,185)	275
Securities available-for-sale	93	3,911	447	52,509
Derivative financial instruments	3,917	(29,094)	75,880	18,413
Investments in associated companies	-	-	-	25,465
	(348)	(27,158)	64,142	96,662

(c) Gross dividend income

Securities held-for-trading	732	2,212	2,003	4,884
Securities available-for-sale	976	-	976	-
	1,708	2,212	2,979	4,884

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A14. Other operating income (Cont'd)

	Current quarter ended 30.9.2008 RM'000	(Restated) Comparative quarter ended 30.9.2007 RM'000	Current year to date ended 30.9.2008 RM'000	(Restated) Preceding year to date ended 30.9.2007 RM'000
(d) Unrealised gain/(loss) on revaluation of trading securities and derivatives				
Securities held-for-trading	44	24,606	(5,083)	23,844
Derivative financial instruments	39,474	39,523	3,103	4,148
Future contract	-	(12)	-	(12)
	39,518	64,117	(1,980)	27,980
(e) Unrealised gains/ (losses) from derivatives unexpired structured warrants	(34,334)	-	(34,334)	-
	(34,334)	-	(34,334)	-
(f) Unrealised gains/ (losses) from foreign exchange translations	695	1,024	5,459	256
	695	1,024	5,459	256
(g) Others				
Net gain on disposal of plant and equipment (net)	27	3	68	3
Realised gain on foreign exchange	945	1,593	4,234	8,504
Office rental	5,546	2,978	13,826	5,660
Revenue from property development projects	31,547	24,650	76,371	56,575
Sales of oil palm product	206	130	1,263	755
Reversal of provision for legal compensation and interest costs	-	-	59,219	-
Negative goodwill on share buybacks by a subsidiary company	-	-	3,180	-
Others	1,291	1,068	2,780	3,650
	39,562	30,422	160,941	75,147
	130,972	280,110	525,067	815,700

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A15. Other operating expenses

	Current quarter ended 30.9.2008 RM'000	(Restated) Comparative quarter ended 30.9.2007 RM'000	Current year to date ended 30.9.2008 RM'000	(Restated) Preceding year to date ended 30.9.2007 RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	41,290	48,411	125,758	122,629
Pension costs, defined contribution plan	3,169	3,134	13,531	9,035
Others	2,439	549	7,288	4,743
	46,898	52,094	146,577	136,407
(b) Promotional, marketing and trading expenses				
Advertisement and promotion	2,984	4,144	6,964	7,413
Commission	15,182	67,573	68,312	210,764
Fees and charges	6,289	11,523	23,204	27,033
Property development costs	24,843	19,571	59,392	45,711
Others	34	368	250	1,154
	49,332	103,179	158,122	292,075
(c) Establishment related expenses				
Depreciation and amortisation	3,919	3,542	11,202	10,546
Rental of equipment	1,388	554	4,376	1,659
Rental of premises	5,420	2,122	12,577	6,104
Information technology expenses	616	838	1,824	2,583
Repair and maintenance	1,506	1,238	3,984	3,496
Utility expenses	1,835	1,464	4,622	3,397
Others	1,440	1,834	4,846	4,685
	16,124	11,592	43,431	32,470
(d) General administrative expenses				
Communication expenses	1,619	2,880	5,053	7,744
Legal and professional fees	4,719	1,526	13,027	6,070
Others	10,869	12,190	34,567	31,753
	17,207	16,596	52,647	45,567
	129,561	183,461	400,777	506,519

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A16. (Write back)/allowance for losses on loans, advances and financing

	Current quarter ended 30.9.2008 RM'000	(Restated) Comparative quarter ended 30.9.2007 RM'000	Current year to date ended 30.9.2008 RM'000	(Restated) Preceding year to date ended 30.9.2007 RM'000
Specific allowance				
Made	1,432	-	8,997	-
(Written back)	(4,873)	(116)	(7,620)	-
General allowance (net)				
Made/(Written back)	201	1,207	(35)	1,333
Bad debts on loans and financing				
Recovered	-	-	(300)	-
Written off	49	2	52	794
	(3,191)	1,093	1,094	2,127

A17. Allowance/(Write back) for bad and doubtful debts on trade and other receivables

Specific allowance				
Made	1,751	6,333	8,529	15,143
(Written back)	(1,210)	(3,206)	(7,523)	(9,721)
General allowance				
Made/(Written back)	(4)	(21)	(12)	(102)
Bad debts				
Recovered	(59)	(505)	(79)	(5,667)
Written off	13	-	42	-
	491	2,601	957	(347)

A18. Impairment loss

Impairment for securities available-for-sale	-	524	22,000	524
	-	524	22,000	524

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A19. Segmental information

Please refer to Appendix I.

A20. Valuations of property, plant and equipment

There were no revalued property, plant and equipment as at 30 September 2008.

A21. Material events subsequent to the end of the quarter

Acquisition of the entire issued and paid-up share capital of Stretto Capital Pte Ltd (“Stretto”)

On 13 October 2008, OSKIB via its wholly-owned subsidiary in Singapore, OSK International Investments Pte Ltd, completed the Acquisition as per the terms of the Share Purchase Agreement dated 17 September 2008. By virtue of the Acquisition, Stretto has become an indirect wholly-owned subsidiary of OSKIB and the Company.

OSKIB had on 17 September 2008 entered into a conditional Share Purchase Agreement (“SPA”) with Messrs (1) Kong Wai Mun, (2) Low Kwong Choong and (3) Lim Ka Ming (hereinafter referred as “the Vendors”) to acquire the entire issued and paid-up share capital of Stretto (comprising 150,000 ordinary shares as at the date of the SPA together with such other new ordinary shares which may be issued to the Vendors on or before completion) for the total purchase consideration of SG\$199,000 (equivalent to approximately RM479,000) (“Purchase Consideration”) in cash (“Proposed Acquisition”).

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A22. Changes in the composition of the Group

- (a) Acquisition of shares in Ever Bloom International Investment Limited ("EBII") (now known as OSK Asset Management Hong Kong Limited) by OSK Holdings Limited (now known as OSKH Hong Kong Limited ("OSKHhk")) ("the Acquisition of EBII")

On 11 January 2008, OSKHhk, 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 OSKHhk 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. OSKHhk 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.

Subsequently, EBII changed its name to OSK International Investment Hong Kong Limited.

- (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) Incorporation of DMG & Partners Research Pte Ltd

On 5 May 2008, DMG & Partners Securities Pte Ltd ("DMG"), 51%-owned subsidiary of OSKIB, incorporated a new wholly-owned subsidiary company, DMG & Partners Research Pte Ltd, to carry out equities advisory services. DMG & Partners Research Pte Ltd was incorporated in Singapore under the Companies Act (Cap 50) and is a private company limited by shares. Presently, DMG & Partners Research Pte Ltd has an initial issued and paid-up capital of SG\$1.00 and it has yet to commence operations.

DMG is a 51%-owned subsidiary of OSK Investment Bank Berhad which in turn, is a wholly-owned subsidiary of the Company.

On 1 July 2008, DMG increased its investment in DMG & Partners Research Pte Ltd, from SG\$1 to SG\$175,000.

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A22. Changes in the composition of the Group (Cont'd)

(d) Establishment of OSK (China) Investment Advisory Co. Ltd (“OSKCIA”) in Shanghai, China

On 9 May 2008, OSK Holdings Hong Kong Limited (“OSKHhk”) has received the business license to establish a new subsidiary, namely OSK (China) Investment Advisory Co. Ltd (“OSKCIA”) in Shanghai, the People’s Republic of China. The said business license dated 7 May 2008 was issued by the Shanghai Administration of Industry and Commerce.

OSKCIA is a wholly-owned subsidiary of OSKHhk, a 91%-owned subsidiary of OSK Investments Bank Berhad, which is a wholly-owned subsidiary of the Company. 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.

(e) Acquisition and Subscription of shares in Wise Talent Investment Limited (“WTI”) by OSK Holdings Hong Kong Limited (“OSKHhk”) (Now know as OSK Wealth Management Hong Kong Limited)

On 21 May 2008, OSKHhk 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 OSKHhk (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 OSKHhk 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.

OSKHhk is a 91%-owned subsidiary of OSK Investments Bank Berhad which in turn is a wholly-owned subsidiary of OSKH.

On 27 May 2008, WTI has change its name to OSK Asia Wealth Management Limited.

(f) Acquisition of shares in Pine Avenue Sdn. Bhd. by OSK Property Holdings Berhad (“OSKPH”)

On 11 June 2008, OSKPH acquired a shelf company, Pine Avenue Sdn. Bhd. (“PASB”) comprising two (2) ordinary shares of RM1.00 each for a cash consideration of Ringgit Malaysia Two (RM2.00) only to become a wholly-owned subsidiary of OSKPH.

PASB was incorporated in Malaysia under the Companies Act, 1965 on 8 May 2008 with an authorised share capital of RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each. PASB is presently a dormant company and its principal business activity would be in property management and development.

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A22. Changes in the composition of the Group (Cont'd)

(g) Subscription of shares in Rimulia Sdn. Bhd. ("Rimulia") by OSK Property Holdings Berhad ("OSKPH")

On 19 June 2008, OSKPH entered into a Subscription Agreement ("Subscription Agreement") with Rimulia and its existing shareholders, for the subscription of 510,000 ordinary shares of RM1.00 each at par, representing 51.00% of the enlarged issued and paid-up share capital of Rimulia Sdn. Bhd. ("Subscription Shares") for an aggregate subscription price of RM510,000.00 only ("Proposed Subscription").

Pursuant to the Subscription Agreement, an existing shareholder shall subscribe 489,998 ordinary shares of RM1.00 each at par, representing 48.99% of the enlarged issued and paid-up share capital of Rimulia for an aggregate subscription price of RM489,998.00.

Rimulia is a company incorporated in Malaysia under the Companies Act, 1965 on 29 September 2003 with an authorised share capital of RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each and an issued and paid-up capital of RM2.00. The principal activity of Rimulia is property development.

On 24 June 2008, OSKPH completed the Proposed Subscription. Effectively, Rimulia has become a 51%-owned subsidiary company of OSKPH.

(h) Establishment of Commercial Bank in Cambodia by OSKIB

On 18 July 2008, the Minister of Commerce of the Kingdom of Cambodia has approved and issued a certificate for the incorporation of OSK Indochina Bank Limited ("OSKIBL") effective 9 July 2008. Bank Negara Malaysia had on 23 April 2008 approved OSKIB's proposal to establish a wholly-owned subsidiary in Cambodia to undertake commercial banking activities.

OSKIBL has an issued and paid-up share capital of USD13,000,000.00 divided into 13,000,000 ordinary shares of USD1.00 each, all of which are owned by the Company's wholly-owned subsidiary, OSKIB. Upon incorporation, OSKIBL has become a wholly-owned subsidiary of OSKIB and an indirect subsidiary of the Company.

On 10 October 2008, OSKIBL officially commenced business at No. 263, Preah Ang Duong Street, Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh, Cambodia.

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A22. Changes in the composition of the Group (Cont'd)

- (i) Subscription of Share by OSK Investment Bank Berhad (“OSKIB”) in PT Nusadana Capital Indonesia (“PTNCI”), now known as PT OSK Nusadana Securities (“OSKNS”)

On 8 August 2008, OSKIB completed the subscription of shares in PTNCI with all approvals from the relevant authorities in Malaysia and Indonesia for the subscription of shares.

Pursuant to a conditional Shares Subscription Agreement (“SSA”) dated 8 April 2008 entered between OSKIB, a wholly-owned subsidiary company of the Company, 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.

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 subscription of shares in PTNCI, PTNCI issued the Subscribed Shares to OSKIB with a subscription price of Rp201,968,800,100 (“Subscription Price”). In relation to the said issuance, PTNCI increased 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 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>

By virtue of the completion of the Proposed Subscription, PTNCI has become a 51%-owned subsidiary company of OSKIB and an indirect subsidiary of the Company.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A22. Changes in the composition of the Group (Cont'd)

- (j) Distribution-in-specie of 117,983,125 ordinary shares of RM1.00 each in OSK Property Holdings Berhad ("OSKPH") to shareholders of the Company ("the Distribution")

On 30 September 2008, the Company completed the Distribution after receiving the necessary approvals from the relevant regulatory authorities and shareholders. The Company undertook the 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. Effectively, OSKPH is no longer a subsidiary company of the Company.

As a condition for granting OSK Investment Bank Berhad ("OSKIB"), 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 Distribution will allow the Company to comply with the said condition.

The 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 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 Distribution would reward shareholders of the Company through their direct equity participation in OSKPH.

Consequently, pursuant to Condition 2 of the Second Schedule and Clause 2(b)(iii)(1) of the Memorandum to the Deed Poll dated 6 January 2000 as amended by the supplemental deed poll dated 30 November 2004 ("Deed Poll") constituting the 2000/2010 Warrants B ("2000/2010 Warrants B"), notice is hereby given that the subscription price of the 2000/2010 Warrants B will be revised downwards from RM2.23 to RM1.79. The adjustment to the subscription price of the 2000/2010 Warrants B will take effect from 9.00 a.m. on 24 September 2008, being the day next following the entitlement date for the Distribution of 23 September 2008, in accordance with Condition 2 of the Second Schedule and Clause 2(b)(iii)(1) of the Memorandum to the Deed Poll. The adjustment was made in accordance with the provisions of the Deed Poll in order to ensure that the status of the holders of the 2000/2010 Warrants B will not be prejudiced after the Distribution.

- (k) Incorporation of OSK International Investments Pte Ltd ("OSKII") by OSKIB

OSK Investment Bank Berhad ("OSKIB"), a wholly-owned subsidiary of the Company, has on 30 September 2008 incorporated a private limited company, namely OSK International Investments Pte Ltd ("OSKII") in Singapore under the Companies Act (Cap 50) to carry out business as an investment holding company.

OSKIB has subscribed for one (1) ordinary share of SG\$1.00 each in OSKII representing 100% of the paid-up capital of OSKII. Effectively, OSKII has become an indirect subsidiary of the Company.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A22. 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'000
Purchase consideration satisfied by cash	76,123
Costs attributable to the acquisitions, paid in cash	6,410
Total cost of acquisitions	<u>82,533</u>
Cash and cash equivalents of subsidiary companies acquired	<u>(82,615)</u>
Net cash outflow of the Group	<u>(82)</u>

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

	Date of acquisitions to 30.9.2008 RM'000
Revenue	4,149
Loss before taxation	(851)
Loss for the period	<u>(923)</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 30.9.2008 RM'000
Revenue	18,494
Profit before taxation	3,600
Profit for the period	<u>2,960</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'000
Cash and bank balances	82,615
Securities available-for-sale	49
Land held for property development	7
Other assets	101,365
Property and equipment	1,096
Deferred tax assets	235
Other liabilities	(65,737)
Tax payable	(1,258)
Borrowings	(173)
Fair value of total net assets	<u>118,199</u>
Minority interests	<u>(57,951)</u>
Group's share of net assets	60,248
Add: Goodwill on consolidation	<u>22,285</u>
Total acquisition costs	<u>82,533</u>

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A23. Commitments and contingencies

Please refer to Appendix II.

A24. Interest/profit rate risk

Please refer to Appendix III.

A25. 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:

		(Restated)
	OSKIB	OSKIB
	As at	As at
	30.9.2008	31.12.2007
	RM'000	RM'000
Tier I capital		
Issued and fully paid share capital	630,000	630,000
Retained profits	16,195	81,740
Statutory reserve	152,498	89,982
	798,693	801,722
Less: Goodwill	(46,516)	(46,516)
Less: Deferred tax assets	(8,901)	(4,758)
Less: Net deficit reserve on revaluation	(6,396)	-
Total Tier I capital	736,880	750,448
Tier II capital		
General allowance for bad and doubtful debts and financing	3,095	4,115
Subordinated Debt Capital	100,000	-
Total Tier II capital	103,095	4,115
Total capital	839,975	754,563
Less: Investments in subsidiary companies	(330,638)	(206,292)
Capital base	509,337	548,271
Core capital ratio	25.37%	26.25%
Risk-weighted capital ratio	25.37%	26.25%

OSKIB implemented its Basel II weighted assets computation under the Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework with effect from 1 January 2008. The Bank has adopted the Standardised Approach for credit risk and market risk and Basic Indicator Approach for operational risk computation.

The comparative figures have not been restated to comply with Basel II as the requirements for Basel II risk weighted assets computation took effect from 1 January 2008.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A26. Operations of Islamic Banking

The Islamic Banking operations of the investment banking subsidiary, OSK Investment Bank Berhad ("OSKIB") are as follows:

(a) OSK INVESTMENT BANK BERHAD

UNAUDITED CONDENSED BALANCE SHEET AS AT 30 SEPTEMBER 2008

	Note	OSKIB As at 30.9.2008 RM'000	OSKIB As at 31.12.2007 RM'000
ASSETS			
Cash and short-term funds - General accounts		619	-
Deposits and placement with banks and other financial institutions		402,520	-
Securities portfolio - Securities held-to-maturity		134,829	-
Other assets	A26(c)	1,098	-
Statutory deposit with Bank Negara Malaysia		3	-
Plant and equipment		20	-
TOTAL ASSETS		539,089	-
LIABILITIES			
Deposits from customers	A26(d)	487,878	-
Other liabilities	A26(e)	755	-
Tax payable		119	-
TOTAL LIABILITIES		488,752	-
ISLAMIC BANKING CAPITAL FUNDS			
Islamic banking funds		50,000	-
Reserves		337	-
TOTAL ISLAMIC BANKING CAPITAL FUNDS		50,337	-
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		539,089	-

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A26. Operations of Islamic Banking (Cont'd)

(b) OSK INVESTMENT BANK BERHAD UNAUDITED CONDENSED INCOME STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

	OSKIB Current quarter ended 30.9.2008 RM'000	OSKIB Comparative quarter ended 30.9.2007 RM'000	OSKIB Current year to date ended 30.9.2008 RM'000	OSKIB Preceding year to date ended 30.9.2007 RM'000
Income derived from investment of depositors' funds and others	5,496	-	6,107	-
Income attributable to the depositors	(4,502)	-	(5,242)	-
Transfer from/(to) profit equalisation reserve	(108)	-	(108)	-
	886	-	757	-
Income attributable to the depositors and others	-	-	-	-
Income attributable to OSKIB	886	-	757	-
Other operating expenses	(145)	-	(300)	-
Profit before zakat and tax expense	741	-	457	-
Zakat	-	-	-	-
Taxation	(193)	-	(119)	-
Profit after zakat and tax expense	548	-	338	-

Net income from Islamic banking business as reported in the income statements of the Group is derived as follows :-

Income derived from investment of depositors' funds	5,496	-	6,107	-
Income attributable to the depositors	(4,502)	-	(5,242)	-
Transfer to profit equalisation reserve	(108)	-	(108)	-
	886	-	757	-

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A26. Operations of Islamic Banking (Cont'd)

	OSKIB As at 30.9.2008 RM'000	OSKIB As at 31.12.2007 RM'000
(c) Other assets		
Income receivables	<u>1,098</u>	-
(d) Deposits from customers		
(i) By type of deposit		
Mudharabah general deposits	<u>487,878</u>	-
(ii) By type of customer		
Government and statutory bodies	181,384	-
Domestic non-bank financial institutions	112,180	-
Business enterprises	<u>194,314</u>	-
	<u>487,878</u>	-
(e) Other liabilities		
Profit payables	647	-
Profit equalisation reserve	<u>108</u>	-
	<u>755</u>	-

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

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

The OSK Group recorded a satisfactory performance for Q3 2008 despite the weak market condition. For the quarter under review, the Group recorded a pre-tax profit of RM29.04 million. The Group's recorded profit after tax (after minority interest) of RM19.59 million for Q3 2008 as compared to RM71.02 million in the corresponding period last year, which translated into earnings per share of 3.02 sen and 11.01 sen respectively. The Group attained revenues of RM201.93 million for the same period, representing a decline of 37% as compared to RM322.97 million for the corresponding period in 2007.

For the 9-month period ended 30 September 2008, the Group recorded a pre-tax profit of RM166.30 million as compared to the previous corresponding period of RM365.62 million. The Group's revenue declined from RM923.48 million for the 9 months in 2007 to RM636.43 million in the corresponding period this year.

The decline in the Group's performance for Q3 and the 9-month period in 2008 are in line with the slow down in the global capital markets activities. The global and regional capital markets started to slow down in the fourth quarter of 2007 and have since worsen due to the global financial turmoil. The expectations of a recession in the US, Europe and other major economies have collectively caused further uncertainties in the global capital markets. These concerns and uncertainties persisted in Q3 2008, which adversely affected all capital market intermediaries, including the OSK Group.

The key contributors to the Group's performance for the 9-month period under review in 2008 was from OSK Investment Bank Berhad and its subsidiaries, which accounted for about 95% of the total pre-tax profit. The investment banking segment recorded strong performance, particularly from derivatives and structured products, corporate finance and treasury.

The investment banking segment accounted for 39% of the Group's pre-tax profit and recorded 45% decline as compared to the 9 months in 2007, which was partly due to impairment loss on debt securities of RM22.00 million provided in Q2 this year. Further, a sum of RM41.28 million arising from derivatives and securities was excluded from this year's operating profit and credited into opening retained profits as at 1 January 2008 in accordance with the requirements of BNM/GP8 issued by BNM. Otherwise, the investment banking segment would have recorded a growth of 10% for 9-month period in 2008 as compared to last year's corresponding period. The Malaysian equities and futures business contributed about 35% of the Group's pre-tax profit, while the foreign subsidiaries contributed approximately 13%. The unit trust and equity financing business continued to contribute positively with pre-tax profit of RM9.49 million and RM3.54 million respectively.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

B1. Performance review of the Company and its principal subsidiaries for the current quarter and year to date (Cont'd)

The properties segment performed well for the 9 months in 2008 with pre-tax profit of RM15.48 million, representing 67% increase as compared to last year's corresponding period's contribution. On 30 September 2008, the Company completed the distribution of shares in a subsidiary company, OSK Property Holdings Berhad ("OSKPH"), as a condition by Bank Negara Malaysia and the Securities Commission for granting OSK Investment Bank Berhad, a wholly-owned subsidiary of the Company, a licence to operate as an investment bank, . As a result of the distribution of shares, the Company ceased control in OSKPH and the results of OSKPH Group only consolidated up to 30 September 2008.

The private equity business recorded losses of RM4.28 million for the 9-month period due to the share of associated companies' losses. Also, there was no major divestment of investments undertaken by the private equity business during the period under review.

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 RM29.04 million for Q3 2008, compared to RM72.09 million achieved in the immediate preceding quarter. The Group was able to maintain a satisfactory performance despite the slow down in the global capital markets activities due to the global financial and economic crisis.

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

(a) Current year prospects

(Commentary on the rest of year)

Amidst the uncertain global economic crisis, capital market activities in the countries which the Group operates will slow down further in the remaining of 2008. Despite the challenging circumstances for the rest of the year, the Group remains fundamentally strong with healthy financials and we expect it to remain profitable.

While the equities and futures businesses still rely heavily on the volumes of trading in regional markets, the Group's other activities will help to partly buffer the slowdown in the business.

In Malaysia, the Group commenced its Islamic banking business on 1 April 2008 and this will further expand the Group's income stream. The Group ventured into the regional markets with investments in Indonesia and Cambodia in the second half of this year. These investments will strengthen the Group's regional infrastructure and the Board believes that they will enhance the future performance of the Group and increase the shareholders' value.

In view of the serious current global economic crisis and the likely for the deterioration of the economic environment, the Group will continue to practise prudent risk management and with good business strategies to meet the challenges going forward. The Board is confident that the Group will be able to weather through the current financial crisis and we firmly believe that the Group will emerge stronger.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 30.9.2008 RM'000	Current year to date ended 30.9.2008 RM'000
In respect of the current quarter / year to date		
- Malaysian income tax	2,201	30,762
- Foreign income tax	1,292	5,060
- Deferred taxation	1,400	(3,292)
	<hr/> 4,893	<hr/> 32,530
In respect of the prior year		
- Malaysian income tax	496	585
- Foreign income tax	(9)	(1,024)
	<hr/> <hr/> 5,380	<hr/> <hr/> 32,091

The effective tax rate for the year to date is lower than the statutory tax rate of 26% mainly due to reversal of provision for legal costs and compensation which offset against 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.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

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 30.9.2008 RM'000	Current year to date ended 30.9.2007 RM'000
Total purchase consideration	<u>34,396</u>	<u>57,685</u>
Total sale proceeds	<u>37,807</u>	<u>71,421</u>
Net loss on disposals	<u>(3,063)</u>	<u>(5,955)</u>

- (b) Investments in quoted securities (including listed associated companies) as at 30 September 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	16,023
Outside Malaysia	<u>18,977</u>	<u>228</u>
	<u>160,742</u>	<u>16,251</u>
Fair value adjustments	-	(2,337)
Share of post-acquisition reserves	<u>51,659</u>	-
	<u>212,401</u>	<u>13,914</u>
Market value of quoted shares:		
In Malaysia	63,412	13,760
Outside Malaysia	<u>11,254</u>	<u>154</u>
	<u>74,666</u>	<u>13,914</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 THIRD QUARTER ENDED 30 SEPTEMBER 2008

B9. Status of corporate proposals and utilisation of proceeds

(a) Status of corporate proposals announced but not completed as at 21 November 2008

- (i) 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.

On 25 June 2008, the High Court of Malaya granted of a Vesting Order to facilitate the transfer of the business of UOBT to OSKT and the transfer of the business from UOBT to OSKT shall be completed within 90 days.

The Trustees Business Merger is subject to:

- a) the approval of Companies Commission of Malaysia, Securities Commission and/or other relevant authorities; and
- b) the shareholders' approvals of OSKT and UOBT to the BMA.

The Trustees Business Merger is expected to be completed by the fourth quarter of 2008.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

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

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

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

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:-

	RM'000
Deposits from customers as disclosed in A10	3,767,408
Obligations on securities sold under repurchase agreements	247
Borrowings	177,100
Subordinated notes	100,000
	<u>4,044,755</u>
Borrowings consist of:	
<u>Short term:</u>	
<i>Unsecured</i>	
Revolving credits	127,400
Bank loans denominated in HKD	2,315
	<u>129,715</u>
<i>Secured</i>	
Syndicated term loan	25,000
Finance lease payables denominated in SGD	657
Finance lease payables denominated in IDR	14
	<u>25,671</u>
	<u>155,386</u>
<u>Long term:</u>	
<i>Secured</i>	
Syndicated term loan	21,666
Finance lease payables denominated in SGD	48
	<u>21,714</u>

B11. Off balance sheet financial instruments

As at 21 November 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 other than as disclosed in A23.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

B12. Material litigation

As at 21 November 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.

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. The said Notice of Appeal which was fixed for hearing on 10 November 2008 has now been adjourned to 2 March 2009.

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 adjourned for mention on 10 November 2008 has been further adjourned to 2 March 2009.

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.

B13. Dividend

- (a) No dividend has been declared for the current quarter as well as for the comparative quarter ended 30 September 2007.
- (b) An interim dividend of 5.0 sen per share less 26% income tax in respect of the current year to date has been paid on 21 October 2008 (the previous corresponding period of 10.0 sen per share less 27% income tax).

Total dividend for the current year to date is 5.0 sen per share less 26% income tax.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

B14. Earnings Per Share (“EPS”) attributable to equity holders of the Company

	(Restated)		(Restated)
	Current	Comparative	Current year
	quarter	quarter	to date
	ended	ended	ended
	30.9.2008	30.9.2007	30.9.2008
			Preceding
			year to date
			ended
			30.9.2007
<u>Basic EPS</u>			
Profit attributable to equity holders of the Company (RM'000)	19,590	71,020	119,350
Weighted average number of ordinary shares in issue ('000 shares)	648,920	644,936	648,737
Basic EPS (sen)	3.02	11.01	18.40
<u>Diluted EPS</u>			
Profit attributable to equity holders of the Company (RM'000)	19,590	71,020	119,350
Weighted average number of ordinary shares in issue ('000 shares)	648,920	644,936	648,737
Effect of dilution on assumed exercise of Warrants B and options granted under ESOS ('000 shares)	531	37,427	7,258
Adjusted weighted average number of ordinary shares in issue and issuable ('000 shares)	649,451	682,363	655,995
Diluted EPS (sen)	3.02	10.41	18.19

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

Ong Leong Huat @ Wong Joo Hwa
Director

Kuala Lumpur
27 November 2008

A19. 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	Indonesia RM'000	Cambodia RM'000	Total RM'000
<u>CURRENT YEAR TO DATE ENDED 30 SEPTEMBER 2008</u>						
Revenue	496,603	103,563	32,772	3,489	-	636,427
Profit before taxation	144,645	24,803	(3,841)	1,011	(319)	166,299
Total carrying amount of segment assets	5,968,534	1,383,807	251,012	147,680	44,307	7,795,340
Total capital expenditure	14,115	2,062	531	153	1,862	18,723
<u>PRECEDING YEAR TO DATE ENDED 30 SEPTEMBER 2007 (Restated)</u>						
Revenue	690,442	177,299	55,739	-	-	923,480
Profit before taxation	292,633	55,119	17,872	-	-	365,624
Total carrying amount of segment assets	4,804,984	2,945,249	545,598	-	-	8,295,831
Total capital expenditure	8,759	1,972	1,560	-	-	12,291

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A19 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, Islamic banking and offshore investment banking.
2. Equity, futures & options - Stockbroking, nominee services and related services and futures and options broking both local and overseas.
3. Venture capital - Provision of venture capital services and investee entities, also known as private equity business.
4. Capital financing - Licensed money lender for initial public offers and share option schemes.
5. Property development - Development of residential and commercial properties.
6. Property investment - Management and letting of properties.
7. Unit trust - Management of unit trust funds.
8. Holding entities - Investment holding companies.
9. 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.

A23. Commitments and contingencies

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

	As at 30/9/2008			As at 31/12/2007		
	Principal amount RM'000	Credit equivalent* RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent* RM'000	Risk weighted amount RM'000
Obligations under underwriting agreements	270,000	135,000	27,000	322,357	161,179	161,179
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	1,011,102	1,000	1,000	1,174,018	-	-
Foreign exchange related contracts:						
- less than one year	22,036	22,036	4,407	-	-	-
Interest rate related contracts:						
- one year to less than five years	160,000	7,386	1,477	-	-	-
Others	34,083	-	-	19,342	-	-
	1,497,221	165,422	33,884	1,515,717	161,179	161,179

* The credit equivalent amount and risk weighted amount are arrived at using the credit evaluation conversion factor as per Bank Negara Malaysia's Guidelines.

OSKIB implemented its Basel II weighted assets computation under the Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework with effect from 1 January 2008. OSKIB has adopted the Standardised Approach for credit risk and market risk and Basic Indicator Approach for operational risk computation.

The comparative figures have not been restated to comply with Basel II as the requirements for Basel II risk weighted assets computation took effect from 1 January 2008.

A24. Interest/profit rate risk

As at 30 September 2008	Non-trading book					Non-interest sensitive	Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short-term funds	648,513	450	573	-	-	244,152	-	893,688	3.05
Deposits and placements with banks and other financial institutions	1,187,220	-	-	-	-	-	-	1,187,220	3.56
Securities portfolio									
Securities held-for-trading	-	-	-	-	-	-	17,418	17,418	3.76
Securities held-to-maturity	200,000	-	80,650	89,665	60,848	-	-	431,163	3.55
Securities available-for-sale	195,562	267,151	342,571	794,783	192,117	92,948	149	1,885,281	4.63
Derivative financial assets	-	-	-	-	-	238	-	238	-
Loans, advances and financing									
Performing	764,685	68,330	230,240	2,517	-	-	-	1,065,772	8.63
Non-performing	10,637	9,421	5,262	-	-	-	-	25,320	8.25
Other assets	100	-	100	-	-	67,816	1,484,768	1,552,784	3.30
Other non-interest sensitive balance	-	-	-	-	-	764,564	-	764,564	-
Total Assets	3,006,717	345,352	659,396	886,965	252,965	1,169,718	1,502,335	7,823,448	

A24. Interest/profit rate risk (Cont'd)

As at 30 September 2008	Non-trading book					Non-interest sensitive	Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
LIABILITIES									
Deposits from customers	2,238,790	412,891	927,784	187,943	-	-	-	3,767,408	3.57
Obligations on securities sold under repurchase agreements	247	-	-	-	-	-	-	247	3.20
Derivative financial liabilities	-	-	-	-	-	4,742	-	4,742	-
Other liabilities	21,278	-	-	-	-	211,532	1,848,598	2,081,408	3.57
Borrowings	129,771	112	17,734	29,483	-	-	-	177,100	5.13
Subordinated notes	-	-	-	-	100,000	-	-	100,000	7.50
Other non-interest sensitive balance	-	-	-	-	-	18,196	-	18,196	-
Total Liabilities	2,390,086	413,003	945,518	217,426	100,000	234,470	1,848,598	6,149,101	
Shareholders' funds	-	-	-	-	-	1,352,387	-	1,352,387	
Minority interests	-	-	-	-	-	321,960	-	321,960	
Total Equity	-	-	-	-	-	1,674,347	-	1,674,347	
Total Liabilities and Equity	2,390,086	413,003	945,518	217,426	100,000	1,908,817	1,848,598	7,823,448	
On-balance sheet interest sensitivity gap	616,631	(67,651)	(286,122)	669,539	152,965	(739,099)	(346,263)	-	
Off-balance sheet interest sensitivity gap	-	-	-	(160,000)	-	-	-	(160,000)	
Total Interest Sensitivity Gap	616,631	(67,651)	(286,122)	509,539	152,965	(739,099)	(346,263)	(160,000)	

A24. Interest/profit rate risk

As at 31 December 2007	Non-trading book					Non-interest sensitive	Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short-term funds	643,088	-	389	573	-	290,437	-	934,487	3.43
Deposits and placements with banks and other financial institutions	426,330	50,000	-	-	-	-	-	476,330	3.56
Securities portfolio									
Securities held-for-trading	-	-	-	-	-	-	142,244	142,244	3.76
Securities held-to-maturity	100,000	11,122	-	-	-	-	-	111,122	3.55
Securities available-for-sale	38,640	49,851	295,468	510,908	228,990	80,462	-	1,204,319	4.85
Loans, advances and financing									
Performing	617,250	247,807	246,441	75,477	-	-	-	1,186,975	8.72
Non-performing	202	-	1,510	6,861	4,459	-	-	13,032	8.00
Other assets	-	-	-	100	-	41,530	3,074,791	3,116,421	1.98
Other non-interest sensitive balance	-	-	-	-	-	1,264,434	-	1,264,434	-
Total Assets	1,825,510	358,780	543,808	593,919	233,449	1,676,863	3,217,035	8,449,364	

A24. Interest/profit rate risk (Cont'd)

	Non-trading book					Non-interest sensitive	Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years				
As at 31 December 2007	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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 sensitive balance	-	-	-	-	-	4,068,370	-	4,068,370	-
Total Liabilities	852,763	74,574	380,518	1,148,339	51,500	4,068,370	-	6,576,064	
Shareholders' funds	-	-	-	-	-	1,496,038	-	1,496,038	
Minority interests	-	-	-	-	-	377,262	-	377,262	
Total Equity	-	-	-	-	-	1,873,300	-	1,873,300	
Total Liabilities and Equity	852,763	74,574	380,518	1,148,339	51,500	5,941,670	-	8,449,364	
On-balance sheet interest sensitivity gap	972,747	284,206	163,290	(554,420)	181,949	(4,264,807)	3,217,035	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	
Total Interest Sensitivity Gap	972,747	284,206	163,290	(554,420)	181,949	(4,264,807)	3,217,035	-	