

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008 AUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

| | | (Restated) | |
|---|-------|-------------------------------|-------------------------------|
| | Note | As at 31.12.2008 RM'000 | As at 31.12.2007 RM'000 |
| ASSETS | | | |
| Cash and short-term funds | | | |
| Cash and balances with banks and financial institutions | | | |
| - General accounts | | 354,500 | 319,002 |
| - Segregated accounts | | 523,634 | 615,485 |
| Money at call and deposits placements maturing within one month | | 656,230 | 426,330 |
| Deposits and placements with banks and other financial institutions | | | |
| Licensed banks | | 26,047 | - |
| Licensed investment banks | | 50,000 | 50,000 |
| Securities portfolio | | | |
| Securities held-for-trading | A7(a) | 46,870 | 142,244 |
| Securities held-to-maturity | A7(b) | 626,679 | 111,122 |
| Securities available-for-sale | A7(c) | 1,296,418 | 1,204,319 |
| Derivative financial assets | | 2,326 | 134,429 |
| Loans, advances and financing | A8 | 959,025 | 1,200,007 |
| Land held for property development | | - | 296,834 |
| Property development costs | | - | 81,804 |
| Accrued billings | | - | 11,973 |
| Tax recoverable | | 21,074 | 7,460 |
| Other assets | A9 | 777,383 | 3,108,962 |
| Statutory deposits with Central Banks | | 80,834 | 63,530 |
| Deferred tax assets | | 6,366 | 2,013 |
| Investments in associated companies | | 211,884 | 201,592 |
| Investment property | | 112,600 | 64,896 |
| Prepaid land lease payments | | 12,043 | 11,011 |
| Property and equipment | | 162,982 | 163,516 |
| Intangible assets | | 211,780 | 250,181 |
| TOTAL ASSETS | | 6,138,675 | 8,466,710 |

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008 AUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (Cont'd)

| | | (Restated) | |
|---|-------|-------------------------------|-------------------------------|
| | Note | As at 31.12.2008 RM'000 | As at 31.12.2007 RM'000 |
| LIABILITIES | | | |
| Deposits from customers | A10 | 2,370,633 | 1,263,213 |
| Deposits and placements of banks and other financial institutions | A11 | 447,915 | 810,385 |
| Obligations on securities sold under repurchase agreements | | 249 | 241 |
| Derivative financial liabilities | | 5,783 | 164,757 |
| Progress billings | | - | 12,255 |
| Other liabilities | A12 | 1,316,705 | 3,810,958 |
| Tax payable | | 10,178 | 41,399 |
| Deferred tax liabilities | | 255 | 34,238 |
| Borrowings | B10 | 207,573 | 433,855 |
| Subordinated notes | | 100,000 | - |
| TOTAL LIABILITIES | | 4,459,291 | 6,571,301 |
| EQUITY | | | |
| Share capital | | 673,069 | 672,111 |
| Less : Treasury shares | A5(b) | (29,779) | (29,597) |
| | | 643,290 | 642,514 |
| Reserves | | 737,111 | 875,634 |
| Equity attributable to equity holders of the Company | | 1,380,401 | 1,518,148 |
| Minority interests | | 298,983 | 377,261 |
| TOTAL EQUITY | | 1,679,384 | 1,895,409 |
| TOTAL LIABILITIES AND EQUITY | | 6,138,675 | 8,466,710 |
| Net Asset per share (RM) attributable to equity holders of the Company | | 2.13 | 2.34 |

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

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008 AUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

| | | (Restated) | | (Restated) | |
|--|-------------------|-----------------|-------------------|------------------|-----------|
| | | Current | Comparative | Current | |
| | | quarter | quarter | year to date | |
| | | ended | ended | ended | |
| Note | 31.12.2008 | 31.12.2007 | 31.12.2008 | 31.12.2007 | |
| | RM'000 | RM'000 | RM'000 | RM'000 | |
| Revenue | | 176,992 | 313,103 | 812,165 | 1,236,583 |
| Interest income | A13 | 54,887 | 49,824 | 217,929 | 157,604 |
| Interest expense | A14 | (28,875) | (27,595) | (122,202) | (85,938) |
| Net interest income | | 26,012 | 22,229 | 95,727 | 71,666 |
| Other operating income | A15 | 117,253 | 263,279 | 642,494 | 1,078,979 |
| Net income from Islamic Banking business | A26 | 631 | - | 1,389 | - |
| Other operating expenses | A16 | (90,144) | (192,574) | (490,921) | (699,093) |
| (Allowance)/ write back for losses on loans, advances and financing | A17 | (11,330) | (2,787) | (12,423) | 753 |
| Allowance for bad and doubtful debts on trade and other receivables | A18 | (194) | (738) | (1,153) | (6,058) |
| Impairment losses | A19 | (21,238) | (4,483) | (43,238) | (5,007) |
| Share of (losses) / profits of associated companies, net of tax | | (19,103) | (3,908) | (23,689) | 5,402 |
| Profit before taxation | | 1,887 | 81,018 | 168,186 | 446,642 |
| Taxation | B6 | 2,315 | (20,126) | (29,776) | (114,824) |
| Profit after taxation for the period/ year | | 4,202 | 60,892 | 138,410 | 331,818 |
| Profit attributable to: | | | | | |
| Equity holders of the Company | | 15,424 | 51,990 | 134,774 | 284,743 |
| Minority interests | | (11,222) | 8,902 | 3,636 | 47,075 |
| | | 4,202 | 60,892 | 138,410 | 331,818 |
| Earnings per share attributable to equity holders of the Company (sen): | | | | | |
| Basic | B14 | 2.40 | 8.02 | 20.95 | 44.46 |
| Diluted | B14 | 2.40 | 7.82 | 20.91 | 42.84 |

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

OSK HOLDINGS BERHAD (207075-U)
QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008
AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Attributable to equity holders of the Company | | | | | | | | | | | Minority interests | Total equity |
|--|---|-----------------|---------------|----------------------------|-----------------------------|--------------------------|-------------------|----------------------------|---------------|------------------|-----------|--------------------|--------------|
| | Share capital | Treasury shares | Share premium | Capital redemption reserve | Equity compensation reserve | Foreign exchange reserve | Statutory reserve | Available-for-sale reserve | Other reserve | Retained profits | Total | | |
| <u>Current year to date ended</u> <u>31 December 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 |
| As 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 | - | - | - | - | - | - | - | 4,570 | - | 30,508 | 35,078 | 37 | 35,115 |
| Effects of change in accounting policy | - | - | - | - | - | - | - | - | - | 22,110 | 22,110 | - | 22,110 |
| As restated | 672,111 | (29,597) | 99,363 | 58,919 | 2,352 | (7,726) | 89,983 | 4,570 | 20,506 | 607,667 | 1,518,148 | 377,261 | 1,895,409 |
| Foreign currency translation differences | - | - | - | - | - | 6,966 | - | - | - | - | 6,966 | (892) | 6,074 |
| Share of other reserves in associated companies | - | - | - | - | - | - | - | - | 18,103 | - | 18,103 | - | 18,103 |
| Minority interest's share of | | | | | | | | | | | | | |
| other reserves in associated companies | - | - | - | - | - | - | - | - | (3,923) | - | (3,923) | 6,880 | 2,957 |
| Share issue expenses | - | - | (2) | - | - | - | - | - | - | - | (2) | - | (2) |
| Reserve arising from share buy back by | | | | | | | | | | | | | |
| a subsidiary company | - | - | - | - | - | - | - | - | - | - | - | (124) | (124) |
| Reserve realised upon exercise and forfeiture of ESOS | - | - | - | - | (388) | - | - | - | - | 388 | - | - | - |
| Transfer to statutory reserve | - | - | - | - | - | - | 74,146 | - | - | (74,146) | - | - | - |
| Shares distribution in a listed subsidiary company | - | - | (99,649) | - | - | - | - | - | - | (103,360) | (203,009) | (128,502) | (331,511) |
| Net change in fair value of securities available-for-sale | - | - | - | - | - | - | - | (19,683) | - | - | (19,683) | - | (19,683) |
| Total income/(expense) recognised directly in equity | - | - | (99,651) | - | (388) | 6,966 | 74,146 | (19,683) | 14,180 | (177,118) | (201,548) | (122,638) | (324,186) |
| Profit for the year | - | - | - | - | - | - | - | - | - | 134,774 | 134,774 | 3,636 | 138,410 |
| Total income/(expense) for the year | - | - | (99,651) | - | (388) | 6,966 | 74,146 | (19,683) | 14,180 | (42,344) | (66,774) | (119,002) | (185,776) |
| Dividend paid | - | - | - | - | - | - | - | - | - | (72,037) | (72,037) | - | (72,037) |
| Dividend paid to minority interests | - | - | - | - | - | - | - | - | - | - | - | (11,524) | (11,524) |
| Share buybacks by the Company | - | (182) | - | - | - | - | - | - | - | - | (182) | - | (182) |
| Share buybacks by a subsidiary company | - | - | - | - | - | - | - | - | - | - | - | (5,703) | (5,703) |
| Shares issued pursuant to exercise of ESOS | 958 | - | 288 | - | - | - | - | - | - | - | 1,246 | - | 1,246 |
| Acquisition of subsidiary companies | - | - | - | - | - | - | - | - | - | - | - | 57,951 | 57,951 |
| As at 31 December 2008 | 673,069 | (29,779) | - | 58,919 | 1,964 | (760) | 164,129 | (15,113) | 34,686 | 493,286 | 1,380,401 | 298,983 | 1,679,384 |

OSK HOLDINGS BERHAD (207075-U)
QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008
AUDITED 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-emption reserve | Equity compensation reserve | Foreign exchange reserve | Statutory reserve | Available-for-sale reserve | Other reserve | Retained profits | Total | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Preceding year to date ended | | | | | | | | | | | | | |
| 31 December 2007 (Restated) | | | | | | | | | | | | | |
| As at 1 January 2007 | | | | | | | | | | | | | |
| As previously reported | 632,352 | (29,082) | 62,732 | 58,919 | 2,460 | (2,158) | - | - | 22,445 | 474,584 | 1,222,252 | 298,860 | 1,521,112 |
| Effects of adoption of BNM/GP8 | - | - | - | - | - | - | - | 33,721 | - | 2,891 | 36,612 | - | 36,612 |
| Effects of change in accounting policy | - | - | - | - | - | - | - | - | - | 18,061 | 18,061 | - | 18,061 |
| As restated | 632,352 | (29,082) | 62,732 | 58,919 | 2,460 | (2,158) | - | 33,721 | 22,445 | 495,536 | 1,276,925 | 298,860 | 1,575,785 |
| Foreign currency translation differences | - | - | - | - | - | (5,568) | - | - | - | - | (5,568) | (786) | (6,354) |
| Losses on deemed disposal of shares in associated companies | - | - | - | - | - | - | - | - | (113) | - | (113) | - | (113) |
| Share issue expenses | - | - | (1,102) | - | - | - | - | - | - | - | (1,102) | - | (1,102) |
| Realisation of gain on actual disposal of shares in associated companies: | | | | | | | | | | | | | |
| - gains previously recognised on deemed disposal | - | - | - | - | - | - | - | - | (2,511) | 2,511 | - | - | - |
| - other reserves | - | - | - | - | - | - | - | - | 239 | (239) | - | - | - |
| Share of other reserves in associated companies | - | - | - | - | - | - | - | - | (563) | - | (563) | - | (563) |
| Share-based payment under ESOS due to modification | - | - | - | - | 1,267 | - | - | - | - | - | 1,267 | - | 1,267 |
| Share-based payment under ESOS by subsidiary company | - | - | - | - | 618 | - | - | - | - | - | 618 | - | 618 |
| Minority interests' share of: | | | | | | | | | | | | | |
| - other reserves in associated companies | - | - | - | - | - | - | - | - | 1,009 | (777) | 232 | (232) | - |
| - share issue expenses charged to share premium | - | - | - | - | - | - | - | - | - | - | - | (377) | (377) |
| - equity compensation reserved of a subsidiary company | - | - | - | - | (211) | - | - | - | - | - | (211) | 211 | - |
| Reserve arising from acquisition of additional shares in an indirect subsidiary company | - | - | - | - | - | - | - | - | - | 35 | 35 | (35) | - |
| Transfer statutory reserve | - | - | - | - | - | - | 89,983 | - | - | (89,983) | - | - | - |
| Reserve realised upon exercise of ESOS | - | - | - | - | (1,782) | - | - | - | - | 1,782 | - | - | - |
| 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 |
| Reserve arising from acquisition of additional shares in a subsidiary | - | - | - | - | - | - | - | - | - | 146 | 146 | (146) | - |
| Net change in fair value of securities available-for-sale | - | - | - | - | - | - | - | (29,151) | - | - | (29,151) | - | (29,151) |
| Total (expense)/income recognised directly in equity | - | - | (1,102) | - | (108) | (5,568) | 89,983 | (29,151) | (1,939) | (90,030) | (37,915) | 10,950 | (26,965) |
| Profit for the year | - | - | - | - | - | - | - | - | - | 284,743 | 284,743 | 47,075 | 331,818 |
| Total (expense)/income for the period | - | - | (1,102) | - | (108) | (5,568) | 89,983 | (29,151) | (1,939) | 194,713 | 246,828 | 58,025 | 304,853 |
| Dividend paid | - | - | - | - | - | - | - | - | - | (82,583) | (82,583) | - | (82,583) |
| Dividends paid to minority interests | - | - | - | - | - | - | - | - | - | - | - | (16,512) | (16,512) |
| Shares issued pursuant to private placement | 25,000 | - | 31,250 | - | - | - | - | - | - | - | 56,250 | - | 56,250 |
| Shares issued pursuant to exercise of ESOS | 14,759 | - | 6,483 | - | - | - | - | - | - | - | 21,242 | - | 21,242 |
| Shares issued to minority interests | - | - | - | - | - | - | - | - | - | 1 | 1 | 40,111 | 40,112 |
| Share buybacks by the Company | - | (515) | - | - | - | - | - | - | - | - | (515) | - | (515) |
| Loss recouped from minority interests | - | - | - | - | - | - | - | - | - | - | - | (19) | (19) |
| Acquisition of additional shares in subsidiary company | - | - | - | - | - | - | - | - | - | - | - | (3,204) | (3,204) |
| As at 31 December 2007 | 672,111 | (29,597) | 99,363 | 58,919 | 2,352 | (7,726) | 89,983 | 4,570 | 20,506 | 607,667 | 1,518,148 | 377,261 | 1,895,409 |

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

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

AUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

| | Current year to date ended 31.12.2008 | (Restated) Preceding year to date ended 31.12.2007 |
|---|---|--|
| Note | RM'000 | RM'000 |
| Cash Flows From Operating Activities | | |
| Profit before taxation | 168,186 | 446,642 |
| Adjustments for :- | | |
| Interest expense | 122,202 | 85,938 |
| Interest income | (217,929) | (157,604) |
| Other non-cash and non-operating items | (5,546) | (57,273) |
| Share of results of associated companies, net of taxation | 23,689 | (5,402) |
| Operating profit before working capital changes | <u>90,602</u> | 312,301 |
| <i>(Increase)/Decrease in operating assets:</i> | | |
| Deposits and placements with banks and other financial institutions | (26,047) | (337,005) |
| Loans, advances and financing | 227,813 | (1,204,086) |
| Statutory deposits with Central Banks | (17,304) | (63,530) |
| Property development costs | (25,613) | (98,251) |
| Other operating assets | 2,031,008 | (2,352,888) |
| <i>Increase/(Decrease) in operating liabilities:</i> | | |
| Deposits from customers | 704,627 | 2,073,598 |
| Deposits and placements of banks and other financial institutions | 40,324 | (102,090) |
| Obligations on securities sold under repurchase agreements | 8 | 241 |
| Other operating liabilities | (2,620,963) | 2,528,422 |
| Net cash generated from operations | <u>404,455</u> | 756,712 |
| Income tax paid net of refund | (87,746) | (77,119) |
| Interest received | 212,693 | 174,786 |
| Net cash generated from operating activities | <u>529,402</u> | 854,379 |
| Cash Flows From Investing Activities | | |
| Acquisition of additional investment subsidiary companies | - | (4,199) |
| Acquisition of additional investment in associated company | (30,461) | (7,124) |
| Acquisition of intangible assets | (3,194) | (550) |
| Dividend received | 3,099 | 7,439 |
| Interest received | 1,427 | 2,244 |
| Cash outflow from distribution of shares in a listed subsidiary company | (44,112) | - |
| Net cash outflow on acquisition of subsidiary companies | 91 | (16,821) |
| Proceeds from disposal of shares in associated companies | 11,122 | 56,925 |
| Payment of trading rights | (899) | - |
| Net purchase from property and equipment | (20,133) | (17,628) |
| Net disposal / (purchase) from securities | 10,975 | (21,185) |
| Net cash used in investing activities | <u>(72,085)</u> | (899) |

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008 AUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (Cont'd)

| | Current year to date ended 31.12.2008 RM'000 | (Restated) Preceding year to date ended 31.12.2007 RM'000 |
|---|--|--|
| Cash Flows From Financing Activities | | |
| Dividends paid to shareholders | (72,037) | (82,583) |
| Dividends paid to minority interests | (11,524) | (16,512) |
| (Repayment)/ drawdown of term loan | (21,519) | 52,723 |
| Interest paid | (118,877) | (74,522) |
| Net repayment of revolving credits | (39,213) | (28,685) |
| Payments of BaIDS and borrowing expenses | (30) | (468) |
| Payments of BaIDS profits | (1,750) | (3,500) |
| Payments of finance lease instalments | (783) | (677) |
| Payments of share buybacks by the Company | (181) | (516) |
| Payments of share buybacks by a subsidiary company | (5,703) | (377) |
| Payments of share issue expenses | (1) | (1,102) |
| Proceeds from exercise of warrants in a subsidiary company | - | 5 |
| Proceeds from issuance of shares for ESOS exercised | 1,245 | 21,241 |
| Proceeds from issuance of shares for Private Placement | - | 56,250 |
| Proceeds from issuance of 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 | - | 39,966 |
| Proceeds from subscription of shares by minority shareholders | - | 147 |
| Repayment of commercial papers | - | (260,000) |
| Repayment of BaIDS | (25,000) | - |
| Net cash used in financing activities | <u>(195,373)</u> | <u>(289,806)</u> |
| Net increase in cash and cash equivalents | 261,944 | 563,674 |
| Effects of exchange rate changes | 5,481 | (5,342) |
| Cash and cash equivalents at beginning of year | 743,305 | 184,973 |
| Cash and cash equivalents at end of year | <u>1,010,730</u> | <u>743,305</u> |
| Cash and cash equivalents at end of year comprised: | | |
| Cash, bank balances and deposits - General accounts | 354,500 | 319,002 |
| Bank overdrafts | - | (2,027) |
| Money at call and deposits placements maturing within one month | 656,230 | 426,330 |
| | <u>1,010,730</u> | <u>743,305</u> |

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

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 121 Amendment | The Effect of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation |
| 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: Financial Reporting in Hyperinflationary Economies |
| IC Interpretation 8 | Scope of FRS 2 |

FRS 120 and FRS 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 FOURTH QUARTER ENDED 31 DECEMBER 2008

A1. Basis of Preparation (Cont'd)

Change in accounting policy for investment property

The Group had changed its accounting policy from the cost method to the fair value method for its investment property in accordance with Financial Reporting Standard 140: Investment Properties ("FRS 140") where the fair value of the freehold land as at 31 December 2008 of RM112.6 million was performed by an independent valuer (2007: RM64.9 million was estimated by the Directors) based on the market values of similar properties in the same vicinity that have been transacted in the open market. Previously, the Group valued its investment property at cost. The financial effects of the adoption of fair value model as follows:

| | 31.12.2008 | 31.12.2007 |
|--|-------------------|------------|
| | RM'000 | RM'000 |
| At cost/fair value | | |
| Freehold land | | |
| At 1 January, at cost | 42,786 | 42,786 |
| Fair value recognised in statement of equity changes | 22,110 | 18,060 |
| At 1 January, at fair value | 64,896 | 60,846 |
| Fair value recognised in income statement | 47,704 | 4,050 |
| At 31 December, at fair value | 112,600 | 64,896 |

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 Impairmen | 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 and 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:

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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-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.

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 and 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 BNM/GP8 and FRS 140: Investment Properties 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 and FRS 140. The restatement of certain comparatives are shown below:

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

A1. Basis of Preparation (Cont'd)

| Consolidated Balance Sheet as at 31 December 2007 (Dr.)/Cr. (RM'000) | As previously reported | Effect of change in policies per BNM/GP8 | Reclassifica- tion of accounts per BNM/GP8 | Effect of change in fair value model FRS 140: Investment property | As restated |
|--|---------------------------|---|---|--|-------------|
| Cash and short-term funds | | | | | |
| - General accounts | - | - | 319,002 | - | 319,002 |
| - Segregated accounts | - | - | 615,485 | - | 615,485 |
| - Money at call and deposits placements maturing within one month | - | - | 426,330 | - | 426,330 |
| Cash, bank balances and deposits | | | | | |
| - General accounts | 319,002 | - | (319,002) | - | - |
| - Segregated accounts | 615,485 | - | (615,485) | - | - |
| Deposits and placements with banks and other financial institutions | 476,330 | - | (426,330) | - | 50,000 |
| 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) | - | - |
| Investment property | 42,786 | - | - | 22,110 | 64,896 |
| 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 | - | - | 3,108,962 | - | 3,108,962 |
| Security deposits and statutory funds | 2,669 | - | (2,669) | - | - |
| Deferred tax assets | 6,778 | (4,765) | - | - | 2,013 |
| Trade receivables | 3,673,463 | - | (3,673,463) | - | - |
| Other receivables, deposits and prepayments | 31,264 | - | (31,264) | - | - |
| Tax recoverable | 7,460 | - | - | - | 7,460 |
| Deposits from customers | (2,073,598) | - | 810,385 | - | (1,263,213) |
| Deposits and placements of banks and other financial institutions | - | - | (810,385) | - | (810,385) |
| Derivative financial liabilities | (210,700) | 45,943 | - | - | (164,757) |
| Other liabilities | - | - | (3,810,958) | - | (3,810,958) |
| Trade payables | (3,226,867) | - | 3,226,867 | - | - |
| Deferred tax liabilities | (26,665) | (7,573) | - | - | (34,238) |
| 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 | (171,964) | - | 171,964 | - | - |
| Short term borrowings | (261,891) | - | 261,891 | - | - |
| Reserves | (818,446) | (35,078) | - | (22,110) | (875,634) |
| Minority interests | (377,224) | (37) | - | - | (377,261) |
| | (384,032) | - | - | - | (384,032) |

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

A1. Basis of Preparation (Cont'd)

| Consolidated Income Statement for year ended 31 December 2007 (Dr.)/Cr. (RM'000) | As previously reported | Effect of change in policies per BNM/GP8 | Reclassification of accounts per BNM/GP8 | Effect of change in fair value model FRS 140: Investment property | As restated |
|---|-------------------------------|---|---|--|--------------------|
| Interest income | - | - | 157,604 | - | 157,604 |
| Interest expense | - | - | (85,938) | - | (85,938) |
| Other operating income | - | 37,634 | 1,037,295 | 4,050 | 1,078,979 |
| Other operating expenses | - | - | (699,093) | - | (699,093) |
| Allowance for losses on loans, advances and financing | - | - | 753 | - | 753 |
| Write back of bad and doubtful debts on trade and other receivables | - | - | (6,058) | - | (6,058) |
| Revenue | 1,183,619 | - | (1,183,619) | - | - |
| Operating expenses | (799,405) | - | 799,405 | - | - |
| Other income | 48,670 | - | (48,670) | - | - |
| Finance costs | (33,328) | - | 33,328 | - | - |
| Impairment loss | - | - | (5,007) | - | (5,007) |
| Share of profits of associated companies, net of taxation | 5,402 | - | - | - | 5,402 |
| Profit before taxation | 404,958 | 37,634 | - | 4,050 | 446,642 |
| Income tax expense | (104,843) | (9,981) | - | - | (114,824) |
| Profit after taxation | 300,115 | 27,653 | - | 4,050 | 331,818 |
| Profit attributable to: | | | | | |
| Equity holders of the Company | 253,077 | 27,616 | - | 4,050 | 284,743 |
| Minority interests | 47,038 | 37 | - | - | 47,075 |
| | 300,115 | 27,653 | - | 4,050 | 331,818 |
| Earnings per share attributable to equity holders of the Company (sen): | | | | | |
| Basic | 39.51 | | | | 44.46 |
| Diluted | 38.07 | | | | 42.84 |

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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.

OSKIB and a licensed money lending subsidiary company adopted BNM/GP3 in 2007.

When loans, advances and financing granted by the Group are deemed to be non-performing, interest recognised as income prior to that date to be reversed and are treated as 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.

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 FOURTH QUARTER ENDED 31 DECEMBER 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 31.12.2008 |
| 27 Jun 2003 | 1.33 | 1,789,000 | - | (9,000) | (3,000) | 1,777,000 |
| 16 Mar 2004 | 1.95 | 5,314,040 | - | (3,000) | (153,600) | 5,157,440 |
| 29 Apr 2005 | 1.18 | 1,208,000 | - | (327,100) | - | 880,900 |
| 3 May 2006 | 1.36 | 4,977,700 | - | (619,100) | (12,300) | 4,346,300 |
| | | 13,288,740 | - | (958,200) | (168,900) | 12,161,640 |

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

(b) Share buybacks / Treasury shares of the Company

During the current year, the Company has purchased 101,000 ordinary shares of RM1 each for a total cash consideration of RM181,735 from the open market at an average price of RM1.80 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 |
| November 2008 | 1,000 | 0.92 | 0.92 | 0.96 | 961 |
| | 101,000 | 1.80 | 0.92 | 1.80 | 181,735 |
| As at 31 December 2008 | 24,147,412 | 2.82 | 0.90 | 1.23 | 29,778,856 |

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 FOURTH QUARTER ENDED 31 DECEMBER 2008

A6. Dividend paid

During the financial year ended 31 December 2008, the dividends paid by the Company are as follows:

- (a) A final dividend of 10.0 sen per share less 26% income tax amounted to RM48,026,653 in respect of the preceding financial year ended 31 December 2007 was paid on 22 May 2008.
- (b) An interim dividend of 5.0 sen per share less 26% income tax amounting to RM24,010,123 for the current financial year was paid on 21 October 2008.

A7. Securities portfolio

(a) Securities held-for-trading

| | As at 31.12.2008 RM'000 | (Restated) As at 31.12.2007 RM'000 |
|--|-------------------------------|---|
| <i>At fair value</i> | | |
| Money market instruments: | | |
| Malaysian Government Securities | 29,734 | 78,884 |
| Quoted securities: | | |
| Shares, warrants and exchange traded funds in Malaysia | 11,717 | 28,506 |
| Shares outside Malaysia | 5,253 | 21,874 |
| Unit trusts in Malaysia | 166 | 12,980 |
| | <u>17,136</u> | <u>63,360</u> |
| | <u>46,870</u> | <u>142,244</u> |

(b) Securities held-to-maturity

At cost

| | | |
|---------------------------------------|---|--------|
| Unquoted securities: | | |
| Redeemable loan note outside Malaysia | - | 11,122 |

At amortised cost

| | | |
|--|----------------|----------------|
| Money market instruments: | | |
| Negotiable instruments of deposit | 140,000 | 100,000 |
| Bankers' acceptance | 74,095 | - |
| Malaysian Government Investment Issues | 70,323 | - |
| | <u>284,418</u> | <u>100,000</u> |
| Unquoted securities: | | |
| Private debt securities in Malaysia | 342,261 | - |
| | <u>626,679</u> | <u>111,122</u> |

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

A7. Securities portfolio (Cont'd)

(c) Securities available-for-sale

| | As at 31.12.2008 | (Restated) As at 31.12.2007 |
|--|----------------------------|-----------------------------------|
| | RM'000 | RM'000 |
| <i>At fair value</i> | | |
| Money market instruments: | | |
| Bank Negara Malaysia Monetary Notes | - | 30,000 |
| Bankers' acceptance | 67,456 | 20,161 |
| Cagamas bonds | 5,032 | 4,996 |
| Khazanah bonds | 29,367 | 28,128 |
| Malaysian Government Securities | 232,196 | 29,955 |
| Malaysian Government Investment Issues | 60,565 | 59,829 |
| Negotiable instruments of deposit | 31,240 | 20,059 |
| | 425,856 | 193,128 |
| Quoted securities: | | |
| Shares and warrants in Malaysia | 8,316 | 13,571 |
| USD Class Bonds outside Malaysia | 184 | 194 |
| | 8,500 | 13,765 |
| Unquoted securities: | | |
| Shares and warrants in Malaysia | 2,855 | 2,855 |
| Shares outside Malaysia | 68,604 | 63,843 |
| Private debt securities in Malaysia | 790,554 | 930,728 |
| Trust units in Malaysia | 49 | - |
| | 862,062 | 997,426 |
| | 1,296,418 | 1,204,319 |

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

A8. Loans, advances and financing

| | As at 31.12.2008 RM'000 | (Restated) As at 31.12.2007 RM'000 |
|--------------------------------------|-------------------------------|---|
| Term loans / financing | 365,377 | 381,701 |
| Revolving credit | - | 10,934 |
| Staff loans | 1,009 | - |
| Share margin financing | 617,155 | 817,950 |
| | 983,541 | 1,210,585 |
| Less: Unearned interest and income | (2,723) | (2,017) |
| | 980,818 | 1,208,568 |
| Allowance for bad and doubtful debts | | |
| - general | (5,338) | (5,826) |
| - specific | (16,455) | (2,735) |
| | 959,025 | 1,200,007 |

(a) Analysis of gross loans, advances and financing

(i) Analysed by type of customers:

| | | |
|--------------------------------|----------------|-----------|
| Domestic business enterprises | | |
| - Small and medium enterprises | 392,196 | 287,811 |
| - Others | 109,322 | 264,437 |
| Individuals | 479,300 | 656,320 |
| | 980,818 | 1,208,568 |

(ii) Analysed by interest rate sensitivity:

| | | |
|---------------------------|----------------|-----------|
| Fixed rate | 938,559 | 904,765 |
| Variable rate - cost plus | 41,985 | 303,803 |
| - base lending rate plus | 60 | - |
| - others | 214 | - |
| | 980,818 | 1,208,568 |

(iii) Analysed by economic purpose:

| | | |
|------------------------|----------------|-----------|
| Working capital | 154,733 | 86,411 |
| Purchase of securities | 803,769 | 935,742 |
| Other purposes | 22,317 | 186,415 |
| | 980,818 | 1,208,568 |

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

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

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

| | As at 31.12.2008 RM'000 | (Restated) As at 31.12.2007 RM'000 |
|---|-------------------------------|---|
| Purchase of securities | 34,591 | 18,981 |
| Gross NPL | 34,591 | 18,981 |
| (i) Movement in NPLs | | |
| At beginning of year | 18,981 | 43,386 |
| Classified as non-performing | 144,667 | 25,682 |
| Reclassified as performing | (5,416) | (31,390) |
| Amount recovered | (123,641) | (18,525) |
| Amount written off | - | (172) |
| At end of year | 34,591 | 18,981 |
| Specific allowance | (16,456) | (2,735) |
| General allowance | (5,338) | (5,826) |
| Net non-performing loans, advances and financing | 12,797 | 10,420 |
| Ratio of net NPL and financing to net loans and financing | 1.3% | 0.9% |
| (ii) Movement in allowance for bad and doubtful debts: | | |
| General allowance | | |
| At beginning of year | 5,826 | - |
| Allowance made | 2,126 | 5,827 |
| Allowance written back | (2,614) | - |
| At end of year | 5,338 | 5,827 |
| As % of gross loan, advances and financing less specific allowance | 0.6% | 0.5% |
| Specific allowance | | |
| At beginning of year | 2,735 | 1,919 |
| Allowance made | 28,079 | 861 |
| Allowance written back | (14,486) | - |
| Amount recovered | - | (45) |
| Exchange difference | 128 | - |
| At end of year | 16,456 | 2,735 |

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

A9. Other assets

| | As at 31.12.2008 | (Restated) As at 31.12.2007 |
|---|---------------------|-----------------------------------|
| | RM'000 | RM'000 |
| Interest/ Income receivables | 18,536 | 15,055 |
| Security deposits and statutory funds | 2,657 | 2,670 |
| Trade receivables | 733,447 | 3,074,791 |
| Other receivables, deposits and prepayments | 22,515 | 16,218 |
| Transferable golf memberships | 228 | 228 |
| | <u>777,383</u> | <u>3,108,962</u> |

A10. Deposits from customers

(a) By type of deposit

| | | |
|-----------------------------------|------------------|------------------|
| Fixed deposits | 1,042,774 | 657,716 |
| Demand deposits | 283 | - |
| Saving deposits | 389 | - |
| Short term deposits | 478,393 | 522,597 |
| Negotiable instruments of deposit | 395,747 | 82,900 |
| Mudharabah general deposits | 453,000 | - |
| Others | 47 | - |
| | <u>2,370,633</u> | <u>1,263,213</u> |

(b) By type of customer

| | | |
|--|------------------|------------------|
| Government and statutory bodies | 440,818 | 27,000 |
| Domestic non-bank financial institutions | 1,391,201 | 899,969 |
| Business enterprises | 432,785 | 295,043 |
| Foreign entities | 490 | 550 |
| Individuals | 92,687 | 27,324 |
| Others | 12,652 | 13,327 |
| | <u>2,370,633</u> | <u>1,263,213</u> |

A11. Deposits and placements of banks and other financial institutions

| | | |
|------------------------------|----------------|----------------|
| Licensed banks | 20,324 | - |
| Licensed investment banks | 40,000 | 20,000 |
| Other financial institutions | 387,591 | 790,385 |
| | <u>447,915</u> | <u>810,385</u> |

A12. Other liabilities

| | | |
|---------------------------------------|------------------|------------------|
| Interest/Profit payable | 23,807 | 19,486 |
| Trade payables | 1,135,332 | 3,560,320 |
| Other payables, deposits and accruals | 151,581 | 227,891 |
| Amount due to an associated company | 5,895 | 3,261 |
| Profit Equalisation Reserves | 90 | - |
| | <u>1,316,705</u> | <u>3,810,958</u> |

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

A13. Interest income

| | Current quarter ended 31.12.2008 RM'000 | (Restated) Comparative quarter ended 31.12.2007 RM'000 | Current year to date ended 31.12.2008 RM'000 | (Restated) Preceding year to date ended 31.12.2007 RM'000 |
|--|--|---|---|--|
| Loans, advances and financing: | 22,286 | 23,194 | 86,703 | 71,609 |
| Securities portfolio: | | | | |
| <i>Securities held-for-trading</i> | 95 | 292 | 601 | 292 |
| <i>Securities available-for-sale</i> | 13,414 | 17,670 | 58,981 | 52,154 |
| <i>Securities held-to-maturity</i> | 4,980 | 314 | 7,315 | 314 |
| Money at call and deposits placements with financial institutions | 7,181 | 7,211 | 44,983 | 27,472 |
| Stock-broking and futures and options broking clients | 221 | 1,177 | 1,101 | 5,714 |
| Others | (7) | 265 | 382 | 348 |
| | 48,170 | 50,123 | 200,066 | 157,903 |
| Amortisation of premium less accretion of discount | 6,717 | (299) | 17,863 | (299) |
| | 54,887 | 49,824 | 217,929 | 157,604 |

A14. Interest expense

| | | | | |
|---|---------------|--------|----------------|--------|
| Accretion of discount on BaIDS | - | 510 | 1,263 | 2,009 |
| Borrowings | 2,272 | 5,311 | 14,569 | 18,893 |
| Commercial papers | 1,795 | 434 | 3,581 | 5,886 |
| Deposits from customers | 24,573 | 20,414 | 100,387 | 50,172 |
| Deposits and placements of financial institutions | 67 | 8 | 102 | 720 |
| Finance lease | 11 | 44 | 61 | 129 |
| Obligations on securities sold under repurchase agreements | 2 | 1 | 11 | 4,608 |
| Profit payment on BaIDS | - | 873 | 2,063 | 3,500 |
| Others | 155 | - | 165 | 21 |
| | 28,875 | 27,595 | 122,202 | 85,938 |

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

A15. Other operating income

(a) Fees and commission

| | Current quarter ended 31.12.2008 RM'000 | (Restated) Comparative quarter ended 31.12.2007 RM'000 | Current year to date ended 31.12.2008 RM'000 | (Restated) Preceding year to date ended 31.12.2007 RM'000 |
|---|---|---|--|--|
| Advisory, arrangement, placement and referral fees | 5,290 | 9,154 | 31,512 | 33,560 |
| Administrative charges, carrying charges and facility fees | 2,496 | 3,024 | 12,795 | 10,033 |
| Commission | 215 | 3,788 | 7,353 | 10,353 |
| Fees earned from management of unit trust funds | 9,378 | 12,251 | 47,405 | 38,954 |
| Gross brokerage fees | 59,577 | 128,314 | 279,903 | 589,620 |
| Loan processing, facility and commitment fees | 738 | 871 | 5,969 | 11,479 |
| Service charges on sale of trust units | 614 | 31,564 | 15,588 | 99,909 |
| Trustee and will-writing fees | 1,402 | 261 | 5,730 | 2,468 |
| Others | 342 | 306 | 1,655 | 3,928 |
| | 80,052 | 189,533 | 407,910 | 800,304 |

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

| | | | | |
|-------------------------------------|----------------|---------------|---------------|----------------|
| Securities held-for-trading | (6,498) | 10,275 | (20,232) | 10,275 |
| Securities available-for-sale | (7,029) | (9,615) | (6,582) | 42,894 |
| Derivative financial instruments | 8,218 | 36,449 | 85,648 | 55,137 |
| Investments in associated companies | - | - | - | 25,465 |
| | (5,309) | 37,109 | 58,834 | 133,771 |

(c) Gross dividend income

| | | | | |
|-------------------------------|------------|--------------|--------------|--------------|
| Securities held-for-trading | 68 | (838) | 2,071 | 4,046 |
| Securities available-for-sale | 49 | - | 1,025 | - |
| | 117 | (838) | 3,096 | 4,046 |

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

A15. Other operating income (Cont'd)

| | Current quarter ended 31.12.2008 RM'000 | (Restated) Comparative quarter ended 31.12.2007 RM'000 | Current year to date ended 31.12.2008 RM'000 | (Restated) Preceding year to date ended 31.12.2007 RM'000 |
|--|---|---|--|--|
| (d) Unrealised gain/(loss) on revaluation of trading securities and derivatives | | | | |
| Securities held-for-trading | (6,437) | (26,654) | (11,520) | (2,810) |
| Derivative financial instruments | (2,559) | 30,024 | 544 | 34,172 |
| Future contract | (10) | 11 | (10) | (1) |
| | (9,006) | 3,381 | (10,986) | 31,361 |
| (e) Unrealised losses from derivatives | | | | |
| Unexpired structured warrants | (3,768) | (6,712) | (38,102) | (6,712) |
| | (3,768) | (6,712) | (38,102) | (6,712) |
| (f) Unrealised gains/ (losses) from foreign exchange translations | | | | |
| | 1,130 | (4,610) | 6,589 | (4,354) |
| | 1,130 | (4,610) | 6,589 | (4,354) |
| (g) Others | | | | |
| Net gain on disposal of plant and equipment (net) | 41 | 54 | 109 | 57 |
| Realised gain/ (loss) on foreign exchange | 745 | (1,155) | 4,979 | 7,349 |
| Net gain on interest rate swap | 20 | - | 196 | - |
| Rental income on premises | 586 | 10 | 14,412 | 5,670 |
| Revenue from property development projects | - | 33,561 | 76,371 | 90,136 |
| Sales of oil palm product | - | 174 | 1,263 | 929 |
| Reversal of provision for legal compensation and interest costs | - | - | 59,219 | - |
| Negative goodwill on share buybacks by a subsidiary company | 2,976 | 44 | 6,156 | 44 |
| Gain on revaluation on investment property | 47,704 | 4,050 | 47,704 | 4,050 |
| Others | 1,965 | 8,678 | 4,744 | 12,328 |
| | 54,037 | 45,416 | 215,153 | 120,563 |
| | 117,253 | 263,279 | 642,494 | 1,078,979 |

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

A16. Other operating expenses

| | Current quarter ended 31.12.2008 RM'000 | (Restated) Comparative quarter ended 31.12.2007 RM'000 | Current year to date ended 31.12.2008 RM'000 | (Restated) Preceding year to date ended 31.12.2007 RM'000 |
|--|---|---|--|--|
| (a) Personnel expenses | | | | |
| Salaries, allowances and bonuses | 33,887 | 42,410 | 159,645 | 165,039 |
| Pension costs, defined contribution plan | 2,894 | 3,005 | 16,425 | 12,040 |
| Others | 894 | 697 | 8,182 | 5,440 |
| | 37,675 | 46,112 | 184,252 | 182,519 |
| (b) Promotional, marketing and trading expenses | | | | |
| Advertisement and promotion | 2,630 | 3,359 | 9,594 | 10,772 |
| Commission | 17,492 | 70,115 | 85,804 | 280,879 |
| Fees and charges | 5,183 | 7,794 | 28,387 | 34,827 |
| Property development costs | - | 23,049 | 59,392 | 68,760 |
| Others | 5,414 | 27,361 | 23,355 | 28,515 |
| | 30,719 | 131,678 | 206,532 | 423,753 |
| (c) Establishment related expenses | | | | |
| Depreciation and amortisation | 3,845 | 3,549 | 15,047 | 14,095 |
| Information technology expenses | 672 | 991 | 2,496 | 3,574 |
| Rental of equipment | 1,380 | 629 | 5,756 | 2,559 |
| Rental of premises | 2,920 | 3,270 | 15,497 | 9,374 |
| Repair and maintenance | 1,136 | 1,268 | 5,120 | 5,130 |
| Utility expenses | 1,379 | 1,451 | 6,001 | 4,848 |
| Others | 1,124 | 32 | 5,970 | 3,573 |
| | 12,456 | 11,190 | 55,887 | 43,153 |
| (d) General administrative expenses | | | | |
| Communication expenses | 1,731 | 1,178 | 6,784 | 8,922 |
| Legal and professional fees | 1,838 | 996 | 7,288 | 4,856 |
| Others | 5,725 | 1,420 | 30,178 | 35,890 |
| | 9,294 | 3,594 | 44,250 | 49,668 |
| | 90,144 | 192,574 | 490,921 | 699,093 |

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

A17. (Write back)/allowance for losses on loans, advances and financing

| | Current quarter ended 31.12.2008 RM'000 | (Restated) Comparative quarter ended 31.12.2007 RM'000 | Current year to date ended 31.12.2008 RM'000 | (Restated) Preceding year to date ended 31.12.2007 RM'000 |
|----------------------------------|---|---|--|--|
| Specific allowance | | | | |
| Made | 19,082 | - | 28,079 | - |
| (Written back) | (6,866) | - | (14,486) | - |
| General allowance (net) | | | | |
| Made/(Written back) | (453) | 2,746 | (488) | 4,079 |
| Bad debts on loans and financing | | | | |
| Recovered | (445) | (19) | (746) | (5,686) |
| Written off | 12 | 60 | 64 | 854 |
| | 11,330 | 2,787 | 12,423 | (753) |

A18. Allowance/(Write back) for bad and doubtful debts on trade and other receivables

| | | | | |
|---------------------|------------|------------|--------------|--------------|
| Specific allowance | | | | |
| Made | 1,763 | 6,385 | 10,292 | 21,528 |
| (Written back) | (1,477) | (7,347) | (9,000) | (17,068) |
| General allowance | | | | |
| Made/(Written back) | (5) | 1,712 | (17) | 1,610 |
| Bad debts | | | | |
| Recovered | (87) | (12) | (124) | (12) |
| Written off | - | - | 2 | - |
| | 194 | 738 | 1,153 | 6,058 |

A19. Impairment losses

| | | | | |
|-------------------------------------|---------------|--------------|---------------|--------------|
| Goodwill on consolidation | - | 9 | - | 9 |
| Securities available-for-trading | 1,798 | - | 1,798 | - |
| Securities available-for-sale | - | 4,474 | 22,000 | 4,998 |
| Investments in associated companies | 19,440 | - | 19,440 | - |
| | 21,238 | 4,483 | 43,238 | 5,007 |

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

A20. Segmental information

Please refer to Appendix I.

A21. Material events subsequent to the end of the quarter

Valuation of Investment Property Located at Jalan Ampang

OSK Realty Sdn. Bhd., a wholly-owned subsidiary of the Company has undertaken a valuation of its investment property located at Jalan Ampang on 31 December 2008.

The subject property is a freehold property held under Title No. Geran 5692, Lot No. 26, Section 43, Town and District Kuala Lumpur, State of Wilayah Persekutuan, Kuala Lumpur measuring 6,532.93 square metres or about 70,320 square feet (the "Property"). The valuation exercise was carried out by PA International Property Consultants (KL) Sdn. Bhd. for the purpose of ascertaining the current market value of the Property in line with FRS 140 on Investment Property.

The valuation of the Property is based on the surveyed land area of 5,653 square metres or about 60,848 square feet and the salient details are as follows :-

- (a) the market value of the Property is RM112,600,000;
- (b) the revaluation surplus of the Property is at RM69,814,313; and
- (c) the net asset per share of the Group would increase by approximately 11 sen as a result of the gain on revaluation.

OSK HOLDINGS BERHAD (207075-U)

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A22. Changes in the composition of the Group

- (a) Acquisition of shares in Ever Bloom International Investment Limited ("EBII") (now known as OSK International Investment Hong Kong Limited) by OSK Asia Holdings Limited (now known as OSK Holdings 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) as 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.

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

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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.

Subsequently, WTI has change its name to OSK Wealth Management Hong Kong 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 RM2.00 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.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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”)

OSKIB, a wholly owned subsidiary company of the Company had on 8 April 2008 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”). On 8 August 2008, OSKIB completed the subscription of 52,041 new ordinary shares of Rp1,000,000 each in PTNCI (“Subscribed Shares”) with all approvals from the relevant authorities in Malaysia and Indonesia. for the subscription of shares.

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 98%-owned subsidiary, PT Nusadana Aset Manajemen, which provides asset management services. Thereafter, PTNCI had on 24 September 2008 changed its name to OSKNS.

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, PTNCI has 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 |
| | <hr/> | <hr/> |
| | 102,041 | 100 |

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

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

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

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. 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 from that date, OSKPH ceased to be a subsidiary company of the Company.

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.

Subsequently, OSKIB has 14 October 2008 further subscribed 1,999,999 new ordinary shares of SG\$1.00 each in OSKII.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

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

- (l) Acquisition of the entire issued and paid-up share capital of Stretto Capital Pte Ltd (“Stretto”) now known as OSK International Asset Management Pte Ltd.

On 13 October 2008, OSKIB via its wholly-owned subsidiary in Singapore, OSKII, completed the acquisition of the entire issued and paid-up share capital of Stretto. 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”).

Thereafter, Stretto has on 30 October 2008 increased its paid-up share capital to SG\$1,000,000 comprising 1,000,000 ordinary shares of SG\$1.00 each.

On 27 November 2008, Stretto has changed its name to OSK International Asset Management Pte Ltd.

- (m) 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 to merge their respective business activities.

OSKT and UOBT, are both public companies 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; out of which 900,000 ordinary shares of RM10 each 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 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. Bhd - 20%; and
- e) KE-ZAN Nominees (Tempatan) Sdn. Bhd - 20%.

The Trustees Business Merger is a strategic move by OSKH Group to tap into the larger operational and customer base arising from the acquisition of UOBT from United Overseas Bank (Malaysia) Berhad Group, 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 a Vesting Order to facilitate the transfer of the business of UOBT to OSKT; the Trustees Business Merger was completed on 29 December 2008.

UOBT subsequently changed its name to Beneficial Services Berhad on 14 October 2008.

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

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

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

| | RM'000 |
|--|-----------------|
| Purchase consideration satisfied by cash | 78,155 |
| Costs attributable to the acquisitions, paid in cash | 6,419 |
| Total cost of acquisitions | <u>84,574</u> |
| Cash and cash equivalents of subsidiary companies acquired | <u>(84,665)</u> |
| Net cash outflow of the Group | <u>(91)</u> |

These new subsidiaries had contributed the following to the financial results to the Group:

| | Date of acquisitions to 31.12.2008 RM'000 |
|----------------------|--|
| Revenue | 6,618 |
| Loss before taxation | (3,831) |
| Loss for the period | <u>(3,271)</u> |

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

| | 1.1.2008 to 31.12.2008 RM'000 |
|------------------------|--|
| Revenue | 21,120 |
| Profit before taxation | 956 |
| Profit for the year | <u>949</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 | 84,665 |
| Securities available-for-sale | 49 |
| Land held for property development | 7 |
| Other assets | 101,524 |
| Property, plant and equipment | 1,207 |
| Deferred tax assets | 235 |
| Other liabilities | (66,344) |
| Tax payable | (1,258) |
| Borrowings | (173) |
| Fair value of total net assets | <u>119,912</u> |
| Minority interests | <u>(57,951)</u> |
| Group's share of net assets | 61,961 |
| Add: Goodwill on consolidation | <u>22,613</u> |
| Total acquisition costs | <u>84,574</u> |

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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:

| | OSKIB As at 31.12.2008 RM'000 | (Restated) OSKIB As at 31.12.2007 RM'000 |
|---|--|--|
| Issued and fully paid share capital | 630,000 | 630,000 |
| Retained profits | 27,826 | 81,740 |
| Statutory reserve | 164,129 | 89,982 |
| | 821,955 | 801,722 |
| Less: Goodwill | (46,516) | (46,516) |
| Less: Deferred tax assets | (1,635) | - |
| Tier I capital | 773,804 | 755,206 |
| General allowance for bad and doubtful debts and financing | 2,888 | 4,115 |
| Subordinated Debt Capital | 100,000 | - |
| Tier II capital | 102,888 | 4,115 |
| Total capital | 876,692 | 759,321 |
| Less: Investments in subsidiary companies | (335,436) | (206,292) |
| Capital base | 541,256 | 553,029 |
| Proposed final dividend for year ended 31 December 2007 of 11 sen less 26% income tax | - | 51,282 |
| <u>Before proposed dividend</u> | | |
| Core capital ratio | 28.31% | 26.48% |
| Risk-weighted capital ratio | 28.31% | 26.48% |
| <u>Net proposed dividend</u> | | |
| Core capital ratio | 28.31% | 24.02% |
| Risk-weighted capital ratio | 28.31% | 24.02% |

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

A25. Capital adequacy (Cont'd)

The breakdown of risk-weighted assets (excluding deferred tax assets) of OSKIB in the various of risk-weights are as follows:

| | As At 31.12.2008 | | As At 31.12.2007 | |
|---|---------------------|-------------------------|---------------------|-------------------------|
| | Principal RM'000 | Risk-weighted RM'000 | Principal RM'000 | Risk-weighted RM'000 |
| 0% | 434,950 | - | 63,641 | - |
| 10% | - | - | - | - |
| 20% | 1,039,299 | 207,860 | 1,115,504 | 223,101 |
| 50% | 37,375 | 18,688 | - | - |
| 100% | 372,655 | 372,655 | 1,001,490 | 1,001,490 |
| Risk weighted assets for credit risk | | 599,203 | | 1,224,591 |
| Risk weighted assets for market risk | | 750,942 | | 861,615 |
| Risk weighted assets for operational risk (Basel II only) | | 558,864 | | - |
| Large exposure risk requirements for RWA | | 2,648 | | 2,270 |
| | | <u>1,911,657</u> | | <u>2,088,476</u> |

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 FOURTH QUARTER ENDED 31 DECEMBER 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

AUDITED CONDENSED BALANCE SHEET AS AT 31 DECEMBER 2008

| | Note | OSKIB As at 31.12.2008 RM'000 | OSKIB As at 31.12.2007 RM'000 |
|--|--------|--|--|
| ASSETS | | | |
| Cash and short-term funds - General accounts | | | |
| Current account with Bank Negara Malaysia | | 43 | - |
| Money at call and deposits placements maturing within one month | | 301,280 | - |
| Securities portfolio - Securities held-to-maturity | | 202,958 | - |
| Other assets | A26(c) | 864 | - |
| Statutory deposit with Bank Negara Malaysia | | 3 | - |
| Plant and equipment | | 21 | - |
| TOTAL ASSETS | | 505,169 | - |
| LIABILITIES | | | |
| Deposits from customers | A26(d) | 453,001 | - |
| Other liabilities | A26(e) | 1,219 | - |
| Tax payable | | 247 | - |
| TOTAL LIABILITIES | | 454,467 | - |
| ISLAMIC BANKING CAPITAL FUNDS | | | |
| Islamic banking funds | | 50,000 | - |
| Reserves | | 702 | - |
| TOTAL ISLAMIC BANKING CAPITAL FUNDS | | 50,702 | - |
| TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS | | 505,169 | - |

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

A26. Operations of Islamic Banking (Cont'd)

**(b) OSK INVESTMENT BANK BERHAD
UNAUDITED CONDENSED INCOME STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008**

| | OSKIB Current quarter ended 31.12.2008 RM'000 | OSKIB Comparative quarter ended 31.12.2007 RM'000 | OSKIB Current year to date ended 31.12.2008 RM'000 | OSKIB Preceding year to date ended 31.12.2007 RM'000 |
|--|--|--|---|---|
| Income derived from investment of depositors' funds and others | 4,852 | - | 10,960 | - |
| Transfer from/(to) | | | | |
| Profit Equalisation Reserve | 18 | - | (90) | - |
| Gross and total attributable income | 4,870 | - | 10,870 | - |
| Income attributable to the depositors | (4,239) | - | (9,481) | - |
| Income attributable to OSKIB | 631 | - | 1,389 | - |
| Other operating expenses | (141) | - | (441) | - |
| Profit before tax expense | 490 | - | 948 | - |
| Taxation | (127) | - | (246) | - |
| Profit after tax expense | 363 | - | 702 | - |

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 | 4,852 | - | 10,960 | - |
| Income attributable to the depositors | (4,239) | - | (9,481) | - |
| Transfer from / (to) | | | | |
| Profit Equalisation Reserve | 18 | - | (90) | - |
| | 631 | - | 1,389 | - |

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

A26. Operations of Islamic Banking (Cont'd)

| | OSKIB | OSKIB |
|--|-------------------|-------------------|
| | As at | As at |
| | 31.12.2008 | 31.12.2007 |
| | RM'000 | RM'000 |
| (c) Other assets | | |
| Income receivables | 862 | - |
| Prepayments | 2 | - |
| | <u>864</u> | <u>-</u> |
| (d) Deposits from customers | | |
| (i) By type of deposit | | |
| Mudharabah general deposits | <u>453,001</u> | <u>-</u> |
| (ii) By type of customer | | |
| Government and statutory bodies | 224,818 | - |
| Domestic non-bank financial institutions | 154,434 | - |
| Business enterprises | 73,749 | - |
| | <u>453,001</u> | <u>-</u> |
| (e) Other liabilities | | |
| Profit payables | 1,018 | - |
| Other payable | 111 | - |
| Profit Equalisation Reserve | 90 | - |
| | <u>1,219</u> | <u>-</u> |

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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

For the quarter under review, the Group recorded a profit after tax of RM4.20 million as compared to the previous year corresponding period of RM60.89 million. The Group attained revenues of RM176.99 million for the period, representing a decline of 43% as compared to RM313.10 million for the previous corresponding period in 2007.

The Group's revenue declined from RM1.24 billion in the financial year 2007 to RM0.81 billion in the financial year 2008. For the financial year ended 31 December 2008, the Group recorded a profit after tax of RM138.41 million as compared to 2007 of RM331.82 million. The Group's profit after tax (after minority interest) declined from RM284.74 million to RM134.77 million for the same period.

The lower Group profits recorded in the quarter under review and the financial year 2008 is due to the crisis in the global capital markets has since become worse.

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 RM1.89 million for Q4 2008 as compared to RM29.04 million achieved in the immediate preceding quarter. The Group's profit after tax also declined from RM19.59 million to RM15.42 million for the same period. The Group was able to maintain a profitable performance despite the slow down in the global capital markets activities due to the global financial and economic crisis.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

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

(a) Current year prospects

(Commentary on the next financial year)

Amidst the uncertain global financial and economic crises, it is expected that the capital market activities in the countries which the Group operates will slow down further in 2009. Despite the challenging circumstances, the Group remains fundamentally strong with healthy financials.

While the equities and futures businesses still rely heavily on the volumes of trading in regional markets, the Group's other activities, namely treasury, investment banking and fund management services will help to partly buffer the slowdown in the business. In Malaysia, the Group commenced its Islamic banking business in 2008 and this will further expand the Group's recurrent income stream. The Group ventured into the regional markets with investments in Indonesia and Cambodia in the second half of 2008. These investments together with its other overseas operations will further strengthen the Group's regional infrastructure, which will enhance its future performance and increase its shareholders' value.

In view of the severe global economic crisis, 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 crisis and firmly believes that the Group will emerge stronger. While the Group's businesses are expected to be affected, the Board is of the view that the Group will remain profitable in 2009.

(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.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

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. Taxation

| | Current quarter ended 31.12.2008 RM'000 | Current year to date ended 31.12.2008 RM'000 |
|--|---|--|
| In respect of the current quarter / year to date | | |
| - Malaysian income tax | 1,033 | 31,795 |
| - Foreign income tax | 2,338 | 7,398 |
| - Deferred taxation | (5,727) | (9,019) |
| | <hr/> | <hr/> |
| | (2,356) | 30,174 |
| In respect of the prior year | | |
| - Malaysian income tax | 276 | 861 |
| - Foreign income tax | (235) | (1,259) |
| | <hr/> | <hr/> |
| | (2,315) | 29,776 |

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 as well as lower foreign tax rates for overseas subsidiary companies.

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 FOURTH QUARTER ENDED 31 DECEMBER 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 31.12.2008 RM'000 | Current year to date ended 31.12.2008 RM'000 |
|------------------------------|--|---|
| Total purchase consideration | - | 57,685 |
| Total sale proceeds | 4,533 | 75,954 |
| Net loss on disposals | (2,947) | (8,902) |

- (b) Investments in quoted securities (including listed associated companies) as at 31 December 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 | 149,337 | 11,479 |
| Outside Malaysia | 18,977 | - |
| | 168,314 | 11,479 |
| Fair value adjustments | - | (921) |
| Impairment losses | (19,440) | - |
| Share of post-acquisition reserves | 52,158 | - |
| | 201,032 | 10,558 |
| Market value of quoted shares: | | |
| In Malaysia | 93,758 | 10,558 |
| Outside Malaysia | 8,335 | - |
| | 102,093 | 10,558 |

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 FOURTH QUARTER ENDED 31 DECEMBER 2008

B9. Status of corporate proposals and utilisation of proceeds

(a) Status of corporate proposals announced but not completed as at 23 February 2009

- (i) Members' Voluntary Winding Up of Beneficial Services Berhad [formerly known as UOB Trustee (Malaysia) Bhd.] ("BSB")

On 23 January 2009, BSB, a wholly-owned subsidiary of OSKH, has initiated a Members' Voluntary Winding Up pursuant to Section 254(1)(b) of Companies Act, 1965 and that Mr.Chin Kim Chung and Mr. Roy Thean Chong of Rusell Bedford Malaysia Business Advisory Sdn. Bhd. of 10th Floor, Bangunan Yee Seng 15, Jalan Raja Chulan, 50200 Kuala Lumpur have been appointed as the Liquidators of BSB.

BSB was incorporated on 30 March 2004 with an issued share capital of RM1.0 million comprising of 100,000 ordinary shares of RM10.00 each and partly paid up to RM5.00 each.

Following the completion of transfer and merger of BSB's business as trustee agent, executor and administrator under the Trust Companies Act, 1949 effected pursuant to the Business Merger Agreement dated 16 January 2008, BSB is no longer carrying on the said business and there are no further plans for BSB.

- (ii) Proposed Disposal of 30% Equity Interest in UOB-OSK Asset Management Sdn. Bhd. ("UOAM") by the Company to OSK Investment Bank Berhad

On 16 February 2009, the Company entered into a Sale and Purchase of Shares Agreement ("SPA") with its wholly-owned subsidiary, OSK Investment Bank Berhad ("OSKIB") to dispose its 30% equity interest in ("UOAM") comprising 1,200,000 ordinary shares of RM1.00 each in UOB-OSK for an indicative consideration of RM7.67 million in cash ("Proposed Disposal").

This will enable the OSKH Group to streamline its fund management company under OSKIB to achieve management and operational synergies as well as to facilitate efficient deployment of the resources.

Upon completion of the Proposed Disposal, UOAM will be a direct associated company of OSKIB and an indirect associated company of the Company.

(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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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

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 | 2,370,633 |
| Obligations on securities sold under repurchase agreements | 249 |
| Borrowings | 207,573 |
| Subordinated notes | 100,000 |
| | <u>2,678,455</u> |
| Borrowings consist of: | |
| <u>Short term:</u> | |
| <i>Unsecured</i> | |
| Revolving credits | 160,400 |
| | <u>160,400</u> |
| <i>Secured</i> | |
| Syndicated term loan | 17,231 |
| Finance lease payables denominated in SGD | 508 |
| | <u>17,739</u> |
| | <u>178,139</u> |
| <u>Long term:</u> | |
| <i>Secured</i> | |
| Syndicated term loan | 29,434 |
| | <u>29,434</u> |

B11. Off balance sheet financial instruments

As at 23 February 2009 (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 FOURTH QUARTER ENDED 31 DECEMBER 2008

B12. Material litigation

As at 23 February 2009 (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.

OSK HOLDINGS BERHAD (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

B13. Dividend

- (a) The Board of Directors recommends a final dividend of 2.5 sen per share less 25% income tax for the current financial year ended 31 December 2008 [2007: 10.0 sen per share less 26% income tax as disclosed in Note A6(a)] . The proposed dividend is subject to Shareholders' approval at the forthcoming Annual General Meeting. The entitlement date to the final dividend shall be determined by the Board of Directors at the subsequent stage.
- (b) 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 is 7.5 sen (2007: 20.0 sen) per share less applicable income tax .

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

| | (Restated) Current quarter ended 31.12.2008 | Comparative quarter ended 31.12.2007 | (Restated) Current year to date ended 31.12.2008 | Preceding year to date ended 31.12.2007 |
|---|---|---|--|--|
| Basic EPS | | | | |
| Profit attributable to equity holders of the Company (RM'000) | 15,424 | 51,990 | 134,774 | 284,743 |
| Weighted average number of ordinary shares in issue ('000 shares) | 643,291 | 647,910 | 643,233 | 640,481 |
| Basic EPS (sen) | 2.40 | 8.02 | 20.95 | 44.46 |
| Diluted EPS | | | | |
| Profit attributable to equity holders of the Company (RM'000) | 15,424 | 51,990 | 134,774 | 284,743 |
| Weighted average number of ordinary shares in issue ('000 shares) | 643,291 | 647,910 | 643,233 | 640,481 |
| Effect of dilution on assumed exercise of Warrants B and options granted under ESOS ('000 shares) | - | 17,030 | 1,299 | 24,200 |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000 shares) | 643,291 | 664,940 | 644,532 | 664,681 |
| Diluted EPS (sen) | 2.40 | 7.82 | 20.91 | 42.84 |

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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

Ong Leong Huat @ Wong Joo Hwa
Director

Kuala Lumpur
26 February 2009

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

A20. 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. Commercial banking - Commercial banking services.
3. Equity, futures & options - Stockbroking, nominee services and related services and futures and options broking both local and overseas.
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.

A20. 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 31 DECEMBER 2008</u> | | | | | | |
| Revenue | 631,731 | 132,261 | 41,839 | 5,869 | 465 | 812,165 |
| Profit before taxation | 152,862 | 28,838 | (11,631) | (334) | (1,549) | 168,186 |
| Total carrying amount of segment assets | 5,047,705 | 641,989 | 248,005 | 125,040 | 48,496 | 6,111,235 |
| Total capital expenditure | 18,466 | 813 | 734 | 515 | 3,634 | 24,162 |
| <u>PRECEDING YEAR TO DATE ENDED 31 DECEMBER 2007 (Restated)</u> | | | | | | |
| Revenue | 899,097 | 230,235 | 107,251 | - | - | 1,236,583 |
| Profit before taxation | 354,797 | 71,148 | 20,697 | - | - | 446,642 |
| Total carrying amount of segment assets | 5,258,600 | 2,697,169 | 501,468 | - | - | 8,457,237 |
| Total capital expenditure | 13,965 | 2,191 | 2,000 | - | - | 18,156 |

A23. Commitments and contingencies

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

| | As at 31.12.2008 | | | 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 | 265,000 | 132,500 | 26,500 | 322,357 | 161,179 | 32,236 |
| Irrevocable commitments to extend credit: | | | | | | |
| - maturity not exceeding one year | 975,514 | - | - | 1,174,018 | - | - |
| Foreign exchange related contracts: | | | | | | |
| - less than one year | 1,170 | 1,170 | 234 | - | - | - |
| Interest rate related contracts: | | | | | | |
| - one year to less than five years | 160,000 | 9,237 | 1,847 | - | - | - |
| | 1,401,684 | 142,907 | 28,581 | 1,496,375 | 161,179 | 32,236 |

* 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 31 December 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 | 1,380,547 | 27,092 | - | - | - | 126,725 | - | 1,534,364 | 3.44 |
| Deposits and placements with banks and other financial institutions | - | 76,047 | - | - | - | - | - | 76,047 | 3.99 |
| Securities portfolio | | | | | | | | | |
| Securities held-for-trading | - | - | - | 5,122 | 24,612 | 1,096 | 16,040 | 46,870 | 5.40 |
| Securities held-to-maturity | 18,374 | 61,233 | 139,173 | 183,927 | 211,662 | 12,310 | - | 626,679 | 5.34 |
| Securities available-for-sale | 107,724 | 186,469 | 234,045 | 659,542 | 102,142 | 6,496 | - | 1,296,418 | 4.60 |
| Derivative financial assets | - | - | - | - | - | 2,326 | - | 2,326 | - |
| Loans, advances and financing | | | | | | | | | |
| Performing | 632,298 | 83,739 | 224,111 | 2,676 | - | - | - | 942,824 | 8.35 |
| Non-performing | 7,480 | - | 5,690 | 3,031 | - | - | - | 16,201 | 8.10 |
| Other assets | 100 | - | - | - | - | 64,909 | 712,374 | 777,383 | - |
| Statutory deposits with Central Bank | - | - | - | - | 4,768 | 76,066 | - | 80,834 | 1.19 |
| Other non-interest sensitive balance | - | - | - | - | - | 738,729 | - | 738,729 | - |
| Total Assets | 2,146,523 | 434,580 | 603,019 | 854,298 | 343,184 | 1,028,657 | 728,414 | 6,138,675 | |

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

| As at 31 December 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 | 1,205,991 | 262,450 | 782,411 | 119,056 | 391 | 334 | - | 2,370,633 | 3.44 |
| Deposits and placements of banks and other financial institutions | 83,215 | 211,100 | 123,887 | 29,387 | - | 326 | - | 447,915 | 3.18 |
| Obligations on securities sold under repurchase agreements | 249 | - | - | - | - | - | - | 249 | 3.00 |
| Derivative financial liabilities | - | - | - | - | - | 5,783 | - | 5,783 | - |
| Borrowings | 160,908 | - | 17,231 | 29,434 | - | - | - | 207,573 | 5.16 |
| Subordinated notes | - | - | - | - | 100,000 | - | - | 100,000 | 7.50 |
| Other non-interest sensitive balance | - | - | - | - | - | 1,327,138 | - | 1,327,138 | - |
| Total Liabilities | 1,450,363 | 473,550 | 923,529 | 177,877 | 100,391 | 1,333,581 | - | 4,459,291 | |
| Shareholders' funds | - | - | - | - | - | 1,380,401 | - | 1,380,401 | |
| Minority interests | - | - | - | - | - | 298,983 | - | 298,983 | |
| Total Equity | - | - | - | - | - | 1,679,384 | - | 1,679,384 | |
| Total Liabilities and Equity | 1,450,363 | 473,550 | 923,529 | 177,877 | 100,391 | 3,012,965 | - | 6,138,675 | |
| On-balance sheet interest sensitivity gap | 696,160 | (38,970) | (320,510) | 676,421 | 242,793 | (1,984,308) | 728,414 | - | |
| Off-balance sheet interest sensitivity gap | - | - | - | - | 160,000 | - | - | 160,000 | |
| Total Interest Sensitivity Gap | 696,160 | (38,970) | (320,510) | 676,421 | 402,793 | (1,984,308) | 728,414 | 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 | 1,069,418 | - | 389 | 573 | - | 290,437 | - | 1,360,817 | 3.43 |
| Deposits and placements with banks and other financial institutions | - | 50,000 | - | - | - | - | - | 50,000 | 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 |
| Derivative financial assets | - | - | - | - | - | 134,429 | - | 134,429 | - |
| 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 | - | 41,531 | 3,067,331 | 3,108,962 | 1.98 |
| Other non-interest sensitive balance | - | - | - | - | - | 1,154,810 | - | 1,154,810 | - |
| Total Assets | 1,825,510 | 358,780 | 543,808 | 593,919 | 233,449 | 1,701,669 | 3,209,575 | 8,466,710 | |

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 and deposits and placements of banks and other financial institutions | 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 |
| Derivative financial liabilities | - | - | - | - | - | 164,757 | - | 164,757 | - |
| Borrowings | 215,367 | 20,621 | 25,795 | 120,572 | 51,500 | - | - | 433,855 | 5.49 |
| Other non-interest sensitive balance | - | - | - | - | - | 3,898,850 | - | 3,898,850 | - |
| Total Liabilities | 852,763 | 74,574 | 380,518 | 1,148,339 | 51,500 | 4,063,607 | - | 6,571,301 | |
| Shareholders' funds | - | - | - | - | - | 1,518,148 | - | 1,518,148 | |
| Minority interests | - | - | - | - | - | 377,261 | - | 377,261 | |
| Total Equity | - | - | - | - | - | 1,895,409 | - | 1,895,409 | |
| Total Liabilities and Equity | 852,763 | 74,574 | 380,518 | 1,148,339 | 51,500 | 5,959,016 | - | 8,466,710 | |
| On-balance sheet interest sensitivity gap | 972,747 | 284,206 | 163,290 | (554,420) | 181,949 | (4,257,347) | 3,209,575 | - | |
| Off-balance sheet interest sensitivity gap | - | - | - | - | - | - | - | - | |
| Total Interest Sensitivity Gap | 972,747 | 284,206 | 163,290 | (554,420) | 181,949 | (4,257,347) | 3,209,575 | - | |