

## OSK PROPERTY HOLDINGS BERHAD (201666-D)

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

	<b>Current quarter ended 30/6/2007 RM'000</b>	<b>Comparative quarter ended 30/6/2006 RM'000</b>	<b>Current year to date ended 30/6/2007 RM'000</b>	<b>Preceding year to date ended 30/6/2006 RM'000</b>
Revenue	16,273	20,258	32,632	42,078
Cost of sales	(13,487)	(16,588)	(26,688)	(32,418)
Gross profit	2,786	3,670	5,944	9,660
Other income	345	214	676	675
Administrative expenses	(2,031)	(2,100)	(3,731)	(3,647)
Finance costs	(1,178)	(1,387)	(2,611)	(2,847)
<b>(Loss) /profit before taxation</b>	<b>(78)</b>	<b>397</b>	<b>278</b>	<b>3,841</b>
Income tax expense	(460)	(475)	(893)	(1,501)
<b>(Loss)/profit after taxation for the period attributable to equity holders of the Company</b>	<b>(538)</b>	<b>(78)</b>	<b>(615)</b>	<b>2,340</b>
<b>(Loss)/earnings per share (sen) attributable to equity holders of the Company (Note B14):</b>				
Basic	(0.56)	(0.08)	(0.65)	2.51
Diluted	*	*	*	2.32

\* The resultant figure is anti-dilutive

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

# OSK PROPERTY HOLDINGS BERHAD (201666-D)

## QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007 UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	As at 30/6/2007 RM'000	As at 30/6/2006 RM'000	(Audited) As at 31/12/2006 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5,363	3,641	3,811
Investment properties	4,530	2,551	4,531
Prepaid land lease payments	1,724	1,744	1,734
Land held for property development	231,437	254,950	234,988
Deferred tax assets	434	-	434
	<b>243,488</b>	<b>262,886</b>	<b>245,498</b>
<b>Current assets</b>			
Property development costs	98,005	64,929	89,095
Trade receivables	27,316	25,596	23,385
Accrued billings	1,275	-	2,357
Other receivables, deposits and prepayments	17,250	6,210	6,340
Tax recoverable	4,659	3,011	4,034
Cash, bank balances and deposits	12,887	13,647	10,035
	<b>161,392</b>	<b>113,393</b>	<b>135,246</b>
<b>TOTAL ASSETS</b>	<b>404,880</b>	<b>376,279</b>	<b>380,744</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	99,999	99,996	99,996
Less: Treasury shares	(5,388)	(7,935)	(7,935)
Reserves	112,908	119,565	116,923
<b>Total equity</b>	<b>207,519</b>	<b>211,626</b>	<b>208,984</b>
<b>Non-current liabilities</b>			
Seven (7)-Year Serial Al-Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS")	46,487	68,734	69,759
Term Loan	10,000	-	-
Deferred tax liabilities	39,302	41,539	41,102
	<b>95,789</b>	<b>110,273</b>	<b>110,861</b>
<b>Current liabilities</b>			
Trade payables	23,384	15,218	16,542
Progress billings	12,206	8,714	9,807
Other payables, deposits and accruals	6,745	8,280	4,900
Short term borrowings	59,237	21,000	29,650
Tax payable	-	1,168	-
	<b>101,572</b>	<b>54,380</b>	<b>60,899</b>
<b>Total liabilities</b>	<b>197,361</b>	<b>164,653</b>	<b>171,760</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>404,880</b>	<b>376,279</b>	<b>380,744</b>
Net Asset per Share (RM)	<b>2.17</b>	<b>2.27</b>	<b>2.24</b>

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

# OSK PROPERTY HOLDINGS BERHAD (201666-D)

## QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company					
	Share capital	Treasury shares	Warrants	Share premium	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Current year to date ended</u></b>						
<b><u>30 June 2007 (unaudited)</u></b>						
At 1 January 2007	99,996	(7,935)	14,999	15,458	86,466	208,984
Loss for the period	-	-	-	-	(615)	(615)
Total expense recognised for the period	-	-	-	-	(615)	(615)
Dividend	-	-	-	-	(3,486)	(3,486)
Shares issued pursuant to exercise of warrants	3	-	(1)	1	-	3
Disposal of treasury shares	-	2,547	-	86	-	2,633
At 30 June 2007	<b>99,999</b>	<b>(5,388)</b>	<b>14,998</b>	<b>15,545</b>	<b>82,365</b>	<b>207,519</b>
<b><u>Preceding year to date ended</u></b>						
<b><u>30 June 2006 (unaudited)</u></b>						
At 1 January 2006	99,996	(7,900)	14,999	15,458	90,129	212,682
Profit for the period	-	-	-	-	2,340	2,340
Total income recognised for the period	-	-	-	-	2,340	2,340
Dividend	-	-	-	-	(3,361)	(3,361)
Shares buyback of the Company	-	(35)	-	-	-	(35)
At 30 June 2006	<b>99,996</b>	<b>(7,935)</b>	<b>14,999</b>	<b>15,458</b>	<b>89,108</b>	<b>211,626</b>
<b><u>Preceding year ended</u></b>						
<b><u>31 December 2006 (audited)</u></b>						
At 1 January 2006	99,996	(7,900)	14,999	15,458	90,129	212,682
Profit for the year	-	-	-	-	3,059	3,059
Total income recognised for the year	-	-	-	-	3,059	3,059
Dividends	-	-	-	-	(6,722)	(6,722)
Shares buyback of the Company	-	(35)	-	-	-	(35)
At 31 December 2006	<b>99,996</b>	<b>(7,935)</b>	<b>14,999</b>	<b>15,458</b>	<b>86,466</b>	<b>208,984</b>

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

## OSK PROPERTY HOLDINGS BERHAD (201666-D)

### QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007 UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	<b>Current year to date ended 30/6/2007 RM'000</b>	Preceding year to date ended 30/6/2006 RM'000	(Audited) Preceding year ended 31/12/2006 RM'000
<b>Cash Flows From Operating Activities</b>			
Profit before taxation	278	3,841	4,783
Adjustments for non-cash and non-operating items	2,839	2,644	5,445
Operating profit before working capital changes	<b>3,117</b>	6,485	10,228
Changes in working capital :-			
Net change in development costs	(5,878)	(7,601)	(18,561)
Net change in current assets	(14,792)	(6,583)	(4,563)
Net change in current liabilities	8,687	6,997	4,939
Net change in accrued/progress billings	3,481	(17,524)	(11,465)
Net change in intercompany balances	-	(18)	(18)
Net cash used in operations	<b>(5,385)</b>	(18,244)	(19,440)
Income tax paid	(1,852)	(2,617)	(5,981)
Income tax refunded	-	-	79
Interest received	137	235	498
Interest paid	(948)	(251)	(817)
Net cash used in operating activities	<b>(8,048)</b>	(20,877)	(25,661)
<b>Cash Flows From Investing Activities</b>			
Purchase of plant and equipment	(1,730)	(1,276)	(1,621)
Purchase of investment property	(15)	-	-
Proceeds from disposal of plant and equipment	-	-	(1,998)
Net cash used in investing activities	<b>(1,745)</b>	(1,276)	(3,619)
<b>Cash Flows From Financing Activities</b>			
Dividends paid	(3,486)	(3,361)	(6,722)
Payment of BaIDS expenses	(55)	(31)	(56)
Payment of BaIDS profits	(1,750)	(1,750)	(3,500)
Purchase of own shares	-	(36)	(35)
Proceeds from disposal of treasury shares	2,633	-	-
Proceeds from conversion of warrants	3	-	-
Drawdown of term loan	10,000	-	-
Drawdown of revolving credits	25,100	27,768	35,700
Repayment of revolving credits	(19,800)	(6,768)	(6,050)
Net cash from financing activities	<b>12,645</b>	15,822	19,337
<b>Net change in cash and cash equivalents</b>	<b>2,852</b>	(6,331)	(9,943)
<b>Cash and cash equivalents at beginning of the period/year</b>	<b>10,035</b>	19,978	19,978
<b>Cash and cash equivalents at end of the period/year</b>	<b>12,887</b>	13,647	10,035
Cash and cash equivalents at end of the period/year comprised:			
Cash on hand and banks	724	4,181	1,540
Sinking Fund Account	3	1	1
Deposit with Licensed Banks	-	1,130	-
Housing Development Accounts	8,660	3,585	3,744
Profit Service Reserve and Reserve Accounts	3,500	4,750	4,750
	<b>12,887</b>	13,647	10,035

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

# OSK PROPERTY HOLDINGS BERHAD (201666-D)

## QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

### PART A – Explanatory Notes Pursuant to Financial Reporting Standard 134 (“FRS 134”) Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”)

#### A1. Accounting policies

The quarterly report is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”). The interim financial reporting should be read in conjunction with the audited financial statement of the Group for the year ended 31 December 2006 and the explanatory notes. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2006.

The significant accounting policies and methods of computation adopted by the Group in this quarterly report are consistent with those of the annual financial statements for the year ended 31 December 2006 except for the adoption of the following new and revised Financial Reporting Standards and Amendments issued by MASB that are effective for financial statements commencing 1 January 2007: -

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 117	Leases
FRS 124	Related Party Disclosures
Amendment to FRS 119 <sub>2004</sub>	Employee Benefits -Actuarial Gains and Losses, Group Plans and Disclosures

The Group has early adopted the Amendment to FRS 121:-

Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates -Net Investment in a Foreign Operation
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FRS 6 is not relevant to the Group’s operations. The adoption of FRS 124, Amendment to FRS 119<sub>2004</sub> and Amendment to FRS121 does not have a significant financial impact on the Group. The effect of the changes in accounting policy resulting from the adoption of FRS 117 is as follows:

#### FRS 117: Leases

##### (i) Leasehold land

Prior to 1 January 2007, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. Leasehold land is now classified as operating lease, the minimum lease payments or the upfront payments made are allocated between the land and buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The upfront payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

# OSK PROPERTY HOLDINGS BERHAD (201666-D)

## QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

### A1. Accounting policies (Cont'd)

#### FRS 117: Leases (Cont'd)

##### (i) Leasehold land (Cont'd)

Upon adoption of the revised FRS 117 on 1 January 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. There were no effects on the consolidated income statement for the current year to date. The restatement of certain comparatives are shown below:

	As previously stated RM'000	Effect of FRS117 RM'000	As restated RM'000
<b>Consolidated Balance Sheets At 30 June 2006</b>			
Investment properties	4,295	(1744)	2,551
Prepaid land lease payments	-	1,744	1,744
<b>Consolidated Balance Sheets At 31 December 2006</b>			
Property, plant and equipment	7,423	(3,612)	3,811
Investment properties	2,653	1,878	4,531
Prepaid land lease payments	-	1,734	1,734

##### (ii) Initial direct costs

Prior to 1 January 2007, the Group, as a lessor in operating lease arrangements, had recognised initial direct costs incurred in negotiating and arranging leases as an expense in the income statement in the period in which they were incurred. The revised FRS 117 requires such costs to be added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. According to the revised FRS 117, this change in accounting policy should be applied retrospectively. The Group does not incur significant initial costs on negotiating and arranging leases and as a result, this change in accounting policy did not materially affect the financial statements of the Group.

### A2. Audit report of previous annual financial statements

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

### A3. Seasonal or cyclical factors

There were no significant seasonal or cyclical factors that will materially affect the business of the Group for the current year to date.

### A4. Unusual items affecting financial statements

There were no unusual items affecting the financial statements for the current year to date.

### A5. Material changes in estimates of amounts reported

There were no significant changes in estimates of amounts reported in prior interim periods or prior year that have a material effect in the current year to date.

## OSK PROPERTY HOLDINGS BERHAD (201666-D)

### QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

#### A6. Changes in debt and equity securities

##### (a) Exercise of Warrants 2004/2009

During the current year to date, the Company has issued 2,636 new Ordinary Shares of RM1.00 each for cash at RM1.10 each pursuant to the exercise of Warrants and the total cash proceeds arising from the exercise of Warrants amounted to RM2,900. The details of the Warrants exercised during the current year to date are as follows:

Date	No. of Warrants exercise	No. of shares allotted	Type of issue
10 Jan 2007	391	391	Exercise of Warrants 2004/2009 at RM1.10 per share
26 Feb 2007	363	363	Exercise of Warrants 2004/2009 at RM1.10 per share
30 Apr 2007	846	846	Exercise of Warrants 2004/2009 at RM1.10 per share
23 May 2007	174	174	Exercise of Warrants 2004/2009 at RM1.10 per share
29 May 2007	376	376	Exercise of Warrants 2004/2009 at RM1.10 per share
18 Jun 2007	486	486	Exercise of Warrants 2004/2009 at RM1.10 per share
Total	2,636	2,636	

As a result of the exercise of the Warrants mentioned above, the total number of issued and paid up shares of RM1 each of the Company has been increased from 99,996,000 shares to 99,998,636 shares. The new Ordinary Shares issued arising from the exercise of Warrants shall rank *pari passu* in all respect with the existing Ordinary Shares of the Company, save and except that the new shares shall not entitled to any dividends, rights, allotments and/or distributions, unless the exercise of Warrants is effected before the book closure of the share registers for determination of the entitlement to such rights or distributions.

# OSK PROPERTY HOLDINGS BERHAD (201666-D)

## QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

### A6. Changes in debt and equity securities (Cont'd)

#### (b) Treasury shares

During the current year to date, the company has purchased 100 ordinary shares for a total cash consideration of RM133 from open market at an average price of RM1.33 per share. The shares repurchased are held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act, 1965. The Company has reissued 2,127,600 treasury shares by resale in the open market during the year to date at an average resale price of RM1.24 per share for an aggregate net proceeds of RM2,633,304. The proceeds from the resale will be utilised for working capital purposes.

The detail of the share buy back and the number of treasury shares held in hand as at 30 June 2007 is as follows:

<u>Date</u>	<u>Number of shares</u>	<u>Purchase Price</u>			<u>Cost RM</u>
		<u>Highest price RM</u>	<u>Lowest price RM</u>	<u>Average price RM</u>	
As at 1 Jan 2007	6,628,500	1.34	0.91	1.20	7,935,411
Disposal of treasury shares (Note 1)	(2,127,600)	1.34	0.91	1.20	(2,547,163)
May 2007	100	1.20	1.20	1.33	133
As at 30 June 2007	4,501,000	1.34	0.91	1.20	5,388,381

#### Note 1

Details of treasury shares disposed off during the current year to date were as follows:-

<u>Date</u>	<u>Number of shares</u>	<u>Sale Price</u>			<u>Proceeds RM</u>
		<u>Highest price RM</u>	<u>Lowest price RM</u>	<u>Average price RM</u>	
27 Feb 2007	77,600	1.42	1.42	1.42	109,706
7 Mar 2007	1,000,000	1.22	1.22	1.22	1,215,652
8 Mar 2007	500,000	1.26	1.25	1.25	625,166
9 Mar 2007	300,000	1.26	1.23	1.24	369,549
12 Mar 2007	250,000	1.27	1.25	1.26	313,231
Total	2,127,600	1.42	1.22	1.24	2,633,304



## OSK PROPERTY HOLDINGS BERHAD (201666-D)

### QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

#### A6. Changes in debt and equity securities (Cont'd)

##### (b) Treasury shares (Cont'd)

Subsequent to 30 June 2007 up to the date of this report, the following treasury shares were disposed off:

<u>Date</u>	<u>Number of shares</u>	<u>Sale Price</u>			<u>Proceeds</u> RM
		<u>Highest price</u> RM	<u>Lowest price</u> RM	<u>Average price</u> RM	
17 July 2007	3,300,000	1.40	1.37	1.38	4,536,677
18 July 2007	1,071,000	1.40	1.36	1.38	1,452,558
19 July 2007	130,000	1.42	1.40	1.41	181,600
<b>Total</b>	<b>4,501,000</b>	<b>1.42</b>	<b>1.36</b>	<b>1.37</b>	<b>6,170,835</b>

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

#### A7. Dividends paid

A final dividend of 5 sen per share less 27% income tax amounting to RM3,485,624 in respect of preceding financial year ended 31 December 2006 was paid on 18 May 2007.

# OSK PROPERTY HOLDINGS BERHAD (201666-D)

## QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

### A8. Segmental information

Segmental information is presented in respect of the Group's business segments. Segment revenue, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Group comprises the following main business segments:-

- (i) Property development – the development of residential and commercial properties
- (ii) Property investment and management
- (iii) Holding entity

<b><u>Current year to date ended</u></b> <b><u>30 June 2007 (unaudited)</u></b>	Property development	Property investment & management	Holding entity	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>					
External revenue	32,551	-	81	-	32,632
Inter segment revenue	-	-	716	(716)	-
Total	32,551	-	797	(716)	32,632

<b>Results</b>					
Profit from operations	4,475	123	319	(2,028)	2,889
Less: Finance costs	(3,327)	-	-	716	(2,611)
Profit before taxation	1,148	123	319	(1,312)	278
Income tax expense					(893)
Loss after taxation					(615)

<b><u>Preceding year to date</u></b> <b><u>ended 30 June 2006</u></b> <b><u>(unaudited)</u></b>	Property development	Property investment & management	Holding entity	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>					
External revenue	41,908	-	170	-	42,078
Inter segment revenue	-	-	4,465	(4,465)	-
Total	41,908	-	4,635	(4,465)	42,078

<b>Results</b>					
Profit from operations	10,645	98	3,466	(7,520)	6,689
Less: Finance costs	(3,313)	-	-	465	(2,848)
Profit before taxation	7,332	98	3,466	(7,055)	3,841
Income tax expense					(1,501)
Profit after taxation					2,340

## OSK PROPERTY HOLDINGS BERHAD (201666-D)

### QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

#### A9. Valuations of property, plant and equipment

There were no revalued property, plant and equipment as at 30 June 2007.

#### A10. Material subsequent events

- (a) Proposed acquisition of five (5) parcels of contiguous freehold land measuring approximately 238,539 square feet held under Lot PT9089, 9090, 10166, 10197 and 10198 together with a four (4) level shopping mall and annexed with two (2) car parking buildings of three (3) level erected thereon commonly known as “Atria Shopping Centre” located at Mukim of Sungai Buloh, District of Petaling, State of Selangor, by the Company from Atria Properties Sdn Bhd (“APSB”) for a total cash consideration of RM75,000,000 (“Proposed Acquisition of Atria Properties”)

On 7 March 2007, the Company entered into a conditional sale and purchase agreement (“SPA”) with APSB, a wholly owned subsidiary company of Lien Hoe Corporation Berhad for the Proposed Acquisition of Atria Properties for a total cash purchase consideration of RM75,000,000.

On 6 July 2007, the Company, via its wholly-owned subsidiary Atria Damansara Sdn. Bhd. (formerly known as Nexus Empire Sdn. Bhd.) completed the Acquisition as per the terms of the SPA.

- (b) Proposed acquisition of 51,000 ordinary shares of RM1 each representing 51% equity interest in Semponia Sdn Bhd (“Semponia”) and proposed acquisition of 51,000 ordinary shares of RM1.00 each representing 51% equity interest in Country Wheels Sdn Bhd (“Country Wheels”) (“Proposed Acquisition of Semponia and Country Wheels”)

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

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

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

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

## **OSK PROPERTY HOLDINGS BERHAD (201666-D)**

### **QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007**

#### **A10. Material subsequent events (Cont'd)**

- (b) Proposed acquisition of 51,000 ordinary shares of RM1 each representing 51% equity interest in Semponia Sdn Bhd ("Semponia") and proposed acquisition of 51,000 ordinary shares of RM1.00 each representing 51% equity interest in Country Wheels Sdn Bhd ("Country Wheels") ("Proposed Acquisition of Semponia and Country Wheels") (Cont'd)

PNSB was desirous of developing, in a joint venture with both Semponia and Country Wheels, the two pieces of land and to construct and build thereon a mixed housing development project. A Development Order was granted by the Majlis Pemandaran Petaling Jaya in June 2007 and the sales of the first phase of the development is due to be launched by the last quarter of 2007.

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

Following the acquisitions, Semponia and Country Wheels will become 51% owned subsidiary companies of the Company.

#### **A11. Changes in the composition of the Group**

##### Acquisition of Atria Damansara Sdn Bhd (formerly known as Nexus Empire Sdn. Bhd. ("Atria Damansara"))

On 24 April 2007, the Company acquired the entire issued and paid-up capital of Atria Damansara comprising two (2) ordinary shares of RM1.00 each for a cash consideration of RM2.00.

Atria Damansara was incorporated in Malaysia under the Companies Act, 1965 on 25 January 2007 with an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1.00 each. The principal activities of Atria Damansara is property management and development and Atria Damansara shall be the owner of Atria Shopping Centre as shown in A10 (a).

Following the acquisition, Atria Damansara has become a wholly-owned subsidiary company of the Company.

#### **A12. Changes in contingent liabilities or contingent assets**

There were no contingent liabilities or contingent assets as at the end of the current year to date.

## **OSK PROPERTY HOLDINGS BERHAD (201666-D)**

### **QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007**

#### **PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”)**

##### **B1. Review of the performance of the Company and its principal subsidiaries**

*(Commentary on current quarter and current year to date)*

The Group reported a pre-tax loss of RM78,000 for the current quarter as compared to the previous year corresponding quarter pre-tax profit of RM397,000, a decreased of RM475,000.

The Group reported a pre-tax profit of RM0.28 million for the six months ended 30 June 2007 as compared to the previous year corresponding period of RM3.84 million, a decreased of RM3.56 million. This was principally due to lower revenue recognised as a result of slower construction activities, hence, lower progress billings and the delay in the launching of Mon't Jade, the up-market development in Seremban. In addition, the “Build and Sell” concept for its high-end Sri Banyan residential project in Kajang which construction is expected to be fully completed by year ending 2007 to maximize returns for the Group was only launched with completed show units in the third quarter of 2007 and this has further delayed the revenue recognition.

##### **B2. Material changes in the quarterly results**

*(Comparison on current quarter with the immediate preceding quarter)*

The Group recorded a pre-tax loss of RM78,000 for the current quarter as compared to pre-tax profit of RM356,000 in the immediate preceding quarter. This was principally due to lower percentage of completion recognition.

##### **B3. (a) Current year prospects**

*(Commentary on the remaining year)*

The implementation of the 9<sup>th</sup> Malaysia Plan, relaxation of the Foreign Investment Committee legislation and the abolishment of Real Property Gains Tax and expected expansionary Budget 2008 will augur well for the property development sector in the country. The Group expects its existing development projects namely Bandar Puteri Jaya in Sungai Petani, Seremban 3 and the up-market project, Mon't Jade in Seremban and Sri Banyan in Kajang to contribute positively to the earnings for the remaining period of the year. The recent announcement of Northern Corridor Economic Region (“NCER”) by Government would also benefit the Bandar Puteri Jaya project located in Sungai Petani which is within NCER when the NCER development is in full swing.

The Group will continue to actively source for new land bank and projects in strategic locations for future developments. In this respect, the Group plans to refurbish and redevelop the recently completed acquisition of Atria Shopping Centre. In addition, the existing projects and proposed acquisition of Semponia and Country Wheels (A10 (b)) and two pieces of land (B9 (b)) are expected to contribute positively to the earnings of the Group going forward.

##### **(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 PROPERTY HOLDINGS BERHAD (201666-D)

## QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

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

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

**B5. Profit forecast / profit guarantee**

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

**B6. Taxation**

	Current quarter ended <u>30/6/2007</u> RM'000	Current year to date ended <u>30/6/2007</u> RM'000
In respect of the current quarter / period		
- Malaysian income tax	572	1,227
- Deferred tax	(112)	(334)
	<u>460</u>	<u>893</u>

For the current quarter and year to date, the effective tax rate of the Group is higher than the statutory tax rate of 27% mainly due to tax charge on profits of certain subsidiaries which cannot be set-off against the tax losses of the Company and other subsidiaries in the group and the disallowance of certain expenses for tax purposes.

**B7. Sale of unquoted investments and/or properties**

There were no sales of unquoted investment or properties during the current year to date.

**B8. Quoted securities**

There were no purchases or sales of quoted securities during the current year to date.

**B9. Status of corporate proposals announced but not completed as at 14 August 2007**

- (a) Proposed disposal of three (3) properties by OSK Properties Sdn Bhd ("OSKPSB"), a wholly-owned subsidiary company of the Company, to KE-ZAN Holdings Berhad ("KHB"), a wholly-owned subsidiary company of OSK Holdings Berhad ("OSKH"), holding company of the Company ("the Proposed Disposal").

On 3 May 2007, OSKPSB entered into a sale and purchase agreement ("the SPA") with KHB to dispose three (3) properties which consists of five (5) parcels of land together with the buildings erected thereon as listed below ("the Properties") for a total cash consideration of RM6,500,000 ("the Consideration").

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

## OSK PROPERTY HOLDINGS BERHAD (201666-D)

### QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

#### B9. Status of corporate proposals announced but not completed as at 14 August 2007 (Cont'd)

- (a) Proposed disposal of three (3) properties by OSK Properties Sdn Bhd (“OSKPSB”), a wholly-owned subsidiary company of the Company, to KE-ZAN Holdings Berhad (“KHB”), a wholly-owned subsidiary company of OSK Holdings Berhad (“OSKH”), holding company of the Company (“the Proposed Disposal”) (Cont'd.)
- (i) One (1) parcel of freehold land measuring 153.2992 square meters held under H.S. (D) 26998 for Lot No. PTD 8462 together with a four (4) storey shop office erected thereon located in the Mukim Sungai Segamat, State of Johor;
  - (ii) Two (2) parcels of freehold land measuring 260 square meters held under title no. H.S. (D) 10883, Lot PT 32834 and H.S. (D) 10822, Lot PT 32833 together with a three (3) storey shop office erected thereon located in Bandar Kuantan, Daerah Kuantan, Negeri Pahang.

The Proposed Disposal enables OSKPSB to redeploy its resources on property development.

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

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

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

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

The Proposed Acquisition of Lands is expected to be completed by the fourth quarter of 2007.

- (c) Proposed renounceable rights issue by the Company on the basis of two (2) Rights Shares with one (1) free detachable warrant for every two (2) existing ordinary shares of RM1.00 each in the Company (“OSKP Share(s)” or “Share (s)”) held on an entitlement date to be determined later (“Proposed Rights Issue”)

On 21 May 2007, the Company proposes to undertake a renounceable rights issue of up to 149,994,000 new ordinary shares of RM1 each in the Company (“Rights Share(s)”) with up to 74,997,000 free detachable new warrants (“Warrant(s) B”) for the Proposed Rights Issue.

## OSK PROPERTY HOLDINGS BERHAD (201666-D)

### QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

#### B9. Status of corporate proposals announced but not completed as at 14 August 2007 (Cont'd)

- (c) Proposed renounceable rights issue by the Company on the basis of two (2) Rights Shares with one (1) free detachable warrant for every two (2) existing ordinary shares of RM1.00 each in the Company ("OSKP Share(s)" or "Share (s)") held on an entitlement date to be determined later ("Proposed Rights Issue") (Cont'd)

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

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

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

On 30 July 2007, shareholders of the Company have approved the ordinary resolution pertaining to the Proposed Rights Issue at the Extraordinary General Meeting.

On 31 July 2007, the Board had resolved to fix the following prices for the securities to be issued pursuant to the Proposed Rights Issue as follows:-

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

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

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

The Proposed Rights Issue is subject to approval from Bursa Securities and is expected to be completed by the fourth quarter of 2007.



# OSK PROPERTY HOLDINGS BERHAD (201666-D)

## QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

### B10. Borrowings and debt securities

The Group's debt securities as at the end of the current period under review are as follows:

	RM'000
<b>(a) Long term borrowings: -</b>	
<b>Secured</b>	
Class A BaIDS	50,000
Class B BaIDS	25,000
	<u>75,000</u>
Less: Unaccredited discount on BaIDS	(3,836)
Expenses incurred for issuance of BaIDS	(390)
	<u>70,774</u>
Less: payable within 12 months	(24,287)
	<u>46,487</u>
Term Loan	10,000
	<u>56,487</u>
	<u>RM'000</u>
<b>(b) Short term borrowings: -</b>	
<b>Secured</b>	
BaIDS	24,287
Revolving credit	4,550
	<u>28,837</u>
<b>Unsecured</b>	
Revolving credits	30,400
	<u>59,237</u>

### B11. Off balance sheet financial instruments

As at 14 August 2007, the Group did not enter into any contract involving financial instruments with off balance sheet risk.

### B12. Material litigation

As at 14 August 2007, 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.

### B13. Dividends

No dividend has been declared or paid for the current year to date ended 30 June 2007 (comparative quarter ended 30 June 2006: 5 sen).

**OSK PROPERTY HOLDINGS BERHAD (201666-D)****QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007****B14. (Loss Per Share) (“LPS”)/ Earnings Per Share (“EPS”)**

	<b>Current quarter ended 30/6/2007</b>	Comparative quarter ended 30/6/2006	<b>Current year to date ended 30/6/2007</b>	Preceding year to date ended 30/6/2006
<b>Basic EPS</b>				
(Loss)/profit attributable to equity holders of the Company (RM'000)	<b>(537)</b>	(78)	<b>(615)</b>	2,340
Weighted average number of ordinary shares in issue ('000 shares)	<b>95,497</b>	93,372	<b>94,722</b>	93,370
Basic (LPS)/EPS (sen)	<b>(0.56)</b>	(0.08)	<b>(0.65)</b>	2.51
<b>Diluted (LPS)/EPS</b>				
(Loss)/profit attributable to equity holders of the Company (RM'000)	<b>(537)</b>	(78)	<b>(615)</b>	2,340
Weighted average number of ordinary shares in used ('000 shares)	<b>95,497</b>	93,372	<b>94,722</b>	93,370
Effect of dilution on assumed exercise of Warrants ('000 shares)	<b>7,363</b>	6,693	<b>7,037</b>	7,692
Adjusted weighted average number of ordinary shares in issue ('000 shares)	<b>102,860*</b>	100,065*	<b>101,759*</b>	101,062
Diluted (LPS)/EPS (sen)	<b>-</b>	-	<b>-</b>	2.32

\* The resultant figure is anti-dilutive.

**By Order of the Board**

**DATO' NIK MOHAMED DIN BIN DATUK NIK YUSOFF**  
**Executive Chairman**

Kuala Lumpur

21 August 2007