

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

	Note	As at 30.6.2009 RM'000	As at 31.12.2008 RM'000
ASSETS			
Cash and short-term funds		1,837,427	1,534,364
Deposits and placements with banks and other financial institutions		116,508	76,047
Securities held-for-trading	A7(a)	79,303	46,870
Securities held-to-maturity	A7(b)	1,224,037	626,679
Securities available-for-sale	A7(c)	2,266,098	1,296,418
Derivative financial assets		4,868	2,326
Loans, advances and financing	A8	896,425	959,025
Tax recoverable		11,153	21,074
Other assets	A9	2,284,120	777,383
Statutory and reserve deposits with Central Banks		33,737	80,834
Deferred tax assets		6,903	6,366
Investments in associated companies		204,165	211,884
Investment property		112,600	112,600
Prepaid land lease payments		11,973	12,043
Property and equipment		159,653	162,982
Intangible assets		211,880	211,780
TOTAL ASSETS		9,460,850	6,138,675
LIABILITIES			
Deposits from customers	A10	4,343,372	2,370,633
Deposits and placements of banks and other financial institutions	A11	180,520	447,915
Obligations on securities sold under repurchase agreements		-	249
Derivative financial liabilities		22,353	5,783
Other liabilities	A12	2,807,161	1,316,705
Tax payable		11,332	10,178
Deferred tax liabilities		1,582	255
Borrowings	B10	287,666	207,573
Subordinated notes		84,180	100,000
TOTAL LIABILITIES		7,738,166	4,459,291
EQUITY			
Share capital		673,074	673,069
Treasury shares, at cost	A5(b)	(29,780)	(29,779)
		643,294	643,290
Reserves		775,104	737,111
Equity attributable to equity holders of the Company		1,418,398	1,380,401
Minority interests		304,286	298,983
TOTAL EQUITY		1,722,684	1,679,384
TOTAL LIABILITIES AND EQUITY		9,460,850	6,138,675
Net Asset per share attributable to equity holders of the Company (RM)		2.19	2.13

(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.)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	Current quarter ended 30.6.2009 RM'000	Comparative quarter ended 30.6.2008 RM'000	Current year to date ended 30.6.2009 RM'000	Preceding year to date ended 30.6.2008 RM'000
Revenue		222,951	266,186	354,620	435,421
Interest income	A13	52,406	50,125	102,249	99,871
Interest expense	A14	(30,703)	(29,134)	(59,037)	(56,510)
Net interest income		21,703	20,991	43,212	43,361
Other operating income	A15	166,938	215,450	243,718	394,158
Net income/(loss) from Islamic Banking business	A26	646	(129)	2,284	(129)
Other operating expenses	A16	(135,315)	(138,310)	(220,763)	(271,235)
Write back of/(allowance for) losses on loans, advances and financing	A17	5,321	(3,722)	4,280	(4,285)
Write back of/(allowance for) bad and doubtful debts on trade and other receivables	A18	587	725	1,765	(448)
Write back of/(Allowance for) impairment losses	A19	5,836	(22,000)	5,710	(22,000)
Share of losses after tax of associated companies		(4,391)	(918)	(8,928)	(2,160)
Profit before taxation		61,325	72,087	71,278	137,262
Income tax expense	B6	(19,582)	(7,437)	(23,398)	(26,711)
Profit after taxation for the period		41,743	64,650	47,880	110,551
Profit attributable to:					
Equity holders of the Company		36,981	59,026	40,940	99,759
Minority interests		4,762	5,624	6,940	10,792
		41,743	64,650	47,880	110,551
Earnings per share attributable to equity holders of the Company (sen):					
Basic	B14	5.70	9.10	6.31	15.38
Diluted	B14	5.70	9.07	6.31	15.32

(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.)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company										Minority interests	Total equity	
	Share capital	Treasury shares	Share premium	Capital redemption reserve	Equity compensation reserve	Foreign exchange reserve	Statutory reserve	Available -for-sale reserve	Other reserve	Retained profits			Total
<u>Current year to date ended</u> <u>30.6.2009</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 1.1.2009	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
Foreign currency translation gain	-	-	-	-	-	6,140	-	-	-	-	6,140	5,944	12,084
Share of other reserves in associated companies	-	-	-	-	-	-	-	-	1,086	-	1,086	-	1,086
Realisation of gain on actual disposal of shares in associated company - other reserves	-	-	-	-	-	-	-	-	(970)	652	(318)	318	-
Minority interest's share of other reserves in associated companies	-	-	-	-	-	-	-	-	(38)	-	(38)	38	-
Transfer to statutory reserve	-	-	-	-	-	-	19,715	-	-	(19,715)	-	-	-
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	-	-	-	-	2,348	-	-	2,348	912	3,260
Total net income recognised directly in equity	-	-	-	-	-	6,140	19,715	2,348	78	(19,063)	9,218	7,212	16,430
Profit for the period	-	-	-	-	-	-	-	-	-	40,940	40,940	6,940	47,880
Total net income for the period	-	-	-	-	-	6,140	19,715	2,348	78	21,877	50,158	14,152	64,310
Dividend paid	-	-	-	-	-	-	-	-	-	(12,167)	(12,167)	-	(12,167)
Dividend paid to minority interests	-	-	-	-	-	-	-	-	-	-	-	(8,847)	(8,847)
ESOS options exercised	5	-	2	-	-	-	-	-	-	-	7	-	7
Share buybacks by the Company	-	(1)	-	-	-	-	-	-	-	-	(1)	-	(1)
Share buybacks by a subsidiary company	-	-	-	-	-	-	-	-	-	-	-	(2)	(2)
Reserve realised upon exercise and forfeiture of ESOS	-	-	-	-	(50)	-	-	-	-	50	-	-	-
As at 30.06.2009	673,074	(29,780)	2	58,919	1,914	5,380	183,844	(12,765)	34,764	503,046	1,418,398	304,286	1,722,684

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Cont'd)

<u>Preceding year to date ended</u> 30.6.2008	Attributable to equity holders of the Company											Minority interests	Total equity
	Share capital	Treasury shares	Share premium	Capital redemption reserve	Equity compensation reserve	Foreign exchange reserve	Statutory 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		
As at 1.1.2008	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
As restated	672,111	(29,597)	99,363	58,919	2,352	(7,726)	89,983	4,570	20,506	585,557	1,496,038	377,261	1,873,299
Foreign currency translation gain	-	-	-	-	-	5,607	-	-	-	-	5,607	5,182	10,789
Losses on deemed disposal of shares in associated companies	-	-	-	-	-	-	-	-	(149)	-	(149)	-	(149)
Share of other reserves in associated companies	-	-	-	-	-	-	-	-	(1,110)	-	(1,110)	-	(1,110)
Share issue expenses	-	-	(1)	-	-	-	-	-	-	-	(1)	-	(1)
Minority interests' share of:													
- other reserves in associated companies	-	-	-	-	-	-	-	-	430	-	430	482	912
- share issue expenses charged to share premium	-	-	-	-	-	-	-	-	-	-	-	(54)	(54)
Transfer statutory reserve	-	-	-	-	-	-	62,515	-	-	(62,515)	-	-	-
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	-	-	-	-	(35,063)	-	-	(35,063)	-	(35,063)
Total net (expense)/income recognised directly in equity	-	-	(1)	-	-	5,607	62,515	(35,063)	(829)	(62,515)	(30,286)	5,610	(24,676)
Profit for the period	-	-	-	-	-	-	-	-	-	99,759	99,759	10,792	110,551
Total net (expense)/income for the period	-	-	(1)	-	-	5,607	62,515	(35,063)	(829)	37,244	69,473	16,402	85,875
Dividend paid	-	-	-	-	-	-	-	-	-	(48,027)	(48,027)	-	(48,027)
Dividends paid to minority interests	-	-	-	-	-	-	-	-	-	-	-	(11,524)	(11,524)
ESOS options exercised	952	-	285	-	-	-	-	-	-	-	1,237	-	1,237
Reserve realised upon exercise and forfeiture of ESOS	-	-	-	-	(397)	-	-	-	-	397	-	-	-
Share buybacks by the company	-	(181)	-	-	-	-	-	-	-	-	(181)	-	(181)
Share buybacks by a subsidiary company	-	-	-	-	-	-	-	-	-	-	-	(9,723)	(9,723)
Acquisition of subsidiary companies	-	-	-	-	-	-	-	-	-	-	-	484	484
As at 30.6.2008	673,063	(29,778)	99,647	58,919	1,955	(2,119)	152,498	(30,493)	19,677	575,171	1,518,540	372,900	1,891,440

(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.)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009
UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Current year to date ended 30.6.2009 RM'000	Preceding year to date ended 30.6.2008 RM'000
Cash Flows From Operating Activities		
Profit before taxation	71,278	137,262
Adjustments for :-		
Interest expense	59,037	56,510
Interest income	(102,249)	(99,871)
Other non-cash and non-operating items	5,739	(52,350)
Share of losses after tax of associated companies	8,928	2,160
Operating profit before working capital changes	42,733	43,711
<i>(Increase)/Decrease in operating assets:</i>		
Deposits and placements with banks and other financial institutions	(40,461)	-
Loans, advances and financing	63,829	78,003
Statutory and reserve deposits with Central Banks	47,097	(4,643)
Property development costs	-	(19,206)
Securities held-for-trading	(24,045)	48,456
Securities held-to-maturity	(596,120)	(50,000)
Securities available-for-sale	(961,264)	(469,360)
Other operating assets	(1,736,112)	1,129,764
<i>Increase/(Decrease) in operating liabilities:</i>		
Deposits from customers	1,972,740	1,002,992
Deposits and placements of banks and other financial institutions	(267,396)	-
Obligations on securities sold under repurchase agreements	(249)	4
Other operating liabilities	1,497,174	(1,238,286)
Net cash (used in)/generated from operations	(2,074)	521,435
Income tax paid net of refund	(11,409)	(50,248)
Interest received	79,021	91,505
Net cash generated from operating activities	65,538	562,692
Cash Flows From Investing Activities		
Acquisition of additional shares in subsidiary companies	-	(70)
Acquisition of additional shares in an associated company	(1,470)	(11,475)
Purchase of intangible assets	-	(2)
Dividend received	1,068	1,457
Interest received	3,138	16,698
Proceeds from disposal of shares in associated companies	3,332	-
Proceeds from disposal of equipment	383	4,400
Balance carried forward	6,451	11,008

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009
UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (Cont'd)

	Current year to date ended 30.6.2009 RM'000	Preceding year to date ended 30.6.2008 RM'000
Cash Flows From Investing Activities (Cont'd)		
Balance brought forward	6,451	11,008
Purchase of equipment	(3,858)	(14,720)
Purchase of software license	(249)	(1,067)
Purchase of subordinated note by a subsidiary company	(15,820)	-
Net cash used in investing activities	<u>(13,476)</u>	<u>(4,779)</u>
Cash Flows From Financing Activities		
Dividends paid to shareholders	(12,167)	(48,026)
Dividends paid to minority interests	(8,847)	(11,524)
Drawdown of term loan and revolving credits	85,140	49,281
Interest paid	(56,302)	(54,146)
Payments of BaIDS and borrowing expenses	-	(30)
Payments of BaIDS profits	-	(1,750)
Payments of finance lease installments	(321)	(373)
Payments of share buybacks by the Company	(1)	(181)
Payments of share buybacks by a subsidiary company	(1)	(9,723)
Payments of share issue expenses	-	(64)
Proceeds from issuance of shares for ESOS exercised	7	1,246
Repayment of term loans	(4,731)	(23,149)
Repayment of BaIDS	-	(25,000)
Net cash generated from/(used in) financing activities	<u>2,777</u>	<u>(123,439)</u>
Net increase in cash and cash equivalents	54,839	434,474
Effects of exchange rate changes	11,455	10,042
Cash and cash equivalents at beginning of period	1,010,730	793,305
Cash and cash equivalents at end of period	<u>1,077,024</u>	<u>1,237,821</u>
Cash and cash equivalents at end of period comprised:		
Cash, bank balances and deposits - General accounts	278,119	181,997
Bank overdrafts	-	(56)
Money at call and deposits placements with maturity within one month	798,905	1,055,880
	<u>1,077,024</u>	<u>1,237,821</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.)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009**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 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 2008 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 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 2008. The Group and the Company had not adopted the following FRSs and Interpretations which effective dates are as follows:

Financial Reporting Standards ("FRS"), Amendments and Interpretations		Effective for financial periods beginning on or after
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

FRS 4 is not applicable to the Group and the Company. The other FRSs and Interpretations above are expected to have no significant impact on the financial statements upon their initial application except for FRS 7 and FRS 139. The Group is exempted from disclosing the possible impact to the financial statements upon the initial application of FRS 7 and FRS 139.

A1. Basis of Preparation (Cont'd)
Reclassification of Securities

During the current financial period, OSK Investment Bank Berhad ("OSKIB"), a wholly-owned subsidiary company, has reclassified certain securities held-for-trading ("HFT") to available-for-sale category pursuant to the BNM Circular, "Reclassification of Securities under Specific Circumstances". The provisions for reclassification are being introduced after taking into account the exceptional circumstances in the global financial markets and the recent changes to the international accounting standards in response to this development. The provisions in the Circular shall override the existing requirements of BNM/GP8 in relation to the reclassification of securities into or out of the held-for-trading category and are permissible from 1 July 2008 until 31 December 2009. OSKIB has also reclassified certain securities available-for-sales ("AFS") to held-to-maturity ("HTM") during the previous financial year as shown below:

(a) Amounts reclassified

	RM'000
(i) Securities AFS to securities HTM on 29 December 2008	256,924
(ii) Securities HFT to securities AFS on 16 February 2009	61,160

(b) Carrying amounts and fair values

The carrying amount and fair value of securities reclassified (excluding reclassified investments that were disposed before the end of the quarter) are as follows:

	As at 30.6.2009 RM'000	As at 31.12.2008 RM'000
(i) Securities AFS reclassified to securities HTM		
- Carrying value	257,742	256,924
- Fair value	257,304	256,924
(ii) Securities HFT reclassified to securities AFS		
- Carrying value	42,248	-
- Fair value	42,248	-

(c) Fair value loss recognised

	Current quarter ended 30.6.2009 RM'000	Comparative quarter ended 30.6.2008 RM'000	Current year to date ended 30.6.2009 RM'000	Preceding year to date ended 30.6.2008 RM'000
Income statement	-	-	-	-
Statement of Changes in Equity				
Available-for-sale reserve	(1,322)	-	(1,322)	-

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009**A1. Basis of Preparation (Cont'd)****(d) Effective interest rate and estimated amounts of cash flows as at dates of reclassification**

	Effective interest rate %	Estimated cash inflows before discounting to present value RM'000
(i) Securities AFS to securities HTM on 29 December 2008	5.14 to 9.96	392,011
(ii) Securities HFT to securities AFS on 16 February 2009	5.09 to 5.73	75,238

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.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009
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 4,800 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 RM6,528. 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 30.6.2009
		As at 1.1.2009	Granted	Exercised	Forfeited	
		27.6.2003	1.33	1,777,000	-	
16.3.2004	1.95	5,157,440	-	-	(221,700)	4,935,740
29.4.2005	1.18	880,900	-	-	(63,500)	817,400
3.5.2006	1.36	4,346,300	-	(4,800)	(95,800)	4,245,700
		12,161,640	-	(4,800)	(401,500)	11,755,340

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 1,000 ordinary shares for a total cash consideration of RM1,413 from the open market at an average cost of RM1.41 per share. The shares repurchased previously are being held as treasury shares and treated in accordance with the requirements of Section 67A of the Companies Act, 1965. Summary of share buybacks is as follows:

	Number of shares	Highest price RM	Lowest price RM	Average cost (included transaction costs) RM	Total amount paid RM
As at 1.1.2009	24,147,412	2.82	0.90	1.23	29,778,856
May	1,000	1.38	1.38	1.41	1,413
	1,000	1.38	1.38	1.41	1,413
As at 30.6.2009	24,148,412	2.82	0.90	1.23	29,780,269

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009

A6. Dividend paid

A final dividend of 2.5 sen per share less 25% income tax amounted to RM12,167,277 in respect of the preceding financial year ended 31 December 2008 was paid on 27 May 2009.

A7. Securities portfolio

(a) Securities held-for-trading

At fair value

Money market instruments:

Malaysian Government Securities

	As at 30.6.2009 RM'000	As at 31.12.2008 RM'000
	-	29,734

Quoted securities:

Shares, exchange traded funds and warrants

- in Malaysia

- outside Malaysia

Trusts units in Malaysia

	32,451	13,515
	44,864	5,253
	1,988	166
	79,303	18,934
	-	(1,798)
	79,303	17,136

Less: Impairment losses

Total

	79,303	46,870
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(b) Securities held-to-maturity

At amortised cost

Money market instruments:

Bankers' acceptance and Islamic accepted bills

Malaysian Government Investment Issues

Negotiable instruments of deposit

	28,582	74,095
	156,067	70,323
	620,000	140,000
	804,649	284,418

Unquoted securities:

Private debt securities in Malaysia

	419,388	342,261
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Total

	1,224,037	626,679
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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009

	As at 30.6.2009 RM'000	As at 31.12.2008 RM'000
A7. Securities portfolio (Cont'd)		
(c) Securities available-for-sale		
<i>At fair value</i>		
Money market instruments:		
Bankers' acceptance	640,445	67,456
Cagamas bonds	5,068	5,032
Khazanah bonds	29,877	29,367
Malaysian Government Securities	401,755	232,196
Malaysian Government Investment Issues	141,607	60,565
Negotiable instruments of deposit	110,757	31,240
	1,329,509	425,856
Quoted securities:		
Shares and warrants in Malaysia	13,135	8,316
Shares outside Malaysia	158	-
USD Class Bonds outside Malaysia	-	184
Trust units in Malaysia	48	49
	13,341	8,549
Less: Impairment loss		
Shares and warrants in Malaysia	(692)	-
	12,649	8,549
Unquoted securities:		
Shares and warrants in Malaysia	2,855	2,855
Shares and warrants outside Malaysia	67,948	68,604
Private debt securities in Malaysia	879,223	816,640
	950,026	888,099
Less: Impairment loss		
Private debt securities in Malaysia	(26,086)	(26,086)
	923,940	862,013
Total	2,266,098	1,296,418

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009

	As at 30.6.2009 RM'000	As at 31.12.2008 RM'000
A8. Loans, advances and financing		
Term loans / financing	363,058	365,377
Staff loans	1,158	1,009
Share margin financing	552,121	617,155
	916,337	983,541
Less: Unearned interest and income	(2,032)	(2,723)
	914,305	980,818
Allowance for bad and doubtful debts		
- general	(5,071)	(5,338)
- specific	(12,809)	(16,455)
Total net loans, advances and financing	896,425	959,025
(a) Analysis of gross loans, advances and financing		
(i) Analysed by type of customers:		
Domestic business enterprises		
- Small and medium enterprises	383,103	366,089
Foreign entities	49,302	34,801
Other domestic entities	22,757	25,408
Individuals	459,143	554,520
	914,305	980,818
(ii) Analysed by interest rate sensitivity:		
Fixed rate	879,831	938,559
Variable rate - cost plus	31,426	41,985
- base lending rate plus	-	60
- others	3,048	214
	914,305	980,818
(iii) Analysed by economic purpose:		
Working capital	200,650	154,733
Purchase of securities	673,555	803,769
Other purposes	40,100	22,316
	914,305	980,818

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009

	As at 30.6.2009 RM'000	As at 31.12.2008 RM'000
A8. Loans, advances and financing (Cont'd)		
(b) Non-performing loans/financing (NPL/NPF)		
Purchase of securities	21,915	34,590
Gross NPL	21,915	34,590
Movement in NPLs		
At beginning of period/year	34,590	18,981
Classified as non-performing	9,129	22,602
Reclassified as performing	(18,848)	(6,993)
Amount written off	(2,956)	-
At end of period/year	21,915	34,590
Specific allowance	(12,809)	(16,455)
Net non-performing loans, advances and financing	9,106	18,135
Ratio of net NPL and financing to net loans and financing	1.00%	1.85%
(c) Movement in allowance for bad and doubtful debts:		
General allowance		
At beginning of period/year	(5,338)	(5,826)
Allowance made	(616)	(2,126)
Allowance written back	883	2,614
At end of period/year	(5,071)	(5,338)
As % of gross loan, advances and financing less specific allowance	0.56%	0.55%
Specific allowance		
At beginning of period/year	(16,455)	(2,735)
Allowance made	(5,437)	(28,079)
Allowance written back	6,856	14,486
Amount written off	2,507	-
Exchange difference	(280)	(127)
At end of period/year	(12,809)	(16,455)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009

	As at 30.6.2009 RM'000	As at 31.12.2008 RM'000
A9. Other assets		
Interest receivable	22,347	18,536
Security deposits and statutory funds	3,314	2,657
Trade receivables	2,229,951	733,447
Other receivables, deposits and prepayments	28,280	22,515
Transferable golf memberships	228	228
	2,284,120	777,383
A10. Deposits from customers		
(a) By type of deposit		
Demand deposits	1,123	283
Saving deposits	1,366	389
Fixed deposits	2,905,750	1,042,774
Short term deposits	317,489	478,393
Negotiable instruments of deposit	493,797	395,747
Mudharabah general investment deposits	623,827	453,000
Others	20	47
	4,343,372	2,370,633
(b) By type of customer		
Local government and statutory bodies	684,325	440,818
Domestic non-bank institutions	2,254,567	1,339,237
Business enterprises	1,279,035	484,749
Foreign customers	4,111	490
Individuals	93,943	92,687
Others	27,391	12,652
	4,343,372	2,370,633
A11. Deposits and placements of banks and other financial institutions		
Licensed banks	20,045	20,324
Licensed investment banks	40,000	40,000
Other financial institutions	120,475	387,591
	180,520	447,915
A12. Other liabilities		
Interest/profit payable	26,542	23,807
Trade payables	2,632,220	1,135,332
Other payables, deposits and accruals	144,911	151,581
Amount due to an associated company	3,134	5,895
Profit Equalisation Reserve of Islamic Banking operations	354	90
	2,807,161	1,316,705

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009

	Current quarter ended 30.6.2009 RM'000	Comparative quarter ended 30.6.2008 RM'000	Current year to date ended 30.6.2009 RM'000	Preceding year to date ended 30.6.2008 RM'000
A13. Interest income				
Loans, advances and financing	17,234	19,229	36,771	41,718
Deposits and placements with financial institutions	8,401	11,368	16,835	21,737
Securities:				
Held-for-trading	5	175	296	443
Held-to-maturity	10,358	189	15,681	208
Available-for-sale	11,589	13,308	22,102	29,276
Stock-broking and futures and options broking clients	474	450	860	843
Others	237	603	283	851
	48,298	45,322	92,828	95,076
Accretion of discount less amortisation of premium	4,520	5,047	9,887	5,079
Interest suspended	(412)	(244)	(466)	(284)
	52,406	50,125	102,249	99,871

A14. Interest expense

Deposits from customers	(26,957)	(24,108)	(51,169)	(45,746)
Deposits and placements of financial institutions	(5)	-	(17)	-
Obligations on securities sold under repurchase agreements	-	(3)	(1)	(7)
Subordinated notes	(1,673)	-	(3,522)	-
Borrowings	(2,001)	(4,067)	(4,236)	(8,389)
Profit payment on BaIDS	-	(594)	-	(1,469)
Accretion of discount on BaIDS	-	(359)	-	(896)
Others	(67)	(3)	(92)	(3)
	(30,703)	(29,134)	(59,037)	(56,510)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009

Current quarter ended 30.6.2009	Comparative quarter ended 30.6.2008	Current year to date ended 30.6.2009	Preceding year to date ended 30.6.2008
RM'000	RM'000	RM'000	RM'000

A15. Other operating income
(a) Fees and commission

Advisory, agency, arrangement, placement and referral fees	7,123	9,849	13,455	17,760
Commission	1,123	2,223	5,861	5,943
Fees earned from management of unit trust funds	10,756	13,059	19,986	25,990
Gross brokerage fees	128,914	74,518	172,527	165,401
Loan processing, facility and commitment fees and carrying charges	5,236	5,654	8,599	11,489
Service charges on sale of trust units	7,509	7,681	9,320	13,455
Trustee and will-writing fees	1,370	1,639	2,680	2,839
Others	190	611	792	814
	162,221	115,234	233,220	243,691

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

Securities held-for-trading	(970)	(7,622)	(1,491)	(9,067)
Securities available-for-sale	812	116	1,234	354
Derivative financial instruments	(4,203)	123,554	2,904	72,844
Shares in an associated company	(2,676)	-	(2,676)	-
	(7,037)	116,048	(29)	64,131

(c) Gross dividend income

Securities held-for-trading	801	322	842	1,271
Securities available-for-sale	88	-	88	-
	889	322	930	1,271

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009

	Current quarter ended 30.6.2009 RM'000	Comparative quarter ended 30.6.2008 RM'000	Current year to date ended 30.6.2009 RM'000	Preceding year to date ended 30.6.2008 RM'000
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A15. Other operating income (Cont'd)
**(d) Unrealised (loss)/gain on revaluation
of trading securities and derivatives**

Securities held-for-trading	8,830	(2,271)	5,615	(5,594)
Derivative financial instruments	(5,477)	(105,382)	(9,128)	(22,749)
	3,353	(107,653)	(3,513)	(28,343)

**(e) Write back of/(allowance for)
unrealised loss from derivatives**

Unexpired structured warrants	5,098	(13,098)	1,849	(13,098)
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**(f) Unrealised (loss)/gains from
foreign exchange translations**

	(7,857)	6,970	(4,061)	4,764
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(g) Other income

Net (loss)/gain on disposal of plant and equipment	(71)	(7)	57	41
Realised gain on foreign exchange	5,824	1,505	8,165	3,289
Net gain on interest rate swap	107	62	140	62
Office rental income	1,491	4,746	2,944	8,280
Revenue from property development projects	-	27,549	-	44,824
Reversal of provision for legal compensation and interest costs	-	59,219	-	59,219
Negative goodwill on share buybacks by a subsidiary company	1	3,180	1	3,180
Gain on constructive retirement of subsidiary's subordinated notes	1,074	-	1,074	-
Others	1,845	1,373	2,941	2,847
	10,271	97,627	15,322	121,742
	166,938	215,450	243,718	394,158

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009

	Current quarter ended 30.6.2009 RM'000	Comparative quarter ended 30.6.2008 RM'000	Current year to date ended 30.6.2009 RM'000	Preceding year to date ended 30.6.2008 RM'000
A16. Other operating expenses				
(a) Personnel expenses				
Salaries, allowances, bonuses and gratuity	(41,261)	(45,134)	(73,496)	(84,660)
Pension costs - defined contribution plan	(2,862)	(2,986)	(6,853)	(10,193)
Others	(1,387)	(3,233)	(2,843)	(4,827)
	(45,510)	(51,353)	(83,192)	(99,680)
(b) Promotional, marketing and trading expenses				
Advertisement and promotion	(1,953)	(1,807)	(3,848)	(3,980)
Commission	(52,506)	(23,150)	(67,545)	(53,130)
Fees and charges	(10,537)	(15,737)	(21,364)	(24,621)
Property development costs	-	(20,349)	-	(34,549)
Deposit insurance	(573)	-	(573)	-
Others	(909)	(2,626)	(1,113)	(5,267)
	(66,478)	(63,669)	(94,443)	(121,547)
(c) Establishment related expenses				
Depreciation and amortisation	(3,852)	(3,754)	(7,534)	(7,337)
Information technology expenses	(716)	(613)	(1,201)	(1,208)
Insurance	(713)	(558)	(1,863)	(1,948)
Rental of equipment	(1,152)	(1,342)	(2,300)	(2,660)
Rental of premises	(4,109)	(4,608)	(8,160)	(7,157)
Repair and maintenance	(1,481)	(1,365)	(2,600)	(2,478)
Utility expenses	(1,360)	(1,397)	(2,541)	(2,787)
Others	(546)	(831)	(1,209)	(1,460)
	(13,929)	(14,468)	(27,408)	(27,035)
(d) General administrative expenses				
Communication expenses	(1,565)	(1,093)	(2,836)	(3,434)
Legal and professional fees	(1,290)	(2,125)	(2,131)	(3,170)
Printing and stationery	(1,935)	(1,526)	(3,105)	(3,776)
Administrative	(4,263)	(793)	(6,560)	(7,726)
Others	(345)	(3,283)	(1,088)	(4,867)
	(9,398)	(8,820)	(15,720)	(22,973)
	(135,315)	(138,310)	(220,763)	(271,235)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009

	Current quarter ended 30.6.2009 RM'000	Comparative quarter ended 30.6.2008 RM'000	Current year to date ended 30.6.2009 RM'000	Preceding year to date ended 30.6.2008 RM'000
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**A17. Write back of/(allowance for)
losses on loans, advances and financing**

Specific allowance				
Made	(4,062)	(6,098)	(5,436)	(7,565)
Written back	6,816	2,747	6,856	2,747
General allowance (net)				
Made/(Written back)	172	(368)	266	236
Bad debts				
Recovered	2,851	-	3,051	300
Written off	(456)	(3)	(457)	(3)
	5,321	(3,722)	4,280	(4,285)

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

Specific allowance				
Made	(609)	(5,533)	(1,439)	(6,778)
Written back	1,291	6,220	3,285	6,313
General allowance (net)				
Made/(Written back)	(90)	15	(94)	8
Bad debts				
Recovered	2	34	20	38
Written off	(7)	(11)	(7)	(29)
	587	725	1,765	(448)

**A19. Write back of/(allowance for)
impairment losses**

Securities available-for-trading	1,000	-	1,000	-
Securities available-for-sale	-	(22,000)	-	(22,000)
Goodwill on consolidation	(3)	-	(129)	-
Investment in an associated company	4,839	-	4,839	-
	5,836	(22,000)	5,710	(22,000)

A20. Segmental information

Please refer to Appendix I.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009

A21. Material events subsequent to the end of the quarter

Transfer of 100% equity interest in OSK International Asset Management Sdn. Bhd. (formerly known as OSK Asset Management Sdn. Bhd.) ("OSKIAM") comprising 4,500,000 ordinary shares of RM1.00 each to OSKIB

On 23 July 2009, the Company entered into a Sale and Purchase of Shares Agreement with its wholly-owned subsidiary company, OSKIB, to transfer its 100% equity interest in OSKIAM, comprising 4,500,000 ordinary shares of RM1.00 each for a cash consideration of RM2,241,063, based on the net tangible assets of OSKIAM as at 30 June 2009.

The transfer of OSKIAM will allow the consolidation and streamlining of financial business activities within the Group under the OSKIB flagship and also allow the OSKIB Group to expand and complement its spectrum of financial services and products.

The transfer of OSKIAM was completed on 31 July 2009 and it is now a wholly-owned subsidiary company of OSKIB and indirect subsidiary company of the Company.

A22. Changes in the composition of the Group

(a) Transfer of 30% equity interest in UOB-OSK Asset Management Sdn. Bhd. ("UOAM") by the Company to OSKIB

On 16 February 2009, the Company entered into a Sale and Purchase of Shares Agreement with its wholly-owned subsidiary company, OSKIB to transfer its 30% equity interest in comprising 1,200,000 ordinary shares of RM1.00 each in UOAM for a cash consideration of RM7,777,105 based on the net tangible assets of UOAM as at 28 February 2009.

With this transfer, the Group is able to streamline its fund management company under OSKIB to achieve management and operational synergies as well as to facilitate efficient deployment of the resources.

The transfer of UOAM was completed on 2 March 2009 and it is now an associated company of OSKIB and an indirect associated company of the Company.

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

(b) Increase in share capital of OSK Indochina Bank Limited ("OSKIBL")

On 20 April 2009, Bank Negara Malaysia approved the proposal by the Company and OSKIB to inject additional capital of KHR100 billion (RM88 million or USD24.50 million) into OSKIBL, wholly-owned commercial banking subsidiary company of OSKIB in Cambodia to comply with the revised minimum capital requirement of at least KHR150 billion (RM132 million or USD37.50 million) by 2010 as stipulated by the National Bank of Cambodia and to support branch expansion exercise. The increase of share capital of OSKIBL is carried out by two tranches.

On 19 May 2009, the National Bank of Cambodia approved the application made by OSKIBL for the increase of its share capital from USD13 million to USD25.25 million. The increase of USD12.25 million (RM42.875 million equivalent) representing the first tranche has been remitted to OSKIBL on 27 May 2009.

The second tranche of USD12.25 million will be remitted by the end of 2010.

(c) Disposal of associated company, MNC Wireless Berhad ("MNC") by OSK Ventures International Berhad group ("OSKVI")

On 5 June 2009, OSKVI via its wholly-owned subsidiary company, OSK Technology Ventures Sdn Bhd, disposed its entire 20.06% equity interest in MNC.

A23. Commitments and contingencies

Please refer to Appendix II.

A24. Interest/profit rate risk

Please refer to Appendix III.

A25. Capital adequacy

Please refer to Appendix IV.

A26. Islamic Banking Operations of OSK Investment Bank Berhad

(a) UNAUDITED CONDENSED BALANCE SHEET

	Note	OSKIB As at 30.6.2009 RM'000	OSKIB As at 31.12.2008 RM'000
ASSETS			
Cash and short-term funds		226,905	301,323
Securities held-to-maturity		294,830	202,958
Securities available-for-sale		154,028	-
Other assets	A26(c)	2,647	864
Statutory deposit with Bank Negara Malaysia		-	3
Equipment		19	21
TOTAL ASSETS		678,429	505,169
LIABILITIES			
Deposits from customers	A26(d)	623,827	453,001
Other liabilities	A26(e)	1,681	1,220
Tax payable		685	246
Deferred tax liabilities		54	-
TOTAL LIABILITIES		626,247	454,467
ISLAMIC BANKING CAPITAL FUNDS			
Islamic banking funds		50,000	50,000
Reserves		2,182	702
TOTAL ISLAMIC BANKING CAPITAL FUNDS		52,182	50,702
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		678,429	505,169

A26. Islamic Banking Operations of OSK Investment Bank Berhad (Cont'd)
(b) UNAUDITED CONDENSED INCOME STATEMENTS

	OSKIB Current quarter ended 30.6.2009 RM'000	OSKIB Comparative quarter ended 30.6.2008 RM'000	OSKIB Current year to date ended 30.6.2009 RM'000	OSKIB Preceding year to date ended 30.6.2008 RM'000
Income derived from investment of depositors' funds and others	3,607	611	8,653	611
Transfer to profit equalisation reserve	(4)	-	(264)	-
Gross and total attributable income	3,603	611	8,389	611
Income attributable to the depositors	(2,957)	(740)	(6,105)	(740)
Income/(loss) attributable to OSKIB	646	(129)	2,284	(129)
Other operating expenses	(305)	(155)	(529)	(155)
Profit/(loss) before tax expense	341	(284)	1,755	(284)
Taxation	(86)	74	(439)	74
Profit/(loss) after tax expense	255	(210)	1,316	(210)

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 and others	3,607	611	8,653	611
Income attributable to the depositors	(2,957)	(740)	(6,105)	(740)
Transfer to profit equalisation reserve	(4)	-	(264)	-
Net income/(loss) from Islamic Banking Scheme operations reported in Group-wide income statement	646	(129)	2,284	(129)

A26. Islamic Banking Operations of OSK Investment Bank Berhad (Cont'd)

	OSKIB As at 30.6.2009 RM'000	OSKIB As at 31.12.2008 RM'000
(c) Other assets		
Income receivable	2,647	862
Prepayment	-	2
	2,647	864
(d) Deposits from customers		
(i) By type of deposit		
Mudharabah Fund		
Mudharabah general investment deposits	623,827	453,001
(ii) By type of customer		
Government and statutory bodies	194,712	224,818
Domestic non-bank financial institutions	388,355	154,434
Business enterprises	40,760	73,749
	623,827	453,001
(e) Other liabilities		
Profit payables	1,166	1,018
Profit Equalisation Reserve	354	90
Other payable	161	112
	1,681	1,220
(f) Capital adequacy		

Please refer to Appendix V.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009

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

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

The Group achieved a pre-tax profit of RM61.33 million and profit attributable to equity holders of the Company of RM36.98 million for the second quarter ended 30 June 2009, these represented a decline of 15% and 37% respectively as compared to the previous year corresponding period, which included a one-off write back of provision for legal compensation and interest costs of RM59.22 million. Excluding the said write back of the provision, the pre-tax profit is an increase of RM48.46 million, representing an increase of over 3.7 times. The actual profit attributable to equity holders of the Company for the quarter under review representing an increase by RM37.17 million as compared to the corresponding quarter last year.

For the year to date, the Group recorded a pre-tax profit of RM71.28 million as compared to previous year corresponding period of RM137.26 million. The Group profit attributable to equity holders of the Company amounted to RM40.94 million as compared to RM99.76 million in the corresponding period last year, which translated into earnings per share of 6.31 sen and 15.38 sen respectively.

The Equities and Futures Segment contributed about 42% of the Group's pre-tax profit; Loan & Financing activities (mainly comprised of Share Margin Financing and Corporate Loan) recorded 27% of the total pre-tax profit; and Investment Banking Segment reported 25% pre-tax profit contribution of the Group. The main contributors for Investment Banking Segment are Treasury business and Islamic Banking operations.

In term of geographical segmentation, the Group's overseas businesses made up of 19% of year to date pre-tax profit as compared to 14% in the corresponding period.

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

The Group achieved a pre-tax profit of RM61.33 million for the second quarter of 2009 as compared to a pre-tax profit of RM9.95 million registered in the immediate preceding quarter, representing more than 5-fold increase of RM51.38 million. The better financial results are mainly attributed to the improved sentiment of markets.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009

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

(a) Current year prospects

(Commentary on the rest of year)

The Group will continue to expand its equities, investment banking and fund management businesses by leveraging on its domestic and regional networks.

The Group is expected to achieve satisfactory financial performance for the remaining year. However, the economic environment is expected to remain volatile and challenging.

(b) Progress and steps to achieve revenue or profit estimate, forecast, projection and internal targets previously announced

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

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

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

B5. Profit forecast / profit guarantee

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

B6. Taxation

	Current quarter ended 30.6.2009 RM'000	Current year to date ended 30.6.2009 RM'000
In respect of the current quarter / year to date		
- Malaysian income tax	14,672	17,689
- Foreign income tax	2,261	3,686
	16,933	21,375
In respect of the prior year		
- Malaysian income tax	348	344
Deferred taxation	2,301	1,679
	19,582	23,398

The effective tax rate for the year to date is higher than the statutory tax rate of 25% mainly due to group relief is not available for losses incurred by overseas subsidiary companies and certain expenses incurred are non-allowable for tax deduction.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009

B7. Sales of unquoted investments and / or properties

There were no sales of unquoted investments except for the venture capital businesses which are 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.

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 there from (except for the subsidiary companies engaged in stockbroking, investment banking and venture capital businesses which have been exempted from this disclosure):

	Current quarter ended 30.6.2009 RM'000	Current year to date ended 30.6.2009 RM'000
Total purchase consideration	<u>19,522</u>	<u>19,522</u>
Total sale proceeds	<u>14,248</u>	<u>14,249</u>
Net gain on disposals	<u>332</u>	<u>326</u>

- (b) Investments in quoted securities as at 30 June 2009 (except for the subsidiary companies engaged in stockbroking and investment banking which have been exempted from this disclosure):

	RM'000
Quoted shares at cost:	
In Malaysia	16,711
Outside Malaysia	<u>1,591</u>
	18,302
Fair value adjustments	<u>524</u>
	<u>18,826</u>
Market value of quoted shares:	
In Malaysia	17,261
Outside Malaysia	<u>1,565</u>
	<u>18,826</u>

B9. Status of corporate proposals and utilisation of proceeds

(a) Status of corporate proposals announced but not completed as at 21 August 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 company of the Group, 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 signed with OSK Trustee Berhad, BSB is no longer carrying on the said business.

On 8 June 2009, the Liquidators of BSB made a first interim return of surplus of assets of RM400,000 to the shareholders of BSB, RM4.00 per ordinary share of RM10 each.

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

(a) Status of corporate proposals announced but not completed as at 21 August 2009 (Cont'd)

- (ii) Proposed Distribution-in-specie of up to 98,673,670 ordinary shares of RM1.00 each in OSK Ventures International Berhad ("OSKVI") to shareholders of the Company ("Proposed Distribution")

On 15 April 2009, the Company proposes to undertake the Proposed Distribution. The Proposed Distribution will be effected either through:-

- (a) a reduction in capital redemption reserve and/or share premium account (if any) pursuant to Section 64 of the Companies Act, 1965 ('Act') and the retained profits of the Company; or
- (b) a reduction in capital redemption reserve pursuant to Section 64 of the Act and the retained profits of the Company.

The Proposed Distribution will reduce the net assets of the Group by an amount of approximately RM215.53 million (representing the net carrying value of investment in the 98,673,670 OSKVI Shares held by the Group).

The Proposed Distribution is in line with the Company's intention to streamline its business activities and asset base by focusing on the core business activities in the provision of investment banking, treasury, stockbroking, fund management and other related financial services.

On 18 May 2009, Securities Commission and Securities Commission (on behalf of Foreign Investment Committee) approved the Proposed Distribution. The shareholders of the Company have approved the proposed Special Resolution pertaining to the Proposed Distribution at the Extraordinary General Meeting held on 10 July 2009.

On 15 July 2009, the High Court of Malaya granted the order under section 64 of the Companies Act, 1965 confirming the proposed reduction of the capital redemption reserve and/or the share premium account and the retained profits of OSKH by an amount not exceeding RM215.53 million (representing the net carrying value of investment in the 98,673,670 ordinary shares in OSKVI) held by OSKH pursuant to the Proposed Distribution.

The sealed copy of the order granted by the High Court of Malaya under Section 64 of the Companies Act, 1965 confirming the proposed reduction of the capital redemption reserve and/or the share premium account and the retained profits of the Company was extracted on 24 July 2009 and was registered with the Companies Commission of Malaysia on 28 July 2009. The final basis of distribution for the Proposed Distribution is five (5) OSKVI Shares for every thirty three (33) OSKH Shares held on the entitlement date on 20 August 2009 at 5:00 pm.

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

(a) Status of corporate proposals announced but not completed as at 21 August 2009 (Cont'd)

- (ii) Proposed Distribution-in-specie of up to 98,673,670 ordinary shares of RM1.00 each in OSK Ventures International Berhad ("OSKVI") to shareholders of the Company ("Proposed Distribution") (Cont'd)

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 RM1.79 to RM1.25, with effect from 9.00 a.m. on 21 August 2009 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 Proposed Distribution.

- (iii) Delisting of GMO limited ("GMO") an 18.96% owned associated company of the OSK Venture International Berhad from the Alternative Investment Market of the London Stock Exchange ("The Delisting")

The cancellation of dealings in the ordinary shares of GMO on the Alternative Investment Market of the London Stock Exchange had taken effect from 7.00 a.m. (U.K.time), 29 May 2009.

GMO vide its company secretary, Jordan, had on 17 July 2009 filed the Statement of Solvency C60 together with the winding up resolution passed by GMO's shareholders on 26 June 2009 with Jersey Financial Services Commission informing them of GMO's winding up summary.

Prior to the completion of the winding up, GMO will:-

- (a) transfer GMO's shares in Wisdom Choice Investments Ltd to GMO Global Limited, its wholly owned subsidiary company. Both companies are registered in the British Virgin Islands; and
- (b) upon completion of the transfer, GMO will commence a summary winding up and during its winding up will make an in-specie distribution of its remaining assets comprising shares in GMO Global Limited to the remaining shareholders of GMO.

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

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009**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	4,343,372
Borrowings	287,666
Subordinated notes	84,180
	<u>4,715,218</u>
Borrowings consist of:	
<u>Short term:</u>	
<i>Unsecured:</i> Revolving credits	245,540
<i>Secured:</i> Syndicated term loan	25,000
Finance lease payables denominated in SGD	192
	<u>270,732</u>
<u>Long term:</u>	
<i>Secured:</i> Syndicated term loan	16,934
	<u>287,666</u>

B11. Off balance sheet financial instruments

As at 21 August 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.

B12. Material litigation

As at 21 August 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 (the "Court") Suit No. 22-216-2003

Kamal, Lokman & Mustakim Holdings Sdn. Bhd. ("Chargor") and Ahmad Azari bin Mohd. Daud ("Azari") (collectively referred to as the Plaintiffs) vs. OSK Capital Sdn. Bhd. ("OSKC") and OSK Nominees (Tempatan) Sdn. Bhd. ("OSKNT") and Another (collectively referred to as the "Defendants").

The Plaintiffs commenced an action against the Defendants on 14 November 2003 seeking inter-alia, a declaration that a charge registered in favour of OSKC is void, damages in the sum of RM20,000,000, general damages, interest and costs and claiming against OSKC/OSKNT for negligence, breach of duty, fiduciary duty and unjust enrichment in relation to a facility of RM13,000,000 granted to Azari by OSKC. OSKC and OSKNT had 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. On 5 May 2009, the High court has dismissed the Plaintiffs' appeal. On 4 June 2009, the Plaintiffs have filed an appeal to the Court of Appeal against the High Court's decision.

B13. Dividend

- (a) The Board of Directors recommends an interim dividend of 2.5 sen per share less 25% income tax in respect of the current year to date (2008: Interim 5.0 sen per share less 26% income tax). The entitlement date to the interim dividend shall be determined by the Board of Directors at the subsequent date.
- (b) Total dividend for the current year declared to date is 2.5 sen per share less 25% income tax.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009
B14. Earnings Per Share (“EPS”) attributable to equity holders of the Company

	Current quarter ended 30.6.2009	Comparative quarter ended 30.6.2008	Current year to date ended 30.6.2009	Preceding year to date ended 30.6.2008
<u>Basic EPS</u>				
Profit attributable to equity holders of the Company (RM'000)	36,981	59,026	40,940	99,759
Weighted average number of ordinary shares in issue ('000 shares)	648,922	648,925	648,922	648,628
Basic EPS (sen)	5.70	9.10	6.31	15.38
<u>Diluted EPS</u>				
Profit attributable to equity holders of the Company (RM'000)	36,981	59,026	40,940	99,759
Weighted average number of ordinary shares in issue ('000 shares)	648,922	648,925	648,922	648,628
Effect of dilution on assumed exercise of Warrants B and options granted under ESOS ('000 shares)	20	1,928	20	2,440
Adjusted weighted average number of ordinary shares in issue and issuable ('000 shares)	648,942	650,853	648,942	651,068
Diluted EPS (sen)	5.70	9.07	6.31	15.32

B15. Auditors' report of preceding annual financial statements

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

By Order of the Board

Ong Leong Huat @ Wong Joo Hwa
Director

Kuala Lumpur
27 August 2009

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009

A20. SEGMENTAL INFORMATION

The Group is organised into the following major business segments :

- | | |
|------------------------|---|
| 1. Investment Banking | - Equity and Debt Capital Market, Derivatives and Structured Products, Corporate advisory, Treasury, Islamic Banking and Offshore Investment Banking. |
| 2. Loan & Financing | - Corporate Loans, Shares Margin Financing, Capital Financing and Commercial Banking Services. |
| 3. Equity & Futures | - Stockbroking & Futures Broking, Nominee Services and related services. |
| 4. Funds Management | - Unit Trust Fund Management and Asset Management. |
| 5. Venture Capital | - Provision of Venture Capital Services and Investee Entities, also known as Private Equity Business. |
| 6. Property Investment | - Management and Letting of Properties. |
| 7. Holding Entities | - Investment Holding Companies. |
| 8. 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.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009
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
CURRENT YEAR TO DATE ENDED 30.6.2009						
Revenue	257,929	72,019	18,518	4,351	1,803	354,620
Profit/(loss) before taxation	57,864	19,471	(2,351)	(3,416)	(290)	71,278
Total carrying amount of segment assets	7,089,199	1,763,293	308,113	171,952	110,237	9,442,794
Total capital expenditure	1,793	576	620	936	182	4,107
PRECEDING YEAR TO DATE ENDED 30.6.2008						
Revenue	337,420	73,892	24,109	-	-	435,421
Profit/(loss) before taxation	117,500	20,611	(849)	-	-	137,262
Total carrying amount of segment assets	6,094,225	1,599,982	287,604	-	-	7,981,811
Total capital expenditure	9,417	462	433	-	-	10,312

A23. Commitments and contingencies

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

	30.6.2009			31.12.2008		
	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	294,000	147,000	29,400	265,000	132,500	26,500
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	768,562	568	568	975,514	-	-
- maturity exceeding one year	12,079	6,039	6,039	-	-	-
Foreign exchange related contracts:						
- less than one year	63,533	4,386	877	3,667	2,142	428
Interest rate related contracts:						
- one year to less than five years	160,000	6,556	1,311	160,000	9,237	1,847
	1,298,174	164,549	38,195	1,404,181	143,879	28,775

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

A24. Interest/profit rate risk

30.6.2009	Non-trading book						Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-interest sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short-term funds	1,545,053	41,232	594	-	-	250,548	-	1,837,427	1.70
Deposits and placements with banks and other financial institutions	-	83,159	33,349	-	-	-	-	116,508	2.72
Securities portfolio:									
Securities held-for-trading	-	-	-	-	-	-	79,303	79,303	-
Securities held-to-maturity	518,582	134,941	65,034	313,627	191,853	-	-	1,224,037	3.83
Securities available-for-sale	413,047	505,306	228,688	890,856	144,749	83,452	-	2,266,098	3.87
Derivative financial assets	-	-	-	-	-	4,868	-	4,868	-
Loans, advances and financing									
Performing	529,268	82,884	262,536	10,497	2,134	-	-	887,319	8.27
Non-performing	-	-	-	-	-	9,106	-	9,106	-
Statutory and reserve deposits with Central Banks	8,790	-	-	-	-	24,947	-	33,737	0.68
Other non-interest sensitive balance	-	-	-	-	-	3,002,447	-	3,002,447	-
Total Assets	3,014,740	847,522	590,201	1,214,980	338,736	3,375,368	79,303	9,460,850	

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

	Non-trading book						Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-interest sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
30.6.2009									
LIABILITIES									
Deposits from customers	2,121,272	494,200	1,627,077	99,678	-	1,145	-	4,343,372	2.13
Deposits and placements of banks and other financial institutions	75,459	13,530	71,486	20,000	-	45	-	180,520	2.90
Derivative financial liabilities	-	-	-	-	-	22,353	-	22,353	-
Borrowings	245,539	12,500	12,692	16,935	-	-	-	287,666	3.17
Subordinated notes	-	-	-	-	84,180	-	-	84,180	7.50
Other non-interest sensitive balance	-	-	-	-	-	2,820,075	-	2,820,075	-
Total Liabilities	2,442,270	520,230	1,711,255	136,613	84,180	2,843,618	-	7,738,166	
Shareholders' funds	-	-	-	-	-	1,418,398	-	1,418,398	
Minority interests	-	-	-	-	-	304,286	-	304,286	
Total Equity	-	-	-	-	-	1,722,684	-	1,722,684	
Total Liabilities and Equity	2,442,270	520,230	1,711,255	136,613	84,180	4,566,302	-	9,460,850	
On-balance sheet interest sensitivity gap	572,470	327,292	(1,121,054)	1,078,367	254,556	(1,190,934)	79,303	-	
Off-balance sheet interest sensitivity gap	-	-	-	160,000	-	-	-	160,000	
Total Interest Sensitivity Gap	572,470	327,292	(1,121,054)	1,238,367	254,556	(1,190,934)	79,303	160,000	
Cumulative interest rate sensitivity gap	572,470	899,761	(221,293)	1,017,074	1,271,630	80,696	159,999	160,000	

A24. Interest/profit rate risk

	Non-trading book						Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-interest sensitive			
31.12.2008	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	8.69
Non-performing	-	-	-	-	-	16,201	-	16,201	-
Statutory and reserve deposits with Central Banks	-	-	-	-	4,768	76,066	-	80,834	1.19
Other non-interest sensitive balance	-	-	-	-	-	1,516,112	-	1,516,112	-
Total Assets	2,138,943	434,580	597,329	851,267	343,184	1,757,332	16,040	6,138,675	

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

	Non-trading book						Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-interest sensitive			
31.12.2008	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	3.36	
Deposits and placements of banks and other financial institutions	83,215	211,100	123,887	29,387	-	326	447,915	3.84	
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	688,580	(38,970)	(326,200)	673,390	242,793	(1,255,633)	16,040	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	160,000	-	-	160,000	
Total Interest Sensitivity Gap	688,580	(38,970)	(326,200)	673,390	402,793	(1,255,633)	16,040	160,000	
Cumulative interest rate sensitivity gap	688,580	649,610	323,410	996,800	1,399,593	143,960	160,000	160,000	

A25. CAPITAL ADEQUACY

The capital base and risk weighted assets ("RWA"), as set out below are disclosed in accordance with Paragraph 4.4 of Concept Paper - Risk-Weighted Capital Adequacy Framework (RWCAF-Basel II) and Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements ("Pillar 3") issued by Bank Negara Malaysia. Paragraph 7.2(i) permits no corresponding disclosures in the previous reporting period upon first time adoption and disclosure of RWCAF and CAFIB.

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

(a) Risk weighted capital ratios and Tier I and Tier II capital

(i) The capital adequacy ratios and capital base of OSKIB Group and OSKIB are as follows:

	OSKIB Group		OSKIB [^]	
	As at 30.6.2009	As at 31.12.2008	As at 30.6.2009	As at 31.12.2008
Before deducting proposed dividends:				
Core capital ratio	27.55%	-	26.35%	28.22%
Risk weighted capital ratio	30.15%	-	26.35%	28.22%
After deducting proposed dividends:				
Core capital ratio	27.55%	-	26.35%	28.22%
Risk weighted capital ratio	30.15%	-	26.35%	28.22%

[^] In accordance with Section 7.3 of Guidelines on Risk Weighted Capital Adequacy Framework (General Requirements and Capital Components) issued by Bank Negara Malaysia, if deduction from Total Capital (i.e investment in subsidiary companies at OSKIB level) is more than eligible Tier 2 capital, the core capital ratio will be equal to the risk-weighted capital ratio.

A25. CAPITAL ADEQUACY (CONT'D)
(a) Risk weighted capital ratios and Tier I and Tier II capital (Cont'd)

- (i) The capital adequacy ratios and capital base of OSKIB Group and OSKIB are as follows:
(Cont'd)

	OSKIB Group		OSKIB	
	As at 30.6.2009 RM'000	As at 31.12.2008 RM'000	As at 30.6.2009 RM'000	As at 31.12.2008 RM'000
Issued and fully paid share capital	630,000	-	630,000	630,000
Retained profits	108,042	-	47,540	27,826
Statutory reserve	183,843	-	183,843	164,129
Tier 1 minority interests	203,362	-	-	-
	1,125,247	-	861,383	821,955
Less: Goodwill	(99,837)	-	(46,516)	(46,516)
Deferred tax assets	(6,131)	-	(4,909)	(1,635)
Tier I capital	1,019,279	-	809,958	773,804
General allowance for bad and doubtful debts and financing				
- Loan, advances and financing	2,967	-	2,967	2,888
Maximum allowance subordinated debt capital	100,000	-	100,000	100,000
Tier II capital	102,967	-	102,967	102,888
Total capital	1,122,246	-	912,925	876,692
Less: Investments in subsidiary companies	-	-	(378,230)	(335,436)
Capital base	1,122,246	-	534,695	541,256

The capital adequacy ratios of OSKIB Group consist of capital base and RWA derived from consolidated balances of OSKIB and its subsidiary companies. The capital adequacy ratios of OSKIB consist of capital base and RWA derived from OSKIB.

The capital adequacy ratios of OSKIB Group and OSKIB are computed in accordance with RWCAF-Basel II. OSKIB Group and OSKIB have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% (2008: 8.0%) for the risk weighted capital ratio.

A25. CAPITAL ADEQUACY (CONT'D)

(a) Risk weighted capital ratios and Tier I and Tier II capital (Cont'd)

(ii) The capital adequacy ratios and capital base of the wholly owned Cambodia banking subsidiary of OSKIB, OSK Indochina Bank Limited ("OSKIBL"), are as follows:

	OSKIBL	
	As at	As at
	30.6.2009	31.12.2008
Before deducting proposed dividends:		
Core capital ratio	#	#
Solvency ratio	98.00%	129.63%
<hr/>		
After deducting proposed dividends:		
Core capital ratio	#	#
Solvency ratio	98.00%	129.63%
<hr/>		

The Solvency Ratio of OSKIBL is the nearest equivalent regulatory compliance ratio in Cambodia computed in accordance with Prakas B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. These ratios are derived as OSKIBL's net worth divided by its risk-weighted assets and off balance sheet items. The minimum regulatory solvency ratio requirement in Cambodia is 15.0%.

No equivalent ratio in Cambodia.

A25. CAPITAL ADEQUACY (CONT'D)
(b) Risk weighted assets and capital requirements for credit risk, market risk, operational risk and large exposures risk

As at 30 June 2009, the risk weighted assets and capital requirements of OSKIB Group and OSKIB are as follows:

OSKIB Group				
Exposure class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weights Assets RM'000	Capital Requirements RM'000
(i) Credit risk				
<i>On Balance Sheet Exposures:</i>				
Sovereigns/central banks	1,500,849	1,500,849	-	-
Banks, development financial institutions and multilateral development banks	2,750,536	2,750,536	569,808	45,585
Insurance companies, securities firms and fund managers	1,302,337	1,302,337	674,999	54,000
Corporates	2,164,564	1,626,046	861,562	68,925
Other assets	77,639	77,639	77,639	6,211
Total on balance sheet exposures	7,795,925	7,257,407	2,184,008	174,721
(i) Credit risk				
<i>Off Balance Sheet Exposures:</i>				
Over-the-counter ("OTC") derivatives	16,425	16,425	4,930	394
Credit derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	154,279	154,279	56,479	4,518
Defaulted exposures	-	-	-	-
Total off balance sheet exposures	170,704	170,704	61,409	4,912
Total on and off balance sheet exposures	7,966,629	7,428,111	2,245,417	179,633
(ii) Large exposures risk requirement	2,199	2,199	2,199	-
(iii) Market risk	Long Position	Short Position		
Interest rate risk	240,000	-	40,000	3,200
Foreign currency risk	369,448	-	369,450	29,556
Equity risk	29,494	-	79,050	6,324
Option risk	294,000	-	89,251	7,140
Total	932,942	-	577,751	46,220
(iv) Operational risk			896,487	71,719
(v) Total RWA and capital requirements			3,721,854	297,572

A25. CAPITAL ADEQUACY (CONT'D)
(b) Risk weighted assets and capital requirements for credit risk, market risk, operational risk and large exposures risk (Cont'd)

OSKIB				
Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weights Assets RM'000	Capital Require-ments RM'000
(i) Credit risk				
<i>On Balance Sheet Exposures:</i>				
Sovereigns/central banks	1,088,768	1,088,768	-	-
Banks, development financial institutions and multilateral development banks	2,685,733	2,685,733	556,847	44,548
Insurance companies, securities firms and fund managers	82,780	82,780	16,591	1,327
Corporates	1,781,941	1,375,671	613,409	49,073
Other assets	50,551	50,551	50,551	4,044
Total on balance sheet exposures	5,689,773	5,283,503	1,237,398	98,992
<i>Off Balance Sheet Exposures:</i>				
Over-the-counter ("OTC") derivatives	16,425	16,425	4,930	394
Credit derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	153,710	153,710	55,911	4,473
Defaulted exposures	-	-	-	-
Total off balance sheet exposures	170,135	170,135	60,841	4,867
Total on and off balance sheet exposures	5,859,908	5,453,638	1,298,239	103,859
(ii) Large exposures risk requirement	2,199	2,199	2,199	-
(iii) Market risk	Long Position	Short Position		
Interest rate risk	240,000	-	40,000	3,200
Foreign currency risk	3,045	-	3,049	244
Equity risk	4,647	-	12,212	977
Option risk	294,000	-	89,249	7,140
Total	541,692	-	144,510	11,561
(iv) Operational risk			584,383	46,751
(v) Total RWA and capital requirements			2,029,331	162,171

OSKIB Group and OSKIB do not have any issuances of Profit Sharing Investment Account ("PSIA") used as a risk absorbent.

A25. CAPITAL ADEQUACY (CONT'D)
(c) Credit risk exposures by risk weights

As at 30 June 2009, the credit risk exposures by risk weights of OSKIB Group and OSKIB are as follows:

OSKIB Group

Risk Weights	Exposures after Netting and Credit Risk Mitigation						Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns/ Central Banks RM'000	Banks, Develop- ment Financial Institutions & Multi- lateral Develop- ment Banks RM'000	Insurance Compa- nies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Other Assets RM'000	Total Exposures after Netting and Credit Risk Mitigation RM'000		
0%	1,500,849	-	-	-	-	1,500,849	-	
20%	-	2,695,808	784,173	877,692	-	4,357,673	871,535	
35%	-	-	-	-	-	-	-	
50%	-	65,669	5,482	361,848	-	432,999	216,500	
75%	-	-	-	-	-	-	-	
100%	-	-	518,164	499,203	77,638	1,095,005	1,095,005	
150%	-	-	-	41,585	-	41,585	62,377	
Total	1,500,849	2,761,477	1,307,819	1,780,328	77,638	7,428,111	2,245,417	
Risk weighted assets by exposures	-	571,996	677,740	918,043	77,638	2,245,417		
Average risk weight	0%	21%	52%	52%	100%	30%		
Deduction from capital base	-	-	-	-	-	-		

A25. CAPITAL ADEQUACY (CONT'D)
(d) Off balance sheet exposures and counterparty credit risk

As at 30 June 2009, the off-balance sheet exposures and their related counterparty credit risk of OSKIB Group and OSKIB are as follows:

OSKIB Group

Description	Principal Amount RM'000	Positive Fair Value of	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
		Derivative Contracts RM'000		
Obligations under an on-going underwriting agreements	294,000		147,000	49,200
Foreign exchange related contracts				
One year or less	63,533	-	4,385	877
Interest/profit rate related contracts				
Over one year to five years	160,000	-	6,557	1,311
Equity related contracts				
One year or less	673	-	673	673
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	32,975	-	5,482	2,741
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	12,078		6,039	6,039
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	2,842		568	568
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	765,718		-	-
Total	1,331,819	-	170,704	61,409

A25. CAPITAL ADEQUACY (CONT'D)
(d) Off balance sheet exposures and counterparty credit risk (Contd.)
OSKIB

Description	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Obligations under an on-going underwriting agreements	294,000		147,000	49,200
Foreign exchange related contracts				
One year or less	63,533	-	4,385	877
Interest/profit rate related contracts				
Over one year to five years	160,000	-	6,556	1,311
Equity related contracts				
One year or less	673	-	673	673
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	32,975	-	5,482	2,741
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	12,078		6,039	6,039
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	308,964		-	-
Total	872,223	-	170,135	60,841

A25. CAPITAL ADEQUACY (CONT'D)

(e) Risk weighted assets and capital requirements for variances categories of risk under Market Risk

The risk weighted assets and capital requirements for variances categories of risk under market risk of OSKIB Group and OSKIB are as follows:

	OSKIB Group		OSKIB	
	As at 30.6.2009 RM'000	As at 31.12.2008 RM'000	As at 30.6.2009 RM'000	As at 31.12.2008 RM'000
Interest rate risk				
- General interest rate risk	3,200	-	3,200	-
- Specific interest rate risk	-	-	-	-
	3,200	-	3,200	-
Equity position risk				
- General risk	2,360	-	372	-
- Specific risk	3,964	-	605	-
	6,324	-	977	-
Foreign exchange risk	29,556	-	244	-
Option risk	7,140	-	7,140	-
	46,220	-	11,561	-

A26. (f) CAPITAL ADEQUACY

The capital base and risk weighted assets, as set out below are disclose in accordance with paragraph 4.4 of Concept Paper - Risk-Weighted Capital Adequacy Framework (RWCAF-Basel II) and Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements ("Pillar 3") issued by Bank Negara Malaysia. Paragraph 7.2(i) permits no corresponding disclosures in the previous reporting period upon first time adoption and disclosure of RWCAF and CAFIB.

(i) Risk weighted capital ratios and tier I and tier II capital

The capital adequacy ratios and capital base of the Islamic Banking Operations of OSKIB are as follows:

	As at 30.6.2009	As at 31.12.2008
Before deducting proposed dividends:		
Core capital ratio	84.06%	79.11%
Risk-weighted capital ratio	84.06%	79.11%
After deducting proposed dividends:		
Core capital ratio	84.06%	79.11%
Risk-weighted capital ratio	84.06%	79.11%
	As at 30.6.2009	As at 31.12.2008
	RM'000	RM'000
Islamic Banking funds	50,000	50,000
Retained profits	2,018	701
	52,018	50,701

OSKIB is the only entity in the Group that has Islamic banking operations. The capital adequacy ratios of the Islamic Banking Operations of OSKIB consist of capital base and risk weighted amounts derived from OSKIB.

The capital adequacy ratios of the Islamic Banking Operations of OSKIB is computed in accordance with RWCAF-Basel II. The Islamic Banking Operations of OSKIB has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% (2008: 8.0%) for the risk weighted capital ratio.

A26. (f) CAPITAL ADEQUACY (CONTD.)
(ii) Risk weighted assets and capital requirements for Credit Risk, Market Risk, Operational Risk and Large Exposures Risk

As at 30 June 2009, the risk weighted assets and capital requirements are as follows:

Islamic Banking Operations of OSKIB				
Exposure class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weights Assets RM'000	Capital Requirements RM'000
(a) Credit risk				
<i>On Balance Sheet Exposures:</i>				
Sovereigns/central banks	415,348	415,348	-	-
Banks, development financial institutions and multilateral development banks	131,553	131,553	26,311	2,105
Insurance companies, securities firms and fund managers	-	-	-	-
Corporates	131,488	131,488	28,399	2,272
Other assets	39	39	39	3
Total on balance sheet exposures	678,428	678,428	54,749	4,380
<i>Off Balance Sheet Exposures:</i>				
Over-the-counter ("OTC") derivatives	-	-	-	-
Credit derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	-	-	-	-
Defaulted exposures	-	-	-	-
Total off balance sheet exposures	-	-	-	-
Total on and off balance sheet exposures:	678,428	678,428	54,749	4,380
(b) Large exposures risk requirement	-	-	-	-
(c) Market risk	-	-	-	-
(d) Operational risk			7,134	571
(e) Total RWA and capital requirements			61,883	4,951

The Islamic Banking Operations of OSKIB does not has any issuances of Profit Sharing Investment Account ("PSIA") used as a risk absorbent.

A26. (f) CAPITAL ADEQUACY (CONTD.)

(iii) Credit risk exposures risk weights

As at 30 June 2009, the credit risk exposures by risk weights are as follows:

Islamic Banking Operations of OSKIB

Risk Weights	<u>Exposures after Netting and Credit Risk Mitigation</u>						Total Risk Weighted Assets RM'000
	Sovereigns/ Central Banks RM'000	Banks, Development Financial Institutions & Multi-lateral Development Banks RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Other Assets RM'000	Total Exposures after Netting and Credit Risk Mitigation RM'000	
0%	415,348	-	-	-	-	415,348	-
20%	-	131,553	-	128,861	-	260,414	52,083
35%	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-
75%	-	-	-	-	-	-	-
100%	-	-	-	2,627	39	2,666	2,666
150%	-	-	-	-	-	-	-
Total	415,348	131,553	-	131,488	39	678,428	54,749
Risk weighted assets by exposures	-	26,311	-	28,399	39	54,749	
Average risk weight	0%	20%	0%	22%	100%	8%	
Deduction from capital base	-	-	-	-	-	-	

A26. (f) CAPITAL ADEQUACY (CONTD.)

(iv) Off balance sheet exposures and counterparty credit risk

As at 30 June 2009, the Islamic Banking Operations of OSKIB did not have any off balance sheet exposures and their related counterparty credit risk.

(v) Risk weighted assets and capital requirements for variances categories of risk under Market Risk

As at 30 June 2009, the risk weighted assets and capital requirements for variances categories of risk under market risk of the Islamic Banking Operations of OSKIB are as follows:

	OSKIB	
	As at 30.6.2009 RM'000	As at 31.12.2008 RM'000
Interest rate risk		
- General interest rate risk	-	-
- Specific interest rate risk	-	-
	<hr/>	<hr/>
	-	-
Equity position risk		
- General risk	-	-
- Specific risk	-	-
	<hr/>	<hr/>
	-	-
Foreign exchange risk	-	-
	<hr/>	<hr/>
	-	-