

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	Note	As at 30.9.2009 RM'000	As at 31.12.2008 RM'000
ASSETS			
Cash and short-term funds		2,219,103	1,534,364
Deposits and placements with banks and other financial institutions		355,000	76,047
Securities purchase under resale agreements		9,941	-
Securities held-for-trading	A7(a)	105,470	46,870
Securities held-to-maturity	A7(b)	1,035,850	626,679
Securities available-for-sale	A7(c)	2,678,909	1,296,418
Derivative financial assets		20,549	2,326
Loans, advances and financing	A8	1,087,051	959,025
Tax recoverable		7,886	21,074
Other assets	A9	2,956,346	777,383
Statutory and reserve deposits with Central Banks		41,710	80,834
Deferred tax assets		1,903	6,366
Investments in associated companies		19,627	211,884
Investment property		112,600	112,600
Prepaid land lease payments		11,986	12,043
Property, plant and equipment		157,253	162,982
Intangible assets		207,358	211,780
TOTAL ASSETS		11,028,542	6,138,675
LIABILITIES			
Deposits from customers	A10	5,099,901	2,370,633
Deposits and placements of banks and other financial institutions	A11	144,916	447,915
Obligations on securities sold under repurchase agreements		-	249
Derivative financial liabilities		52,147	5,783
Other liabilities	A12	3,704,016	1,316,705
Tax payable		17,963	10,178
Deferred tax liabilities		686	255
Borrowings	B10	433,349	207,573
Subordinated notes		100,000	100,000
TOTAL LIABILITIES		9,552,978	4,459,291
EQUITY			
Share capital		673,095	673,069
Treasury shares, at cost	A5(b)	(29,780)	(29,779)
		643,315	643,290
Reserves		615,057	737,111
Equity attributable to equity holders of the Company		1,258,372	1,380,401
Minority interests		217,192	298,983
TOTAL EQUITY		1,475,564	1,679,384
TOTAL LIABILITIES AND EQUITY		11,028,542	6,138,675
Net Asset per share attributable to equity holders of the Company (RM)		1.94	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 THIRD QUARTER ENDED 30 SEPTEMBER 2009
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

		Current quarter ended 30.9.2009	Comparative quarter ended 30.9.2008	Current year to date ended 30.9.2009	Preceding year to date ended 30.9.2008
	Note	RM'000	RM'000	RM'000	RM'000
Revenue		227,662	199,737	582,282	634,939
Interest income	A13	59,237	63,169	161,486	163,041
Interest expense	A14	(32,370)	(36,817)	(91,407)	(93,327)
Net interest income		26,867	26,352	70,079	69,714
Other operating income	A15	163,533	131,071	407,251	525,009
Net income from Islamic banking business	A26	1,863	887	4,147	758
Other operating expenses	A16	(132,802)	(129,532)	(353,565)	(400,546)
Write back of/(Allowance for) losses on loans, advances and financing	A17	4,368	3,191	8,647	(1,094)
(Allowance for)/Write back of bad and doubtful debts on trade and other receivables	A18	(353)	(507)	1,412	(956)
(Allowance for)/Write back of impairment losses	A19	(30)	-	5,681	(22,000)
Share of net losses after tax of associated companies		(2,911)	(2,426)	(11,839)	(4,586)
Profit before taxation		60,535	29,036	131,813	166,299
Income tax expense	B6	(15,997)	(5,380)	(39,395)	(32,091)
Profit after taxation for the period		44,538	23,656	92,418	134,208
Profit attributable to:					
Equity holders of the Company		34,554	19,590	75,494	119,350
Minority interests		9,984	4,066	16,924	14,858
		44,538	23,656	92,418	134,208
Earnings per share attributable to equity holders of the Company (sen):					
Basic	B14	5.32	3.02	11.63	18.40
Diluted	B14	5.25	3.02	11.47	18.19

(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 THIRD QUARTER ENDED 30 SEPTEMBER 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		
Current year to date ended 30.9.2009	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	-	-	-	-	-	10,246	-	-	-	-	10,246	9,706	19,952
Share of other reserves of associated companies	-	-	-	-	-	-	-	-	1,086	-	1,086	-	1,086
Reserve realised upon disposal of shares in associated company	-	-	-	-	-	-	-	-	(970)	652	(318)	318	-
Minority interest's share of other reserves of associated companies	-	-	-	-	-	-	-	-	(38)	-	(38)	38	-
Dilution of equity asset in subsidiary company	-	-	-	-	-	-	-	-	-	(2)	(2)	2	-
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	-	-	-	-	6,900	-	-	6,900	912	7,812
Total net income recognised directly in equity	-	-	-	-	-	10,246	-	6,900	78	650	17,874	10,976	28,850
Profit for the period	-	-	-	-	-	-	-	-	-	75,494	75,494	16,924	92,418
Total net income for the period	-	-	-	-	-	10,246	-	6,900	78	76,144	93,368	27,900	121,268
Dividend paid	-	-	-	-	-	-	-	-	-	(12,167)	(12,167)	-	(12,167)
Dividend paid to minority interests	-	-	-	-	-	-	-	-	-	-	-	(8,892)	(8,892)
Distribution of shares in a listed subsidiary company	-	-	-	(58,919)	(211)	-	-	(1,419)	(34,764)	(107,947)	(203,260)	(100,797)	(304,057)
ESOS options exercised	26	-	5	-	-	-	-	-	-	-	31	-	31
Share buybacks by the Company	-	(1)	-	-	-	-	-	-	-	-	(1)	-	(1)
Share buybacks by a subsidiary company	-	-	-	-	-	-	-	-	-	-	-	(2)	(2)
Transfer to statutory reserve	-	-	-	-	-	-	19,715	-	-	(19,715)	-	-	-
Reserve realised upon exercise and forfeiture of ESOS	-	-	-	-	(89)	-	-	-	-	89	-	-	-
As at 30.09.2009	673,095	(29,780)	5	-	1,664	9,486	183,844	(9,632)	-	429,690	1,258,372	217,192	1,475,564

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

	Attributable to equity holders of the Company											Minority interests	Total equity
	Share capital	Treasury shares	Share premium	Capital redemption reserve	Equity compensation reserve	Foreign exchange reserve	Statutory reserve	Available-for-sale reserve	Other reserve	Retained profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Preceding year to date ended 30.9.2008													
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	-	-	-	-	-	-	-	6,847	-	30,508	37,355	37	37,392
As restated	672,111	(29,597)	99,363	58,919	2,352	(7,726)	89,983	6,847	20,506	585,557	1,498,315	377,261	1,875,576
Foreign currency translation gain	-	-	-	-	-	13,428	-	-	-	-	13,428	8,027	21,455
Losses on deemed disposal of shares in associated companies	-	-	-	-	-	-	-	-	(149)	-	(149)	-	(149)
Share of other reserves of associated companies	-	-	-	-	-	-	-	-	11,828	-	11,828	-	11,828
Share issue expenses	-	-	(1)	-	-	-	-	-	-	-	(1)	-	(1)
Minority interests' share of other reserves of associated companies	-	-	-	-	-	-	-	-	(3,898)	-	(3,898)	3,898	-
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	-	-	-	-	(36,515)	-	-	(36,515)	-	(36,515)
Total net (expense)/income recognised directly in equity	-	-	(1)	-	-	13,428	-	(36,515)	7,781	-	(15,307)	11,925	(3,382)
Profit for the period	-	-	-	-	-	-	-	-	-	119,350	119,350	14,858	134,208
Total net (expense)/income for the period	-	-	(1)	-	-	13,428	-	(36,515)	7,781	119,350	104,043	26,783	130,826
Dividend paid	-	-	-	-	-	-	-	-	-	(48,027)	(48,027)	-	(48,027)
Dividends paid to minority interests	-	-	-	-	-	-	-	-	-	-	-	(11,524)	(11,524)
Distribution of shares in a listed subsidiary company	-	-	(99,648)	-	-	-	-	-	-	(103,359)	(203,007)	(128,500)	(331,507)
ESOS options exercised	958	-	286	-	-	-	-	-	-	-	1,244	-	1,244
Share buybacks by the company	-	(181)	-	-	-	-	-	-	-	-	(181)	-	(181)
Share buybacks by a subsidiary company	-	-	-	-	-	-	-	-	-	-	-	(11)	(11)
Transfer statutory reserve	-	-	-	-	-	-	62,515	-	-	(62,515)	-	-	-
Reserve realised upon exercise and forfeiture of ESOS	-	-	-	-	(397)	-	-	-	-	397	-	-	-
Acquisition of subsidiary companies	-	-	-	-	-	-	-	-	-	-	-	57,951	57,951
As at 30.9.2008	673,069	(29,778)	-	58,919	1,955	5,702	152,498	(29,668)	28,287	491,403	1,352,387	321,960	1,674,347

(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 THIRD QUARTER ENDED 30 SEPTEMBER 2009
UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Current year to date ended 30.9.2009 RM'000	Preceding year to date ended 30.9.2008 RM'000
Cash Flows From Operating Activities		
Profit before taxation	131,813	166,299
Adjustments for :-		
Interest expense	91,407	93,327
Interest income	(161,486)	(163,041)
Other non-cash and non-operating items	6,636	(70,586)
Share of losses after tax of associated companies	11,839	4,586
Operating profit before working capital changes	<u>80,209</u>	30,585
<i>(Increase)/Decrease in operating assets:</i>		
Deposits and placements with banks and other financial institutions	(278,953)	-
Loans, advances and financing	(122,445)	107,573
Statutory and reserve deposits with Central Banks	39,124	(28,564)
Property development costs	-	(25,613)
Securities held-for-trading	(54,401)	174,142
Securities held-to-maturity	(407,153)	(389,119)
Securities available-for-sale	(1,428,526)	(728,941)
Other operating assets	(2,613,894)	1,796,440
<i>Increase/(Decrease) in operating liabilities:</i>		
Deposits from customers	2,729,268	1,693,810
Deposits and placements of banks and other financial institutions	(303,000)	-
Obligations on securities sold under repurchase agreements	(249)	6
Other operating liabilities	<u>2,439,353</u>	(1,793,440)
Net cash generated from operations	79,333	836,879
Income tax paid net of refund	(16,635)	(75,785)
Interest received	128,902	166,724
Net cash generated from operating activities	<u>191,600</u>	927,818
Cash Flows From Investing Activities		
Acquisition of additional shares in an associated company	(1,470)	(24,864)
Dividend received	2,304	3,081
Interest received	247	226
Payment for intangible asset	(290)	(1,954)
Net cash inflow from acquisition of subsidiary companies	-	81
Proceeds from disposal of equipment	679	4,400
Balance carried forward	<u>1,470</u>	(19,030)

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

	Current year to date ended 30.9.2009 RM'000	Preceding year to date ended 30.9.2008 RM'000
Cash Flows From Investing Activities (Cont'd)		
Balance brought forward	1,470	(19,030)
Purchase of equipment	(6,482)	(20,654)
Proceeds from disposal of investments in associated companies	-	11,414
Net cash outflow from distribution of share in a listed subsidiary company	(36,250)	(44,112)
Net cash used in investing activities	<u>(41,262)</u>	<u>(72,382)</u>
Cash Flows From Financing Activities		
Dividends paid	(12,167)	(48,027)
Dividends paid by a subsidiary company to minority shareholders	(8,892)	(11,524)
Drawdown/(repayment) of short term borrowing	234,377	(69,898)
Interest paid	(116,775)	(90,002)
Payments of BaIDS and borrowing expenses	-	(30)
Payments of BaIDS profits	-	(1,750)
Payments of finance lease installments	(469)	(575)
Payments of share buybacks by the Company	(1)	(181)
Payments of share buybacks by a subsidiary company	(2)	(11)
Proceeds from issuance of shares for ESOS exercised	31	1,244
Proceeds from issuance of subordinated notes	-	100,000
Repayment of term loans	(17,231)	(21,519)
Repayment of BaIDS	-	(25,000)
Net cash generated from/(used in) financing activities	<u>78,871</u>	<u>(167,273)</u>
Net increase in cash and cash equivalents	229,209	688,163
Effects of exchange rate changes	19,130	19,683
Cash and cash equivalents at beginning of period	1,010,730	793,305
Cash and cash equivalents at end of period	<u>1,259,069</u>	<u>1,501,151</u>
Cash and cash equivalents at end of period comprised:		
Cash, bank balances and deposits - General accounts	201,705	313,931
Bank overdrafts	(9,089)	-
Money at call and deposits placements with maturity within one month	1,066,453	1,187,220
	<u>1,259,069</u>	<u>1,501,151</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 THIRD QUARTER ENDED 30 SEPTEMBER 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 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 101	Presentation of Financial Statements	1 January 2010
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	1 January 2010
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued operations	1 January 2010
Amendments to FRS 7	Financial Instruments: Disclosures	1 January 2010
Amendments to FRS 8	Operating Segments	1 January 2010
Amendments to FRS 107	Cash Flow Statements	1 January 2010
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
Amendments to FRS 110	Events After the Balance Sheet Date	1 January 2010
Amendments to FRS 116	Property, Plant and Equipment	1 January 2010
Amendments to FRS 117	Leases	1 January 2010
Amendments to FRS 118	Revenue	1 January 2010
Amendments to FRS 119	Employee Benefits	1 January 2010

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

A1. Basis of preparation (Cont'd)

**Effective for
financial
periods
beginning on
or after**

Financial Reporting Standards ("FRS"), Amendments and Interpretations

Amendments to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
Amendments to FRS 123	Borrowing Costs	1 January 2010
Amendments to 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 128	Investments in Associates	1 January 2010
Amendments to FRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2010
Amendments to FRS 131	Interests in Joint Ventures	1 January 2010
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2010
Amendments to FRS 134	Interim Financial Reporting	1 January 2010
Amendments to FRS 136	Impairment of Assets	1 January 2010
Amendments to FRS 138	Intangible Assets	1 January 2010
Amendments to FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 140	Investment Property	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
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
TR i-3	Presentation of Financial Statements of Islamic Financial Institutions	1 January 2010

FRS 4, Amendments to FRS 129 and Interpretation 13 is not applicable to the Group. 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.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

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	<u>256,924</u>
(ii) Securities HFT to securities AFS on 16 February 2009	<u>61,160</u>

(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 30.9.2009 RM'000	As at 31.12.2008 RM'000
(i) Securities AFS reclassified to securities HTM		
- Carrying value	242,493	256,924
- Fair value	243,680	256,924
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(ii) Securities HFT reclassified to securities AFS		
- Carrying value	42,292	-
- Fair value	42,292	-
	<hr/>	<hr/>

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

A1. Basis of preparation (Cont'd)

(c) Fair value gain/(loss) recognised

	Current quarter ended 30.9.2009 RM'000	Comparative quarter ended 30.9.2008 RM'000	Current year to date ended 30.9.2009 RM'000	Preceding year to date ended 30.9.2008 RM'000
Income statement	-	-	-	-
Statement of Changes in Equity				
Available-for-sale reserve	217	-	(1,105)	-

(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 THIRD QUARTER ENDED 30 SEPTEMBER 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 25,700 new ordinary shares of RM1 each for cash at the respective exercise prices pursuant to the ESOS and the total cash proceeds arising from the exercise of options amounted to RM31,190. 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				As at
		1.1.2009	Granted	Exercised	Forfeited	30.9.2009
27.6.2003	1.00	1,777,000	-	-	(20,500)	1,756,500
16.3.2004	1.06	5,157,440	-	-	(367,600)	4,789,840
29.4.2005	1.00	880,900	-	(20,900)	(73,400)	786,600
3.5.2006	1.00	4,346,300	-	(4,800)	(183,000)	4,158,500
		12,161,640	-	(25,700)	(644,500)	11,491,440

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.

* With effective from 6 October 2009, the ESOS committee approved the adjustment of ESOS exercise price pursuant to Clause 18.3(c)(1) of the ESOS By-Laws.

(b) Warrant B 2000/2010 of the Company

During the current year to date, there were no conversion of warrant B 2000/2010. As at 30 September 2009, the total number of Warrant B 2000/2010 remained unexercised is 101,423,826 (31.12.2008: 101,423,826).

On 17 March 2000, the Company had issued 101,423,995 Warrants B 2000/2010 which were listed on Bursa Malaysia Securities Berhad. Each warrant entitles the holder to subscribe for 1 new ordinary share of RM1 each in the Company at a price of RM1.25 per share by cash. The exercise price was adjusted in the prior years from RM2.28 per share to RM2.23 per share pursuant to the distribution of share dividend as final dividend for the year ended 31 December 2004 on 19 May 2005. The subscription price of Warrant B 2000/2010 was further revised from RM2.23 to RM1.79 as a result of the distribution of OSK Property Holding Berhad shares on 24 September 2008. With effect from 21 August 2009, the subscription price of the Warrants B 2000/2010 was revised downwards from RM1.79 to RM1.25 as a result of the distribution of OSK Ventures International Berhad shares.

The adjustment were made in accordance with the provisions of the Deed Poll in order to ensure that the status of the holders of the Warrants B 2000/2010 will not be prejudiced after the share dividend and shares distributions.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009**A5. Changes in debt and equity securities (Cont'd)****(c) Share buybacks / Treasury shares of the Company**

During the current year to date, 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
As at 30.9.2009	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.

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.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

	As at 30.9.2009 RM'000	As at 31.12.2008 RM'000
A7. Securities portfolio		
(a) Securities held-for-trading		
At fair value:		
Money market instruments:		
Malaysian Government Securities	-	29,734
Quoted securities:		
Shares, exchange traded funds and warrants		
- in Malaysia	57,004	13,515
- outside Malaysia	33,328	5,253
Trusts units in Malaysia	3,524	166
	93,856	18,934
Less: Impairment losses	-	(1,798)
	93,856	17,136
Unquoted debt securities:		
Private and Islamic debt securities in Malaysia	11,614	-
	105,470	46,870
(b) Securities held-to-maturity		
At amortised cost:		
Money market instruments:		
Bankers' acceptance and Islamic accepted bills	-	74,095
Cagamas bonds	5,065	-
Malaysian Government Investment Issues	155,947	70,323
Negotiable instruments of deposit	480,000	140,000
	641,012	284,418
Unquoted securities:		
Private and Islamic debt securities in Malaysia	394,838	342,261
	1,035,850	626,679

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

	As at 30.9.2009 RM'000	As at 31.12.2008 RM'000
A7. Securities portfolio (Cont'd)		
(c) Securities available-for-sale		
At fair value:		
Money market instruments:		
Bankers' acceptance and Islamic accepted bills	809,528	67,456
Cagamas bonds	7,147	5,032
Khazanah bonds	-	29,367
Malaysian Government Investment Issues	138,177	60,565
Malaysian Government Securities	478,132	232,196
Negotiable instruments of deposit	29,942	31,240
Subordinated notes	30,907	-
	1,493,833	425,856
Quoted securities:		
Shares and warrants in Malaysia	1,033	8,316
USD Class Bonds outside Malaysia	-	184
	1,033	8,500
Unquoted securities:		
Shares		
- in Malaysia	2,855	2,855
- outside Malaysia	3,325	68,605
Private and Islamic debt securities in Malaysia	1,203,949	816,640
Trust units in Malaysia	-	48
	1,210,129	888,148
Less: Impairment loss		
Private debt securities in Malaysia	(26,086)	(26,086)
	1,184,043	862,062
	2,678,909	1,296,418

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

	As at 30.9.2009 RM'000	As at 31.12.2008 RM'000
A8. Loans, advances and financing		
Term loans	318,924	365,377
Staff loans	1,549	1,009
Share margin financing	782,761	617,155
	1,103,234	983,541
Less: Unearned interest and income	(2,265)	(2,723)
	1,100,969	980,818
Allowance for bad and doubtful debts		
- general	(4,469)	(5,338)
- specific	(9,449)	(16,455)
Total net loans, advances and financing	1,087,051	959,025
(a) Analysis of gross loans, advances and financing		
(i) Analysed by type of customers:		
Domestic business enterprises		
- Small and medium enterprises	338,853	366,089
Foreign entities	73,815	34,801
Other domestic entities	21,653	25,408
Individuals	666,648	554,520
	1,100,969	980,818
(ii) Analysed by interest rate sensitivity:		
Fixed rate	854,040	938,559
Variable rate - cost plus	231,899	41,985
Variable rate - base lending rate plus	-	60
Variable rate - others	15,030	214
	1,100,969	980,818
(iii) Analysed by economic purpose:		
Working capital	167,235	154,733
Purchase of securities	899,249	803,769
Other purposes	34,485	22,316
	1,100,969	980,818

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

	As at 30.9.2009 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	21,381	34,590
Gross NPL	21,381	34,590
Movement in NPLs		
At beginning of period/year	34,590	18,981
Classified as non-performing	6,972	22,602
Reclassified as performing	(17,976)	(6,993)
Amount written off	(3,306)	-
Exchange differences	1,120	-
At end of period/year	21,400	34,590
Specific allowance	(9,449)	(16,455)
Net non-performing loans, advances and financing	11,951	18,135
Ratio of net NPL and financing to net loans and financing	1.09%	1.85%
(c) Movement in allowance for bad and doubtful debts:		
General allowance		
At beginning of period/year	(5,338)	(5,826)
Allowance written back	859	488
Exchange differences	10	-
At end of period/year	(4,469)	(5,338)
As % of gross loan, advances and financing less specific allowance	0.41%	0.55%
Specific allowance		
At beginning of period/year	(16,455)	(2,735)
Allowance made	(4,919)	(13,662)
Allowance written back	9,842	69
Amount written off	2,421	-
Exchange difference	(338)	(127)
At end of period/year	(9,449)	(16,455)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

	As at 30.9.2009 RM'000	As at 31.12.2008 RM'000
A9. Other assets		
Interest / Income receivable	33,500	18,536
Security deposits and statutory funds	3,654	2,657
Trade receivables	2,886,727	733,447
Other receivables, deposits and prepayments	32,237	22,515
Transferable golf memberships	228	228
	2,956,346	777,383
A10. Deposits from customers		
(a) By type of deposit		
Demand deposits	383	283
Fixed deposits	3,300,657	1,042,774
Mudharabah general investment deposits	605,995	453,000
Negotiable instruments of deposit	446,062	395,747
Saving deposits	2,129	389
Short term deposits	744,657	478,393
Others	18	47
	5,099,901	2,370,633
(b) By type of customer		
Business enterprises	1,335,934	484,749
Domestic non-bank financial institutions	3,030,843	1,339,237
Individuals	83,261	93,177
Local government and statutory bodies	621,933	440,818
Others	27,930	12,652
	5,099,901	2,370,633
A11. Deposits and placements of banks and other financial institutions		
Licensed banks	20,108	20,324
Licensed investment banks	40,000	40,000
Other financial institutions	84,808	387,591
	144,916	447,915
A12. Other liabilities		
Interest / Profit payable	25,369	23,807
Trade payables	3,531,636	1,177,749
Other payables, deposits and accruals	143,172	109,164
Amount due to an associated company	3,463	5,895
Profit equalisation reserve	376	90
	3,704,016	1,316,705

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

	Current quarter ended 30.9.2009 RM'000	Comparative quarter ended 30.9.2008 RM'000	Current year to date ended 30.9.2009 RM'000	Preceding year to date ended 30.9.2008 RM'000
A13. Interest income				
Loans, advances and financing	19,054	23,165	55,825	67,073
Deposits and placements with financial institutions	10,598	14,159	27,433	35,896
Securities:				
Held-for-trading	11	63	307	506
Held-to-maturity	8,729	3,304	24,410	3,512
Available-for-sale	14,407	16,348	36,509	45,624
Stock-broking and futures broking clients	369	391	1,229	1,234
Others	554	266	837	1,117
	53,722	57,696	146,550	154,962
Accretion of discount less amortisation of premium	7,485	6,011	17,372	11,090
Interest suspended	(1,970)	(538)	(2,436)	(3,011)
	59,237	63,169	161,486	163,041
A14. Interest expense				
Deposits from customers	(28,223)	(30,068)	(79,392)	(75,814)
Deposits and placements of financial institutions	(143)	-	(161)	-
Obligations on securities sold under repurchase agreements	-	(2)	(1)	(9)
Subordinated notes	(1,825)	(1,603)	(5,346)	(1,603)
Borrowings	(2,066)	(3,958)	(6,302)	(12,347)
Profit payment on BaIDS	-	(594)	-	(2,063)
Accretion of discount on BaIDS	-	(367)	-	(1,263)
Others	(113)	(225)	(205)	(228)
	(32,370)	(36,817)	(91,407)	(93,327)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

	Current quarter ended 30.9.2009	Comparative quarter ended 30.9.2008	Current year to date ended 30.9.2009	Preceding year to date ended 30.9.2008
	RM'000	RM'000	RM'000	RM'000

A15. Other operating income
(a) Fees and commission

Advisory, agency, arrangement, placement and referral fees	7,888	8,623	21,343	26,383
Commission	3,350	1,195	9,211	7,138
Fees earned from management of unit trust funds	12,446	12,037	32,432	38,027
Gross brokerage fees	112,721	54,925	285,247	220,326
Loan processing, facility and commitment fees and carrying charges	2,636	4,042	11,235	15,530
Service charges on sale of trust units	8,772	1,519	18,093	14,974
Trustee and will-writing fees	1,480	1,489	4,160	4,328
Others	441	338	1,233	1,153
	149,734	84,168	382,954	327,859

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

Securities held-for-trading	4,259	(4,535)	2,767	(13,591)
Securities available-for-sale	2,921	217	4,156	571
Securities held-to-maturity	520	-	520	-
Derivative financial instruments	(298)	4,797	2,606	77,630
Shares in an associated company	-	-	(2,676)	-
	7,402	479	7,373	64,610

(c) Gross dividend income

Securities held-for-trading	531	732	1,373	2,003
Securities available-for-sale	850	976	938	976
	1,381	1,708	2,311	2,979

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

	Current quarter ended 30.9.2009	Comparative quarter ended 30.9.2008	Current year to date ended 30.9.2009	Preceding year to date ended 30.9.2008
	RM'000	RM'000	RM'000	RM'000
A15. Other operating income (Cont'd)				
(d) Unrealised (loss)/gain on revaluation of trading securities and derivatives				
Securities held-for-trading	(1,279)	43	4,336	(5,550)
Derivative financial instruments	(15,111)	25,851	(24,239)	3,103
	(16,390)	25,894	(19,903)	(2,447)
(e) Write back of/(allowance for) unrealised loss from derivatives				
Unexpired structured warrants	11,693	(21,236)	13,542	(34,334)
(f) Unrealised gains from foreign exchange translations				
	7,045	696	2,984	5,459
(g) Other income				
Net gain on disposal of equipment	87	26	144	67
Realised gain on foreign exchange	339	934	8,504	4,003
Net gain on interest rate swap	22	114	162	176
Rental income	1,503	5,545	4,447	13,825
Revenue from property development projects	-	31,547	-	76,371
Reversal of provision for legal compensation and interest costs	-	-	-	59,219
Negative goodwill on share buybacks by a subsidiary company	-	-	1	3,180
Gain on constructive retirement of subsidiary's subordinated notes	(1,074)	-	-	-
Others	1,791	1,196	4,732	4,042
	2,668	39,362	17,990	160,883
	163,533	131,071	407,251	525,009

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

	Current quarter ended 30.9.2009	Comparative quarter ended 30.9.2008	Current year to date ended 30.9.2009	Preceding year to date ended 30.9.2008
	RM'000	RM'000	RM'000	RM'000
A16. Other operating expenses				
(a) Personnel expenses				
Salaries, allowances, bonuses and gratuity	(44,187)	(41,098)	(117,683)	(125,758)
Pension costs - defined contribution plan	(2,953)	(3,338)	(9,806)	(13,531)
Others	(1,724)	(2,462)	(4,567)	(7,288)
	(48,864)	(46,898)	(132,056)	(146,577)
(b) Promotional, marketing and trading expenses				
Advertisement and promotion	(1,827)	(2,984)	(5,675)	(6,964)
Commission	(46,561)	(15,182)	(114,106)	(68,312)
Fees and charges	(11,738)	(9,945)	(33,102)	(34,566)
Deposit insurance	(215)	-	(788)	-
Property development costs	-	(24,844)	-	(59,393)
Others	(583)	(3,198)	(1,696)	(8,466)
	(60,924)	(56,153)	(155,367)	(177,701)
(c) Establishment related expenses				
Depreciation and amortisation	(3,746)	(3,865)	(11,280)	(11,202)
Insurance	(317)	(625)	(2,180)	(2,573)
Rental of equipment	(1,215)	(1,243)	(3,515)	(3,903)
Rental of premises	(4,365)	(5,420)	(12,525)	(12,577)
Repair and maintenance	(2,341)	(2,122)	(6,142)	(5,808)
Utility expenses	(1,406)	(1,835)	(3,947)	(4,622)
Others	(761)	(818)	(1,970)	(2,277)
	(14,151)	(15,928)	(41,559)	(42,962)
(d) General administrative expenses				
Communication expenses	(1,781)	(1,619)	(4,617)	(5,053)
Legal and professional fees	(1,452)	(2,280)	(3,583)	(5,450)
Printing and stationery	(1,894)	(1,433)	(4,999)	(5,209)
Administrative	(3,433)	(5,008)	(10,563)	(14,369)
Others	(303)	(213)	(821)	(3,225)
	(8,863)	(10,553)	(24,583)	(33,306)
	(132,802)	(129,532)	(353,565)	(400,546)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

	Current quarter ended 30.9.2009 RM'000	Comparative quarter ended 30.9.2008 RM'000	Current year to date ended 30.9.2009 RM'000	Preceding year to date ended 30.9.2008 RM'000
A17. Write back of/(allowance for) losses on loans, advances and financing				
Specific allowance				
Made	(260)	(4,179)	(4,919)	(8,997)
Written back	3,763	7,620	9,842	7,620
General allowance (net)				
Made/(Written back)	593	(200)	859	35
Bad debts				
Recovered	473	-	3,066	300
Written off	(201)	(50)	(201)	(52)
	4,368	3,191	8,647	(1,094)
A18. Write back of/(allowance for) bad and doubtful debts on trade and other receivables				
Specific allowance				
Made	(1,491)	(1,751)	(2,930)	(8,529)
Written back	1,171	1,210	4,456	7,523
General allowance (net)				
Made/(Written back)	76	4	(18)	12
Bad debts				
Recovered	16	43	36	80
Written off	(125)	(13)	(132)	(42)
	(353)	(507)	1,412	(956)
A19. Write back of/(allowance for) impairment losses				
Goodwill on consolidation	-	-	(128)	-
Investment in an associated company	-	-	4,839	-
Securities available-for-trading	(30)	-	970	-
Securities available-for-sale	-	-	-	(22,000)
	(30)	-	5,681	(22,000)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

A20. Segmental information

Please refer to Appendix I.

A21. Material events subsequent to the end of the quarter

There were no material subsequent events.

A22. Changes in the composition of the Group

(a) Transfer of 30% equity interest in UOB-OSK Asset Management Sdn. Bhd. (“UOAM”)

On 2 March 2009, the Company completed the transfer of 30% equity interest in UOAM to OSKIB a wholly-owned subsidiary company, comprising 1,200,000 ordinary shares of RM1.00 each for a cash consideration of RM7,777,105 based on the net tangible assets of UOAM as at 28 February 2009. UOAM is now an associated company of OSKIB and an indirect associated company of the Company.

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

(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 pursuant to 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 which 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.

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

- (d) Transfer of 100% equity interest in OSK International Asset Management Sdn. Bhd. (formerly known as OSK Asset Management Sdn. Bhd.) ("OSKIAM")

On 31 July 2009, the Company completed the transfer its 100% equity interest in OSKIAM to OSKIB, a wholly-owned subsidiary company, 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. OSKIAM is now a wholly-owned subsidiary company of OSKIB and indirect subsidiary company of the Company.

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.

- (e) Distribution-in-specie of 98,326,119 ordinary shares of RM1.00 each in OSK Ventures International Berhad ("OSKVI") to shareholders of the Company ("the Shares Distribution")

On 28 August 2009, the Company completed the Share Distribution after receiving the necessary approvals from the relevant regulatory authorities and shareholders. The Company undertook the Shares Distribution through a reduction of its capital redemption reserve account of RM58,919,600 pursuant to Section 64 of the Companies Act, 1965 and retained profits of RM58,897,761 of the Company. Effectively from that date, OSKVI ceased to be a subsidiary company of the Company.

The Shares 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.

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.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

A26. Islamic Banking Operations of OSK Investment Bank Berhad

(a) UNAUDITED CONDENSED BALANCE SHEETS

		OSKIB	OSKIB
		As at	As at
Note		30.9.2009	31.12.2008
		RM'000	RM'000
ASSETS			
		107,113	301,323
		271,571	202,958
		279,969	-
		3,389	864
		-	3
		18	21
		662,060	505,169
LIABILITIES			
		605,996	453,001
		1,533	1,220
		1,086	246
		56	-
		608,671	454,467
ISLAMIC BANKING CAPITAL FUNDS			
		50,000	50,000
		3,389	702
		53,389	50,702
		662,060	505,169

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

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

(b) UNAUDITED CONDENSED INCOME STATEMENTS

	OSKIB Current quarter ended 30.9.2009 RM'000	OSKIB Comparative quarter ended 30.9.2008 RM'000	OSKIB Current year to date ended 30.9.2009 RM'000	OSKIB Preceding year to date ended 30.9.2008 RM'000
Income derived from investment of depositors' funds and others	4,892	5,497	13,545	6,108
Transfer to profit equalisation reserve	(22)	(108)	(286)	(108)
Gross and total attributable income	4,870	5,389	13,259	6,000
Income attributable to the depositors	(3,007)	(4,502)	(9,112)	(5,242)
Income attributable to OSKIB	1,863	887	4,147	758
Other operating expenses	(261)	(147)	(789)	(302)
Profit before tax expense	1,602	740	3,358	456
Taxation	(400)	(193)	(839)	(119)
Profit after tax expense	1,202	547	2,519	337

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	4,892	5,497	13,545	6,108
Income attributable to the depositors	(3,007)	(4,502)	(9,112)	(5,242)
Transfer to profit equalisation reserve	(22)	(108)	(286)	(108)
Net income from Islamic Banking operations reported in Group-wide income statement	1,863	887	4,147	758

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

	OSKIB	OSKIB
	As at	As at
	30.9.2009	31.12.2008
	RM'000	RM'000
(c) Securities held-to-maturity		
At amortised cost		
Money market instruments:		
Islamic accepted bills	-	67,945
Cagamas bonds	5,064	-
Government Investment Issue	155,947	70,323
	161,011	138,268
Unquoted debt securities in Malaysia:		
Islamic private debt securities	110,560	64,690
	271,571	202,958
(d) Securities available-for-sale		
At fair value		
Money market instruments:		
Islamic accepted bills	193,941	-
Negotiable instruments of deposits	29,943	-
	223,884	-
Unquoted debt securities in Malaysia:		
Islamic private debt securities	56,085	-
	279,969	-
(e) Other assets		
Income receivable	3,389	862
Prepayment	-	2
	3,389	864

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

	OSKIB As at 30.9.2009 RM'000	OSKIB As at 31.12.2008 RM'000
(f) Deposits from customers		
(i) By type of deposit		
Mudharabah Fund		
Mudharabah general investment deposits	605,996	453,001
(ii) By type of customer		
Government and statutory bodies	265,701	224,818
Domestic non-bank financial institutions	326,339	154,434
Business enterprises	13,956	73,749
	605,996	453,001
(g) Other liabilities		
Profit payables	952	1,018
Profit equalisation reserve	376	90
Other payable	205	112
	1,533	1,220

(h) Capital adequacy of Islamic banking operations

Please refer to Appendix V.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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

For the third quarter 2009, the Group reported a profit before tax ("PBT") of RM60.54 million as compared to the previous corresponding quarter of RM29.04 million representing a 108% year-on-year ("Y-o-Y") growth. The net profit after tax and minority interests of RM34.55 million for the quarter under review represented a growth of 76% Y-o-Y, which translated into an earnings per share of 5.32 sen. This compares favourably against last year's corresponding period's earnings per share of 3.02 sen. The group also registered a 14% surge in revenue to RM227.66 million compared to RM199.74 million in the previous corresponding quarter.

For the 9-month period ended 30 September 2009 ("9M09") the Group recorded a PBT of RM131.81 million compared to the previous corresponding period of RM166.30 million. The Group's revenue declined by 8% to RM582.28 million. On 28 August 2009, the Company completed the share distribution in a subsidiary company, OSK Ventures International Berhad ("OSKVI") which is listed on ACE Market. As such, OSKVI ceased to be a subsidiary of the Company on 28 August 2009.

Total non-Malaysian PBT contribution to the Group improved to RM36.06 million representing 27% in 9M09 from RM20.53 million representing 12% in the previous corresponding period.

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

The Group recorded a pre-tax profit of RM60.54 million for the third quarter 2009, compared to RM61.33 million achieved in the immediate preceding quarter.

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

(a) Current year prospects
(Commentary on the rest of year)

The Directors anticipate the performance for the remaining quarter to be satisfactory.

(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.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009**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 30.9.2009 RM'000	Current year to date ended 30.9.2009 RM'000
In respect of the current quarter / year to date		
- Malaysian income tax	10,534	28,223
- Foreign income tax	3,358	7,044
	13,892	35,267
In respect of the prior year		
- Malaysian income tax	(1,220)	(876)
Deferred taxation	3,325	5,004
	15,997	39,395

The effective tax rate for the year to date is higher than the statutory tax rate of 25% mainly due to the unavailability of group relief for losses incurred by associated companies and overseas subsidiary companies and the non-deductibility of certain expenses.

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 period under review. There were no sales of properties during the period under review.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

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 30.9.2009 RM'000	Current year to date ended 30.9.2009 RM'000
Total purchase consideration	<u>33,823</u>	<u>53,209</u>
Total sale proceeds	<u>28,812</u>	<u>43,060</u>
Net gain on disposals	<u>884</u>	<u>1,209</u>

- (b) Investments in quoted securities as at 30 September 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	10,624
Outside Malaysia	<u>4,398</u>
	15,022
Fair value adjustments	80
	<u>15,102</u>
Market value of quoted shares:	
In Malaysia	10,699
Outside Malaysia	<u>4,403</u>
	<u>15,102</u>

B9. Status of corporate proposals and utilisation of proceeds

(a) Status of corporate proposals announced but not completed as at 19 November 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 Joint and Several 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.

The above exercise is expected to be completed in the 3rd quarter of year 2010.

(ii) Members' Voluntary Winding Up of KPEN Sdn Bhd ("KPEN") and K.E. Malaysian Capital Partners Sdn. Bhd. ("KEMCP")

On 25 September 2009, KPEN and KEMCP, the wholly-owned subsidiary companies of KE-ZAN Holdings Berhad, which in turn is a wholly-owned subsidiary of the Company, has commenced Members' Voluntary Winding-Up pursuant to Section 254(1)(b) of the Companies Act, 1965 ("the Act") and that Mr. Chin Kim Chung and Mr. Yap Yue Loong of Russell Bedford Malaysia Business Advisory Sdn Bhd of 10th Floor, Bangunan Yee Seng, 15 Jalan Raja Chulan, 50200 Kuala Lumpur have been appointed to act as Joint and Several Liquidators pursuant to Section 258(1) of the Act.

The winding-up of KPEN and KEMCP were initiated as the companies had ceased business operations in year 2001 and had since remained dormant. As KPEN and KEMCP have no intention to carry on business activities in the future, the winding-up exercise would help to save cost and time in monitoring and maintaining the said companies on a regular basis. The winding-up of KPEN and KEMCP are not expected to have any material financial and operational impact on OSKH and will not have any material effect on the earnings and net assets of OSKH.

KPEN was incorporated on 14 September 1982 with an issued share capital of RM100.75 million comprising of 100.75 million ordinary shares of RM1.00 each and the principal activities were Stockbroking and related activities, presently dormant.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

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

(a) Status of corporate proposals announced but not completed as at 19 November 2009 (Cont'd)

(ii) Members' Voluntary Winding Up of KPEN Sdn Bhd ("KPEN") and K.E. Malaysian Capital Partners Sdn. Bhd. ("KEMCP") (Cont'd)

KEMCP was incorporated on 29 July 1999 with an issued share capital of RM1,200,000 divided into 500,000 ordinary shares of RM1.00 each and 700,000 5% convertible cumulative preference shares of RM1.00 each and the principal activities were Provision of investment advisory services, presently dormant.

The above exercise is expected to be completed in the 3rd quarter of year 2010.

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

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

B10. Borrowings

The Group's borrowings and debt securities (denominated in RM unless otherwise stated) at the end of the current year to date are as follows:-

	RM'000
Borrowings	433,349
Subordinated notes	100,000
	<u>533,349</u>
Borrowings consist of:	
<u>Short term:</u>	
<i>Unsecured:</i> Bank overdrafts denominated in HKD	9,089
Revolving credits	135,100
Bank loans denominated in SGD	73,719
Short term loans denominated in HKD	185,958
<i>Secured:</i> Syndicated term loan	25,000
Finance lease payables denominated in SGD	48
	<u>428,914</u>
<u>Long term:</u>	
<i>Secured:</i> Syndicated term loan	4,435
	<u>433,349</u>

B11. Off balance sheet financial instruments

As at 19 November 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.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

B12. Material litigation

As at 19 November 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.

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”) (Seremban High Court Suit No. 22-216-2003)

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. A hearing date is still pending.

B13. Dividend

- (a) No dividend has been declared for the current quarter as well as for the comparative quarter ended 30 September 2008.
- (b) An interim dividend of 2.5 sen per share less 25% income tax in respect of the current year to date has been paid on 14 October 2009 (2008: Interim 5.0 sen per share less 26% income tax).

Total dividend for the current year declared to date is 2.5 sen per share less 25% income tax.

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

	Current quarter ended 30.9.2009	Comparative quarter ended 30.9.2008	Current year to date ended 30.9.2009	Preceding year to date ended 30.9.2008
<u>Basic EPS</u>				
Profit attributable to equity holders of the Company (RM'000)	34,554	19,590	75,494	119,350
Weighted average number of ordinary shares in issue ('000 shares)	648,939	648,920	648,927	648,737
Basic EPS (sen)	5.32	3.02	11.63	18.40
<u>Diluted EPS</u>				
Profit attributable to equity holders of the Company (RM'000)	34,554	19,590	75,494	119,350
Weighted average number of ordinary shares in issue ('000 shares)	648,939	648,920	648,927	648,737
Effect of dilution on assumed exercise of Warrants B and options granted under ESOS ('000 shares)	9,778	531	9,296	7,258
Adjusted weighted average number of ordinary shares in issue and issuable ('000 shares)	658,717	649,451	658,223	655,995
Diluted EPS (sen)	5.25	3.02	11.47	18.19

B15. Auditors' report of preceding annual financial statements

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

By Order of the Board

Wong Chong Kim
Director

Kuala Lumpur
25 November 2009

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 30.9.2009						
Revenue	406,650	130,481	30,252	11,125	3,774	582,282
Profit/(loss) before taxation	95,755	38,702	153	(2,717)	(80)	131,813
Total carrying amount of segment assets	7,704,900	2,399,924	494,165	297,767	121,997	11,018,753
Total capital expenditure	2,760	980	796	1,938	295	6,769
PRECEDING YEAR TO DATE ENDED 30.9.2008						
Revenue	496,362	103,563	31,525	3,489	-	634,939
Profit/(loss) before taxation	145,767	24,803	(3,841)	(111)	(319)	166,299
Total carrying amount of segment assets	6,042,003	1,364,567	196,783	147,680	44,307	7,795,340
Total capital expenditure	18,521	970	843	1,337	1,862	23,533

A23. Commitments and contingencies

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

	30.9.2009			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	269,763	134,882	26,976	265,000	132,500	26,500
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	1,041,815	-	-	975,514	-	-
- maturity exceeding one year	73,924	36,962	3,462	4	2	2
Foreign exchange related contracts:						
- less than one year	467,263	313,358	62,672	3,667	2,142	428
Interest rate related contracts:						
- one year to less than five years	272,860	7,992	1,598	160,000	9,237	1,847
	2,125,625	493,194	94,708	1,404,185	143,881	28,777

* 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

	Non-trading book					Non-interest sensitive	Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years				
30.9.2009	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short-term funds	1,690,994	25,749	17,987	-	-	484,373	-	2,219,103	2.34
Deposits and placements with banks and other financial institutions	-	355,000	-	-	-	-	-	355,000	2.15
Securities purchased under resale agreements	9,941	-	-	-	-	-	-	9,941	2.00
Securities portfolio:									
Securities held-for-trading	-	-	-	11,614	-	-	93,856	105,470	8.70
Securities held-to-maturity	380,000	95,019	70,274	308,815	181,742	-	-	1,035,850	4.10
Securities available-for-sale	368,247	365,616	601,891	1,178,932	157,011	7,212	-	2,678,909	4.26
Derivative financial assets	-	-	-	-	-	20,549	-	20,549	-
Loans, advances and financing									
Performing	699,661	69,344	212,371	89,264	4,460	-	-	1,075,100	7.45
Non-performing	-	-	-	-	-	11,951	-	11,951	-
Statutory and reserve deposits with Central Banks	9,754	-	-	-	-	31,956	-	41,710	0.48
Other assets	-	-	100	-	-	2,964,132	-	2,964,232	2.60
Other non-interest sensitive balance	-	-	-	-	-	510,727	-	510,727	-
Total Assets	3,158,597	910,728	902,623	1,588,625	343,213	4,030,900	93,856	11,028,542	

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

	Non-trading book					Non-interest sensitive	Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years				
30.9.2009	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
LIABILITIES									
Deposits from customers	3,103,635	890,074	1,011,420	94,372	-	400	-	5,099,901	2.39
Deposits and placements of banks and other financial institutions	47,327	38,022	39,459	20,000	-	108	-	144,916	2.91
Derivative financial liabilities	-	-	-	-	-	52,147	-	52,147	-
Borrowings	403,866	-	25,049	4,434	-	-	-	433,349	2.06
Subordinated notes	-	-	-	100,000	-	-	-	100,000	7.50
Other non-interest sensitive balance	-	-	-	-	-	3,722,665	-	3,722,665	-
Total Liabilities	3,554,828	928,096	1,075,928	218,806	-	3,775,320	-	9,552,978	
Shareholders' funds	-	-	-	-	-	1,258,372	-	1,258,372	
Minority interests	-	-	-	-	-	217,192	-	217,192	
Total Equity	-	-	-	-	-	1,475,564	-	1,475,564	
Total Liabilities and Equity	3,554,828	928,096	1,075,928	218,806	-	5,250,884	-	11,028,542	
On-balance sheet interest sensitivity gap	(396,231)	(17,368)	(173,305)	1,369,819	343,213	(1,219,984)	93,856	-	
Off-balance sheet interest sensitivity gap	-	-	-	272,860	-	-	-	272,860	
Total Interest Sensitivity Gap	(396,231)	(17,368)	(173,305)	1,642,679	343,213	(1,219,984)	93,856	272,860	
Cumulative interest rate sensitivity gap	(396,231)	(413,600)	(586,905)	1,055,774	1,398,987	179,003	272,859	272,860	

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

	Non-trading book					Non-interest sensitive	Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years				
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	630,364	83,739	224,111	2,676	-	-	-	940,890	8.69
Non-performing	-	-	-	-	-	18,135	-	18,135	-
Statutory and reserve deposits with Central Banks	-	-	-	-	4,768	76,066	-	80,834	1.19
Other assets	-	-	100	-	-	777,283	-	777,383	3.50
Other non-interest sensitive balance	-	-	-	-	-	738,729	-	738,729	-
Total Assets	2,137,009	434,580	597,429	851,267	343,184	1,759,166	16,040	6,138,675	

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

	Non-trading book					Non-interest sensitive	Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years				
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	686,646	(38,970)	(326,100)	673,390	242,793	(1,253,799)	16,040	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	160,000	-	-	160,000	
Total Interest Sensitivity Gap	686,646	(38,970)	(326,100)	673,390	402,793	(1,253,799)	16,040	160,000	
Cumulative interest rate sensitivity gap	686,646	647,676	321,576	994,966	1,397,759	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 30.9.2009	As at 31.12.2008	As at 30.9.2009	As at 31.12.2008
Before deducting proposed dividends:				
Core capital ratio	24.6%	-	19.2%	28.2%
Risk weighted capital ratio	27.0%	-	19.2%	28.2%
After deducting proposed dividends:				
Core capital ratio	24.6%	-	19.2%	28.2%
Risk weighted capital ratio	27.0%	-	19.2%	28.2%

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 30.9.2009 RM'000	As at 31.12.2008 RM'000	As at 30.9.2009 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	183,844	-	183,844	164,129
Tier 1 minority interests	217,781	-	-	-
	1,139,667	-	861,384	821,955
Less: Goodwill	(100,179)	-	(46,516)	(46,516)
Eligible Tier I capital	1,039,488	-	814,868	775,439
General allowance for bad and doubtful debts and financing				
- Loan, advances and financing	2,633	-	2,251	2,888
Maximum allowance subordinated debt capital	100,000	-	100,000	100,000
Tier II capital	102,633	-	102,251	102,888
Less: Investments in subsidiary companies	-	-	(380,472)	(335,436)
Deferred tax assets	(1,360)	-	-	(1,635)
Eligible Tier II capital	101,273	-	(278,221)	(234,183)
Capital base	1,140,761	-	536,647	541,256

^ 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.

The capital adequacy ratios of OSKIB Group consist of capital base and RWA derived from consolidated balances of OSKIB and it's 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
	30.9.2009	31.12.2008
Before deducting proposed dividends:		
Core capital ratio	#	#
Solvency ratio	90.0%	129.6%
<hr/>		
After deducting proposed dividends:		
Core capital ratio	#	#
Solvency ratio	90.0%	129.6%
<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
30.9.2009
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	1,625,456	1,625,456	-	-
Banks, development financial institutions and multilateral development banks	3,384,584	3,384,584	797,358	63,789
Insurance companies, securities firms and fund managers	1,568,638	1,568,638	313,741	25,099
Corporates	2,692,397	1,912,151	1,308,458	104,677
Other assets	181,369	181,369	181,369	14,510
Total on balance sheet exposures	9,452,444	8,672,198	2,600,926	208,075
(i) Credit risk				
<i>Off Balance Sheet Exposures:</i>				
Over-the-counter ("OTC") derivatives	346,506	346,506	73,592	5,887
Credit derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	172,155	172,155	42,655	3,412
Defaulted exposures	-	-	-	-
Total off balance sheet exposures	518,661	518,661	116,247	9,299
Total on and off balance sheet exposures	9,971,105	9,190,859	2,717,173	217,374
(ii) Large exposures risk requirement	2,092	2,092	2,092	-
(iii) Market risk	Long Position	Short Position		
Interest rate risk	240,000	-	67,676	5,414
Foreign currency risk	392,312	-	392,301	31,384
Equity risk	9,878	-	22,465	1,797
Option risk	269,763	-	67,926	5,434
Total	911,953	-	550,368	44,029
(iv) Operational risk			961,024	76,882
(v) Total RWA and capital requirements			4,230,657	338,285

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 Requirements RM'000
(i) Credit risk				
<i>On Balance Sheet Exposures:</i>				
Sovereigns/central banks	1,041,425	1,041,425	-	-
Banks, development financial institutions and multilateral development banks	3,382,440	3,382,440	796,929	63,755
Insurance companies, securities firms and fund managers	82,282	82,282	16,470	1,318
Corporates	1,955,884	1,548,625	947,592	75,807
Other assets	145,965	145,965	145,965	11,677
Total on balance sheet exposures	6,607,996	6,200,737	1,906,956	152,557
<i>Off Balance Sheet Exposures:</i>				
Over-the-counter ("OTC") derivatives	346,506	346,506	73,592	5,887
Credit derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	169,253	169,253	39,753	3,180
Defaulted exposures	-	-	-	-
Total off balance sheet exposures	515,759	515,759	113,345	9,067
Total on and off balance sheet exposures	7,123,755	6,716,496	2,020,301	161,624
(ii) Large exposures risk requirement	2,092	2,092	2,092	-
(iii) Market risk	Long Position	Short Position		
Interest rate risk	240,000	-	67,675	5,414
Foreign currency risk	428	41,129	41,125	3,290
Equity risk	6,354	-	15,413	1,233
Option risk	269,763	-	67,924	5,434
Total	516,545	41,129	192,137	15,371
(iv) Operational risk			584,383	46,751
(v) Total RWA and capital requirements			2,798,913	223,746

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

30.9.2009

OSKIB Group

Exposures after Netting and Credit Risk Mitigation

Risk Weights	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	Total Risk Weighted Assets RM'000
0%	1,625,456	-	-	33,500	-	1,658,956	-
20%	-	3,391,705	1,579,477	854,521	-	5,825,703	1,165,141
35%	-	-	-	-	-	-	-
50%	-	261,882	14,302	303,812	-	579,996	289,998
75%	-	-	-	-	-	-	-
100%	-	52,345	17	620,813	181,369	854,544	854,544
150%	-	-	-	271,660	-	271,660	407,490
Total	1,625,456	3,705,932	1,593,796	2,084,306	181,369	9,190,859	2,717,173
Risk weighted assets by exposures	-	861,627	323,063	1,351,113	181,369	2,717,173	
Average risk weight	0%	23%	20%	65%	100%	30%	
Deduction from capital base	-	-	-	-	-	-	

A25. Capital Adequacy (Cont'd)

(c) Credit risk exposures by risk weights (Contd.)

OSKIB

Exposures after Netting and Credit Risk Mitigation

Risk Weights	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	Total Risk Weighted Assets RM'000
0%	1,041,425	-	-	33,500	-	1,074,925	-
20%	-	3,389,561	93,121	851,196	-	4,333,878	866,775
35%	-	-	-	-	-	-	-
50%	-	261,882	14,302	303,812	-	579,996	289,998
75%	-	-	-	-	-	-	-
100%	-	52,346	17	257,711	145,965	456,039	456,039
150%	-	-	-	271,660	-	271,660	407,489
Total	1,041,425	3,703,789	107,440	1,717,879	145,965	6,716,498	2,020,301
Risk weighted assets by exposures	-	861,199	25,792	987,346	145,965	2,020,303	
Average risk weight	0%	23%	24%	57%	100%	30%	
Deduction from capital base	-	-	-	-	-	-	

A25. Capital Adequacy (Cont'd)
(d) Off balance sheet exposures and counterparty credit risk
30.9.2009
OSKIB Group

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	269,763	██████████	134,882	38,882
Foreign exchange related contracts				
One year or less	467,264	-	313,357	62,671
Interest/profit rate related contracts				
Over one year to five years	272,860	1,381	7,992	1,598
Equity related contracts				
One year or less	312	-	312	312
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	88,499	19,168	25,156	9,322
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	73,924	██████████	36,962	3,462
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	-	██████████	-	-
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	1,041,814	██████████	-	-
Total	2,214,436	20,549	518,661	116,247

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	269,763	██████████	134,882	38,882
Foreign exchange related contracts				
One year or less	467,264	-	313,357	62,671
Interest/profit rate related contracts				
Over one year to five years	272,860	1,381	7,991	1,598
Equity related contracts				
One year or less	312	-	312	312
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	88,499	19,168	25,157	9,322
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	68,120	██████████	34,060	560
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 a borrower's creditworthiness	321,716	██████████	-	-
Total	1,488,534	20,549	515,759	113,345

A25. Capital Adequacy (Cont'd)

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

	OSKIB Group		OSKIB	
	As at 30.9.2009 RM'000	As at 31.12.2008 RM'000	As at 30.9.2009 RM'000	As at 31.12.2008 RM'000
Interest rate risk				
- General interest rate risk	5,414	-	5,414	-
- Specific interest rate risk	-	-	-	-
	5,414	-	5,414	-
Equity position risk				
- General risk	790	-	508	-
- Specific risk	1,006	-	725	-
	1,796	-	1,233	-
Foreign exchange risk	31,385	-	3,290	-
Option risk	5,434	-	5,434	-
	44,029	-	15,371	-

A26. (h) Capital Adequacy of Islamic banking operations

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 30.9.2009	As at 31.12.2008
Before deducting proposed dividends:		
Core capital ratio	62.5%	79.1%
Risk-weighted capital ratio	62.5%	79.1%
After deducting proposed dividends:		
Core capital ratio	62.5%	79.1%
Risk-weighted capital ratio	62.5%	79.1%
	As at 30.9.2009	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. (h) Capital Adequacy of Islamic banking operations (Cont'd.)

(ii) Risk weighted assets and capital requirements for Credit Risk, Market Risk, Operational Risk and Large Exposures Risk

30.9.2009

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	295,440	295,440	-	-
Banks, development financial institutions and multilateral development banks	223,884	223,884	44,777	3,582
Corporates	142,713	142,713	31,250	2,500
Other assets	23	23	23	2
Total on balance sheet exposures	662,060	662,060	76,050	6,084
<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:	662,060	662,060	76,050	6,084
(b) Large exposures risk requirement	-	-	-	-
(c) Market risk	-	-	-	-
(d) Operational risk			7,134	571
(e) Total RWA and capital requirements			83,184	6,655

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

A26. (h) Capital Adequacy of Islamic banking operations (Cont'd.)
(iii) Credit risk exposures risk weights
30.9.2009

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, 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%	295,440	-	-	-	-	295,440	-	
20%	-	223,884	-	139,329	-	363,213	72,643	
35%	-	-	-	-	-	-	-	
50%	-	-	-	-	-	-	-	
75%	-	-	-	-	-	-	-	
100%	-	-	-	3,384	23	3,407	3,407	
150%	-	-	-	-	-	-	-	
Total	295,440	223,884	-	142,713	23	662,060	76,050	
Risk weighted assets by exposures	-	44,777	-	31,250	23	76,050		
Average risk weight	0%	20%	0%	22%	100%	11%		
Deduction from capital base	-	-	-	-	-	-		

A26. (h) Capital Adequacy of Islamic banking operations (Cont'd.)

(iv) Off balance sheet exposures and counterparty credit risk

As at 30 September 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

	OSKIB	
	As at	As at
	30.9.2009	31.12.2008
	RM'000	RM'000
Interest rate risk		
- General interest rate risk	-	-
- Specific interest rate risk	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
Equity position risk		
- General risk	-	-
- Specific risk	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
Foreign exchange risk	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>