

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009
AUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	Note	As at 31.12.2009 RM'000	As at 31.12.2008 RM'000
ASSETS			
Cash and short term funds		1,611,189	1,534,364
Deposits and placements with banks and other financial institutions		50,000	76,047
Securities held-for-trading	A7(a)	203,665	46,870
Securities held-to-maturity	A7(b)	1,024,096	626,679
Securities available-for-sale	A7(c)	2,731,301	1,296,418
Derivative financial assets		37,122	2,326
Loans, advances and financing	A8	932,657	959,025
Tax recoverable		9,789	21,074
Other assets	A9	2,720,139	777,383
Statutory and reserve deposits with Central Banks		47,673	80,834
Deferred tax assets		3,402	6,366
Investments in associated companies		20,369	211,884
Investment property		112,600	112,600
Prepaid land lease payments		11,903	12,043
Property, plant and equipment		161,359	162,982
Intangible assets		209,853	211,780
TOTAL ASSETS		9,887,117	6,138,675
LIABILITIES			
Deposits from customers	A10	4,355,697	2,370,633
Deposits and placements of banks and other financial institutions	A11	174,222	447,915
Obligations on securities sold under repurchase agreements		-	249
Derivative financial liabilities		51,861	5,783
Other liabilities	A12	3,445,463	1,316,705
Tax payable		30,198	10,178
Deferred tax liabilities		1,023	255
Borrowings	B10	216,966	207,573
Subordinated notes		100,000	100,000
TOTAL LIABILITIES		8,375,430	4,459,291
EQUITY			
Share capital		678,665	673,069
Treasury shares, at cost	A5(c)	(29,782)	(29,779)
		648,883	643,290
Reserves		638,258	737,111
Equity attributable to equity holders of the Company		1,287,141	1,380,401
Minority interests		224,546	298,983
TOTAL EQUITY		1,511,687	1,679,384
TOTAL LIABILITIES AND EQUITY		9,887,117	6,138,675
Net Asset per share attributable to equity holders of the Company (RM)		1.97	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 FOURTH QUARTER ENDED 31 DECEMBER 2009
AUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	Current quarter ended 31.12.2009 RM'000	Comparative quarter ended 31.12.2008 RM'000	Current year to date ended 31.12.2009 RM'000	Preceding year to date ended 31.12.2008 RM'000
Revenue		238,086	177,222	820,368	812,165
Interest income	A13	65,174	54,887	226,660	217,929
Interest expense	A14	(31,519)	(28,875)	(122,926)	(122,202)
Net interest income		33,655	26,012	103,734	95,727
Other operating income	A15	167,431	117,483	574,682	642,494
Net income from Islamic banking business	A26	1,386	631	5,533	1,389
Other operating expenses	A16	(140,714)	(90,447)	(494,279)	(490,921)
Write back of/(allowance for) losses on loans, advances and financing	A17	(5,358)	(11,254)	3,289	(12,423)
Write back of/(allowance for) bad and doubtful debts on trade and other receivables	A18	66	(197)	1,478	(1,153)
Write back of/(allowance for) impairment losses	A19	2,000	(21,238)	7,682	(43,238)
Share of results after tax of associated companies		742	(19,103)	(11,097)	(23,689)
Profit before tax		59,208	1,887	191,022	168,186
Income tax expense	B6	(14,501)	2,315	(53,896)	(29,776)
Profit after tax		44,707	4,202	137,126	138,410
Profit attributable to:					
Equity holders of the Company		37,134	15,424	112,629	134,774
Minority interests		7,573	(11,222)	24,497	3,636
		44,707	4,202	137,126	138,410
Earnings per share attributable to equity holders of the Company (sen):					
Basic	B14	5.72	2.40	17.35	20.77
Diluted	B14	5.62	2.40	16.90	20.73

(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 FOURTH QUARTER ENDED 31 DECEMBER 2009
AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company										Minority interests	Total equity	
	Share capital	Treasury shares	Share premium	Capital redemption reserve	Equity compensation reserve	Foreign exchange reserve	Statutory reserve	Available-for-sale reserve	Other reserve	Retained profits			Total
Current year to date ended 31.12.2009	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	-	-	-	-	-	7,376	-	-	-	-	7,376	9,502	16,878
Share of other reserves of associated companies	-	-	-	-	-	-	-	-	1,086	-	1,086	-	1,086
Disposal of shares in associated company	-	-	-	-	-	-	-	-	(970)	652	(318)	318	-
Minority interest's share of other reserves of associated companies	-	-	-	-	-	-	-	-	(38)	-	(38)	38	-
Share issue expenses	-	-	(1)	-	-	-	-	-	-	-	(1)	-	(1)
Dilution of equity asset in subsidiary company	-	-	-	-	-	-	-	-	-	(2)	(2)	2	-
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	-	-	-	-	7,508	-	-	7,508	917	8,425
Total net (expense)/income recognised directly in equity	-	-	(1)	-	-	7,376	-	7,508	78	650	15,611	10,777	26,388
Profit for the year to date	-	-	-	-	-	-	-	-	-	112,629	112,629	24,497	137,126
Total recognised (expense)/income for the year to date	-	-	(1)	-	-	7,376	-	7,508	78	113,279	128,240	35,274	163,514
Dividends	-	-	-	-	-	-	-	-	-	(24,335)	(24,335)	-	(24,335)
Dividend to minority interests	-	-	-	-	-	-	-	-	-	-	-	(8,912)	(8,912)
Distribution of shares in a listed subsidiary company	-	-	-	(58,919)	(212)	-	-	(1,419)	(34,764)	(107,947)	(203,261)	(100,797)	(304,058)
Share issued pursuant to exercise of ESOS	3,990	-	101	-	-	-	-	-	-	-	4,091	-	4,091
Share issued pursuant to conversion of Warrant B 2000/2010	1,606	-	402	-	-	-	-	-	-	-	2,008	-	2,008
Share buybacks by the Company	-	(3)	-	-	-	-	-	-	-	-	(3)	-	(3)
Share buybacks by a subsidiary company	-	-	-	-	-	-	-	-	-	-	-	(2)	(2)
Transfer to statutory reserve	-	-	-	-	-	-	41,949	-	-	(41,949)	-	-	-
Reserve realised upon exercise and forfeiture of ESOS	-	-	-	-	(658)	-	-	-	-	658	-	-	-
As at 31.12.2009	678,665	(29,782)	502	-	1,094	6,616	206,078	(9,024)	-	432,992	1,287,141	224,546	1,511,687

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009
AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Cont'd)

	Attributable to equity holders of the Company											Minority interests	Total equity
	Share capital	Treasury shares	Share premium	Capital 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 31.12.2008													
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	-	-	-	-	-	-	-	4,570	-	30,508	35,078	37	35,115
Effects of change in accounting policy	-	-	-	-	-	-	-	-	-	22,110	22,110	-	22,110
As restated	672,111	(29,597)	99,363	58,919	2,352	(7,726)	89,983	4,570	20,506	607,667	1,518,148	377,261	1,895,409
Foreign currency translation gain	-	-	-	-	-	6,966	-	-	-	-	6,966	(892)	6,074
Share of other reserves of associated companies	-	-	-	-	-	-	-	-	18,103	-	18,103	-	18,103
Share issue expenses	-	-	(2)	-	-	-	-	-	-	-	(2)	-	(2)
Minority interests' share of other reserves of associated companies	-	-	-	-	-	-	-	-	(3,923)	-	(3,923)	6,880	2,957
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	-	-	-	-	(19,683)	-	-	(19,683)	-	(19,683)
Total net (expense)/income recognised directly in equity	-	-	(2)	-	-	6,966	-	(19,683)	14,180	-	1,461	5,988	7,449
Profit for the year to date	-	-	-	-	-	-	-	-	-	134,774	134,774	3,636	138,410
Total recognised (expense)/income for the year to date	-	-	(2)	-	-	6,966	-	(19,683)	14,180	134,774	136,235	9,624	145,859
Dividends	-	-	-	-	-	-	-	-	-	(72,037)	(72,037)	-	(72,037)
Dividends to minority interests	-	-	-	-	-	-	-	-	-	-	-	(11,524)	(11,524)
Distribution of shares in a listed subsidiary company	-	-	(99,649)	-	-	-	-	-	-	(103,360)	(203,009)	(128,502)	(331,511)
Share issued pursuant to exercise of ESOS	958	-	288	-	-	-	-	-	-	-	1,246	-	1,246
Share buybacks by the company	-	(182)	-	-	-	-	-	-	-	-	(182)	-	(182)
Share buybacks by a subsidiary company	-	-	-	-	-	-	-	-	-	-	-	(5,827)	(5,827)
Transfer statutory reserve	-	-	-	-	-	-	74,146	-	-	(74,146)	-	-	-
Reserve realised upon exercise and forfeiture of ESOS	-	-	-	-	(388)	-	-	-	-	388	-	-	-
Acquisition of subsidiary companies	-	-	-	-	-	-	-	-	-	-	-	57,951	57,951
As at 31.12.2008	673,069	(29,779)	-	58,919	1,964	(760)	164,129	(15,113)	34,686	493,286	1,380,401	298,983	1,679,384

(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 FOURTH QUARTER ENDED 31 DECEMBER 2009
AUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Current year to date ended 31.12.2009 RM'000	Preceding year to date ended 31.12.2008 RM'000
Cash Flows From Operating Activities		
Profit before tax	191,022	168,186
Adjustments for :-		
Interest expense	7,995	17,057
Interest income	(24,995)	(19,479)
Other non-cash and non-operating items	15,595	(30,975)
Share of results after tax of associated companies	11,097	23,689
Operating profit before working capital changes	200,714	158,478
<i>(Increase)/Decrease in operating assets:</i>		
Deposits and placements with banks and other financial institutions	26,047	(26,047)
Loans, advances and financing	26,588	227,813
Statutory and reserve deposits with Central Banks	33,161	(17,304)
Property development costs	-	(25,613)
Securities held-for-trading	(155,580)	63,149
Securities held-to-maturity	(394,602)	(526,636)
Securities available-for-sale	(1,476,034)	(113,248)
Other operating assets	(2,244,124)	2,658,632
<i>Increase/(Decrease) in operating liabilities:</i>		
Deposits from customers	1,985,064	704,627
Deposits and placements of banks and other financial institutions	(273,693)	40,324
Obligations on securities sold under repurchase agreements	(249)	8
Other operating liabilities	2,167,723	(2,620,963)
Cash (used in)/generated from operations	(104,985)	523,220
Income tax paid net of refund	(18,721)	(87,746)
Net cash (used in)/generated from operating activities	(123,706)	435,474
Cash Flows From Investing Activities		
Acquisition of additional shares in an associated company	(1,470)	(30,461)
Dividend received	2,761	3,099
Interest received	594	1,184
Payment for intangible assets	(3,167)	(4,092)
Net cash inflow from acquisition of subsidiary companies	-	91
Proceeds from disposal of equipment	591	4,400
Purchase of equipment	(13,916)	(24,534)
Proceeds from disposal of investments in associated companies	-	11,122
Net cash outflow from distribution of share in a listed subsidiary company	(36,228)	(44,112)
Net cash used in investing activities	(50,835)	(83,303)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009
AUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (Cont'd)

	Current year to date ended 31.12.2009 RM'000	Preceding year to date ended 31.12.2008 RM'000
Cash Flows From Financing Activities		
Dividends paid	(24,335)	(72,037)
Dividends paid by a subsidiary company to minority shareholders	(8,912)	(11,524)
Drawdown/(repayment) of short term borrowing	27,132	(39,213)
Interest paid	(7,995)	(13,732)
Payments of BaIDS and borrowing expenses	-	(30)
Payments of BaIDS profits	-	(1,750)
Payments of finance lease installments	(508)	(783)
Payments of share buybacks by the Company	(3)	(182)
Payments of share buybacks by a subsidiary company	(1)	(5,702)
Proceeds from issuance of shares for exercise of ESOS and Warrants	6,099	1,246
Proceeds from issuance of subordinated notes	-	100,000
Repayment of term loans	(17,231)	(21,519)
Repayment of BaIDS	-	(25,000)
Share issue expenses by the Company	(1)	(2)
Net cash used in financing activities	<u>(25,755)</u>	<u>(90,228)</u>
Net (decrease)/increase in cash and cash equivalents	(200,296)	261,943
Effects of exchange rate changes	16,144	5,482
Cash and cash equivalents at beginning of year	1,010,730	743,305
Cash and cash equivalents at end of year	<u>826,578</u>	<u>1,010,730</u>
Cash and cash equivalents at end of year comprised:		
Cash, bank balances and deposits - General accounts	254,819	354,500
Money at call and deposits placements with maturity within one month	571,759	656,230
	<u>826,578</u>	<u>1,010,730</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 FOURTH QUARTER ENDED 31 DECEMBER 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 FRSSs, amendments to FRSSs, Issues Committee ("IC") Interpretations, Technical Releases ("TR") and Statement of Principles ("SOP") which have effective date as follows:

FRSSs, Amendments to FRSSs, IC Interpretations, TR and SOP		Effective for financial periods beginning on or after
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
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 (revised in 2009)	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements	1 July 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 and 1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued operations	1 January 2010 and 1 July 2010
Amendments to FRS 7	Financial Instruments: Disclosures	1 January 2010
Amendments to FRS 8	Operating Segments	1 January 2010
Amendments to FRS 107	Statements of Cash Flows	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 Reporting Period	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

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

A1. Basis of preparation (Cont'd)

		Effective for financial periods beginning on or after
FRSs, Amendments to FRSs, IC Interpretations, TR and SOP		
Amendments to FRS 119	Employee Benefits	1 January 2010
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 and 1 July 2010
Amendments to FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010 and 1 July 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 12	Service Concession Arrangements	1 July 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
IC Interpretation 15	Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 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
SOP i-1	Financial Reporting from an Islamic Perspective	1 January 2010

FRS 4, Amendments to FRS 120, FRS 129 and FRS 140 and IC Interpretations 12, 13, 14 and 15 are not applicable to the Group and the Company. The other FRSs, amendments to FRSs, IC Interpretations, TR and SOP above are expected to have no significant impact on the financial statements upon their initial application except for FRS 7, FRS 101 (revised in 2009) and FRS 139. The Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application of FRS 7 and FRS 139.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 31.12.2009 RM'000	As at 31.12.2008 RM'000
(i) Securities AFS reclassified to securities HTM		
- Carrying value	238,227	256,924
- Fair value	217,230	256,924
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(ii) Securities HFT reclassified to securities AFS		
- Carrying value	42,216	-
- Fair value	42,216	-
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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

A1. Basis of preparation (Cont'd)

(c) Fair value gain/(loss) recognised

	Current quarter ended 31.12.2009 RM'000	Comparative quarter ended 31.12.2008 RM'000	Current year to date ended 31.12.2009 RM'000	Preceding year to date ended 31.12.2008 RM'000
Income statement	-	-	-	-
Statement of Changes in Equity				
Available-for-sale reserve	100	-	(1,005)	-

(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 FOURTH QUARTER ENDED 31 DECEMBER 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 3,990,400 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 RM4,091,248. 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 31.12.2009
		1.1.2009	Granted	Exercised	Forfeited	
27.6.2003	1.00	1,777,000	-	(792,600)	(20,500)	963,900
16.3.2004	1.06	5,157,440	-	(1,673,600)	(298,600)	3,185,240
29.4.2005	1.00	880,900	-	(93,700)	(73,400)	713,800
3.5.2006	1.00	4,346,300	-	(1,430,500)	(183,000)	2,732,800
		<u>12,161,640</u>	<u>-</u>	<u>(3,990,400)</u>	<u>(575,500)</u>	<u>7,595,740</u>

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, the Company has issued 1,605,806 new ordinary shares of RM1 each for cash at RM1.25 for conversion of Warrant B 2000/2010 for a total cash proceeds of RM2,007,258. As at 31 December 2009, the total number of Warrant B 2000/2010 remained unexercised is 99,818,020 (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.

On 25 January 2010, the subscription price of the Warrant B 2000/2010 revised downwards from RM1.25 to RM1.00 and an additional 24,150,922 Warrant B 2000/2010 issued pursuant to the Proposed Bonus Issue as disclosed in A21(b).

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

A5. Changes in debt and equity securities (Cont'd)

(b) Warrant B 2000/2010 of the Company (Cont'd)

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 share distributions.

(c) Share buybacks / Treasury shares of the Company

During the current year to date, the Company has purchased 2,000 ordinary shares for a total cash consideration of RM2,965 from the open market at an average cost of RM1.48 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	1.41	1.41	1.41	1,413
November	1,000	1.51	1.51	1.55	1,552
	2,000	1.51	1.41	1.48	2,965
As at 31.12.2009	24,149,412	2.82	0.90	1.23	29,781,821

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

A6. Dividends paid

During the financial year ended 31 December 2009, the dividends paid by the Company are as follows:

	RM'000
(a) A final dividend of 2.5 sen per share less 25% income tax in respect of the preceding financial year ended 31 December 2008 was paid on 27 May 2009.	12,167
(b) An interim dividend of 2.5 sen per share less 25% income tax for the current financial year was paid on 14 October 2009.	12,168
	<u>24,335</u>

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

	As at 31.12.2009 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	72,620	13,515
- outside Malaysia	38,241	5,253
Trusts units in Malaysia	2,847	166
	113,708	18,934
Less: Impairment losses	-	(1,798)
	113,708	17,136
Unquoted debt securities:		
Private and Islamic debt securities outside Malaysia	89,957	-
	203,665	46,870
(b) Securities held-to-maturity		
At amortised cost		
Money market instruments:		
Bankers' acceptance and Islamic accepted bills	12,410	74,095
Cagamas bonds	5,059	-
Malaysian Government Investment Issues	155,831	70,323
Negotiable instruments of deposit	440,000	140,000
	613,300	284,418
Unquoted securities:		
Private and Islamic debt securities	410,796	342,261
	1,024,096	626,679

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

	As at 31.12.2009 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	533,279	67,456
Cagamas bonds	12,117	5,032
Khazanah bonds	-	29,367
Malaysian Government Investment Issues	137,311	60,565
Malaysian Government Securities	574,599	232,196
Negotiable instruments of deposit	130,698	31,240
	1,388,004	425,856
Quoted securities:		
Shares and warrants in Malaysia	963	8,316
Shares outside Malaysia	91	-
USD Class Bonds outside Malaysia	-	184
	1,054	8,500
Unquoted securities:		
Shares		
- in Malaysia	2,855	2,855
- outside Malaysia	8,222	68,605
Private and Islamic debt securities	1,355,252	816,640
Less: Impairment losses	(24,086)	(26,086)
	1,331,166	790,554
Trust units in Malaysia	-	48
	1,342,243	862,062
	2,731,301	1,296,418

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

	As at 31.12.2009 RM'000	As at 31.12.2008 RM'000
A8. Loans, advances and financing		
Term loans	312,671	365,377
Staff loans	1,499	1,009
Share margin financing	639,868	617,155
	954,038	983,541
Less: Unearned interest and income	(2,102)	(2,723)
	951,936	980,818
Allowance for losses on loans, advances & financing		
- General	(10,627)	(5,338)
- Specific	(8,652)	(16,455)
Total net loans, advances and financing	932,657	959,025
(a) Analysis of gross loans, advances and financing		
(i) Analysed by type of customer		
Domestic business enterprises		
- Small and medium enterprises	287,791	366,089
Foreign entities	107,187	34,801
Other domestic entities	27,965	25,408
Individuals	528,993	554,520
	951,936	980,818
(ii) Analysed by interest rate sensitivity		
Fixed rate	879,844	938,559
Variable rate		
- cost plus	47,902	41,985
- base lending rate plus	-	60
- others	24,190	214
	951,936	980,818
(iii) Analysed by economic purpose		
Working capital	28,943	154,733
Purchase of securities	800,784	803,769
Others	122,209	22,316
	951,936	980,818

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

	As at 31.12.2009 RM'000	As at 31.12.2008 RM'000
A8. Loans, advances and financing (Cont'd)		
(b) Non-performing loans/financing ("NPL")		
Purchase of securities	22,993	34,590
Gross NPL	<u>22,993</u>	<u>34,590</u>
Movement in NPLs		
At beginning of year	34,590	18,981
Classified as non-performing	9,135	22,602
Reclassified as performing	(18,676)	(6,993)
Amount written off	(3,304)	-
Exchange differences	1,248	-
At end of year	<u>22,993</u>	<u>34,590</u>
Specific allowance	(6,754)	(16,455)
Net non-performing loans, advances and financing	<u>16,239</u>	<u>18,135</u>
Ratio of net NPL and financing to net loans and financing	<u>1.71%</u>	<u>1.85%</u>
(c) Movement in the allowance for bad and doubtful debts and financing accounts		
General allowance		
At beginning of year	(5,338)	(5,826)
Allowance written back	(5,305)	488
Exchange differences	16	-
At end of year	<u>(10,627)</u>	<u>(5,338)</u>
As % of gross loan, advances and financing less specific allowance	<u>1.13%</u>	<u>0.55%</u>
Specific allowance		
At beginning of year	(16,455)	(2,735)
Allowance made	(3,686)	(13,662)
Allowance written back	9,412	69
Amount written off	2,421	-
Exchange difference	(344)	(127)
At end of year	<u>(8,652)</u>	<u>(16,455)</u>

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

	As at 31.12.2009 RM'000	As at 31.12.2008 RM'000
A9. Other assets		
Interest / income receivable	37,807	18,536
Security deposits and statutory funds	4,188	2,657
Trade receivables	2,648,333	733,447
Other receivables, deposits and prepayments	29,583	22,515
Transferable golf memberships	228	228
	2,720,139	777,383
A10. Deposits from customers		
(a) By type of deposit		
Demand deposits	6,459	283
Fixed deposits	2,786,827	1,042,774
Mudharabah general deposits	775,823	453,000
Negotiable instruments of deposits	189,773	395,747
Saving deposits	6,833	389
Short term deposits	589,919	478,393
Others	63	47
	4,355,697	2,370,633
(b) By type of customer		
Business enterprises	1,341,005	484,749
Domestic non-bank financial institutions	2,275,142	1,339,237
Individuals	99,906	93,177
Local government and statutory bodies	629,533	440,818
Others	10,111	12,652
	4,355,697	2,370,633
A11. Deposits and placements of banks and other financial institutions		
Licensed banks	39,363	20,324
Licensed investment banks	60,000	40,000
Other financial institutions	74,859	387,591
	174,222	447,915
A12. Other liabilities		
Interest / income payable	29,158	23,807
Trade payables	3,270,053	1,177,749
Other payables, deposits and accruals	141,919	109,164
Amount due to an associated company	3,574	5,895
Profit equalisation reserve of Islamic banking operations	759	90
	3,445,463	1,316,705

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

	Current quarter ended 31.12.2009 RM'000	Comparative quarter ended 31.12.2008 RM'000	Current year to date ended 31.12.2009 RM'000	Preceding year to date ended 31.12.2008 RM'000
A13. Interest income				
Loans, advances and financing	22,222	22,278	78,047	89,351
Deposits and placements with financial institutions	6,494	8,067	33,927	43,963
Securities held-for-trading	538	95	845	601
Securities held-to-maturity	7,496	4,316	31,906	7,828
Securities available-for-sale	20,889	13,414	57,398	59,038
Stock-broking and futures broking clients	532	117	1,761	1,351
Others	534	283	1,371	1,401
	58,705	48,570	205,255	203,533
Accretion of discount less amortisation of premium	7,028	6,204	24,400	17,293
Interest suspended	(559)	113	(2,995)	(2,897)
	65,174	54,887	226,660	217,929

A14. Interest expense

Deposits from customers	(27,198)	(24,573)	(106,737)	(100,387)
Deposits and placements of financial institutions	28	(102)	(133)	(101)
Obligations on securities sold under repurchase agreements	-	(2)	(1)	(11)
Subordinated notes	(1,891)	(1,890)	(7,237)	(3,493)
Borrowings	(2,436)	(2,283)	(8,738)	(14,630)
Profit payment on BaIDS	-	-	-	(2,063)
Accretion of discount on BaIDS	-	-	-	(1,263)
Others	(22)	(25)	(80)	(254)
	(31,519)	(28,875)	(122,926)	(122,202)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

Current quarter ended 31.12.2009	Comparative quarter ended 31.12.2008	Current year to date ended 31.12.2009	Preceding year to date ended 31.12.2008
RM'000	RM'000	RM'000	RM'000

A15. Other operating income
(a) Fees and commission

Advisory, agency, arrangement, placement and referral fees	20,266	5,244	41,609	31,627
Commission	3,311	214	12,522	7,353
Fees earned from management of unit trust funds	13,464	9,378	45,896	47,405
Gross brokerage fees	94,450	59,577	379,697	279,903
Loan processing, facility and commitment fees and carrying charges	7,637	3,234	18,872	18,764
Service charges on sale of trust units	14,003	615	32,096	15,588
Trustee and will-writing fees	1,530	1,402	5,690	5,730
Others	525	387	1,758	1,540
	155,186	80,051	538,140	407,910

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

Securities held-for-trading	2,442	(6,180)	5,209	(19,771)
Securities held-to-maturity	138	-	658	-
Securities available-for-sale	927	(7,146)	5,083	(6,575)
Derivative financial instruments	(32,237)	8,017	(29,631)	85,648
Shares in an associated company	-	-	(2,676)	-
	(28,730)	(5,309)	(21,357)	59,302

(c) Gross dividend income

Securities held-for-trading	416	68	1,787	2,071
Securities available-for-sale	48	49	987	1,025
	464	117	2,774	3,096

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

	Current quarter ended 31.12.2009	Comparative quarter ended 31.12.2008	Current year to date ended 31.12.2009	Preceding year to date ended 31.12.2008
	RM'000	RM'000	RM'000	RM'000

A15. Other operating income (Cont'd)
**(d) Unrealised gain/(loss) on revaluation
of trading securities and derivatives**

Securities held-for-trading	(1,711)	(6,438)	2,626	(11,987)
Derivative financial instruments	7,031	(2,569)	(17,208)	533
	5,320	(9,007)	(14,582)	(11,454)

(e) Unrealised gain/(loss) on derivatives

Unexpired structured warrants	29,112	(3,768)	42,654	(38,102)
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**(f) Unrealised gains from
foreign exchange translations**

	2,280	1,130	5,264	6,589
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(g) Other income

Net gain on disposal of equipment	99	42	243	109
Realised gain on foreign exchange	1,110	976	9,614	4,979
Net gain on interest rate swaps	(88)	21	74	196
Rental income	1,647	586	6,094	14,412
Revenue from property development projects	-	-	-	76,371
Sales of oil palm produce	50	-	145	1,263
Reversal of provision for legal compensation and interest costs	-	-	-	59,219
Negative goodwill on share buybacks by a subsidiary company	-	2,976	1	6,156
Gain on revaluation on investment property	-	47,704	-	47,704
Others	981	1,964	5,618	4,744
	3,799	54,269	21,789	215,153
	167,431	117,483	574,682	642,494

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

	Current quarter ended 31.12.2009	Comparative quarter ended 31.12.2008	Current year to date ended 31.12.2009	Preceding year to date ended 31.12.2008
	RM'000	RM'000	RM'000	RM'000
A16. Other operating expenses				
(a) Personnel expenses				
Salaries, allowances, bonuses and gratuity	(47,078)	(33,893)	(164,761)	(159,651)
Pension costs - defined contribution plan	(3,009)	(2,893)	(12,815)	(16,424)
Others	(1,559)	(887)	(6,126)	(8,177)
	(51,646)	(37,673)	(183,702)	(184,252)
(b) Promotional, marketing and trading expenses				
Advertisement and promotion	(2,106)	(2,630)	(7,781)	(9,594)
Commission	(45,236)	(17,492)	(159,342)	(85,804)
Fees and charges	(12,707)	(9,284)	(45,809)	(43,850)
Deposit insurance	(215)	-	(1,003)	-
Property development costs	-	-	-	(59,392)
Others	(3,516)	(1,626)	(5,212)	(10,092)
	(63,780)	(31,032)	(219,147)	(208,732)
(c) Establishment related expenses				
Depreciation and amortisation	(3,697)	(3,846)	(14,977)	(15,048)
Insurance	(321)	(528)	(2,501)	(3,101)
Rental of equipment	(1,167)	(1,222)	(4,682)	(5,124)
Rental of premises	(4,527)	(2,920)	(17,052)	(15,497)
Repair and maintenance	(2,105)	(1,808)	(8,247)	(7,616)
Utility expenses	(1,396)	(1,379)	(5,342)	(6,001)
Others	(678)	(596)	(2,648)	(2,873)
	(13,891)	(12,299)	(55,449)	(55,260)
(d) General administrative expenses				
Communication expenses	(2,310)	(1,731)	(6,927)	(6,784)
Legal and professional fees	(1,425)	(1,838)	(5,008)	(7,288)
Printing and stationery	(1,624)	(1,382)	(6,623)	(6,591)
Administrative	(5,434)	(4,596)	(15,997)	(18,965)
Others	(604)	104	(1,426)	(3,049)
	(11,397)	(9,443)	(35,981)	(42,677)
	(140,714)	(90,447)	(494,279)	(490,921)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

	Current quarter ended 31.12.2009	Comparative quarter ended 31.12.2008	Current year to date ended 31.12.2009	Preceding year to date ended 31.12.2008
	RM'000	RM'000	RM'000	RM'000
A17. Write back of/(allowance for) losses on loans, advances and financing				
Specific allowance				
Made	1,233	(4,665)	(3,686)	(13,662)
Written back	(430)	(7,550)	9,412	69
General allowance (net)				
Written back	(6,164)	453	(5,305)	488
Bad debts				
Recovered	3	446	3,069	746
Written off	-	62	(201)	(64)
	(5,358)	(11,254)	3,289	(12,423)
A18. Write back of/(allowance for) bad and doubtful debts on trade and other receivables				
Specific allowance				
Made	(915)	(1,763)	(3,845)	(10,292)
Written back	944	1,477	5,400	9,000
General allowance (net)				
Written back	36	5	18	17
Bad debts				
Recovered	158	84	194	164
Written off	(157)	-	(289)	(42)
	66	(197)	1,478	(1,153)
A19. Write back of/(allowance for) impairment losses				
Goodwill on consolidation	-	-	(127)	-
Investment in an associated company	-	(19,440)	4,839	(19,440)
Securities available-for-trading	-	(1,798)	970	(1,798)
Securities available-for-sale	2,000	-	2,000	(22,000)
	2,000	(21,238)	7,682	(43,238)
A20. Segmental information				

Please refer to Appendix I.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

A21. Material events subsequent to the end of the quarter

- (a) Proposed Transfer of 20% equity interest each in OSK Trustees Berhad (“OSKT”) by TCL Nominees (Tempatan) Sdn. Bhd. and KE-ZAN Nominees (Tempatan) Sdn. Bhd. to OSK Nominees (Asing) Sdn. Bhd. (“OSKNA”) and OSK Futures And Options Sdn. Bhd. (“OSKFO”) respectively

The Proposed Transfer has been completed on 20 January 2010. With the completion of the Proposed Transfer, the shareholding in OSKT will be equally held by the following companies within the OSK Group:-

- (i) the Company;
- (ii) OSK Investment Bank Berhad;
- (iii) OSK Nominees (Tempatan) Sdn. Berhad;
- (iv) OSK Nominees (Asing) Sdn. Berhad; and
- (v) OSK Futures And Options Sdn. Bhd.

- (b) Proposed Bonus Issue by the Company

On 25 January 2010, the Company completed the Proposed Bonus Issue by issuing additional 164,667,526 ordinary shares of RM1.00 each as Bonus Shares and listed and quoted on 26 January 2010. The 24,150,922 Warrant B 2000/2010 issued and quoted on 26 January 2010 consequential to the Bonus Issue.

Pursuant to Condition 2 of the Second Schedule and Clause 2(b)(ii) 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 Warrant B 2000/2010, that the subscription price of the Warrant B 2000/2010 revised downwards from RM1.25 to RM1.00 and an additional 24,150,922 Warrant B 2000/2010 issued pursuant to the adjustment of the subscription price.

The adjustment to the subscription price of the Warrant B 2000/2010 took effect from 9.00 a.m. on 26 January 2010, being the next market day following the entitlement date for the Bonus Issue on 25 January 2010, in accordance with Condition 2 of the Second Schedule and Clause 2(b)(ii) 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 Warrant B 2000/2010 will not be prejudiced after the implementation of the Bonus Issue.

- (c) Members' Voluntary Winding Up of OSK Wealth Planners Sdn. Bhd. (“OSKWP”)

On 29 January 2010, OSKWP commenced 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 Russell 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 OSKWP. OSKWP is a wholly-owned subsidiary of OSK-UOB Unit Trust Management Berhad which in turn is a 70%-owned subsidiary of OSK Investment Bank Berhad, which in turn is a wholly-owned subsidiary of the Company.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

A21. Material events subsequent to the end of the quarter (Cont'd)

(c) Members' Voluntary Winding Up of OSK Wealth Planners Sdn. Bhd. ("OSKWP") (Cont'd)

The winding-up of OSKWP was initiated as the company ceased its operations in financial planning upon the expiry of its Capital Markets Services Licence on 26 August 2009. OSKWP was incorporated on 22 April 2004 with an issued share capital of RM2.15 million comprising of 2.15 million ordinary shares of RM1.00 each.

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

(d) Incorporation of OSK Indochina Securities Limited ("OSKISL")

On 17 February 2010, OSK Indochina Bank Limited ("OSKIBL"), a wholly-owned subsidiary company of OSKIB, has incorporated a new wholly-owned subsidiary company, OSKISL, to undertake stockbroking, corporate finance, underwriting, placement and other related activities in Cambodia. OSKISL was incorporated with an issued and paid-up share capital of USD10,000,000 divided into 10,000,000 ordinary shares of USD1.00 each.

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) Subscription of additional shares in iFast-OSK Sdn. Bhd. ("iFast-OSK")

On 30 March 2009, OSKIB Subscribed for 1,470,000 ordinary shares of RM1.00 each in iFast-OSK for a cash consideration of RM1,470,000. The equity stake of OSKIB in iFast-OSK remained at 49%.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

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

(c) 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 in 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 was remitted to OSKIBL on 27 May 2009. The second tranche of USD12.25 million will be remitted by the end of 2010.

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

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

(e) 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.

(f) Distribution 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 a utilisation of retained profits of the Company amounting to RM58,897,761. Effectively from that date, OSKVI ceased to be a subsidiary company of the Company.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

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

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

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.

- (g) Subscription of 70% equity interest in OSK-UOB Islamic Fund Management Berhad ("OUIFM") by OSK-UOB Unit Trust Management Berhad ("OUTM")

On 18 November 2009, OUTM, a 70%-owned subsidiary company of OSKIB, which in turn wholly-owned by the Company subscribed for 7 ordinary shares of RM1.00 each, representing 70% of the issued and paid-up capital of OUIFM which was incorporated on 17 November 2009 for a total cash consideration of RM7.00.

OUIFM has an authorised share capital of RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each and an initial issued and paid-up capital of RM10.00 comprising 10 ordinary shares of RM1.00 each. The principle activity of OUIFM is to offer Islamic funds services.

- (h) Subscription of additional shares in OSK Nominess (Tempatan) Sdn. Berhad ("OSKNT") and OSK Nominess (Asing) Sdn. Berhad ("OSKNA")

On 28 December 2009, the issued and paid up share capital of OSKNT was increased from 565,005 to 1,500,000 ordinary shares of RM1.00 each; and the issued and paid up share capital of OSKNA has increased from 2 to 500,000 ordinary shares of RM1.00 each via subscriptions of additional shares of 934,995 and 499,998 new ordinary shares of RM1.00 each in OSKNT and OSKNA respectively by OSKIB. The equity stake of OSKIB in OSKNT and OSKNA remains at 100%.

The rationale of increasing the issued and paid share capital is to to facilitate the merger of the nominees businesses within OSKIB Group and to streamline its nominee business and operational activities.

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 FOURTH QUARTER ENDED 31 DECEMBER 2009

A26. Islamic banking operations of OSK Investment Bank Berhad

(a) UNAUDITED CONDENSED BALANCE SHEETS

		OSKIB	OSKIB
		As at	As at
Note	31.12.2009	31.12.2008	31.12.2008
	RM'000	RM'000	RM'000
ASSETS			
Cash and short term funds		174,834	301,323
Securities held-to-maturity	A26(c)	283,836	202,958
Securities available-for-sale	A26(d)	372,835	-
Other assets	A26(e)	2,995	864
Statutory deposit with Bank Negara Malaysia		-	3
Equipment		20	21
TOTAL ASSETS		834,520	505,169
LIABILITIES			
Deposits from customers	A26(f)	775,823	453,001
Other liabilities	A26(g)	2,964	1,220
Tax payable		1,361	246
Deferred tax liabilities		82	-
TOTAL LIABILITIES		780,230	454,467
ISLAMIC BANKING CAPITAL FUNDS			
Islamic banking funds		50,000	50,000
Reserves		4,290	702
TOTAL ISLAMIC BANKING CAPITAL FUNDS		54,290	50,702
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		834,520	505,169
COMMITMENT AND CONTINGENCIES		-	-

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

A26. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)

(b) UNAUDITED CONDENSED INCOME STATEMENTS

	OSKIB Current quarter ended 31.12.2009	OSKIB Comparative quarter ended 31.12.2008	OSKIB Current year to date ended 31.12.2009	OSKIB Preceding year to date ended 31.12.2008
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	5,481	4,852	19,026	10,961
Transfer to profit equalisation reserve	(383)	18	(669)	(90)
Gross and total attributable income	5,098	4,870	18,357	10,871
Income attributable to the depositors	(3,712)	(4,239)	(12,824)	(9,482)
Income attributable to OSKIB	1,386	631	5,533	1,389
Other expenses	(286)	(139)	(1,075)	(441)
Profit before tax	1,100	492	4,458	948
Income tax expense	(276)	(128)	(1,115)	(246)
Profit after tax	824	364	3,343	702

For amalgamation with the conventional operations, net income from Islamic banking scheme comprises the following items:

Income derived from investment of depositors' funds and others	5,481	4,852	19,026	10,961
Income attributable to the depositors	(3,712)	(4,239)	(12,824)	(9,482)
Transfer to profit equalisation reserve	(383)	18	(669)	(90)
Net income from Islamic banking scheme operations reported in Group-wide income statement	1,386	631	5,533	1,389

A26. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)

	OSKIB	OSKIB
	As at	As at
	31.12.2009	31.12.2008
	RM'000	RM'000
(c) Securities held-to-maturity		
At amortised cost		
Money market instruments:		
Islamic accepted bills	12,410	67,945
Cagamas bonds	5,059	-
Government Investment Issue	155,831	70,323
	173,300	138,268
Unquoted debt securities in Malaysia:		
Islamic private debt securities	110,536	64,690
	283,836	202,958
(d) Securities available-for-sale		
At fair value		
Money market instruments:		
Islamic accepted bills	197,145	-
Negotiable instruments of deposits	99,907	-
	297,052	-
Unquoted debt securities in Malaysia:		
Islamic private debt securities	75,783	-
	372,835	-
(e) Other assets		
Income receivable	2,995	862
Prepayment	-	2
	2,995	864

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

A26. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)

	OSKIB As at 31.12.2009 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	775,823	453,001
(ii) By type of customer		
Government and statutory bodies	292,396	224,818
Domestic non-bank financial institutions	361,644	154,434
Business enterprises	121,783	73,749
	775,823	453,001
(g) Other liabilities		
Income payable	1,950	1,018
Profit equalisation reserve	759	90
Other payable	255	112
	2,964	1,220
(h) Capital adequacy of Islamic banking operations		

Please refer to Appendix V.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 subsidiary companies for the current quarter and year to date

For the fourth quarter of financial year ("FY") 2009, the Group reported a profit before tax ("PBT") of RM59.21 million as compared to the previous corresponding quarter of RM1.89 million representing a significant year-on-year ("Y-o-Y") growth. The net profit after tax and minority interests of RM37.13 million for the quarter under review represented a growth of 140.8% Y-o-Y from RM15.42 million in previous corresponding quarter, which translated into an earnings per share of 5.72 sen. This compares favourably against last year's corresponding quarter's earnings per share of 2.40 sen. The Group's results have factored in an additional general allowance for bad and doubtful debts on shares margin financing amounting to RM6.40 million pursuant to new requirement under the revised BNM/GP3 with effect from 1 January 2010. The group also registered a 34.3% surge in revenue to RM238.09 million compared to RM177.22 million in the previous corresponding quarter.

For FY 2009, the Group's PBT increased to RM191.02 million from RM168.19 million in FY 2008 representing a growth of 13.6%; and the Group recorded revenue of RM820.37 million for FY 2009 as compared to RM812.17 million in FY 2008.

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 PBT contribution from overseas businesses to the Group increased to RM48.05 million representing 25.2% in FY 2009 from RM15.33 million representing 9.1% in FY 2008.

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

The Group recorded a PBT of RM59.21 million for the fourth quarter of 2009, compared to RM60.54 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 next year)

With prudent management approach coupled with the Group's well-diversified capital market products and regional forays, the Board expects the Group's performance in 2010 to be satisfactory.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

B3. Current year prospects and progress on previously announced revenue or profit forecast (Cont'd)

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

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

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

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

B5. Profit forecast / profit guarantee

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

B6. Income tax expense

	Current quarter ended 31.12.2009 RM'000	Current year to date ended 31.12.2009 RM'000
In respect of the current quarter / year to date		
- Malaysian income tax	13,413	41,636
- Foreign income tax	3,234	10,278
	16,647	51,914
In respect of the prior year		
- Malaysian income tax	(1)	(877)
- Foreign income tax	(820)	(820)
Deferred taxation	(1,325)	3,679
	14,501	53,896

The effective tax rate for FY 2009 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 FOURTH QUARTER ENDED 31 DECEMBER 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 31.12.2009 RM'000	Current year to date ended 31.12.2009 RM'000
Total purchase consideration	<u>15,175</u>	<u>72,705</u>
Total sale proceeds	<u>13,885</u>	<u>56,945</u>
Net gain on disposals	<u>291</u>	<u>1,501</u>

- (b) Investments in quoted securities as at 31 December 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	21,349
Outside Malaysia	<u>8,952</u>
	<u>30,301</u>
Fair value adjustments	<u>(8,794)</u>
	<u>21,507</u>
Market value of quoted shares:	
In Malaysia	12,206
Outside Malaysia	<u>9,301</u>
	<u>21,507</u>

B9. Status of corporate proposals and utilisation of proceeds

(a) Status of corporate proposals announced but not completed as at 22 February 2010

(i) Members' Voluntary Winding Up of Beneficial Services Berhad

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 the Group and will not have any material effect on the earnings and net assets of the Group.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

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

(a) Status of corporate proposals announced but not completed as at 22 February 2010 (Cont'd.)

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

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 but it had been dormant since it surrendered its stockbroking licence on 28 May 2001. 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 but it is presently dormant. The above exercise is expected to be completed in the third 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	216,966
Subordinated notes	100,000
	<u>316,966</u>
Borrowings consist of:	
<u>Short term:</u>	
<i>Unsecured:</i> Revolving credits	178,700
Subordinated loans denominated in HKD	8,832
<i>Secured:</i> Syndicated term loan	25,000
	<u>212,532</u>
<u>Long term:</u>	
<i>Secured:</i> Syndicated term loan	4,434
	<u>216,966</u>

B11. Off balance sheet financial instruments

As at 22 February 2010 (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 Notes A23 and A24.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

B12. Material litigation

As at 22 February 2010 (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. Dividends

- (a) The Board of Directors recommends a final dividend of 5.0 sen per share less 25% income tax for the current financial year ended 31 December 2009 [2008: 2.5 sen per share less 25% income tax as disclosed in Note A6(a)] . The proposed dividend is subject to Shareholders’ approval at the forthcoming Annual General Meeting. The entitlement date to the final dividend shall be determined by the Board of Directors at the subsequent stage.
- (b) An interim dividend of 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 7.5 sen per share less 25% income tax (2008: 7.5 sen per share less income tax).

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009
B14. Earnings Per Share (“EPS”) attributable to equity holders of the Company

	Current quarter ended 31.12.2009	Comparative quarter ended 31.12.2008	Current year to date ended 31.12.2009	Preceding year to date ended 31.12.2008
<u>Basic EPS</u>				
Profit attributable to equity holders of the Company (RM'000)	37,134	15,424	112,629	134,774
Weighted average number of ordinary shares in issue ('000 shares)	649,564	643,291	649,088	648,783
Basic EPS (sen)	5.72	2.40	17.35	20.77
<u>Diluted EPS</u>				
Profit attributable to equity holders of the Company (RM'000)	37,134	15,424	112,629	134,774
Weighted average number of ordinary shares in issue ('000 shares)	649,564	643,291	649,088	648,783
Effect of dilution on assumed conversion of Warrants B 2000/2010 and exercise of options granted under ESOS ('000 shares)	11,342	-	17,398	1,296
Adjusted weighted average number of ordinary shares in issue and issuable ('000 shares)	660,906	643,291	666,486	650,079
Diluted EPS (sen)	5.62	2.40	16.90	20.73

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
Director

Kuala Lumpur
25 February 2010

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

A20. Segmental information

The Group is organised into the following major business segments :

- | | |
|------------------------|---|
| 1. Investment Banking | - Equities 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. Equities & Futures | - Stockbroking & Futures Broking, Nominee Services and related services. |
| 4. Funds Management | - Unit Trust Fund Management, Islamic Funds Services 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.

The comparative segment information for the year ended 31 December 2009 have been re-presented to conform with current year segments information.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 31.12.2009						
Revenue	571,613	177,595	44,763	20,362	6,035	820,368
Profit/(loss) before tax	142,973	50,890	38	(1,097)	(1,782)	191,022
Capital expenditure	5,412	976	1,401	3,676	5,608	17,073
Total segment assets	6,814,456	2,386,608	291,460	231,029	150,373	9,873,926
PRECEDING YEAR TO DATE ENDED 31.12.2008						
Revenue	632,977	132,261	40,593	5,869	465	812,165
Profit/(loss) before tax	152,860	28,838	(11,631)	(334)	(1,547)	168,186
Capital expenditure	18,466	813	734	515	3,634	24,162
Total segment assets	5,047,706	641,989	248,005	125,040	48,496	6,111,236

A23. Commitments and contingencies

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

	31.12.2009			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	255,000	127,500	25,500	265,000	132,500	26,500
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	1,315,744	2,072	2,072	971,852	-	-
- maturity exceeding one year	-	-	-	4	2	2
Foreign exchange related contracts:						
- less than one year	370,640	195,898	39,180	3,667	2,142	428
Interest rate related contracts:						
- one year to less than five years	508,167	16,002	3,200	160,000	9,237	1,847
	2,449,551	341,472	69,952	1,400,523	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 RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000					
As at 31.12.2009										
ASSETS										
Cash and short term funds	1,233,294	102,825	9,336	-	-	265,734	-	1,611,189	1.75	
Deposits and placements with banks and other financial institutions	-	50,000	-	-	-	-	-	50,000	6.37	
Securities held-for-trading	-	-	-	-	-	-	203,665	203,665	-	
Securities held-to-maturity	312,411	155,000	35,172	344,718	176,795	-	-	1,024,096	4.04	
Securities available-for-sale	588,387	297,547	404,559	1,306,761	121,915	12,132	-	2,731,301	4.31	
Derivative financial assets	-	-	-	-	-	37,122	-	37,122	-	
Loans, advances and financing										
Performing	546,047	27,547	312,070	24,479	6,275	-	-	916,418	8.68	
Non-performing	-	-	-	-	-	16,239	-	16,239	-	
Statutory and reserve deposits with Central Banks	-	-	-	-	9,570	38,103	-	47,673	0.44	
Other assets	30,822	-	100	-	-	2,689,217	-	2,720,139	0.99	
Other non-interest sensitive assets	-	-	-	-	-	529,275	-	529,275	-	
Total Assets	2,710,961	632,919	761,237	1,675,958	314,555	3,587,822	203,665	9,887,117		

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

	Non-trading book						Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
As at 31.12.2009									
LIABILITIES									
Deposits from customers	2,725,022	933,980	616,993	73,179	-	6,523	-	4,355,697	2.36
Deposits and placements of banks and other financial institutions	62,850	22,482	67,009	20,000	-	1,881	-	174,222	5.43
Derivative financial liabilities	-	-	-	-	-	51,861	-	51,861	-
Borrowings	187,532	12,500	12,500	4,434	-	-	-	216,966	3.39
Subordinated notes	-	-	-	-	100,000	-	-	100,000	7.50
Other non-interest sensitive liabilities	-	-	-	-	-	3,476,684	-	3,476,684	-
Total Liabilities	2,975,404	968,962	696,502	97,613	100,000	3,536,949	-	8,375,430	
Shareholders' funds	-	-	-	-	-	1,287,141	-	1,287,141	
Minority interests	-	-	-	-	-	224,546	-	224,546	
Total Equity	-	-	-	-	-	1,511,687	-	1,511,687	
Total Liabilities and Equity	2,975,404	968,962	696,502	97,613	100,000	5,048,636	-	9,887,117	
On-balance sheet interest sensitivity gap	(264,443)	(336,043)	64,735	1,578,345	214,555	(1,460,814)	203,665	-	
Off-balance sheet interest sensitivity gap	-	-	188,304	325,787	-	-	-	514,091	
Total Interest Sensitivity Gap	(264,443)	(336,043)	253,039	1,904,132	214,555	(1,460,814)	203,665	514,091	
Cumulative interest rate sensitivity gap	(264,443)	(600,486)	(347,447)	1,556,685	1,771,240	310,426	514,091	514,091	

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	RM'000				
As at 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 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	64,330	-	100	-	-	712,953	-	777,383	2.46	
Other non-interest sensitive assets	-	-	-	-	-	738,729	-	738,729	-	
Total Assets	2,201,339	434,580	597,429	851,267	343,184	1,694,836	16,040	6,138,675		

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

As at 31.12.2008	Non-trading book						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years 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 liabilities	-	-	-	-	-	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	750,976	(38,970)	(326,100)	673,390	242,793	(1,318,129)	16,040	-		
Off-balance sheet interest sensitivity gap	-	-	-	-	160,000	-	-	160,000		
Total Interest Sensitivity Gap	750,976	(38,970)	(326,100)	673,390	402,793	(1,318,129)	16,040	160,000		
Cumulative interest rate sensitivity gap	750,976	712,006	385,906	1,059,296	1,462,089	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	As at	As at	As at
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Before deducting proposed dividends:				
Core capital ratio	27.85%	-	22.58%	28.22%
Risk weighted capital ratio	30.56%	-	22.58%	28.22%
After deducting proposed dividends:				
Core capital ratio	26.97%	-	21.21%	28.22%
Risk weighted capital ratio	29.68%	-	21.21%	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 31.12.2009 RM'000	As at 31.12.2008 RM'000	As at 31.12.2009 RM'000	As at 31.12.2008 RM'000
Issued and fully paid share capital	630,000	-	630,000	630,000
Retained profits	153,275	-	69,774	27,826
Statutory reserve	206,078	-	206,078	164,129
Tier 1 minority interests	225,185	-	-	-
	1,214,538	-	905,852	821,955
Less: Goodwill	(99,959)	-	(46,516)	(46,516)
Deferred tax assets	(2,860)	-	(1,041)	(1,635)
Tier I capital	1,111,719	-	858,295	773,804
General allowance for bad and doubtful debts and financing				
- Loan, advances and financing	8,179	-	7,630	2,888
Maximum allowance subordinated debt capital	100,000	-	100,000	100,000
Tier II capital	108,179	-	107,630	102,888
Total capital	1,219,898	-	965,925	876,692
Less: Investments in subsidiary companies	-	-	(381,907)	(335,436)
Capital base	1,219,898	-	584,018	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
	31.12.2009	31.12.2008
Before deducting proposed dividends:		
Core capital ratio	#	#
Solvency ratio	69.31%	129.63%
<hr/>		
After deducting proposed dividends:		
Core capital ratio	#	#
Solvency ratio	69.31%	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 31.12.2009
OSKIB Group

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	1,843,835	1,843,835	-	-
Banks, development financial institutions and multilateral development banks	2,319,775	2,319,775	583,578	46,686
Insurance companies, securities firms and fund managers	1,769,322	1,769,322	353,864	28,309
Corporates	2,262,477	1,623,528	984,912	78,793
Other assets	119,004	119,004	119,004	9,520
Total on balance sheet exposures	8,314,413	7,675,464	2,041,358	163,308
<i>Off Balance Sheet Exposures:</i>				
Over-the-counter ("OTC") derivatives	237,338	237,338	52,003	4,160
Credit derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	136,103	136,103	34,103	2,728
Defaulted exposures	-	-	-	-
Total off balance sheet exposures	373,441	373,441	86,106	6,888
Total on and off balance sheet exposures	8,687,854	8,048,905	2,127,464	170,196
(ii) Large exposures risk requirement	2,121	2,121	2,121	-
(iii) Market risk	Long Position	Short Position		
Interest rate risk	415,000	160,000	92,990	7,439
Foreign currency risk	687,714	-	687,714	55,017
Equity risk	16,214	-	41,076	3,286
Option risk	255,000	-	28,701	2,296
Total	1,373,928	160,000	850,481	68,038
(iv) Operational risk			1,011,124	80,890
(v) Total RWA and capital requirements			3,991,190	319,124

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)
As at 31.12.2009

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	1,251,902	1,251,902	-	-
Banks, development financial institutions and multilateral development banks	2,317,097	2,317,097	583,042	46,643
Insurance companies, securities firms and fund managers	67,503	67,503	13,501	1,080
Corporates	1,871,402	1,445,120	806,504	64,520
Other assets	69,268	69,268	69,268	5,541
Total on balance sheet exposures	5,577,172	5,150,890	1,472,315	117,784
<i>Off Balance Sheet Exposures:</i>				
Over-the-counter ("OTC") derivatives	237,338	237,338	52,003	4,160
Credit derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	136,103	136,103	34,103	2,728
Defaulted exposures	-	-	-	-
Total off balance sheet exposures	373,441	373,441	86,106	6,888
Total on and off balance sheet exposures	5,950,613	5,524,331	1,558,421	124,672
(ii) Large exposures risk requirement	2,121	2,121	2,121	-
(iii) Market risk	Long Position	Short Position		
Interest rate risk	415,000	160,000	78,737	6,299
Foreign currency risk	290,832	-	290,837	23,267
Equity risk	5,487	-	13,712	1,097
Option risk	255,000	-	28,698	2,296
Total	966,319	160,000	411,984	32,959
(iv) Operational risk			613,762	49,101
(v) Total RWA and capital requirements			2,586,288	206,732

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 31.12.2009

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%	1,843,835	52	-	-	-	1,843,887	-	
20%	-	2,277,591	1,779,644	941,211	-	4,998,446	999,689	
35%	-	-	-	-	-	-	-	
50%	-	167,185	15,117	150,330	-	332,632	166,316	
75%	-	-	-	-	-	-	-	
100%	-	86,847	-	493,051	119,004	698,902	698,902	
150%	-	-	-	175,038	-	175,038	262,557	
Total	1,843,835	2,531,675	1,794,761	1,759,630	119,004	8,048,905	2,127,464	
Risk weighted assets by exposures	-	625,958	363,487	1,019,015	119,004	2,127,464		
Average risk weight	0%	25%	20%	58%	100%	26%		
Deduction from capital base	-	-	-	-	-	-		

A25. Capital Adequacy (Cont'd)
(c) Credit risk exposures by risk weights (Contd.)

As at 31.12.2009

OSKIB

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%	1,251,902	52	-	-	-	1,251,954	-	
20%	-	2,274,913	77,824	941,211	-	3,293,948	658,790	
35%	-	-	-	-	-	-	-	
50%	-	167,185	15,117	150,330	-	332,632	166,316	
75%	-	-	-	-	-	-	-	
100%	-	86,847	-	314,644	69,268	470,759	470,759	
150%	-	-	-	175,038	-	175,038	262,556	
Total	1,251,902	2,528,997	92,941	1,581,223	69,268	5,524,331	1,558,421	
Risk weighted assets by exposures	-	625,422	23,123	840,608	69,268	1,558,421		
Average risk weight	0%	25%	25%	53%	100%	28%		
Deduction from capital base	-	-	-	-	-	-		

A25. Capital Adequacy (Cont'd)
(d) Off balance sheet exposures and counterparty credit risk
As at 31.12.2009
OSKIB Group

Description	Principal Amount RM'000	Positive Fair Value of		Risk Weighted Assets RM'000
		Derivative Contracts RM'000	Credit Equivalent Amount RM'000	
Obligations under an on-going underwriting agreements	255,000		127,500	25,500
Foreign exchange related contracts One year or less	370,640	2,916	195,898	39,180
Interest/profit rate related contracts Over one year to five years	508,167	249	16,002	3,200
Equity related contracts One year or less	8,603	16,310	8,603	8,603
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	130,871	17,648	25,438	9,623
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	921,293		-	-
Total	2,194,574	37,123	373,441	86,106

A25. Capital Adequacy (Cont'd)
(d) Off balance sheet exposures and counterparty credit risk (Contd.)
As at 31.12.2009
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	255,000		127,500	25,500
Foreign exchange related contracts One year or less	370,640	2,916	195,898	39,180
Interest/profit rate related contracts Over one year to five years	508,167	249	16,002	3,200
Equity related contracts One year or less	8,603	16,310	8,603	8,603
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	130,871	17,648	25,438	9,623
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	348,449		-	-
Total	1,621,730	37,123	373,441	86,106

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 31.12.2009 RM'000	As at 31.12.2008 RM'000	As at 31.12.2009 RM'000	As at 31.12.2008 RM'000
Interest rate risk				
- General interest rate risk	4,460	-	3,320	-
- Specific interest rate risk	2,979	-	2,979	-
	7,439	-	6,299	-
Equity position risk				
- General risk	1,297	-	439	-
- Specific risk	1,989	-	658	-
	3,286	-	1,097	-
Foreign exchange risk	55,017	-	23,267	-
Option risk	2,296	-	2,296	-
	68,038	-	32,959	-

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 are as follows:

	As at 31.12.2009	As at 31.12.2008
Before deducting proposed dividends:		
Core capital ratio	54.18%	79.11%
Risk-weighted capital ratio	54.18%	79.11%
After deducting proposed dividends:		
Core capital ratio	54.18%	79.11%
Risk-weighted capital ratio	54.18%	79.11%
	RM'000	RM'000
Islamic banking funds	50,000	50,000
Reserve	4,290	701
	54,290	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
As at 31.12.2009

Exposure class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weights Assets RM'000	Capital Require- ments RM'000
(a) Credit risk				
<i>On Balance Sheet Exposures:</i>				
Sovereigns/Central Banks	378,049	378,049	-	-
Banks, development financial institutions and multilateral development banks	309,462	309,462	61,892	4,951
Corporates	146,985	146,985	31,791	2,543
Other assets	24	24	24	2
Total on balance sheet exposures	834,520	834,520	93,707	7,496
<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:	834,520	834,520	93,707	7,496
(b) Large exposures risk requirement	-	-	-	-
(c) Market risk	-	-	-	-
(d) Operational risk			6,493	519
(e) Total RWA and capital requirements			100,200	8,015

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.)

(iv) Off balance sheet exposures and counterparty credit risk

As at 31 December 2009, the Islamic banking operations of OSKIB do 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 31.12.2009 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	-	-
Option risk	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>