

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010  
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	As at 31.12.2010 RM'000	As at 31.12.2009 RM'000
<b>ASSETS</b>			
Cash and short term funds		1,552,880	1,611,189
Deposits and placements with banks and other financial institutions		-	50,000
Securities purchased under resale agreements		111,486	-
Securities held-for-trading	A7(a)	648,996	203,665
Securities held-to-maturity	A7(b)	662,427	1,024,096
Securities available-for-sale	A7(c)	2,795,866	2,731,301
Derivative financial assets	B11(a)	90,297	37,122
Loans, advances and financing	A8	1,378,376	932,657
Tax recoverable		6,931	9,789
Trade receivables		2,043,921	2,648,333
Other assets	A9	94,816	71,806
Statutory and reserve deposits with Central Banks		69,678	47,673
Deferred tax assets		481	3,402
Investments in associated companies		21,146	20,369
Investment property		134,000	112,600
Property and equipment		184,441	173,262
Intangible assets		223,889	209,853
<b>TOTAL ASSETS</b>		<b>10,019,631</b>	<b>9,887,117</b>
<b>LIABILITIES</b>			
Deposits from customers	A10	3,872,805	4,355,697
Deposits and placements of banks and other financial institutions	A11	669,769	174,222
Derivative financial liabilities	B11(a)	149,749	51,861
Trade payables		2,657,196	3,270,053
Other liabilities	A12	288,856	175,410
Tax payable		23,878	30,198
Deferred tax liabilities		1,812	1,023
Borrowings	B10	362,115	216,966
Subordinated notes	B10	300,000	100,000
<b>TOTAL LIABILITIES</b>		<b>8,326,180</b>	<b>8,375,430</b>
<b>EQUITY</b>			
Share capital		962,211	678,665
Treasury shares, at cost	A5(c)	(29,785)	(29,782)
		932,426	648,883
Reserves		516,284	638,258
Issued share capital and reserves attributable to owners of the Company		1,448,710	1,287,141
Minority interests		244,741	224,546
<b>TOTAL EQUITY</b>		<b>1,693,451</b>	<b>1,511,687</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>10,019,631</b>	<b>9,887,117</b>
Net Assets per share attributable to owners of the Company (RM)		1.54	1.97

(The accompanying explanatory notes form an integral part of and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009.)

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010  
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS**

		<b>Current quarter ended 31.12.2010</b>	Comparative quarter ended 31.12.2009	<b>Current year to date ended 31.12.2010</b>	Preceding year to date ended 31.12.2009
	Note	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Revenue		<b>302,061</b>	238,086	<b>1,012,206</b>	820,368
Interest income	A13	<b>76,127</b>	65,174	<b>262,335</b>	226,660
Interest expense	A14	<b>(43,796)</b>	(31,519)	<b>(140,542)</b>	(122,926)
Net interest income		<b>32,331</b>	33,655	<b>121,793</b>	103,734
Other operating income	A15	<b>240,155</b>	167,431	<b>744,879</b>	574,682
Net income from Islamic banking operations	A26	<b>1,185</b>	1,386	<b>6,085</b>	5,533
Other operating expenses	A16	<b>(196,037)</b>	(140,713)	<b>(626,282)</b>	(494,279)
(Allowance)/write back of allowance for impaired loans, advances and financing	A17	<b>(3,293)</b>	(5,358)	<b>(6,691)</b>	3,289
(Allowance)/write back of allowance for impaired trade and other receivables	A18	<b>(19)</b>	66	<b>(1,327)</b>	1,478
(Allowance)/write back of impairment losses on investments	A19	<b>(19,898)</b>	2,000	<b>(46,508)</b>	7,682
Share of results after tax of associated companies		<b>966</b>	742	<b>3,023</b>	(11,097)
<b>Profit before tax</b>		<b>55,390</b>	59,209	<b>194,972</b>	191,022
Income tax expense and zakat	B6	<b>(7,255)</b>	(14,501)	<b>(43,716)</b>	(53,896)
<b>Profit after tax</b>		<b>48,135</b>	44,708	<b>151,256</b>	137,126
Profit attributable to:					
Owners of the Company		<b>40,631</b>	37,135	<b>117,613</b>	112,629
Minority interests		<b>7,504</b>	7,573	<b>33,643</b>	24,497
		<b>48,135</b>	44,708	<b>151,256</b>	137,126
<b>Earnings per share attributable to owners of the Company (sen):</b>					
Basic	B14	<b>4.33</b>	# 4.57	<b>11.99</b>	# 13.88
Diluted	B14	<b>4.32</b>	# 4.50	<b>11.96</b>	# 13.52

# The weighted average number of ordinary shares in issue of the comparative quarter/preceding year to date has adjusted for the effect of bonus issue on the basis of one (1) new Share ("Bonus Share") for every four (4) existing Shares held, which was completed on 25 January 2010.

(The accompanying explanatory notes form an integral part of and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009.)

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Current quarter ended 31.12.2010</b>	Comparative quarter ended 31.12.2009	<b>Current year to date ended 31.12.2010</b>	Preceding year to date ended 31.12.2009
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Profit after tax</b>	<b>48,135</b>	44,708	<b>151,256</b>	137,126
<b>Other comprehensive (loss)/income</b>				
Foreign currency translation gain/(loss)	<b>5,731</b>	(3,074)	<b>(34,387)</b>	16,878
Reversal of available-for-sale deficit upon impairment	-	-	<b>3,391</b>	-
Reversal of available-for-sale surplus upon disposal	<b>(16)</b>	-	<b>(16)</b>	-
Unrealised net (loss)/gain on revaluation of securities available-for-sale	<b>(12,925)</b>	817	<b>4,253</b>	11,233
Share of other comprehensive income of associated companies	-	-	-	1,086
Income tax relating to components of other comprehensive income	<b>3,237</b>	(205)	<b>(1,907)</b>	(2,809)
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<b>(3,973)</b>	(2,462)	<b>(28,666)</b>	26,388
<b>Total comprehensive income for the period, net of tax</b>	<b>44,162</b>	42,246	<b>122,590</b>	163,514
Total comprehensive income attributable to:				
Owners of the Company	<b>34,369</b>	34,872	<b>96,072</b>	128,240
Minority interests	<b>9,793</b>	7,374	<b>26,518</b>	35,274
	<b>44,162</b>	42,246	<b>122,590</b>	163,514

(The accompanying explanatory notes form an integral part of and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009.)

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributable to owners 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
<b>RM'000</b>													
<b>As at 1.1.2010</b>													
As previously reported	678,665	(29,782)	502	-	1,094	6,616	206,078	(9,024)	-	432,992	1,287,141	224,546	1,511,687
Adoption of FRS 139	-	-	-	-	-	-	-	1,858	-	(3,325)	(1,467)	-	(1,467)
As restated	678,665	(29,782)	502	-	1,094	6,616	206,078	(7,166)	-	429,667	1,285,674	224,546	1,510,220
Total comprehensive income	-	-	-	-	-	(27,268)	-	5,727	-	117,613	96,072	26,518	122,590
Dividends	-	-	-	-	-	-	-	-	-	(52,710)	(52,710)	-	(52,710)
Dividends to minority interests	-	-	-	-	-	-	-	-	-	-	-	(8,699)	(8,699)
Shares issued for ESOS	2,550	-	30	-	-	-	-	-	-	-	2,580	-	2,580
Shares issued for Warrant B 2000/2010	116,324	-	803	-	-	-	-	-	-	-	117,127	-	117,127
Bonus issue	164,672	-	(1,335)	-	-	-	-	-	-	(163,337)	-	-	-
Share buybacks by the Company	-	(3)	-	-	-	-	-	-	-	-	(3)	-	(3)
Transfer to statutory reserve	-	-	-	-	-	-	22,914	-	-	(22,914)	-	-	-
Reserve realised upon exercise of ESOS	-	-	-	-	(315)	-	-	-	-	315	-	-	-
Acquisition of shares from minority interests	-	-	-	-	-	-	-	-	-	-	-	(1,254)	(1,254)
Reserve on subscription additional shares in subsidiary company	-	-	-	-	-	-	-	-	-	(30)	(30)	30	-
Subscription of additional shares in subsidiary company by minority interests	-	-	-	-	-	-	-	-	-	-	-	3,600	3,600
Total transactions	283,546	(3)	(502)	-	(315)	-	22,914	-	-	(238,676)	66,964	(6,323)	60,641
<b>As at 31.12.2010</b>	<b>962,211</b>	<b>(29,785)</b>	<b>-</b>	<b>-</b>	<b>779</b>	<b>(20,652)</b>	<b>228,992</b>	<b>(1,439)</b>	<b>-</b>	<b>308,604</b>	<b>1,448,710</b>	<b>244,741</b>	<b>1,693,451</b>
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
Total comprehensive income	-	-	(1)	-	-	7,376	-	7,508	78	113,279	128,240	35,274	163,514
Dividends	-	-	-	-	-	-	-	-	-	(24,335)	(24,335)	-	(24,335)
Dividends to minority interests	-	-	-	-	-	-	-	-	-	-	-	(8,912)	(8,912)
Distribution of shares in a listed subsidiary	-	-	-	(58,919)	(212)	-	-	(1,419)	(34,764)	(107,947)	(203,261)	(100,797)	(304,058)
Shares issued for ESOS	3,990	-	101	-	-	-	-	-	-	-	4,091	-	4,091
Shares issued for 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	-	-	-
Total transactions	5,596	(3)	503	(58,919)	(870)	-	41,949	(1,419)	(34,764)	(173,573)	(221,500)	(109,711)	(331,211)
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

(The accompanying explanatory notes form an integral part of and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009.)

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Current year to date ended <b>31.12.2010</b> <b>RM'000</b>	Preceding year to date ended 31.12.2009 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before tax	194,972	191,022
Adjustments for :-		
Interest expense	7,876	7,995
Interest income	(28,264)	(24,995)
Other non-cash and non-operating items	100,255	15,595
Share of results after tax of associated companies	(3,023)	11,097
Operating profit before working capital changes	<u>271,816</u>	200,714
<i>(Increase)/Decrease in operating assets:</i>		
Deposits and placements with banks and other financial institutions	50,000	26,047
Securities purchased under resale agreements	(111,117)	-
Loans, advances and financing	(452,858)	26,588
Statutory and reserve deposits with Central Banks	(22,005)	33,161
Securities held-for-trading	(445,110)	(155,580)
Securities held-to-maturity	360,301	(394,602)
Securities available-for-sale	(73,519)	(1,476,034)
Trade and other receivables	569,738	(193,829)
Other operating assets	(134,526)	(2,050,295)
<i>Increase/(Decrease) in operating liabilities:</i>		
Deposits from customers	(482,892)	1,985,064
Deposits and placements of banks and other financial institutions	495,547	(273,693)
Obligations on securities sold under repurchase agreements	-	(249)
Trade and other payables	(499,607)	2,130,408
Other operating liabilities	<u>32,581</u>	37,315
Cash used in operations	<u>(441,651)</u>	(104,985)
Income tax paid net of refund	(44,516)	(18,721)
Net cash used in operating activities	<u>(486,167)</u>	(123,706)
<b>Cash Flows From Investing Activities</b>		
Acquisition of additional shares in an associated company	-	(1,470)
Acquisition of additional shares from minority interests	(1,254)	-
Dividend received	4,354	2,761
Interest received	125	594
Payment for intangible assets	(6,250)	(10)
Proceeds from disposal of property and equipment	2,674	591
Purchase of equipment	(30,313)	(13,916)
Purchase of software licences	(10,565)	(3,157)
Net cash outflow from distribution of shares in a listed subsidiary company	-	(36,228)
Net cash used in investing activities	<u>(41,229)</u>	(50,835)

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Cont'd)**

	<b>Current year to date ended 31.12.2010 RM'000</b>	<b>Preceding year to date ended 31.12.2009 RM'000</b>
<b>Cash Flows From Financing Activities</b>		
Dividends paid to shareholders	(52,710)	(24,335)
Dividend paid by a subsidiary company to minority interests	(8,699)	(8,912)
Drawdown of short term borrowings	170,148	27,132
Interest paid	(7,876)	(7,995)
Payments of finance lease instalments	-	(508)
Payments of share buybacks by the Company	(3)	(3)
Payments of share buybacks by a subsidiary company	-	(1)
Proceeds from issuance of shares:		
- exercise of ESOS	2,580	4,091
- conversion of Warrant B 2000/2010	117,127	2,008
Proceeds from issuance of subordinated notes	200,000	-
Proceeds from subscription of shares by minority interests	3,600	-
Repayment of term loans	(25,000)	(17,231)
Share issue expenses by the Company	-	(1)
Net cash generated from/(used in) financing activities	<b>399,167</b>	<b>(25,755)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(128,229)</b>	<b>(200,296)</b>
Effects of exchange rate changes	(33,870)	16,144
<b>Cash and cash equivalents at beginning of year</b>	<b>826,578</b>	<b>1,010,730</b>
<b>Cash and cash equivalents at end of year</b>	<b>664,479</b>	<b>826,578</b>
<b>Cash and cash equivalents at end of year comprised:</b>		
Cash, bank balances and deposits - General accounts	358,602	254,819
Money at call and deposits placements with maturity within one month	305,877	571,759
	<b>664,479</b>	<b>826,578</b>

(The accompanying explanatory notes form an integral part of and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009.)

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010****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 2009 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 2009.

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 2009 except for the adoption of the following FRSs, amendments to FRSs, Issues Committee ("IC") Interpretations, Technical Releases ("TR") and Statement of Principles ("SOP") effective for annual periods beginning on and after:

**1 July 2009**

FRS 8 Operating Segments

**1 January 2010**

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 8	Operating Segments
Amendments to FRS 107	Statements of Cash Flows
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 110	Events After the Reporting Period
Amendments to FRS 116	Property, Plant and Equipment
Amendments to FRS 117	Leases
Amendments to FRS 118	Revenue
Amendments to FRS 119	Employee Benefits
Amendments to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendments to FRS 123	Borrowing Costs
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 128	Investments in Associates



**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010****A1. Basis of preparation (Cont'd)****1 January 2010 (Cont'd)**

Amendments to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 132	Financial Instruments: Presentation - paragraphs 95A, 97AA and 97AB
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 136	Impairment of Assets
Amendments to FRS 138	Intangible Assets
Amendments to FRS 140	Investment Property
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TR i-3	Presentation of Financial Statements of Islamic Financial Institutions
SOP i-1	Financial Reporting from an Islamic Perspective

FRS 1, FRS 4, Amendments to FRS 120 and FRS 129 and IC Interpretations 13 and 14 are not applicable to the Group. Adoption of other FRSs, amendments to FRSs, IC Interpretations, TR and SOP did not have any significant effect on the financial performance or position of the Group. The adoption of FRSs and amendments to FRS are discussed below:

**(a) FRS 8 Operating Segments**

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively.

**(b) FRS 7 Financial Instruments: Disclosures**

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.



**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

**A1. Basis of preparation (Cont'd)**

(b) FRS 7 Financial Instruments: Disclosures (Contd.)

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives.

(c) FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as two linked statements.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 was adopted retrospectively by the Group and the Company.

(d) FRS 139 Financial Instruments: Recognition and Measurement and BNM guidelines on Classification and Impairment Provisions for Loans/Financing

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated.

Prior to the adoption of FRS 139 and with effect from 1 January 2008, the Group had adopted BNM/GP8 that comprised certain principles for recognising and measuring financial instruments, which are similar to those prescribed under FRS 139, effective for period beginning on or after 1 January 2010.

BNM also issued the guidelines on Classification and Impairment Provisions for Loans/Financing which are effective for financial years beginning on and after 1 January 2010. The guidelines set out the minimum requirements on classification of impaired loans/financing and provisioning for loans/financing impairment with the adoption of FRS 139. The guidelines superseded the existing guidelines on Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts (BNM/GP3) which was issued on 7 August 2008.

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010****A1. Basis of preparation (Cont'd)****(d) FRS 139 Financial Instruments: Recognition and Measurement and BNM guidelines on Classification and Impairment Provisions for Loans/Financing (Contd.)**

As a transitional provisions under the Amendments to FRS 139, the financial services sector is granted a transitional period for the purpose of complying with the collective assessment of impairment required under FRS 139. During the transitional period, the wholly-owned banking subsidiary, OSK Investment Bank Berhad ("OSKIB") is required to comply with the requirements on collective assessment of impairment of loans and financing under the guidelines on Classification and Impairment Provisions for Loans/Financing. OSKIB is required to maintain collective impairment provisions of at least 1.5% of total outstanding loans/financing, net of individual impairment allowance. The Group had also extended the 1.5% collective impairment provisions to OSK Capital Sdn. Bhd., a capital financing subsidiary in Malaysia.

The details of other changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- Equity instruments

Prior to adoption of FRS 139, the Group and the Company had classified its investments in equity instruments as securities HFT or securities AFS, in accordance with the requirements of BNM/GP8. On the adoption of FRS 139, the Group and the Company had remeasured these instruments at bid prices as required by FRS 139, instead of last traded prices, and the difference for securities HFT and securities AFS were adjusted to the retained profits or available-for-sale reserves on 1 January 2010, respectively.

- Debt securities

Prior to adoption of FRS 139, the Group and the Company had classified its investments in debt securities as securities HFT, securities AFS or securities HTM, in accordance with the requirements of BNM/GP8. On the adoption of FRS 139, the Group and the Company had remeasured these instruments at bid prices as required by FRS 139, instead of at mid prices for certain debt securities, and the difference for securities HFT and securities AFS were adjusted to the retained profits or available-for-sale reserves on 1 January 2010, respectively.

- Impairment of loan and receivables

Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible or in accordance with the requirements of Bursa Malaysia for Participating Organisation. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and the difference is recognised as adjustments to the opening balance of retained earnings as at that date.

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010****A1. Basis of preparation (Cont'd)****(d) FRS 139 Financial Instruments: Recognition and Measurement and BNM guidelines on Classification and Impairment Provisions for Loans/Financing (Contd.)****- Financial guarantee contracts**

During the current and prior years, the Company provided financial guarantees to banks in connection with bank loans and other banking facilities granted to its subsidiaries. Prior to 1 January 2010, the Company did not provide for such guarantees unless it was more likely than not that the guarantees would be called upon. The guarantees were disclosed as contingent liabilities. Upon the adoption of FRS 139, all unexpired financial guarantees issued by the Company are recognised as financial liabilities and are measured at their initial fair value less accumulated amortisation as at 1 January 2010.

**- Intercompany loans**

During the current and prior years, the Company granted interest-free loans and advances to its subsidiary companies. Prior to 1 January 2010, these loans and advances were recorded at cost in the Company's financial statements. Upon the adoption of FRS 139, the interest-free loans or advances are stated at amortised cost. As at 1 January 2010, the Company had restructured the advances to a shareholder's loan to subsidiary. In accordance with the terms of shareholder's loan, the amount is classified as investment in subsidiary company and is recorded at cost less impairment losses.

FRS 139 requires that financial assets classified as held-to-maturity and loans and receivables are measured at amortised cost using the effective interest method. The securities held-to-maturity of the Group had been measured on this basis under the requirements of BNM's revised BNM/GP8 effective from 1 January 2005 and interest income from loans and receivables continued to be recognised based on contractual interest rates. With adoption of FRS 139, interest income is recognised using effective interest rates. This change in accounting policy has been accounted for prospectively.

Prior to adoption of FRS 139, interest accrued and recognised as income prior to the date that a loan is classified as non-performing is reversed out of income and set-off against the interest receivable account in the statement of financial position. Subsequently, interest on the non-performing loan is recognised as income on a cash basis. FRS 139 requires interest income from an impaired loan be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring impairment loss.

FRS 139 requires embedded derivatives to be separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to that of the host contract and the fair value of the resulting derivative can be reliably measured. There were no material embedded derivatives which were not closely related to the host contracts and which required bifurcation.

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**
**A1. Basis of preparation (Cont'd)**

- (e) Amendments to FRS 117 – Prior to 1 January 2010, FRS 117 interprets that for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease, the minimum lease payments or the up-front payments made were allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 effective for period beginning on or after 1 January 2010 clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets; and also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Adoption of the amendments to FRS 117 has resulted in the unexpired land leases to be reclassified as finance leases. The Group has applied this change in accounting policy retrospectively and comparatives have been restated as shown below:

<b>As at 31.12.2009</b>	<b>As previously reported RM'000</b>	<b>Effect of amendments to FRS 117 RM'000</b>	<b>As Restated RM'000</b>
Prepaid land lease payments	11,903	(11,903)	-
Property and equipment	161,359	11,903	173,262

The Group has yet to adopt the following FRSs, Amendments to FRSs, IC Interpretations, TR and SOP effective for annual periods beginning on and after:

**1 March 2010**

Amendments to FRS 132 Classification of Rights Issues

**1 July 2010**

FRS 1 First-time Adoption of Financial Reporting Standards  
 FRS 3 Business Combinations (Revised)  
 FRS 127 Consolidated and Separate Financial Statements  
 Amendments to FRS 2 Share-based Payment  
 Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations  
 Amendments to FRS 7 Improving Disclosures about Financial Instruments  
 Amendments to FRS 138 Intangible Assets  
 IC Interpretation 12 Service Concession Arrangements  
 IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation  
 IC Interpretation 17 Distributions of Non-cash Assets to Owners  
 Amendments to IC Reassessment of Embedded Derivatives  
 Interpretation 9

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010****A1. Basis of preparation (Cont'd)****1 January 2011**

Amendments to FRS 1	Limited Exemption from Comparatives FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 3	Business Combinations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 101	Presentation of Financial Statements
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates
Amendments to FRS 128	Investments in Associates
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 13	Customer Loyalty Programmes
TR 3	Guidance on Disclosures of Transition to IFRSs
TR i-4	Shariah Compliant Sale Contracts

**1 July 2011**

Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

**1 January 2012**

FRS 124	Related Party Disclosures
IC Interpretation 15	Agreements for the Construction of Real Estate

Except for the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010****A1. Basis of preparation (Cont'd)****Reclassification of securities**

During the prior financial years, 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.

On 15 September 2009, FRS 139 was amended to allow for the reclassification of securities AFS to amortised cost category (i.e. securities HTM or loan and receivables) if the entity has the intention and ability to hold the financial asset until maturity for the foreseeable future. FRS 139 was also amended to allow reclassification out of HFT category in rare circumstances, subjects to the conditions stated in FRS 139.

A banking subsidiary had reclassified certain securities AFS to HTM category and certain securities HFT prior years as shown below:

**(a) Amounts reclassified**

	<b>RM'000</b>
(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:

	<b>As at 31.12.2010 RM'000</b>	<b>As at 31.12.2009 RM'000</b>
(i) Securities AFS reclassified to securities HTM		
- Carrying value	<b>126,256</b>	238,227
- Fair value	<b>119,881</b>	217,230
(ii) Securities HFT reclassified to securities AFS		
- Carrying value	<b>42,312</b>	42,216
- Fair value	<b>42,312</b>	42,216

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**
**A1. Basis of preparation (Cont'd)**
**(c) Fair value gain / (loss) recognised**

	<b>Current quarter ended 31.12.2010 RM'000</b>	<b>Comparative quarter ended 31.12.2009 RM'000</b>	<b>Current year to date ended 31.12.2010 RM'000</b>	<b>Preceding year to date ended 31.12.2009 RM'000</b>
<b>Income statement</b>				
Impairment loss on securities HTM	(6,844)	-	(6,844)	-
<b>Statement of changes in equity</b>				
AFS reserve	41	217	803	(1,005)

**(d) Effective interest rate and estimated amounts of cash flows as at dates of reclassification**

	<b>Effective interest rate %</b>	<b>Estimated cash inflows before discounting to present value RM'000</b>
(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 other 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 2010**
**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 2,549,500 new ordinary shares of RM1.00 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 RM2,579,590. The movement in the ESOS during the current year to date is as follows:

Date of offer	Exercise price* (RM)	No. of options over ordinary shares of RM1.00 each				As at 31.12.2010
		As at				
		1.1.2010	Bonus issue*	Exercised	Forfeited	
27.6.2003	1.00	963,900	201,875	(555,550)	-	610,225
16.3.2004	1.00	3,185,240	670,935	(1,035,825)	-	2,820,350
29.4.2005	1.00	713,800	225,725	(62,875)	-	876,650
3.5.2006	1.00	2,732,800	614,274	(895,250)	-	2,451,824
		7,595,740	1,712,809	(2,549,500)	-	6,759,049

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.

- \* The ESOS committee on 6 October 2009 and 26 January 2010 approved the adjustments of ESOS exercise prices pursuant to Clause 18.3(c)(1) of the ESOS By-Laws based on the shares distribution in listed subsidiary companies and bonus issue exercise implemented. Additional 1,712,809 new options were issued consequential to the bonus issue as disclosed in Note A5(d).

**(b) Warrant B 2000/2010 of the Company**

On 25 January 2010, the subscription price of Warrant B 2000/2010 was revised downward from RM1.25 to RM1.00 and an additional 24,150,922 Warrant B 2000/2010 were issued pursuant to the bonus issue as disclosed in Note A5(d).

During the current year to date, the Company issued a total of 116,324,264 new ordinary shares of RM1 each for total cash proceed of RM117,127,847 out of which 3,214,332 warrants were converted for cash at RM1.25 each and 113,109,932 warrants were converted for cash at RM1.00 each.

On 1 March 2010, the balance of 7,644,678 Warrant B 2000/2010 not exercised on expiry date were removed from the Official List of Bursa Securities.

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**
**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 2,000 ordinary shares for a total cash consideration of RM3,315 from the open market at an average cost of RM1.66 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 1.1.2010	24,149,412	2.82	0.90	1.23	29,781,821
May	1,000	1.32	1.32	1.36	1,362
November	1,000	1.91	1.91	1.95	1,953
	2,000	1.91	1.32	1.66	3,315
As at 31.12.2010	24,151,412	2.82	0.90	1.23	29,785,136

**(d) Bonus issue by the Company**

On 25 January 2010, the Company issued additional 164,672,464 new ordinary shares of RM1.00 each as Bonus Shares that were listed on 26 January 2010. The new ordinary shares rank pari passu in all respect with the existing ordinary shares of the Company.

Consequentially, 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 was revised downwards from RM1.25 to RM1.00 and an additional 24,150,922 Warrant B 2000/2010 were issued pursuant to the adjustment of the subscription price.

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

**A6. Dividends paid**

During the financial year ended 31 December 2010, the dividends paid by the Company are as follows:

	<b>RM'000</b>
(a) A final dividend of 5.0 sen per share less 25% income tax in respect of the preceding financial year ended 31 December 2009 was paid on 18 May 2010.	35,135
(b) An interim dividend of 2.5 sen per share less 25% income tax for the current financial year was paid on 28 September 2010.	17,575
	<u>52,710</u>

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

	As at <b>31.12.2010</b> RM'000	As at 31.12.2009 RM'000
<b>A7. Securities portfolio</b>		
<b>(a) Securities held-for-trading</b>		
<b>At fair value</b>		
Quoted securities:		
Shares, exchange traded funds and warrants		
- in Malaysia	228,571	72,620
- outside Malaysia	70,312	38,241
	<b>298,883</b>	110,861
Trusts units		
- in Malaysia	1,049	2,847
Unquoted securities:		
Private debt securities	349,064	89,957
	<b>648,996</b>	203,665
<b>(b) Securities held-to-maturity</b>		
<b>At amortised cost</b>		
Money market instruments:		
Bankers' acceptance and Islamic accepted bills	9,789	12,410
Cagamas bonds	5,037	5,059
Malaysian Government Investment Issues	185,441	155,831
Negotiable instruments of deposit	110,000	440,000
	<b>310,267</b>	613,300
Unquoted securities:		
Private and Islamic debt securities	359,004	410,796
Impairment losses	(6,844)	-
	<b>352,160</b>	410,796
	<b>662,427</b>	1,024,096

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

	As at <b>31.12.2010</b> RM'000	As at 31.12.2009 RM'000
<b>A7. Securities portfolio (Cont'd)</b>		
<b>(c) Securities available-for-sale</b>		
<b>At fair value</b>		
Money market instruments:		
Bankers' acceptance and Islamic accepted bills	431,730	533,278
Cagamas bonds	7,041	12,117
Malaysian Government Investment Issues	160,620	137,311
Malaysian Government Securities	610,456	574,599
Negotiable instruments of deposit	80,300	130,699
	<b>1,290,147</b>	<b>1,388,004</b>
Quoted securities:		
Shares and warrants		
- in Malaysia	940	963
- outside Malaysia	8,783	91
	<b>9,723</b>	<b>1,054</b>
Trusts units outside Malaysia	9,201	-
	<b>18,924</b>	<b>1,054</b>
Unquoted securities:		
Shares and warrants		
- in Malaysia	7,284	2,855
- outside Malaysia	3,229	8,222
Private and Islamic debt securities	1,541,072	1,355,252
Impairment losses	(64,790)	(24,086)
	<b>1,476,282</b>	<b>1,331,166</b>
	<b>1,486,795</b>	<b>1,342,243</b>
	<b>2,795,866</b>	<b>2,731,301</b>

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

	As at <b>31.12.2010</b> RM'000	As at 31.12.2009 RM'000
<b>A8. Loans, advances and financing</b>		
Term loans	673,732	312,671
Staff loans	1,766	1,499
Share margin financing	628,984	639,869
Revolving credits	101,228	-
	<b>1,405,710</b>	954,039
Unearned interest and income	(15)	(22)
	<b>1,405,695</b>	954,017
Interest-in-suspense*	-	(2,080)
	<b>1,405,695</b>	951,937
Allowance for impaired loans, advances & financing		
- individual impairment	(10,189)	-
- collective impairment	(17,130)	-
- specific	-	(8,652)
- general	-	(10,628)
Total net loans, advances and financing	<b>1,378,376</b>	932,657
* In accordance with the Rules of Bursa Malaysia Securities Berhad		
<b>(a) Analysis of gross loans, advances and financing</b>		
<b>(i) By type of customers</b>		
Domestic business enterprises		
- Small and medium enterprises	719,978	316,524
Foreign entities	84,659	107,187
Individuals	601,058	530,306
	<b>1,405,695</b>	954,017
<b>(ii) By interest/profit rate sensitivity</b>		
Fixed rate	1,278,205	881,909
Variable rate		
- cost plus	60,262	47,917
- others	67,228	24,191
	<b>1,405,695</b>	954,017
<b>(iii) By economic purpose</b>		
Working capital	259,579	28,943
Purchase of securities	852,958	802,864
Others	293,158	122,210
	<b>1,405,695</b>	954,017

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

	As at 31.12.2010 RM'000	As at 31.12.2009 RM'000
<b>A8. Loans, advances and financing (Cont'd)</b>		
<b>(a) Analysis of gross loans, advances and financing (Cont'd)</b>		
<b>(iv) By geographical distribution</b>		
Malaysia	1,090,471	685,920
Singapore	121,179	147,465
Hong Kong	60,262	47,917
Indonesia	47,923	17,678
Cambodia	85,860	55,037
	<b>1,405,695</b>	<b>954,017</b>
<b>(v) By maturity structure</b>		
Up to 3 months	696,588	594,026
3-12 months	376,101	326,414
1-5 years	286,157	27,223
Over 5 years	46,849	6,354
	<b>1,405,695</b>	<b>954,017</b>
<b>(b) Impaired loans/financing</b>		
Purchase of securities	26,121	22,993
<b>Movement in impaired loans</b>		
At beginning of year	22,993	34,590
Effects of FRS 139*	2,080	-
As restated	25,073	34,590
Classified as impaired	10,826	9,135
Reclassified as non-impaired	(2,335)	(18,676)
Amount recovered	(7,216)	-
Amount written off	-	(3,304)
Exchange differences	(227)	1,248
At end of year	26,121	22,993
Individual impairment	(10,189)	-
Specific allowance	-	(6,754)
Net impaired loans, advances and financing	15,932	16,239
Ratio of net impaired loans, advances and financing to net loans and financing	1.16%	1.74%

\* Included amounts previously referred as 'interest-in-suspense'.

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

	As at 31.12.2010 RM'000	As at 31.12.2009 RM'000
<b>A8. Loans, advances and financing (Cont'd)</b>		
<b>(c) Movement in the allowance for impaired loans, advances and financing</b>		
<b>Individual impairment</b>		
At beginning of year		
As previously reported	-	-
Adoption of FRS 139 *	(10,732)	-
As restated	(10,732)	-
Allowance made	(4,362)	-
Allowance written back	3,162	-
Amount written off	1,692	-
Exchange difference	51	-
At end of year	(10,189)	-
* Included amounts previously referred as 'interest-in-suspense'.		
<b>Collective impairment</b>		
At beginning of year		
As previously reported	-	-
Adoption of FRS 139	(10,628)	-
As restated	(10,628)	-
Allowance made	(10,115)	-
Allowance written back	3,542	-
Exchange difference	71	-
At end of year	(17,130)	-
As % of gross loan, advances and financing less individual impairment	1.23%	0.00%
<b>Specific allowance</b>		
At beginning of year		
As previously reported	(8,652)	(16,455)
Adoption of FRS 139	8,652	-
As restated	-	(16,455)
Allowance made	-	(3,686)
Allowance written back	-	9,411
Amount written off	-	2,421
Exchange difference	-	(343)
At end of year	-	(8,652)



**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

	As at <b>31.12.2010</b> RM'000	As at 31.12.2009 RM'000
<b>A8. Loans, advances and financing (Cont'd)</b>		
<b>(c) Movement in the allowance for impaired loans, advances and financing (Cont'd)</b>		
<b>General allowance</b>		
At beginning of year		
As previously reported	<b>(10,628)</b>	(5,338)
Adoption of FRS 139	<b>10,628</b>	-
As restated	-	(5,338)
Allowance made	-	(7,539)
Allowance written off	-	2,234
Exchange difference	-	15
At end of year	-	(10,628)
As % of gross loan, advances and financing less specific allowance	<b>0.00%</b>	1.13%
<b>(d) Allowance for impaired loans, advances and financing by geographical distribution:-</b>		
<b>Individual impairment</b>		
Malaysia	<b>(9,952)</b>	-
Hong Kong	<b>(41)</b>	-
Indonesia	<b>(38)</b>	-
Cambodia	<b>(158)</b>	-
	<b>(10,189)</b>	-
<b>Collective impairment</b>		
Malaysia	<b>(16,307)</b>	-
Cambodia	<b>(823)</b>	-
	<b>(17,130)</b>	-
<b>Specific allowance</b>		
Malaysia	-	(7,133)
Hong Kong	-	(99)
Cambodia	-	(1,420)
	-	(8,652)
<b>General allowance</b>		
Malaysia	-	(10,079)
Cambodia	-	(549)
	-	(10,628)

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

	As at <b>31.12.2010</b> RM'000	As at 31.12.2009 RM'000
<b>A9. Other assets</b>		
Interest/income receivable	38,366	37,807
Security deposits and statutory funds	7,451	4,188
Other receivables, deposits and prepayments	48,728	29,583
Transferable golf memberships	271	228
	<b>94,816</b>	<b>71,806</b>
<b>A10. Deposits from customers</b>		
<b>(a) By type of deposits</b>		
<b>Non-Mudharabah Fund</b>		
Demand deposits	8,856	6,459
Fixed deposits	2,146,033	2,786,827
Negotiable instruments of deposit	119,331	189,773
Saving deposits	12,415	6,833
Short term deposits	757,270	589,919
Others	299	63
	<b>3,044,204</b>	<b>3,579,874</b>
<b>Mudharabah Fund</b>		
Mudharabah general deposits	828,601	775,823
	<b>3,872,805</b>	<b>4,355,697</b>
<b>(b) By type of customers</b>		
Business enterprises	1,180,287	1,341,004
Domestic non-bank financial institutions	1,854,829	2,275,142
Individuals	143,724	99,906
Local government and statutory bodies	693,666	629,534
Others	299	10,111
	<b>3,872,805</b>	<b>4,355,697</b>
<b>(c) By maturity structure</b>		
Up to 3 months	3,284,145	3,665,524
3-12 months	566,665	616,993
1-5 years	21,995	73,180
	<b>3,872,805</b>	<b>4,355,697</b>

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

	<u>As at 31.12.2010</u> RM'000	<u>As at 31.12.2009</u> RM'000
<b>A11. Deposits and placements of banks and other financial institutions</b>		
<b>Non-Mudharabah Fund</b>		
Licensed banks	280,193	39,363
Licensed investment banks	170,000	60,000
Other financial institutions	219,576	74,859
	<u>669,769</u>	<u>174,222</u>
<b>A12. Other liabilities</b>		
Interest/income payable	39,943	29,158
Other payables, deposits and accruals	244,853	141,919
Amount due to an associated company	3,064	3,574
Profit equalisation reserve of Islamic banking operations	996	759
	<u>288,856</u>	<u>175,410</u>

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

	<b>Current quarter ended 31.12.2010</b>	Comparative quarter ended 31.12.2009	<b>Current year to date ended 31.12.2010</b>	Preceding year to date ended 31.12.2009
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>A13. Interest income</b>				
Loans, advances and financing	<b>30,162</b>	21,270	<b>95,136</b>	74,952
Deposits and placements with financial institutions	<b>3,709</b>	6,494	<b>20,861</b>	33,927
Securities HFT	<b>3,297</b>	412	<b>8,346</b>	845
Securities HTM	<b>53</b>	7,496	<b>16,442</b>	31,906
Securities AFS	<b>21,344</b>	20,889	<b>84,952</b>	57,398
Stock-broking and futures broking clients	<b>4,000</b>	957	<b>8,088</b>	1,947
Others	<b>227</b>	628	<b>371</b>	1,285
	<b>62,792</b>	58,146	<b>234,196</b>	202,260
Accretion of discount less amortisation of premium	<b>13,335</b>	7,028	<b>28,139</b>	24,400
	<b>76,127</b>	65,174	<b>262,335</b>	226,660

**A14. Interest expense**

Deposits from customers	<b>(30,782)</b>	(27,344)	<b>(108,879)</b>	(106,737)
Deposits and placements of financial institutions	<b>(1,739)</b>	28	<b>(2,731)</b>	(133)
Obligations on securities sold under repurchase agreements	-	-	-	(1)
Subordinated notes	<b>(5,489)</b>	(1,890)	<b>(17,361)</b>	(7,237)
Borrowings	<b>(4,871)</b>	(2,438)	<b>(10,036)</b>	(8,738)
Others	<b>(915)</b>	125	<b>(1,535)</b>	(80)
	<b>(43,796)</b>	(31,519)	<b>(140,542)</b>	(122,926)

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

<b>Current quarter ended 31.12.2010</b>	<b>Comparative quarter ended 31.12.2009</b>	<b>Current year to date ended 31.12.2010</b>	<b>Preceding year to date ended 31.12.2009</b>
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>

**A15. Other operating income**
**(a) Fees and commission**

Advisory, agency, arrangement, placement and referral fees	<b>28,683</b>	20,266	<b>75,167</b>	41,609
Commission	<b>8,066</b>	3,311	<b>18,782</b>	12,522
Fees earned from management of unit trust funds	<b>13,964</b>	13,464	<b>54,990</b>	45,896
Gross brokerage fees	<b>125,036</b>	94,450	<b>425,544</b>	379,697
Loan processing, facility and commitment fees and carrying charges	<b>11,311</b>	7,637	<b>25,453</b>	18,872
Service charges on sale of trust units	<b>14,175</b>	14,003	<b>33,809</b>	32,096
Trustee and will-writing fees	<b>1,447</b>	1,530	<b>5,733</b>	5,690
Others	<b>1,410</b>	525	<b>2,844</b>	1,758
	<b>204,092</b>	155,186	<b>642,322</b>	538,140

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

Securities HFT	<b>23,442</b>	2,442	<b>29,477</b>	5,209
Securities HTM	<b>881</b>	138	<b>1,879</b>	658
Securities AFS	<b>2,178</b>	927	<b>6,828</b>	5,083
Derivative financial instruments	<b>(681)</b>	(32,237)	<b>8,127</b>	(29,631)
Shares in an associated company	<b>-</b>	-	<b>-</b>	(2,676)
	<b>25,820</b>	(28,730)	<b>46,311</b>	(21,357)

**(c) Gross dividend income**

Securities HFT	<b>907</b>	416	<b>2,312</b>	1,787
Securities AFS	<b>(264)</b>	48	<b>49</b>	987
	<b>643</b>	464	<b>2,361</b>	2,774

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

	<b>Current quarter ended 31.12.2010</b>	Comparative quarter ended 31.12.2009	<b>Current year to date ended 31.12.2010</b>	Preceding year to date ended 31.12.2009
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>A15. Other operating income (Cont'd)</b>				
<b>(d) Unrealised (loss)/gain on revaluation of trading securities and derivatives</b>				
Securities HFT	(1,382)	(1,711)	694	2,626
Derivative financial instruments	(93,579)	7,031	(73,466)	(17,208)
	<b>(94,961)</b>	5,320	<b>(72,772)</b>	(14,582)
<b>(e) Unrealised gain on derivatives</b>				
Unexpired structured warrants	<b>41,040</b>	29,112	<b>47,334</b>	42,654
<b>(f) Unrealised gain from foreign exchange translations</b>				
	<b>23,291</b>	2,280	<b>21,306</b>	5,264
<b>(g) Other income</b>				
Net gain on disposal of property and equipment	127	99	518	243
Realised gain on foreign exchange	11,191	1,110	16,457	9,614
Net gain/(loss) on interest rate swaps	3,372	(88)	6,205	74
Rental income	2,125	1,647	8,700	6,094
Sales of oil palm produce	56	50	172	145
Gain on revaluation of investment property	21,400	-	21,400	-
Others	1,959	981	4,565	5,619
	<b>40,230</b>	3,799	<b>58,017</b>	21,789
	<b>240,155</b>	167,431	<b>744,879</b>	574,682

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

	<b>Current quarter ended 31.12.2010</b>	<b>Comparative quarter ended 31.12.2009</b>	<b>Current year to date ended 31.12.2010</b>	<b>Preceding year to date ended 31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>A16. Other operating expenses</b>				
<b>(a) Personnel expenses</b>				
Salaries, allowances, bonuses and gratuity	(67,317)	(47,078)	(222,145)	(164,761)
Pension costs - defined contribution plan	(4,501)	(3,009)	(14,351)	(12,815)
Others	(4,526)	(1,559)	(12,896)	(6,126)
	<b>(76,344)</b>	<b>(51,646)</b>	<b>(249,392)</b>	<b>(183,702)</b>
<b>(b) Promotional, marketing and trading expenses</b>				
Advertisement and promotion	(2,040)	(2,106)	(13,274)	(7,781)
Commission	(62,362)	(45,236)	(186,855)	(159,342)
Fees and charges	(20,957)	(12,707)	(58,705)	(45,809)
Deposit insurance (reverse)/accrual	(113)	(215)	216	(1,003)
Others	(2,711)	(3,516)	(6,488)	(5,212)
	<b>(88,183)</b>	<b>(63,780)</b>	<b>(265,106)</b>	<b>(219,147)</b>
<b>(c) Establishment related expenses</b>				
Depreciation and amortisation	(4,746)	(3,696)	(16,889)	(14,977)
Insurance	(522)	(321)	(2,418)	(2,500)
Rental of equipment	(1,083)	(1,167)	(4,802)	(4,682)
Rental of premises	(5,048)	(4,528)	(18,932)	(17,052)
Repair and maintenance	(2,395)	(1,387)	(8,284)	(5,709)
Utility expenses	(1,519)	(1,396)	(5,925)	(5,343)
Others	(1,690)	(1,395)	(6,398)	(5,186)
	<b>(17,003)</b>	<b>(13,890)</b>	<b>(63,648)</b>	<b>(55,449)</b>
<b>(d) General administrative expenses</b>				
Communication expenses	(4,094)	(2,310)	(12,913)	(6,927)
Legal and professional fees	(2,116)	(1,425)	(5,914)	(5,008)
Printing and stationery	(1,904)	(1,624)	(6,777)	(6,623)
Administrative expenses	(5,485)	(5,434)	(20,457)	(15,997)
Others	(908)	(604)	(2,075)	(1,426)
	<b>(14,507)</b>	<b>(11,397)</b>	<b>(48,136)</b>	<b>(35,981)</b>
	<b>(196,037)</b>	<b>(140,713)</b>	<b>(626,282)</b>	<b>(494,279)</b>



**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

	<b>Current quarter ended 31.12.2010</b>	<b>Comparative quarter ended 31.12.2009</b>	<b>Current year to date ended 31.12.2010</b>	<b>Preceding year to date ended 31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>A17. (Allowance)/write back of allowance for impaired loans, advances and financing</b>				
Specific allowance				
- Made	-	1,233	-	(3,686)
- Written back	-	(430)	-	9,412
General allowance (net) - Made	-	(6,164)	-	(5,305)
Individual impairment				
- Made	<b>(197)</b>	-	<b>(2,823)</b>	-
- Written back	<b>166</b>	-	<b>3,161</b>	-
Collective impairment (net)				
- Made	<b>(3,623)</b>	-	<b>(6,573)</b>	-
Bad debts				
- Recovered	<b>361</b>	3	<b>381</b>	3,069
- Written off	-	-	<b>(837)</b>	(201)
	<b>(3,293)</b>	(5,358)	<b>(6,691)</b>	3,289
<b>A18. (Allowance)/write back of allowance for impaired trade and other receivables</b>				
Specific allowance				
- Made	-	(915)	-	(3,845)
- Written back	-	944	-	5,400
General allowance (net) - Written back	-	36	-	18
Individual impairment				
- Made	<b>(643)</b>	-	<b>(6,045)</b>	-
- Written back	<b>623</b>	-	<b>4,653</b>	-
Bad debts				
- Recovered	<b>1</b>	158	<b>65</b>	194
- Written off	-	(157)	-	(289)
	<b>(19)</b>	66	<b>(1,327)</b>	1,478
<b>A19. (Allowance)/write back of allowance for impairment losses on investments</b>				
Goodwill on consolidation	-	-	-	(127)
Investment in an associated company	-	-	-	4,839
Securities held-to-maturity	<b>(1,600)</b>	-	<b>(7,600)</b>	-
Securities available-for-sale	<b>(18,300)</b>	2,000	<b>(38,700)</b>	2,970
Trading rights	<b>2</b>	-	<b>(208)</b>	-
	<b>(19,898)</b>	2,000	<b>(46,508)</b>	7,682

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

**A20. Segmental information**

Please refer to Appendix I.

**A21. Material events subsequent to the end of the quarter**

(a) Due diligence on a securities company in Thailand

On 18 January 2011, BFIT Securities Public Company Limited ("BSEC"), a securities company listed on the Stock Exchange of Thailand gave their permission for OSKIB to conduct a due diligence review by OSKIB, prior to commencement of negotiation for the prospective acquisition.

(b) The appointment of Mr. U Chen Hock as Chief Executive Officer and Executive Director of OSKIB

On 18 January 2011, Mr. U Chen Hock appointed as Chief Executive Officer ("CEO") and Executive Director of OSKIB, a wholly-owned subsidiary of the Company. Mr. U succeeded Mr. Ong Leong Huat, the Group Managing Director/CEO, who retires in compliance with regulatory requirements. Mr. Ong remains in the Board of OSKIB as a Non-Independent Non-Executive Director.

(c) Strategic Cooperation between Sacombank Securities Company ("Sacombank-SBS") and DMG & Partners Securities Pte Ltd ("DMG")

On 11 February 2011, DMG, a subsidiary of OSK Investment Bank Berhad, which in turn is a wholly-owned subsidiary of the Company, signed a Memorandum of Understanding on strategic cooperation with Sacombank-SBS - ("Strategic Cooperation").

The rationale of the Strategic Cooperation is aim to accomplish (i) sharing of technology, knowledge, clients and related activities that involve foreign investment in the Vietnamese stock exchange; (ii) exchanging and providing Vietnamese market research products and vice-versa; (iii) enhancing information exchange, especially focusing on in depth research of the Vietnamese market and setting up seminars to introduce Vietnamese capital markets and enterprises to foreign markets; and (iv) carrying out staff exchange programs.

The Strategic Cooperation will not have any effect on the issued and paid-up share capital of the Company. The Strategic Cooperation is not expected to have any material effect on the net assets of the Group and is expected to contribute positively to the earnings of the Group in future financial years.

**A22. Changes in the composition of the Group**

- (a) Completed 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. Berhad. ("OSKNA") and OSK Futures And Options Sdn. Bhd. ("OSKFO") respectively

On 20 January 2010, the Group completed the Transfer and the shareholding in OSKT is held equally by the following companies within the OSK Group:-

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

- (b) Subscription of shares by OSKIB in OSK Indochina Bank Limited ("OSKIBL")

On 11 February 2010, OSKIB increased its investment in a wholly-owned Cambodian banking subsidiary, OSKIBL, by the subscription of additional USD12.25 million (equivalent to RM42.115 million) of registered capital of OSKIBL for business expansion. The issued and paid-up share capital of OSKIBL has been increased to RM127.377 million from RM85.262 million.

On 11 December 2010, OSKIB further increased its investment in a wholly-owned Cambodian banking subsidiary, OSKIBL, by the subscription of additional USD2.50 million (equivalent to RM7.735 million) of registered capital of OSKIBL for business expansion. The issued and paid-up share capital of OSKIBL has been increased to RM135.112 million from RM127.377 million.

- (c) 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 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.

- (d) Subscription of shares in OSK International Asset Management Pte Ltd ("OSKIAML") by OSK International Investments Pte Ltd ("OSKIIL")

On 22 March 2010 and 16 August 2010, OSKIIL subscribed for SGD\$500,000 and SGD\$1,000,000 new ordinary shares in OSKIAML for additional working capital purpose. The issued and paid up share capital of OSKIAML increased from SGD\$1,500,000 to SGD\$3,000,000.

- (e) Subscription of 30,000,000 ordinary shares of RM1.00 each in OSKIB

On 7 May 2010, the Company subscribed for 30,000,000 new ordinary shares of RM1.00 each in OSKIB for a cash consideration of RM30 million. The issued and paid up share capital increased from 630,000,000 to 660,000,000 of RM1.00 each.

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

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

- (f) Subscription of 2,500,000 shares of RM1.00 each in OSK International Asset Management Sdn. Bhd. ("OSKIAM") by OSKIB

On 7 May 2010, OSKIB subscribed for 2,500,000 new ordinary shares of RM1.00 each in OSKIAM for a cash consideration of RM2,500,000. The issued and paid up share capital increased from 4,500,000 to 7,000,000 of RM1.00 each.

- (g) Subscription of 3,000,000 ordinary shares of RM1.00 each in OSK Realty Sdn Bhd ("OSKR")

On 20 May 2010, the Company subscribed for 3,000,000 new ordinary shares of RM1.00 each in OSKR for a cash consideration of RM3 million. The issued and paid up share capital increased from 30,000,000 to 33,000,000 of RM1.00 each.

- (h) Subscription of 18,000,000 ordinary shares of RM1.00 each in OSK Capital Sdn Bhd ("OSKC")

On 25 May 2010, the Company subscribed for 18 million new ordinary shares of RM1.00 each in OSKC for a cash consideration of RM18 million. The issued and paid up share capital increased from 52,000,000 to 70,000,000 of RM1.00 each.

- (i) Subscription of 300,000 ordinary shares in OSK Trustees Berhad ("OSKT")

On 21 May 2010, the Company together with four wholly-owned subsidiary companies, OSKIB, OSKNT, OSKNA and OSKFO respectively subscribed for 60,000 new ordinary shares of RM10.00 each of which RM5.00 were partly paid up each in OSKT, a wholly owned subsidiary company of the Group, for its working capital purposes.

- (j) Subscription of 8,399,993 shares of RM1.00 each in OSK-UOB Islamic Fund Management Berhad ("OUIFM") by OSK-UOB Unit Trust Management Berhad ("OUTM")

On 10 June 2010, the authorised share capital of OUIFM has increased from RM100,000 to RM10,000,000 of RM1.00 each; and the issued and paid up share capital also increased from RM10 to RM10,000,000 of RM1.00 each. OUTM, a 70% owned subsidiary of OSKIB, which in turn is 70% owned by the Company subscribed for 6,999,993 ordinary shares of RM1.00 each, representing 70% of the issued and paid-up capital of OUIFM for a total consideration of RM6,999,993.

On 30 December 2010, the authorised and issued and paid up share capital of OUIFM has further increased by RM2,000,000 from RM10,000,000 to RM12,000,000 of RM1.00 each. OUTM has subscribed for RM1,400,000 ordinary shares of RM1.00 each representing 70% of the increased issued and paid up capital for a total consideration of RM1,400,000.

- (k) Acquisition of 3,000,000 ordinary shares of HK\$1.00 each in OSK Holdings Hong Kong Limited ("OSKHhk") by OSK Investment Bank Berhad ("OSKIB") from Mr. Kenneth Or Wai Hung

On 17 June 2010, OSKIB entered into a Share Sale and Purchase Agreement with Mr. Kenneth Or Wai Hung to acquire 3,000,000 ordinary shares of HK\$1.00 each ("OSKHk Shares"), representing 1.69% of the total issued and paid-up share capital of OSKHhk, for a total purchase consideration of HK\$3,000,000 (equivalent to approximately RM1.28 million) in cash.

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010****A22. Changes in the composition of the Group (Cont'd.)**

- (k) Acquisition of 3,000,000 ordinary shares of HK\$1.00 each in OSK Holdings Hong Kong Limited (“OSKHhk”) by OSK Investment Bank Berhad (“OSKIB”) from Mr. Kenneth Or Wai Hung (Cont'd)

Subsequent thereto, the equity interest held by OSKIB in OSKHhk has increased from 162 million OSKHhk Shares to 165 million OSKHhk Shares or representing an increase to 92.7% from 91.01% of the total issued and paid-up share capital in OSKHhk.

- (l) Business merger of nominee companies pursuant to Section 176(3) and Section 178 of the Companies Act, 1965

On 16 July 2010, pursuant to the proposed scheme of arrangement made under Section 176(3) of the Companies Act, 1965, the High Court of Malaya had sanctioned the petitions made by :

- (i) OSK Nominees (Tempatan) Sdn Berhad (“OSKNT”), TCL Nominees (Tempatan) Sdn Bhd (“TCLNT”) and KE-ZAN Nominees (Tempatan) Sdn Bhd (“KZNT”); and
- (ii) OSK Nominees (Asing) Sdn Berhad (“OSKNA”), TCL Nominees (Asing) Sdn Bhd (“TCLNA”) and Ke-Zan Nominees (Asing) Sdn Bhd (“KZNA”)

The Court also granted Orders for the merger of the businesses and transfer of all assets and liabilities of TCLNT and KZNT to OSKNT and that of TCLNA and KZNA to OSKNA under Section 178 of the Companies Act, 1965.

OSKNT, TCLNT, KZNT, OSKNA, TCLNA and KZNA are all wholly-owned subsidiaries of OSK Investment Bank Berhad, which is in turn wholly-owned by OSKH. The principal activities of OSKNT, TCLNT and KZNT are to act as attorneys, nominees, agents and trustees, and to receive money, securities and property on deposit or for safe custody or management and related activities (“nominee services”) for local beneficial shareholders whereas the principal activities of OSKNA, TCLNA and KZNA are to provide the nominee services to foreign beneficial shareholders.

The objective of the business merger is to gain business and operational synergies and to achieve economies of scale. The business merger completed on 1 September 2010.

- (m) Approval-in-principle to OSK Indochina Securities Limited (“OSKISL”) to Act as a Securities Underwriter in Cambodia

On 20 October 2010, the Securities and Exchange Commission of Cambodia (“SECC”) issued the License for Securities Firm to OSKISL, a wholly-owned indirect subsidiary of the Company. The said License permits OSKISL to undertake securities underwriting business, securities dealing business, securities brokerage business and investment advisory business in Cambodia.

OSKISL is a wholly-owned subsidiary of OSK Indochina Bank Limited, which is in turn, wholly-owned by OSK Investment Bank Berhad (“OSKIB”). OSKIB is wholly-owned by the Company.

- (n) Subscription of SGD\$2,000,000 ordinary shares in OSK International Investment Pte Ltd (“OSKIIL”) by OSKIB

On 3 August 2010, OSKIB subscribed for SGD\$2,000,000 new ordinary shares in OSKIIL for additional working capital purpose. The issued and paid up share capital of OSKIIL increased from SGD\$2,000,000 to SGD\$4,000,000.

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010****A22. Changes in the composition of the Group (Cont'd.)**

- (o) 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, both wholly-owned subsidiary companies of KE-ZAN Holdings Berhad, which is in turn a wholly-owned subsidiary of the Company, had 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 the Joint and Several Liquidators pursuant to Section 258(1) of the Act. The winding up of KPEN and KEMCP will not have any material impact on the earnings and net assets of the Group.

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. KPEN and KEMCP had ceased business operations in year 2001 and had since remained dormant.

On 21 December 2010, KEPN and KEMCP held final meetings. Pursuant to Section 272(5) of the Companies Act, 1965, the subsidiaries will be dissolved on the expiration of three (3) months from the date of lodgement of the Form 69 (Return by Liquidator Relating to final meeting) with the Companies Commission of Malaysia and Official Receiver.

- (p) Subscription of 22,000,000 ordinary shares of HK\$1.00 each in OSK Holdings Hong Kong Limited ("OSKHhk") by OSK Investment Bank Berhad ("OSKIB")

On 29 October 2010, OSKIB subscribed for HK\$22,000,000 new ordinary shares in OSKHhk for additional working capital purpose. The issued and paid up share capital of OSKHhk increased from HK\$178,000,000 to HK\$200,000,000.

The equity interest held by OSKIB in OSKHhk has increased from 165 million OSKHhk Shares to 187 million OSKHhk Shares or representing an increase to 93.5% from 92.7% of the total issued and paid-up share capital in OSKHhk.

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

**A23. Commitments and contingencies**

Please refer to Appendix II.

**A24. Interest/profit rate risk**

Please refer to Appendix III.

**A25. Capital Adequacy**

The capital base and risk weighted assets ("RWA"), as set out below are disclosed in accordance with Risk-Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements ("Pillar 3") issued by Bank Negara Malaysia.

The Group and the 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 <sup>^</sup>	
	As at <b>31.12.2010</b>	As at 31.12.2009	As at <b>31.12.2010</b>	As at 31.12.2009
<b>Before deducting proposed dividends:</b>				
Core capital ratio	<b>27.12%</b>	27.85%	<b>24.58%</b>	22.58%
Risk weighted capital ratio	<b>34.22%</b>	30.56%	<b>24.58%</b>	22.58%
<b>After deducting proposed dividends:</b>				
Core capital ratio	<b>27.12%</b>	26.97%	<b>24.58%</b>	21.21%
Risk weighted capital ratio	<b>34.22%</b>	29.68%	<b>24.58%</b>	21.21%

<sup>^</sup> 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.



**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**
**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 31.12.2010	As at 31.12.2009	As at 31.12.2010	As at 31.12.2009
	RM'000	RM'000	RM'000	RM'000
Issued and fully paid share capital	<b>660,000</b>	630,000	<b>660,000</b>	630,000
Retained profits	<b>155,771</b>	153,275	<b>54,046</b>	69,774
Statutory reserve	<b>228,992</b>	206,078	<b>228,992</b>	206,078
Tier I minority interests	<b>245,759</b>	225,185	-	-
	<b>1,290,522</b>	1,214,538	<b>943,038</b>	905,852
Less: Goodwill	<b>(92,889)</b>	(99,959)	<b>(46,516)</b>	(46,516)
Deferred tax assets	<b>(481)</b>	(2,860)	-	(1,041)
<b>Tier I capital</b>	<b>1,197,152</b>	1,111,719	<b>896,522</b>	858,295
Collective assessment allowance	<b>13,138</b>	-	<b>12,315</b>	-
General allowance	-	8,179	-	7,630
Maximum allowance subordinated debt capital	<b>300,000</b>	100,000	<b>300,000</b>	100,000
<b>Tier II capital</b>	<b>313,138</b>	108,179	<b>312,315</b>	107,630
Total capital	<b>1,510,290</b>	1,219,898	<b>1,208,837</b>	965,925
Less: Investments in subsidiary companies	-	-	<b>(455,487)</b>	(381,907)
<b>Capital base</b>	<b>1,510,290</b>	1,219,898	<b>753,350</b>	584,018

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% (2009: 8.0%) for the risk weighted capital ratio.

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

**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:**

	<b>OSKIBL</b>	
	<b>As at 31.12.2010</b>	<b>As at 31.12.2009</b>
<b>Before deducting proposed dividends:</b>		
Core capital ratio	#	#
Solvency ratio	<b>93.30%</b>	69.31%
<b>After deducting proposed dividends:</b>		
Core capital ratio	#	#
Solvency ratio	<b>93.30%</b>	69.31%

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. This ratio is 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.

**(iii) The capital adequacy ratios and capital base of the wholly owned subsidiary of OSKH, OSK Investment Bank (Labuan) Limited ("OSKL"), are as follows:**

	<b>OSKL</b>	
	<b>As at 31.12.2010</b>	<b>As at 31.12.2009</b>
<b>Before deducting proposed dividends:</b>		
Core capital ratio	<b>60.30%</b>	179.00%
Risk weighted capital ratio	<b>60.30%</b>	179.00%
<b>After deducting proposed dividends:</b>		
Core capital ratio	<b>60.30%</b>	179.00%
Risk weighted capital ratio	<b>60.30%</b>	179.00%

The capital adequacy ratios of OSKL for capital compliance on a standalone basis are computed in accordance with the Guidelines on Risk-weighted Capital Adequacy issued by the Labuan Financial Services Authority (Labuan FSA), which is based on the Basel I capital accord. The minimum regulatory capital adequacy requirements are 4.0% and 8.0% for the Tier 1 capital ratio and risk-weighted capital ratio respectively.

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**
**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 31.12.2010**

<b>OSKIB Group</b>			<b>Risk-</b>	<b>Capital</b>
<b>Exposure class</b>	<b>Gross</b>	<b>Net</b>	<b>Weights</b>	<b>Require</b>
	<b>Exposures</b>	<b>Exposures</b>	<b>Assets</b>	<b>-ments</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(i) Credit risk</b>				
<i>On Balance Sheet Exposures:</i>				
Sovereigns/Central Banks	1,271,766	1,271,766	-	-
Banks, development financial institutions and multilateral development banks	2,650,318	2,650,318	665,938	53,275
Insurance companies, securities firms and fund managers	71,389	71,389	14,278	1,142
Corporates	2,323,433	1,691,155	1,024,396	81,951
Other assets	280,627	280,627	280,627	22,450
<b>Total on balance sheet exposures</b>	<b>6,597,533</b>	<b>5,965,255</b>	<b>1,985,239</b>	<b>158,818</b>
<i>Off Balance Sheet Exposures:</i>				
Over-the-counter ("OTC") derivatives	123,717	123,717	27,183	2,175
Credit derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	439,804	439,804	152,858	12,229
Defaulted exposures	-	-	-	-
<b>Total off balance sheet exposures</b>	<b>563,521</b>	<b>563,521</b>	<b>180,041</b>	<b>14,404</b>
<b>Total on and off balance sheet exposures</b>	<b>7,161,054</b>	<b>6,528,776</b>	<b>2,165,280</b>	<b>173,222</b>
<b>(ii) Large exposures risk requirement</b>	<b>44</b>	<b>44</b>	<b>44</b>	<b>-</b>
<b>(iii) Market risk</b>				
	<b>Long</b>	<b>Short</b>		
	<b>Position</b>	<b>Position</b>		
Interest rate risk	520,240	211,892	362,020	28,962
Foreign currency risk	668,121	-	668,120	53,450
Equity risk	79,233	-	214,295	17,144
Option risk	107,114	-	34,060	2,725
<b>Total</b>	<b>1,374,708</b>	<b>211,892</b>	<b>1,278,495</b>	<b>102,281</b>
<b>(iv) Operational risk</b>			<b>969,816</b>	<b>77,585</b>
<b>(v) Total RWA and capital requirements</b>			<b>4,413,635</b>	<b>353,088</b>

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**
**A25. Capital Adequacy (Cont'd)**
**(b) Risk weighted assets and capital requirements for credit risk, market risk, operational risk and large exposures risk (Contd.)**
**As at 31.12.2009**

OSKIB Group	Gross	Net	Risk-	Capital
Exposure class	Exposures	Exposures	Weights	Require
	RM'000	RM'000	Assets	-ments
			RM'000	RM'000
<b>(i) Credit risk</b>				
<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
<b>Total on balance sheet exposures</b>	<b>8,314,413</b>	<b>7,675,464</b>	<b>2,041,358</b>	<b>163,308</b>
<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	-	-	-	-
<b>Total off balance sheet exposures</b>	<b>373,441</b>	<b>373,441</b>	<b>86,106</b>	<b>6,888</b>
<b>Total on and off balance sheet exposures</b>	<b>8,687,854</b>	<b>8,048,905</b>	<b>2,127,464</b>	<b>170,196</b>
<b>(ii) Large exposures risk requirement</b>	<b>2,121</b>	<b>2,121</b>	<b>2,121</b>	<b>-</b>
<b>(iii) Market risk</b>	<b>Long</b>	<b>Short</b>		
	<b>Position</b>	<b>Position</b>		
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
<b>Total</b>	<b>1,373,928</b>	<b>160,000</b>	<b>850,481</b>	<b>68,038</b>
<b>(iv) Operational risk</b>			<b>1,011,124</b>	<b>80,890</b>
<b>(v) Total RWA and capital requirements</b>			<b>3,991,190</b>	<b>319,124</b>

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**
**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 31.12.2010**
**OSKIB**

Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weights Assets RM'000	Capital Requirements RM'000
<b>(i) Credit risk</b>				
<i>On Balance Sheet Exposures:</i>				
Sovereigns/Central Banks	1,205,533	1,205,533	-	-
Banks, development financial institutions and multilateral development banks	2,043,038	2,043,038	545,686	43,655
Insurance companies, securities firms and fund managers	71,389	71,389	14,278	1,142
Corporates	2,006,284	1,606,120	939,361	75,149
Other assets	229,089	229,089	229,089	18,327
<b>Total on balance sheet exposures</b>	<b>5,555,333</b>	<b>5,155,169</b>	<b>1,728,414</b>	<b>138,273</b>
<i>Off Balance Sheet Exposures:</i>				
Over-the-counter ("OTC") derivatives	123,717	123,717	27,183	2,175
Credit derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	434,000	434,000	147,054	11,764
Defaulted exposures	-	-	-	-
<b>Total off balance sheet exposures</b>	<b>557,717</b>	<b>557,717</b>	<b>174,237</b>	<b>13,939</b>
<b>Total on and off balance sheet exposures</b>	<b>6,113,050</b>	<b>5,712,886</b>	<b>1,902,651</b>	<b>152,212</b>
<b>(ii) Large exposures risk requirement</b>	<b>44</b>	<b>44</b>	<b>44</b>	<b>-</b>
<b>(iii) Market risk</b>	<b>Long Position</b>	<b>Short Position</b>		
Interest rate risk	520,240	211,892	362,024	28,962
Foreign currency risk	202,989	(189)	202,987	16,239
Equity risk	7,373	-	17,462	1,397
Option risk	107,114	-	34,061	2,725
<b>Total</b>	<b>837,716</b>	<b>211,703</b>	<b>616,534</b>	<b>49,323</b>
<b>(iv) Operational risk</b>			<b>545,108</b>	<b>43,609</b>
<b>(v) Total RWA and capital requirements</b>			<b>3,064,337</b>	<b>245,144</b>

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

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**
**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
<b>(i) Credit risk</b>				
<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
<b>Total on balance sheet exposures</b>	<b>5,577,172</b>	<b>5,150,890</b>	<b>1,472,315</b>	<b>117,784</b>
<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	-	-	-	-
<b>Total off balance sheet exposures</b>	<b>373,441</b>	<b>373,441</b>	<b>86,106</b>	<b>6,888</b>
<b>Total on and off balance sheet exposures</b>	<b>5,950,613</b>	<b>5,524,331</b>	<b>1,558,421</b>	<b>124,672</b>
<b>(ii) Large exposures risk requirement</b>	<b>2,121</b>	<b>2,121</b>	<b>2,121</b>	<b>-</b>
<b>(iii) Market risk</b>	<b>Long Position</b>	<b>Short Position</b>		
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
<b>Total</b>	<b>966,319</b>	<b>160,000</b>	<b>411,984</b>	<b>32,959</b>
<b>(iv) Operational risk</b>			<b>613,762</b>	<b>49,101</b>
<b>(v) Total RWA and capital requirements</b>			<b>2,586,288</b>	<b>206,732</b>

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**
**2010**
**OSKIB Group**

Risk Weights	Exposures after Netting and Credit Risk Mitigation					Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns/ Central Banks	Banks, Development Financial Institutions & Multilateral Development Banks	Insurance Companies, Securities Firms and Fund Managers	Corporates	Other Assets		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	1,271,766	6,086	-	-	-	1,277,852	-
20%	-	2,726,717	107,620	803,407	-	3,637,744	727,549
35%	-	-	-	-	-	-	-
50%	-	294,704	8,131	131,592	-	434,427	217,213
75%	-	-	-	-	-	-	-
100%	-	60,850	-	753,747	280,627	1,095,224	1,095,224
150%	-	-	-	83,529	-	83,529	125,294
<b>Total</b>	<b>1,271,766</b>	<b>3,088,357</b>	<b>115,751</b>	<b>1,772,275</b>	<b>280,627</b>	<b>6,528,776</b>	<b>2,165,280</b>
Risk weighted assets by exposures	-	753,545	25,590	1,105,518	280,627	2,165,280	
Average risk weight	0%	24%	22%	62%	100%	33%	
Deduction from capital base	-	-	-	-	-	-	

**A25. Capital Adequacy (Cont'd)**
**(c) Credit Risk exposures by risk weights (Contd.)**
**2009**
**OSKIB Group**

Risk Weights	Exposures after Netting and Credit Risk Mitigation					Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns/ Central Banks	Banks, Development Financial Institutions & Multilateral Development Banks	Insurance Companies, Securities Firms and Fund Managers	Corporates	Other Assets		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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
<b>Total</b>	<b>1,843,835</b>	<b>2,531,675</b>	<b>1,794,761</b>	<b>1,759,630</b>	<b>119,004</b>	<b>8,048,905</b>	<b>2,127,464</b>
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.)**
**2010  
OSKIB**

Risk Weights	Exposures after Netting and Credit Risk Mitigation					Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns/ Central Banks	Banks, Development Financial Institutions & Multilateral Development Banks	Insurance Companies, Securities Firms and Fund Managers	Corporates	Other Assets		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	1,205,533	66	-	-	-	1,205,599	-
20%	-	2,125,457	107,620	803,407	-	3,036,484	607,297
35%	-	-	-	-	-	-	-
50%	-	294,704	8,131	131,592	-	434,427	217,213
75%	-	-	-	-	-	-	-
100%	-	60,850	-	662,908	229,089	952,847	952,847
150%	-	-	-	83,529	-	83,529	125,294
<b>Total</b>	<b>1,205,533</b>	<b>2,481,077</b>	<b>115,751</b>	<b>1,681,436</b>	<b>229,089</b>	<b>5,712,886</b>	<b>1,902,651</b>
Risk weighted assets by exposures	-	633,293	25,590	1,014,679	229,089	1,902,651	
Average risk weight	0%	26%	22%	60%	100%	33%	
Deduction from capital base	-	-	-	-	-	-	

**A25. Capital Adequacy (Cont'd)**
**(c) Credit Risk exposures by risk weights (Contd.)**
**2009  
OSKIB**

Risk Weights	Exposures after Netting and Credit Risk Mitigation					Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns/ Central Banks	Banks, Development Financial Institutions & Multilateral Development Banks	Insurance Companies, Securities Firms and Fund Managers	Corporates	Other Assets		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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
<b>Total</b>	<b>1,251,902</b>	<b>2,528,997</b>	<b>92,941</b>	<b>1,581,223</b>	<b>69,268</b>	<b>5,524,331</b>	<b>1,558,421</b>
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	-	-	-	-	-	-	

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

**25. Capital Adequacy (Cont'd)**

**(d) Rated exposures**

**2010  
OSKIB Group**

RM'000	Sovereigns/Central Banks		Banks, Development Financial Institutions & Multi-lateral Development Banks		Insurance Companies, Securities Firms and Fund Managers		Corporates		Other Assets		Total Exposures after Netting & CRM	Total Risk Weighted Assets
	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset		
Investment Grade (BBB* equivalent and above)	1,271,766	-	3,027,507	692,695	115,750	25,589	934,999	226,478	-	-	5,350,022	944,762
Non Rated and Non Investment Grade	-	-	60,850	60,850	-	-	837,276	879,040	280,628	280,628	1,178,754	1,220,518
<b>Total</b>	<b>1,271,766</b>	<b>-</b>	<b>3,088,357</b>	<b>753,545</b>	<b>115,750</b>	<b>25,589</b>	<b>1,772,275</b>	<b>1,105,518</b>	<b>280,628</b>	<b>280,628</b>	<b>6,528,776</b>	<b>2,165,280</b>

\* The rating of foreign securities are based on Moodys, S&P and Fitch and local securities are based on RAM and MARC.

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

**25. Capital Adequacy (Cont'd)**

**(d) Rated exposures (Cont'd)**

**2010  
OSKIB**

RM'000	Sovereigns/Central Banks		Banks, Development Financial Institutions & Multi-lateral Development Banks		Insurance Companies, Securities Firms and Fund Managers		Corporates		Other Assets		Total Exposures after Netting & CRM	Total Risk Weighted Assets
	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset		
Investment Grade (BBB* equivalent and above)	1,205,534	-	2,420,227	572,443	115,750	25,589	934,999	226,478	-	-	4,676,510	824,510
Non Rated and Non Investment Grade	-	-	60,850	60,850	-	-	746,437	788,202	229,089	229,089	1,036,376	1,078,141
<b>Total</b>	<b>1,205,534</b>	<b>-</b>	<b>2,481,077</b>	<b>633,293</b>	<b>115,750</b>	<b>25,589</b>	<b>1,681,436</b>	<b>1,014,680</b>	<b>229,089</b>	<b>229,089</b>	<b>5,712,886</b>	<b>1,902,651</b>

\* The rating of foreign securities are based on Moodys, S&P and Fitch and local securities are based on RAM and MARC.

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**
**25. Capital Adequacy (Cont'd)**
**(e) Off balance sheet exposures and counterparty credit risk**
**2010  
OSKIB Group**

<b>Description</b>	<b>Principal Amount RM'000</b>	<b>Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Assets RM'000</b>
Obligations under an on-going underwriting agreements	24,740		12,370	12,370
Foreign exchange related contracts One year or less	771,882	2,127	358,683	71,737
Interest/profit rate related contracts Over one year to five years	885,973	37,452	79,270	15,854
Equity related contracts One year or less	1,932	10	1,932	1,932
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	164,854	50,707	44,448	11,329
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	133,640		66,820	66,820
Any commitments that are unconditionally cancelled at any time by the Group without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	1,352,610		-	-
<b>Total</b>	<b>3,335,631</b>	<b>90,296</b>	<b>563,523</b>	<b>180,042</b>

**A25. Capital Adequacy (Cont'd)**
**(e) Off balance sheet exposures and counterparty credit risk (Cont'd)**
**2009**
**OSKIB Group**

<b>Description</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Assets RM'000</b>
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
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	-	-	-	-
Any commitments that are unconditionally cancelled at any time by the Group without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	921,293	-	-	-
<b>Total</b>	<b>2,194,574</b>	<b>37,123</b>	<b>373,441</b>	<b>86,106</b>

**A25. Capital Adequacy (Cont'd)**
**(e) Off balance sheet exposures and counterparty credit risk (Cont'd)**
**2010**
**OSKIB**

<b>Description</b>	<b>Principal Amount RM'000</b>	<b>Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Assets RM'000</b>
Obligations under an on-going underwriting agreements	24,740		12,370	12,370
Foreign exchange related contracts One year or less	771,882	2,127	358,683	71,737
Interest/profit rate related contracts Over one year to five years	885,973	37,452	79,270	15,854
Equity related contracts One year or less	1,932	-	1,932	1,932
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	164,854	50,707	44,448	11,329
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	122,032		61,016	61,016
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	426,491		-	-
<b>Total</b>	<b>2,397,904</b>	<b>90,286</b>	<b>557,719</b>	<b>174,238</b>

**A25. Capital Adequacy (Cont'd)**
**(e) Off balance sheet exposures and counterparty credit risk (Cont'd)**
**2009**
**OSKIB**

<b>Description</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Assets RM'000</b>
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
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	348,449	-	-	-
<b>Total</b>	<b>1,621,730</b>	<b>37,123</b>	<b>373,441</b>	<b>86,106</b>



**A25. Capital Adequacy (Cont'd)**
**(f) Risk weighted assets and capital requirements for variances categories of risk under Market Risk**

	<b>OSKIB Group</b>		<b>OSKIB</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest rate risk				
- General interest rate risk	12,606	4,460	12,606	3,320
- Specific interest rate risk	16,356	2,979	16,356	2,979
	<u>28,962</u>	<u>7,439</u>	<u>28,962</u>	<u>6,299</u>
Equity position risk				
- General risk	6,339	1,297	589	439
- Specific risk	10,805	1,989	808	658
	<u>17,144</u>	<u>3,286</u>	<u>1,397</u>	<u>1,097</u>
Foreign exchange risk	53,450	55,017	16,239	23,267
Option risk	2,725	2,296	2,725	2,296
	<u>102,281</u>	<u>68,038</u>	<u>49,323</u>	<u>32,959</u>

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**
**A26. Islamic banking operations of OSK Investment Bank Berhad**
**UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION**

	Note	OSKIB As at <b>31.12.2010</b> RM'000	OSKIB As at 31.12.2009 RM'000
<b>ASSETS</b>			
Cash and short term funds		<b>233,536</b>	174,834
Securities held-to-maturity	A26(a)	<b>300,988</b>	283,836
Securities available-for-sale	A26(b)	<b>351,631</b>	372,835
Other assets	A26(c)	<b>6,773</b>	2,995
Equipment		<b>18</b>	20
Intangible assets		<b>133</b>	-
<b>TOTAL ASSETS</b>		<b>893,079</b>	834,520
<b>LIABILITIES</b>			
Deposits from customers	A26(d)	<b>828,601</b>	775,823
Other liabilities	A26(e)	<b>3,890</b>	2,965
Tax payable		<b>2,578</b>	1,361
Deferred tax liabilities		<b>88</b>	81
<b>TOTAL LIABILITIES</b>		<b>835,157</b>	780,230
<b>ISLAMIC BANKING CAPITAL FUNDS</b>			
Islamic banking funds		<b>50,000</b>	50,000
Reserves		<b>7,922</b>	4,290
<b>TOTAL ISLAMIC BANKING CAPITAL FUNDS</b>		<b>57,922</b>	54,290
<b>TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>		<b>893,079</b>	834,520

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**
**A26. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)**
**UNAUDITED CONDENSED INCOME STATEMENTS**

	<b>OSKIB Current quarter ended 31.12.2010 RM'000</b>	<b>OSKIB Preceding year to date ended 31.12.2009 RM'000</b>	<b>OSKIB Current year to date ended 31.12.2010 RM'000</b>	<b>OSKIB Preceding year to date ended 31.12.2009 RM'000</b>
Income derived from investment of depositors' funds and others	7,197	5,481	26,392	19,026
Transfer to profit equalisation reserve	(132)	(383)	(237)	(669)
<b>Gross and total attributable income</b>	<b>7,065</b>	<b>5,098</b>	<b>26,155</b>	<b>18,357</b>
Income attributable to depositors	(5,862)	(3,712)	(20,178)	(12,824)
<b>Income attributable to OSKIB</b>	<b>1,203</b>	<b>1,386</b>	<b>5,977</b>	<b>5,533</b>
Income derived from investment of Islamic banking funds	(18)	-	108	-
<b>Total net income</b>	<b>1,185</b>	<b>1,386</b>	<b>6,085</b>	<b>5,533</b>
Other operating expenses	(375)	(286)	(1,217)	(1,075)
<b>Profit before tax</b>	<b>810</b>	<b>1,100</b>	<b>4,868</b>	<b>4,458</b>
Zakat	(2)	-	(38)	-
Income tax expense	(203)	(276)	(1,217)	(1,115)
<b>Profit after zakat and tax expense</b>	<b>605</b>	<b>825</b>	<b>3,613</b>	<b>3,343</b>

For amalgamation with the conventional operations, net income from Islamic Banking Scheme comprises the following items:

Income derived from investments : of depositors' funds and others	7,197	5,481	26,392	19,026
of Islamic banking funds	(18)	-	108	-
Income attributable to depositors	(5,862)	(3,712)	(20,178)	(12,824)
Transfer to profit equalisation reserve	(132)	(383)	(237)	(669)
<b>Net income from Islamic Banking Scheme operations reported in Group-wide income statement</b>	<b>1,185</b>	<b>1,386</b>	<b>6,085</b>	<b>5,533</b>

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

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

**UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Current quarter ended 31.12.2010</b>	Preceding quarter ended 31.12.2009	<b>Current year to date ended 31.12.2010</b>	Preceding year to date ended 31.12.2009
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Profit after zakat and tax expense</b>	<b>605</b>	825	<b>3,613</b>	3,343
<b>Other comprehensive income</b>				
Unrealised net (loss)/gain on revaluation of securities available-for-sale	<b>(244)</b>	100	<b>75</b>	326
Income tax relating to components of other comprehensive income	<b>61</b>	(25)	<b>(19)</b>	(81)
<b>Other comprehensive (loss)/income for the period/year, net of tax</b>	<b>(183)</b>	75	<b>56</b>	245
<b>Total comprehensive income for the period/year, net of tax</b>	<b>422</b>	900	<b>3,669</b>	3,588
Total comprehensive income attributable to owner of OSKIB	<b>422</b>	900	<b>3,669</b>	3,588

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

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

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN ISLAMIC BANKING FUND**

	<b>Islamic Banking Fund</b>	<b>Available- for-sale reserve</b>	<b>Distributable Retained Profits</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>As at 1.1.2010</b>				
As previously reported	50,000	245	4,045	54,290
Adoption of FRS 139	-	(37)	-	(37)
As restated	<b>50,000</b>	<b>208</b>	<b>4,045</b>	<b>54,253</b>
Total comprehensive income	-	56	3,613	3,669
<b>As at 31.12.2010</b>	<b>50,000</b>	<b>264</b>	<b>7,658</b>	<b>57,922</b>
<b>As at 1.1.2009</b>	50,000	-	702	50,702
Total comprehensive income	-	245	3,343	3,588
<b>As at 31.12.2009</b>	<b>50,000</b>	<b>245</b>	<b>4,045</b>	<b>54,290</b>

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

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

	<b>OSKIB</b>	<b>OSKIB</b>
	<b>As at</b>	<b>As at</b>
	<b>31.12.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Securities held-to-maturity</b>		
<b>At amortised cost</b>		
Money market instruments:		
Islamic accepted bills	-	12,410
Cagamas bonds	<b>5,037</b>	5,059
Malaysian Government Investment Issues	<b>165,361</b>	155,831
	<b>170,398</b>	173,300
Unquoted securities:		
Islamic private debt securities	<b>130,590</b>	110,536
	<b>300,988</b>	283,836
<b>(b) Securities available-for-sale</b>		
<b>At fair value</b>		
Money market instruments:		
Islamic accepted bills	<b>64,526</b>	197,145
Malaysian Government Investment Issues	<b>25,324</b>	-
Negotiable instruments of deposit	<b>49,926</b>	99,907
	<b>139,776</b>	297,052
Unquoted securities:		
Islamic private debt securities	<b>211,855</b>	75,783
	<b>351,631</b>	372,835
<b>(c) Other assets</b>		
Income receivable	<b>6,773</b>	2,995
	<b>6,773</b>	2,995

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

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

	<b>OSKIB</b>	<b>OSKIB</b>
	<b>As at</b>	<b>As at</b>
	<b>31.12.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(d) Deposits from customers</b>		
<b>(i) By type of deposit</b>		
Mudharabah Fund		
Mudharabah general investment deposits	<b>828,601</b>	775,823
<b>(ii) By type of customer</b>		
Local government and statutory bodies	<b>442,798</b>	292,396
Domestic non-bank financial institutions	<b>281,891</b>	361,644
Business enterprises	<b>103,912</b>	121,783
	<b>828,601</b>	775,823
<b>(iii) By maturity structure</b>		
Up to 3 months	<b>726,327</b>	740,538
3-12 months	<b>102,274</b>	35,285
	<b>828,601</b>	775,823
<b>(e) Other liabilities</b>		
Income payable	<b>2,798</b>	1,951
Profit equalisation reserve	<b>996</b>	759
Other payable and accruals	<b>96</b>	255
	<b>3,890</b>	2,965

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

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

**(f) Capital adequacy of Islamic banking operations**

The capital base and risk weighted assets, as set out below are disclosed in accordance with Risk-Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements ("Pillar 3") issued by Bank Negara Malaysia.

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

The capital adequacy ratios and capital base are as follows:

	<b>As at 31.12.2010</b>	As at 31.12.2009
<b>Before deducting proposed dividends:</b>		
Core capital ratio	<b>40.02%</b>	53.94%
Risk-weighted capital ratio	<b>40.02%</b>	53.94%
<b>After deducting proposed dividends:</b>		
Core capital ratio	<b>40.02%</b>	53.94%
Risk-weighted capital ratio	<b>40.02%</b>	53.94%
	<b>RM'000</b>	RM'000
Islamic banking funds	<b>50,000</b>	50,000
Retained profits - audited	<b>7,658</b>	4,045
	<b>57,658</b>	54,045

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% (2009: 8.0%) for the risk weighted capital ratio.



**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**
**A26. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)**
**(ii) Risk weighted assets and capital requirements for Credit Risk, Market Risk, Operational Risk and Large Exposures Risk**
**2010**

Exposure class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weights Assets RM'000	Capital Requirements RM'000
<b>(a) Credit risk</b>				
<i>On Balance Sheet Exposures:</i>				
Sovereigns/Central Banks	256,405	256,405	-	-
Banks, development financial institutions and multilateral development banks	360,179	360,179	75,054	6,004
Insurance companies, securities firms and fund managers	-	-	-	-
Corporates	275,639	275,639	59,862	4,789
Other assets	1,019	1,019	1,019	82
<b>Total on balance sheet exposures</b>	<b>893,242</b>	<b>893,242</b>	<b>135,935</b>	<b>10,875</b>
<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	-	-	-	-
<b>Total off balance sheet exposures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total on and off balance sheet exposures:</b>	<b>893,242</b>	<b>893,242</b>	<b>135,935</b>	<b>10,875</b>
<b>(b) Large exposures risk requirement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(c) Market risk</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(d) Operational risk</b>			<b>8,132</b>	<b>651</b>
<b>(e) Total RWA and capital requirements</b>			<b>144,067</b>	<b>11,526</b>

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

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**
**A26. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)**
**(iii) Credit risk exposures by risk weights**
**2010**

<b>Exposures after Netting and Credit Risk Mitigation</b>							
<b>Risk Weights</b>	<b>Sovereigns/ Central Banks RM'000</b>	<b>Banks, Develop- ment Financial Institu- tions &amp; Multi- lateral Develop- ment Banks RM'000</b>	<b>Insurance Compa- nies, Securities Firms and Fund Managers RM'000</b>	<b>Corpo- rates RM'000</b>	<b>Other Assets RM'000</b>	<b>Total Exposures after Netting and Credit Risk Mitigation RM'000</b>	<b>Total Risk Weighted Assets RM'000</b>
0%	256,405	-	-	-	-	256,405	-
20%	-	350,119	-	269,720	-	619,839	123,969
35%	-	-	-	-	-	-	-
50%	-	10,060	-	-	-	10,060	5,029
75%	-	-	-	-	-	-	-
100%	-	-	-	5,918	1,019	6,937	6,937
150%	-	-	-	-	-	-	-
<b>Total</b>	<b>256,405</b>	<b>360,179</b>	<b>-</b>	<b>275,638</b>	<b>1,019</b>	<b>893,241</b>	<b>135,935</b>
Risk weighted assets by exposures	-	75,054	-	59,862	1,019	135,935	
Average risk weight	0%	21%	0%	22%	100%	15%	
Deduction from capital base	-	-	-	-	-	-	

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**
**A26. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)**
**(iv) Risk weighted assets and capital requirements for Credit Risk, Market Risk, Operational Risk and Large Exposures Risk**
**2009**

Exposure class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weights Assets RM'000	Capital Requirements RM'000
<b>(a) Credit risk</b>				
<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
<b>Total on balance sheet exposures</b>	<b>834,520</b>	<b>834,520</b>	<b>93,707</b>	<b>7,496</b>
<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	-	-	-	-
<b>Total off balance sheet exposures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total on and off balance sheet exposures:</b>	<b>834,520</b>	<b>834,520</b>	<b>93,707</b>	<b>7,496</b>
<b>(b) Large exposures risk requirement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(c) Market risk</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(d) Operational risk</b>			<b>6,493</b>	<b>519</b>
<b>(e) Total RWA and capital requirements</b>			<b>100,200</b>	<b>8,015</b>

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

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**
**A26. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)**
**(v) Credit risk exposures by risk weights**
**2009**

<b>Exposures after Netting and Credit Risk Mitigation</b>							
<b>Risk Weights</b>	<b>Sovereigns/ Central Banks RM'000</b>	<b>Banks, Develop- ment Financial Institu- tions &amp; Multi- lateral Develop- ment Banks RM'000</b>	<b>Insurance Compa- nies, Securities Firms and Fund Managers RM'000</b>	<b>Corpo- rates RM'000</b>	<b>Other Assets RM'000</b>	<b>Total Exposures after Netting and Credit Risk Mitigation RM'000</b>	<b>Total Risk Weighted Assets RM'000</b>
0%	378,049	-	-	-	-	378,049	-
20%	-	309,462	-	143,994	-	453,456	90,692
35%	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-
75%	-	-	-	-	-	-	-
100%	-	-	-	2,991	24	3,015	3,015
150%	-	-	-	-	-	-	-
<b>Total</b>	<b>378,049</b>	<b>309,462</b>	<b>-</b>	<b>146,985</b>	<b>24</b>	<b>834,520</b>	<b>93,707</b>
Risk weighted assets by exposures	-	61,892	-	31,791	24	93,707	
Average risk weight	0%	20%	0%	22%	100%	11%	
Deduction from capital base	-	-	-	-	-	-	

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

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

**(vi) Rated exposures**

**2010**

**Islamic banking operations of the Bank**

RM'000	Sovereigns/Central Banks		Banks, Development Financial Institutions & Multi-lateral Development Banks		Insurance Companies, Securities Firms and Fund Managers		Corporates		Other Assets		Total Exposures after Netting & CRM	Total Risk Weighted Assets
	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset		
Investment Grade (BBB* equivalent and above)	256,405	-	360,179	75,054	-	-	269,721	53,944	-	-	886,305	128,998
Non Rated and Non Investment Grade	-	-	-	-	-	-	5,918	5,918	1,019	1,019	6,937	6,937
<b>Total</b>	<b>256,405</b>	<b>-</b>	<b>360,179</b>	<b>75,054</b>	<b>-</b>	<b>-</b>	<b>275,639</b>	<b>59,862</b>	<b>1,019</b>	<b>1,019</b>	<b>893,242</b>	<b>135,935</b>

\* The rating of foreign securities are based on Moodys, S&P and Fitch and local securities are based on RAM and MARC.

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

**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**

Overall Performance

The Group revenue for the financial year ended 31 December 2010 ("FY10") increased by 23% to RM1,012.21 million from RM820.37 million as compared to financial year ended 31 December 2009 ("FY09"). The Group profit before tax ("PBT") increased by 2% or RM3.95 million to RM194.97 million for FY10 from RM191.02 million in FY09. The profit after tax of the Group of RM151.26 million for FY10 represented a growth of 10% as compared to RM137.13 million in FY09.

The Principal Subsidiaries' Performance

OSKIB Group is the main contributor which accounted for 68% of the Group's PBT. The remaining PBT of 32% is made up of profits from other subsidiaries.

Business Segments Performance

Investment Banking which consists mainly of Treasury, Corporate Advisory and Capital Market activities contributed PBT of RM61.05 million or 31% of the Group's PBT for FY10 as compared to RM73.73 million or 39% in FY09.

Earnings from Loans and Financing contributed RM45.46 million or 23% of the Group's PBT as compared to RM32.53 million or 17% in FY09.

Equities & Futures broking recorded PBT of RM52.93 million or 27% of the Group's PBT as compared to RM73.46 million or 38% in FY09.

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

The Group recorded PBT of RM55.39 million for the fourth quarter ended 31 December 2010 as compared to RM57.49 million in third quarter of 2010.

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

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

**(a) Current year prospects**

*(Commentary on next year)*

The Board is of the opinion that the regional Asian economies, including Malaysia, is on track to a more sustainable pace from above-average growth in 2010. We are also mindful of the inflation being experienced globally caused by the various factors. We are attentive to the implications of tighter policies in some Asian economies together with the prudent management of the capital flows.

The Board expects the Group to perform reasonably well in 2011.

**(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 FOURTH QUARTER ENDED 31 DECEMBER 2010**

**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 and zakat**

	Current quarter ended 31.12.2010 RM'000	Current year to date ended 31.12.2010 RM'000
In respect of the current quarter / year to date		
- Malaysian income tax and zakat	4,572	29,464
- Foreign income tax	3,443	14,778
	<u>8,015</u>	<u>44,242</u>
In respect of the prior year		
- Malaysian income tax	(2,810)	(2,867)
- Foreign income tax	(80)	15
Deferred taxation	2,092	2,288
Income tax expense	<u>7,217</u>	<u>43,678</u>
Zakat	38	38
	<u>7,255</u>	<u>43,716</u>

The effective tax rate for current year to date 2010 is lower than the statutory tax rate of 25% mainly due to the non-taxable gain on revaluation of investment property.

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

On 22 April 2010, OSK Realty Sdn Bhd ("the Vendor"), the wholly owned subsidiary of the Company, had entered into a Sale and Purchase Agreement with Starmind Development Sdn Bhd ("the Purchaser") for the disposal of a piece of leasehold land held under P.T.4952 H.S.(D) No. 10811 in the Mukim/Bandar of Gemas, District of Tampin, State of Negeri Sembilan Darul Khusus for a sale consideration of RM2 million at a gain of RM38,000.

Other than abovementioned, there were no sales of unquoted investments or properties for the current financial year to date.



**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

**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 and investment banking which have been exempted from this disclosure):

	<b>Current quarter ended 31.12.2010 RM'000</b>	<b>Current year to date ended 31.12.2010 RM'000</b>
Total purchase consideration	<u>26,295</u>	<u>71,107</u>
Total sale proceeds	<u>23,548</u>	<u>70,783</u>
Net gain on disposals	<u>373</u>	<u>1,111</u>

- (b) Investments in quoted securities as at 31 December 2010 (except for the subsidiary companies engaged in stockbroking and investment banking which have been exempted from this disclosure):

	<b>RM'000</b>
Quoted shares at cost:	
In Malaysia	59,196
Outside Malaysia	<u>12,337</u>
	<u>71,533</u>
Fair value adjustments	<u>6,336</u>
	<u>77,869</u>
Market value of quoted shares:	
In Malaysia	62,578
Outside Malaysia	<u>15,291</u>
	<u>77,869</u>

**B9. Status of corporate proposals and utilisation of proceeds**

**(a) Status of corporate proposals announced but not completed as at 18 February 2011 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report)**

**(i) Members' Voluntary Winding Up of Beneficial Services Berhad ("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 ("the Act") 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 BSB pursuant to Section 258(1) of the Act.

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. The winding up of BSB will not have any impact on the earnings and net assets of the Group.

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, representing RM4.00 per ordinary share of RM10 each.

The above exercise is expected to be completed in 2011.

**(ii) 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 ("the Act") 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 pursuant to Section 258(1) of the Act. OSKWP is a wholly-owned subsidiary company 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 company of the Company.

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 winding up of OSKWP will not have any impact on the earnings and net assets of the Group.

The above exercise is expected to be completed in 2011.

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

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

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

**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:-

	<b>RM'000</b>
Short term borrowings *	<b>362,115</b>
Subordinated notes - unsecured	<b>300,000</b>
	<b><u>662,115</u></b>
* Short term borrowings consist of:	
<i>Unsecured:</i> Revolving credits	<b>230,000</b>
Revolving credits denominated in USD	<b>59,820</b>
Bank loans denominated in HKD	<b>43,973</b>
Bank loans denominated in SGD	<b>23,887</b>
<i>Secured:</i> Syndicated term loan	<b>4,435</b>
	<b><u>362,115</u></b>

**B11. Derivative financial instruments**

**(a) Disclosure of derivatives**

**(i) Nature of outstanding derivatives as at end of period/year**

**Derivative financial assets:**

Equity related contracts comprises:

a) Options

Options are contractual agreements or embedded components in other financial instruments under which seller/issuer grants the purchaser the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date during a set period, a specific amount of an underlying assets at a pre-determined price.

The seller may receive a premium from the purchaser in consideration of risk. Options may be either exchanged-traded, negotiated between the purchaser and the seller in the over-the-counter market or embedded components in other financial instruments.

b) Futures

Futures are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Futures contracts are transacted in standardised amounts on regulated exchanges and are subject to daily cash margin requirements.

**B11. Derivative financial instruments (Cont'd)****(a) Derivative financial instruments (Cont'd)**c) Interest rate swaps

Interest Rate Swap (IRS) is a contract between two parties to exchange interest rate payment (cash flow) at a future date for a specific period. It allows flexibility to convert a fixed rate asset/liability to a floating rate asset/liability and vice versa.

d) Foreign currency spot, forward and swap contracts

Foreign currency spot contract is the buying and selling of currencies with delivery normally within 2 business days from the date of transaction.

Foreign currency forward contract is an agreement to buy or sell currencies at a future date (normally more than 2 business days) at a pre-determined price at a premium (i.e. higher than spot rate) or at a discount (lower than spot rate), depending on the interest rate differential between the two currencies. It is generally used to offset or hedge against future foreign exchange rate exposure on receivables or payables in other currencies.

Foreign currency swap is made up of an interest rate swap where payment flows are expressed in different currencies and computed based on the interest rate denominated in those currencies. There is normally an exchange of principal at the beginning of the swap contract and also upon the swap maturity, normally at the same exchange rate which is usually the spot rate at the inception of the transaction.

**Derivative financial liabilities:**a) Structured warrants

Structured warrants are proprietary instruments issued by the Group that give holders the right, but not imposing an obligation, to buy or sell the underlying assets at a future date for a predetermined price in accordance with the term sheet. Call warrant gives the holder the right, but not the obligation, to buy the underlying share for a fixed price known as the exercise (strike) price at the future date. A put warrants gives the holder the right, but not the obligation, to sell the underlying share to the warrant issuer for the exercise price. Structured warrants can be cash-settled or equity-settled, depending on the terms of the instruments issued.

b) Structured investments

Structured investments are normally short to medium term structured products that are derived from and/or based on a single security or pool of securities and consisting of a contract to purchase equities at a specific time. The structures product redemption is linked to the performance of the underlying share(s). At maturity, the investor will receive either cash settlement equivalent to the face amount or pre-determined units of underlying share(s), depending on the performance of the underlying share(s) on the valuation date(s).

c) Foreign exchange swap contracts

Refer to (a)(i)(d).

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**
**B11. Derivative financial instruments (Cont'd)**
**(a) Disclosure of derivatives (Cont'd)**
**(ii) Contract/Notional value and fair value as at balance sheet date and maturity analysis**

	As at 31.12.2010		As at 31.12.2009	
	Contract/ Notional value RM'000	Fair value RM'000	Contract/ Notional value RM'000	Fair value RM'000
<b>Derivative financial assets:</b>				
Equity related contracts				
Less than 1 year	52,723	50,707	38,857	17,601
More than 3 years	-	-	-	16,358
	<b>52,723</b>	<b>50,707</b>	38,857	33,959
Commodities related contracts				
Less than 1 year	-	10	-	-
Interest rate swaps				
Less than 1 year	505,145	30,568	123,282	1,181
1 year to 3 years	239,940	5,383	308,688	(1,328)
More than 3 years	103,961	1,502	80,000	2,516
	<b>849,046</b>	<b>37,453</b>	511,970	2,369
Foreign currency, forward and swap contracts				
Less than 1 year	560,865	2,127	168,704	794
	<b>1,462,634</b>	<b>90,297</b>	719,531	37,122
<b>Derivative financial liabilities:</b>				
Structured warrants				
Less than 1 year	80,338	141,452	47,558	46,390
1 year to 3 years	-	-	1,959	1,190
	<b>80,338</b>	<b>141,452</b>	49,517	47,580
Structured investments				
Less than 1 year	6,410	6,504	2,046	2,124
Foreign exchange swap contracts				
Less than 1 year	210,789	1,741	203,915	2,157
Equity related contracts				
Less than 1 year	-	54	-	-
Commodity related contracts				
Less than 1 year	-	8	-	-
	<b>297,537</b>	<b>149,759</b>	255,478	51,861

**B11. Derivative financial instruments (Cont'd)**

**(a) Disclosure of derivatives (Cont'd)**

**(iii) The rationale for entering into new derivatives and the expected benefit accruing to the Group**

There were no new derivatives during the current year to date.

**(iv) Changes in derivatives since last financial year**

Credit risk

Credit risk is the risk that counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge his obligation. As at 31 December 2010, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM90,297,000 (2009 : RM37,122,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, which comprised currency risk, interest rate risk and other price risk. The contractual/notional amounts provide a measure of participation in these types of transactions outstanding as at reporting date and shall not represent the amounts subject to market risk. The Group's risk management department monitors and manages market risk exposure and reviews treasury trading strategy, positions and activities with regard to changes in the financial market.

There have been no changes since the end of the previous year in respect of the followings:

- a) the cash requirements of the derivatives, if any;
- b) the policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
- c) the related accounting policies.

Further information about the policies in respect of derivative financial instruments of the Group are disclosed in the audited annual financial statements for the financial year ended 31 December 2009.

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

**(b) Disclosure of gains/losses arising from fair value changes of financial liabilities**

**(i) The type of financial liabilities from which gains/losses arose:**

During current year to date, the Group recognised a loss of RM63.047 million arising from fair value changes of derivative liabilities.

<b>Types of financial liabilities</b>	<b>Current</b>	<b>Current</b>
	<b>quarter</b>	<b>year to date</b>
	<b>ended</b>	<b>ended</b>
	<b>31.12.2010</b>	<b>31.12.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Structured warrants	(49,906)	(64,819)
Structured investments	(30)	24
Foreign exchange swap contracts	3,002	1,749
	<b>(46,934)</b>	<b>(63,046)</b>

**(ii) Explanation on the reasons for the gains/losses:**

The fair value changes are attributable to changes in price changes of derivative structured warrants and products as well as foreign exchange spot and forward rate. The method and assumptions applied in determining the fair values of derivatives are disclosed in audited financial statements for the year ended 31 December 2009.

Market risk

The value of derivative financial instruments will fluctuate as a results of movement in the level of market rates or prices.

Interest rate risk

The value or yield of derivatives financial instruments will fluctuate due to changes in market interest rate.

Currency risk

The value of derivatives financial instruments will fluctuate due to changes in foreign exchange rates.

**B11. Derivative financial instruments (Cont'd)**

**(b) Disclosure of gains/losses arising from fair value changes of financial liabilities (Cont'd)**

**(iii) Bases in arriving at the fair value:**

Structured warrants

The fair value of structured warrants is based on daily closing prices of structured warrants quoted on Bursa Malaysia Securities Berhad.

Structured investments

Structured investments have been valued based on the strike price of the structured investments or the closing price of underlying assets whichever the lower.

Foreign currency swap contracts

Bid and offer rate will be use as the base for the valuation for foreign currency swap contracts. The bid rate will be use to value the financial assets and the offer rate for financial liabilities.

**(c) Realised and Unrealised Profits**

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses. On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirement, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

The breakdown of retained profits of the Group as at the reporting date is as follows:

	<b>As at 30.9.2010</b>	<b>As at 31.12.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Realised retained profits	<b>246,394</b>	<b>251,849</b>
Unrealised retained profits *	<b>26,212</b>	<b>56,754</b>
	<b>272,606</b>	<b>308,603</b>

\* Unrealised retained profits comprise unrealised foreign exchange gains or losses and unrealised market price changes for held-for-trading investments and derivative financial assets/liabilities at the reporting date.

Comparative figures are not required in the first year of implementation of Bursa Securities's directive.



**B12. Material litigation**

As at 18 February 2011 (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)**

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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.

**Kuala Lumpur High Court Summons No:D-22-NCC-1390-2010, Ahmad Azari bin Mohd Daud (“the Plaintiff”) vs OSK Capital Sdn Bhd (“the Defendant”)**

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The Defendant was served with a Writ of Summons by the Plaintiff on 19 July 2010 claiming the sum of RM11,720,246.88 together with costs and interests against the Defendant. The said sum is allegedly due from the balance of auction proceeds from the sale of 222 pieces of land located in the Seremban Negeri Sembilan held on 22 February 2006. The Order for sale was made in the Seremban High Court Civil Suit No:24-882-2001 on 18 April 2005 in the suit between the Defendant and Kamal Lokman Mustakim Holdings Sdn Bhd.

The Defendant had on 23 July 2010 filed its Memorandum of Appearance and on 11 August 2010 filed its Defence and Counter claim. Subsequently, the Defendant had on 27 September 2010 filed an application to strike out the Plaintiff’s claim and the Hearing date to hear the striking out application has been fixed on 28 February 2011.

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**
**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 2010 (2009: 5.0 sen per share less 25% income tax) . 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 28 September 2010 (2009: Interim 2.5 sen per share less 25% income tax).

Total dividend for the current year is 7.5 sen per share less 25% income tax (2009: 7.5 sen per share less 25% income tax).

**B14. Earnings Per Share (“EPS”) attributable to owners of the Company**

	<b>Current quarter ended 31.12.2010</b>	Comparative quarter ended 31.12.2009	<b>Current year to date ended 31.12.2010</b>	Preceding year to date ended 31.12.2009
<b><u>Basic</u></b>				
Profit attributable to owners of the Company (RM'000)	<b>40,631</b>	37,135	<b>117,613</b>	112,629
Weighted average number of ordinary shares in issue ('000 shares)	<b>937,536</b>	# 811,801	<b>980,748</b>	# 811,318
<b>Basic EPS (sen)</b>	<b>4.33</b>	4.57	<b>11.99</b>	13.88
<b><u>Diluted</u></b>				
Profit attributable to owners of the Company (RM'000)	<b>40,631</b>	37,135	<b>117,613</b>	112,629
Weighted average number of ordinary shares in issue ('000 shares)	<b>937,536</b>	# 811,801	<b>980,748</b>	# 811,318
Effect of dilution on assumed conversion of Warrants B 2000/2010 and exercise of options granted under ESOS ('000 shares)	<b>3,174</b>	14,177	<b>2,712</b>	21,748
Adjusted weighted average number of ordinary shares in issue and issuable ('000 shares)	<b>940,710</b>	# 825,978	<b>983,460</b>	# 833,066
<b>Diluted EPS (sen)</b>	<b>4.32</b>	4.50	<b>11.96</b>	13.52

# The weighted average number of ordinary shares in issue of the comparative quarter/preceding year to date has adjusted for the effect of bonus issue on the basis of one (1) new Share ("Bonus Share") for every four (4) existing Shares held, which was completed on 25 January 2010.

**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  
23 February 2011

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010****A20. Segmental information**

The segment information has been prepared in accordance with the disclosure requirements of FRS 8 Operating Segments. For management purposes, the Group is organised into the following major business segments based products and services, which are regularly provided to and reviewed by the chief operating decision maker :

- |                        |   |
|------------------------|---|
| 1. Investment Banking  | - Equities and Debt Capital Market, Derivatives and Structured Products, Corporate Advisory, Treasury, Islamic Banking and Offshore Investment Banking. |
| 2. Loans & Financing   | - Corporate Loans, Shares Margin Financing, Capital Financing and Commercial Banking Services.  |
| 3. Equities & Futures  | - Stockbroking & Futures Broking, Nominee Services and related services.  |
| 4. Wealth 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.



**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**
**A20. Segmental information (Cont'd)**
**Geographical Segments**

The Group operates in five geographical locations: Malaysia (Domestic), Singapore, China and Hong Kong, Indonesia and Cambodia. Revenue is based on geographical locations of business operations. Non-current assets are presented based on the geographical location of assets, which consist of Investments in associated companies, Prepaid land lease payments, Investment property, Property and equipment and Intangible assets.

The comparative segment information have been re-presented to conform with current year segments information.

Domestic	Foreign Countries					Total
Malaysia	Singapore	China and Hong Kong	Indonesia	Cambodia	Sub-total	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

**CURRENT YEAR TO DATE ENDED 31 DECEMBER 2010**

Revenue	<b>689,181</b>	<b>191,982</b>	<b>60,602</b>	<b>59,632</b>	<b>10,809</b>	<b>323,025</b>	<b>1,012,206</b>
Profit/(loss) before tax	<b>137,677</b>	<b>58,222</b>	<b>(8,544)</b>	<b>10,431</b>	<b>(2,814)</b>	<b>57,295</b>	<b>194,972</b>
Non-current assets	<b>531,758</b>	<b>2,871</b>	<b>5,833</b>	<b>6,089</b>	<b>16,925</b>	<b>31,718</b>	<b>563,476</b>

**PRECEDING YEAR TO DATE ENDED 31 DECEMBER 2009**

Revenue	571,613	177,595	44,763	20,362	6,035	248,755	820,368
Profit/(loss) before tax	142,973	50,890	38	(1,097)	(1,782)	48,049	191,022
Non-current assets	494,976	2,355	6,349	4,212	8,192	21,108	516,084

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**
**A23. Commitments and contingencies**

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

	31.12.2010			31.12.2009		
	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	24,740	12,370	12,370	255,000	127,500	25,500
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	1,364,219	2,322	2,322	1,315,744	2,072	2,072
- maturity exceeding one year	122,032	-	-	-	-	-
Foreign exchange related contracts:						
- less than one year	771,882	358,683	71,737	370,640	195,898	39,180
Interest rate related contracts:						
- one year to less than five years	885,973	79,270	15,854	508,167	16,002	3,200
	<b>3,168,846</b>	<b>452,645</b>	<b>102,283</b>	<b>2,449,551</b>	<b>341,472</b>	<b>69,952</b>

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

OSKIB implemented its Basel II weighted assets computation under the Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework with effect from 1 January 2008. OSKIB has adopted the Standardised Approach for credit risk and market risk and Basic Indicator Approach for operational risk computation.

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**A24. Interest/profit rate risk**

	Non-trading book						Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-interest sensitive			
As at 31.12.2010	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
<b>ASSETS</b>									
Cash and short term funds	985,321	51,888	4,773	-	-	510,898	-	1,552,880	2.69
Securities purchased under resale agreements	59,886	-	-	-	-	51,600	-	111,486	2.77
Securities held-for-trading	-	-	-	-	-	-	648,996	648,996	-
Securities held-to-maturity	60,000	59,789	108,634	306,795	127,209	-	-	662,427	4.44
Securities available-for-sale	315,068	245,107	387,851	1,449,709	368,694	29,437	-	2,795,866	5.07
Derivative financial assets	-	-	-	-	-	90,297	-	90,297	-
Loans, advances and financing									
- Non-impaired	478,318	129,554	369,172	282,770	46,355	60,221	-	1,366,390	8.75
- Impaired	-	-	-	-	-	11,986	-	11,986	-
Statutory and reserve deposits with									
with Central Banks	-	-	-	-	24,468	45,210	-	69,678	0.45
Trade receivables	31,374	-	-	-	-	2,012,547	-	2,043,921	1.88
Other assets	-	-	100	-	-	94,716	-	94,816	3.15
Other non-interest sensitive assets	-	-	-	-	-	570,888	-	570,888	-
<b>Total Assets</b>	<b>1,929,967</b>	<b>486,338</b>	<b>870,530</b>	<b>2,039,274</b>	<b>566,726</b>	<b>3,477,800</b>	<b>648,996</b>	<b>10,019,631</b>	



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

	Non-trading book						Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-interest sensitive			
As at 31.12.2010	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>LIABILITIES</b>									
Deposits from customers	2,190,733	1,034,555	616,665	21,995	-	8,857	-	3,872,805	3.07
Deposits and placements of banks and other financial institutions	304,357	145,193	220,136	-	-	83	-	669,769	3.09
Derivative financial liabilities	-	-	-	-	-	149,749	-	149,749	-
Trade payables	-	-	-	-	-	2,657,196	-	2,657,196	-
Borrowings	333,792	4,435	23,888	-	-	-	-	362,115	3.43
Subordinated notes	-	-	-	-	300,000	-	-	300,000	7.41
Other non-interest sensitive liabilities	-	-	-	-	-	314,546	-	314,546	-
<b>Total Liabilities</b>	<b>2,828,882</b>	<b>1,184,183</b>	<b>860,689</b>	<b>21,995</b>	<b>300,000</b>	<b>3,130,431</b>	<b>-</b>	<b>8,326,180</b>	
Shareholders' funds	-	-	-	-	-	1,448,710	-	1,448,710	
Minority interests	-	-	-	-	-	244,741	-	244,741	
<b>Total Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,693,451</b>	<b>-</b>	<b>1,693,451</b>	
<b>Total Liabilities and Equity</b>	<b>2,828,882</b>	<b>1,184,183</b>	<b>860,689</b>	<b>21,995</b>	<b>300,000</b>	<b>4,823,882</b>	<b>-</b>	<b>10,019,631</b>	
On-balance sheet interest sensitivity gap	(898,915)	(697,845)	9,841	2,017,279	266,726	(1,346,082)	648,996	-	
Off-balance sheet interest sensitivity gap	-	-	505,145	289,940	53,961	-	-	849,046	
<b>Total Interest Sensitivity Gap</b>	<b>(898,915)</b>	<b>(697,845)</b>	<b>514,986</b>	<b>2,307,219</b>	<b>320,687</b>	<b>(1,346,082)</b>	<b>648,996</b>	<b>849,046</b>	
Cumulative interest rate sensitivity gap	(898,915)	(1,596,760)	(1,081,774)	1,225,445	1,546,132	200,050	849,046	849,046	

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

	Non-trading book					Non-interest sensitive	Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years				
As at 31.12.2009	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>ASSETS</b>									
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									
- Non-impaired	546,047	27,547	312,070	24,479	6,275	-	-	916,418	8.68
- Impaired	-	-	-	-	-	16,239	-	16,239	-
Statutory and reserve deposits with Central Banks	-	-	-	-	9,570	38,103	-	47,673	0.44
Trade receivables	30,822	-	-	-	-	2,617,511	-	2,648,333	0.98
Other assets	-	-	100	-	-	71,706	-	71,806	3.15
Other non-interest sensitive assets	-	-	-	-	-	529,275	-	529,275	-
<b>Total Assets</b>	<b>2,710,961</b>	<b>632,919</b>	<b>761,237</b>	<b>1,675,958</b>	<b>314,555</b>	<b>3,587,822</b>	<b>203,665</b>	<b>9,887,117</b>	

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

	Non-trading book						Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-interest sensitive			
As at 31.12.2009	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
<b>LIABILITIES</b>									
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	-
Trade payables	-	-	-	-	-	3,270,053	-	3,270,053	-
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	-	-	-	-	-	206,631	-	206,631	-
<b>Total Liabilities</b>	<b>2,975,404</b>	<b>968,962</b>	<b>696,502</b>	<b>97,613</b>	<b>100,000</b>	<b>3,536,949</b>	<b>-</b>	<b>8,375,430</b>	
Shareholders' funds	-	-	-	-	-	1,287,141	-	1,287,141	
Minority interests	-	-	-	-	-	224,546	-	224,546	
<b>Total Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,511,687</b>	<b>-</b>	<b>1,511,687</b>	
<b>Total Liabilities and Equity</b>	<b>2,975,404</b>	<b>968,962</b>	<b>696,502</b>	<b>97,613</b>	<b>100,000</b>	<b>5,048,636</b>	<b>-</b>	<b>9,887,117</b>	
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	
<b>Total Interest Sensitivity Gap</b>	<b>(264,443)</b>	<b>(336,043)</b>	<b>253,039</b>	<b>1,904,132</b>	<b>214,555</b>	<b>(1,460,814)</b>	<b>203,665</b>	<b>514,091</b>	
Cumulative interest rate sensitivity gap	(264,443)	(600,486)	(347,447)	1,556,685	1,771,240	310,426	514,091	514,091	