

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	As at 31.3.2011 RM'000	As at 31.12.2010 RM'000
<b>ASSETS</b>			
Cash and short term funds		1,665,019	1,552,880
Deposits and placements with banks and other financial institutions		155,000	-
Securities purchased under resale agreements		-	111,486
Securities held-for-trading	A7(a)	433,418	648,996
Securities held-to-maturity	A7(b)	613,520	662,427
Securities available-for-sale	A7(c)	3,229,258	2,795,866
Securities portfolio		4,276,196	4,107,289
Derivative financial assets	B11(a)	136,478	90,297
Loans, advances and financing	A8	1,300,559	1,347,447
Trade receivables	A9	3,438,417	2,043,921
Tax recoverable		7,845	6,931
Other assets	A10	129,165	94,816
Statutory and reserve deposits with Central Banks		73,362	69,678
Deferred tax assets		1,299	481
Investments in associated companies		22,690	21,146
Investment property		134,000	134,000
Property and equipment		185,434	184,441
Intangible assets		224,269	223,889
<b>TOTAL ASSETS</b>		<b>11,749,733</b>	<b>9,988,702</b>
<b>LIABILITIES</b>			
Deposits from customers	A11	4,219,403	3,872,805
Deposits and placements of banks and other financial institutions	A12	690,787	669,769
Obligations on securities sold under repurchase agreements		16,580	-
Derivative financial liabilities	B11(a)	142,341	149,749
Trade payables	A13	4,096,512	2,657,196
Other liabilities	A14	233,377	209,423
Tax payable		35,985	23,878
Deferred tax liabilities		1,163	1,812
Borrowings	B10	266,600	410,619
Subordinated notes	B10	300,000	300,000
<b>TOTAL LIABILITIES</b>		<b>10,002,748</b>	<b>8,295,251</b>
<b>EQUITY</b>			
Share capital		962,596	962,211
Treasury shares, at cost	A5(b)	(29,785)	(29,785)
		932,811	932,426
Reserves		570,235	516,284
Equity attributable to owners of the Company		1,503,046	1,448,710
Non-controlling interests		243,939	244,741
<b>TOTAL EQUITY</b>		<b>1,746,985</b>	<b>1,693,451</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>11,749,733</b>	<b>9,988,702</b>
Net Assets per share attributable to owners of the Company (RM)		1.60	1.54

(The accompanying explanatory notes form an integral part of and should be read in conjunction with the audited financial statements for the year ended 31 December 2010.)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**  
**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS**

		<b>Current quarter ended 31.3.2011</b>	Comparative quarter ended 31.3.2010	<b>Current year to date ended 31.3.2011</b>	Preceding year to date ended 31.3.2010
	Note	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Revenue		<b>304,039</b>	245,463	<b>304,039</b>	245,463
Interest income	A15	<b>69,659</b>	64,719	<b>69,659</b>	64,719
Interest expense	A16	<b>(44,961)</b>	(28,144)	<b>(44,961)</b>	(28,144)
Net interest income		<b>24,698</b>	36,575	<b>24,698</b>	36,575
Other operating income	A17	<b>226,104</b>	174,228	<b>226,104</b>	174,228
Net income from Islamic banking operations	A28	<b>1,637</b>	1,889	<b>1,637</b>	1,889
Other operating expenses	A18	<b>(181,950)</b>	(136,731)	<b>(181,950)</b>	(136,731)
Write back of/(allowance for) impairment losses on loans, advances and financing	A19	<b>2,999</b>	(3,248)	<b>2,999</b>	(3,248)
(Allowance for)/write back of impairment losses on trade and other receivables	A20	<b>(660)</b>	243	<b>(660)</b>	243
Allowance for impairment losses	A21	-	(15,400)	-	(15,400)
Share of results after tax of associated companies		<b>379</b>	630	<b>379</b>	630
<b>Profit before tax</b>		<b>73,207</b>	58,186	<b>73,207</b>	58,186
Income tax expense	B6	<b>(19,927)</b>	(18,138)	<b>(19,927)</b>	(18,138)
<b>Profit after tax for the period</b>		<b>53,280</b>	40,048	<b>53,280</b>	40,048
Profit attributable to:					
Owners of the Company		<b>46,633</b>	32,244	<b>46,633</b>	32,244
Non-controlling interests		<b>6,647</b>	7,804	<b>6,647</b>	7,804
		<b>53,280</b>	40,048	<b>53,280</b>	40,048
<b>Earnings per share attributable to owners of the Company (sen):</b>					
Basic	B14	<b>4.97</b>	3.91	<b>4.97</b>	3.91
Diluted	B14	<b>4.95</b>	3.90	<b>4.95</b>	3.90

(The accompanying explanatory notes form an integral part of and should be read in conjunction with the audited financial statements for the year ended 31 December 2010.)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Current quarter ended 31.3.2011</b>	Comparative quarter ended 31.3.2010	<b>Current year to date ended 31.3.2011</b>	Preceding year to date ended 31.3.2010
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Profit after tax for the period</b>	<b>53,280</b>	40,048	<b>53,280</b>	40,048
<b>Other comprehensive income/(loss)</b>				
Foreign currency translation loss	<b>(2,907)</b>	(25,292)	<b>(2,907)</b>	(25,292)
Unrealised net gain on revaluation of securities available-for-sale	<b>13,859</b>	1,500	<b>13,859</b>	1,500
Gain on deemed disposals of shares in associated company	<b>1,165</b>	-	<b>1,165</b>	-
Income tax relating to components of other comprehensive income	<b>(3,465)</b>	(386)	<b>(3,465)</b>	(386)
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>8,652</b>	(24,178)	<b>8,652</b>	(24,178)
<b>Total comprehensive income for the period, net of tax</b>	<b>61,932</b>	15,870	<b>61,932</b>	15,870
Total comprehensive income attributable to:				
Owners of the Company	<b>53,951</b>	15,294	<b>53,951</b>	15,294
Non-controlling interests	<b>7,981</b>	576	<b>7,981</b>	576
	<b>61,932</b>	15,870	<b>61,932</b>	15,870

(The accompanying explanatory notes form an integral part of and should be read in conjunction with the audited financial statements for the year ended 31 December 2010.)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Equity compensation reserve	Foreign exchange reserve	Statutory reserve	Available -for-sale reserve	Other reserve	Retained profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>As at 1.1.2011</b>	<b>962,211</b>	<b>(29,785)</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>
Total comprehensive (loss)/income	-	-	-	-	(4,238)	-	10,391	1,165	46,633	53,951	7,981	61,932
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(8,783)	(8,783)
Shares issued for pursuant to exercise of ESOS	385	-	-	-	-	-	-	-	-	385	-	385
Reserve realised upon exercise of ESOS	-	-	-	(41)	-	-	-	-	41	-	-	-
Total transactions with owners	385	-	-	(41)	-	-	-	-	41	385	(8,783)	(8,398)
<b>As at 31.3.2011</b>	<b>962,596</b>	<b>(29,785)</b>	<b>-</b>	<b>738</b>	<b>(24,890)</b>	<b>228,992</b>	<b>8,952</b>	<b>1,165</b>	<b>355,278</b>	<b>1,503,046</b>	<b>243,939</b>	<b>1,746,985</b>
As at 1.1.2010	678,665	(29,782)	502	1,094	6,616	206,078	(9,024)	-	432,992	1,287,141	224,546	1,511,687
Effect of 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 (loss)/income	-	-	-	-	(18,064)	-	1,114	-	32,244	15,294	576	15,870
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(8,839)	(8,839)
Shares issued for pursuant to:												
- conversion of Warrant B 2000/2010	116,325	-	803	-	-	-	-	-	-	117,128	-	117,128
- exercise of ESOS	1,087	-	30	-	-	-	-	-	-	1,117	-	1,117
- bonus issue	164,672	-	(1,335)	-	-	-	-	-	(163,337)	-	-	-
Reserve realised upon exercise and forfeiture of ESOS	-	-	-	(163)	-	-	-	-	163	-	-	-
Total transactions with owners	282,084	-	(502)	(163)	-	-	-	-	(163,174)	118,245	(8,839)	109,406
As at 31.3.2010	960,749	(29,782)	-	931	(11,448)	206,078	(6,052)	-	298,737	1,419,213	216,283	1,635,496

(The accompanying explanatory notes form an integral part of and should be read in conjunction with the audited financial statements for the year ended 31 December 2010.)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Current year to date ended 31.3.2011 RM'000</b>	Preceding year to date ended 31.3.2010 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before tax	73,207	58,186
Adjustments for :-		
Interest expense	1,817	1,546
Interest income	(30)	(18)
Other non-cash and non-operating items	(8,688)	13,876
Share of results after tax of associated companies	(379)	(630)
Operating profit before working capital changes	<u>65,927</u>	72,960
<i>(Increase)/Decrease in operating assets:</i>		
Deposits and placements with banks and other financial institutions	(155,000)	-
Securities purchased under resale agreements	111,856	(2,912)
Loans, advances and financing	48,575	(120,785)
Statutory and reserve deposits with Central Banks	(3,684)	(8,753)
Securities held-for-trading	210,188	(25,957)
Securities held-to-maturity	49,834	352,237
Securities available-for-sale	(419,978)	(374,072)
Trade and other receivables	(1,414,474)	332,331
Other operating assets	(135,518)	(74,947)
<i>Increase/(Decrease) in operating liabilities:</i>		
Deposits from customers	346,598	6,042
Deposits and placements of banks and other financial institutions	21,018	127,907
Obligations on securities sold under repurchase agreements	16,580	-
Trade and other payables	1,463,319	(371,138)
Other operating liabilities	(19,371)	1,822
Cash generated from/(used in) operations	<u>185,870</u>	(85,265)
Income tax paid net of refund	(10,499)	(7,025)
Net cash generated from/(used in) operating activities	<u>175,371</u>	(92,290)
<b>Cash Flows From Investing Activities</b>		
Dividend received	404	423
Interest received	30	18
Payment for intangible assets	(10)	(7)
Proceeds from disposals of equipment	261	211
Purchase of equipment	(5,023)	(4,684)
Purchase of software licences	(918)	(665)
Net cash used in investing activities	<u>(5,256)</u>	(4,704)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)**

	<b>Current year to date ended 31.3.2011 RM'000</b>	Preceding year to date ended 31.3.2010 RM'000
<b>Cash Flows From Financing Activities</b>		
Dividend paid to non-controlling interests	(8,783)	(8,839)
Repayment of short term borrowings	(145,779)	(69,386)
Interest paid	(1,817)	(1,546)
Proceeds from issuance of shares:		
- exercise of ESOS	385	1,117
- conversion of Warrant B 2000/2010	-	117,128
Repayment of term loans	(4,435)	(12,500)
Net cash (used in)/generated from financing activities	<u>(160,429)</u>	<u>25,974</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>9,686</b>	<b>(71,020)</b>
Effects of exchange rate changes	(1,929)	(22,518)
<b>Cash and cash equivalents at beginning of period</b>	<b>664,479</b>	<b>826,578</b>
<b>Cash and cash equivalents at end of period</b>	<b><u>672,236</u></b>	<b><u>733,040</u></b>
<b>Cash and cash equivalents at end of period comprised:</b>		
Cash, bank balances and deposits - General accounts	318,179	314,811
Bank overdrafts	(6,195)	-
Money at call and deposits placements with maturity within one month	360,252	418,229
	<b><u>672,236</u></b>	<b><u>733,040</u></b>

(The accompanying explanatory notes form an integral part of and should be read in conjunction with the audited financial statements for the year ended 31 December 2010.)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011****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 Banking 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 Banking Institutions ("BNM/GP8"). The report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2010 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 2010.

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 2010 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 March 2010**

Amendments to FRS 132                      Financial Instruments: Presentation - 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 Interpretation 9                      Reassessment of Embedded Derivatives

**31 December 2010**

TR 3    Guidance on Disclosures of Transition to IFRSs

**1 January 2011**

Amendments to FRS 1                        Limited Exemption from Comparative 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

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

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 i-4	Shariah Compliant Sale Contracts

The adoption of Amendments to FRS 7 which promotes enhanced disclosures on fair value measurement of financial instruments via the introduction of the concept of the fair value hierarchy, will only affect disclosures and will not have any impact on the results of the Group. Adoption of other FRSs, amendments to FRSs, IC Interpretations and TR 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 3 Business Combinations (Revised)**

The revised FRS 3 introduces changes in the accounting for business combination occurring after 1 July 2010 and it is applied prospectively. The FRS establishes principles for recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in acquiree. Each identifiable asset and liability is measured at its acquisition-date fair value. Any non-controlling interest in an acquiree is measured at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Goodwill is measured at the difference between the aggregate of the consideration transferred, any non-controlling interest in the acquiree and, in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, and the net identifiable assets acquired. If the acquirer has made a gain from a bargain purchase, that gain is recognised in the income statement. The FRS also provides accounting requirements for reacquired rights, contingent liabilities, contingent consideration and indemnification assets.



**A1. Basis of preparation (Cont'd)**(b) FRS 127 Consolidated and Separate Financial Statements

The main changes include the accounting for changes in ownership interest in a subsidiary, where changes in ownership which do not result in the loss of control are now accounted for within equity instead of the income statement. Where an entity loses control of a subsidiary, it derecognises the assets and liabilities and related equity components of the former subsidiary, any remaining investment is remeasured at fair value and a gain or loss is recognised in the income statement. The term minority interests were replaced by the term non-controlling interests, with a new definition. Total comprehensive income attributed to the owners of the parent and to the non-controlling interests, even if it results in the non-controlling interests having a deficit balance.

The revised FRS 127 requires retrospective application with certain exceptions as permitted under this standard.

The Group has not adopted the following FRS, IC Interpretations and Amendments to ICs effective for annual periods beginning on and after:

**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

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

**Reclassification of securities**

During the prior financial years, OSK Investment Bank Berhad ("OSKIB"), a wholly-owned subsidiary company, had reclassified certain securities held-for-trading ("HFT") to available-for-sale ("AFS") category pursuant to the BNM Circular, "Reclassification of Securities under Specific Circumstances". The provisions for reclassification were introduced after taking into account the exceptional circumstances in the global financial markets and the changes to the international accounting standards in response to this development. The provisions in the Circular override the existing requirements of BNM/GP8 in relation to the reclassification of securities into or out of the HFT 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 held-to-maturity ("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, subject to the conditions stated in FRS 139.

A banking subsidiary had reclassified certain securities AFS to HTM category and certain securities HFT to AFS category in 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 31.3.2011 RM'000</b>	<b>As at 31.12.2010 RM'000</b>
(i) Securities AFS reclassified to securities HTM		
- Carrying value	<b>126,427</b>	126,256
- Fair value	<b>121,269</b>	119,881
(ii) Securities HFT reclassified to securities AFS		
- Carrying value	<b>41,912</b>	42,312
- Fair value	<b>41,912</b>	42,312

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

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

**(c) Fair value loss recognised**

	<b>Current quarter ended 31.3.2011 RM'000</b>	<b>Comparative quarter ended 31.3.2010 RM'000</b>	<b>Current year to date ended 31.3.2011 RM'000</b>	<b>Preceding year to date ended 31.3.2010 RM'000</b>
<b>Income Statement</b>	-	-	-	-
<b>Statement of Changes in Equity</b>				
AFS reserve	(339)	(889)	(339)	(889)

**(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. Changes in estimates**

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

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**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 384,750 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 RM384,750. 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		Forfeited	As at
		1.1.2011	Exercised		31.3.2011
27.6.2003	1.00	610,225	(2,500)	-	607,725
16.3.2004	1.00	2,820,350	(215,500)	-	2,604,850
29.4.2005	1.00	876,650	(59,250)	-	817,400
3.5.2006	1.00	2,451,824	(107,500)	-	2,344,324
		<b>6,759,049</b>	<b>(384,750)</b>	<b>-</b>	<b>6,374,299</b>

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.

**(b) Share buybacks / Treasury shares of the Company**

During the current year to date, the Company did not purchase any of its own ordinary shares from the open market. 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 1.1.2011/31.3.2011	24,151,412	2.82	0.90	1.23	29,785,136

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

**A6. Dividend paid**

There were no dividend being paid during the current year to date.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

	As at 31.3.2011 RM'000	As at 31.12.2010 RM'000
<b>A7. Securities portfolio</b>		
<b>(a) Securities held-for-trading</b>		
<b>At fair value</b>		
Money market instruments:		
Malaysian Government Investment Issues	<b>9,982</b>	-
Quoted securities:		
Shares, exchange traded funds and warrants		
- in Malaysia	<b>108,560</b>	228,571
- outside Malaysia	<b>127,803</b>	70,313
	<b>236,363</b>	298,884
Trusts units in Malaysia	<b>1,793</b>	1,049
	<b>238,156</b>	299,933
Unquoted securities:		
Private debt securities		
- in Malaysia	-	41,101
- outside Malaysia	<b>185,280</b>	307,962
	<b>185,280</b>	349,063
	<b>433,418</b>	648,996
<b>(b) Securities held-to-maturity</b>		
<b>At amortised cost</b>		
Money market instruments:		
Bankers' acceptance and Islamic accepted bills	-	9,789
Cagamas bonds	<b>5,032</b>	5,037
Malaysian Government Investment Issues	<b>185,306</b>	185,441
Negotiable instruments of deposits	<b>60,000</b>	110,000
	<b>250,338</b>	310,267
Unquoted securities:		
Private and Islamic debt securities		
- in Malaysia	<b>357,184</b>	346,144
- outside Malaysia	<b>12,842</b>	12,860
	<b>370,026</b>	359,004
Less: Accumulated impairment losses	<b>(6,844)</b>	(6,844)
	<b>363,182</b>	352,160
	<b>613,520</b>	662,427

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

	As at <b>31.3.2011</b>	As at 31.12.2010
	<b>RM'000</b>	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	<b>516,623</b>	431,730
Cagamas bonds	<b>7,028</b>	7,041
Malaysian Government Investment Issues	<b>254,103</b>	160,620
Malaysian Government Securities	<b>624,592</b>	610,456
Negotiable instruments of deposits	<b>210,120</b>	80,300
	<b>1,612,466</b>	1,290,147
Quoted securities:		
Shares and warrants		
- in Malaysia	<b>41,300</b>	940
- outside Malaysia	<b>890</b>	8,784
	<b>42,190</b>	9,724
Trusts units outside Malaysia	<b>8,792</b>	9,200
	<b>50,982</b>	18,924
Unquoted securities:		
Shares and warrants		
- in Malaysia	<b>2,855</b>	7,285
- outside Malaysia	<b>3,247</b>	3,228
Private and Islamic debt securities		
- in Malaysia	<b>949,903</b>	1,040,275
- outside Malaysia	<b>674,595</b>	500,797
Less: Accumulated impairment losses	<b>(64,790)</b>	(64,790)
	<b>1,559,708</b>	1,476,282
	<b>1,565,810</b>	1,486,795
	<b>3,229,258</b>	2,795,866

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

	As at 31.3.2011 RM'000	As at 31.12.2010 RM'000
<b>A8. Loans, advances and financing</b>		
Term loans	626,316	673,732
Staff loans	1,978	1,766
Share margin financing	629,072	628,984
Revolving credits	67,738	70,299
	<b>1,325,104</b>	1,374,781
Unearned interest and income	(15)	(15)
	<b>1,325,089</b>	1,374,766
Allowance for impairment losses on loans, advances and financing		
- Individual impairment	(8,954)	(10,189)
- Collective impairment	(15,576)	(17,130)
Net loans, advances and financing	<b>1,300,559</b>	1,347,447
<b>(a) Analysis of gross loans, advances and financing</b>		
<b>(i) By type of customers</b>		
Domestic business enterprises		
- Small and medium enterprises	700,046	719,978
Foreign entities	2,812	53,730
Individuals	622,231	601,058
	<b>1,325,089</b>	1,374,766
<b>(ii) By interest/profit rate sensitivity</b>		
Fixed rate	1,168,376	1,247,276
Variable rate		
- cost plus	69,684	60,262
- others	87,029	67,228
	<b>1,325,089</b>	1,374,766
<b>(iii) By economic purpose</b>		
Working capital	232,315	228,649
Purchase of securities	786,139	852,959
Others	306,635	293,158
	<b>1,325,089</b>	1,374,766

	As at 31.3.2011	As at 31.12.2010
	RM'000	RM'000

**A8. Loans, advances and financing (Cont'd)**
**(a) Analysis of gross loans, advances and financing (Cont'd)**
**(iv) By geographical distribution**

Malaysia	974,334	1,090,471
Singapore	112,991	121,179
Hong Kong	69,684	60,262
Indonesia	62,338	16,994
Cambodia	105,742	85,860
	<b>1,325,089</b>	<b>1,374,766</b>

**(v) By maturity structure**

Up to 3 months	747,632	696,588
3-12 months	264,609	345,172
1-5 years	251,326	286,157
Over 5 years	61,522	46,849
	<b>1,325,089</b>	<b>1,374,766</b>

**(vi) By sectors**

Manufacturing	126,325	132,174
Construction	1,215	1,270
Wholesale & retail and restaurants and hotels	195,687	193,616
Transport, storage and communication	8,760	8,760
Finance, insurance and business activities	149,837	161,597
Purchase of securities	786,139	852,959
Others	57,126	24,390
	<b>1,325,089</b>	<b>1,374,766</b>



	As at 31.3.2011	As at 31.12.2010
	RM'000	RM'000

**A8. Loans, advances and financing (Cont'd)**

**(b) Analysis of impaired loans, advances and financing**

Gross impaired loans	<b>16,678</b>	26,121
<b>Movement in impaired loans, advances and financing</b>		
At beginning of period/year	<b>26,121</b>	22,993
Effects of FRS 139 *	-	2,080
As restated	<b>26,121</b>	25,073
Classified as impaired *	<b>281</b>	10,826
Reclassified as non-impaired *	<b>(7,762)</b>	(2,335)
Amount recovered *	<b>(1,957)</b>	(7,216)
Exchange differences *	<b>(5)</b>	(227)
At end of period/year	<b>16,678</b>	26,121
Individual impairment	<b>(8,954)</b>	(10,189)
Net impaired loans, advances and financing	<b>7,724</b>	15,932
Ratio of net impaired loans, advances and financing to net loans, advances and financing	<b>0.59%</b>	1.18%
<b>By economic purpose</b>		
Purchase of securities	<b>16,678</b>	26,121

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

**By geographical distribution**

Malaysia	<b>16,620</b>	25,751
Hong Kong	<b>17</b>	41
Indonesia	<b>41</b>	37
Cambodia	-	292
	<b>16,678</b>	26,121

	As at 31.3.2011	As at 31.12.2010
	RM'000	RM'000

**A8. Loans, advances and financing (Cont'd)**

**(c) Movement in allowance for impairment losses on loans, advances and financing**

**Individual impairment**

At beginning of period/year		
As previously reported	(10,189)	-
Adoption of FRS 139 *	-	(10,732)
As restated	(10,189)	(10,732)
Made *	(1,146)	(4,362)
Written back *	1,509	3,162
Written off	-	1,692
Recovered *	871	-
Exchange difference *	1	51
At end of period/year	<b>(8,954)</b>	<b>(10,189)</b>

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

**Collective impairment**

At beginning of period/year		
As previously reported	(17,130)	-
Adoption of FRS 139	-	(10,628)
As restated	(17,130)	(10,628)
Written back/(made)	1,536	(6,573)
Exchange difference	18	71
At end of period/year	<b>(15,576)</b>	<b>(17,130)</b>

As % of gross loans, advances and financing less individual impairment

<b>1.18%</b>	<b>1.26%</b>
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**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

	As at 31.3.2011 <u>RM'000</u>	As at 31.12.2010 RM'000
<b>A8. Loans, advances and financing (Cont'd)</b>		
<b>(d) Individual impairment for loans, advances and financing according to economic purpose</b>		
Purchase of securities	<b>(8,954)</b>	(10,189)
<b>(e) Collective impairment for loans, advances and financing according to economic purpose allocated on a pro-rated basis</b>		
Working capital	<b>(2,731)</b>	(3,163)
Purchase of securities	<b>(9,241)</b>	(10,394)
Others	<b>(3,604)</b>	(3,573)
	<b>(15,576)</b>	(17,130)
<b>A9. Trade receivables</b>		
Stock and futures broking receivables, net of allowance for impairment losses	<b>1,303,847</b>	1,015,954
Amount owing by:		
- brokers	<b>923,685</b>	371,627
- foreign derivatives clearing houses	<b>14,911</b>	8,552
- foreign securities clearing houses and stock exchange	<b>1,104,411</b>	626,279
Unit trust receivables	<b>83,428</b>	16,973
Others	<b>8,135</b>	4,536
	<b>3,438,417</b>	2,043,921
<b>A10. Other assets</b>		
Interest/income receivables	<b>45,399</b>	38,366
Security deposits and statutory funds	<b>4,986</b>	7,451
Other receivables, deposits and prepayments	<b>78,509</b>	48,728
Transferable memberships	<b>271</b>	271
	<b>129,165</b>	94,816

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

	As at 31.3.2011	As at 31.12.2010
	RM'000	RM'000
<b>A11. Deposits from customers</b>		
<b>Non-Mudharabah Fund</b>		
Demand deposits	8,025	8,856
Fixed deposits	2,306,792	2,146,033
Negotiable instruments of deposits	71,054	119,330
Saving deposits	11,421	12,416
Short term deposits	854,441	757,270
Others	81	299
	<b>3,251,814</b>	<b>3,044,204</b>
<b>Mudharabah Fund</b>		
Mudharabah general deposits	967,589	828,601
	<b>4,219,403</b>	<b>3,872,805</b>
<b>(a) By type of customers</b>		
Business enterprises	1,366,246	1,180,287
Domestic non-bank financial institutions	1,934,432	1,854,829
Foreign customers	9,829	10,713
Individuals	165,071	133,011
Malaysian government and statutory bodies	743,738	693,666
Others	87	299
	<b>4,219,403</b>	<b>3,872,805</b>
<b>(b) By maturity structure</b>		
Up to 3 months	3,420,359	3,284,145
3-12 months	771,711	566,665
1-5 years	27,333	21,995
	<b>4,219,403</b>	<b>3,872,805</b>
<b>A12. Deposits and placements of banks and other financial institutions</b>		
<b>Non-Mudharabah Fund</b>		
Licensed banks	255,422	280,193
Licensed investment banks	230,000	170,000
Other financial institutions	205,365	219,576
	<b>690,787</b>	<b>669,769</b>

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

	<b>As at</b>	<b>As at</b>
	<b>31.3.2011</b>	<b>31.12.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A13. Trade payables</b>		
Amount due to:		
Outstanding contracts on clients' accounts	<b>2,202,743</b>	1,735,374
Brokers	<b>1,701,221</b>	821,450
Foreign clearing houses	<b>124,972</b>	93,364
Unit trust payables	<b>67,576</b>	7,008
	<b>4,096,512</b>	<b>2,657,196</b>
<b>A14. Other liabilities</b>		
Interest/profit payable	<b>52,130</b>	39,943
Amount due to an associated company	<b>3,098</b>	3,064
Profit equalisation reserve of Islamic banking operations	<b>904</b>	996
Other payables, deposits and accruals	<b>177,245</b>	165,420
	<b>233,377</b>	<b>209,423</b>

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

	<b>Current quarter ended 31.3.2011</b>	Comparative quarter ended 31.3.2010	<b>Current year to date ended 31.3.2011</b>	Preceding year to date ended 31.3.2010
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>A15. Interest income</b>				
Loans, advances and financing	<b>27,654</b>	19,596	<b>27,654</b>	19,596
Deposits and placements with financial institutions	<b>8,372</b>	5,782	<b>8,372</b>	5,782
Securities held-for-trading	<b>3,273</b>	1,517	<b>3,273</b>	1,517
Securities held-to-maturity	<b>2,923</b>	6,663	<b>2,923</b>	6,663
Securities available-for-sale	<b>21,082</b>	21,395	<b>21,082</b>	21,395
Stockbroking and futures broking business	<b>1,544</b>	785	<b>1,544</b>	785
Others	<b>247</b>	44	<b>247</b>	44
	<b>65,095</b>	55,782	<b>65,095</b>	55,782
Accretion of discount less amortisation of premium	<b>4,564</b>	8,937	<b>4,564</b>	8,937
	<b>69,659</b>	64,719	<b>69,659</b>	64,719

**A16. Interest expense**

Deposits from customers	<b>(30,719)</b>	(24,094)	<b>(30,719)</b>	(24,094)
Deposits and placements of financial institutions	<b>(5,497)</b>	(403)	<b>(5,497)</b>	(403)
Subordinated notes	<b>(5,406)</b>	(1,849)	<b>(5,406)</b>	(1,849)
Borrowings	<b>(3,127)</b>	(1,788)	<b>(3,127)</b>	(1,788)
Others	<b>(212)</b>	(10)	<b>(212)</b>	(10)
	<b>(44,961)</b>	(28,144)	<b>(44,961)</b>	(28,144)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

	<b>Current quarter ended</b>	Comparative quarter ended	<b>Current year to date ended</b>	Preceding year to date ended
	<b>31.3.2011</b>	31.3.2010	<b>31.3.2011</b>	31.3.2010
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>A17. Other operating income</b>				
<b>(a) Fees and commission</b>				
Advisory, agency, arrangement, placement and referral fees	<b>11,675</b>	11,138	<b>11,675</b>	11,138
Commission	<b>5,930</b>	2,798	<b>5,930</b>	2,798
Fees earned from management of unit trust funds	<b>13,128</b>	13,687	<b>13,128</b>	13,687
Gross brokerage fees	<b>123,797</b>	103,536	<b>123,797</b>	103,536
Loan processing, facility and commitment fees and carrying charges	<b>4,749</b>	4,403	<b>4,749</b>	4,403
Service charges on sale of trust units	<b>13,121</b>	7,476	<b>13,121</b>	7,476
Trustee and will writing fees	<b>1,426</b>	1,276	<b>1,426</b>	1,276
Others	<b>767</b>	547	<b>767</b>	547
	<b>174,593</b>	144,861	<b>174,593</b>	144,861
<b>(b) Net gain arising from sale of securities and derivatives</b>				
Securities held-for-trading	<b>25,082</b>	174	<b>25,082</b>	174
Securities available-for-sale	<b>2,172</b>	1,663	<b>2,172</b>	1,663
Derivative financial instruments	<b>19,500</b>	640	<b>19,500</b>	640
	<b>46,754</b>	2,477	<b>46,754</b>	2,477
<b>(c) Gross dividend income</b>				
Securities held-for-trading	<b>439</b>	433	<b>439</b>	433

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

	<b>Current quarter ended 31.3.2011 RM'000</b>	<b>Comparative quarter ended 31.3.2010 RM'000</b>	<b>Current year to date ended 31.3.2011 RM'000</b>	<b>Preceding year to date ended 31.3.2010 RM'000</b>
<b>A17. Other operating income (Cont'd)</b>				
<b>(d) Unrealised net (loss)/gain on revaluation of trading securities and derivatives</b>				
Securities held-for-trading	(4,949)	1,522	(4,949)	1,522
Derivative financial instruments	(6,156)	32,898	(6,156)	32,898
	<b>(11,105)</b>	<b>34,420</b>	<b>(11,105)</b>	<b>34,420</b>
<b>(e) Unrealised gain on derivatives</b>				
Unexpired structured warrants	<b>595</b>	2,537	<b>595</b>	2,537
<b>(f) Unrealised gain/(loss) from foreign exchange translations</b>				
	<b>18,451</b>	(17,812)	<b>18,451</b>	(17,812)
<b>(g) Other income</b>				
Net gain on disposals of equipment	<b>156</b>	219	<b>156</b>	219
Realised (loss)/gain on foreign exchange	(11,030)	3,546	(11,030)	3,546
Net gain on interest rate swaps	<b>3,243</b>	86	<b>3,243</b>	86
Rental income	<b>1,925</b>	1,791	<b>1,925</b>	1,791
Others	<b>2,083</b>	1,670	<b>2,083</b>	1,670
	<b>(3,623)</b>	<b>7,312</b>	<b>(3,623)</b>	<b>7,312</b>
	<b>226,104</b>	<b>174,228</b>	<b>226,104</b>	<b>174,228</b>



**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

	<b>Current quarter ended 31.3.2011</b>	<b>Comparative quarter ended 31.3.2010</b>	<b>Current year to date ended 31.3.2011</b>	<b>Preceding year to date ended 31.3.2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>A18. Other operating expenses</b>				
<b>(a) Personnel costs</b>				
Salaries, allowances, bonuses and gratuity	<b>(67,447)</b>	(51,022)	<b>(67,447)</b>	(51,022)
Pension costs - defined contribution plan	<b>(7,525)</b>	(3,165)	<b>(7,525)</b>	(3,165)
Others	<b>(3,038)</b>	(2,574)	<b>(3,038)</b>	(2,574)
	<b>(78,010)</b>	(56,761)	<b>(78,010)</b>	(56,761)
<b>(b) Promotional, marketing and trading expenses</b>				
Advertisement and promotion	<b>(3,196)</b>	(2,828)	<b>(3,196)</b>	(2,828)
Commission	<b>(52,437)</b>	(37,967)	<b>(52,437)</b>	(37,967)
Fees and charges	<b>(16,461)</b>	(12,237)	<b>(16,461)</b>	(12,237)
Deposit insurance	-	597	-	597
Others	<b>(1,864)</b>	(2,970)	<b>(1,864)</b>	(2,970)
	<b>(73,958)</b>	(55,405)	<b>(73,958)</b>	(55,405)
<b>(c) Establishment costs</b>				
Depreciation and amortisation	<b>(4,624)</b>	(3,814)	<b>(4,624)</b>	(3,814)
Rental of equipment	<b>(1,180)</b>	(1,197)	<b>(1,180)</b>	(1,197)
Rental of premises	<b>(4,884)</b>	(4,651)	<b>(4,884)</b>	(4,651)
Repair and maintenance	<b>(2,834)</b>	(1,522)	<b>(2,834)</b>	(1,522)
Utility expenses	<b>(1,551)</b>	(1,332)	<b>(1,551)</b>	(1,332)
Insurance	<b>(322)</b>	(405)	<b>(322)</b>	(405)
Others	<b>(1,497)</b>	(1,568)	<b>(1,497)</b>	(1,568)
	<b>(16,892)</b>	(14,489)	<b>(16,892)</b>	(14,489)
<b>(d) General administrative expenses</b>				
Communication expenses	<b>(3,664)</b>	(2,658)	<b>(3,664)</b>	(2,658)
Legal and professional fees	<b>(1,715)</b>	(867)	<b>(1,715)</b>	(867)
Printing and stationery	<b>(1,699)</b>	(1,566)	<b>(1,699)</b>	(1,566)
Administrative expenses	<b>(5,629)</b>	(4,730)	<b>(5,629)</b>	(4,730)
Others	<b>(383)</b>	(255)	<b>(383)</b>	(255)
	<b>(13,090)</b>	(10,076)	<b>(13,090)</b>	(10,076)
<b>Total other operating expenses</b>	<b>(181,950)</b>	(136,731)	<b>(181,950)</b>	(136,731)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

	<b>Current quarter ended 31.3.2011 RM'000</b>	<b>Comparative quarter ended 31.3.2010 RM'000</b>	<b>Current year to date ended 31.3.2011 RM'000</b>	<b>Preceding year to date ended 31.3.2010 RM'000</b>
<b>A19. Write back of/(allowance for) impairment losses on loans, advances and financing</b>				
Individual impairment				
- Made	<b>(869)</b>	(2,214)	<b>(869)</b>	(2,214)
- Written back	<b>1,023</b>	118	<b>1,023</b>	118
Collective impairment (net)				
- Made/(Written back)	<b>1,536</b>	(817)	<b>1,536</b>	(817)
Bad debts				
- Recovered	<b>1,309</b>	-	<b>1,309</b>	-
- Written off	-	(335)	-	(335)
	<b>2,999</b>	(3,248)	<b>2,999</b>	(3,248)
<b>A20. (Allowance for)/write back of impairment losses on trade and other receivables</b>				
Individual impairment				
- Made	<b>(1,158)</b>	(1,276)	<b>(1,158)</b>	(1,276)
- Written back	<b>494</b>	1,512	<b>494</b>	1,512
Bad debts				
- Recovered	<b>4</b>	7	<b>4</b>	7
	<b>(660)</b>	243	<b>(660)</b>	243
<b>A21. Allowance for impairment losses</b>				
Securities available-for-sale	-	(15,400)	-	(15,400)

**A22. Segmental information**

Please refer to Appendix I.

**A23. Events after the end of the quarter**

Issuance of RM100 million of Subordinated Notes by OSKIB

On 15 April 2011, OSKIB issued an additional RM100 million of Subordinated Notes via private placement. The tenure of the issue is 10 years maturing on 15 April 2021 and callable after a minimum period of 5 years from the issue date (i.e. on 15 April 2011) and on every semi-annual coupon payment date thereafter. These Subordinated Notes carry a coupon rate of 5.20% per annum with step-up to 5.25% per annum on the 5th year from the issuance date until the date of early redemption in full or final maturity, whichever is earlier.

**A24. Changes in the composition of the Group**

iFast-OSK Sdn. Bhd.

During the quarter under review, iFast-OSK Sdn. Bhd., an associated company of OSKIB, increased its issued and paid-up ordinary share capital as follows for working capital purposes:

- 26 January 2011, from RM15,000,000 to RM16,000,000 by the increase of 1 million ordinary shares of RM1.00 each.
- 25 March 2011, from RM16,000,000 to RM18,000,000 by the increase of 2 million ordinary shares of RM1.00 each.

OSKIB did not subscribe for the abovementioned rights issues and the percentage of its shareholding in the associated company has been diluted from 42.47% to 35.39%.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**A25. Commitments and contingencies**

Please refer to Appendix II.

**A26. Interest/profit rate risk**

Please refer to Appendix III.

**A27. Capital Adequacy**

**(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:**

The capital base and risk weighted assets ("RWA") of OSKIB Group and OSKIB 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.

	<b>OSKIB Group</b>		<b>OSKIB <sup>^</sup></b>	
	<b>As at 31.3.2011</b>	<b>As at 31.12.2010</b>	<b>As at 31.3.2011</b>	<b>As at 31.12.2010</b>
<b>Before deducting proposed dividends:</b>				
Core capital ratio	<b>25.14%</b>	27.12%	<b>22.90%</b>	24.58%
Risk weighted capital ratio	<b>31.79%</b>	34.22%	<b>22.90%</b>	24.58%
<b>After deducting proposed dividends:</b>				
Core capital ratio	<b>25.14%</b>	27.12%	<b>22.90%</b>	24.58%
Risk weighted capital ratio	<b>31.79%</b>	34.22%	<b>22.90%</b>	24.58%

<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.

In assessing the adequacy of its internal capital levels to support current and future activities, OSKIB ensures that it complies with the minimum requirements at Bank Negara Malaysia of at least 8% in risk weighted capital ratio.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**
**A27. 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 31.3.2011 RM'000	As at 31.12.2010 RM'000	As at 31.3.2011 RM'000	As at 31.12.2010 RM'000
Issued and fully paid share capital	660,000	660,000	660,000	660,000
Retained profits	155,771	155,771	54,046	54,046
Statutory reserve	228,992	228,992	228,992	228,992
Tier 1 non-controlling interests	244,996	245,759	-	-
	<b>1,289,759</b>	1,290,522	<b>943,038</b>	943,038
Less: Goodwill	(105,605)	(92,889)	(46,516)	(46,516)
Deferred tax assets	(1,299)	(481)	(278)	-
<b>Tier I capital</b>	<b>1,182,855</b>	1,197,152	<b>896,244</b>	896,522
Loans, advances and financing				
- Collective impairment	12,658	13,138	11,600	12,315
Maximum allowance subordinated debt capital	300,000	300,000	300,000	300,000
<b>Tier II capital</b>	<b>312,658</b>	313,138	<b>311,600</b>	312,315
Total capital	1,495,513	1,510,290	1,207,844	1,208,837
Less: Investments in subsidiary companies	-	-	(455,488)	(455,488)
<b>Capital base</b>	<b>1,495,513</b>	1,510,290	<b>752,356</b>	753,349

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% (2010: 8.0%) for the risk weighted capital ratio.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**A27. 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:**

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%.

	<b>OSKIBL</b>	
	<b>As at</b>	<b>As at</b>
	<b>31.3.2011</b>	<b>31.12.2010</b>
<b>Before deducting proposed dividends:</b>		
Core capital ratio	#	#
Solvency ratio	<b>78.27%</b>	93.30%
<b>After deducting proposed dividends:</b>		
Core capital ratio	#	#
Solvency ratio	<b>78.27%</b>	93.30%

# 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:**

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.

	<b>OSKL</b>	
	<b>As at</b>	<b>As at</b>
	<b>31.3.2011</b>	<b>31.12.2010</b>
<b>Before deducting proposed dividends:</b>		
Core capital ratio	<b>58.80%</b>	60.30%
Risk weighted capital ratio	<b>58.80%</b>	60.30%
<b>After deducting proposed dividends:</b>		
Core capital ratio	<b>58.80%</b>	60.30%
Risk weighted capital ratio	<b>58.80%</b>	60.30%

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**
**A27. Capital Adequacy (Cont'd)**
**(b) Risk weighted assets and capital requirements for credit risk, market risk, operational risk and large exposures risk**

As at 31.3.2011

OSKIB Group				
Exposure class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weights Assets RM'000	Capital Require-ments RM'000
<b>(i) Credit risk</b>				
<i>On-Balance Sheet Exposures:</i>				
Sovereigns/Central Banks	1,442,646	1,442,646	-	-
Banks, development financial institutions and multilateral development banks	3,117,215	3,117,215	802,773	64,222
Insurance companies, securities firms and fund managers	215,455	215,455	43,091	3,447
Corporates	2,263,850	1,630,961	972,769	77,822
Other assets	359,593	359,593	359,593	28,767
<b>Total on-balance sheet exposures</b>	<b>7,398,759</b>	<b>6,765,870</b>	<b>2,178,226</b>	<b>174,258</b>
<i>Off-Balance Sheet Exposures:</i>				
Over-the-counter ("OTC") derivatives	227,661	227,661	47,964	3,837
Credit derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	491,782	491,782	185,118	14,809
Defaulted exposures	-	-	-	-
<b>Total off-balance sheet exposures</b>	<b>719,443</b>	<b>719,443</b>	<b>233,082</b>	<b>18,646</b>
<b>Total on and off-balance sheet exposures</b>	<b>8,118,202</b>	<b>7,485,313</b>	<b>2,411,308</b>	<b>192,904</b>
<b>(ii) Large exposures risk requirement</b>	<b>39,068</b>	<b>39,068</b>	<b>39,068</b>	<b>-</b>
	┌──────────┐			
	<b>Long Position</b>	<b>Short Position</b>		
	<b>RM'000</b>	<b>RM'000</b>		
<b>(iii) Market risk</b>				
Interest rate risk	633,113	437,800	250,875	20,070
Foreign currency risk	648,354	-	648,350	51,868
Equity risk	36,855	-	334,788	26,783
Option risk	48,124	-	30,338	2,427
<b>Total</b>	<b>1,366,446</b>	<b>437,800</b>	<b>1,264,351</b>	<b>101,148</b>
<b>(iv) Operational risk</b>			<b>989,525</b>	<b>79,162</b>
<b>(v) Total RWA and capital requirements</b>			<b>4,704,252</b>	<b>373,214</b>

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**
**A27. 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 31.3.2011

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	1,356,884	1,356,884	-	-												
Banks, development financial institutions and multilateral development banks	2,585,267	2,585,267	697,734	55,819												
Insurance companies, securities firms and fund managers	215,455	215,455	43,091	3,447												
Corporates	1,909,449	1,524,798	866,606	69,328												
Other assets	289,253	289,253	289,253	23,140												
<b>Total on-balance sheet exposures</b>	<b>6,356,308</b>	<b>5,971,657</b>	<b>1,896,684</b>	<b>151,734</b>												
<i>Off-Balance Sheet Exposures:</i>																
Over-the-counter ("OTC") derivatives	227,660	227,660	47,964	3,837												
Credit derivatives	-	-	-	-												
Off-balance sheet exposures other than OTC derivatives or credit derivatives	482,288	482,288	175,623	14,050												
Defaulted exposures	-	-	-	-												
<b>Total off-balance sheet exposures</b>	<b>709,948</b>	<b>709,948</b>	<b>223,587</b>	<b>17,887</b>												
<b>Total on and off-balance sheet exposures</b>	<b>7,066,256</b>	<b>6,681,605</b>	<b>2,120,271</b>	<b>169,621</b>												
<b>(ii) Large exposures risk requirement</b>	<b>39,068</b>	<b>39,068</b>	<b>39,068</b>	<b>-</b>												
	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Long Position RM'000</th> <th style="text-align: center;">Short Position RM'000</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">633,113</td> <td style="text-align: right;">437,800</td> </tr> <tr> <td style="text-align: right;">195,934</td> <td style="text-align: right;">-</td> </tr> <tr> <td style="text-align: right;">35,062</td> <td style="text-align: right;">-</td> </tr> <tr> <td style="text-align: right;">48,124</td> <td style="text-align: right;">-</td> </tr> <tr> <td style="text-align: right;"><b>912,233</b></td> <td style="text-align: right;"><b>437,800</b></td> </tr> </tbody> </table>	Long Position RM'000	Short Position RM'000	633,113	437,800	195,934	-	35,062	-	48,124	-	<b>912,233</b>	<b>437,800</b>			
Long Position RM'000	Short Position RM'000															
633,113	437,800															
195,934	-															
35,062	-															
48,124	-															
<b>912,233</b>	<b>437,800</b>															
<b>(iii) Market risk</b>																
Interest rate risk	633,113	437,800	250,875	20,070												
Foreign currency risk	195,934	-	195,934	15,675												
Equity risk	35,062	-	93,734	7,499												
Option risk	48,124	-	30,338	2,427												
Total	<b>912,233</b>	<b>437,800</b>	<b>570,881</b>	<b>45,671</b>												
<b>(iv) Operational risk</b>			<b>555,270</b>	<b>44,422</b>												
<b>(v) Total RWA and capital requirements</b>			<b>3,285,490</b>	<b>259,714</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 FIRST QUARTER ENDED 31 MARCH 2011**

**A28. Islamic banking operations of OSK Investment Bank Berhad**

**UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION**

	Note	As at <b>31.3.2011</b> RM'000	As at 31.12.2010 RM'000
<b>ASSETS</b>			
Cash and short term funds		<b>121,800</b>	233,536
Securities held-to-maturity	A28(a)	<b>311,305</b>	300,988
Securities available-for-sale	A28(b)	<b>643,959</b>	351,631
Other assets	A28(c)	<b>5,899</b>	6,773
Equipment		<b>17</b>	18
Intangible assets		<b>128</b>	133
<b>TOTAL ASSETS</b>		<b>1,083,108</b>	893,079
<b>LIABILITIES</b>			
Deposits from customers	A28(d)	<b>967,589</b>	828,601
Other liabilities	A28(e)	<b>3,977</b>	3,890
Tax payable		<b>2,804</b>	2,578
Deferred tax liabilities		<b>21</b>	88
<b>TOTAL LIABILITIES</b>		<b>974,391</b>	835,157
<b>ISLAMIC BANKING CAPITAL FUNDS</b>			
Islamic banking funds		<b>100,000</b>	50,000
Reserves		<b>8,717</b>	7,922
<b>TOTAL ISLAMIC BANKING CAPITAL FUNDS</b>		<b>108,717</b>	57,922
<b>TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>		<b>1,083,108</b>	893,079

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**
**A28. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)**
**UNAUDITED CONDENSED INCOME STATEMENTS**

	<b>Current quarter ended 31.3.2011</b>	Preceding quarter ended 31.3.2010	<b>Current year to date ended 31.3.2011</b>	Preceding year to date ended 31.3.2010
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Income derived from investment of depositors' funds and others	<b>8,285</b>	6,394	<b>8,285</b>	6,394
Transfer from/(to) profit equalisation reserve	<b>92</b>	(36)	<b>92</b>	(36)
<b>Gross and total attributable income</b>	<b>8,377</b>	6,358	<b>8,377</b>	6,358
Income attributable to depositors	<b>(6,732)</b>	(4,591)	<b>(6,732)</b>	(4,591)
<b>Income attributable to OSKIB</b>	<b>1,645</b>	1,767	<b>1,645</b>	1,767
(Loss)/Income derived from investment of Islamic banking funds	<b>(8)</b>	122	<b>(8)</b>	122
<b>Total net income</b>	<b>1,637</b>	1,889	<b>1,637</b>	1,889
Other operating expenses	<b>(416)</b>	(172)	<b>(416)</b>	(172)
<b>Profit before tax</b>	<b>1,221</b>	1,717	<b>1,221</b>	1,717
Income tax expense	<b>(226)</b>	(427)	<b>(226)</b>	(427)
<b>Profit after tax expense</b>	<b>995</b>	1,290	<b>995</b>	1,290

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

Income derived from investment of depositors' funds and others	<b>8,285</b>	6,394	<b>8,285</b>	6,394
Transfer from/(to) profit equalisation reserve	<b>92</b>	(36)	<b>92</b>	(36)
Income attributable to depositors	<b>(6,732)</b>	(4,591)	<b>(6,732)</b>	(4,591)
(Loss)/income derived from investments of Islamic banking funds	<b>(8)</b>	122	<b>(8)</b>	122
Net income from Islamic banking operations reported in Bank-wide income statement	<b>1,637</b>	1,889	<b>1,637</b>	1,889

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**A28. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)**

**UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Current quarter ended 31.3.2011</b>	Preceding quarter ended 31.3.2010	<b>Current year to date ended 31.3.2011</b>	Preceding year to date ended 31.3.2010
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Profit after tax expense</b>	<b>995</b>	1,290	<b>995</b>	1,290
<b>Other comprehensive loss</b>				
Unrealised net loss on revaluation of securities available-for-sale	<b>(267)</b>	(395)	<b>(267)</b>	(395)
Income tax relating to components of other comprehensive income	<b>67</b>	97	<b>67</b>	97
<b>Other comprehensive loss for the period, net of tax</b>	<b>(200)</b>	(298)	<b>(200)</b>	(298)
<b>Total comprehensive income for the period, net of tax</b>	<b>795</b>	992	<b>795</b>	992
Total comprehensive income attributable to owner of OSKIB	<b>795</b>	992	<b>795</b>	992

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**A28. 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>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 1.1.2011</b>	<b>50,000</b>	<b>264</b>	<b>7,658</b>	<b>57,922</b>
Total comprehensive income	-	(200)	995	795
Injection of fund	50,000	-	-	50,000
<b>As at 31.3.2011</b>	<b>100,000</b>	<b>64</b>	<b>8,653</b>	<b>108,717</b>
As at 1.1.2010				
As previously reported	50,000	244	4,046	54,290
Adoption of FRS 139	-	(37)	-	(37)
As restated	50,000	207	4,046	54,253
Total comprehensive income	-	(298)	1,290	992
As at 31.3.2010	50,000	(91)	5,336	55,245

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**A28. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)**

	<b>As at 31.3.2011</b>	<b>As at 31.12.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Securities held-to-maturity</b>		
<b>At amortised cost</b>		
Money market instruments:		
Cagamas bonds	5,031	5,037
Malaysian Government Investment Issues	165,234	165,361
	<u>170,265</u>	<u>170,398</u>
Unquoted securities:		
Islamic private debt securities	141,040	130,590
	<u>311,305</u>	<u>300,988</u>
<b>(b) Securities available-for-sale</b>		
<b>At fair value</b>		
Money market instruments:		
Islamic accepted bills	128,408	64,526
Malaysian Government Investment Issues	75,140	25,324
Negotiable instruments of deposit	179,818	49,926
	<u>383,366</u>	<u>139,776</u>
Unquoted securities:		
Islamic private debt securities	260,593	211,855
	<u>643,959</u>	<u>351,631</u>
<b>(c) Other assets</b>		
Income receivable	5,899	6,773

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**A28. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)**

	<b>As at</b>	<b>As at</b>
	<b>31.3.2011</b>	<b>31.12.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(d) Deposits from customers</b>		
<b>Mudharabah Fund</b>		
Mudharabah general investment deposits	<b>967,589</b>	828,601
<b>(i) By type of customer</b>		
Business enterprises	<b>209,904</b>	103,912
Domestic non-bank financial institutions	<b>295,466</b>	281,891
Malaysian government and statutory bodies	<b>462,219</b>	442,798
	<b>967,589</b>	828,601
<b>(ii) By maturity structure</b>		
Up to 3 months	<b>837,589</b>	726,327
3-12 months	<b>130,000</b>	102,274
	<b>967,589</b>	828,601
<b>(e) Other liabilities</b>		
Profit payable	<b>2,945</b>	2,798
Profit equalisation reserve	<b>904</b>	996
Other payable and accruals	<b>128</b>	96
	<b>3,977</b>	3,890

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**A28. 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 31.3.2011</b>	As at 31.12.2010
<b>Before deducting proposed dividends:</b>		
Core capital ratio	<b>66.50%</b>	40.02%
Risk weighted capital ratio	<b>66.50%</b>	40.02%
<b>After deducting proposed dividends:</b>		
Core capital ratio	<b>66.50%</b>	40.02%
Risk weighted capital ratio	<b>66.50%</b>	40.02%
	<b>RM'000</b>	RM'000
Islamic banking funds	<b>100,000</b>	50,000
Retained profits - audited	<b>7,659</b>	7,659
	<b>107,659</b>	57,659

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 Risk Weighted Capital Adequacy Framework (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% (2010: 8.0%) for the risk weighted capital ratio.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**
**A28. 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**
**As at 31.3.2011**

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	358,553	358,553	-	-
Banks, development financial institutions and multilateral development banks	405,238	405,238	84,064	6,725
Insurance companies, securities firms and fund managers	-	-	-	-
Corporates	319,332	319,332	68,594	5,488
Other assets	71	71	71	6
<b>Total on-balance sheet exposures</b>	<b>1,083,194</b>	<b>1,083,194</b>	<b>152,729</b>	<b>12,219</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>1,083,194</b>	<b>1,083,194</b>	<b>152,729</b>	<b>12,219</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>9,156</b>	<b>732</b>
<b>(e) Total RWA and capital requirements</b>			<b>161,885</b>	<b>12,951</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 FIRST QUARTER ENDED 31 MARCH 2011**

**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 first quarter ended 31 March 2011 ("1Q11") increased by 24% to RM304.04 million as compared to the RM245.46 million in the first quarter ended 31 March 2010 ("1Q10"). The Group profit before tax ("PBT") increased by 26% or RM15.02 million to RM73.21 million in 1Q11 from RM58.19 million in 1Q10. The profit after tax and non-controlling interests (previously known as minority interests) of the Group of RM46.63 million for 1Q11 represented a growth of 45% as compared to RM32.24 million in 1Q10.

*The Principal Subsidiaries' Performance*

OSKIB Group is the main contributor accounting for 81% of the Group PBT. The remaining PBT of 19% is contributed by the other operating subsidiaries.

*Geographical Segments Performance*

Malaysian operations increased its PBT in 1Q11 by 43% to RM63.32 million from RM44.24 million in 1Q10. Total PBT contribution by foreign subsidiaries amounted to 14% or RM9.89 million in 1Q11 as compared to 24% or RM13.95 million in 1Q10.

*Business Segments Performance*

Investment Banking consisting mainly of Derivatives & Structured Products, Treasury, Capital Market activities and Corporate Advisory contributed RM39.74 million or 54% of the Group PBT in 1Q11 as compared to RM30.32 million or 52% in 1Q10.

Loans and Financing contributed RM16.93 million or 23% of the Group PBT as compared to RM8.40 million or 14% in 1Q10.

Equities and Futures broking recorded RM14.82 million or 20% of the Group PBT as compared to RM14.98 million or 26% in 1Q10.

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

The Group recorded PBT of RM73.21 million for 1Q11 as compared to RM55.39 million in the immediate preceding quarter ended 31 December 2010.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

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

**(a) Current year prospects**

*(Commentary on the rest of year)*

In Asia, upside inflation concerns at this time appear to dominate downside risks to growth generally. Similarly in Malaysia, while economic growth is expected to be moderate in 2011, near-term inflation concerns have risen lately. As a result, Central Banks in Asia seem to be more open to using a variety of tools, including guarded exchange rate appreciation, to address the inflation issue at this juncture. Although the foregoing policy progression is a healthy step in the right direction for Asia, the financial market environment is likely to be more cautious in the coming months.

The Board expects the Group to perform satisfactory 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 FIRST QUARTER ENDED 31 MARCH 2011**

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

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

**B5. Profit forecast / profit guarantee**

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

**B6. Income tax expense**

	Current quarter ended 31.3.2011 RM'000	Current year to date ended 31.3.2011 RM'000
In respect of the current quarter / year to date		
- Malaysian income tax	17,509	17,509
- Foreign income tax	3,250	3,250
	<u>20,759</u>	<u>20,759</u>
In respect of the prior year		
- Foreign income tax	(59)	(59)
Deferred taxation	(773)	(773)
Income tax expense	<u>19,927</u>	<u>19,927</u>

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

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

There were no sales of unquoted investments and properties for the current year to date under review other than in the ordinary course of business.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**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 31.3.2011 RM'000</b>	<b>Current year to date ended 31.3.2011 RM'000</b>
Total purchase consideration	<u>245</u>	<u>245</u>
Total sale proceeds	<u>8,555</u>	<u>8,555</u>
Net gain on disposals	<u>1,086</u>	<u>1,086</u>

- (b) Investments in quoted securities as at 31 March 2011 (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	20,018
Outside Malaysia	<u>25,037</u>
	<u>45,055</u>
Fair value adjustments	<u>1,455</u>
Carrying value	<u>46,510</u>
Market value of quoted shares:	
In Malaysia	21,855
Outside Malaysia	<u>24,655</u>
	<u>46,510</u>

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

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

**(a) Status of corporate proposals announced but not completed as at 25 May 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 the 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 RM10.00 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 the 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, 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.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

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

**(a) Status of corporate proposals announced but not completed as at 25 May 2011 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report) (Cont'd)**

**(iii) Proposed Acquisition by OSKIB in BFIT Securities Public Company Limited ("BSEC")**

On 1 April 2011, OSKIB entered into a conditional Share Purchase Agreement with Bangkok First Investment & Trust Public Company Limited for the acquisition of 399,999,860 fully paid ordinary shares of Thai Baht ("THB") one par value per share, representing 48.87% equity interest in BSEC for an indicative purchase cash consideration of THB1,032 million.

The proposed acquisition is subject to the approvals of the relevant regulatory authorities in Malaysia and Thailand.

**(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 FIRST QUARTER ENDED 31 MARCH 2011**

**B10. Borrowings and debt securities as at the end of the reporting period**

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 - Unsecured	
Bank overdrafts	<b>6,195</b>
Revolving credits	<b>103,860</b>
Revolving credits denominated in USD	<b>19,668</b>
Bank loans denominated in HKD	<b>60,806</b>
Bank loans denominated in SGD	<b>24,021</b>
Bank loans denominated in IDR	<b>52,050</b>
	<b>266,600</b>
Subordinated notes - Unsecured	<b>300,000</b>
Total borrowings and debt securities	<b>566,600</b>

**B11. Derivative financial instruments**

**(a) Disclosure of derivatives**

**(i) Nature of outstanding derivatives as at the reporting date**

**Derivative financial assets:**

Equity related contracts comprises:

a) Options

Options are contractual agreements or embedded components in other financial instruments 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 specific amount of 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.

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.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

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

**(a) Derivative financial instruments (Cont'd)**

d) Foreign currency spot, forward and swap contracts

Foreign currency spot contract is an agreement to buy or sell 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 warrant gives the holder the right, but not the obligation, to sell the underlying shares to the warrant issuer at 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 structured 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 FIRST QUARTER ENDED 31 MARCH 2011**
**B11. Derivative financial instruments (Cont'd)**
**(a) Disclosure of derivatives (Cont'd)**
**(ii) Contract/Notional value and fair value as at the reporting date and maturity analysis**

	As at 31.3.2011		As at 31.12.2010	
	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	<b>114,223</b>	<b>88,417</b>	52,723	50,707
Commodities related contracts				
Less than 1 year	-	<b>664</b>	-	10
Interest rate swaps				
Less than 1 year	<b>575,835</b>	<b>41,309</b>	505,145	30,568
1 year to 3 years	<b>468,215</b>	<b>5,306</b>	239,940	5,383
More than 3 years	<b>82,104</b>	<b>529</b>	103,961	1,502
	<b>1,126,154</b>	<b>47,144</b>	849,046	37,453
Foreign currency, forward and swap contracts				
Less than 1 year	<b>293,799</b>	<b>253</b>	560,865	2,127
	<b>1,534,176</b>	<b>136,478</b>	1,462,634	90,297
<b>Derivative financial liabilities:</b>				
Structured warrants				
Less than 1 year	<b>69,374</b>	<b>131,033</b>	80,338	141,452
Structured investments				
Less than 1 year	<b>8,036</b>	<b>8,107</b>	6,410	6,504
Foreign exchange swap contracts				
Less than 1 year	<b>346,557</b>	<b>3,095</b>	210,789	1,741
Equity related contracts				
Less than 1 year	-	<b>38</b>	-	44
Commodity related contracts				
Less than 1 year	-	-	-	8
Interest rate swaps				
1 year to 3 years	<b>12,829</b>	<b>68</b>	-	-
	<b>436,796</b>	<b>142,341</b>	297,537	149,749

**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 has been no change since the end of the previous financial year.

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

Credit risk

Credit risk is the potential loss arising from the failure by a counterparty to fulfil its obligation under a contract agreement. As at 31 March 2011, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM136,478,000 (31.12.2010 : RM90,297,000). 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 of 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 2010.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

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

**(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 the current year to date, the Group recognised fair value changes of derivative financial liabilities as follows:

<b>Types of financial liabilities</b>	<b>Current</b>	<b>Current</b>
	<b>quarter ended</b>	<b>year to date ended</b>
	<b>31.3.2011</b>	<b>31.3.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Structured warrants	(11,972)	(11,972)
Structured investments	(25)	(25)
Foreign exchange swap contracts	(3,445)	(3,445)
Fair value loss	<u>(15,442)</u>	<u>(15,442)</u>

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

The fair value changes are attributable to the price change of derivative structured warrants and products as well as foreign exchange spot and forward rates. The method and assumptions applied in determining the fair values of derivatives are disclosed in audited financial statements for the year ended 31 December 2010.

Market risk

The value of derivative financial instruments will fluctuate as a result of movement in the market price.

Interest rate risk

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

Currency risk

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

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

Structured warrants issued

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

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**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: (Cont'd)**

Structured investments

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

Foreign currency swap contracts

Bid and offer rates will be used as the basis for the valuation of foreign currency swap contracts. The bid and offer rates will be used to value the financial assets and financial liabilities respectively.

**(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 reporting date, into realised and unrealised profits or losses. On 20 December 2010, Bursa Malaysia further issued a 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 purpose.

Based on the above criteria, the breakdown of retained profits of the Group as at the reporting date is as follows:

	<b>As at 31.3.2011</b>	As at 31.12.2010
	<b>RM'000</b>	RM'000
Total retained profits of the Company and its subsidiary companies		
- Realised	<b>185,548</b>	250,438
- Unrealised	<b>226,049</b>	116,018
	<b>411,597</b>	366,456
Total share of retained profits from associated companies		
- Realised	<b>11,574</b>	11,195
- Unrealised	-	-
Less : Consolidation adjustments	<b>(67,893)</b>	(69,048)
	<b>355,278</b>	308,603

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

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

**(c) Realised and Unrealised Profits (Cont'd)**

- \* 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.

**B12. Material litigation**

As at 25 May 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.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**B12. Material litigation (Cont'd)**

**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”)**

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 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 was fixed on 28 February 2011. On 28 February 2011, the said hearing was postponed to 1 March 2011. The matter was fixed for decision on 14 March 2011 in relation to the striking out application. On 14 March 2011, the Court dismissed the Plaintiff’s claims against the Defendant. Hearing dates to hear the Defendant’s counterclaim were earlier fixed on 4 and 5 April 2011 but had been postponed to 21 and 22 June 2011.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**B13. Dividend**

No dividend has been declared or paid for the current year to date ended 31 March 2011 (Comparative quarter ended 31 March 2010: No dividend has been declared or paid).

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

	<b>Current quarter ended 31.3.2011</b>	Comparative quarter ended 31.3.2010	<b>Current year to date ended 31.3.2011</b>	Preceding year to date ended 31.3.2010
<b><u>Basic</u></b>				
Profit attributable to owners of the Company (RM'000)	<b>46,633</b>	32,244	<b>46,633</b>	32,244
Weighted average number of ordinary shares in issue ('000 shares)	<b>938,276</b>	824,840	<b>938,276</b>	824,840
<b>Basic EPS (sen)</b>	<b>4.97</b>	3.91	<b>4.97</b>	3.91
<b><u>Diluted</u></b>				
Profit attributable to owners of the Company (RM'000)	<b>46,633</b>	32,244	<b>46,633</b>	32,244
Weighted average number of ordinary shares in issue ('000 shares)	<b>938,276</b>	824,840	<b>938,276</b>	824,840
Effect of dilution on assumed conversion of Warrants B 2000/2010 and exercise of options granted under ESOS ('000 shares)	<b>3,027</b>	1,984	<b>3,027</b>	1,984
Adjusted weighted average number of ordinary shares in issue and issuable ('000 shares)	<b>941,303</b>	826,824	<b>941,303</b>	826,824
<b>Diluted EPS (sen)</b>	<b>4.95</b>	3.90	<b>4.95</b>	3.90

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**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  
27 May 2011



**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**A22. Segmental information**

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. Property Investment | - Management and Letting of Properties.   |
| 6. Holding Entities    | - Investment Holding Companies.   |
| 7. 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 FIRST QUARTER ENDED 31 MARCH 2011**
**A22. 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, Investment property, Property and equipment and Intangible assets.

	Domestic	Foreign Countries				Sub-total	Total
	Malaysia	Singapore	China and Hong Kong	Indonesia	Cambodia		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>CURRENT YEAR TO DATE ENDED 31.3.2011</b>							
Revenue	<b>229,935</b>	<b>40,868</b>	<b>13,582</b>	<b>15,607</b>	<b>4,047</b>	<b>74,104</b>	<b>304,039</b>
Profit/(loss) before tax	<b>63,318</b>	<b>11,435</b>	<b>(3,148)</b>	<b>1,863</b>	<b>(261)</b>	<b>9,889</b>	<b>73,207</b>
Non-current assets as at 31.3.2011	<b>535,017</b>	<b>2,668</b>	<b>5,562</b>	<b>6,930</b>	<b>16,216</b>	<b>31,376</b>	<b>566,393</b>
<b>PRECEDING YEAR TO DATE ENDED 31.3.2010</b>							
Revenue	173,917	44,886	13,829	9,870	2,961	71,546	245,463
Profit/(loss) before tax	44,238	13,340	(1,112)	1,396	324	13,948	58,186
Non-current assets as at 31.12.2010	531,757	2,871	5,833	6,089	16,925	31,718	563,475

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**
**A25. Commitments and contingencies**

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

	As at 31.3.2011			As at 31.12.2010		
	Principal amount	Credit equivalent*	Risk weighted amount	Principal amount	Credit equivalent*	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Obligations under underwriting agreements	22,051	11,025	11,025	24,731	12,365	12,365
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	1,341,447	115,677	25,567	1,364,219	2,322	2,322
- maturity exceeding one year	193,437	96,719	96,719	122,032	61,016	61,016
Foreign exchange related contracts:						
- less than one year	883,089	383,330	76,666	771,882	358,683	71,740
Interest rate related contracts:						
- one year to less than five years	1,185,306	111,984	22,397	885,973	79,270	15,854
	<b>3,625,330</b>	<b>718,735</b>	<b>232,374</b>	<b>3,168,837</b>	<b>513,655</b>	<b>163,297</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 has adopted the Standardised Approach for credit risk and market risk and Basic Indicator Approach for operational risk computation.

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**A26. Interest/profit rate risk**

	Non-trading book					Non-interest sensitive	Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years				
As at 31.3.2011	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>ASSETS</b>									
Cash and short term funds	919,948	97,840	1,002	5,000	-	641,229	-	1,665,019	2.84
Deposits and placements with banks and other financial institutions	-	155,000	-	-	-	-	-	155,000	3.04
Securities held-for-trading	-	-	-	-	-	-	433,418	433,418	-
Securities held-to-maturity	19,999	60,000	93,963	311,892	127,666	-	-	613,520	4.61
Securities available-for-sale	626,597	143,111	309,533	1,523,905	569,028	57,084	-	3,229,258	4.10
Derivative financial assets	-	-	-	-	-	136,478	-	136,478	-
Loans, advances and financing									
- Non-impaired	602,981	120,946	259,854	248,277	60,893	-	-	1,292,951	9.01
- Impaired	-	-	-	-	-	7,608	-	7,608	-
Trade receivables	45,260	-	-	-	-	3,393,157	-	3,438,417	1.92
Statutory and reserve deposits with Central Banks	-	-	-	-	26,561	46,801	-	73,362	0.45
Other assets	-	-	100	-	-	129,065	-	129,165	3.15
Other non-interest sensitive assets	-	-	-	-	-	575,537	-	575,537	-
<b>Total Assets</b>	<b>2,214,785</b>	<b>576,897</b>	<b>664,452</b>	<b>2,089,074</b>	<b>784,148</b>	<b>4,986,959</b>	<b>433,418</b>	<b>11,749,733</b>	

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**A26. Interest/profit rate risk (Cont'd)**

As at 31.3.2011	Non-trading book					Non-interest sensitive	Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>LIABILITIES</b>									
Deposits from customers	2,464,383	956,310	771,377	27,333	-	-	-	4,219,403	3.06
Deposits and placements of banks and other financial institutions	482,388	37,497	170,902	-	-	-	-	690,787	3.09
Obligations on securities sold under repurchase agreements	16,580	-	-	-	-	-	-	16,580	9.70
Derivative financial liabilities	-	-	-	-	-	142,341	-	142,341	-
Trade payables	-	-	-	-	-	4,096,512	-	4,096,512	-
Borrowings	242,579	-	24,021	-	-	-	-	266,600	5.21
Subordinated notes	-	-	-	-	300,000	-	-	300,000	7.41
Other non-interest sensitive liabilities	-	-	-	-	-	270,525	-	270,525	-
<b>Total Liabilities</b>	<b>3,205,930</b>	<b>993,807</b>	<b>966,300</b>	<b>27,333</b>	<b>300,000</b>	<b>4,509,378</b>	<b>-</b>	<b>10,002,748</b>	
Equity attributable to owners of the Company	-	-	-	-	-	1,503,046	-	1,503,046	
Non-controlling interests	-	-	-	-	-	243,939	-	243,939	
<b>Total Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,746,985</b>	<b>-</b>	<b>1,746,985</b>	
<b>Total Liabilities and Equity</b>	<b>3,205,930</b>	<b>993,807</b>	<b>966,300</b>	<b>27,333</b>	<b>300,000</b>	<b>6,256,363</b>	<b>-</b>	<b>11,749,733</b>	
On-balance sheet interest sensitivity gap	(991,145)	(416,910)	(301,848)	2,061,741	484,148	(1,269,404)	433,418	-	
Off-balance sheet interest sensitivity gap	-	272,307	303,528	551,043	12,104	-	-	1,138,982	
<b>Total Interest Sensitivity Gap</b>	<b>(991,145)</b>	<b>(144,603)</b>	<b>1,680</b>	<b>2,612,784</b>	<b>496,252</b>	<b>(1,269,404)</b>	<b>433,418</b>	<b>1,138,982</b>	
Cumulative interest rate sensitivity gap	(991,145)	(1,135,748)	(1,134,068)	1,478,716	1,974,968	705,564	1,138,982	1,138,982	

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**A26. Interest/profit rate risk (Cont'd)**

As at 31.12.2010	Non-trading book					Non-interest sensitive	Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years				
	RM'000	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	538,539	129,554	338,243	282,770	46,355	-	-	1,335,461	8.76
- Impaired	-	-	-	-	-	11,986	-	11,986	-
Statutory and reserve deposits 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>1,990,188</b>	<b>486,338</b>	<b>839,601</b>	<b>2,039,274</b>	<b>566,726</b>	<b>3,417,579</b>	<b>648,996</b>	<b>9,988,702</b>	

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**A26. 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	72,392	-	-	-	-	410,619	4.17
Subordinated notes	-	-	-	-	300,000	-	-	300,000	7.41
Other non-interest sensitive liabilities	-	-	-	-	-	235,113	-	235,113	-
<b>Total Liabilities</b>	<b>2,828,882</b>	<b>1,184,183</b>	<b>909,193</b>	<b>21,995</b>	<b>300,000</b>	<b>3,050,998</b>	<b>-</b>	<b>8,295,251</b>	
Equity attributable to owners of the Company	-	-	-	-	-	1,448,710	-	1,448,710	
Non-controlling 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>909,193</b>	<b>21,995</b>	<b>300,000</b>	<b>4,744,449</b>	<b>-</b>	<b>9,988,702</b>	
On-balance sheet interest sensitivity gap	(838,694)	(697,845)	(69,592)	2,017,279	266,726	(1,326,870)	648,996	-	
Off-balance sheet interest sensitivity gap	-	-	505,145	289,940	53,961	-	-	849,046	
<b>Total Interest Sensitivity Gap</b>	<b>(838,694)</b>	<b>(697,845)</b>	<b>435,553</b>	<b>2,307,219</b>	<b>320,687</b>	<b>(1,326,870)</b>	<b>648,996</b>	<b>849,046</b>	
Cumulative interest rate sensitivity gap	(838,694)	(1,536,539)	(1,100,986)	1,206,233	1,526,920	200,050	849,046	849,046	