

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30.9.2011 RM'000	As at 31.12.2010 RM'000
ASSETS			
Cash and short term funds		2,118,288	1,552,880
Deposits and placements with a bank		55,000	-
Securities purchased under resale agreements		-	111,486
Securities held-for-trading	A7(a)	145,988	648,996
Securities held-to-maturity	A7(b)	603,801	662,427
Securities available-for-sale	A7(c)	3,316,909	2,795,866
Securities portfolio		4,066,698	4,107,289
Derivative financial assets	B11(a)	4,853	90,297
Loans, advances and financing	A8	1,633,978	1,347,447
Trade receivables	A9	3,309,371	2,043,921
Tax recoverable		5,137	6,931
Other assets	A10	113,770	94,816
Statutory deposits with Central Banks		248,795	69,678
Deferred tax assets		5,377	481
Investments in associated companies		22,372	21,146
Investment property		134,000	134,000
Property and equipment		196,256	184,441
Intangible assets		233,462	223,889
TOTAL ASSETS		12,147,357	9,988,702
LIABILITIES			
Deposits from customers	A11	4,655,680	3,872,805
Deposits and placements of banks and other financial institutions	A12	672,450	669,769
Obligations on securities sold under repurchase agreements		75,976	-
Derivative financial liabilities	B11(a)	31,119	149,749
Trade payables	A13	3,993,395	2,657,196
Other liabilities	A14	247,340	209,423
Tax payable		24,793	23,878
Deferred tax liabilities		3,837	1,812
Borrowings	B10	247,739	410,619
Subordinated notes	B10	400,000	300,000
TOTAL LIABILITIES		10,352,329	8,295,251
EQUITY			
Share capital		963,608	962,211
Treasury shares, at cost	A5(b)	(29,787)	(29,785)
		933,821	932,426
Reserves		555,840	516,284
Equity attributable to owners of the Company		1,489,661	1,448,710
Non-controlling interests		305,367	244,741
TOTAL EQUITY		1,795,028	1,693,451
TOTAL LIABILITIES AND EQUITY		12,147,357	9,988,702
Net Assets per share attributable to owners of the Company (RM)		1.59	1.54

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011 UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	Current quarter ended 30.9.2011 RM'000	Comparative quarter ended 30.9.2010 RM'000	Current year to date ended 30.9.2011 RM'000	Preceding year to date ended 30.9.2010 RM'000
Revenue		288,779	255,351	835,495	710,253
Interest income	A15	82,215	62,829	224,609	186,208
Interest expense	A16	(56,595)	(38,193)	(152,399)	(96,746)
Net interest income		25,620	24,636	72,210	89,462
Non-interest income	A17	196,307	185,898	582,396	504,724
Net income from Islamic banking operations	A28	2,434	1,664	6,318	4,900
Other operating expenses	A18	(165,015)	(154,221)	(511,989)	(430,245)
Allowance for impairment losses on loans, advances and financing	A19	(1,636)	(1,702)	(1,469)	(3,398)
(Allowance for)/write back of impairment losses on trade and other receivables	A20	(364)	172	(914)	(1,308)
Allowance for impairment losses	A21	(7,500)	-	(7,500)	(26,610)
Share of results after tax of associated companies		872	1,043	2,054	2,057
Profit before tax		50,718	57,490	141,106	139,582
Income tax expense	B6	(15,741)	(13,045)	(41,211)	(36,461)
Profit after tax for the period		34,977	44,445	99,895	103,121
Profit attributable to:					
Owners of the Company		28,811	33,601	81,044	76,982
Non-controlling interests		6,166	10,844	18,851	26,139
		34,977	44,445	99,895	103,121
Earnings per share attributable to owners of the Company (sen):					
Basic	B14	3.07	3.58	8.63	8.42
Diluted	B14	3.06	3.58	8.61	8.40

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Current quarter ended 30.9.2011 RM'000	Comparative quarter ended 30.9.2010 RM'000	Current year to date ended 30.9.2011 RM'000	Preceding year to date ended 30.9.2010 RM'000
Profit after tax for the period	34,977	44,445	99,895	103,121
Other comprehensive income/(loss)				
Foreign currency translation gain/(loss)	21,283	(12,074)	28,563	(40,118)
Reversal of available-for-sale deficit upon impairment	-	-	-	3,389
Transfer of available-for-sale reserve upon disposals	(191)	273	(2,852)	(2,615)
Unrealised net (loss)/gain on revaluation of securities available-for-sale	(17,959)	13,151	(107)	19,795
Share of other reserves in an associated group	(611)	-	(838)	-
Income tax relating to components of other comprehensive income	4,434	(3,357)	1,756	(5,144)
Other comprehensive income/(loss) for the period, net of tax	6,956	(2,007)	26,522	(24,693)
Total comprehensive income for the period, net of tax	41,933	42,438	126,417	78,428
Total comprehensive income attributable to:				
Owners of the Company	32,464	32,930	90,838	61,703
Non-controlling interests	9,469	9,508	35,579	16,725
	41,933	42,438	126,417	78,428

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Note	Attributable to owners of the Company											Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Equity com-pensation reserve	Foreign exchange reserve	Statutory reserve	Available -for-sale reserve	Other reserve	Retained profits	Total			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
As at 1.1.2011	962,211	(29,785)	-	779	(20,652)	228,992	(1,439)	-	308,604	1,448,710	244,741	1,693,451	
Total comprehensive income/(loss)	-	-	-	-	19,222	-	(8,590)	(838)	81,044	90,838	35,579	126,417	
Dividends paid to owners	A6	-	-	-	-	-	-	-	(52,828)	(52,828)	-	(52,828)	
Dividends paid to non-controlling interest		-	-	-	-	-	-	-	-	-	(11,915)	(11,915)	
Shares issued for pursuant to exercise of ESOS	A5(a)	1,397	-	-	-	-	-	-	-	1,397	-	1,397	
Share buybacks by the Company	A5(b)	-	(2)	-	-	-	-	-	-	(2)	-	(2)	
Transfer to statutory reserve		-	-	-	-	24,936	-	-	(24,936)	-	-	-	
Reserve realised upon exercise and forfeiture of ESOS		-	-	-	(127)	-	-	-	127	-	-	-	
Gain on deemed disposals of shares in associated group		-	-	-	-	-	-	-	1,392	1,392	-	1,392	
Gain on acquisition of a subsidiary company		-	-	-	-	-	-	-	-	-	(42)	(42)	
Gain on additional interest in a subsidiary company		-	-	-	-	-	-	-	154	154	(154)	-	
Share options exercised by employees in a subsidiary company		-	-	-	-	-	-	-	-	-	25	25	
Acquisition of subsidiary companies		-	-	-	-	-	-	-	-	-	103,724	103,724	
Acquisition of additional shares from non-controlling interests		-	-	-	-	-	-	-	-	-	(98,361)	(98,361)	
Subscription of shares by non-controlling interests		-	-	-	-	-	-	-	-	-	31,770	31,770	
Total transactions with owners		1,397	(2)	-	(127)	24,936	-	-	(76,091)	(49,887)	25,047	(24,840)	
As at 30.9.2011		963,608	(29,787)	-	652	(1,430)	253,928	(10,029)	(838)	313,557	1,489,661	305,367	1,795,028
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		-	-	-	-	(30,704)	-	15,425	-	76,982	61,703	16,725	78,428
Dividends paid to owners		-	-	-	-	-	-	-	(52,710)	(52,710)	-	(52,710)	
Dividend paid to non-controlling interest		-	-	-	-	-	-	-	-	-	(8,673)	(8,673)	
Shares issued for pursuant to:													
- conversion of Warrant B 2000/2010		116,324	-	803	-	-	-	-	-	117,127	-	117,127	
- exercise of ESOS		1,833	-	30	-	-	-	-	-	1,863	-	1,863	
- bonus issue		164,672	-	(1,335)	-	-	-	-	(163,337)	-	-	-	
Share buybacks by the Company		-	(1)	-	-	-	-	-	-	(1)	-	(1)	
Transfer to statutory reserve		-	-	-	-	18,233	-	-	(18,233)	-	-	-	
Reserve realised upon exercise of ESOS		-	-	-	(237)	-	-	-	237	-	-	-	
Acquisition of shares from non-controlling interests		-	-	-	-	-	-	-	-	-	(1,254)	(1,254)	
Subscription of shares by non-controlling interests		-	-	-	-	-	-	-	-	-	3,000	3,000	
Total transactions with owners		282,829	(1)	(502)	(237)	-	18,233	-	(234,043)	66,279	(6,927)	59,352	
As at 30.9.2010		961,494	(29,783)	-	857	(24,088)	224,311	8,259	-	272,606	1,413,656	234,344	1,648,000

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Current year to date ended 30.9.2011 RM'000	Preceding year to date ended 30.9.2010 RM'000
Cash Flows From Operating Activities		
Profit before tax	141,106	139,582
Adjustments for :-		
Interest expense	5,386	4,119
Interest income	(30)	(106)
Other non-cash and non-operating items	50,673	646
Share of results after tax of associated companies	(2,054)	(2,057)
Operating profit before working capital changes	195,081	142,184
<i>(Increase)/Decrease in operating assets:</i>		
Deposits and placements with banks and other financial institutions	(55,000)	(20,000)
Securities purchased under resale agreement	-	(59,498)
Loans, advances and financing	(289,679)	(472,618)
Statutory deposits with Central Banks	(179,117)	(15,382)
Securities held-for-trading	516,427	(231,160)
Securities held-to-maturity	57,950	317,608
Securities available-for-sale	(340,508)	(389,108)
Trade and other receivables	(1,251,140)	(1,874,237)
Other operating assets	(31,721)	(220,471)
<i>Increase/(Decrease) in operating liabilities:</i>		
Deposits from customers	782,875	228,064
Deposits and placements of banks and other financial institutions	2,681	301,481
Obligations on securities sold under repurchase agreements	75,976	-
Trade and other payables	1,358,864	1,809,227
Other operating liabilities	(142,726)	8,553
Cash generated from/(used in) operations	699,963	(475,357)
Income tax paid net of refund	(40,942)	(36,829)
Net cash generated from/(used in) operating activities	659,021	(512,186)
Cash Flows From Investing Activities		
Net cash outflow from acquisition of subsidiary company	A24(c)&(e) (20,529)	-
Acquisition of additional shares from non-controlling interests	(98,361)	(1,254)
Additional investment in an associated company	A24(a) (2,000)	-
Dividends received	5,344	3,651
Proceeds from exercise of share options by employees in a subsidiary company	25	-
Interest received	30	106
Proceeds from disposals of equipment	1,041	547
Proceeds from disposals of intangible assets	2,962	-
Purchase of equipment	(24,039)	(20,182)
Purchase of software licences	(8,898)	(2,022)
Purchase of trade mark	(75)	(19)
Purchase of subordinated note	-	(3,411)
Net cash used in investing activities	(144,500)	(22,584)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

	Current year to date ended 30.9.2011	Preceding year to date ended 30.9.2010
Note	RM'000	RM'000
Cash Flows From Financing Activities		
Dividends paid to owners	A6 (52,828)	(52,710)
Dividends paid to non-controlling interests	(11,915)	(8,673)
(Repayment)/drawdown of borrowings	(163,266)	281,569
Interest paid	(5,386)	(4,119)
Payments for share buybacks by the Company	(2)	(1)
Proceeds from issuance of shares:		
- exercise of ESOS	1,397	1,863
- conversion of Warrant B 2000/2010	-	117,127
Proceeds from issuance of subordinated notes	100,000	200,000
Proceeds from subscription of shares by non-controlling interests	31,770	3,000
Net cash (used in)/generated from financing activities	(100,230)	538,056
Net increase in cash and cash equivalents	414,291	3,286
Effects of exchange rate changes	35,193	(38,425)
Cash and cash equivalents at beginning of period	664,479	826,578
Cash and cash equivalents at end of period	1,113,963	791,439
Cash and cash equivalents at end of period comprised:		
Cash, bank balances and deposits - General accounts	503,360	230,754
Bank overdrafts	(386)	(10,784)
Money at call and deposits placements with maturity within one month	610,989	571,469
	1,113,963	791,439

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 and Technical Releases ("TR") 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 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

30 August 2010

Amendments to IC Interpretation 15 Agreements for the Construction of Real Estate

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011**A1. Basis of preparation (Cont'd)****1 January 2011 (Cont'd)**

Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 3	Business Combinations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 101	Presentation of Financial Statements
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates
Amendments to FRS 128	Investments in Associates
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
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 FRSs are discussed below:

(a) FRS 3 Business Combinations (Revised) and Amendments to FRS 3

The revised FRS 3 and Amendments to FRS 3 introduce changes in the accounting for business combination occurring after 1 July 2010 and 1 January 2011 respectively and are applied prospectively. The FRS and amendment establish principles for recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interests in acquiree. Each identifiable asset and liability is measured at its acquisition-date fair value. Any non-controlling interests in an acquiree is measured at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's net identifiable assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by FRSs.

Goodwill is measured at the difference between the aggregate of the consideration transferred, any non-controlling interests 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, as compared to 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.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

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 in the income statement. When an entity loses control of a subsidiary, it derecognises the assets and liabilities and related equity components of the former subsidiary, any remaining investment retained is remeasured at fair value at the date when control is lost and a gain or loss is recognised in the income statement. The term "minority interests" was replaced by the term "non-controlling interests", with a new definition. Total comprehensive income must be 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 Amendment to IC 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

The above FRS, IC Interpretations and Amendment to IC are not expected to have a material impact to the financial statements of the Group in the initial period of application.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

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 available-for-sale ("AFS") to securities held-to-maturity ("HTM") category and 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 then requirements of BNM/GP8 in relation to the reclassification of securities into or out of the HFT category and were 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.

OSKIB had reclassified certain securities AFS to HTM category and certain securities HFT to AFS category in prior years as shown below:

(a) Amounts reclassified on date of reclassification

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

(b) Carrying amounts and fair values

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

	As at 30.9.2011 RM'000	As at 31.12.2010 RM'000
(i) Securities AFS reclassified to securities HTM		
- Carrying value	107,309	126,256
- Fair value	107,006	119,881
(ii) Securities HFT reclassified to securities AFS		
- Carrying value	41,744	42,312
- Fair value	41,744	42,312

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

A1. Basis of preparation (Cont'd)

(c) Fair value (loss)/gain recognised

	Current quarter ended 30.9.2011 RM'000	Comparative quarter ended 30.9.2010 RM'000	Current year to date ended 30.9.2011 RM'000	Preceding year to date ended 30.9.2010 RM'000
Income Statement	-	-	-	-
Statements of Comprehensive Income and Statement of Changes in Equity				
AFS reserve	(85)	484	(25)	600

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

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

A2. Seasonal or cyclical factors

There were no significant seasonal or cyclical factors that will materially affect the business operations of the Group for the period under review.

A3. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting the financial statements for the current year to date.

A4. 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 1,397,125 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 RM1,397,125. The movement in the number of 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 1.1.2011	Exercised	Forfeited	As at 30.9.2011
27.6.2003	1.00	610,225	(59,375)	-	550,850
16.3.2004	1.00	2,820,350	(942,125)	(46,600)	1,831,625
29.4.2005	1.00	876,650	(174,875)	-	701,775
3.5.2006	1.00	2,451,824	(220,750)	-	2,231,074
		6,759,049	(1,397,125)	(46,600)	5,315,324

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 Company's distributions of shares owned in listed subsidiary companies to shareholders of the Company.

(b) Share buybacks / Treasury shares of the Company

During the current year to date, the Company has purchased 1,000 ordinary shares for a total cash consideration of RM1,723 from the open market at an average cost of RM1.72 per share. The shares repurchased previously are being held as treasury shares and treated in accordance with the requirements of Section 67A of the Companies Act, 1965. Summary of share buybacks is as follows:

	Number of shares	Highest price RM	Lowest price RM	Average cost (included transaction costs) RM	Total amount paid RM
As at 1.1.2011	24,151,412	2.82	0.90	1.23	29,785,136
May	1,000	1.68	1.68	1.72	1,723
As at 30.9.2011	24,152,412	2.82	0.90	1.23	29,786,859

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011
A6. Dividend paid

The dividends paid by the Company are as follows:

	RM'000
(a) A final dividend of 5.0 sen per share less 25% income tax in respect of the preceding financial year ended 31 December 2010 was paid on 19 May 2011.	35,214
(b) An interim dividend of 2.5 sen per share less 25% income tax for the current financial year was paid on 14 September 2011.	17,614
	<u>52,828</u>

A7. Securities portfolio
(a) Securities held-for-trading
At fair value
Quoted securities:

Shares, exchange traded funds and warrants

- in Malaysia

- outside Malaysia

Private debt securities outside Malaysia

Trusts units

- in Malaysia

- outside Malaysia

Unquoted securities:

Private debt securities

- in Malaysia

- outside Malaysia

	As at 30.9.2011 RM'000	As at 31.12.2010 RM'000
	14,297	228,571
	38,970	70,313
	53,267	298,884
	17,721	-
	1,543	1,049
	6,005	-
	78,536	299,933
	-	41,101
	67,452	307,962
	67,452	349,063
	145,988	648,996

(b) Securities held-to-maturity
At amortised cost
Money market instruments:

Bankers' acceptance and Islamic accepted bills

Cagamas bonds

Malaysian Government Investment Issues

Negotiable instruments of deposits

	71,528	9,789
	5,020	5,037
	140,175	185,441
	-	110,000
	216,723	310,267

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

	As at 30.9.2011 RM'000	As at 31.12.2010 RM'000
A7. Securities portfolio (Cont'd)		
(b) Securities held-to-maturity (Cont'd)		
Unquoted securities:		
Private and Islamic debt securities		
- in Malaysia	383,362	346,144
- outside Malaysia	14,360	12,860
	397,722	359,004
Less: Accumulated impairment losses	(10,644)	(6,844)
	387,078	352,160
	603,801	662,427
(c) Securities available-for-sale		
At fair value		
Money market instruments:		
Bankers' acceptance and Islamic accepted bills	501,717	431,730
Cagamas bonds	7,009	7,041
Malaysian Government Investment Issues	359,490	160,620
Malaysian Government Securities	409,401	610,456
Negotiable instruments of deposits	79,908	80,300
	1,357,525	1,290,147
Quoted securities:		
Shares and warrants		
- in Malaysia	5,836	940
- outside Malaysia	3,881	8,784
	9,717	9,724
Trusts units		
- in Malaysia	4,460	-
- outside Malaysia	8,025	9,200
	12,485	9,200
	22,202	18,924

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

	As at 30.9.2011	As at 31.12.2010
	RM'000	RM'000
A7. Securities portfolio (Cont'd)		
(c) Securities available-for-sale (Cont'd)		
Unquoted securities:		
Shares		
- in Malaysia	5,480	7,285
- outside Malaysia	21,698	3,228
Private and Islamic debt securities		
- in Malaysia	945,227	1,040,275
- outside Malaysia *	1,033,267	500,797
Less: Accumulated impairment losses	(68,490)	(64,790)
	1,910,004	1,476,282
	1,937,182	1,486,795
	3,316,909	2,795,866

* Included securities available-for-sale pledged as collateral of RM111.14 million (2010: Nil).

A8. Loans, advances and financing

Term loans	941,657	673,732
Share margin financing	622,484	628,984
Revolving credits	100,161	70,299
Staff loans	1,614	1,766
	1,665,916	1,374,781
Unearned interest and income	(15)	(15)
	1,665,901	1,374,766
Allowance for impairment losses on loans, advances and financing:		
- Individual impairment	(11,706)	(10,189)
- Collective impairment	(20,217)	(17,130)
Net loans, advances and financing	1,633,978	1,347,447

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

	As at 30.9.2011	As at 31.12.2010
	RM'000	RM'000
A8. Loans, advances and financing (Cont'd)		
(a) Analysis of gross loans, advances and financing		
(i) By type of customers		
Domestic business enterprises		
- Small and medium enterprises	848,973	673,992
Foreign entities	58,402	99,716
Individuals	758,526	601,058
	1,665,901	1,374,766
(ii) By interest/profit rate sensitivity		
Fixed rate	1,419,842	1,247,276
Variable rate		
- Cost plus	82,300	60,262
- Other variable rates	163,759	67,228
	1,665,901	1,374,766
(iii) By economic purpose		
Working capital	320,496	275,881
Purchase of securities	858,123	852,959
Others	487,282	245,926
	1,665,901	1,374,766

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

	As at 30.9.2011 RM'000	As at 31.12.2010 RM'000
A8. Loans, advances and financing (Cont'd)		
(a) Analysis of gross loans, advances and financing (Cont'd)		
(iv) By geographical distribution		
Malaysia	1,208,603	1,090,471
Singapore	135,858	121,179
Hong Kong	82,300	60,262
Indonesia	24,814	16,994
Cambodia	172,266	85,860
Thailand	42,060	-
	1,665,901	1,374,766
(v) By maturity structure		
Up to 3 months	615,314	696,588
3-12 months	648,411	345,172
1-5 years	303,619	286,157
Over 5 years	98,557	46,849
	1,665,901	1,374,766
(vi) By sectors		
Manufacturing	135,590	132,174
Construction	83,472	1,272
Real estate	13,799	-
Wholesale & retail trade and restaurants and hotels	228,571	193,616
Transport, storage and communication	17,907	14,192
Finance, insurance and business activities	553,818	400,136
Household	616,809	626,007
Mining and quarrying	15,334	7,369
Agriculture, hunting, forestry and fishing	456	-
Electricity, gas and water supply	145	-
	1,665,901	1,374,766

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

	As at 30.9.2011 RM'000	As at 31.12.2010 RM'000
A8. Loans, advances and financing (Cont'd)		
(b) Analysis of impaired loans, advances and financing		
Gross impaired loans	16,382	26,121
Movement in impaired loans, advances and financing		
At beginning of period/year	26,121	22,993
Effects of FRS 139 *	-	2,080
As restated	26,121	25,073
Amount arising from acquisition of a subsidiary company	2,031	-
Classified as impaired *	3,542	10,826
Reclassified as non-impaired *	(10,830)	(2,335)
Amount written off	(4)	-
Amount recovered	(4,476)	(7,216)
Exchange differences *	(2)	(227)
At end of period/year	16,382	26,121
Individual impairment	(11,665)	(10,189)
Net impaired loans, advances and financing	4,717	15,932
Ratio of net impaired loans, advances and financing to net loans, advances and financing	0.29%	1.18%
(i) By economic purpose		
Purchase of securities	15,616	21,913
Working capital	231	-
Other purpose	535	4,208
	16,382	26,121
(ii) By geographical distribution		
Malaysia	13,816	25,751
Hong Kong	-	41
Indonesia	-	37
Cambodia	535	292
Thailand	2,031	-
	16,382	26,121

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

	As at 30.9.2011 RM'000	As at 31.12.2010 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)
Amount arising from an acquisition of a subsidiary company	(2,031)	-
Made *	(3,865)	(4,362)
Written back * & recovered	4,336	3,162
Written off	42	1,692
Exchange difference *	1	51
At end of period/year	(11,706)	(10,189)
Collective impairment		
At beginning of period/year		
As previously reported	(17,130)	-
Adoption of FRS 139	-	(10,628)
As restated	(17,130)	(10,628)
Made	(3,017)	(6,573)
Exchange difference	(70)	71
At end of period/year	(20,217)	(17,130)
As % of gross loans, advances and financing less individual impairment	1.22%	1.26%
(d) Individual impairment for loans, advances and financing according to economic purpose		
Purchase of securities	(11,555)	(10,031)
Others	(151)	(158)
	(11,706)	(10,189)

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

	As at 30.9.2011 <u>RM'000</u>	As at 31.12.2010 <u>RM'000</u>
A8. Loans, advances and financing (Cont'd)		
(e) Collective impairment for loans, advances and financing according to economic purpose allocated on a pro-rated basis		
Working capital	(3,889)	(3,438)
Purchase of securities	(10,414)	(10,628)
Others	(5,914)	(3,064)
	<u>(20,217)</u>	<u>(17,130)</u>
A9. Trade receivables		
Stock and futures broking receivables, net of allowance for impairment losses	1,366,458	1,015,954
Amounts owing by:		
- brokers	784,415	371,627
- derivatives clearing houses	24,765	8,552
- foreign securities clearing houses and stock exchanges	1,106,649	626,279
Unit trust receivables	19,127	16,973
Others	7,957	4,536
	<u>3,309,371</u>	<u>2,043,921</u>
A10. Other assets		
Interest/Profit receivables	51,503	38,365
Security deposits and statutory funds	11,856	7,451
Other receivables, deposits and prepayments	50,140	48,729
Transferable memberships	271	271
	<u>113,770</u>	<u>94,816</u>

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

	As at 30.9.2011 RM'000	As at 31.12.2010 RM'000
A11. Deposits from customers		
Non-Mudharabah Funds		
Demand deposits	34,920	8,856
Fixed deposits	2,796,072	2,146,033
Negotiable instruments of deposits	308,669	119,330
Saving deposits	15,051	12,416
Short term deposits	630,346	757,270
Others	3,735	299
	3,788,793	3,044,204
Mudharabah Funds		
Mudharabah general deposits	866,887	828,601
	4,655,680	3,872,805
(a) By type of customers		
Business enterprises	1,147,143	1,179,688
Domestic non-bank financial institutions	2,498,362	1,854,829
Foreign customers	96,200	11,312
Individuals	230,896	133,011
Local government and statutory bodies	679,339	693,666
Others	3,740	299
	4,655,680	3,872,805
(b) By maturity structure		
Up to 3 months	3,440,781	3,284,145
3-12 months	1,167,183	566,665
1-5 years	47,716	21,995
Over 5 years	-	-
	4,655,680	3,872,805

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

	As at 30.9.2011	As at 31.12.2010
	RM'000	RM'000
A12. Deposits and placements of banks and other financial institutions		
Non-Mudharabah Funds		
Licensed banks	249,807	280,193
Licensed investment banks	-	170,000
Other financial institutions	422,643	219,576
	672,450	669,769
A13. Trade payables		
Amounts due to:		
Clients	2,092,790	1,735,374
Brokers	1,719,264	822,338
Foreign clearing houses	155,726	92,477
Unit trust payables	25,615	7,007
	3,993,395	2,657,196
A14. Other liabilities		
Interest/profit payable	77,799	39,943
Profit equalisation reserve of Islamic banking operations	760	996
Other payables, deposits and accruals	165,590	165,420
Amount due to an associated company	3,191	3,064
	247,340	209,423

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

	Current quarter ended 30.9.2011	Comparative quarter ended 30.9.2010	Current year to date ended 30.9.2011	Preceding year to date ended 30.9.2010
	RM'000	RM'000	RM'000	RM'000
A15. Interest income				
Loans, advances and financing	32,643	23,529	90,025	64,974
Deposits and placements with financial institutions	9,799	6,009	25,202	17,152
Securities held-for-trading	2,371	2,137	7,594	5,049
Securities held-to-maturity	2,795	5,103	8,484	16,389
Securities available-for-sale	22,756	21,268	64,365	63,608
Stockbroking and futures broking business	3,293	2,092	6,822	4,088
Others	376	60	576	144
	74,033	60,198	203,068	171,404
Accretion of discount less amortisation of premium	8,182	2,631	21,541	14,804
	82,215	62,829	224,609	186,208

A16. Interest expense

Deposits from customers	(43,927)	(30,210)	(110,559)	(78,097)
Deposits and placements of financial institutions	(2,820)	(241)	(13,545)	(992)
Subordinated notes	(6,837)	(5,474)	(18,806)	(11,873)
Borrowings	(3,004)	(2,002)	(9,471)	(5,476)
Others	(7)	(266)	(18)	(308)
	(56,595)	(38,193)	(152,399)	(96,746)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

	Current quarter ended 30.9.2011	Comparative quarter ended 30.9.2010	Current year to date ended 30.9.2011	Preceding year to date ended 30.9.2010
	RM'000	RM'000	RM'000	RM'000

A17. Non-interest income
(a) Fees and commission

Advisory, agency, arrangement, placement and referral fees	9,800	25,314	34,823	46,484
Commission	3,438	4,335	13,136	10,716
Fees earned from management of unit trust funds	13,531	13,602	40,371	41,026
Gross brokerage fees	106,102	101,824	324,519	300,508
Loan processing, facility and commitment fees and carrying charges	4,517	3,648	14,334	14,142
Service charges on sale of trust units	17,264	6,930	43,495	19,634
Trustee and will writing fees	2,863	1,543	6,122	4,286
Others	860	504	2,482	1,434
	158,375	157,700	479,282	438,230

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

Securities held-for-trading	(17,010)	20,239	(18,316)	4,744
Securities held-to-maturity	-	998	-	998
Securities available-for-sale	(664)	1,394	7,604	4,650
Derivative financial instruments	52,010	(3,300)	89,565	8,808
	34,336	19,331	78,853	19,200

(c) Gross dividend income

Securities held-for-trading	399	444	1,252	1,405
Securities held-to-maturity	30	-	30	-
Securities available-for-sale	770	264	923	313
	1,199	708	2,205	1,718

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

	Current quarter ended 30.9.2011 RM'000	Comparative quarter ended 30.9.2010 RM'000	Current year to date ended 30.9.2011 RM'000	Preceding year to date ended 30.9.2010 RM'000
A17. Non-interest income (Cont'd)				
(d) Unrealised net (loss)/gain on revaluation of trading securities and derivatives				
Securities held-for-trading	(5,537)	1,081	(5,935)	2,076
Derivative financial instruments	2,264	6,220	6,075	20,113
	(3,273)	7,301	140	22,189
(e) Unrealised (loss)/gain on derivatives				
Unexpired structured warrants	(25,821)	8,104	(30,236)	6,294
(f) Unrealised loss from foreign exchange translations				
	(3,064)	(1,805)	(20,292)	(694)
(g) Other income/(loss)				
Net gain on disposals of equipment	14	21	171	391
Gain on disposals of intangible assets	2,179	-	2,179	-
Realised gain/(loss) on foreign exchange	23,250	(10,942)	44,702	5,266
Net gain on interest rate swaps	4,847	2,533	12,380	2,833
Rental income	1,828	2,937	5,567	6,575
Sales of oil palm produce	-	116	-	116
Negative goodwill on acquisition of a subsidiary company	87	-	87	-
Others	2,350	(106)	7,358	2,606
	34,555	(5,441)	72,444	17,787
	196,307	185,898	582,396	504,724

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

	Current quarter ended 30.9.2011 RM'000	Comparative quarter ended 30.9.2010 RM'000	Current year to date ended 30.9.2011 RM'000	Preceding year to date ended 30.9.2010 RM'000
A18. Other operating expenses				
(a) Personnel costs				
Salaries, allowances, bonuses and gratuity	(62,376)	(52,434)	(193,238)	(154,828)
Pension costs - defined contribution plan	(4,649)	(3,416)	(13,726)	(9,850)
Others	(2,384)	(3,536)	(8,856)	(8,370)
	(69,409)	(59,386)	(215,820)	(173,048)
(b) Promotional, marketing and trading expenses				
Advertisement and promotion	5,075	(5,764)	(567)	(11,234)
Commission	(50,452)	(49,464)	(147,532)	(124,493)
Fees and charges	(16,651)	(12,086)	(49,716)	(37,748)
Deposit insurance	-	(114)	-	329
Others	(1,723)	(983)	(4,995)	(5,275)
	(63,751)	(68,411)	(202,810)	(178,421)
(c) Establishment costs				
Depreciation and amortisation	(5,669)	(4,305)	(15,266)	(12,143)
Rental of equipment	(1,335)	(1,257)	(3,790)	(3,719)
Rental of premises	(5,362)	(4,655)	(15,216)	(13,884)
Repair and maintenance	(2,260)	(2,040)	(6,882)	(5,889)
Utility expenses	(1,756)	(1,501)	(5,038)	(4,406)
Insurance	(898)	(662)	(1,939)	(1,896)
Others	(1,544)	(1,596)	(4,639)	(4,708)
	(18,824)	(16,016)	(52,770)	(46,645)
(d) General administrative expenses				
Communication expenses	(3,318)	(3,069)	(10,797)	(8,819)
Legal and professional fees	(2,290)	(1,485)	(6,605)	(3,798)
Printing and stationery	(1,622)	(1,528)	(4,999)	(4,873)
Administrative expenses	(6,129)	(3,966)	(17,756)	(13,474)
Loss on members' voluntary winding up of a subsidiary company	(291)	-	(291)	-
Others	619	(360)	(141)	(1,167)
	(13,031)	(10,408)	(40,589)	(32,131)
Total other operating expenses	(165,015)	(154,221)	(511,989)	(430,245)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

	Current quarter ended 30.9.2011	Comparative quarter ended 30.9.2010	Current year to date ended 30.9.2011	Preceding year to date ended 30.9.2010
	RM'000	RM'000	RM'000	RM'000

A19. (Allowance for)/write back of impairment losses on loans, advances and financing

Individual impairment				
- Made	(173)	(394)	(1,182)	(2,626)
- Written back	17	110	1,053	2,995
Collective impairment (net)				
- Made	(1,645)	(1,434)	(3,017)	(2,950)
Bad debts				
- Recovered	165	20	1,677	20
- Written off	-	(4)	-	(837)
	(1,636)	(1,702)	(1,469)	(3,398)

A20. (Allowance for)/write back of impairment losses on trade and other receivables

Individual impairment				
- Made	(1,401)	(840)	(3,836)	(5,402)
- Written back	1,125	1,194	3,006	4,030
Bad debts				
- Recovered	(2)	(182)	2	64
- Written off	(86)	-	(86)	-
	(364)	172	(914)	(1,308)

A21. Allowance for impairment losses

Securities held-to-maturity	(3,800)	-	(3,800)	(6,000)
Securities available-for-sale	(3,700)	-	(3,700)	(20,400)
Trading rights	-	-	-	(210)
	(7,500)	-	(7,500)	(26,610)

A22. Segmental information

Please refer to Appendix I.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

A23. Events after the end of the quarter

Acquisition of additional shares in BFIT Securities Public Company Limited, now known as OSK Securities (Thailand) Public Company Limited (“OSKST”) by OSKIB

Between 1 October and 10 November 2011, OSKIB acquired additional 445,200 ordinary shares in OSKST from the open market for a total consideration of THB1,075,156 (approximately RM107,446), thereby increasing its equity interest in OSKST increased from 97.28% to 97.33%.

A24. Changes in the composition of the Group

(a) Dilution of equity interest in iFast-OSK Sdn. Bhd.

iFast-OSK Sdn. Bhd., an associated company of OSKIB had 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.
- 26 August 2011, from RM18,000,000 to RM21,000,000 by the increase of 3 million ordinary shares of RM1.00 each.

OSKIB did not partake in the two earlier issues and only subscribed 2 million ordinary shares in iFast-OSK Sdn. Bhd. on 26 August 2011. Consequently, OSKIB's equity interest in iFast-OSK Sdn. Bhd. was diluted from 42.47% to 39.86%.

(b) Subscription of additional shares in OSK Nominees (Tempatan) Sdn. Berhad (“OSKNT”) and OSK Nominees (Asing) Sdn. Berhad (“OSKNA”)

On 14 June 2011, the issued and paid-up share capital of OSKNT was increased from RM1,500,000 divided into 1,500,000 ordinary shares of RM1.00 each to RM3,670,000 divided into 3,670,000 ordinary shares of RM1.00 each by the issuance of 2,170,000 new ordinary shares of RM1.00 each to OSKIB.

On 14 June 2011, the authorised share capital of OSKNA was increased from RM500,000 divided into 500,000 ordinary shares of RM1.00 each to RM5,000,000 divided into 5,000,000 ordinary shares of RM1.00 each by the creation of 4,500,000 new ordinary shares of RM1.00 each. On the even date, the issued and paid-up share capital of OSKNA was increased from RM500,000 divided into 500,000 ordinary shares of RM1.00 each to RM2,670,000 divided into 2,670,000 ordinary shares of RM1.00 each by the issuance of 2,170,000 new ordinary shares of RM1.00 each to OSKIB.

The equity interests of OSKIB in OSKNT and OSKNA remain at 100% each. The rationale of increasing the issued and paid-up share capital is to facilitate the acquisition of Malaysian Trustees Berhad as disclosed in Note A24(c).

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011**A24. Changes in the composition of the Group (Cont'd)**(c) Acquisition of 100% equity interest in Malaysian Trustees Berhad ("MTB")

On 15 June 2011, the Company and its subsidiaries, OSKIB, OSKNT, OSKNA, and OSK Futures And Options Sdn Bhd ("OSKFO") have collectively acquired 110,000 ordinary shares of RM10.00 each partly paid up to RM5.00 each ("MTB Share"), representing 100% of the issued and paid-up capital of MTB for a total cash consideration of approximately RM10.85 million ("the Acquisition of MTB") or RM98.61 per MTB Share through the following arrangements:-

- (i) Acquisition of 95.45% equity interest comprising 105,000 MTB Share pursuant to a share sale agreement entered into between OSKIB and the respective shareholders of MTB on even date and;
- (ii) Acquisition of 4.55% equity interest comprising 5,000 MTB Share by the Company from the remaining shareholder on even date.

The purchase consideration was arrived at on a willing buyer willing seller basis taking into consideration the net assets and future earnings potential of MTB.

The shareholding structure in MTB is as follows:-

	Number of shares	%
(i) the Company	22,000	20
(ii) OSKIB	22,000	20
(iii) OSKNT	22,000	20
(iv) OSKNA	22,000	20
(v) OSKFO	22,000	20
	<u>110,000</u>	<u>100</u>

MTB was incorporated in 1975 and its principal activities are to engage in the business as trustee agents, executors and administrators pursuant to the Trust Companies Act, 1949. MTB is a leading trustee company in the private debt securities.

The effect of the Acquisition of MTB on the Group's financial results for the current year to date is summarised in the following:

The cost of acquisitions and cash outflow on acquisitions:

	RM'000
Total cost of acquisitions satisfied by cash	10,847
Cash and cash equivalents of subsidiary company acquired	<u>(2,536)</u>
Net cash outflow of the Group	<u>8,311</u>

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

A24. Changes in the composition of the Group (Cont'd)

(c) Acquisition of 100% equity interest in Malaysian Trustees Berhad ("MTB") (Cont'd)

MTB's contribution to the financial results of the Group:

	Date of acquisition to 30.9.2011 RM'000
Revenue	1,622
Profit before tax	836
Profit for the period	<u>627</u>

Had the Acquisition of MTB been effected on 1 January 2011, the financial results contributed by MTB for the current year to date would have been as follows:

	1.1.2011 to 30.9.2011 RM'000
Revenue	4,055
Profit before tax	2,187
Profit for the year	<u>1,665</u>

The fair values of assets and liabilities of MTB recognised upon acquisition on the date of completion, 15 June 2011, were as follows:

	RM'000
Cash and short term funds	2,536
Securities available-for-sale	8,426
Other assets	1,514
Property and equipment	53
Intangible assets	66
Other liabilities	(3,300)
Tax payable	(252)
Deferred tax liabilities	(31)
Fair value of total net assets	<u>9,012</u>
Add: Goodwill on consolidation	<u>1,835</u>
	<u>10,847</u>
Non-controlling interests	-
Total acquisition costs	<u>10,847</u>

(d) Subscription of PT OSK Nusadana Securities Indonesia ("OSKNSI") Rights Issue by OSKIB

On 30 June 2011, OSKNSI increased its authorised capital from IDR200 billion to IDR400 billion divided into 400,000 shares each having a nominal value of IDR1 million. On the even date, OSKNSI increased its paid-up share capital from 102,041 shares to 204,082 shares of IDR1 million each via a rights issue with the exercise price of IDR1.8 million for each share.

OSKIB has subscribed to its full entitlement of 52,041 shares for IDR1.8 million each, amounting to IDR93,673.8 million (approximately RM33.0 million). Upon completion of the subscription, the equity interest held by OSKIB in OSKNSI remains at 51%.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

A24. Changes in the composition of the Group (Cont'd)

- (e) Acquisition of BFIT Securities Public Company Limited, now known as OSK Securities (Thailand) Public Company Limited ("OSKST") and subsequent Mandatory Tender Offer by OSKIB

On 21 July 2011, OSKIB completed the acquisition of 399,999,860 fully paid ordinary shares of OSKST ("OSKST Shares") from Bangkok First Investment & Trust Public Company Limited ("BFIT") for a purchase consideration of THB1,029.80 million (approximately RM103.56 million). On the same day, OSKIB acquired an additional 18,450,600 OSKST Shares from other shareholders of OSKST for a purchase consideration of THB47.50 million (approximately RM4.78 million). The total of 418,450,460 OSKST Shares was acquired for a total purchase consideration of THB1,077.30 million (approximately RM108.34 million) equivalent to a purchase price of THB2.5745 per share and representing 51.10% of the issued and paid up capital of OSKST as at 30 June 2011 ("the Acquisition of OSKST").

Upon completion of the above acquisition, OSKST became a 51.10% owned subsidiary company of OSKIB.

OSKST is a member of the Thailand Stock Exchange and holds licences to engage in securities brokerage, securities trading, underwriting, securities registrar, financial advisory and derivatives trading business.

The effect of the Acquisition of OSKST on the Group's financial results for the current year to date is summarised in the following:

The cost of acquisitions and cash outflow on acquisitions:

	RM'000
Total cost of acquisitions satisfied by cash	108,337
Cash and cash equivalents of subsidiary company acquired	(96,119)
Net cash outflow of the Group	<u>12,218</u>

OSKST's contribution to the financial results of the Group:

	Date of acquisition to
	30.9.2011
	RM'000
Revenue	5,253
Profit before tax	1,575
Profit for the period	<u>1,228</u>

Had the Acquisition of OSKST been effected on 1 January 2011, the financial results contributed by OSKST for the current year to date would have been as follows:

	1.1.2011 to
	30.9.2011
	RM'000
Revenue	16,489
Profit before tax	4,287
Profit for the year	<u>3,384</u>

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011**A24. Changes in the composition of the Group (Cont'd)**

- (e) Acquisition of BFIT Securities Public Company Limited, now known as OSK Securities (Thailand) Public Company Limited ("OSKST") and subsequent Mandatory Tender Offer by OSKIB (Cont'd)

The fair values of assets and liabilities of OSKST recognised upon acquisition on the date of completion, 21 July 2011, were as follows:

	RM'000
Cash and short term funds	96,119
Securities held for trading	20,259
Other assets	108,034
Property and equipment	549
Intangible assets	779
Other liabilities	(13,084)
Tax payable	(551)
Fair value of total net assets	<u>212,105</u>
Less: Negative goodwill on consolidation	<u>(87)</u>
	212,018
Non-controlling interests	<u>(103,681)</u>
Total acquisition costs	<u><u>108,337</u></u>

Subsequent to the completion of the Acquisition of OSKST, OSKIB made a Mandatory Tender Offer ("MTO") for all the remaining shares not already held by it, pursuant to the Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers, issued by the Securities and Exchange Commission of Thailand. The MTO was effective from 5 August 2011 to 9 September 2011 (for 25 business days) at an offer price of THB2.57 per share. OSKIB acquired 378,425,275 ordinary shares in OSKST at total consideration of THB974.26 million (approximately RM96.93 million). By virtue of the acquisition via MTO, the equity interest of OSKIB in OSKST increased from 51.10% to 97.28%.

As disclosed in Note A23, OSKIB acquired additional 445,200 ordinary shares from the open market at a total consideration of THB1,075,156 (approximately RM107,446), thereby increasing its equity interest in OSKST from 97.28% to 97.33% with effect from 10 November 2011.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

A24. Changes in the composition of the Group (Cont'd)

(f) 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 Group had on 2 November 2007 acquired entire equity interests in BSB (formerly known as UOB Trustee Malaysia Berhad). The principal activities of BSB were engaged in the business of trust agent, executor and administrator under the Trust Companies Act, 1949. On 29 December 2008, the business of BSB was transferred to OSK Trustees Berhad pursuant to the Vesting Order granted by the High Court of Malaya dated 25 June 2008. Since then, BSB remained dormant. The winding up of BSB had no material 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.

On 22 September 2011, BSB held its final meeting for the Members' Voluntary Winding-Up. Pursuant to Section 272(5) of the Companies Act, 1965 and BSB will be dissolved on 29 December 2011.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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.

	OSKIB Group		OSKIB [^]	
	As at 30.9.2011	As at 31.12.2010	As at 30.9.2011	As at 31.12.2010
Before deducting proposed dividends:				
Core capital ratio	24.16%	27.12%	20.34%	24.58%
Risk weighted capital ratio	31.96%	34.22%	20.34%	24.58%
After deducting proposed dividends:				
Core capital ratio	24.16%	27.12%	20.34%	24.58%
Risk weighted capital ratio	31.96%	34.22%	20.34%	24.58%

[^] 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 30.9.2011	As at 31.12.2010	As at 30.9.2011	As at 31.12.2010
	RM'000	RM'000	RM'000	RM'000
Issued and fully paid share capital	660,000	660,000	660,000	660,000
Retained profits - audited	170,771	155,771	78,981	54,046
Statutory reserve	253,928	228,992	253,928	228,992
Tier 1 non-controlling interests	308,688	245,759	-	-
	1,393,387	1,290,522	992,909	943,038
Less: Goodwill	(95,420)	(92,889)	(46,516)	(46,516)
Deferred tax assets	(5,377)	(481)	(3,575)	-
Tier I capital	1,292,590	1,197,152	942,818	896,522
Loans, advances and financing				
- Collective allowance	16,854	13,138	15,150	12,315
Maximum allowance subordinated debt capital	400,000	300,000	400,000	300,000
Tier II capital	416,854	313,138	415,150	312,315
Total capital	1,709,444	1,510,290	1,357,968	1,208,837
Less: Investments in subsidiary companies	-	-	(701,674)	(455,488)
Capital base	1,709,444	1,510,290	656,294	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 THIRD QUARTER ENDED 30 SEPTEMBER 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%.

	OSKIBL	
	As at 30.9.2011	As at 31.12.2010
Before deducting proposed dividends:		
Core capital ratio	#	#
Solvency ratio	56.32%	93.30%
After deducting proposed dividends:		
Core capital ratio	#	#
Solvency ratio	56.32%	93.30%

No equivalent ratio in Cambodia.

(iii) The capital adequacy ratios and capital base of the wholly-owned subsidiary of the Company, 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.

	OSKL	
	As at 30.9.2011	As at 31.12.2010
Before deducting proposed dividends:		
Core capital ratio	43.80%	60.30%
Risk weighted capital ratio	43.80%	60.30%
After deducting proposed dividends:		
Core capital ratio	43.80%	60.30%
Risk weighted capital ratio	43.80%	60.30%

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 30.9.2011
OSKIB Group

Exposure class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weights Assets RM'000	Capital Require- ments RM'000												
(i) Credit risk																
<i>On-Balance Sheet Exposures:</i>																
Sovereigns/Central Banks	1,521,086	1,521,086	-	-												
Banks, development financial institutions and multilateral development banks	3,705,003	3,705,003	942,392	75,391												
Insurance companies, securities firms and fund managers	88,158	88,158	17,632	1,411												
Corporates	2,475,651	1,845,365	1,275,514	102,042												
Other assets	481,281	481,281	481,281	38,502												
Total on-balance sheet exposures	8,271,179	7,640,893	2,716,819	217,346												
<i>Off-Balance Sheet Exposures:</i>																
Over-the-counter ("OTC") derivatives	250,077	250,077	50,015	4,001												
Credit derivatives	-	-	-	-												
Off balance sheet exposures other than OTC derivatives or credit derivatives	71,697	71,697	51,563	4,125												
Defaulted exposures	-	-	-	-												
Total off-balance sheet exposures	321,774	321,774	101,578	8,126												
Total on and off-balance sheet exposures	8,592,953	7,962,667	2,818,397	225,472												
(ii) Large exposures risk requirement	-	-	-	-												
	<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;">1,000,629</td> <td style="text-align: right;">919,353</td> </tr> <tr> <td style="text-align: right;">1,300,874</td> <td style="text-align: right;">-</td> </tr> <tr> <td style="text-align: right;">8,326</td> <td style="text-align: right;">-</td> </tr> <tr> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td style="text-align: right;">2,309,829</td> <td style="text-align: right;">919,353</td> </tr> </tbody> </table>	Long Position RM'000	Short Position RM'000	1,000,629	919,353	1,300,874	-	8,326	-	-	-	2,309,829	919,353			
Long Position RM'000	Short Position RM'000															
1,000,629	919,353															
1,300,874	-															
8,326	-															
-	-															
2,309,829	919,353															
(iii) Market risk																
Interest rate risk	1,000,629	919,353	148,735	11,899												
Foreign currency risk	1,300,874	-	1,300,861	104,069												
Equity risk	8,326	-	40,673	3,254												
Option risk	-	-	38	3												
Total	2,309,829	919,353	1,490,307	119,225												
(iv) Operational risk			1,040,538	83,243												
(v) Total RWA and capital requirements			5,349,242	427,940												

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 31.12.2010

OSKIB Group	Gross	Net	Risk-	Capital
Exposure class	Exposures	Exposures	Weights	Require
	RM'000	RM'000	Assets	-ments
			RM'000	RM'000
(i) Credit risk				
<i>On-Balance Sheet Exposures:</i>				
Sovereigns/Central Banks	1,271,766	1,271,766	-	-
Banks, development financial institutions and multilateral development banks	2,650,318	2,650,318	665,938	53,275
Insurance companies, securities firms and fund managers	71,388	71,388	14,277	1,142
Corporates	2,323,430	1,691,152	1,024,394	81,951
Other assets	280,897	280,897	280,897	22,472
Total on-balance sheet exposures	6,597,799	5,965,521	1,985,506	158,840
<i>Off-Balance Sheet Exposures:</i>				
Over-the-counter ("OTC") derivatives	123,717	123,717	27,182	2,175
Credit derivatives	-	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	439,804	439,804	152,858	12,229
Defaulted exposures	-	-	-	-
Total off-balance sheet exposures	563,521	563,521	180,040	14,404
Total on and off-balance sheet exposures	7,161,320	6,529,042	2,165,546	173,244
(ii) Large exposures risk requirement	44	44	44	-
(iii) Market risk	Long	Short		
	Position	Position		
	RM'000	RM'000		
Interest rate risk	520,240	211,892	362,019	28,962
Foreign currency risk	668,121	-	668,120	53,450
Equity risk	79,233	-	214,295	17,144
Option risk	107,114	-	34,060	2,725
Total	1,374,708	211,892	1,278,494	102,281
(iv) Operational risk			969,816	77,585
(v) Total RWA and capital requirements			4,413,900	353,110

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 30.9.2011

OSKIB				
Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weights Assets RM'000	Capital Require-ments RM'000
(i) Credit risk				
<i>On-Balance Sheet Exposures:</i>				
Sovereigns/Central Banks	1,435,128	1,435,128	-	-
Banks, development financial institutions and multilateral development banks	2,979,560	2,979,560	798,861	63,909
Insurance companies, securities firms and fund managers	88,158	88,158	17,631	1,410
Corporates	2,048,219	1,710,192	1,141,645	91,332
Other assets	414,241	414,241	414,241	33,139
Total on-balance sheet exposures	6,965,306	6,627,279	2,372,378	189,790
<i>Off-Balance Sheet Exposures:</i>				
Over-the-counter ("OTC") derivatives	250,077	250,077	50,015	4,001
Credit derivatives	-	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	60,268	60,268	40,134	3,211
Defaulted exposures	-	-	-	-
Total off-balance sheet exposures	310,345	310,345	90,149	7,212
Total on and off-balance sheet exposures	7,275,651	6,937,624	2,462,527	197,002
(ii) Large exposures risk requirement				
	-	-	-	-
	Long Position RM'000	Short Position RM'000		
(iii) Market risk				
Interest rate risk	915,389	919,353	105,022	8,402
Foreign currency risk	64,550	(46)	64,547	5,164
Equity risk	6,783	-	16,047	1,284
Option risk	-	-	36	3
Total	986,722	919,307	185,652	14,853
(iv) Operational risk			579,063	46,325
(v) Total RWA and capital requirements			3,227,242	258,180

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 31.12.2010

OSKIB				
Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weights Assets RM'000	Capital Require-ments RM'000
(i) Credit risk				
<i>On-Balance Sheet Exposures:</i>				
Sovereigns/Central Banks	1,205,533	1,205,533	-	-
Banks, development financial institutions and multilateral development banks	2,043,039	2,043,039	545,687	43,655
Insurance companies, securities firms and fund managers	71,388	71,388	14,277	1,142
Corporates	2,006,285	1,606,121	939,363	75,149
Other assets	229,359	229,359	229,359	18,349
Total on-balance sheet exposures	5,555,604	5,155,440	1,728,686	138,295
<i>Off-Balance Sheet Exposures:</i>				
Over-the-counter ("OTC") derivatives	123,717	123,717	27,182	2,175
Credit derivatives	-	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	433,995	433,995	147,049	11,764
Defaulted exposures	-	-	-	-
Total off-balance sheet exposures	557,712	557,712	174,231	13,939
Total on and off-balance sheet exposures	6,113,316	5,713,152	1,902,917	152,234
(ii) Large exposures risk requirement	44	44	44	-
(iii) Market risk	Long Position RM'000	Short Position RM'000		
Interest rate risk	520,240	211,892	362,019	28,962
Foreign currency risk	202,989	(189)	202,992	16,239
Equity risk	7,373	-	17,462	1,397
Option risk	107,114	-	34,060	2,725
Total	837,716	211,703	616,533	49,323
(iv) Operational risk			545,109	43,609
(v) Total RWA and capital requirements			3,064,603	245,166

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

A28. Islamic banking operations of OSK Investment Bank Berhad

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30.9.2011	As at 31.12.2010
		RM'000	RM'000
ASSETS			
Cash and short term funds		210,364	233,536
Securities held-to-maturity	A28(a)	301,684	300,988
Securities available-for-sale	A28(b)	468,171	351,631
Other assets	A28(c)	6,289	6,773
Equipment		18	18
Intangible assets		798	133
TOTAL ASSETS		987,324	893,079
LIABILITIES			
Deposits from customers	A28(d)	866,887	828,601
Other liabilities	A28(e)	3,206	3,890
Tax payable		3,862	2,578
Deferred tax liabilities		462	88
TOTAL LIABILITIES		874,417	835,157
ISLAMIC BANKING CAPITAL FUNDS			
Islamic banking funds		100,000	50,000
Reserves		12,907	7,922
TOTAL ISLAMIC BANKING CAPITAL FUNDS		112,907	57,922
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		987,324	893,079

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011
A28. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)
UNAUDITED CONDENSED INCOME STATEMENTS

	Current quarter ended 30.9.2011	Preceding quarter ended 30.9.2010	Current year to date ended 30.9.2011	Preceding date ended 30.9.2010
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	9,795	6,614	27,716	19,195
Transfer from/(to) profit equalisation reserve	55	72	236	(105)
Gross and total attributable income	9,850	6,686	27,952	19,090
Income attributable to depositors	(7,878)	(5,032)	(22,408)	(14,316)
Income attributable to OSKIB	1,972	1,654	5,544	4,774
Income derived from investment of Islamic banking funds	462	10	774	126
Total net income	2,434	1,664	6,318	4,900
Other operating expenses	(170)	(325)	(1,167)	(842)
Profit before tax for the period	2,264	1,339	5,151	4,058
Zakat	(5)	(36)	(5)	(36)
Income tax expense	(562)	(331)	(1,283)	(1,014)
Profit after tax for the period	1,697	972	3,863	3,008

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	9,795	6,614	27,716	19,195
Transfer from/(to) profit equalisation reserve	55	72	236	(105)
Income attributable to depositors	(7,878)	(5,032)	(22,408)	(14,316)
Income derived from investments of Islamic banking funds	462	10	774	126
Net income from Islamic banking operations reported in the consolidated income statements	2,434	1,664	6,318	4,900

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

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

UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	Current quarter ended 30.9.2011 RM'000	Preceding quarter ended 30.9.2010 RM'000	Current year to date ended 30.9.2011 RM'000	Preceding year to date ended 30.9.2010 RM'000
Profit after tax for the period	1,697	972	3,863	3,008
Other comprehensive income				
Unrealised net gain on revaluation of securities available-for-sale	1,459	303	1,495	319
Income tax relating to component of other comprehensive income	(364)	(76)	(373)	(80)
Other comprehensive income for the period, net of tax	1,095	227	1,122	239
Total comprehensive income for the period, net of tax	2,792	1,199	4,985	3,247
Total comprehensive income attributable to owner of OSKIB	2,792	1,199	4,985	3,247

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

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

UNAUDITED CONDENSED STATEMENT OF CHANGES IN ISLAMIC BANKING FUND

	Islamic Banking Fund	Available- for-sale reserve	Retained Profits	Total
	RM'000	RM'000	RM'000	RM'000
As at 1.1.2011	50,000	264	7,658	57,922
Total comprehensive income	-	1,122	3,863	4,985
Injection of fund	50,000	-	-	50,000
As at 30.9.2011	100,000	1,386	11,521	112,907
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	-	239	3,008	3,247
As at 30.9.2010	50,000	446	7,054	57,500

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

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

	As at 30.9.2011	As at 31.12.2010
	RM'000	RM'000
(a) Securities held-to-maturity		
At amortised cost		
Money market instruments:		
Cagamas bonds	5,020	5,037
Malaysian Government Investment Issues	120,120	165,361
	125,140	170,398
Unquoted securities:		
Islamic private debt securities	176,544	130,590
	301,684	300,988
(b) Securities available-for-sale		
At fair value		
Money market instruments:		
Islamic accepted bills	69,618	64,526
Malaysian Government Investment Issues	76,464	25,324
Negotiable instruments of deposit	49,744	49,926
	195,826	139,776
Unquoted securities:		
Islamic private debt securities	272,345	211,855
	468,171	351,631
(c) Other assets		
Income receivable	6,289	6,773

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

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

	As at 30.9.2011	As at 31.12.2010
	RM'000	RM'000
(d) Deposits from customers		
Mudharabah Fund		
Mudharabah general investment deposits	866,887	828,601
(i) By type of customer		
Business enterprises	175,552	103,912
Domestic non-bank financial institutions	257,752	281,891
Malaysian government and statutory bodies	433,583	442,798
	866,887	828,601
(ii) By maturity structure		
Up to 3 months	734,267	726,327
3-12 months	132,620	102,274
	866,887	828,601
(e) Other liabilities		
Profit payable	2,428	2,798
Profit equalisation reserve	760	996
Other payable and accruals	18	96
	3,206	3,890

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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:

	As at 30.9.2011	As at 31.12.2010
Before deducting proposed dividends:		
Core capital ratio	75.78%	40.02%
Risk weighted capital ratio	75.78%	40.02%
After deducting proposed dividends:		
Core capital ratio	75.78%	40.02%
Risk weighted capital ratio	75.78%	40.02%
	RM'000	RM'000
Islamic banking funds	100,000	50,000
Retained profits - audited	9,824	7,659
	109,824	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 THIRD QUARTER ENDED 30 SEPTEMBER 2011
A28. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)
(f) Capital adequacy of Islamic banking operations (Cont'd)
(ii) Risk weighted assets and capital requirements for Credit Risk, Market Risk, Operational Risk and Large Exposures Risk
As at 30.9.2011

Exposure class	Gross Exposures RM'000	Net Exposures RM'000	Risk Weights Assets RM'000	Capital Require- ments RM'000
(a) Credit risk				
<i>On-Balance Sheet Exposures:</i>				
Sovereigns/Central Banks	366,134	366,134	-	-
Banks, development financial institutions and multilateral development banks	294,765	294,765	61,965	4,958
Insurance companies, securities firms and fund managers	-	-	-	-
Corporates	327,355	327,355	71,227	5,698
Other assets	117	117	117	9
Total on-balance sheet exposures	988,371	988,371	133,309	10,665
<i>Off-Balance Sheet Exposures:</i>				
Over-the-counter ("OTC") derivatives	-	-	-	-
Credit derivatives	-	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	-	-	-	-
Defaulted exposures	-	-	-	-
Total off-balance sheet exposures	-	-	-	-
Total on and off balance sheet exposures	988,371	988,371	133,309	10,665
(b) Large exposures risk requirement	-	-	-	-
(c) Market risk	-	-	-	-
(d) Operational risk			11,607	929
(e) Total RWA and capital requirements			144,916	11,594

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011
A28. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)
(f) Capital adequacy of Islamic banking operations (Cont'd)
(ii) Risk weighted assets and capital requirements for Credit Risk, Market Risk, Operational Risk and Large Exposures Risk (Cont'd)
As at 31.12.2010

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

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 THIRD QUARTER ENDED 30 SEPTEMBER 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 ("the Group") for the current quarter and year to date

Overall Performance

The Group revenue for the nine months ended 30 September 2011 ("9M11") increased by 18% to RM835.50 million as compared to the RM710.25 million in the nine months ended 30 September 2010 ("9M10"). The improvement in revenue was mainly due to higher contribution from Investment Banking activities and increase in fee income from Equities and Unit Trusts. The Group profit attributable to the owners of the Company or profit after tax and non-controlling interests ("PATMI") of RM81.04 million for 9M11 represented a growth of 5% as compared to RM76.98 million in 9M10 which translated into an earnings per share of 8.63 sen (9M10: 8.42 sen).

For the third quarter ended 30 September 2011, the Group recorded a PATMI of RM28.81 million, which included RM5.63 million (i.e. RM7.50 million less 25% tax effect) allowance for impairment losses on investments. The improvement in operating profit was achieved on the back of higher net gains from investment banking activities; loans and deposits growth and Islamic banking operations.

The Principal Subsidiaries Performance

OSKIB Group is the main contributor for 9M11, accounting for 85% of the Group profit before tax ("PBT"). The remaining PBT of 15% is contributed by the other operating subsidiaries.

Geographical Segments Performance

Malaysian operations registered an increase in its PBT for 9M11 by 21% to RM113.77 million from RM94.04 million in 9M10. Total PBT contribution by foreign subsidiaries amounted to 19% or RM27.34 million in 9M11 as compared to 33% or RM45.54 million in 9M10.

Business Segments Performance

Investment Banking consists mainly of Derivatives & Structured Products, Treasury, Corporate Advisory and Equities Capital Market activities contributed RM59.45 million or 42% of the Group PBT for 9M11 as compared to RM70.39 million or 50% in 9M10.

Loans and Financing contributed RM46.71 million or 33% of the Group PBT for 9M11 as compared to RM31.11 million or 22% in 9M10, the improvement was mainly due to loan growth.

Equities and Futures recorded RM18.14 million or 13% of the Group PBT for 9M11 as compared to RM28.80 million or 21% in 9M10.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

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

The Group PBT for 3Q11 increased by RM33.54 million or 195% to RM50.72 million as compared to RM17.18 million in the immediate preceding quarter ended 30 June 2011. The significant profit improvement is principally due to increase in higher contribution from Investment Banking activities and increase in fee income from Unit Trusts and Equities.

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

(a) Current year prospects

(Commentary on the rest of year)

The Eurozone sovereign debt woes and the sluggish recovery in the US have created financial and macroeconomic headwinds for the ASEAN economies. We expect government policies in Indonesia, Malaysia and Thailand to provide a cushion to offset some of these external headwinds. While we expect the economies of Indonesia, Malaysia, Singapore and Thailand to remain on the growth trajectory going into 2012, with Indonesia still likely to outperform its peers, significant downside risks exist. Some of these risks include potential policy dilemma in Indonesia, the ongoing floods in Thailand and increasing odds of slower growth in the global economy. Singapore, with its strong reserve and fiscal position, should put it in good stead to deal with the global headwinds, though economic growth should still be moderate in the coming quarters.

The focus of the governments in the ASEAN economies is likely to be increasingly on economic growth, but we do not expect this to be at the expense of prudent inflation management. Inflation is likely to remain elevated in all the ASEAN economies, especially in Indonesia and Singapore, for the remainder of the year.

The Board is of the view that the remaining year will remain to be challenging and expects the Group to perform satisfactorily 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 30.9.2011 RM'000	Current year to date ended 30.9.2011 RM'000
In respect of the current quarter/year to date		
- Zakat	5	5
- Malaysian income tax	4,212	25,805
- Foreign income tax	2,813	8,380
	<u>7,030</u>	<u>34,190</u>
In respect of the prior year		
- Malaysian income tax	8,182	8,182
- Foreign income tax	(1)	(59)
	<u>8,181</u>	<u>8,123</u>
Deferred taxation	530	(1,102)
Income tax expense	<u>15,741</u>	<u>41,211</u>

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 THIRD QUARTER ENDED 30 SEPTEMBER 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 arising therefrom (except for the subsidiary companies engaged in stockbroking and investment banking which have been exempted from this disclosure):

	Current quarter ended 30.9.2011 RM'000	Current year to date ended 30.9.2011 RM'000
Total purchase consideration	<u>105</u>	<u>56,524</u>
Total sale proceeds	<u>6,085</u>	<u>52,419</u>
Net (loss)/gain on disposals	<u>(1,914)</u>	<u>932</u>

- (b) Investments in quoted securities as at 30 September 2011 (except for the subsidiary companies engaged in stockbroking and investment banking which have been exempted from this disclosure):

	RM'000
Quoted shares at cost:	
In Malaysia	9,788
Outside Malaysia	<u>29,550</u>
	<u>39,338</u>
Fair value adjustments	<u>(4,052)</u>
Carrying value	<u>35,286</u>
Market value of quoted shares:	
In Malaysia	8,565
Outside Malaysia	<u>26,721</u>
	<u>35,286</u>

B9. Status of corporate proposals and utilisation of proceeds

(a) Status of corporate proposals announced but not completed as at 10 November 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 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 of OSKWP pursuant to Section 258(1) of the Act. OSKWP is a wholly-owned subsidiary company of OSK-UOB Investment Management Berhad (formerly known as 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 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.

On 10 October 2011, the Liquidators of OSKWP made first interim and second and final returns of surplus of assets of RM8,000.00 and RM6,462.00 respectively to the shareholder of OSKWP, representing a total of RM0.0067 per ordinary share of RM1.00 each.

The final meeting of the above exercise has been fixed on 23 November 2011. Thereafter, pursuant to Section 272(5) of the Companies Act, 1965, OSKWP will be dissolved on the expiration of three (3) months from the date of lodgement of Form 69 (Return by Liquidator Relating to final meeting) with the Companies Commission of Malaysia and Official Receiver.

(ii) Application to Bank Negara Malaysia ("BNM") for OSK to commence negotiations with RHB Capital Berhad ("RHBC") for a possible merger of businesses between OSK investment banking group and RHB banking group

On 29 September 2011, the Company submitted an application letter to BNM to seek an approval in principle to commence negotiations with RHBC for a possible merger of businesses between OSK investment banking group and RHB banking group.

On 13 October, 2011, BNM stated that it has no objection in principle for the Company to commence negotiations with RHBC for the possible merger of businesses. The approval to commence negotiations is valid for a period of 3 months.

(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 THIRD QUARTER ENDED 30 SEPTEMBER 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:-

	RM'000
Short term borrowings - Unsecured	
Revolving credits	152,420
Revolving credits denominated in USD	38,435
Short term loans denominated in HKD	56,498
Overdraft denominated in SGD	386
	<hr/>
	247,739
Long term subordinated notes - Unsecured	400,000
	<hr/>
Total borrowings and debt securities	647,739

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 as consideration for risk. Options may be either exchange-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.

B11. Derivative financial instruments (Cont'd)

(a) Disclosure of derivatives (Cont'd)

(i) Nature of outstanding derivatives as at the reporting date (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 (i.e. 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 investments, receivables or payables in other currencies. Foreign currency swap is an exchange of principal denominated in different currencies at the beginning and the maturity of swap contracts, normally at the same exchange rate which is usually the spot rate at the inception of the transaction.

Cross currency interest rate swap is made up of an interest rate swap where payment flows are expressed in different currencies and computed based on the interest rates denominated in those currencies. There is normally an exchange of principal at the beginning of the swap contract and also upon the maturity date, 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 (strike) 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 structured based on a single security or a pool of securities. The structured product's redemption is linked to the performance of the underlying share(s). At maturity, the investor will receive either cash settlement as computed based on the term sheet 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 B11(a)(i)(d).

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 30.9.2011		As at 31.12.2010	
	Contract/ Notional value RM'000	Fair value RM'000	Contract/ Notional value RM'000	Fair value RM'000
Derivative financial assets:				
Equity related contracts				
Less than 1 year	11,900	2,156	52,723	50,707
Commodities related contracts				
Less than 1 year	-	-	-	10
Interest rate swaps				
Less than 1 year	-	-	505,145	30,568
1 year to 3 years	-	-	239,940	5,383
More than 3 years	-	-	103,961	1,502
	-	-	849,046	37,453
Foreign currency forward and swap contracts				
Less than 1 year	301,565	2,697	560,865	2,127
	313,465	4,853	1,462,634	90,297
Derivative financial liabilities:				
Structured warrants				
Less than 1 year	514	7,434	80,338	141,452
Structured investments				
Less than 1 year	7,187	7,221	6,410	6,504
Foreign currency forward and swap contracts				
Less than 1 year	-	-	210,789	1,741
Equity related contracts				
Less than 1 year	-	-	-	44
Interest rate swaps				
Less than 1 year	1,349,308	14,947	-	-
1 year to 3 years	513,913	12	-	-
More than 3 years	142,764	1,505	-	-
	2,005,985	16,464	-	-
Commodities related contracts				
Less than 1 year	-	-	-	8
	2,013,686	31,119	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) Risks relating to derivatives and changes since last financial year

Credit risk

Credit risk is the potential loss arising from the failure of a counterparty to fulfil its obligation under a contractual agreement. As at 30 September 2011, the amount of credit risk relating to derivatives in the Group, measured in terms of the cost to replace the profitable contracts, was RM4,853,000 (31.12.2010 : RM90,297,000). This amount will increase or decrease over the life of the derivative 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 derivative 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 market risks.

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.

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:

Types of financial liabilities	Current quarter ended	Current year to date ended
	30.9.2011 RM'000	30.9.2011 RM'000
Structured warrants	(6,915)	6,036
Structured investments	1	(24)
Foreign exchange swap contracts	11,310	8,614
Fair value gain	4,396	14,626

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

The fair value changes are attributable to the price changes of structured warrants, structured investments as well as changes in foreign exchange spot and forward rates. The method and assumptions applied in determining the fair values of derivatives are disclosed in audited financial statements of the Company 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.

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 below is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and not to 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:

	As at 30.9.2011	As at 31.12.2010
	RM'000	RM'000
Total retained profits of the Company and its subsidiary companies		
- Realised	135,512	250,438
- Unrealised	92,745	116,018
	228,257	366,456
Total share of retained profits from associated companies		
- Realised	9,866	11,195
- Unrealised	-	-
Less : Consolidation adjustments	75,434	(69,047)
	313,557	308,604

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 litigations

As at 10 November 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. Berhad (“OSKNT”) and Another (collectively referred to as the “Defendants”) (Seremban High Court Suit No. 22-216-2003)

The Plaintiffs commenced an action against the Defendants on 14 November 2003 seeking inter-alia, a declaration that a charge registered in favour of OSKC is void, damages in the sum of RM20,000,000, general damages, interest and costs and claiming against OSKC and 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 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 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.

On 1 August 2011, Azari withdrew his Appeal against the Defendants.

B12. Material litigations (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.

On 3 August 2011, the Defendant withdrew the counterclaim against Plaintiff.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011
B13. Dividend

- (a) No dividend has been declared for the current quarter as well as for the comparative quarter ended 30 September 2010.
- (b) An interim dividend of 2.5 sen per share less 25% income tax in respect of the current year to date was paid on 14 September 2011 (2010: Interim 2.5 sen per share less 25% income tax).

Total dividend for the current year declared to date is 2.5 sen per share less 25% income tax (2010: 2.5 sen per share less income tax).

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

	Current quarter ended 30.9.2011	Comparative quarter ended 30.9.2010	Current year to date ended 30.9.2011	Preceding year to date ended 30.9.2010
<u>Basic</u>				
Profit attributable to owners of the Company (RM'000)	28,811	33,601	81,044	76,982
Weighted average number of ordinary shares in issue ('000 shares)	939,373	937,327	938,927	914,591
Basic EPS (sen)	3.07	3.58	8.63	8.42
<u>Diluted</u>				
Profit attributable to owners of the Company (RM'000)	28,811	33,601	81,044	76,982
Weighted average number of ordinary shares in issue ('000 shares)	939,373	937,327	938,927	914,591
Effect of dilution on assumed exercise of options granted under ESOS (2010 preceding year to date: including assumed conversion of Warrants B 2000/2010 that expired on 1 March 2010)	1,737	2,147	2,247	1,943
Adjusted weighted average number of ordinary shares in issue and issuable ('000 shares)	941,110	939,474	941,174	916,534
Diluted EPS (sen)	3.06	3.58	8.61	8.40

B15. Auditors' report of preceding annual financial statements

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

By Order of the Board

Ong Leong Huat
Director

Kuala Lumpur
15 November 2011

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011**A22. Segmental information**

For management purposes, the Group is organised into the following major business segments based on products and services, which are regularly provided to and reviewed by the chief operating decision makers :

1. Investment Banking - Equities and Debt Capital Market, Derivatives and Structured Products, Corporate Advisory, Treasury, Islamic Banking and Labuan 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 segments concerned and are not more favourable than those arranged with independent third parties and have been eliminated to arrive at the Group's results.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011
A22. Segmental information (Cont'd)
Geographical Segments

The Group operates in six geographical locations: Malaysia (Domestic), Singapore, China and Hong Kong, Indonesia, Cambodia and Thailand. 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						Total
Malaysia	Singapore	China and Hong Kong	Indonesia	Cambodia	Thailand	Sub-total	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

CURRENT YEAR TO DATE ENDED 30.9.2011

Revenue	609,830	114,782	44,144	50,467	10,932	5,340	225,665	835,495
Profit/(loss) before tax	113,770	27,852	(5,797)	7,152	(3,533)	1,662	27,336	141,106
Non-current assets as at 30.9.2011	545,911	10,825	5,054	6,510	16,342	1,448	40,179	586,090

PRECEDING YEAR TO DATE ENDED 30.9.2010

Revenue	478,294	142,078	40,750	40,794	8,337	-	231,959	710,253
Profit/(loss) before tax	94,038	45,226	(6,792)	7,872	(762)	-	45,544	139,582
Non-current assets as at 31.12.2010	531,758	2,871	5,833	6,089	16,925	-	31,718	563,476

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011
A25. Commitments and contingencies

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

	As at 30.9.2011			As at 31.12.2010		
	Principal amount	Credit equivalent*	Risk weighted*	Principal amount	Credit equivalent*	Risk weighted*
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Obligations under underwriting agreements	-	-	-	24,731	12,365	12,365
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	1,395,141	-	-	1,352,610	-	-
- maturity exceeding one year	92,492	46,246	46,246	133,640	66,820	66,820
Foreign exchange related contracts:						
- less than one year	310,208	25,168	5,034	771,882	358,686	71,740
Interest rate related contracts:						
- one year to less than five years	1,855,303	246,796	49,359	885,973	79,270	15,854
	3,653,144	318,210	100,639	3,168,836	517,141	166,779

* 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 the Basic Indicator Approach for operational risk computation.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

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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 30.9.2011	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short term funds	1,423,276	10,479	17,989	6,000	-	660,544	-	2,118,288	3.23
Deposits and placements with banks and other financial institutions	-	55,000	-	-	-	-	-	55,000	3.27
Securities held-for-trading	-	-	-	-	-	-	145,988	145,988	-
Securities held-to-maturity	20,014	86,326	70,050	269,066	158,345	-	-	603,801	4.44
Securities available-for-sale	336,875	372,288	179,023	1,068,998	1,309,105	50,415	205	3,316,909	3.96
Derivative financial assets *	-	-	-	-	-	4,853	-	4,853	-
Loans, advances and financing									
- Non-impaired	572,587	119,775	539,033	300,656	97,698	-	-	1,629,749	8.41
- Impaired	-	-	-	-	-	4,229	-	4,229	-
Trade receivables	51,560	-	-	-	-	3,257,811	-	3,309,371	1.50
Statutory and reserve deposits with Central Banks	-	-	-	-	32,270	216,525	-	248,795	0.09
Other assets	-	-	200	-	-	113,570	-	113,770	0.09
Other non-interest sensitive assets	-	-	-	-	-	596,604	-	596,604	-
Total Assets	2,404,312	643,868	806,295	1,644,720	1,597,418	4,904,551	146,193	12,147,357	

* Interest rate exposure of interest rate swaps classified as derivative financial assets is disclosed under off-balance sheet interest sensitivity gap on the following page.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

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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 30.9.2011	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
LIABILITIES									
Deposits from customers	2,545,873	860,034	1,150,351	47,716	-	51,706	-	4,655,680	3.47
Deposits and placements of banks and other financial institutions	565,506	43,155	63,789	-	-	-	-	672,450	3.17
Obligations on securities sold under repurchase agreements	-	-	-	-	16,987	58,989	-	75,976	1.50
Derivative financial liabilities	-	-	-	-	-	31,119	-	31,119	-
Trade payables	-	-	-	-	-	3,993,395	-	3,993,395	-
Borrowings	247,739	-	-	-	-	-	-	247,739	5.84
Subordinated notes	-	-	-	-	400,000	-	-	400,000	6.86
Other non-interest sensitive liabilities	-	-	-	-	-	275,970	-	275,970	-
Total Liabilities	3,359,118	903,189	1,214,140	47,716	416,987	4,411,179	-	10,352,329	
Equity attributable to owners of the Company	-	-	-	-	-	1,489,661	-	1,489,661	
Non-controlling interests	-	-	-	-	-	305,367	-	305,367	
Total Equity	-	-	-	-	-	1,795,028	-	1,795,028	
Total Liabilities and Equity	3,359,118	903,189	1,214,140	47,716	416,987	6,206,207	-	12,147,357	
On-balance sheet interest sensitivity gap	(954,806)	(259,321)	(407,845)	1,597,004	1,180,431	(1,301,656)	146,193	-	
Off-balance sheet interest sensitivity gap	89,348	341,591	918,369	643,913	12,764	-	-	2,005,985	
Total Interest Sensitivity Gap	(865,458)	82,270	510,524	2,240,917	1,193,195	(1,301,656)	146,193	2,005,985	
Cumulative interest rate sensitivity gap	(865,458)	(783,188)	(272,664)	1,968,253	3,161,448	1,859,792	2,005,985	2,005,985	

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

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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	%
ASSETS									
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	4.07
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	-
Trade receivables	31,374	-	-	-	-	2,012,547	-	2,043,921	1.88
Statutory and reserve deposits									
with Central Banks	-	-	-	-	24,468	45,210	-	69,678	0.15
Other assets	-	-	100	-	-	94,716	-	94,816	3.15
Other non-interest sensitive assets	-	-	-	-	-	570,888	-	570,888	-
Total Assets	1,990,188	486,338	839,601	2,039,274	566,726	3,417,579	648,996	9,988,702	

* Interest rate exposure of interest rate swaps classified as derivative financial assets is disclosed under off-balance sheet interest sensitivity gap on the following page.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

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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	%
LIABILITIES									
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	-
Subordinated notes	-	-	-	-	300,000	-	-	300,000	7.41
Other non-interest sensitive liabilities	-	-	-	-	-	235,113	-	235,113	-
Total Liabilities	2,828,882	1,184,183	909,193	21,995	300,000	3,050,998	-	8,295,251	
Equity attributable to owners of the Company	-	-	-	-	-	1,448,710	-	1,448,710	
Non-controlling interests	-	-	-	-	-	244,741	-	244,741	
Total Equity	-	-	-	-	-	1,693,451	-	1,693,451	
Total Liabilities and Equity	2,828,882	1,184,183	909,193	21,995	300,000	4,744,449	-	9,988,702	
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	
Total Interest Sensitivity Gap	(838,694)	(697,845)	435,553	2,307,219	320,687	(1,326,870)	648,996	849,046	
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	