

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 30.9.2012	As at 31.12.2011 (Restated)	As at 1.1.2011 (Restated)
	Note	RM'000	RM'000	RM'000
ASSETS				
Cash and short term funds		3,587	1,343,743	656,405
Deposits and placements with a bank		-	50,000	-
Securities purchased under resale agreements		-	-	111,486
Securities held-for-trading	A7(a)	25,123	313,340	648,996
Securities held-to-maturity	A7(b)	-	639,896	662,427
Securities available-for-sale	A7(c)	165	3,230,790	2,795,866
Securities portfolio		25,288	4,184,026	4,107,289
Derivative financial assets		-	8,401	90,297
Loans, advances and financing	A8	311,789	1,655,358	1,360,557
Trade receivables	A9	793	1,464,140	1,997,323
Tax recoverable		3,913	7,487	6,930
Other assets	A10	5,590	121,462	96,236
Statutory deposits with Central Banks		-	213,334	69,678
Deferred tax assets		-	11,957	481
Investments in associated companies and a jointly controlled entity		-	23,394	21,146
Investment property		149,000	149,000	134,000
Property and equipment		126,552	199,754	184,441
Intangible assets		290	232,037	223,888
Assets of the Disposal Group classified as held for sale	A23	10,918,455	-	-
TOTAL ASSETS		11,545,257	9,664,093	9,060,157
LIABILITIES				
Deposits from customers	A11	-	4,739,915	3,884,388
Deposits and placements of banks and other financial institutions	A12	-	658,749	669,769
Obligations on securities sold under repurchase agreements		-	291,083	-
Derivative financial liabilities		-	108,867	149,749
Trade payables	A13	-	1,287,089	1,746,928
Other liabilities	A14	4,086	162,411	166,733
Tax payable		1,254	11,182	26,697
Deferred tax liabilities		523	4,106	1,812
Borrowings	B8	304,570	239,117	410,619
Subordinated notes	B8	-	400,000	300,000
Liabilities of the Disposal Group classified as held for sale	A23	9,419,053	-	-
TOTAL LIABILITIES		9,729,486	7,902,519	7,356,695
EQUITY				
Share capital		968,789	964,145	962,211
Treasury shares, at cost	A5(b)	(783)	(29,789)	(29,785)
		968,006	934,356	932,426
Reserves		549,319	526,030	526,295
Equity attributable to owners of the Company		1,517,325	1,460,386	1,458,721
Non-controlling interests		298,446	301,188	244,741
TOTAL EQUITY		1,815,771	1,761,574	1,703,462
TOTAL LIABILITIES AND EQUITY		11,545,257	9,664,093	9,060,157
Net Assets per share attributable to owners of the Company (RM)		1.57	1.55	1.56

(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 2011)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	Current quarter ended 30.9.2012	Comparative quarter ended 30.9.2011 (Restated)	Current year to date ended 30.9.2012	Preceding year to date ended 30.9.2011 (Restated)
		RM'000	RM'000	RM'000	RM'000
Revenue					
- Continuing Operations		11,992	5,543	30,863	22,965
- Discontinued Operations	A23	264,940	282,946	784,760	812,239
		276,932	288,489	815,623	835,204
Interest income	A15	6,458	3,588	15,197	11,740
Interest expense	A16	(3,623)	(1,732)	(7,909)	(4,891)
Net interest income		2,835	1,856	7,288	6,849
Non-interest income	A17	5,534	1,955	15,666	11,225
Other operating expenses	A18	(4,760)	(2,430)	(10,619)	(9,320)
(Allowance for)/write back of impairment losses on loans, advances and financing	A19	(594)	(52)	(1,722)	1,900
Profit before tax from continuing operations		3,015	1,329	10,613	10,654
Income tax (expense)/benefit	B6	(2,695)	610	(6,985)	(3,494)
Profit after tax for the period					
- Continuing Operations		320	1,939	3,628	7,160
- Discontinued Operations	A23	29,835	34,136	82,806	94,728
Profit after tax for the period		30,155	36,075	86,434	101,888
Profit attributable to owners of the Company					
- Continuing Operations		320	1,939	3,628	7,160
- Discontinued Operations		26,010	27,970	71,345	75,877
		26,330	29,909	74,973	83,037
Non-controlling interests					
- Discontinued Operations		3,825	6,166	11,461	18,851
		30,155	36,075	86,434	101,888
Earnings per share attributable to owners of the Company (sen):					
- Continuing Operations - Basic	B11	0.03	0.21	0.38	0.76
- Diluted	B11	0.03	0.21	0.38	0.76
- Discontinued Operations - Basic	B11	2.69	2.98	7.49	8.08
- Diluted	B11	2.69	2.97	7.48	8.06
Basic	B11	2.72	3.19	7.87	8.84
Diluted	B11	2.72	3.18	7.86	8.82

(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 2011)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Current quarter ended 30.9.2012	Comparative quarter ended 30.9.2011 (Restated)	Current year to date ended 30.9.2012	Preceding year to date ended 30.9.2011 (Restated)
Note	RM'000	RM'000	RM'000	RM'000
Profit after tax for the period				
- Continuing Operations	320	1,939	3,628	7,160
- Discontinued Operations	29,835	34,136	82,806	94,728
	30,155	36,075	86,434	101,888
Other comprehensive (loss)/income for the period, net of tax				
- Continuing Operations	-	-	-	-
- Discontinued Operations	(17,941)	6,956	4,000	26,522
	(17,941)	6,956	4,000	26,522
Total comprehensive income for the period, net of tax				
	12,214	43,031	90,434	128,410
Total comprehensive income attributable to owners of the Company:				
- Continuing Operations	320	1,939	3,628	7,160
- Discontinued Operations	13,437	31,623	80,335	85,671
	13,757	33,562	83,963	92,831
Non-controlling interests				
- Discontinued Operations	(1,543)	9,469	6,471	35,579
	12,214	43,031	90,434	128,410

(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 2011)

	Distributable			Non-Distributable							Distributable		Discontinued Operations	Total equity	
	Continuing Operations			Attributable to owners of the Company							Discontinued Operations				
	Share capital	Treasury shares	Equity compensation reserve	Statutory reserves	Regulatory reserve	Profit equalisation reserve of Islamic banking operations	Foreign exchange reserves	Available -for-sale reserves	Other reserve	Reserves of the Disposal Group classified as held for sale	Retained profits	Total			Non-controlling interests
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1.1.2012															
As previously reported															
Adoption of Revised BNM/GP3 and MFRS 139															
As restated															
Comprehensive income/(loss)															
- Continuing Operations															
- Discontinued Operations															
Total comprehensive income/(loss)															
Continuing Operations															
Dividends paid to owners of the Company	A6	-	-	-	-	-	-	-	-	-	(32,210)	(32,210)	-	(32,210)	
Distribution of treasury shares	A5(b)	-	29,008	-	-	-	-	-	-	-	(29,008)	-	-	-	
Shares issued pursuant to exercise of ESOS	A5(a)	4,644	-	-	-	-	-	-	-	-	-	4,644	-	4,644	
Share buybacks by the Company	A5(b)	-	(2)	-	-	-	-	-	-	-	-	(2)	-	(2)	
Reserve reversed upon exercise and forfeiture of ESOS		-	-	(552)	-	-	-	-	-	-	552	-	-	-	
Discontinued Operations															
Dividend paid to a non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	(9,065)	(9,065)	
Transfer from other liabilities due to the adoption of BNM's Revised Guidelines for Profit Equalisation Reserves ("PER")		-	-	-	-	-	-	-	-	-	272	272	-	272	
Transfer to PER reserve		-	-	-	-	272	-	-	-	-	(272)	-	-	-	
Transfer to regulatory reserve in first quarter		-	-	-	-	-	-	-	-	-	(9,955)	-	-	-	
Reversal of regulatory reserve to retained profits in second quarter		-	-	-	-	(9,955)	-	-	-	-	9,955	-	-	-	
Accretion on deemed disposals arising from dilution of interest in an associated group		-	-	-	-	-	-	-	-	-	266	266	-	266	
Accretion on additional interest in a subsidiary company		-	-	-	-	-	-	-	-	-	6	6	(6)	-	
Acquisition of additional shares from non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	(142)	(142)	
Transfer to statutory reserves		-	-	-	23,444	-	-	-	-	-	(23,444)	-	-	-	
Reserves attributable to the Disposal Group classified as held for sale	A23	-	-	-	(262,981)	-	(272)	27,368	(13,834)	862	248,857	-	-	-	
Total transactions with owners		4,644	29,006	(552)	(239,537)	-	-	27,368	(13,834)	862	248,857	(83,838)	(27,024)	(9,213)	(36,237)
As at 30.9.2012		968,789	(783)	29	-	-	-	-	-	-	248,857	300,433	1,517,325	298,446	1,815,771
As at 1.1.2011															
As previously reported		962,211	(29,785)	779	228,992	-	-	(20,652)	(1,439)	-	-	308,604	1,448,710	244,741	1,693,451
Adoption of Revised BNM/GP3 and MFRS 139		-	-	-	-	-	-	-	-	-	-	10,011	10,011	-	10,011
As restated		962,211	(29,785)	779	228,992	-	-	(20,652)	(1,439)	-	-	318,615	1,458,721	244,741	1,703,462
Comprehensive income/(loss)															
- Continuing Operations		-	-	-	-	-	-	-	-	-	-	7,160	7,160	-	7,160
- Discontinued Operations		-	-	-	-	-	-	19,222	(8,590)	(838)	-	75,877	85,671	35,579	121,250
Total comprehensive income/(loss)		-	-	-	-	-	-	19,222	(8,590)	(838)	-	83,037	92,831	35,579	128,410
Continuing Operations															
Dividends paid to owners of the Company		-	-	-	-	-	-	-	-	-	-	(52,828)	(52,828)	-	(52,828)
Shares issued pursuant to exercise of ESOS		1,397	-	-	-	-	-	-	-	-	-	-	1,397	-	1,397
Share buybacks by the Company		-	(2)	-	-	-	-	-	-	-	-	-	(2)	-	(2)
Reserve reversed upon exercise and forfeiture of ESOS		-	-	(127)	-	-	-	-	-	-	-	127	-	-	-
Discontinued Operations															
Dividends paid to a non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	-	(11,915)	(11,915)
Accretion on acquisition of a subsidiary company		-	-	-	-	-	-	-	-	-	-	-	-	(42)	(42)
Accretion on additional interest in a subsidiary company		-	-	-	-	-	-	-	-	-	-	154	154	(154)	-
Share options exercised by non-controlling interests 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)
Accretion on deemed disposals arising from dilution of interest in an associated group		-	-	-	-	-	-	-	-	-	-	1,392	1,392	-	1,392
Subscription of additional shares in a subsidiary company by non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	31,770	31,770
Transfer to statutory reserve		-	-	-	24,936	-	-	-	-	-	-	(24,936)	-	-	-
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	253,928	-	-	(1,430)	(10,029)	(838)	-	325,561	1,501,665	305,367	1,807,032

(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 2011)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Current year to date ended 30.9.2012	Preceding year to date ended 30.9.2011 (Restated)
Note	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before tax from continuing operations	10,613	10,654
Profit before tax from discontinued operations	112,903	133,188
Profit before tax, total	<u>123,516</u>	143,842
Adjustments for :-		
Interest income	-	(30)
Interest expense	8,713	5,386
Other non-cash and non-operating items	(3,469)	47,937
Share of results after tax of associated companies	(2,062)	(2,054)
Operating profit before working capital changes	<u>126,698</u>	195,081
<i>(Increase)/Decrease in operating assets:</i>		
Deposits and placements with a bank	47,118	(55,000)
Securities purchased under resale agreement	-	111,486
Securities held-for-trading	(216,355)	516,427
Securities held-to-maturity	100,167	57,950
Securities available-for-sale	(633,341)	(444,600)
Loans, advances and financing	(530,065)	(289,679)
Trade and other receivables	(1,186,182)	(1,217,840)
Other operating assets	(1,242)	83,816
Statutory deposits with Central Banks	(18,559)	(179,117)
<i>Increase/(Decrease) in operating liabilities:</i>		
Deposits from customers	857,740	811,605
Deposits and placements of banks and other financial institutions	(188,091)	2,681
Obligations on securities sold under repurchase agreements	(56,512)	75,976
Obligations on securities borrowed	110,928	-
Trade and other payables	933,633	1,202,821
Other operating liabilities	(39,262)	(142,726)
Cash (used in)/generated from operations	<u>(693,325)</u>	728,881
Income tax paid net of refund	(54,286)	(40,942)
Net cash (used in)/generated from operating activities	<u>(747,611)</u>	687,939

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

	Current year to date ended 30.9.2012	Preceding year to date ended 30.9.2011 (Restated)
Note	RM'000	RM'000
Cash Flows From Investing Activities		
Net cash outflow from acquisition of subsidiary companies	-	(20,529)
Additional investment in an associated company	(700)	(2,000)
Acquisition of additional shares from non-controlling interests	(142)	(98,361)
Dividends received	2,515	5,344
Interest received	-	30
Proceeds from exercise of share options by employees in a foreign subsidiary company	-	25
Proceeds from disposals of property and equipment	400	1,041
Proceeds from disposal of an intangible asset	-	2,962
Purchase of property and equipment	(16,426)	(24,039)
Purchase of software licences	(6,313)	(8,898)
Payment for trademarks	(54)	(75)
Payment for trading rights	(25)	-
Net cash used in investing activities	(20,745)	(144,500)
Cash Flows From Financing Activities		
Dividends paid to non-controlling interests	(9,065)	(11,915)
Dividends paid to owners of the Company	(32,210)	(52,828)
Drawdown/(Repayment) of revolving credits	242,497	(163,266)
Interest paid	(8,713)	(5,386)
Payments for share buybacks by the Company	(2)	(2)
Proceeds from issuance of shares pursuant to exercise of ESOS	4,644	1,397
Proceeds from issuance of subordinated notes	-	100,000
Proceeds from subscription of shares by non-controlling interests	-	31,770
Net cash generated from/(used in) financing activities	197,151	(100,230)
Net (decrease)/increase in cash and cash equivalents	(571,205)	443,209
Effects of exchange rate changes	(16,577)	27,799
Cash and cash equivalents at beginning of period	1,343,622	656,404
Cash and cash equivalents at end of period	755,840	1,127,412
Cash and cash equivalents at end of period comprised:		
<u>Continuing operations</u>		
Cash, bank balances and deposits	3,587	3,201
<u>Discontinued operations</u>		
Cash, bank balances and deposits	477,967	513,608
Money at call and deposits placements with maturity within one month	274,286	610,989
Bank overdraft	-	(386)
	755,840	1,127,412

(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 2011)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134: Interim Financial Reporting ("MFRS 134") 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 unaudited interim financial statements ("the quarterly report") have been prepared in accordance with the MFRS 134 issued by the Malaysian Accounting Standards Board ("MASB"), Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad and Bank Negara Malaysia ("BNM")'s revised Guidelines on Financial Reporting for Banking Institutions ("BNM/GP8"). This quarterly report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2011 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 2011.

As at the reporting date, the unaudited interim financial statements have been prepared pursuant to the BNM/GP8 presentation as the significant results and positions of the Group are contributed from the Disposal Group as defined in Note A23, mainly comprised OSK Investment Bank Berhad group of companies and OSK Investment Bank (Labuan) Limited. These financial statements are prepared in accordance with disclosure requirements under MFRS 5: Non-Current Assets Held for Sale and Discontinued Operations ("MFRS 5") as the Proposed Disposal completed on 9 November 2012.

With effect from 1 January 2012, the Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the MASB. This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board. Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRS.

This quarterly report complies with MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1"). The objective of MFRS 1 is to ensure that an entity's first MFRS financial statements provide a starting point for accounting in accordance with MFRS and are comparable over all periods presented. This quarterly report also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. The transition from FRS to MFRS has not had a material impact on the financial statements other than the change in accounting policy on allowance for collective assessment, as the accounting policies adopted under previous FRS framework were already in line with the MFRS framework requirements.

MFRS 1 requires comparative information to be restated as if the requirements of MFRS effective for annual periods beginning on or after 1 January 2012 have always been applied, except when MFRS 1 allows certain optional exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRS. The transitional date for the purpose of the MFRS Framework adoption is 1 January 2011.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

A1. Basis of preparation (Cont'd)

The Group adopted the following optional exemptions under MFRS 1 on transition date:

- (a) Maintain all past business combinations classification and measurement of the origination of fair values and goodwill before the date of transition.
- (b) Not to measure investment properties, property, plant and equipment and intangible assets at the date of transition at its fair value and use that fair value as its deemed cost at that date.
- (c) Not to deem the cumulative translation differences for all foreign operations to be zero at the date of transition.
- (d) Not to designate a previously recognised financial asset and liability as a financial asset or financial liability as at fair value through profit or loss or designate a financial asset as available-for-sale at its transition date.

The following optional exemptions under MFRS 1 have not been applied:

- (a) MFRS 2: Share-based Payment to equity instruments that were granted after 7 November 2002 and vested before the later of (i) the date of transition to MFRSs and (ii) 1 January 2005 is not applicable as the ESOS have been vested at the grant date;
- (b) Transitional provisions in MFRS 4: Insurance Contracts, as it is not relevant to the Group's business operations;
- (c) Decommissioning liabilities included in the cost of property, plant and equipment exemption, only relevant when such liabilities have been identified;
- (d) Transitional provisions in IC Interpretation 18: Transfers of Assets from Customers, as there are no such transfers from customers;
- (e) Transitional provisions in IC Interpretation 4: Determining Whether an Arrangement Contains a Lease, whereby an entity determines whether an arrangement which exist at the date of transition contains a lease on the basis of facts and circumstances existing at that date, is not applicable to the Group as all lease arrangements have been accounted for accordingly;
- (f) Transitional provisions in MFRS 119: Employee Benefits, as it is not relevant to the Group's business operations;
- (g) Transitional provisions in MFRS 123: Borrowing Costs, as it is not applicable to the Group's business operations;
- (h) Measurement of assets and liabilities of subsidiary companies, associated companies and joint ventures exemption, only relevant when a subsidiary company, associated company or joint venture adopts MFRS at a later date than its parent;

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

A1. Basis of preparation (Cont'd)

The following optional exemptions under MFRS 1 have not been applied: (Cont'd)

- (i) Measurement of fair value of financial assets or liabilities where no active market exists at initial recognition, as the Group has already adopted FRS 139: Financial Instrument - Recognition and Measurement which in line with the principles in MFRS 139;
- (j) Bifurcation of a compound instrument exemption, as the Group does not have such compound instruments at the date of transition;
- (k) Transitional provisions in IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments, as it is not applicable to the Group;
- (l) Transitional provisions in IC Interpretation 12: Service Concession Arrangements, as it is not relevant to the Group's business operations; and
- (m) Guidance for an entity which has a functional currency that was, or is, the currency of a hyperinflationary economy, as the Group does not operate in any hyperinflationary economy.

MFRS 1 also contains the following exceptions from retrospective application of other MFRS:

- (a) Estimates, whereby the estimates at 1 January 2011 and 31 December 2011 are consistent with those made for the same dates in accordance with FRS (after adjustments to reflect any differences in accounting policies). The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 31 December 2011;
- (b) Derecognition of financial assets and financial liabilities, provides guidance as to the date from which the specific requirements within MFRS 139 apply and allowing the choice of applying such requirements from a retrospective date of the entity's choosing. This is not applicable to the Group;
- (c) Hedge accounting, allowing the designation of an individual item within a net position under previous FRS in Malaysia as a hedged item in accordance with MFRS. If the transaction had been designated as a hedge before the date of transition but the hedge does not meet the conditions for hedge accounting in MFRS 139, hedge accounting shall be discontinued in accordance with guidance under MFRS 139. The Group do not apply hedge accounting; and
- (d) Non-controlling interests, in relation to the requirements that attribution of total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance; accounting for changes in the parent's ownership interest in a subsidiary company that does not result in a loss of control and accounting for loss of control over a subsidiary company. The Group's previous accounting treatment under FRS has complied with MFRS requirements.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

A1. Basis of preparation (Cont'd)

The significant accounting policies adopted in preparing these unaudited condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

(a) Adoption of Revised Guidelines for Profit Equalisation Reserve ("Revised PER") issued by BNM

On 19 May 2011, Bank Negara Malaysia issued its revised Guidelines on Profit Equalisation Reserve ("Revised PER"), which was effective for annual periods beginning on or after 1 July 2011. The Revised PER addresses the management of displaced commercial risk in Islamic banking operations.

The PER establishes an obligation to manage distribution to the Investment Account Holders ("IAH") from a Shariah perspective, this is the same requirement per the PER adopted prior to 1 January 2012 where the Group continue to allocate a portion of its profits into a PER. The PER of the IAH is classified as a liability and recognised at cost. The subsequent apportionments of profit to the IAH are recognised in the income statements. The eventual distribution of PER as profit distributable to IAH will be treated as an outflow of funds due to the settlement of obligation to the IAH.

The creation of PER of the Islamic banking operations ("IBO") is allocated from retained profits and classified as a separate reserve in equity and is non-distributable. Subsequent apportionments from and distributions to retained profits are treated as transfers between reserves.

The adoption of Revised PER resulted in changes in presentation of PER of the IBO as disclosed in the Statements of Changes in Equity. This change in accounting policy is accounted for prospectively, and thereby had no financial effect on comparative figures.

A1. Basis of preparation (Cont'd)**(b) Adoption of BNM's Revised Guidelines for Classification and Impairment Provisions for Loans/Financing ("Revised BNM/GP3") and MFRS 139: Financial Instruments - Recognition and Measurement ("MFRS 139")**

The Group has adopted Revised BNM/GP3 which is effective for the financial year beginning on and after 1 January 2012. During the transitional period from 1 January 2010 to 31 December 2011, the banking institutions maintained collective impairment assessment allowance with the minimum rate of 1.5%. The Revised BNM/GP3 removes the transitional arrangement at the minimum rate of 1.5% and requires the banking institutions shall ensure that the loan/financing impairment assessment and provisioning comply with the requirements specified under the financial reporting standard on financial instruments, i.e. MFRS 139. Under the Revised BNM/GP3 per MFRS 139 requirement, where a loan/financing that is individually assessed for impairment does not result in impairment allowance, the banking institution shall include the loan/financing in a group of loans/financing that has similar credit characteristics for collective assessment of impairment.

Under MFRS 139, an asset that has been individually assessed for impairment based on incurred loss approach and found not to be individually impaired should be included in a collective assessment of impairment. When performing a collective assessment of impairment, the Group pool assets by similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to the contractual terms. Contractual cash flows historical loss experience and available peer credit data provide the basis for estimating expected cash flows. Historical loss rates are adjusted on the basis of relevant observable data that reflect current economic conditions. Collective assessment of impairment is made on any shortfall where comparing the discounted cash flows with the carrying value of the asset.

This change in accounting policy has been accounted for retrospectively and has resulted in a decrease in the collective assessment allowance charged in the income statements previously and a write back of collective assessment allowance to the opening retained profits and from opening collective assessment allowance in the statements of financial position. The Group classified the write back of collective assessment allowance into regulatory reserve before the completion of the independent validation. Subsequently, in the second quarter ended 30 June 2012, the validation is completed and BNM has allowed OSKIB to reverse the regulatory reserve to retained profits.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

A1. Basis of preparation (Cont'd)

(c) Adoption of Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 18: Monies Held in Trust By Participating Organisations of Bursa Malaysia Securities Berhad

On 18 September 2012, the Malaysian Institute of Accountants ("MIA") issued FRSIC Consensus 18 as a guidance to promote best practices in compliance with the highest standards in financial reporting.

Section 111 of Capital Markets and Services Act, 2007 ("CMSA 2007") and Rule 405 of the Bursa Securities Rules require a participating organisation of Bursa Securities to establish and keep to a minimum one trust account with a licensed financial institution. A participating organisation shall pay into the said trust account all amounts, less any brokerage and other proper charges, received for or on account of a client for:

- (a) the purchase of securities; and
- (b) the sale of securities by a client that are yet to be paid to the client.

In accordance with Section 113 of CMSA 2007, monies held in the trust account shall not be withdrawn except for the following purposes:

- (a) payment to, or in accordance with the written instructions of the client;
- (b) payment of brokerage and any other proper charges due from the client to the participating organisation; or
- (c) other payments that is otherwise authorised by the law.

Monies held in the trust account shall not be available for payment of debts of the participating organisation or be liable to be paid or taken in execution under an order or process of any court.

The provisions contained in Section 113 of CMSA 2007 suggest that rights of a participating organisation over trust monies do not exist and a participating organisation is prohibited to utilise the monies either for its own economic benefits or settlement of its own liability. The monies are also not available for distribution in the event the participating organisation is liquidated. As such, a participating organisation does not have any control over the trust monies to obtain the future economic benefits embodied in the trust monies.

Although a participating organisation is required by CMSA 2007 and Bursa Securities Rules to maintain the trust account, it does not have any contractual or statutory obligation to its clients on the money deposited in the trust account that would result in an outflow of resources embodying economic benefits from the participating organisation. However, a liability will be recognised in the event of a loss of the trust monies which would result in the payment of any compensation by the participating organisations to the client.

The Committee therefore opined that the recognition of the trust monies as part of the participating organisation's assets with corresponding liabilities is inappropriate from the context of MFRS.

In view of the above, the Group has disclosed monies held in trust and the corresponding liabilities separately in Note A23 to the financial statements which represent part of the discontinued operations. Hence the comparative figures are being re-presented to conform with current period's presentation.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A1. Basis of preparation (Cont'd)

The reconciliations of equity, income statements and statements of comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under Revised BNM/GP3, MFRS 139, FRSIC Consensus 18 and MFRS 5 are provided below:

Reconciliation of equity as at 1 January 2011	As previously reported Debit/(Credit) RM'000	Effect of adoption of Revised BNM/GP3 and MFRS 139 Debit/(Credit) RM'000	Effect of adoption of FRSIC Consensus 18 Debit/(Credit) RM'000	As restated Debit/(Credit) RM'000
Cash and short term funds	1,552,881	-	(896,476)	656,405
Loans, advances and financing	1,347,447	13,110	-	1,360,557
Trade receivables	2,042,502	(280)	(44,899)	1,997,323
TOTAL ASSETS	9,988,702	12,830	(941,375)	9,060,157
Deposits from customers	(3,872,805)	-	(11,583)	(3,884,388)
Trade payables	(2,657,196)	-	910,268	(1,746,928)
Other liabilities	(209,423)	-	42,690	(166,733)
Tax payable	(23,878)	(2,819)	-	(26,697)
TOTAL LIABILITIES	(8,295,251)	(2,819)	941,375	(7,356,695)
Retained profits	(308,604)	(10,011)	-	(318,615)
Reserves	(516,284)	(10,011)	-	(526,295)
Equity attributable to owners of the Company	(1,448,710)	(10,011)	-	(1,458,721)
TOTAL EQUITY	(1,693,451)	(10,011)	-	(1,703,462)
Net Assets per share attributable to owners of the Company (RM)	1.54	0.02	-	1.56

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A1. Basis of preparation (Cont'd)

Reconciliation of equity as at 30 September 2011	As previously reported Debit/(Credit) RM'000	Effect of adoption of Revised BNM/GP3 and MFRS 139 Debit/(Credit) RM'000	Effect of adoption of FRSIC Consensus 18 Debit/(Credit) RM'000	As restated Debit/(Credit) RM'000
Cash and short term funds	2,118,288	-	(990,489)	1,127,799
Loans, advances and financing	1,633,978	15,762	-	1,649,740
Trade receivables	3,309,371	(195)	(78,198)	3,230,978
TOTAL ASSETS	12,147,357	15,567	(1,068,687)	11,094,237
Deposits from customers	(4,655,680)	-	(40,314)	(4,695,994)
Trade payables	(3,993,395)	-	1,065,988	(2,927,407)
Other liabilities	(247,340)	-	43,013	(204,327)
Tax payable	(24,793)	(3,563)	-	(28,356)
TOTAL LIABILITIES	(10,352,329)	(3,563)	1,068,687	(9,287,205)
Retained profits	(313,557)	(12,004)	-	(325,561)
Reserves	(555,840)	(12,004)	-	(567,844)
Equity attributable to owners of the Company	(1,489,661)	(12,004)	-	(1,501,665)
TOTAL EQUITY	(1,795,028)	(12,004)	-	(1,807,032)
Net Assets per share attributable to owners of the Company (RM)	1.59	0.01	-	1.60

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A1. Basis of preparation (Cont'd)

Reconciliation of equity as at 31 December 2011	As previously reported Debit/(Credit) RM'000	Effect of adoption of Revised BNM/GP3 and MFRS 139 Debit/(Credit) RM'000	Effect of adoption of FRSIC Consensus 18 Debit/(Credit) RM'000	As restated Debit/(Credit) RM'000
Cash and short term funds	2,399,121	-	(1,055,378)	1,343,743
Loans, advances and financing	1,640,507	14,851	-	1,655,358
Trade receivables	1,523,629	(186)	(59,303)	1,464,140
Tax recoverable	10,805	(3,318)	-	7,487
TOTAL ASSETS	10,767,427	11,347	(1,114,681)	9,664,093
Deposits from customers	(4,710,153)	-	(29,762)	(4,739,915)
Trade payables	(2,387,974)	-	1,100,885	(1,287,089)
Other liabilities	(205,969)	-	43,558	(162,411)
TOTAL LIABILITIES	(9,017,200)	-	1,114,681	(7,902,519)
Retained profits	(298,671)	(11,347)	-	(310,018)
Reserves	(514,683)	(11,347)	-	(526,030)
Equity attributable to owners of the Company	(1,449,039)	(11,347)	-	(1,460,386)
TOTAL EQUITY	(1,750,227)	(11,347)	-	(1,761,574)
Net Assets per share attributable to owners of the Company (RM)	1.54	0.01	-	1.55

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A1. Basis of preparation (Cont'd)

Reconciliation of income statements for the preceding year to date ended 30 September 2011	As previously reported (Debit)/Credit	Effect of adoption of Revised BNM/GP3 and MFRS 139 (Debit)/Credit	Effect of adoption of MFRS 5 (Debit)/Credit	As restated (Debit)/Credit
	RM'000	RM'000	RM'000	RM'000
Revenue - Continuing operations	835,204	-	(812,239)	22,965
- Discontinued operations	-	-	812,239	812,239
	835,204	-	-	835,204
Interest income	224,609	-	(212,869)	11,740
Interest expense	(152,399)	-	147,508	(4,891)
Net interest income	72,210	-	(65,361)	6,849
Non-interest income	582,105	-	(570,880)	11,225
Net income - Islamic banking operations	6,318	-	(6,318)	-
Other operating expenses	(511,699)	-	502,379	(9,320)
Allowance for impairment losses on loans, advances and financing	(1,469)	2,651	718	1,900
Allowance for impairment losses on trade and other receivables	(914)	86	828	-
Allowance for impairment losses on investments	(7,500)	-	7,500	-
Share of results after tax of associated companies	2,054	-	(2,054)	-
Profit before tax -continuing operations	141,105	2,737	(133,188)	10,654
Income tax expense	(41,210)	(744)	38,460	(3,494)
Profit after tax for the period from:				
- Continuing Operations	99,895	1,993	(94,728)	7,160
- Discontinued Operations	-	-	94,728	94,728
Profit after tax for the period	99,895	1,993	-	101,888
Profit attributable to owners of the Company:				
- Continuing Operations	81,044	1,993	(75,877)	7,160
- Discontinued Operations	-	-	75,877	75,877
	81,044	1,993	-	83,037
Non-controlling interests				
- Continuing Operations	18,851	-	(18,851)	-
- Discontinued Operations	-	-	18,851	18,851
	99,895	1,993	-	101,888
Earnings per share attributable to owners of the Company (sen):				
Basic	8.63	0.21	(8.08)	0.76
Diluted	8.61	0.21	(8.06)	0.76

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A1. Basis of preparation (Cont'd)

Reconciliation of statements of comprehensive income for the preceding year to date ended 30 September 2011	As previously reported (Debit)/Credit RM'000	Effect of adoption of Revised BNM/GP3 and MFRS 139 (Debit)/Credit RM'000	Effect of adoption of MFRS 5 (Debit)/Credit RM'000	As restated (Debit)/Credit RM'000
Profit after tax for the period				
- Continuing Operations	99,895	1,993	(94,728)	7,160
- Discontinued Operations	-	-	94,728	94,728
	<u>99,895</u>	<u>1,993</u>	<u>-</u>	<u>101,888</u>
Other comprehensive income/(loss) :				
Foreign currency translation gain	28,563	-	(28,563)	-
Reversal of available-for-sale gain upon disposals	(2,852)	-	2,852	-
Unrealised net loss on revaluation of securities available-for-sale	(107)	-	107	-
Share of other reserves in an associated group	(838)	-	838	-
Income tax relating to components of other comprehensive loss	1,756	-	(1,756)	-
Other comprehensive income for the period, net of tax				
- Continuing Operations	26,522	-	(26,522)	-
- Discontinued Operations	-	-	26,522	26,522
Total comprehensive income for the period, net of tax	<u>126,417</u>	<u>1,993</u>	<u>-</u>	<u>128,410</u>
Total comprehensive income attributable to owners of the Company:				
- Continuing Operations	90,838	1,993	(85,671)	7,160
- Discontinued Operations	-	-	85,671	85,671
	<u>90,838</u>	<u>1,993</u>	<u>-</u>	<u>92,831</u>
Non-controlling interests				
- Continuing Operations	35,579	-	(35,579)	-
- Discontinued Operations	-	-	35,579	35,579
	<u>126,417</u>	<u>1,993</u>	<u>-</u>	<u>128,410</u>

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A1. Basis of preparation (Cont'd)

Reconciliation of income statements for the comparative quarter ended 30 September 2011	As previously reported (Debit)/Credit	Effect of adoption of Revised BNM/GP3 and MFRS 139 (Debit)/Credit	Effect of adoption of MFRS 5 (Debit)/Credit	As restated (Debit)/Credit
	RM'000	RM'000	RM'000	RM'000
Revenue - Continuing operations	288,489	-	(282,946)	5,543
- Discontinued operations	-	-	282,946	282,946
	<u>288,489</u>	<u>-</u>	<u>-</u>	<u>288,489</u>
Interest income	82,214	-	(78,626)	3,588
Interest expense	(56,595)	-	54,863	(1,732)
Net interest income	25,619	-	(23,763)	1,856
Non-interest income	196,018	-	(194,063)	1,955
Net income - Islamic banking operations	2,434	-	(2,434)	-
Other operating expenses	(164,724)	-	162,294	(2,430)
Allowance for impairment losses on loans, advances and financing	(1,637)	1,375	210	(52)
Allowance for impairment losses on trade and other receivables	(363)	37	326	-
Allowance for impairment losses on investments	(7,500)	-	7,500	-
Share of results after tax of associated companies	872	-	(872)	-
Profit before tax -continuing operations	<u>50,719</u>	<u>1,412</u>	<u>(50,802)</u>	<u>1,329</u>
Income tax (expense)/benefit	(15,741)	(315)	16,666	610
Profit after tax for the period from:				
- Continuing Operations	34,978	1,097	(34,136)	1,939
- Discontinued Operations	-	-	34,136	34,136
Profit after tax for the period	<u>34,978</u>	<u>1,097</u>	<u>-</u>	<u>36,075</u>
Profit attributable to owners of the Company:				
- Continuing Operations	28,812	1,097	(27,970)	1,939
- Discontinued Operations	-	-	27,970	27,970
	<u>28,812</u>	<u>1,097</u>	<u>-</u>	<u>29,909</u>
Non-controlling interests				
- Continuing Operations	6,166	-	(6,166)	-
- Discontinued Operations	-	-	6,166	6,166
	<u>34,978</u>	<u>1,097</u>	<u>-</u>	<u>36,075</u>
Earnings per share attributable to owners of the Company (sen):				
Basic	3.07	0.12	(2.98)	0.21
Diluted	3.06	0.12	(2.97)	0.21

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A1. Basis of preparation (Cont'd)

Reconciliation of statements of comprehensive income for the comparative quarter ended 30 September 2011	As previously reported (Debit)/Credit RM'000	Effect of adoption of BNM/GP3 and MFRS 139 (Debit)/Credit RM'000	Effect of adoption of MFRS 5 (Debit)/Credit RM'000	As restated (Debit)/Credit RM'000
Profit after tax for the period				
- Continuing Operations	34,978	1,097	(34,136)	1,939
- Discontinued Operations	-	-	34,136	34,136
	34,978	1,097	-	36,075
Other comprehensive income/(loss):				
Foreign currency translation gain	21,283	-	(21,283)	-
Reversal of available-for-sale gain upon disposals	(191)	-	191	-
Unrealised net loss on revaluation of securities available-for-sale	(17,959)	-	17,959	-
Share of other reserves in an associated group	(611)	-	611	-
Income tax relating to components of other comprehensive loss	4,434	-	(4,434)	-
Other comprehensive income for the period, net of tax				
- Continuing Operations	6,956	-	(6,956)	-
- Discontinued Operations	-	-	6,956	6,956
Total comprehensive income for the period, net of tax	41,934	1,097	-	43,031
Total comprehensive income attributable to owners of the Company:				
- Continuing Operations	32,465	1,097	(31,623)	1,939
- Discontinued Operations	-	-	31,623	31,623
	32,465	1,097	-	33,562
Non-controlling interests				
- Continuing Operations	9,469	-	(9,469)	-
- Discontinued Operations	-	-	9,469	9,469
	41,934	1,097	-	43,031

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A1. Basis of preparation (Cont'd)

Reconciliation of income statements for the year ended 31 December 2011	As previously reported (Debit)/Credit RM'000	Effect of adoption of Revised BNM/GP3 and MFRS 139 (Debit)/Credit RM'000	Effect of adoption of MFRS 5 (Debit)/Credit RM'000	As restated (Debit)/Credit RM'000
Revenue - Continuing operations	1,051,384	-	(1,022,995)	28,389
- Discontinued operations	-	-	1,022,995	1,022,995
	<u>1,051,384</u>	<u>-</u>	<u>-</u>	<u>1,051,384</u>
Interest income	300,789	-	(285,032)	15,757
Interest expense	(200,040)	-	193,106	(6,934)
Net interest income	100,749	-	(91,926)	8,823
Non-interest income	725,329	-	(697,697)	27,632
Net income - Islamic banking operations	8,984	-	(8,984)	-
Other operating expenses	(669,872)	-	657,564	(12,308)
Allowance for impairment losses on loans, advances and financing	(2,048)	1,741	1,952	1,645
Allowance for impairment losses on trade and other receivables	(2,681)	94	2,587	-
Allowance for impairment losses on investments and intangibles	(70,083)	-	70,083	-
Share of results after tax of associated companies	2,802	-	(2,802)	-
Profit before tax -continuing operations	<u>93,180</u>	<u>1,835</u>	<u>(69,223)</u>	<u>25,792</u>
Income tax expense	(21,399)	(499)	16,844	(5,054)
Profit after tax for the year from:				
- Continuing Operations	71,781	1,336	(52,379)	20,738
- Discontinued Operations	-	-	52,379	52,379
Profit after tax for the period	<u>71,781</u>	<u>1,336</u>	<u>-</u>	<u>73,117</u>
Profit attributable to owners of the Company:				
- Continuing Operations	51,415	1,336	(32,013)	20,738
- Discontinued Operations	-	-	32,013	32,013
	<u>51,415</u>	<u>1,336</u>	<u>-</u>	<u>52,751</u>
Non-controlling interests				
- Continuing Operations	20,366	-	(20,366)	-
- Discontinued Operations	-	-	20,366	20,366
	<u>71,781</u>	<u>1,336</u>	<u>-</u>	<u>73,117</u>
Earnings per share attributable to owners of the Company (sen):				
Basic	5.47	0.15	(3.42)	2.21
Diluted	5.46	0.14	(3.40)	2.20

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A1. Basis of preparation (Cont'd)

Reconciliation of statements of comprehensive income for the year ended 31 December 2011	As previously reported (Debit)/Credit RM'000	Effect of adoption of BNM/GP3 and MFRS 139 (Debit)/Credit RM'000	Effect of adoption of MFRS 5 (Debit)/Credit RM'000	As restated (Debit)/Credit RM'000
Profit after tax for the period				
- Continuing Operations	71,781	1,336	(52,379)	20,738
- Discontinued Operations	-	-	52,379	52,379
	<u>71,781</u>	<u>1,336</u>	<u>-</u>	<u>73,117</u>
Other comprehensive (loss)/income :				
Foreign currency translation gain	11,895	-	(11,895)	-
Reversal of available-for-sale gain upon disposals	(6,020)	-	6,020	-
Unrealised net gain on revaluation of securities available-for-sale	1,889	-	(1,889)	-
Share of other reserves in an associated group	(846)	-	846	-
Income tax relating to components of other comprehensive loss	1,935	-	(1,935)	-
Other comprehensive income for the period, net of tax				
- Continuing Operations	8,853	-	(8,853)	-
- Discontinued Operations	-	-	8,853	8,853
Total comprehensive income for the year, net of tax	<u>80,634</u>	<u>1,336</u>	<u>-</u>	<u>81,970</u>
Total comprehensive income attributable to owners of the Company:				
- Continuing Operations	49,400	1,336	(29,998)	20,738
- Discontinued Operations	-	-	29,998	29,998
	<u>49,400</u>	<u>1,336</u>	<u>-</u>	<u>50,736</u>
Non-controlling interests				
- Continuing Operations	31,234	-	(31,234)	-
- Discontinued Operations	-	-	31,234	31,234
	<u>80,634</u>	<u>1,336</u>	<u>-</u>	<u>81,970</u>

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A1. Basis of preparation (Cont'd)
Capital adequacy

The adjustments to the financial statements of the Group as a result of the transition to the MFRS framework, Revised BNM/GP3, MFRS 139, FRSIC Consensus 18, MFRS 5 and the changes in accounting policies, as discussed above, also had consequential effects on the comparative capital adequacy ratios. These are summarised below:

	As at 31 December 2011		As at 1 January 2011	
	As previously reported RM'000	As restated RM'000	As previously reported RM'000	As restated RM'000
OSKIB Group				
Collective impairment	16,970	3,696	13,138	1,862
Tier II capital	416,970	403,696	313,138	301,862
Capital base	1,676,813	1,673,494	1,510,290	1,507,471
Core capital ratio	25.07%	26.43%	27.12%	28.89%
Risk weighted capital ratio	33.36%	34.83%	34.22%	36.12%
OSKIB				
Collective impairment	15,144	1,870	12,315	1,039
Tier II capital	415,144	401,870	312,315	301,039
Capital base	620,325	617,006	753,349	750,530
Core capital ratio	19.12%	19.89%	24.58%	25.34%
Risk weighted capital ratio	19.12%	19.89%	24.58%	25.34%

There are no material differences between the statement of cash flows presented under the MFRSs and the statement of cash flows presented under FRSs.

The following MFRS, IC Interpretation and Amendments to MFRSs have been adopted by the Group during the current period:

Effective for annual periods commencing on or after 1 July 2011

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**A1. Basis of preparation (Cont'd)****Effective for annual periods commencing on or after 1 January 2012**

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to MFRS 1)
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 4	Insurance Contracts
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 6	Exploration for and Evaluation of Mineral Resources
MFRS 7	Financial Instruments: Disclosures
MFRS 7	Disclosures - Transfers of Financial Assets (Amendments to MFRS 7)
MFRS 8	Operating Segments
MFRS 101	Presentation of Financial Statements
MFRS 102	Inventories
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110	Events after the Reporting Period
MFRS 111	Construction Contracts
MFRS 112	Income Taxes
MFRS 112	Deferred tax: Recovery of Underlying Assets (Amendments to MFRS 112)
MFRS 116	Property, Plant and Equipment
MFRS 117	Leases
MFRS 118	Revenue
MFRS 119	Employee Benefits
MFRS 120	Accounting for Government Grants and Disclosure of Government Assistance
MFRS 121	The Effects of Changes in Foreign Exchange Rates
MFRS 123	Borrowing Costs
MFRS 124	Related Party Disclosures
MFRS 126	Accounting and Reporting by Retirement Benefit Plans
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investments in Associates
MFRS 129	Financial Reporting in Hyperinflationary Economies
MFRS 131	Interests in Joint Ventures
MFRS 132	Financial Instruments: Presentation
MFRS 133	Earnings Per Share
MFRS 134	Interim Financial Reporting
MFRS 136	Impairment of Assets
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
MFRS 139	Financial Instruments: Recognition and Measurement
MFRS 140	Investment Property
MFRS 141	Agriculture

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**A1. Basis of preparation (Cont'd)****Effective for annual periods commencing on or after 1 January 2012 (Cont'd)**

IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
IC Interpretation 107	Introduction of the Euro
IC Interpretation 110	Government Assistance - No Specific Relation to Operating Activities
IC Interpretation 112	Consolidation - Special Purpose Entities
IC Interpretation 113	Jointly Controlled Entities - Non-Monetary Contributions by Venturers
IC Interpretation 115	Operating Leases - Incentives
IC Interpretation 125	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
IC Interpretation 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IC Interpretation 129	Service Concession Arrangements: Disclosures
IC Interpretation 131	Revenue - Barter Transactions Involving Advertising Services
IC Interpretation 132	Intangible Assets - Web Site Costs

The adoption of the MFRS, IC Interpretation and Amendments to MFRS above did not have any financial impact on the Group as they mainly provide further explanations to existing MFRS.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**A1. Basis of preparation (Cont'd)**

The following MFRS and IC Interpretations have been issued by the MASB but are not yet effective:

Effective for annual periods commencing on or after 1 July 2012

MFRS 101 Presentation of Items of Other Comprehensive Income
(Amendments to MFRS 101)

Effective for annual periods commencing on or after 1 January 2013

MFRS 1 Government Loans (Amendments to MFRS 1)
MFRS 1 Amendment to MFRS 1 (Annual Improvements 2009 - 2011 Cycle)
MFRS 3 Business Combination (IFRS 3 Business Combinations issued by IASB
in March 2004)
MFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities
(Amendments to MFRS 7)
MFRS 10 Consolidated Financial Statements
MFRS 11 Joint Arrangements
MFRS 12 Disclosure of Interests in Other Entities
MFRS 10, MFRS 11 and Consolidated Financial Statements, Joint Arrangements and Disclosure of
MFRS 12 Interests in Other Entities : Transition Guidance
(Amendments to MFRS 10, MFRS 11 and MFRS 12)
MFRS 13 Fair Value Measurement
MFRS 101 Amendment to MFRS 101 (Annual Improvements 2009 - 2011 Cycle)
MFRS 116 Amendment to MFRS 116 (Annual Improvements 2009 - 2011 Cycle)
MFRS 119 Employee Benefits (IAS 19 as amended by IASB in June 2011)
MFRS 127 Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 127 Consolidated and Separate Financial Statements
(IAS 27 as revised by IASB in December 2004)
MFRS 128 Investments in Associates and Joint Ventures
(IAS 28 as amended by IASB in May 2011)
MFRS 132 Amendment to MFRS 132 (Annual Improvements 2009 - 2011 Cycle)
MFRS 134 Amendment to MFRS 134 (Annual Improvements 2009 - 2011 Cycle)
IC Interpretation 2 Amendment to IC Int. 2 (Annual Improvements 2009-2011 Cycle)
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**A1. Basis of preparation (Cont'd)****Effective for annual periods commencing on or after 1 January 2014**

MFRS 132 Offsetting Financial Assets and Financial Liabilities
(Amendments to MFRS 132)

Effective for annual periods commencing on or after 1 January 2015

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in Nov 2009)
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)

IC Interpretation 20 will not have any financial impact to the Group as it is not relevant to the Group's operations. The financial effects of the above MFRS and Amendments to MFRS are still being assessed due to the complexity of these new MFRS and Amendments to MFRS, and their proposed changes.

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 that development. The provisions in the Circular overrode 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, being part of the discontinued operations, 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	256,924
(ii) Securities HFT to securities AFS on 16 February 2009	61,160

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A1. Basis of preparation (Cont'd)
(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 30.9.2012	As at 31.12.2011
	RM'000	RM'000
(i) Securities AFS reclassified to securities HTM		
- Carrying value	56,222	73,899
- Fair value	42,318	108,868
(ii) Securities HFT reclassified to securities AFS		
- Carrying value	41,276	41,840
- Fair value	41,276	41,840

(c) Fair value loss recognised

	Current quarter ended 30.9.2012	Comparative quarter ended 30.9.2011	Current year to date ended 30.9.2012	Preceding year to date ended 30.9.2011
	RM'000	RM'000	RM'000	RM'000
Income Statements	-	-	-	-
Statements of Other Comprehensive Income and Statement of Changes in Equity				
AFS reserve	(14)	(85)	122	(25)

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

	Effective discounting to 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.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
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.

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 4,643,600 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 RM4,643,600. As at 30 September 2012 the outstanding ESOS options stood at 286,075 units.

On 4 January 2007, the duration of ESOS which was due expire on 17 February 2008 had been extended for another 5 years to 17 February 2013. The ESOS committee on 6 October 2009 and 26 January 2010 approved the adjustments of ESOS exercise prices pursuant to Clause 18.3(c)(1) of the ESOS By-Laws based on the shares distribution in listed subsidiary companies and bonus issue exercise implemented. Additional 1,712,809 new options were issued consequential to the bonus issue in the previous financial year.

(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 RM1,663 from the open market at an average cost of RM1.66 per share. The shares repurchased previously are being held as treasury shares and treated in accordance with the requirements of Section 67A of the Companies Act, 1965. Summary of share buybacks is as follows:

	Number of shares	Highest price RM	Lowest price RM	Average cost (included transaction costs) RM	Total amount paid RM
As at 1.1.2012	24,153,412	2.82	0.90	1.23	29,788,622
May - buyback	1,000	1.62	1.62	1.66	1,663
May - distributed as dividend as disclosed in Note A6	(23,520,259)	N/A	N/A	1.23	(29,007,748)
	(23,519,259)	1.62	1.62	1.23	(29,006,085)
As at 30.9.2012	634,153	2.82	0.90	1.23	782,537

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 2012
A6. Dividends paid and treasury shares distributed

The dividends paid and treasury shares distributed by the Company are as follows:

- (a) a final dividend of 2.0 sen per share less 25% income tax in respect of the preceding financial year ended 31 December 2011 amounted to RM14,118,389 was paid on 15 May 2012;
- (b) 23,520,259 treasury shares distributed on 15 May 2012, in respect of the preceding financial year ended 31 December 2011, on a basis of one (1) treasury share for every forty (40) existing ordinary share of RM1.00 each held in the Company and total cost of treasury shares distributed amounting to RM29,007,748; and
- (c) an interim dividend of 2.5 sen per share less 25% income tax for the current financial year ending 31 December 2012 amounted to RM18,092,025 was paid on 18 September 2012.

The Company paid a total net dividend of RM32,210,414 and distributed 23,520,259 treasury shares at total cost of RM29,007,748 for the current year to date.

	As at 30.9.2012 RM'000	As at 31.12.2011 RM'000
A7. Securities portfolio		
(a) Securities held-for-trading		
At fair value		
Money market instruments:		
Malaysian Government Investment Issues	-	40,901
Malaysian Government Securities	-	30,482
	<u>-</u>	<u>71,383</u>
Quoted securities:		
Shares and exchange traded funds		
- in Malaysia	327	159,903
- outside Malaysia	24,796	35,800
	<u>25,123</u>	<u>195,703</u>
Trust units		
- in Malaysia	-	1,918
- outside Malaysia	-	10,324
	<u>-</u>	<u>12,242</u>
Private debt securities outside Malaysia	-	9,075
	<u>25,123</u>	<u>217,020</u>
Unquoted securities:		
Private debt securities		
- outside Malaysia	-	24,937
	<u>-</u>	<u>24,937</u>
	<u>25,123</u>	<u>313,340</u>

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

	As at 30.9.2012	As at 31.12.2011
	RM'000	RM'000
A7. Securities portfolio (Cont'd)		
(b) Securities held-to-maturity		
At amortised cost		
Money market instruments:		
Cagamas bonds	-	5,014
Malaysian Government Investment Issues	-	140,145
Negotiable instruments of deposits	-	70,000
	-	<u>215,159</u>
Unquoted securities:		
Private and Islamic debt securities		
- in Malaysia	-	339,584
- outside Malaysia	-	138,612
	-	<u>478,196</u>
Less: Accumulated impairment losses	-	(53,459)
	-	<u>424,737</u>
	-	<u>639,896</u>
(c) Securities available-for-sale		
At fair value		
Money market instruments:		
Bankers' acceptance and Islamic accepted bills	-	300,132
Cagamas bonds	-	5,008
Malaysian Government Investment Issues	-	408,233
Malaysian Government Securities	-	432,145
Negotiable instruments of deposits	-	159,637
	-	<u>1,305,155</u>
Quoted securities:		
Shares and warrants		
- in Malaysia	-	6,759
- outside Malaysia	-	3,268
	-	<u>10,027</u>
Trust units		
- in Malaysia	-	2,645
- outside Malaysia	-	17,427
	-	<u>20,072</u>
	-	<u>30,099</u>

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

	As at 30.9.2012 RM'000	As at 31.12.2011 RM'000
A7. Securities portfolio (Cont'd)		
(c) Securities available-for-sale (Cont'd)		
Unquoted securities:		
Shares and warrants		
- in Malaysia	165	5,481
- outside Malaysia	-	19,816
	165	25,297
Private and Islamic debt securities		
- in Malaysia	-	916,587
- outside Malaysia *	-	1,041,911
	-	1,958,498
Less: Accumulated impairment losses	-	(88,259)
	-	1,870,239
	165	1,895,536
	165	3,230,790
* Included in securities available-for-sale are securities sold under repurchase agreements.		
Private debts securities outside Malaysia	-	351,361
	As at 30.9.2012 RM'000	As at 31.12.2011 (Restated) RM'000
A8. Loans, advances and financing		
Term loans	326,086	1,013,296
Shares margin financing	-	566,557
Revolving credits	-	89,786
Staff loans	-	1,543
Gross loans, advances and financing	326,086	1,671,182
Allowance for impairment losses:		
- Collective assessment	(3,668)	(5,722)
- Individual assessment	(10,629)	(10,102)
Net loans, advances and financing	311,789	1,655,358

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

	As at 30.9.2012	As at 31.12.2011 (Restated)
	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 small and medium enterprises	184,310	883,819
Foreign entities	-	159,665
Individuals	141,776	627,698
	326,086	1,671,182
(ii) By interest/profit rate sensitivity		
Fixed rate	326,086	1,460,378
Variable rate		
- Cost plus	-	38,585
- Other variable rates	-	172,219
	326,086	1,671,182
(iii) By economic purpose		
Working capital	110,891	333,621
Purchase of securities	199,459	853,893
Others	15,736	483,668
	326,086	1,671,182

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

	As at 30.9.2012	As at 31.12.2011 (Restated)
	RM'000	RM'000
A8. Loans, advances and financing (Cont'd)		
(a) Analysis of gross loans, advances and financing (Cont'd)		
(iv) By geographical distribution		
Malaysia	326,086	1,238,365
Singapore	-	150,191
Hong Kong	-	38,585
Indonesia	-	38,183
Cambodia	-	183,096
Thailand	-	22,762
	326,086	1,671,182
(v) By maturity structure		
Up to 3 months	203,265	620,100
3-12 months	59,403	661,001
1-5 years	63,418	277,685
Over 5 years	-	112,396
	326,086	1,671,182
(vi) By sectors		
Manufacturing	-	104,301
Construction	-	63,474
Real estate	-	2,972
Wholesale & retail trade and restaurants & hotels	184,310	191,406
Transport, storage and communication	-	66,674
Finance, insurance and business activities	-	631,593
Household	141,776	570,899
Mining and quarrying	-	9,944
Agriculture, forestry and fishing	-	666
Electricity, gas and water supply	-	29,253
	326,086	1,671,182

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

	As at 30.9.2012	As at 31.12.2011 (Restated)
	RM'000	RM'000
A8. Loans, advances and financing (Cont'd)		
(b) Analysis of impaired loans, advances and financing		
(i) Movement in impaired loans, advances and financing		
At beginning of period/year	15,137	26,121
Attributable to discontinued operations	(592)	-
Amount arising from acquisition of a subsidiary company	-	2,024
Classified as impaired *	1,673	4,434
Reclassified as non-impaired *	(1,091)	(14,061)
Recovered	(3,121)	(1,380)
Written off	(66)	(2,012)
Exchange differences *	-	11
At end of period/year	11,940	15,137
Allowance for impairment losses: - individual assessment	(10,629)	(10,102)
Net impaired loans, advances and financing	1,311	5,035
Ratio of net impaired loans, advances and financing to net loans, advances and financing	0.42%	0.30%
* Included amounts previously referred to as 'interest-in-suspense'.		
Analysis of impaired loans, advances and financing		
• By geographical distribution		
Malaysia	11,940	14,588
Cambodia	-	549
	11,940	15,137
• By economic purpose		
Working capital	-	224
Purchase of securities	11,021	14,364
Others	919	549
	11,940	15,137

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

	As at 30.9.2012	As at 31.12.2011 (Restated)
	RM'000	RM'000
A8. Loans, advances and financing (Cont'd)		
(b) Analysis of impaired loans, advances and financing (Cont'd)		
(ii) Movement in the allowance for impaired loans, advances and financing		
Collective assessment		
At beginning of period/year	(5,722)	(17,130)
Adoption of Revised BNM/GP3 and MFRS 139	-	13,110
As restated	(5,722)	(4,020)
Attributable to discontinued operations	3,510	-
Made	(1,456)	(1,641)
Exchange difference	-	(61)
At end of period/year	(3,668)	(5,722)
As % of gross loans, advances and financing less allowance for impairment losses - individual assessment	1.16%	0.34%
Collective assessment for impaired loans, advances and financing according to economic purpose, allocated on a pro-rated basis, are as follows:		
Working capital	(543)	(1,142)
Purchase of securities	(1,784)	(2,924)
Others	(1,341)	(1,656)
	(3,668)	(5,722)
Individual assessment		
At beginning of period/year	(10,102)	(10,190)
Attributable to discontinued operations	291	-
Amount arising from acquisition of a subsidiary company	-	(2,024)
Made *	(2,312)	(4,519)
Written back *	1,477	6,564
Written off	17	38
Recovered	-	38
Exchange difference *	-	(9)
At end of period/year	(10,629)	(10,102)

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

	As at 30.9.2012	As at 31.12.2011 (Restated)
	RM'000	RM'000
A8. Loans, advances and financing (Cont'd)		
(b) Analysis of impaired loans, advances and financing (Cont'd)		
(ii) Movement in allowance for impaired loans, advances and financing (Cont'd)		
Individual assessment for impaired loans, advances and financing according to economic purpose, are as follows:		
Purchase of securities	(9,710)	(9,827)
Others	(919)	(275)
	(10,629)	(10,102)
(iii) Allowances for impaired loans, advances and financing by geographical distribution:		
Collective assessment		
Malaysia	(3,668)	(3,896)
Cambodia	-	(1,826)
	(3,668)	(5,722)
Individual assessment		
Malaysia	(10,629)	(9,827)
Cambodia	-	(275)
	(10,629)	(10,102)
A9. Trade receivables		
Amount owing by clients	-	843,420
Allowance for impairment losses		
- individual assessment	-	(14,096)
- collective assessment	-	(186)
	-	829,138
Amounts owing by:		
- brokers, net receivables from brokers on behalf of clients	-	297,952
- foreign derivatives clearing houses	-	5,755
- foreign securities clearing houses and stock exchanges, net receivables from clearing houses on behalf of clients	-	305,525
Unit trust receivables	-	19,107
Others	793	6,663
	793	1,464,140

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

	As at 30.9.2012 RM'000	As at 31.12.2011 RM'000
A10. Other assets		
Interest/income receivables	-	44,401
Security deposits and statutory funds	-	11,343
Other receivables	240	21,583
Deposits	4,110	25,163
Prepayments	1,240	18,640
Transferable golf club memberships	-	332
	5,590	121,462
A11. Deposits from customers		
Non-Mudharabah Fund		
Demand deposits	-	43,725
Saving deposits	-	18,452
Fixed deposits	-	2,314,405
Short term deposits	-	874,112
Negotiable instruments of deposits	-	303,633
Others	-	65
	-	3,554,392
Mudharabah Fund		
General investment deposits	-	1,185,523
	-	4,739,915
(a) By type of customers		
Local government and statutory bodies	-	906,886
Domestic non-bank financial institutions	-	2,677,331
Business enterprises	-	840,051
Individuals	-	138,053
Foreign customers	-	177,298
Others	-	296
	-	4,739,915
(b) By maturity structure		
Up to 3 months	-	3,556,246
3-12 months	-	1,129,059
1-5 years	-	54,610
	-	4,739,915

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

	As at 30.9.2012 RM'000	As at 31.12.2011 RM'000
A12. Deposits and placements of banks and other financial institutions		
Non-Mudharabah Fund		
Licensed banks	-	521,001
Licensed investment banks	-	80,000
Other financial institutions	-	41,860
	-	<u>642,861</u>
Mudharabah Fund		
Licensed Islamic banks	-	15,888
	-	<u>658,749</u>
A13. Trade payables		
Amounts due to clients, net of trust accounts	-	715,190
Amounts due to:		
- brokers	-	520,132
- foreign securities clearing houses and stock exchanges	-	46,888
Unit trust payables	-	4,879
	-	<u>1,287,089</u>
A14. Other liabilities		
Interest/income payable	40	45,655
Other payables	1,960	19,574
Deposits received	245	3
Accruals	1,841	92,589
Amount due to an associated company	-	2,305
Profit equalisation reserve of Islamic banking operations	-	2,285
	4,086	<u>162,411</u>

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

	Current quarter ended 30.9.2012 RM'000	Comparative quarter ended 30.9.2011 RM'000	Current year to date ended 30.9.2012 RM'000	Preceding year to date ended 30.9.2011 RM'000
A15. Interest income				
Loans, advances and financing	6,458	3,582	15,197	11,705
Deposits and placements with financial institutions	-	-	-	26
Others	-	6	-	9
	6,458	3,588	15,197	11,740
A16. Interest expense				
Borrowings	(3,623)	(1,732)	(7,909)	(4,891)
A17. Non-interest income				
(a) Fees and commission				
Loan processing, facility and commitment fees and carrying charges	2,127	1,478	7,943	4,710
(b) Net gain/(loss) arising from sales of securities				
Securities held-for-trading	-	1,687	(851)	5,412
(c) Gross dividend income				
Securities held-for-trading	12	52	13	65
Securities available-for-sale	-	12	-	12
	12	64	13	77

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

	Current quarter ended 30.9.2012 RM'000	Comparative quarter ended 30.9.2011 RM'000	Current year to date ended 30.9.2012 RM'000	Preceding year to date ended 30.9.2011 RM'000
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A17. Non-interest income (Cont'd)
**(d) Unrealised (loss)/gain on
revaluation of trading securities**

Securities held-for-trading	(28)	(3,131)	831	(4,592)
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**(e) Unrealised loss from foreign
exchange translations**

	(607)	-	(345)	-
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(f) Other income

Net loss on disposals of property and equipment	-	-	(32)	-
Realised (loss)/gain on foreign exchange	-	(67)	44	(205)
Rental income	1,747	1,832	5,565	5,557
Sales of oil palm produce	-	142	-	142
Loss on members' voluntary winding up of subsidiary companies	-	(68)	-	(68)
Others	2,283	18	2,498	192
	4,030	1,857	8,075	5,618
	5,534	1,955	15,666	11,225

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

	Current quarter ended 30.9.2012 RM'000	Comparative quarter ended 30.9.2011 RM'000	Current year to date ended 30.9.2012 RM'000	Preceding year to date ended 30.9.2011 RM'000
A18. Other operating expenses				
(a) Personnel expenses				
Salaries, allowances, bonuses and gratuity	(1,025)	(513)	(2,380)	(2,803)
Pension costs - defined contribution plan	(111)	(83)	(304)	(340)
Others	(27)	89	(114)	(148)
	(1,163)	(507)	(2,798)	(3,291)
(b) Promotional, marketing and trading expenses				
Advertisement and promotion	(5)	(1)	(13)	(16)
Fees and charges	(196)	(58)	(228)	(141)
Others	(41)	-	(41)	-
	(242)	(59)	(282)	(157)
(c) Establishment related expenses				
Depreciation and amortisation	(571)	(526)	(1,713)	(1,563)
Insurance	(46)	(56)	(167)	(152)
Rental of equipment	-	-	(1)	(1)
Repair and maintenance	(165)	(212)	(610)	(830)
Utility expenses	(386)	(418)	(1,226)	(1,232)
Others	(346)	(305)	(1,008)	(941)
	(1,514)	(1,517)	(4,725)	(4,719)
(d) General administrative expenses				
Communication expenses	(73)	(23)	(107)	(94)
Legal and professional fees	(704)	(82)	(834)	(325)
Printing and stationery	(163)	(21)	(255)	(135)
Administrative expenses	(901)	(221)	(1,618)	(599)
	(1,841)	(347)	(2,814)	(1,153)
	(4,760)	(2,430)	(10,619)	(9,320)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

	Current quarter ended 30.9.2012	Comparative quarter ended 30.9.2011 (Restated)	Current year to date ended 30.9.2012	Preceding year to date ended 30.9.2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
A19. (Allowance for)/write back of impairment losses on loans, advances and financing				
Individual assessment				
- Made	(698)	(90)	(762)	(1,038)
- Written back	325	17	360	874
Collective assessment (net)				
- (Made)/Written back	(221)	(144)	(1,456)	387
	(594)	(217)	(1,858)	223
Bad debts				
- Recovered	-	165	145	1,677
- Written off	-	-	(9)	-
	(594)	(52)	(1,722)	1,900

A20. Segmental information

Please refer to Appendix I.

A21. Events after the end of the quarter

- (a) Approvals granted for the Proposed Option Acquisition and Proposed Acquisition as disclosed in Note B7(a)(i) and (ii) respectively

On 10 October 2012, Kementerian Keuangan Republik Indonesia, Badan Pengawas Pasar Modal dan Lembaga Keuangan ("Bapepam dan LK") granted approval for RHB Capital Berhad ("RHBC") to own a 100% equity interest in OSKIB and for OSKIB to own a 99% equity interest in PT OSK Nusadana Securities Indonesia.

On 15 October 2012, the Securities Commission of Malaysia approved the Proposed Option Acquisition and Proposed Acquisition.

- (b) Subscription of USD1,500,000 ordinary shares in OSK Indochina Securities Limited ("OSKISL") by OSK Indochina Bank Limited ("OSKIBL")

On 25 October 2012, OSKIBL subscribed for USD1,500,000 new ordinary shares in OSKISL for additional working capital purpose. The issued and paid-up share capital of OSKISL increased from USD10,000,000 to USD11,500,000.

A21. Events after the end of the quarter (Cont'd)

- (c) Proposed Disposal by the Company to RHBC of the following entities:-
- a) 100% equity interest in OSKIB;
 - b) 20% equity interest in OSK Trustees Berhad;
 - c) 20% equity interest in Malaysian Trustees Berhad; and
 - d) 100% equity interest in OSK Investment Bank (Labuan) Limited (“OSKL”)
- for a total disposal consideration of RM1,977.5 million to be satisfied through the issuance of 245.0 million new ordinary shares of RM1.00 each in RHBC ("Proposed Disposal") and cash; and the subsequent merger of the investment banking businesses of the Company and RHBC

On 9 November 2012, the Proposed Disposal completed pursuant to the receipt of payment of the cash consideration and the listing and quotation of the consideration shares, shares of RHBC, on the Main Market of Bursa Malaysia Securities Berhad.

Following the completion of the Proposed Disposal, the Company is now a substantial shareholder of RHBC as the Company holds 245.0 million new RHBC Shares, equivalent to approximately 9.82% of the enlarged issued and paid-up share capital of RHBC.

A22. Changes in the composition of the Group

- (a) Subscription of 51% interest by OSK International Investment Hong Kong Limited (“OSKIHK”) in OSK Fideus Asia and Emerging Markets Value Fund Ltd (“OSK Fideus”)

On 24 February 2012, OSKIHK, a wholly-owned subsidiary of OSK Holdings Hong Kong Limited, which in turn is 93.50%-owned by OSKIB, which in turn is a wholly-owned subsidiary of the Company, has subscribed for 51 Management Shares or 51% amounting to US\$51 (equivalent to approximately RM154) in a fund company, OSK Fideus, out of the total issued and paid-up capital of US\$100 divided into 100 Management Shares, thus making OSK Fideus an indirect subsidiary of the Company. The remaining 49% is being held by Alpheus Advisor (“Alpheus”).

OSK Fideus was incorporated on 25 November 2011 as an exempted company with limited liability in the Cayman Islands and registered under the Companies Law (2011) of Cayman Islands, with a business strategy of investing in Asia and emerging market equities. The authorised capital of OSK Fideus is US\$50,000 divided into 100 Management Shares (with voting rights) at par value of US\$1.00 each and 4,990,000 Participating Shares (without voting rights) at par value of US\$0.01 each.

Alpheus, a company incorporated in 2002 under the laws of Greece, is an affiliate of the Alpheus Group Ltd. (registered in Bermuda) (“Alpheus Group”), which is engaged in the securities investment management services and the provision of family office services. Alpheus Group operates family offices in Athens, London and Zurich with significant allocation to fund strategies. Alpheus Group is also involved in managing The Gale Invest II (Cayman) Fund, an open-ended series of unit trusts established under the laws of the Cayman Islands in 2006, where one of the funds is also focused on Asian and emerging markets.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**A22. Changes in the composition of the Group (Cont'd)****(b) Increase 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:

- 29 February 2012, from RM22.0 million to RM23.0 million by issuance of 1 million ordinary shares of RM1.00 each.
- 21 September 2012, from RM23.0 million to RM23.7 million by issuance of 700,000 ordinary shares of RM1.00 each.

OSKIB only subscribed for 700,000 ordinary shares in iFast-OSK Sdn. Bhd. on 21 September 2012 and did not partake in the other issue. Consequently, OSKIB's equity interest in iFast-OSK Sdn. Bhd. was increased from 38.05% to 38.27%.

(c) Acquisition of additional shares by OSKIB in OSK Securities (Thailand) Public Company Limited ("OSKST")

Between 1 January 2012 and 21 May 2012, OSKIB acquired additional 580,600 ordinary shares in OSKST from the open market for a total consideration of THB1,433,618 (approximately RM141,942), thereby increasing its equity interest in OSKST from 97.34% to 97.41%. Up to date of this quarterly report, OSKIB has not purchase any shares in OSKST.

(d) Subscription of shares by OSKIB in OSKIBL

On 26 June 2012, OSKIBL, a wholly-owned Cambodian banking subsidiary of OSKIB, received approval from National Bank of Cambodia to increase its paid-up capital by USD12 million (equivalent to RM38.319 million). Subsequent to the approval, OSKIBL increased its issued and paid-up capital from USD40 million to USD52 million through the issuance of 12 million new ordinary shares of USD1.00 each which was fully subscribed by OSKIB on 28 June 2012. The equity interest held by OSKIB in OSKIBL remained at 100%.

(e) Subscription of SGD1,000,000 ordinary shares in OSK International Investments Pte Ltd ("OSKIIL")

On 16 July 2012, OSKIB subscribed for SGD1,000,000 new ordinary shares in OSKIIL. The issued and paid-up share capital of OSKIIL increased from SGD4,000,000 to SGD5,000,000. The rationale for the increase is to facilitate the subscription of additional shares in OSK International Asset Management Pte Ltd as disclosed in A22 (f).

(f) Subscription of SGD1,250,000 ordinary shares in OSK International Asset Management Pte Ltd ("OSKIAML") by OSKIIL

On 16 July 2012, OSKIIL subscribed for SGD1,250,000 new ordinary shares in OSKIAML for additional working capital purpose. The issued and paid-up share capital of OSKIIL increased from SGD3,850,000 to SGD5,100,000.

OSKIAML is a wholly-owned subsidiary company of OSKIIL which in turn is a wholly-owned subsidiary company of OSKIB. Upon completion of the subscription, the equity interest held by OSKIIL in OSKIAML remains the same.

A23. Discontinued operations and Disposal Group classified as held of sale

On 9 November 2012, the Company completed the Proposed Disposal of the following entities (collectively referred to the "Disposal Group"):-

- a) 100% equity interest in OSKIB;
- b) 20% equity interest in OSK Trustees Berhad;
- c) 20% equity interest in Malaysian Trustees Berhad; and
- d) 100% equity interest in OSK Investment Bank (Labuan) Limited ("OSKL")

for a total disposal consideration of RM1,977.5 million satisfied through the issuance of 245.0 million new ordinary shares of RM1.00 each in RHBC and cash of RM222.7 million.

The Board recognises that in order to take OSKIB to the next level and progress to be a dominant player in the region and not just in Malaysia, it has to transform the OSKIB franchise into a larger and more diversified financial institution. Subsequent to the completion of the Proposed Disposal, the Disposal Group will merge with RHBC and will potentially create one of the largest investment banks in Malaysia with a strong position in mergers and acquisition, brokerage, the equity capital market and the debt capital market.

The Disposal Group was previously reported in the investment banking, loans and financing, equities and futures, wealth management, investment holding and others segment. As at 30 September 2012, the assets and liabilities related to the Disposal Group have been presented in the statement of financial position as "Assets of the Disposal Group classified as held for sale" and "Liabilities of the Disposal Group classified as held for sale", and its results are presented separately on the statement of comprehensive income as "Profit after tax for the period from discontinued operations".

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A23. Discontinued operations and Disposal Group classified as held of sale (Cont'd)
(a) Statement of Financial Position

The major classes of assets and liabilities of the Disposal Group classified as held for sale are as follows

ASSETS	Note	Disposal Group As at 30.9.2012 RM'000
Cash and short term funds		752,253
Deposits and placements with a bank		2,882
Securities held-for-trading		481,704
Securities held-to-maturity		540,867
Securities available-for-sale		3,895,814
Securities portfolio		4,918,385
Derivative financial assets		6,707
Loans, advances and financing		1,869,763
Trade receivables		2,506,172
Tax recoverable		23,814
Other assets		271,741
Statutory deposits with Central Banks		231,893
Deferred tax assets		2,460
Investments in associated companies and a jointly controlled entity		26,208
Equipment		72,485
Intangible assets		233,692
Assets of the Disposal Group classified as held for sale		10,918,455
LIABILITIES		
Deposits from customers		5,597,655
Deposits and placements of banks and other financial institutions		470,658
Obligations on securities sold under repurchase agreements		234,571
Obligations on securities borrowed		110,928
Derivative financial liabilities		29,781
Trade payables		2,207,514
Other liabilities		175,929
Tax payable		8,422
Deferred tax liabilities		6,673
Borrowings	B8	176,922
Subordinated notes	B8	400,000
Liabilities of the Disposal Group classified as held for sale		9,419,053
Net assets of the Disposal Group classified as held for sale		1,499,402
RESERVES		
Statutory reserves		262,981
Profit equalisation reserve of Islamic banking operations		272
Foreign exchange reserves		(27,368)
Available-for-sale reserves		13,834
Other reserve		(862)
Reserves of the Disposal Group classified as held for sale		248,857

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A23. Discontinued operations and Disposal Group classified as held of sale (Cont'd)
(b) Income Statements

The results of the Disposal Group are as follows:-

	Note	Disposal Group			
		Current quarter ended 30.9.2012	Comparative quarter ended 30.9.2011 (Restated)	Current year to date ended 30.9.2012	Preceding year to date ended 30.9.2011 (Restated)
		RM'000	RM'000	RM'000	RM'000
Revenue		264,940	282,946	784,760	812,239
Interest income		80,120	78,626	236,663	212,869
Interest expense		(51,468)	(54,863)	(151,943)	(147,508)
Net interest income		28,652	23,763	84,720	65,361
Non-interest income		173,032	194,063	515,202	570,880
Net income from Islamic banking operations	A27	2,882	2,434	7,332	6,318
Other operating expenses		(168,659)	(162,294)	(509,814)	(502,379)
(Allowance for)/write back of impairment losses on loans, advances and financing		(207)	(210)	1,326	(718)
Allowance for impairment losses on trade and other receivables		(237)	(326)	(636)	(828)
Write back of/(allowance for) impairment loss on investments		464	(7,500)	12,711	(7,500)
Share of results after tax of associated companies		770	872	2,062	2,054
Profit before tax from discontinued operations		36,697	50,802	112,903	133,188
Income tax expense		(6,862)	(16,666)	(30,097)	(38,460)
Profit after tax for the period from discontinued operations		29,835	34,136	82,806	94,728
Profit attributable to:					
Owners of the Company		26,010	27,970	71,345	75,877
Non-controlling interests		3,825	6,166	11,461	18,851
		29,835	34,136	82,806	94,728

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A23. Discontinued operations and Disposal Group classified as held of sale (Cont'd)
(c) Statement of Comprehensive Income

The major components of Statement of Comprehensive Income of the Disposal Group are shown below:

	Disposal Group			
	Current quarter ended 30.9.2012	Comparative quarter ended 30.9.2011 (Restated)	Current year to date ended 30.9.2012	Preceding year to date ended 30.9.2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit after tax for the period from discontinued operations	29,835	34,136	82,806	94,728
Other comprehensive (loss)/income				
Foreign currency translation (loss)/gain	(21,019)	21,283	(17,844)	28,563
Reversal of available-for-sale gain upon disposal	(1,890)	(191)	(4,764)	(2,852)
Unrealised net gain/(loss) on revaluation of securities available-for-sale	8,003	(17,959)	35,993	(107)
Share of other reserves in an associated group	(8)	(611)	(16)	(838)
Actuarial losses on defined benefit plan in subsidiary companies	(1,413)	-	(1,413)	-
Income tax relating to components of other comprehensive (income)/loss	(1,614)	4,434	(7,956)	1,756
Other comprehensive (loss)/income for the period, net of tax	(17,941)	6,956	4,000	26,522
Total comprehensive income for the period, net of tax	11,894	41,092	86,806	121,250
Total comprehensive income attributable to:				
Owners of the Company	13,437	31,623	80,335	85,671
Non-controlling interests	(1,543)	9,469	6,471	35,579
	11,894	41,092	86,806	121,250

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

A23. Discontinued operations and Disposal Group classified as held of sale (Cont'd)

(d) Statement of Cash Flows

The cash flows attributable to the Disposal Group are as follows:-

	Disposal Group	
	Current year to date ended 30.9.2012	Preceding year to date ended 30.9.2011 (Restated)
	RM'000	RM'000
Operating activities	(659,712)	518,565
Investing activities	(20,601)	(138,437)
Financing activities	106,020	37,780
Net cash (outflows)/inflows	(574,293)	417,908

(e) Monies held in trust and corresponding liabilities in accordance with FRSIC Consensus 18

	Disposal Group	
	As at 30.9.2012	As at 31.12.2011
	RM'000	RM'000
Short term funds and deposits for clients' and remisiers accounts	1,087,492	1,085,140
Receivables from brokers and clearing houses on behalf of clients	97,730	59,303
Deposits received from remisiers	(44,787)	(44,345)
Amounts due to clients' in trust	(1,140,435)	(1,100,098)
	-	-

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

A24. Commitments and contingencies

Please refer to Appendix II.

A25. Interest/profit rate risk

Please refer to Appendix III.

A26. Capital Adequacy

The capital adequacy is solely in relation to the discontinued operations as shown in Note A23.

(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 30.9.2012	As at 31.12.2011 (Restated)	As at 30.9.2012	As at 31.12.2011 (Restated)
Before deducting proposed dividends:				
Core capital ratio	25.49%	26.43%	19.16%	19.89%
Risk weighted capital ratio	33.28%	34.83%	19.16%	19.89%
After deducting proposed dividends:				
Core capital ratio	25.49%	26.43%	19.16%	19.89%
Risk weighted capital ratio	33.28%	34.83%	19.16%	19.89%

^ 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 of OSKIB) 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, the Group ensures that it complies with the minimum requirements of Bank Negara Malaysia of at least 8% in risk weighted capital ratio.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A26. 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 30.9.2012	As at 31.12.2011 (Restated)	As at 30.9.2012	As at 31.12.2011 (Restated)
	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	188,205	172,376	97,839	74,396
Statutory reserves	262,981	239,537	262,831	239,387
Tier 1 non-controlling interests	302,125	304,125	-	-
	1,413,311	1,376,038	1,020,670	973,783
Less: Goodwill	(93,791)	(94,283)	(46,516)	(46,516)
Deferred tax assets	(2,461)	(11,957)	-	(10,330)
Tier I capital	1,317,059	1,269,798	974,154	916,937
Collective impairment	2,588 *	3,696	337 *	1,870
Maximum allowance subordinated debt capital	400,000	400,000	400,000	400,000
Tier II capital	402,588	403,696	400,337	401,870
Total capital	1,719,647	1,673,494	1,374,491	1,318,807
Less: Investments in subsidiary companies	-	-	(742,777)	(701,801)
Capital base	1,719,647	1,673,494	631,714	617,006

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 Risk Weighted Capital Adequacy Framework (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% (2011: 8.0%) for the risk weighted capital ratio.

* Restated due to adoption of Revised BNM/GP3 and MFRS 139.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

A26. Capital Adequacy (Cont'd)

(a) Risk weighted capital ratios and Tier I and Tier II capital (Cont'd)

- (ii) The capital adequacy ratios and capital base of the wholly-owned Cambodia banking subsidiary of OSKIB, OSK Indochina Bank Limited ("OSKIBL"), are as follows:**

	OSKIBL	
	As at 30.9.2012	As at 31.12.2011
Before deducting proposed dividends:		
Core capital ratio	#	#
Solvency ratio	47.09%	46.49%
After deducting proposed dividends:		
Core capital ratio	#	#
Solvency ratio	47.09%	46.49%

The Solvency Ratio of OSKIBL is the nearest equivalent regulatory compliance ratio in Cambodia computed in accordance with Prakas B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived as OSKIBL's net worth divided by its risk weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement in Cambodia is 15.0%.

No equivalent ratio in Cambodia.

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

	OSKL	
	As at 30.9.2012	As at 31.12.2011
Before deducting proposed dividends:		
Core capital ratio	35.10%	50.50%
Risk weighted capital ratio	35.10%	50.50%
After deducting proposed dividends:		
Core capital ratio	35.10%	50.50%
Risk weighted capital ratio	35.10%	50.50%

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A26. Capital Adequacy (Cont'd)
(b) Risk weighted assets and capital requirements for credit risk, market risk, operational risk and large exposures risk
As at 30.9.2012
OSKIB Group

Exposure class	Gross Exposures RM'000	Net Exposures RM'000	Risk Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit risk				
<i>On-Balance Sheet Exposures:</i>				
Sovereigns/Central Banks	1,361,428	1,361,428	-	-
Banks, development financial institutions and multilateral development banks	2,898,859	2,898,859	774,744	61,980
Insurance companies, securities firms and fund managers	1,438	1,438	288	23
Corporates	3,088,652	2,169,393	1,522,115	121,770
Other assets	279,446	279,446	279,446	22,356
Defaulted exposures	-	-	-	-
Total on-balance sheet exposures	7,629,823	6,710,564	2,576,593	206,129
<i>Off-Balance Sheet Exposures:</i>				
Over-the-counter ("OTC") derivatives	633	633	294	24
Credit derivatives	-	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	239,996	239,996	173,058	13,844
Defaulted exposures	-	-	-	-
Total off-balance sheet exposures	240,629	240,629	173,352	13,868
Total on and off-balance sheet exposures	7,870,452	6,951,193	2,749,945	219,997
(ii) Large exposures risk requirement	-	-	-	-
	<div style="display: flex; justify-content: space-around; width: 100%;"> Long Position Short Position </div>			
	RM'000	RM'000		
(iii) Market risk				
Interest rate risk	2,202,524	1,893,570	249,865	19,989
Foreign currency risk	925,277	9,053	925,277	74,022
Equity risk	45,667	-	103,319	8,265
Option risk	171,416	-	17,286	1,383
Total	3,344,884	1,902,623	1,295,747	103,659
(iv) Operational risk			1,121,042	89,683
(v) Total RWA and capital requirements			5,166,734	413,339

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A26. 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 31.12.2011
OSKIB Group

Exposure class	Gross Exposures RM'000	Net Exposures RM'000	Risk Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit risk				
<i>On-Balance Sheet Exposures:</i>				
Sovereigns/Central Banks	1,577,135	1,577,135	-	-
Banks, development financial institutions and multilateral development banks	3,023,743	3,023,743	781,633	62,531
Insurance companies, securities firms and fund managers	43,123	43,123	8,625	690
Corporates	2,309,994	1,732,652	1,204,174	96,334
Other assets	557,236	557,236	557,236	44,579
Defaulted exposures	45,103	25,091	67,655	5,412
Total on-balance sheet exposures	7,556,334	6,958,980	2,619,323	209,546
<i>Off-Balance Sheet Exposures:</i>				
Over-the-counter ("OTC") derivatives	978	978	204	16
Credit derivatives	-	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	189,730	189,730	82,730	6,618
Defaulted exposures	-	-	-	-
Total off-balance sheet exposures	190,708	190,708	82,934	6,634
Total on and off-balance sheet exposures	7,747,042	7,149,688	2,702,257	216,180
(ii) Large exposures risk requirement	-	-	-	-
(iii) Market risk				
	Long Position RM'000	Short Position RM'000		
Interest rate risk	1,221,139	1,119,432	126,345	10,108
Foreign currency risk	871,483	-	871,482	69,719
Equity risk	22,147	-	34,185	2,735
Option risk	-	-	50	4
Total	2,114,769	1,119,432	1,032,062	82,566
(iv) Operational risk			1,070,911	85,673
(v) Total RWA and capital requirements			4,805,230	384,419

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A26. 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 30.9.2012
OSKIB

Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit risk				
<i>On-Balance Sheet Exposures:</i>				
Sovereigns/Central Banks	1,273,241	1,273,241	-	-
Banks, development financial institutions and multilateral development banks	2,521,978	2,521,978	701,360	56,109
Insurance companies, securities firms and fund managers	1,438	1,438	288	23
Corporates	2,531,561	1,968,837	1,321,559	105,725
Other assets	163,865	163,865	163,865	13,108
Defaulted exposures	-	-	-	-
Total on-balance sheet exposures	6,492,083	5,929,359	2,187,072	174,965
<i>Off-Balance Sheet Exposures:</i>				
Over-the-counter ("OTC") derivatives	633	633	294	24
Credit derivatives	-	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	244,073	244,073	177,135	14,171
Defaulted exposures	-	-	-	-
Total off-balance sheet exposures	244,706	244,706	177,429	14,195
Total on and off-balance sheet exposures	6,736,789	6,174,065	2,364,501	189,160
(ii) Large exposures risk requirement	-	-	-	-
	Long Position	Short Position		
	RM'000	RM'000		
(iii) Market risk				
Interest rate risk	2,146,221	1,888,570	222,887	17,831
Foreign currency risk	67,729	34,624	67,724	5,418
Equity risk	6,124	-	14,537	1,163
Option risk	171,416	-	17,286	1,383
Total	2,391,490	1,923,194	322,434	25,795
(iv) Operational risk			610,905	48,872
(v) Total RWA and capital requirements			3,297,840	263,827

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A26. 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 31.12.2011

OSKIB			Risk	Capital
Exposure Class	Gross Exposures	Net Exposures	Weighted Assets	Requirements
	RM'000	RM'000	RM'000	RM'000
(i) Credit risk				
<i>On-Balance Sheet Exposures:</i>				
Sovereigns/Central Banks	1,509,776	1,509,776	-	-
Banks, development financial institutions and multilateral development banks	2,500,853	2,500,853	678,956	54,316
Insurance companies, securities firms and fund managers	43,123	43,123	8,625	690
Corporates	1,884,754	1,567,709	1,039,539	83,163
Other assets	473,820	473,820	473,820	37,906
Defaulted exposures	45,103	45,103	67,655	5,412
Total on-balance sheet exposures	6,457,429	6,140,384	2,268,595	181,487
<i>Off-Balance Sheet Exposures:</i>				
Over-the-counter ("OTC") derivatives	978	978	204	16
Credit derivatives	-	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	177,163	177,163	70,165	5,613
Defaulted exposures	-	-	-	-
Total off-balance sheet exposures	178,141	178,141	70,369	5,629
Total on and off-balance sheet exposures	6,635,570	6,318,525	2,338,964	187,116
(ii) Large exposures risk requirement	-	-	-	-
(iii) Market risk				
	Long Position	Short Position		
	RM'000	RM'000		
Interest rate risk	1,199,671	1,119,432	115,255	9,220
Foreign currency risk	64,252	-	64,253	5,140
Equity risk	5,943	-	14,391	1,151
Option risk	-	-	50	4
Total	1,269,866	1,119,432	193,949	15,515
(iv) Operational risk			568,402	45,472
(v) Total RWA and capital requirements			3,101,315	248,103

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 2012
A27. Islamic banking operations of OSK Investment Bank Berhad

The Islamic banking operations is solely in relation to the discontinued operations as shown in Note A23.

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30.9.2012 RM'000	As at 31.12.2011 RM'000
ASSETS			
Cash and short term funds		191,924	395,163
Securities held-to-maturity	A27(a)	290,231	292,950
Securities available-for-sale	A27(b)	812,545	631,105
Other assets	A27(c)	8,006	5,664
Statutory deposit with Bank Negara Malaysia		26,482	-
Equipment		24	18
Intangible assets		672	766
Deferred tax assets		72	-
TOTAL ASSETS		1,329,956	1,325,666
LIABILITIES			
Deposits from customers	A27(d)	1,123,284	1,185,523
Deposits and placements of banks and other financial institutions	A27(e)	76,650	15,888
Other liabilities	A27(f)	6,890	5,831
Tax payable		5,794	4,405
Deferred tax liabilities		-	221
TOTAL LIABILITIES		1,212,618	1,211,868
ISLAMIC BANKING CAPITAL FUNDS			
Islamic banking funds		100,000	100,000
Reserves		17,338	13,798
TOTAL ISLAMIC BANKING CAPITAL FUNDS		117,338	113,798
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		1,329,956	1,325,666

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A27. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)
UNAUDITED CONDENSED INCOME STATEMENTS

	Current quarter ended 30.9.2012 RM'000	Preceding quarter ended 30.9.2011 RM'000	Current year to date ended 30.9.2012 RM'000	Preceding year to date ended 30.9.2011 RM'000
Income derived from investment of depositors' funds and others	11,157	9,795	31,175	27,716
Transfer of profit equalisation reserve from investment account holder (2011: investment account holder and OSKIB)	-	55	-	236
Gross and total attributable income	11,157	9,850	31,175	27,952
Income attributable to depositors	(8,898)	(7,878)	(25,550)	(22,408)
Income attributable to OSKIB	2,259	1,972	5,625	5,544
Income derived from investment of Islamic banking funds	631	462	1,720	774
Net provision for profit equalisation reserve (depositors' portion)	(8)	-	(13)	-
Total net income	2,882	2,434	7,332	6,318
Other operating expenses	(564)	(170)	(1,739)	(1,167)
Profit before tax for the period	2,318	2,264	5,593	5,151
Income tax expense and zakat	(578)	(567)	(1,449)	(1,288)
Profit after tax for the period	1,740	1,697	4,144	3,863
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	11,157	9,795	31,175	27,716
Income attributable to depositors	(8,898)	(7,878)	(25,550)	(22,408)
Income derived from investments of Islamic banking funds	631	462	1,720	774
Transfer of profit equalisation reserve from investment account holder (2011: investment account holder and OSKIB)	-	55	-	236
Net provision for profit equalisation reserve (depositors' portion)	(8)	-	(13)	-
Net income from Islamic banking operations reported in the consolidated income statements	2,882	2,434	7,332	6,318

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A27. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)
UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	Current quarter ended 30.9.2012 RM'000	Preceding quarter ended 30.9.2011 RM'000	Current year to date ended 30.9.2012 RM'000	Preceding year to date ended 30.9.2011 RM'000
Profit after tax for the period	1,740	1,697	4,144	3,863
Other comprehensive (loss)/income:				
Reversal of available-for-sale gain upon disposals	(357)	(52)	(528)	(216)
Unrealised net (loss)/gain on revaluation of securities available-for-sale	(730)	1,511	(640)	1,711
Income tax relating to component of other comprehensive loss/(income)	272	(364)	292	(373)
Other comprehensive (loss)/income for the period, net of tax	(815)	1,095	(876)	1,122
Total comprehensive income for the period, net of tax	925	2,792	3,268	4,985
Total comprehensive income attributable to owner of OSKIB	925	2,792	3,268	4,985

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

A27. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)

UNAUDITED CONDENSED STATEMENT OF CHANGES IN ISLAMIC BANKING FUND

	<u>Non-distributable</u>		<u>Distributable</u>		
	Profit equalisation reserve				
	Islamic banking fund	of Islamic banking operations	Available- for-sale reserve	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1.1.2012	100,000	-	661	13,137	113,798
Total comprehensive (loss)/income	-	-	(876)	4,144	3,268
Transfer from other liabilities due to the adoption of BNM's Revised Guidelines for Profit Equalisation Reserves ("PER")	-	-	-	272	272
Transfer to PER reserve of OSKIB	-	272	-	(272)	-
Total transactions with owners	-	272	-	-	272
As at 30.9.2012	100,000	272	(215)	17,281	117,338
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
Total transaction with owner	50,000	-	-	-	50,000
As at 30.9.2011	100,000	-	1,386	11,521	112,907

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A27. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)

	As at 30.9.2012 RM'000	As at 31.12.2011 RM'000
(a) Securities held-to-maturity		
At amortised cost		
Money market instruments:		
Cagamas bonds	-	5,014
Malaysian Government Investment Issues	80,041	120,100
	80,041	125,114
Unquoted securities:		
Islamic private debt securities		
- in Malaysia	197,211	167,836
- outside Malaysia	12,979	-
	210,190	167,836
	290,231	292,950
The maturity structure of above securities are as follows:		
Within 1 year	77,716	50,059
2 to 5 years	120,723	177,332
More than 5 years	91,792	65,559
	290,231	292,950
(b) Securities available-for-sale		
At fair value		
Money market instruments:		
Islamic accepted bills	60,084	139,027
Bank Negara Malaysia Monetary Notes	29,992	-
Malaysian Government Investment Issues	106,699	89,462
Negotiable instruments of deposit	269,679	129,520
	466,454	358,009
Unquoted debt securities:		
Islamic private debt securities in Malaysia	346,091	273,096
	812,545	631,105
(c) Other assets		
Income receivables	7,799	5,664
Other receivables and prepayments	207	-
	8,006	5,664

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A27. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)

	As at 30.9.2012 RM'000	As at 31.12.2011 RM'000
(d) Deposits from customers		
Mudharabah Fund		
General investment deposits	1,123,284	1,185,523
(i) By type of customers		
Government and statutory bodies	419,209	521,802
Domestic non-bank financial institutions*	548,494	444,053
Business enterprises	155,581	219,668
	1,123,284	1,185,523
(ii) By maturity structure		
Up to 3 months	980,586	966,285
3-12 months	142,698	219,238
	1,123,284	1,185,523
* Domestic non-bank financial institutions include unit trust companies, trust funds and insurance companies.		
(e) Deposits and placements of banks and other financial institutions		
Mudharabah Fund		
Bank Negara Malaysia	76,650	-
Licensed Islamic banks	-	15,888
	76,650	15,888
(f) Other liabilities		
Income payables	5,343	3,529
Profit equalisation reserve of Investment Account Holders #	782	2,285
Other payables and accruals	765	17
	6,890	5,831
# At beginning of the period/year		
	2,285	996
Transfer to Non-Distributable profit equalisation reserve	(272)	-
Distribution to Investment Account Holder	(1,231)	-
Provided during the period/year	-	1,289
At end of the period/year	782	2,285

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

A27. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)

(g) Capital adequacy of Islamic banking operations

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

(i) Risk weighted capital ratios and Tier I and Tier II capital

The capital adequacy ratios and capital base are as follows:

	As at 30.9.2012	As at 31.12.2011
Before deducting proposed dividends:		
Core capital ratio	52.12%	54.82%
Risk weighted capital ratio	52.12%	54.82%
After deducting proposed dividends:		
Core capital ratio	52.12%	54.82%
Risk weighted capital ratio	52.12%	54.82%
	RM'000	RM'000
Islamic banking funds	100,000	100,000
Retained profits - audited	15,541	13,137
	115,541	113,137

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 2012
A27. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)
(g) 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 30.9.2012

Exposure class	Gross Exposures RM'000	Net Exposures RM'000	Risk Weighted Assets RM'000	Capital Requirements RM'000
(a) Credit risk				
<i>On-Balance Sheet Exposures:</i>				
Sovereigns/Central Banks	407,895	407,895	-	-
Banks, development financial institutions and multilateral development banks	533,872	533,872	106,774	8,542
Insurance companies, securities firms and fund managers	-	-	-	-
Corporates	387,984	387,984	99,750	7,979
Other assets	301	301	301	24
Total on-balance sheet exposures	1,330,052	1,330,052	206,825	16,545
<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	1,330,052	1,330,052	206,825	16,545
(b) Large exposures risk requirement	-	-	-	-
(c) Market risk	-	-	-	-
(d) Operational risk			14,868	1,189
(e) Total RWA and capital requirements			221,693	17,734

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A27. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)
(g) 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 31.12.2011

Exposure class	Gross Exposures RM'000	Net Exposures RM'000	Risk Weighted Assets RM'000	Capital Require- ments RM'000
(a) Credit risk				
<i>On-Balance Sheet Exposures:</i>				
Sovereigns/Central Banks	398,785	398,785	-	-
Banks, development financial institutions and multilateral development banks	614,069	614,069	125,824	10,066
Insurance companies, securities firms and fund managers	-	-	-	-
Corporates	313,424	313,424	67,660	5,413
Other assets	25	25	25	2
Total on balance sheet exposures	1,326,303	1,326,303	193,509	15,481
<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	1,326,303	1,326,303	193,509	15,481
(b) Large exposures risk requirement	-	-	-	-
(c) Market risk	-	-	-	-
(d) Operational risk			12,878	1,030
(e) Total RWA and capital requirements			206,387	16,511

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
PART B - Explanatory Notes Pursuant to Chapter 9, Appendix 9B, Part A, of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")
B1. Group performance analysis for the current quarter and year to date

Following the completion of the Proposed Disposal as disclosed in Note A23, the financial results of the Disposal Group had been classified under discontinued operations for both current and preceding financial periods in accordance with the disclosure requirements of MFRS 5. For performance analysis purpose, the financial results analysed by continuing and discontinued operations are shown below:-

	Current quarter ended 30.9.2012	Comparative quarter ended 30.9.2011 (Restated)	Current year to date ended 30.9.2012	Preceding year to date ended 30.9.2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
Revenue - Continuing Operations	11,992	5,543	30,863	22,965
- Discontinued Operations	264,940	282,946	784,760	812,239
	276,932	288,489	815,623	835,204
Profit before tax - Continuing Operations	3,015	1,329	10,613	10,654
- Discontinued Operations	36,697	50,802	112,903	133,188
	39,712	52,131	123,516	143,842
Net interest income - Continuing Operations	2,835	1,856	7,288	6,849
- Discontinued Operations	28,652	23,763	84,720	65,361
	31,487	25,619	92,008	72,210
Non-interest income - Continuing Operations	5,534	1,955	15,666	11,225
- Discontinued Operations	173,032	194,063	515,202	570,880
	178,566	196,018	530,868	582,105

(a) Current Quarter ("3Q12") compared with Comparative Quarter of Preceding Year ("3Q11")

The Group continued to achieve profitable results for the third quarter of 2012 ("3Q12"), albeit at a lower revenue of RM276.93 million versus RM288.49 million posted in the third quarter of 2011 ("3Q11") from both its continuing and discontinued operations, down by 4%.

The Group recorded a pre-tax profit of RM39.71 million in 3Q12 compared with RM52.13 million in 3Q11, representing a decline of 24%, with its continuing operations contributed RM3.01 million (3Q11: RM1.33 million) and discontinued operations made RM36.70 million (3Q11: RM50.80 million), amid lower market turnover and softer market sentiment in the countries where the Group operates. The decline in market turnover led to lower gross brokerage fee income in Equities and Futures segment, hence generating lower revenue and pre-tax profit in 3Q12.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**B1. Performance analysis of the Group for the current quarter and year to date (Cont'd.)***(a) Current Quarter ("3Q12") compared with Comparative Quarter of Preceding Year ("3Q11") (Cont'd)*

Consequently, the Group's profit attributable to the owners of the Company ("PATOC") dropped by 12% or RM3.58 million to RM26.33 million in 3Q12 compared with RM29.91 million in 3Q11, with its continuing operations contributing RM0.32 million (3Q11: RM1.94 million) while the discontinued operations contributed RM26.01 million (3Q11: RM27.97 million). This translates into an earnings per share of 2.72 sen (3Q11: 3.19 sen), with the continuing operations accounting for earnings per share of 0.03 sen (3Q11: 0.21 sen) while that from discontinued operations came in at 2.69 sen (3Q11: 2.98 sen).

On the other hand, the Group net interest income increased by 23% or RM5.87 million to RM31.49 million in 3Q12 from RM25.62 million in 3Q11, with net interest margin improving to 36% (3Q11: 31%) in Loans and Financing segment. The Group's non-interest income declined by RM17.45 million or 9% in 3Q12 due to the combined effects of: (i) decreasing gross brokerage fee income as a result of lower market turnover in the region; and (ii) lower net gain arising from sales and revaluation of securities and derivatives.

(b) Current Year To Date ("9M12") compared with Preceding Year To Date ("9M11")

The Group registered total revenue of RM815.62 million for the nine months ended 30 September 2012 ("9M12") compared with RM835.20 million in the corresponding period last year ("9M11"). Revenue from continuing operations surged 34% to RM30.86 million (9M11: RM22.97 million) while that from discontinued operations dropped by 3% to RM784.76 million (9M11: RM812.24 million). The Group recorded a pre-tax profit of RM123.52 million in 9M12 compared with RM143.84 million in 9M11, which was lower by RM20.32 million or 14%, with RM10.62 million (9M11: RM10.65 million) coming from continuing operations and RM112.90 million (9M11: RM133.19 million) from discontinued operations.

The Group's PATOC of RM74.97 million in 9M12 (9M11: RM83.04 million) comprises RM3.63 million (9M11: RM7.16 million) from continuing operations and RM71.34 million (9M11: RM75.88 million) from discontinued operations. This translates into an earnings per share of 7.87 sen (9M11: 8.84 sen), of which 0.38 sen (9M11: 0.76 sen) was from continuing operations and 7.49 sen (9M11: 8.08 sen) from discontinued operations.

The lower market turnover and more subdued capital markets in the regions in which the Group operates can be attributed to sluggish global market turnover, which has in turn led to lower gross brokerage fee income for the Group's Equities and Futures segment. In addition, the Group also incurred higher operating expenses, mainly due to the increase in personnel costs arising from business expansion, including the strengthening of the managements and staff forces in the subsidiaries acquired in the second half of 2011. Despite the challenges, the Group's net interest income, mainly contributed by the Loans and Financing and Investment Banking segments, continued to climb by 27% or RM19.80 million to RM92.01 million in 9M12 from RM72.21 million in 9M11, attributed to net interest margin improving from 32% to 37% and the execution of its loan growth strategy.

As at 30 September 2012, total Group's assets stood at RM11.55 billion, up 19% from RM9.66 billion registered at the end of 2011, while the Group shareholders' funds improved by 4% to RM1.52 billion from RM1.46 billion at the end of 2011.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
B1. Performance analysis of the Group for the current quarter and year to date (Cont'd.)

(b) Current Year To Date ("9M12") compared with Preceding Year To Date ("9M11")(Cont'd)

Profit before tax	Current year to date ended 30.9.2012			Preceding year to date ended 30.9.2011		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations (Restated)	Discontinued Operations (Restated)	Total (Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Domestic</u>						
Malaysia	10,613	116,554	127,167	10,654	105,853	116,507
<u>Foreign countries</u>						
Singapore	-	17,049	17,049	-	27,851	27,851
China & Hong Kong	-	(13,731)	(13,731)	-	(5,797)	(5,797)
Indonesia	-	(2,112)	(2,112)	-	7,152	7,152
Cambodia	-	1,709	1,709	-	(3,533)	(3,533)
Thailand	-	(6,566)	(6,566)	-	1,662	1,662
	-	(3,651)	(3,651)	-	27,335	27,335
	10,613	112,903	123,516	10,654	133,188	143,842

(i) Performance analysis of the respective operating geographical segments for 9M12 versus 9M11:-

- 1) Domestic - The Group's Malaysian entities reported a pre-tax profit of RM127.17 million compared with RM116.51 million in 9M11, representing an improvement of 9% or RM10.66 million. The continuing operations contributed 8% or RM10.61 million (9M11: RM10.66 million), while the discontinued operations generated 92% or RM116.56 million (9M11: RM105.85 million) of the domestic segment's profits. The better profits were due to higher contributions from the Loans and Financing segment as a result of the Group's continued loan growth strategy while contributions from the Investment Banking as well as Wealth Management segments mitigated the operating loss in the Equities and Futures segment as a result of lower market turnover.

OSKIB, remained the top pre-tax profit contributor, contributed 69% (9M11: 69%) of the Group's domestic pre-tax profits. The others were OSK Capital Sdn Bhd, which is engaged in capital financing, with an 11% contribution (9M11: 13%); OSK-UOB Investment Management Berhad ("OUIM"), which is involved in the management of unit trusts, with 10% (9M11: 11%), as well as the property investment companies, which contributed 6% (9M11: 7%). Other business entities made up the balance 4% contribution (9M11: 0%) in the domestic segment.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

B1. Performance analysis of the Group for the current quarter and year to date (Cont'd.)

(b) Current Year To Date ("9M12") compared with Preceding Year To Date ("9M11")(Cont'd)

- 2) Foreign Countries - The Group's overseas subsidiaries, representing part of the discontinued operations, recorded pre-tax losses of RM3.65 million (9M11: pre-tax profit of RM27.33 million). The weaker performance was mainly due to the drop in market turnover as well as higher operating expenses arising from business expansion of the Group's newly acquired subsidiaries in the second half of 2011.

The Singapore operations, which encompass the Equities, Shares Margin Financing, Corporate Advisory and Fund Management businesses, remained the main profit contributor, albeit reporting a lower pre-tax profit of RM17.05 million (9M11: RM27.85 million) owing to lower trading values. Cambodia, which mainly comprises a relatively young commercial bank and a newly set-up securities firm, emerged as the second largest profit contributor in the overseas segment as it turned around with a pre-tax profit of RM1.71 million in 9M12 from a pre-tax loss of RM3.53 million in 9M11, as a result of continued loan growth strategy.

Indonesia, which is involved in the businesses of Equities, Shares Margin Financing, Corporate Advisory and Asset Management, reported a pre-tax loss of RM2.11 million (9M11: pre-tax profit of RM7.15 million). The lower operating profit was mainly due to lower trading value and additional expenses incurred by its newly opened branches. OSKST, the securities company in Thailand acquired on 21 July 2011, reported a pre-tax loss of RM6.57 million in 9M12 as the Group's investments in strengthening its operating platform and staff force led to higher operating costs. Meanwhile, the pre-tax losses at the Group's China and Hong Kong entities widened to RM13.73 million in 9M12 from a pre-tax loss of RM5.80 million in 9M11, mainly due to lower brokerage and shares margin income generated in 9M12.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
B1. Performance analysis of the Group for the current quarter and year to date (Cont'd.)

(b) Current Year To Date ("9M12") compared with Preceding Year To Date ("9M11")(Cont'd)

Profit before tax	Current year to date ended 30.9.2012			Preceding year to date ended 30.9.2011		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations (Restated)	Discontinued Operations (Restated)	Total (Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Investment banking	-	69,904	69,904	-	59,648	59,648
Loans & financing	13,394	58,363	71,757	14,685	34,476	49,161
Equities & futures	-	(34,605)	(34,605)	-	21,673	21,673
Wealth management	-	9,335	9,335	-	4,342	4,342
Property investment	7,755	-	7,755	7,689	-	7,689
Investment holding	(2,628)	994	(1,634)	(3,791)	1,018	(2,773)
Others	(6)	1,010	1,004	(8)	4,110	4,102
Eliminations	(7,902)	7,902	-	(7,921)	7,921	-
	10,613	112,903	123,516	10,654	133,188	143,842

(ii) Performance analysis of the respective operating business segments for 9M12 versus 9M11:-

- Investment Banking - This segment comprising only discontinued operations reported a pre-tax profit of RM69.90 million (9M11: RM59.65 million), representing 57% (9M11: 41%) of Group's pre-tax profit in 9M12. The pre-tax profit included the write back of RM12.71 million in impaired investments (9M11: impairment loss of RM7.50 million), which resulted in this segment becoming the Group's second biggest profit contributor (9M11: first). Excluding the write back and impairment loss, the Derivatives and Structured Products and Treasury businesses would have remained the Group's main profit contributors in 9M12, accounting for 44% (9M11: 53%) and 33% (9M11: 25%) of this segment's pre-tax profit respectively, followed by Corporate Advisory. Meanwhile, the Islamic Banking Operations remained profitable while Capital Markets reported losses due to more subdued capital market activities in the region.
- Loans and Financing - This segment's pre-tax profit surged 46% or RM22.60 million to RM71.76 million in 9M12 from RM49.16 million in 9M11 making it the Group's top profit contributor in 9M12 (9M11: second), accounting for 58% (9M11: 34%) of Group's pre-tax profit. Continuing operations generated RM13.40 million (9M11: RM14.68 million) and discontinued operations contributed RM58.36 million (9M11: RM34.48 million). The significant improvement was mainly due to loan growth in Malaysia and Cambodia. At the end of 9M12, total gross loans including both continuing and discontinued operations stood at RM2.20 billion (30.9.11: RM1.67 billion), up by 32% or RM527 million, boosted by steady growth in customer deposits, notwithstanding the collective impairment allowance set aside for loan growth.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

B1. Performance analysis of the Group for the current quarter and year to date (Cont'd.)

(b) Current Year To Date (“9M12”) compared with Preceding Year To Date (“9M11”)(Cont'd)

- 3) Equities and Futures - This segment, comprising only discontinued operations, recorded a pre-tax loss of RM34.61 million in 9M12 versus a pre-tax profit of RM21.67 million in 9M11, primarily due to a decline in gross brokerage fee income caused by uncertainties in the external environment as well as softening regional market sentiment, which dampened trading turnover. This was aggravated in part by the start-up costs incurred by the Group's new branches in Thailand and Indonesia.
- 4) Wealth Management - The pre-tax profit of this segment, which consists of only discontinued operations, improved more than two-fold to RM9.34 million in 9M12 from RM4.34 million in 9M11, maintaining its position as the Group's third highest profit contributor in 9M12. This significant improvement was mainly attributable to higher fee income earned by the Group's domestic Unit Trust Fund Management business and trustee companies.
- 5) Property Investment - This segment, which is solely contributed by the Group's continuing operations, reported a pre-tax profit of RM7.76 million in 9M12 compared with RM7.69 million in 9M11. The profits were mainly derived from rental income in Malaysia.
- 6) Others - These represent the profits and losses relating to miscellaneous investments and share of results of an associated company.

B2. Current Quarter (“3Q12”) compared with Immediate Preceding Quarter (“2Q12”)

The Group achieved a 50% growth in pre-tax profit or RM13.23 million to RM39.71 million in 3Q12 versus RM26.48 million in 2Q12, attributed to both continuing and discontinued operations. The significant improvement in pre-tax profit was principally due to the realisation of net gain arising from sales of securities and derivatives compared with a net loss in 2Q12; and revaluation gains on securities and derivatives in 3Q12 versus a marked-to-market loss for 2Q12 in the Investment Banking segment.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**B3. Current year prospects and progress on previously announced revenue or profit forecast****(a) Current year prospects**

(Commentary on the rest of the year)

The economic outlook continued to be clouded by the protracted Eurozone debt crisis, feeble growth in both the US and Japan, and the steeper-than-expected slowdown in China. This lack of significant improvement in the global environment also continued to exert downward pressure on exports across the region. However, fiscal support in Indonesia, Malaysia and Thailand has somewhat mitigated the external weakness and enabled these countries to remain on a healthy growth trajectory in 2012. Both Hong Kong and Singapore's growth prospects remain dim on account of their heavy reliance on trade, although domestic demand continues to be healthy. In the meantime, Cambodia is on a steady growth path, buoyed by growing exports and tourism.

While the focus is now on growth as inflation fears ease on moderating commodity prices and weaker global growth, any backsliding in the current prudent approach to inflation management in the region is not expected. This is because inflation risks remain since prices could still spike up as subsidies are removed to facilitate fiscal consolidation, or commodity prices may still escalate on supply disruptions.

Inflation should remain benign in Malaysia for the rest of the year, underpinned by softening commodity prices. Meanwhile, Singapore's domestic-driven policies should continue to fuel inflation while demand-pull factors could fan inflation in Hong Kong, Indonesia and Thailand. Unlike Singapore, global growth concerns are unlikely to prompt policy tightening as the region's central banks are more likely to resort to macro-prudential and liquidity measures to curb inflation.

Prospects by Business Segments in the forthcoming quarter

(i) Discontinued Operations

Investment Banking - The capital market is expected to remain volatile for the rest of the year. The prolonged debt woes in the Eurozone will continue to depress economic sentiment and in turn dampen investment banking activities. Nevertheless, the Group expects some upside potential in the Mergers and Acquisitions area amid the existing challenges as it continues to expand its assets portfolio and implement new investment strategies by leveraging on its strong regional network and collaborations with strategic partners in other countries, to extend its reach and grow market share.

Loans and Financing - The Group expects its domestic corporate loans to continue to grow at the current moderate pace, bolstered by growing deposits from customers, while retail and corporate loans in Cambodia are expected to achieve the targeted growth. The growth of the Group's shares margin financing business in the region, which is subject to the economic conditions in the respective equities and capital markets, will continue to depend on the speed of obtaining approvals, the effectiveness of its disbursement channels and the Group's ability to exploit its regional business network.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

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

(a) Current year prospects (Cont'd.)

Equities and Futures - The regional capital market is anticipated to remain very competitive and volatile, with growth of the Group's Equities and Futures businesses being largely dependent on market sentiment in the countries in which it operates. Despite the mounting challenges, the Group expects to expand its securities businesses, particularly in Indonesia and Thailand, where there are opportunities to gain market share. The equities business in Hong Kong, meanwhile, is expected to achieve higher trading turnover as the institutional sales operation gathers momentum and a revamp of the retail team brings renewed vigour to trading activities.

Wealth Management - The Group expects its domestic Unit Trust Fund Management business to grow steadily, with OUIIM defending its position as one of the market leaders in Malaysia. The Group also expects its lead in the professional trustee business under Malaysian Trustees Berhad, particularly in relation to Private Debts Securities, to continue to be profitable. To boost its trustee business, the Group plans to extract more synergy by synchronizing, among others, the business plans, products and services and human resources of both OSK Trustees Berhad and Malaysian Trustees Berhad. Regionally, the Group is also seeking to develop its fund management business in Indonesia, Singapore and Hong Kong by growing the assets under management in the respective countries.

(ii) Continuing Operations

After the Proposed Disposal as disclosed in Note A23, the Board will focus on the development and future growth of its existing businesses and expects the profitability of the Group to be driven primarily by the equity accounting of the profit from its prospective equity interest in RHBC, followed by the capital financing business held under OSK Capital Sdn Bhd, rental income from the existing investment properties held under Ke-Zan Holdings Berhad and property investment activities under OSK Realty Sdn Bhd.

Investment Holding - Subsequent to the completion of the Proposed Disposal, the Board envisages that the Group will be able to enjoy steady profit contribution from its equity stake in RHBC group in view of the earnings from RHBC's commercial banking operations which is less volatile and the favourable prospects of the Merged Investment Bank. The Merged Investment Bank will potentially be one of the largest investment banks in Malaysia with a strong position in mergers and acquisitions, brokerage, the equity capital market and the debt capital market with regional operations. A business integration and strategy committee (comprising the senior management of OSKIB and RHBC) will be established to enable OSKIB and RHBC to maximise synergies from the integration of both businesses.

Loans and Financing - The Group expects to expand and widen the loan base of capital financing and continue to grow at the current moderate pace. The growth of the capital financing business will continue to depend on the speed of obtaining approvals and the Group's ability to exploit its business network.

Property Investment - This business in Malaysia generates a stable income stream. The Group will continue to explore and evaluate investment opportunities and improve the performance of the existing assets held.

The Board is confident that the Group will perform satisfactorily in the fourth quarter of 2012 despite the challenging global environment.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
B3. Current year prospects and progress on previously announced revenue or profit forecast (Cont'd.)
(b) Progress and steps to achieve revenue or profit estimate, forecast, projection and internal targets previously announced

The Company has not announced any revenue or profit forecasts.

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

	Continuing Operations		Discontinued Operations		Total	
	Current quarter ended 30.9.2012	Current year to date ended 30.9.2012	Current quarter ended 30.9.2012	Current year to date ended 30.9.2012	Current quarter ended 30.9.2012	Current year to date ended 30.9.2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
In respect of the current quarter/ year to date						
- Zakat	-	-	(24)	(107)	(24)	(107)
- Malaysian income tax	(2,691)	(6,990)	(10,867)	(26,030)	(13,558)	(33,020)
- Foreign income tax	-	-	955	(1,645)	955	(1,645)
	(2,691)	(6,990)	(9,936)	(27,782)	(12,627)	(34,772)
In respect of the prior year						
- Malaysian income tax	(5)	60	131	(1,283)	126	(1,223)
- Foreign income tax	-	-	1	232	1	232
	(5)	60	132	(1,051)	127	(991)
Deferred taxation	1	(55)	2,942	(1,264)	2,943	(1,319)
Income tax expense	(2,695)	(6,985)	(6,862)	(30,097)	(9,557)	(37,082)

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

B7. Status of corporate proposals and utilisation of proceeds

(a) Status of corporate proposals announced but not completed as at 20 November 2012 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report)

(i) Proposed Acquisition and Assignment of Ascend Integrated Investment (L) Berhad's ("AIIB") Irrevocable Option by OSKIB in PT OSK Nusadana Securities Indonesia ("OSKNSI") (of which PT Ascend Unity Capital is the Registered Holder)

On 28 May 2012, OSKIB, entered into a conditional sale, purchase and assignment of option agreement with AIIB for the proposed sale and assignment of AIIB's irrevocable option to acquire 84,000 ordinary shares of IDR1 million each in OSKNSI held by PT Ascend Unity Capital ("PTAUC Share(s)") (the "Option") to OSKIB for a cash consideration of IDR343,280 million (which is equivalent to approximately RM116.37 million) ("Proposed Option Acquisition"). The PTAUC Shares under the Option is worth IDR132,090 million which is equivalent to approximately RM44.78 million.

(ii) Proposed Acquisition of 48% Equity Interest by OSKIB in OSKNSI Not Already Held

On 29 May 2012, OSKIB entered into a conditional share purchase agreement to acquire a 48% equity interest in OSKNSI not already held by OSKIB from the following parties:-

- a) PT Ascend Unity Capital for its 84,000 ordinary shares of IDR1 million each in OSKNSI (representing approximately 41.16% of the issued and paid-up share capital of OSKNSI) for a cash consideration of IDR132,090 million which is equivalent to approximately RM43.99 million; and
- b) PT Multidana Assetama for its 13,960 ordinary shares of IDR1 million each in OSKNSI (representing approximately 6.84% of the issued and paid-up share capital of OSKNSI) for a cash consideration of IDR21,950 million which is equivalent to approximately RM7.31 million.

("collectively referred to as the "Proposed Acquisition")

Item (i) and (ii) above will be subsequently undertaken and completed by RHBC after the completion of the Proposed Disposal and when OSKIB becomes a wholly-owned subsidiary (whether directly or indirectly) of RHBC.

Other relevant events after the end of quarter are shown in Note A21(a).

(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 2012**B8. 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
- Discontinued operations	
Long term subordinated notes - Unsecured	400,000
Short term borrowings - Unsecured	
Revolving credits denominated in USD	55,188
Revolving credits denominated in HKD	69,195
Short term loans denominated in SGD	52,539
	176,922
	576,922
- Continuing operations	
Short term borrowings - Unsecured	
Revolving credits	304,570
Total borrowings and debt securities	881,492

B9. Material litigations

As at 20 November 2012 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report), 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.

B10. Dividends

- (a) The Board of Directors had declared a first interim dividend of 2.5 sen per share less 25% income tax in respect of the current year to date, which was paid on 18 September 2012 (2011: Interim 2.5 sen per share less 25% income tax).
- (b) A second interim dividend of 5.0 sen per share less 25% income tax in respect of the current year to date has been declared by the Board of Directors. The entitlement date to the interim dividend is fixed on 5 December 2012 and payment will be made on 20 December 2012.

Total dividend for the current year declared to date is 7.5 sen per share less 25% income tax (2011: 2.5 sen per share less income tax).

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
B11. Earnings Per Share (“EPS”) attributable to owners of the Company

	Current quarter ended 30.9.2012	Comparative quarter ended 30.9.2011 (Restated)	Current year to date ended 30.9.2012	Preceding year to date ended 30.9.2011 (Restated)
Basic				
Profit attributable to owners of the Company (RM'000):				
- Continuing Operations	320	1,939	3,628	7,160
- Discontinuing Operations	26,010	27,970	71,345	75,877
	26,330	29,909	74,973	83,037
Weighted average number of ordinary shares in issue ('000 shares)	965,556	939,373	953,168	938,927
Basic EPS (sen) from continuing operations	0.03	0.21	0.38	0.76
Basic EPS (sen) from discontinued operations	2.69	2.98	7.49	8.08
Basic EPS (sen)	2.72	3.19	7.87	8.84
Diluted				
Profit attributable to owners of the Company (RM'000):				
- Continuing Operations	320	1,939	3,628	7,160
- Discontinuing Operations	26,010	27,970	71,345	75,877
	26,330	29,909	74,973	83,037
Weighted average number of ordinary shares in issue ('000 shares)	965,556	939,373	953,168	938,927
Effect of dilution on assumed exercise of options granted under ESOS ('000 shares)	93	1,737	97	2,247
Adjusted weighted average number of ordinary shares in issue and issuable ('000 shares)	965,649	941,110	953,265	941,174
Diluted EPS (sen) from continuing operations	0.03	0.21	0.38	0.76
Diluted EPS (sen) from discontinued operations	2.69	2.97	7.48	8.06
Diluted EPS (sen)	2.72	3.18	7.86	8.82

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**B12. Auditors' report of preceding annual financial statements**

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

B13. 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 30.9.2012	As at 31.12.2011 (Restated)
	RM'000	RM'000
Total retained profits of the Company and its subsidiary companies		
- Realised	165,648	215,434
- Unrealised	213,990	179,349
	379,638	394,783
Total share of retained profits from associated companies		
- Realised	13,547	11,432
- Unrealised	-	-
	393,185	406,215
Less : Consolidation adjustments	(92,752)	(96,197)
	300,433	310,018

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

B14. Specific disclosures

All the income and expenses as specifically required to be included in the consolidated income statements and statements of comprehensive income has been disclosed in the statements or in the respective notes to the statements, other than allowance for and write off of inventories and exceptional items are not applicable to the Group.

By Order of the Board

Tan Sri Ong Leong Huat
Chief Executive Officer / Group Managing Director

Kuala Lumpur
23 November 2012

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**A20. 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, Wills and Trustee Services and Asset Management. |
| 5. Property Investment | - Management and Letting of Properties. |
| 6. Investment Holding | - Investment Holding Companies. |
| 7. Others | - Online trading platform for equities business and other insignificant activities. |

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.

The segmental information for both current and preceding year to date have been re-presented due to adoption of MFRS 5 as mentioned in Note A1.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A20. 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 and jointly controlled entity, Investment property, Property and equipment and Intangible assets.

Continuing Operations	Discontinued Operations								Conso- -lidated	Adjustments for Discontinued Operations	Adjusted
	Domestic	Foreign Countries						Total			
	Malaysia	Malaysia	Singapore	China and Hong Kong	Indonesia	Cambodia	Thailand				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	

CURRENT YEAR TO DATE ENDED 30.9.2012

Revenue	30,863	583,106	111,524	20,232	36,287	17,444	16,167	201,654	784,760	815,623	(784,760)	30,863
Profit/(loss) before tax	10,613	116,554	17,049	(13,731)	(2,112)	1,709	(6,566)	(3,651)	112,903	123,516	(112,903)	10,613
Non-current assets as at 30.9.2012	275,842	289,717	10,214	4,006	5,346	13,815	9,288	42,669	332,386	608,228	(332,386)	275,842

PRECEDING YEAR TO DATE ENDED 30.9.2011 (RESTATED)

Revenue	22,965	586,574	114,782	44,144	50,467	10,932	5,340	225,665	812,239	835,204	(812,239)	22,965
Profit/(loss) before tax	10,654	105,853	27,851	(5,797)	7,152	(3,533)	1,662	27,335	133,188	143,842	(133,188)	10,654
Non-current assets as at 31.12.2011	277,431	285,829	11,288	4,453	6,235	15,750	3,199	40,925	326,754	604,185	(326,754)	277,431

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
A24. Commitments and contingencies

The risk weighted exposures of the Group, solely in relation to discontinued operations, as at reporting dates are as follows:

	As at 30.9.2012			As at 31.12.2011		
	Principal	Credit	Risk	Principal	Credit	Risk
	amount	equivalent*	weighted*	amount	equivalent*	weighted*
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Obligations under underwriting agreements	17,065	8,532	8,532	-	-	-
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	1,141,187	-	-	1,699,221	-	-
- maturity exceeding one year	290,416	145,208	145,208	106,298	53,149	53,149
Foreign exchange related contracts:						
- less than one year	1,396,804	50,359	10,157	166,916	48,813	9,762
- one year to less than five years	-	-	-	856,290	59,888	11,977
Interest rate related contracts:						
- less than one year	760,000	8,237	1,647	-	-	-
- one year to less than five years	885,000	22,226	4,445	1,110,000	25,048	5,010
	4,490,472	234,562	169,989	3,938,725	186,898	79,898

* 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 2012

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A25. Interest/profit rate risk

	Non-trading book						Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-interest sensitive			
As at 30.9.2012	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short term funds	22	-	-	-	-	3,565	-	3,587	2.95
Deposits and placements with a bank	-	-	-	-	-	-	-	-	-
Securities purchased under resale agreements	-	-	-	-	-	-	-	-	-
Securities held-for-trading	-	-	-	-	-	-	25,123	25,123	-
Securities held-to-maturity	-	-	-	-	-	-	-	-	-
Securities available-for-sale	-	-	-	-	-	165	-	165	-
Derivative financial assets *	-	-	-	-	-	-	-	-	-
Loans, advances and financing									
- Non-impaired	55,940	132,195	59,403	62,940	-	-	-	310,478	8.50
- Impaired	-	-	-	-	-	1,311	-	1,311	-
Trade receivables	-	-	-	-	-	793	-	793	-
Statutory deposits with Central Banks	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	5,590	-	5,590	-
Other non-interest sensitive assets	-	-	-	-	-	279,755	-	279,755	-
Assets of disposal group classified as held for sale	1,815,741	603,498	1,150,674	2,294,852	986,792	3,585,194	481,704	10,918,455	4.42
Total Assets	1,871,703	735,693	1,210,077	2,357,792	986,792	3,876,373	506,827	11,545,257	

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

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A25. 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 30.9.2012	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
LIABILITIES									
Deposits from customers	-	-	-	-	-	-	-	-	-
Deposits and placements of banks and other financial institutions	-	-	-	-	-	-	-	-	-
Obligations on securities sold under repurchase agreements	-	-	-	-	-	-	-	-	-
Obligations on securities borrowed	-	-	-	-	-	-	-	-	-
Derivative financial liabilities *	-	-	-	-	-	-	-	-	-
Borrowings	304,570	-	-	-	-	-	-	304,570	4.47
Subordinated notes	-	-	-	-	-	-	-	-	-
Other non-interest sensitive liabilities	-	-	-	-	-	5,863	-	5,863	-
Liabilities directly associated with disposal group classified as held for sale	3,409,846	1,574,140	1,448,278	44,031	403,432	2,539,326	-	9,419,053	2.85
Total Liabilities	3,714,416	1,574,140	1,448,278	44,031	403,432	2,545,189	-	9,729,486	
Equity attributable to owners of the Company	-	-	-	-	-	1,517,325	-	1,517,325	
Non-controlling interests	-	-	-	-	-	298,446	-	298,446	
Total Equity	-	-	-	-	-	1,815,771	-	1,815,771	
Total Liabilities and Equity	3,714,416	1,574,140	1,448,278	44,031	403,432	4,360,960	-	11,545,257	
On-balance sheet interest sensitivity gap	(1,842,713)	(838,447)	(238,201)	2,313,761	583,360	(484,587)	506,827	-	
Off-balance sheet interest sensitivity gap	546,223	31,234	1,246,518	1,920,712	200,000	1,495	-	3,946,182	
Total Interest Sensitivity Gap	(1,296,490)	(807,213)	1,008,317	4,234,473	783,360	(483,092)	506,827	3,946,182	
Cumulative interest rate sensitivity gap	(1,296,490)	(2,103,703)	(1,095,386)	3,139,087	3,922,447	3,439,355	3,946,182	3,946,182	

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A25. Interest/profit rate risk (Cont'd)

As at 31.12.2011 (Restated)	Non-trading book					Non-interest sensitive	Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short term funds	901,988	6,354	7,172	-	-	428,229	-	1,343,743	3.43
Deposits and placements with a bank	-	50,000	-	-	-	-	-	50,000	3.20
Securities held-for-trading	-	-	-	-	-	-	313,340	313,340	-
Securities held-to-maturity	-	89,514	67,491	236,965	245,926	-	-	639,896	3.40
Securities available-for-sale	168,196	318,801	231,790	1,270,137	1,186,471	55,395	-	3,230,790	3.70
Derivative financial assets *	-	-	-	-	-	8,401	-	8,401	-
Loans, advances and financing									
- Non-impaired	457,889	111,556	692,807	284,514	103,557	-	-	1,650,323	8.37
- Impaired	-	-	-	-	-	5,035	-	5,035	-
Trade receivables	33,512	-	-	-	-	1,430,628	-	1,464,140	2.11
Statutory deposits with Central Banks	-	-	-	-	33,724	179,610	-	213,334	0.07
Other assets	-	100	100	-	-	121,262	-	121,462	3.36
Other non-interest sensitive assets	-	-	-	-	-	623,629	-	623,629	-
Total Assets	1,561,585	576,325	999,360	1,791,616	1,569,678	2,852,189	313,340	9,664,093	

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
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A25. 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 31.12.2011 (Restated)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
LIABILITIES									
Deposits from customers	2,854,656	685,679	1,109,726	47,832	-	42,022	-	4,739,915	3.46
Deposits and placements of banks and other financial institutions	271,768	333,187	53,794	-	-	-	-	658,749	3.07
Obligations on securities sold under repurchase agreements	147,253	17,980	125,850	-	-	-	-	291,083	0.07
Derivative financial liabilities *	-	-	-	-	-	108,867	-	108,867	-
Trade payables	-	-	-	-	-	1,287,089	-	1,287,089	-
Borrowings	238,996	-	121	-	-	-	-	239,117	3.90
Subordinated notes	-	-	-	-	400,000	-	-	400,000	6.86
Other non-interest sensitive liabilities	-	-	-	-	-	177,699	-	177,699	-
Total Liabilities	3,512,673	1,036,846	1,289,491	47,832	400,000	1,615,677	-	7,902,519	
Equity attributable to owners of the Company	-	-	-	-	-	1,460,386	-	1,460,386	
Non-controlling interests	-	-	-	-	-	301,188	-	301,188	
Total Equity	-	-	-	-	-	1,761,574	-	1,761,574	
Total Liabilities and Equity	3,512,673	1,036,846	1,289,491	47,832	400,000	3,377,251	-	9,664,093	
On-balance sheet interest sensitivity gap	(1,951,088)	(460,521)	(290,131)	1,743,784	1,169,678	(525,062)	313,340	-	
Off-balance sheet interest sensitivity gap	-	-	585,000	525,000	-	-	-	1,110,000	
Total Interest Sensitivity Gap	(1,951,088)	(460,521)	294,869	2,268,784	1,169,678	(525,062)	313,340	1,110,000	
Cumulative interest rate sensitivity gap	(1,951,088)	(2,411,609)	(2,116,740)	152,044	1,321,722	796,660	1,110,000	1,110,000	