

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30.6.2011 RM'000	As at 31.12.2010 RM'000
ASSETS			
Cash and short term funds		1,782,377	1,552,880
Deposits and placements with banks and other financial institutions		195,000	-
Securities purchased under resale agreements		-	111,486
Securities held-for-trading	A7(a)	273,783	648,996
Securities held-to-maturity	A7(b)	569,739	662,427
Securities available-for-sale	A7(c)	3,488,593	2,795,866
Securities portfolio		4,332,115	4,107,289
Derivative financial assets	B11(a)	78,913	90,297
Loans, advances and financing	A8	1,537,574	1,347,447
Trade receivables	A9	2,716,226	2,043,921
Tax recoverable		6,415	6,931
Other assets	A10	103,593	94,816
Statutory and reserve deposits with Central Banks		162,788	69,678
Deferred tax assets		1,905	481
Investments in associated companies		20,308	21,146
Investment property		134,000	134,000
Property and equipment		193,604	184,441
Intangible assets		228,056	223,889
TOTAL ASSETS		11,492,874	9,988,702
LIABILITIES			
Deposits from customers	A11	4,882,473	3,872,805
Deposits and placements of banks and other financial institutions	A12	466,236	669,769
Derivative financial liabilities	B11(a)	88,476	149,749
Trade payables	A13	3,387,533	2,657,196
Other liabilities	A14	218,158	209,423
Tax payable		23,907	23,878
Deferred tax liabilities		4,294	1,812
Borrowings	B10	256,568	410,619
Subordinated notes	B10	400,000	300,000
TOTAL LIABILITIES		9,727,645	8,295,251
EQUITY			
Share capital		963,422	962,211
Treasury shares, at cost	A5(b)	(29,787)	(29,785)
		933,635	932,426
Reserves		540,836	516,284
Equity attributable to owners of the Company		1,474,471	1,448,710
Non-controlling interests		290,758	244,741
TOTAL EQUITY		1,765,229	1,693,451
TOTAL LIABILITIES AND EQUITY		11,492,874	9,988,702
Net Assets per share attributable to owners of the Company (RM)		1.57	1.54

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	Current quarter ended 30.6.2011 RM'000	Comparative quarter ended 30.6.2010 RM'000	Current year to date ended 30.6.2011 RM'000	Preceding year to date ended 30.6.2010 RM'000
Revenue		242,882	209,439	546,715	454,902
Interest income	A15	72,944	58,660	142,395	123,379
Interest expense	A16	(51,051)	(30,409)	(95,804)	(58,553)
Net interest income		21,893	28,251	46,591	64,826
Non-interest income	A17	159,983	144,598	386,087	318,826
Net income from Islamic banking operations	A28	2,247	1,347	3,884	3,236
Other operating expenses	A18	(165,024)	(139,293)	(346,974)	(276,024)
(Allowance for)/write back of impairment losses on loans, advances and financing	A19	(2,831)	1,552	168	(1,696)
Write back of/(allowance for) impairment losses on trade and other receivables	A20	110	(1,723)	(550)	(1,480)
Allowance for impairment losses	A21	-	(11,213)	-	(26,613)
Share of results after tax of associated companies		803	384	1,182	1,014
Profit before tax		17,181	23,903	90,388	82,089
Income tax expense	B6	(5,543)	(5,278)	(25,470)	(23,416)
Profit after tax for the period		11,638	18,625	64,918	58,673
Profit attributable to:					
Owners of the Company		5,600	11,135	52,233	43,379
Non-controlling interests		6,038	7,490	12,685	15,294
		11,638	18,625	64,918	58,673
Earnings per share attributable to owners of the Company (sen):					
Basic	B14	0.60	1.19	5.56	4.80
Diluted	B14	0.59	1.19	5.55	4.79

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Current quarter ended 30.6.2011	Comparative quarter ended 30.6.2010	Current year to date ended 30.6.2011	Preceding year to date ended 30.6.2010
	RM'000	RM'000	RM'000	RM'000
Profit after tax for the period	11,638	18,625	64,918	58,673
Other comprehensive (loss)/income				
Foreign currency translation gain/(loss)	10,187	(2,751)	7,280	(28,043)
Reversal of available-for-sale deficit upon impairment	-	3,389	-	3,389
Unrealised net (loss)/gain on revaluation of securities available-for-sale	1,332	2,258	15,191	3,758
Gain on deemed disposals of shares in an associated group	-	-	1,392	-
Share of other reserves in an associated group	-	-	(227)	-
Income tax relating to components of other comprehensive income	787	(1,401)	(2,678)	(1,787)
Other comprehensive (loss)/income for the period, net of tax	12,306	1,495	20,958	(22,683)
Total comprehensive income for the period, net of tax	23,944	20,120	85,876	35,990
Total comprehensive income attributable to:				
Owners of the Company	5,815	13,481	59,766	28,775
Non-controlling interests	18,129	6,639	26,110	7,215
	23,944	20,120	85,876	35,990

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

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

Note	Attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Equity compensation reserve	Foreign exchange reserve	Statutory reserve	Available -for-sale reserve	Other reserve	Retained profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
As at 1.1.2011	962,211	(29,785)	-	779	(20,652)	228,992	(1,439)	-	308,604	1,448,710	244,741	1,693,451
Total comprehensive income/(loss)	-	-	-	-	1,263	-	5,105	(227)	53,625	59,766	26,110	85,876
Dividend paid	-	-	-	-	-	-	-	-	(35,214)	(35,214)	-	(35,214)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(11,863)	(11,863)
Shares issued for pursuant to exercise of ESOS	1,211	-	-	-	-	-	-	-	-	1,211	-	1,211
Share buybacks by the Company	-	(2)	-	-	-	-	-	-	-	(2)	-	(2)
Transfer to statutory reserve	-	-	-	-	-	24,936	-	-	(24,936)	-	-	-
Reserve realised upon exercise and forfeiture of ESOS	-	-	-	(116)	-	-	-	-	116	-	-	-
Subscription of shares by non-controlling interests	-	-	-	-	-	-	-	-	-	-	31,770	31,770
Total transactions with owners	1,211	(2)	-	(116)	-	24,936	-	-	(60,034)	(34,005)	19,907	(14,098)
As at 30.6.2011	963,422	(29,787)	-	663	(19,389)	253,928	3,666	(227)	302,195	1,474,471	290,758	1,765,229
As at 1.1.2010	678,665	(29,782)	502	1,094	6,616	206,078	(9,024)	-	432,992	1,287,141	224,546	1,511,687
Effect of adoption of FRS 139	-	-	-	-	-	-	1,858	-	(3,325)	(1,467)	-	(1,467)
As restated	678,665	(29,782)	502	1,094	6,616	206,078	(7,166)	-	429,667	1,285,674	224,546	1,510,220
Total comprehensive (loss)/income	-	-	-	-	(19,964)	-	5,360	-	43,379	28,775	7,215	35,990
Dividend paid	-	-	-	-	-	-	-	-	(35,135)	(35,135)	-	(35,135)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(8,714)	(8,714)
Shares issued for pursuant to:												
- conversion of Warrant B 2000/2010	116,324	-	803	-	-	-	-	-	-	117,127	-	117,127
- exercise of ESOS	1,798	-	30	-	-	-	-	-	-	1,828	-	1,828
- bonus issue	164,672	-	(1,335)	-	-	-	-	-	(163,337)	-	-	-
Share buybacks by the Company	-	(1)	-	-	-	-	-	-	-	(1)	-	(1)
Transfer to statutory reserve	-	-	-	-	-	18,233	-	-	(18,233)	-	-	-
Reserve realised upon exercise and forfeiture of ESOS	-	-	-	(234)	-	-	-	-	234	-	-	-
Acquisition of shares from non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,254)	(1,254)
Subscription of shares by non-controlling interests	-	-	-	-	-	-	-	-	-	-	3,000	3,000
Total transactions with owners	282,794	(1)	(502)	(234)	-	18,233	-	-	(216,471)	83,819	(6,968)	76,851
As at 30.6.2010	961,459	(29,783)	-	860	(13,348)	224,311	(1,806)	-	256,575	1,398,268	224,793	1,623,061

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Current year to date ended 30.6.2011 RM'000	Preceding year to date ended 30.6.2010 RM'000
Cash Flows From Operating Activities		
Profit before tax	90,388	82,089
Adjustments for :-		
Interest expense	3,462	2,669
Interest income	(30)	(74)
Other non-cash and non-operating items	10,690	13,558
Share of results after tax of associated companies	(1,182)	(1,014)
Operating profit before working capital changes	<u>103,328</u>	97,228
<i>(Increase)/Decrease in operating assets:</i>		
Deposits and placements with banks and other financial institutions	(195,000)	-
Securities purchased under resale agreements	111,486	-
Loans, advances and financing	(191,476)	(109,149)
Statutory and reserve deposits with Central Banks	(93,110)	(7,920)
Securities held-for-trading	374,657	(11,768)
Securities held-to-maturity	94,767	306,890
Securities available-for-sale	(657,645)	(292,844)
Trade and other receivables	(696,727)	(251,162)
Other operating assets	16,312	(124,746)
<i>Increase/(Decrease) in operating liabilities:</i>		
Deposits from customers	1,009,668	(351,608)
Deposits and placements of banks and other financial institutions	(203,533)	178,410
Trade and other payables	735,830	257,905
Other operating liabilities	(48,223)	(3,354)
Cash generated from/(used in) operations	<u>360,334</u>	(312,118)
Income tax paid net of refund	(27,300)	(21,020)
Net cash generated from/(used in) operating activities	<u>333,034</u>	(333,138)
Cash Flows From Investing Activities		
Net cash outflow from acquisition of subsidiary company	A24(c) (8,311)	-
Acquisition of additional shares from non-controlling interests	-	(1,254)
Dividend received	4,102	2,980
Interest received	30	74
Payment for trademarks	(79)	(10)
Proceeds from disposals of equipment	896	527
Purchase of equipment	(18,302)	(10,072)
Purchase of software licences	(3,570)	(1,702)
Net cash used in investing activities	<u>(25,234)</u>	(9,457)

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

	Current year to date ended 30.6.2011 RM'000	Preceding year to date ended 30.6.2010 RM'000
Cash Flows From Financing Activities		
Dividends paid to shareholders	(35,214)	(35,135)
Dividend paid to non-controlling interests	(11,863)	(8,714)
Repayment of short term borrowings	(149,683)	(41,485)
Interest paid	(3,462)	(2,669)
Payments for share buybacks by the Company	(2)	(1)
Proceeds from issuance of shares:		
- exercise of ESOS	1,211	1,828
- conversion of Warrant B 2000/2010	-	117,127
Proceeds from issuance of subordinated notes	100,000	200,000
Proceeds from subscription of shares by non-controlling interests	31,770	3,000
Repayment of term loans	(4,435)	(19,845)
Net cash (used in)/generated from financing activities	<u>(71,678)</u>	214,106
Net increase/(decrease) in cash and cash equivalents	236,122	(128,489)
Effects of exchange rate changes	8,345	(26,408)
Cash and cash equivalents at beginning of period	664,479	826,578
Cash and cash equivalents at end of period	<u>908,946</u>	<u>671,681</u>
Cash and cash equivalents at end of period comprised:		
Cash, bank balances and deposits - General accounts	314,002	286,952
Bank overdrafts	(67)	(62)
Money at call and deposits placements with maturity within one month	595,011	384,791
	<u>908,946</u>	<u>671,681</u>

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011**PART A - Explanatory Notes Pursuant to Financial Reporting Standard 134 ("FRS 134"): Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Revised Guidelines on Financial Reporting for Banking Institutions (BNM/GP8) issued by Bank Negara Malaysia ("BNM")****A1. Basis of preparation**

The quarterly report has been prepared in accordance with the requirements of FRS 134 issued by the MASB and the revised Guidelines on Financial Reporting for Banking Institutions ("BNM/GP8"). The report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2010 and the accompanying explanatory notes. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2010.

The significant accounting policies and methods of computation adopted by the Group in this quarterly report are consistent with those of the annual financial statements for the year ended 31 December 2010 except for the adoption of the following FRSS, amendments to FRSS, Issues Committee ("IC") Interpretations, Technical Releases ("TR") and Statement of Principles ("SOP") effective for annual periods beginning on and after:

1 March 2010

Amendments to FRS 132 Financial Instruments: Presentation - Classification of Rights Issues

1 July 2010

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

30 August 2010

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

31 December 2010

TR 3 Guidance on Disclosures of Transition to IFRSs

1 January 2011

Amendments to FRS 1 Limited Exemption from Comparative FRS 7
 Disclosures for First-time Adopters
Amendments to FRS 1 Additional Exemptions for First-time Adopters
Amendments to FRS 1 First-time Adoption of Financial Reporting Standards

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

Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 3	Business Combinations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 101	Presentation of Financial Statements
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates
Amendments to FRS 128	Investments in Associates
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 13	Customer Loyalty Programmes
TR i-4	Shariah Compliant Sale Contracts

The adoption of Amendments to FRS 7 which promotes enhanced disclosures on fair value measurement of financial instruments via the introduction of the concept of the fair value hierarchy, will only affect disclosures and will not have any impact on the results of the Group. Adoption of other FRSs, amendments to FRSs, IC Interpretations and TR did not have any significant effect on the financial performance or position of the Group. The adoption of FRSs and amendments to FRSs are discussed below:

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

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

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011**A1. Basis of preparation (Cont'd)****(b) FRS 127 Consolidated and Separate Financial Statements**

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

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

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

1 July 2011

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

1 January 2012

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

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

A1. Basis of preparation (Cont'd)

Reclassification of securities

During the prior financial years, OSK Investment Bank Berhad ("OSKIB"), a wholly-owned subsidiary company, had reclassified certain securities available-for-sale ("AFS") to securities held-to-maturity ("HTM") category and certain securities held-for-trading ("HFT") to available-for-sale ("AFS") category pursuant to the BNM Circular, "Reclassification of Securities under Specific Circumstances". The provisions for reclassification were introduced after taking into account the exceptional circumstances in the global financial markets and the changes to the international accounting standards in response to this development. The provisions in the Circular override the existing requirements of BNM/GP8 in relation to the reclassification of securities into or out of the HFT category and were permissible from 1 July 2008 until 31 December 2009.

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

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

(a) Amounts reclassified on date of reclassification

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

(b) Carrying amounts and fair values

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

	As at 30.6.2011 RM'000	As at 31.12.2010 RM'000
(i) Securities AFS reclassified to securities HTM		
- Carrying value	107,236	126,256
- Fair value	107,220	119,881
(ii) Securities HFT reclassified to securities AFS		
- Carrying value	42,012	42,312
- Fair value	42,012	42,312

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
A1. Basis of preparation (Cont'd)
(c) Fair value loss recognised

	Current quarter ended 30.6.2011 RM'000	Comparative quarter ended 30.6.2010 RM'000	Current year to date ended 30.6.2011 RM'000	Preceding year to date ended 30.6.2010 RM'000
Income Statement	-	-	-	-
Statements of Comprehensive Income and Statement of Changes in Equity				
AFS reserve	282	484	59	600

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

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

A2. Seasonal or cyclical factors

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

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

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

A4. Changes in estimates

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
A5. Changes in debt and equity securities
(a) Executive Share Option Scheme (“ESOS”) of the Company

During the current year to date, the Company has issued 1,210,625 new ordinary shares of RM1.00 each for cash at the respective exercise prices pursuant to the ESOS and the total cash proceeds arising from the exercise of options amounted to RM1,210,625. The movement in the number of ESOS during the current year to date is as follows:

Date of offer	Exercise price* (RM)	No. of options over ordinary shares of RM1.00 each			
		As at		As at	
		1.1.2011	Exercised	Forfeited	30.6.2011
27.6.2003	1.00	610,225	(2,500)	-	607,725
16.3.2004	1.00	2,820,350	(812,500)	(46,600)	1,961,250
29.4.2005	1.00	876,650	(174,875)	-	701,775
3.5.2006	1.00	2,451,824	(220,750)	-	2,231,074
		6,759,049	(1,210,625)	(46,600)	5,501,824

On 4 January 2007, the duration of ESOS which was due to expire on 17 February 2008 had been extended for another 5 years to 17 February 2013.

* The ESOS committee on 6 October 2009 and 26 January 2010 approved the adjustments of ESOS exercise prices pursuant to Clause 18.3(c)(1) of the ESOS By-Laws based on the Company's distributions of shares owned in listed subsidiary companies to shareholders of the Company.

(b) Share buybacks / Treasury shares of the Company

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

	Number of shares	Highest price RM	Lowest price RM	Average cost (included transaction costs) RM	Total amount paid RM
As at 1.1.2011	24,151,412	2.82	0.90	1.23	29,785,136
May	1,000	1.68	1.68	1.72	1,723
As at 30.6.2011	24,152,412	2.82	0.90	1.23	29,786,859

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

A6. Dividend paid

A final dividend of 5.0 sen per share less 25% income tax amounted to RM35,214,455 in respect of the preceding financial year ended 31 December 2010 was paid on 19 May 2011.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

	As at 30.6.2011	As at 31.12.2010
	RM'000	RM'000
A7. Securities portfolio		
(a) Securities held-for-trading		
At fair value		
Money market instruments:		
Malaysian Government Securities	10,140	-
Quoted securities:		
Shares, exchange traded funds and warrants		
- in Malaysia	80,771	228,571
- outside Malaysia	58,723	70,313
	139,494	298,884
Trusts units in Malaysia	2,047	1,049
	141,541	299,933
Unquoted securities:		
Private debt securities		
- in Malaysia	-	41,101
- outside Malaysia	122,102	307,962
	122,102	349,063
	273,783	648,996
(b) Securities held-to-maturity		
At amortised cost		
Money market instruments:		
Bankers' acceptance and Islamic accepted bills	-	9,789
Cagamas bonds	5,026	5,037
Malaysian Government Investment Issues	155,214	185,441
Negotiable instruments of deposits	30,000	110,000
	190,240	310,267
Unquoted securities:		
Private and Islamic debt securities		
- in Malaysia	373,209	346,144
- outside Malaysia	13,134	12,860
	386,343	359,004
Less: Accumulated impairment losses	(6,844)	(6,844)
	379,499	352,160
	569,739	662,427

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

	As at 30.6.2011	As at 31.12.2010
	RM'000	RM'000
A7. Securities portfolio (Cont'd)		
(c) Securities available-for-sale		
At fair value		
Money market instruments:		
Bankers' acceptance and Islamic accepted bills	1,004,757	431,730
Cagamas bonds	7,017	7,041
Malaysian Government Investment Issues	224,964	160,620
Malaysian Government Securities	488,068	610,456
Negotiable instruments of deposits	149,980	80,300
	1,874,786	1,290,147
Quoted securities:		
Shares and warrants		
- in Malaysia	11,700	940
- outside Malaysia	7,191	8,784
	18,891	9,724
Trusts units		
- in Malaysia	4,611	-
- outside Malaysia	9,252	9,200
	13,863	9,200
	32,754	18,924
Unquoted securities:		
Shares		
- in Malaysia	5,480	7,285
- outside Malaysia	22,143	3,228
Private and Islamic debt securities		
- in Malaysia	929,873	1,040,275
- outside Malaysia	688,347	500,797
Less: Accumulated impairment losses	(64,790)	(64,790)
	1,553,430	1,476,282
	1,581,053	1,486,795
	3,488,593	2,795,866

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

	As at 30.6.2011	As at 31.12.2010
	RM'000	RM'000
A8. Loans, advances and financing		
Term loans	825,277	673,732
Staff loans	1,769	1,766
Share margin financing	664,900	628,984
Revolving credits	73,474	70,299
	1,565,420	1,374,781
Unearned interest and income	(15)	(15)
	1,565,405	1,374,766
Allowance for impairment losses on loans, advances and financing:		
- Individual impairment	(9,349)	(10,189)
- Collective impairment	(18,482)	(17,130)
Net loans, advances and financing	1,537,574	1,347,447
(a) Analysis of gross loans, advances and financing		
(i) By type of customers		
Domestic business enterprises		
- Small and medium enterprises	759,006	673,992
Foreign entities	131,225	99,716
Individuals	675,174	601,058
	1,565,405	1,374,766
(ii) By interest/profit rate sensitivity		
Fixed rate	1,371,559	1,247,276
Variable rate		
- Cost plus	72,657	60,262
- Other variable rates	121,189	67,228
	1,565,405	1,374,766
(iii) By economic purpose		
Working capital	282,785	275,881
Purchase of securities	863,642	852,959
Others	418,978	245,926
	1,565,405	1,374,766

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

	As at 30.6.2011	As at 31.12.2010
	RM'000	RM'000
A8. Loans, advances and financing (Cont'd)		
(a) Analysis of gross loans, advances and financing (Cont'd)		
(iv) By geographical distribution		
Malaysia	1,143,285	1,090,471
Singapore	137,642	121,179
Hong Kong	72,657	60,262
Indonesia	65,037	16,994
Cambodia	146,784	85,860
	1,565,405	1,374,766
(v) By maturity structure		
Up to 3 months	748,218	696,588
3-12 months	486,388	345,172
1-5 years	244,959	286,157
Over 5 years	85,840	46,849
	1,565,405	1,374,766
(vi) By sectors		
Manufacturing	130,763	132,174
Construction	110,662	1,272
Wholesale & retail trade and restaurants and hotels	215,576	193,616
Transport, storage and communication	16,263	14,192
Finance, insurance and business activities	425,830	400,136
Household	650,836	626,007
Mining and quarrying	12,993	7,369
Agriculture, hunting, forestry and fishing	2,337	-
Electricity, gas and water supply	145	-
	1,565,405	1,374,766

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

	As at 30.6.2011	As at 31.12.2010
	RM'000	RM'000
A8. Loans, advances and financing (Cont'd)		
(b) Analysis of impaired loans, advances and financing		
Gross impaired loans	15,100	26,121
Movement in impaired loans, advances and financing		
At beginning of period/year	26,121	22,993
Effects of FRS 139 *	-	2,080
As restated	26,121	25,073
Classified as impaired *	1,921	10,826
Reclassified as non-impaired *	(9,708)	(2,335)
Amount written off	(4)	-
Amount recovered	(3,225)	(7,216)
Exchange differences *	(5)	(227)
At end of period/year	15,100	26,121
Individual impairment	(9,349)	(10,189)
Net impaired loans, advances and financing	5,751	15,932
Ratio of net impaired loans, advances and financing to net loans, advances and financing	0.37%	1.18%
(i) By economic purpose		
Purchase of securities	15,100	26,121
(ii) By geographical distribution		
Malaysia	14,996	25,751
Hong Kong	6	41
Indonesia	43	37
Cambodia	55	292
	15,100	26,121

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

	As at 30.6.2011	As at 31.12.2010
	RM'000	RM'000
A8. Loans, advances and financing (Cont'd)		
(c) Movement in allowance for impairment losses on loans, advances and financing		
Individual impairment		
At beginning of period/year		
As previously reported	(10,189)	-
Adoption of FRS 139 *	-	(10,732)
As restated	(10,189)	(10,732)
Made *	(2,606)	(4,362)
Written back *	3,439	3,162
Written off	4	1,692
Exchange difference *	3	51
At end of period/year	(9,349)	(10,189)
* Included amounts previously referred to as 'interest-in-suspense'.		
Collective impairment		
At beginning of period/year		
As previously reported	(17,130)	-
Adoption of FRS 139	-	(10,628)
As restated	(17,130)	(10,628)
Made	(1,371)	(6,573)
Exchange difference	19	71
At end of period/year	(18,482)	(17,130)
As % of gross loans, advances and financing less individual impairment	1.19%	1.26%

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

	As at 30.6.2011	As at 31.12.2010
	RM'000	RM'000
A8. Loans, advances and financing (Cont'd)		
(d) Individual impairment for loans, advances and financing according to economic purpose		
Purchase of securities	(9,349)	(10,189)
(e) Collective impairment for loans, advances and financing according to economic purpose allocated on a pro-rated basis		
Working capital	(3,339)	(3,438)
Purchase of securities	(10,197)	(10,628)
Others	(4,946)	(3,064)
	(18,482)	(17,130)
A9. Trade receivables		
Stock and futures broking receivables, net of allowance for impairment losses	1,130,923	1,015,954
Amounts owing by:		
- brokers	493,364	371,627
- derivatives clearing houses	16,882	8,552
- foreign securities clearing houses and stock exchanges	1,056,300	626,279
Unit trust receivables	13,804	16,973
Others	4,953	4,536
	2,716,226	2,043,921
A10. Other assets		
Interest/Profit receivables	36,007	38,365
Security deposits and statutory funds	8,996	7,451
Other receivables, deposits and prepayments	58,319	48,729
Transferable memberships	271	271
	103,593	94,816

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

	As at 30.6.2011	As at 31.12.2010
	RM'000	RM'000
A11. Deposits from customers		
Non-Mudharabah Funds		
Demand deposits	10,740	8,856
Fixed deposits	2,718,518	2,146,033
Negotiable instruments of deposits	254,666	119,330
Saving deposits	18,478	12,416
Short term deposits	946,406	757,270
Others	147	299
	3,948,955	3,044,204
Mudharabah Funds		
Mudharabah general deposits	933,518	828,601
	4,882,473	3,872,805
(a) By type of customers		
Business enterprises	1,375,473	1,179,688
Domestic non-bank financial institutions	2,272,904	1,854,829
Foreign customers	16,451	11,312
Individuals	199,076	133,011
Malaysian government and statutory bodies	1,018,417	693,666
Others	152	299
	4,882,473	3,872,805
(b) By maturity structure		
Up to 3 months	3,086,620	3,284,145
3-12 months	1,751,070	566,665
1-5 years	44,583	21,995
Over 5 years	200	-
	4,882,473	3,872,805
A12. Deposits and placements of banks and other financial institutions		
Non-Mudharabah Funds		
Licensed banks	116,880	280,193
Licensed investment banks	130,000	170,000
Other financial institutions	219,356	219,576
	466,236	669,769

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

	As at 30.6.2011	As at 31.12.2010
	RM'000	RM'000
A13. Trade payables		
Amounts due to:		
Clients	2,002,452	1,735,374
Brokers	1,264,596	822,338
Foreign clearing houses	99,221	92,477
Unit trust payables	21,264	7,007
	3,387,533	2,657,196
A14. Other liabilities		
Interest/profit payable	60,038	39,943
Amount due to an associated company	3,187	3,064
Profit equalisation reserve of Islamic banking operations	815	996
Other payables, deposits and accruals	154,118	165,420
	218,158	209,423

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

	Current quarter ended 30.6.2011	Comparative quarter ended 30.6.2010	Current year to date ended 30.6.2011	Preceding year to date ended 30.6.2010
	RM'000	RM'000	RM'000	RM'000
A15. Interest income				
Loans, advances and financing	29,613	21,848	57,382	41,444
Deposits and placements with financial institutions	7,239	5,361	15,402	11,143
Securities held-for-trading	1,950	1,394	5,223	2,911
Securities held-to-maturity	2,766	4,624	5,689	11,287
Securities available-for-sale	20,527	20,945	41,609	42,340
Stockbroking and futures broking business	1,985	1,211	3,529	1,996
Others	69	40	202	87
	64,149	55,423	129,036	111,208
Accretion of discount less amortisation of premium	8,795	3,237	13,359	12,171
	72,944	58,660	142,395	123,379
A16. Interest expense				
Deposits from customers	(35,915)	(23,793)	(66,634)	(47,887)
Deposits and placements of financial institutions	(5,227)	(347)	(10,724)	(750)
Subordinated notes	(6,563)	(4,549)	(11,969)	(6,398)
Borrowings	(3,339)	(1,686)	(6,466)	(3,474)
Others	(7)	(34)	(11)	(44)
	(51,051)	(30,409)	(95,804)	(58,553)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

	Current quarter ended	Comparative quarter ended	Current year to date ended	Preceding year to date ended
	30.6.2011	30.6.2010	30.6.2011	30.6.2010
	RM'000	RM'000	RM'000	RM'000

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

Advisory, agency, arrangement, placement and referral fees	9,909	10,032	21,584	21,170
Commission	3,768	3,582	9,698	6,381
Fees earned from management of unit trust funds	13,711	13,738	26,839	27,424
Gross brokerage fees	94,621	95,148	218,418	198,684
Loan processing, facility and commitment fees and carrying charges	8,506	6,091	13,255	10,494
Service charges on sale of trust units	13,110	5,228	26,231	12,704
Trustee and will writing fees	1,833	1,467	3,259	2,743
Others	854	383	1,621	930
	146,312	135,669	320,905	280,530

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

Securities held-for-trading	(26,388)	(15,668)	(1,306)	(15,494)
Securities available-for-sale	6,095	1,593	8,267	3,256
Derivative financial instruments	18,055	11,468	37,555	12,108
	(2,238)	(2,607)	44,516	(130)

(c) Gross dividend income

Securities held-for-trading	414	528	853	961
Securities available-for-sale	153	49	153	49
	567	577	1,006	1,010

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

	Current quarter ended 30.6.2011	Comparative quarter ended 30.6.2010	Current year to date ended 30.6.2011	Preceding year to date ended 30.6.2010
	RM'000	RM'000	RM'000	RM'000
A17. Non-interest income (Cont'd)				
(d) Unrealised net gain/(loss) on revaluation of trading securities and derivatives				
Securities held-for-trading	4,552	(527)	(397)	995
Derivative financial instruments	9,967	(19,005)	3,811	13,893
	14,519	(19,532)	3,414	14,888
(e) Unrealised loss on derivatives				
Unexpired structured warrants	(5,010)	(4,347)	(4,415)	(1,810)
(f) Unrealised (loss)/gain from foreign exchange translations				
	(35,678)	18,922	(17,228)	1,110
(g) Other income				
Net gain on disposals of equipment	1	151	157	371
Realised gain on foreign exchange	32,482	12,662	21,453	16,208
Net gain on interest rate swaps	4,290	215	7,532	300
Rental income	1,814	1,847	3,739	3,638
Others	2,924	1,041	5,008	2,711
	41,511	15,916	37,889	23,228
	159,983	144,598	386,087	318,826

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

	Current quarter ended 30.6.2011	Comparative quarter ended 30.6.2010	Current year to date ended 30.6.2011	Preceding year to date ended 30.6.2010
	RM'000	RM'000	RM'000	RM'000
A18. Other operating expenses				
(a) Personnel costs				
Salaries, allowances, bonuses and gratuity	(63,415)	(51,372)	(130,862)	(102,394)
Pension costs - defined contribution plan	(1,552)	(3,269)	(9,077)	(6,434)
Others	(3,433)	(2,260)	(6,471)	(4,834)
	(68,400)	(56,901)	(146,410)	(113,662)
(b) Promotional, marketing and trading expenses				
Advertisement and promotion	(2,445)	(2,642)	(5,641)	(5,470)
Commission	(44,643)	(37,062)	(97,080)	(75,029)
Fees and charges	(16,605)	(13,425)	(33,066)	(25,662)
Deposit insurance	-	(154)	-	443
Others	(1,408)	(1,322)	(3,272)	(4,292)
	(65,101)	(54,605)	(139,059)	(110,010)
(c) Establishment costs				
Depreciation and amortisation	(4,972)	(4,024)	(9,596)	(7,838)
Rental of equipment	(1,275)	(1,265)	(2,455)	(2,462)
Rental of premises	(4,970)	(4,578)	(9,854)	(9,229)
Repair and maintenance	(1,789)	(2,327)	(4,623)	(3,849)
Utility expenses	(1,731)	(1,573)	(3,282)	(2,905)
Insurance	(719)	(829)	(1,041)	(1,234)
Others	(1,598)	(1,544)	(3,095)	(3,112)
	(17,054)	(16,140)	(33,946)	(30,629)
(d) General administrative expenses				
Communication expenses	(3,815)	(3,092)	(7,479)	(5,750)
Legal and professional fees	(2,601)	(1,446)	(4,316)	(2,313)
Printing and stationery	(1,678)	(1,779)	(3,377)	(3,345)
Administrative expenses	(5,998)	(4,778)	(11,627)	(9,508)
Others	(377)	(552)	(760)	(807)
	(14,469)	(11,647)	(27,559)	(21,723)
Total other operating expenses	(165,024)	(139,293)	(346,974)	(276,024)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

	Current quarter ended 30.6.2011 RM'000	Comparative quarter ended 30.6.2010 RM'000	Current year to date ended 30.6.2011 RM'000	Preceding year to date ended 30.6.2010 RM'000
A19. (Allowance for)/write back of impairment losses on loans, advances and financing				
Individual impairment				
- Made	(140)	(18)	(1,009)	(2,232)
- Written back	13	2,767	1,036	2,885
Collective impairment (net)				
- Made	(2,907)	(699)	(1,371)	(1,516)
Bad debts				
- Recovered	203	-	1,512	-
- Written off	-	(498)	-	(833)
	(2,831)	1,552	168	(1,696)
A20. Write back of/(allowance for) impairment losses on trade and other receivables				
Individual impairment				
- Made	(1,277)	(3,285)	(2,435)	(4,561)
- Written back	1,387	1,323	1,881	2,835
Bad debts				
- Recovered	-	239	4	246
	110	(1,723)	(550)	(1,480)
A21. Allowance for impairment losses				
Securities held-to-maturity	-	(6,000)	-	(6,000)
Securities available-for-sale	-	(5,000)	-	(20,400)
Trading rights	-	(213)	-	(213)
	-	(11,213)	-	(26,613)
A22. Segmental information				

Please refer to Appendix I.

A23. Events after the end of the quarter

- (a) Issuance of Membership Certificate by the Cambodia Securities Exchange ("CSX") to OSK Indochina Securities Limited ("OSKISL")

On 11 July 2011, CSX issued the Membership Certificate to OSKISL. The said membership permits OSKISL to undertake stock broking business in Cambodia when the CSX commences operation.

OSKISL is a wholly-owned subsidiary of OSK Indochina Bank Limited in Cambodia, which in turn is a wholly-owned subsidiary of OSKIB. OSKIB is a wholly-owned subsidiary of OSKH.

- (b) Acquisition by OSKIB in BFIT Securities Public Company Limited ("BSEC")

On 21 July 2011, OSKIB completed the acquisition of 399,999,860 fully paid ordinary shares of BSEC ("BSEC Shares") from Bangkok First Investment & Trust Public Company Limited ("BFIT") for a purchase consideration of THB1,029.8 million (approximately RM103.6 million). On the same day, OSKIB acquired additional 18,450,600 BSEC Shares from other shareholders of BSEC for a purchase consideration of THB47.5 million (approximately RM4.8 million). The total 418,450,460 BSEC Shares, acquired for a total purchase consideration of THB1,077.3 million (approximately RM108.4 million) equivalent to a purchase price of THB2.5745 per share, represent 51.10% of the total issued and paid up capital of BSEC as at 30 June 2011.

The acquisition allows the Group an opportunity to gain immediate access to Thailand's financial markets and will further strengthen the Group's presence as a leading investment bank and financial services provider throughout ASEAN region.

OSKIB is now making a mandatory tender offer for all the remaining shares of BSEC not already held by it. The said tender offer will be made in accordance with the Rules, Conditions and Procedures for Acquisition of Securities for Business Takeovers, issued by the Securities and Exchange Commission of Thailand.

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

A24. Changes in the composition of the Group

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

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

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

OSKIB did not subscribe the above allotment of shares and hence, the percentage of its shareholding in the associated company had been diluted from 42.47% to 35.39%.

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

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

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

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

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

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

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

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

The shareholding structure in MTB is as follows:-

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

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

The effect of the acquisition of subsidiary company as disclosed above had the following effect on the Group's financial results for the current year to date:

The cost of acquisitions and cash outflow on acquisitions are as follows:

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

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

This new subsidiary had contributed the following to the financial results of the Group:

	Date of acquisition to 30.6.2011 RM'000
Revenue	286
Profit before tax	183
Profit for the period	<u>138</u>

Had the acquisition been effected on 1 January 2011, the financial results contributed by this new subsidiary company for current year to date would have been as follows:

	1.1.2011 to 30.6.2011 RM'000
Revenue	2,718
Profit before tax	1,534
Profit for the year	<u>1,176</u>

The fair values of assets and liabilities recognised upon acquisition on the date of completion were as follows:

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

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

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

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

A25. Commitments and contingencies

Please refer to Appendix II.

A26. Interest/profit rate risk

Please refer to Appendix III.

A27. Capital Adequacy

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

(i) The capital adequacy ratios and capital base of OSKIB Group and OSKIB are as follows:

The capital base and risk weighted assets ("RWA") of OSKIB Group and OSKIB as set out below are disclosed in accordance with Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements ("Pillar 3") issued by Bank Negara Malaysia. The Group and the Company are not required to maintain any capital adequacy ratio.

	OSKIB Group		OSKIB [^]	
	As at 30.6.2011	As at 31.12.2010	As at 30.6.2011	As at 31.12.2010
Before deducting proposed dividends:				
Core capital ratio	25.24%	27.12%	26.40%	24.58%
Risk weighted capital ratio	33.50%	34.22%	26.40%	24.58%
After deducting proposed dividends:				
Core capital ratio	25.24%	27.12%	26.40%	24.58%
Risk weighted capital ratio	33.50%	34.22%	26.40%	24.58%

[^] In accordance with Section 7.3 of Guidelines on Risk Weighted Capital Adequacy Framework (General Requirements and Capital Components) issued by Bank Negara Malaysia, if deduction from Total Capital (i.e investment in subsidiary companies at OSKIB level) is more than eligible Tier 2 capital, the core capital ratio will be equal to the risk-weighted capital ratio.

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
A27. Capital Adequacy (Cont'd)
(a) Risk weighted capital ratios and Tier I and Tier II capital (Cont'd)

- (i) The capital adequacy ratios and capital base of OSKIB Group and OSKIB are as follows: (Cont'd)

	OSKIB Group		OSKIB	
	As at 30.6.2011 RM'000	As at 31.12.2010 RM'000	As at 30.6.2011 RM'000	As at 31.12.2010 RM'000
Issued and fully paid share capital	660,000	660,000	660,000	660,000
Retained profits - audited	170,771	155,771	78,981	54,046
Statutory reserve	253,928	228,992	253,928	228,992
Tier 1 non-controlling interests	293,623	245,759	-	-
	1,378,322	1,290,522	992,909	943,038
Less: Goodwill	(107,015)	(92,889)	(46,516)	(46,516)
Deferred tax assets	(1,905)	(481)	(212)	-
Tier I capital	1,269,402	1,197,152	946,181	896,522
Loans, advances and financing				
- Collective allowance	15,416	13,138	13,966	12,315
Maximum allowance subordinated debt capital	400,000	300,000	400,000	300,000
Tier II capital	415,416	313,138	413,966	312,315
Total capital	1,684,818	1,510,290	1,360,147	1,208,837
Less: Investments in subsidiary companies	-	-	(495,064)	(455,488)
Capital base	1,684,818	1,510,290	865,083	753,349

The capital adequacy ratios of OSKIB Group consist of capital base and RWA derived from consolidated balances of OSKIB and its subsidiary companies. The capital adequacy ratios of OSKIB consist of capital base and RWA derived from OSKIB.

The capital adequacy ratios of OSKIB Group and OSKIB are computed in accordance with RWCAF-Basel II. OSKIB Group and OSKIB have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% (2010: 8.0%) for the risk weighted capital ratio.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

A27. Capital Adequacy (Cont'd)

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

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

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

	OSKIBL	
	As at 30.6.2011	As at 31.12.2010
Before deducting proposed dividends:		
Core capital ratio	#	#
Solvency ratio	60.40%	93.30%
After deducting proposed dividends:		
Core capital ratio	#	#
Solvency ratio	60.40%	93.30%

No equivalent ratio in Cambodia.

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

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

	OSKL	
	As at 30.6.2011	As at 31.12.2010
Before deducting proposed dividends:		
Core capital ratio	52.70%	60.30%
Risk weighted capital ratio	52.70%	60.30%
After deducting proposed dividends:		
Core capital ratio	52.70%	60.30%
Risk weighted capital ratio	52.70%	60.30%

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
A27. Capital Adequacy (Cont'd)
(b) Risk weighted assets and capital requirements for credit risk, market risk, operational risk and large exposures risk

As at 30.6.2011

OSKIB Group	Gross	Net	Risk-	Capital
Exposure class	Exposures	Exposures	Weights	Require
	RM'000	RM'000	Assets	-ments
			RM'000	RM'000
(i) Credit risk				
<i>On-Balance Sheet Exposures:</i>				
Sovereigns/Central Banks	1,254,915	1,254,915	-	-
Banks, development financial institutions and multilateral development banks	3,768,055	3,768,055	940,993	75,279
Insurance companies, securities firms and fund managers	173,200	173,200	34,640	2,771
Corporates	2,487,976	1,815,390	1,168,226	93,457
Other assets	423,461	423,461	423,461	33,877
Total on-balance sheet exposures	8,107,607	7,435,021	2,567,320	205,384
<i>Off-Balance Sheet Exposures:</i>				
Over-the-counter ("OTC") derivatives	167,382	167,382	34,723	2,778
Credit derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	214,449	214,449	146,797	11,744
Defaulted exposures	-	-	-	-
Total off-balance sheet exposures	381,831	381,831	181,520	14,522
Total on and off-balance sheet exposures	8,489,438	7,816,852	2,748,840	219,906
(ii) Large exposures risk requirement	-	-	-	-
	Long	Short		
	Position	Position		
	RM'000	RM'000		
(iii) Market risk				
Interest rate risk	897,661	855,054	147,724	11,818
Foreign currency risk	1,027,146	-	1,027,149	82,172
Equity risk	21,696	-	46,075	3,686
Option risk	27,750	-	61,938	4,955
Total	1,974,253	855,054	1,282,886	102,631
(iv) Operational risk			997,707	79,817
(v) Total RWA and capital requirements			5,029,433	402,354

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
A27. Capital Adequacy (Cont'd)
(b) Risk weighted assets and capital requirements for credit risk, market risk, operational risk and large exposures risk (Cont'd)

As at 31.12.2010

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
A27. Capital Adequacy (Cont'd)
(b) Risk weighted assets and capital requirements for credit risk, market risk, operational risk and large exposures risk (Cont'd)

As at 30.6.2011

OSKIB								
Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weights Assets RM'000	Capital Requirements RM'000				
(i) Credit risk								
<i>On-Balance Sheet Exposures:</i>								
Sovereigns/Central Banks	1,191,769	1,191,769	-	-				
Banks, development financial institutions and multilateral development banks	3,242,327	3,242,327	837,102	66,968				
Insurance companies, securities firms and fund managers	173,200	173,200	34,640	2,771				
Corporates	2,066,088	1,675,939	1,028,775	82,303				
Other assets	364,081	364,081	364,081	29,126				
Total on-balance sheet exposures	7,037,465	6,647,316	2,264,598	181,168				
<i>Off-Balance Sheet Exposures:</i>								
Over-the-counter ("OTC") derivatives	167,381	167,381	34,723	2,778				
Credit derivatives	-	-	-	-				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	201,568	201,568	133,916	10,713				
Defaulted exposures	-	-	-	-				
Total off-balance sheet exposures	368,949	368,949	168,639	13,491				
Total on and off-balance sheet exposures	7,406,414	7,016,265	2,433,237	194,659				
(ii) Large exposures risk requirement	-	-	-	-				
	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Long Position RM'000</th> <th style="text-align: left;">Short Position RM'000</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> </tbody> </table>	Long Position RM'000	Short Position RM'000					
Long Position RM'000	Short Position RM'000							
(iii) Market risk								
Interest rate risk	897,661	855,054	125,764	10,061				
Foreign currency risk	78,733	(9,329)	78,739	6,299				
Equity risk	7,987	-	18,651	1,492				
Option risk	27,750	-	61,938	4,955				
Total	1,012,131	845,725	285,092	22,807				
(iv) Operational risk			557,980	44,638				
(v) Total RWA and capital requirements			3,276,309	262,104				

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
A27. Capital Adequacy (Cont'd)
(b) Risk weighted assets and capital requirements for credit risk, market risk, operational risk and large exposures risk (Cont'd)

As at 31.12.2010

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

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
A27. Capital Adequacy (Cont'd)
(c) Credit Risk exposures by risk weights

As at 30.6.2011

OSKIB Group

Risk Weights	Exposures after Netting and Credit Risk Mitigation					Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns/ Central Banks	Banks, Development Financial Institutions & Multilateral Development Banks	Insurance Companies, Securities Firms and Fund Managers	Corporates	Other Assets		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	1,254,915	6,349	-	-	-	1,261,264	-
20%	-	3,458,691	247,409	768,977	-	4,475,077	895,016
35%	-	-	-	-	-	-	-
50%	-	385,253	4,156	117,069	-	506,478	253,240
75%	-	-	-	-	-	-	-
100%	-	91,344	-	1,006,126	423,461	1,520,931	1,520,931
150%	-	-	-	53,102	-	53,102	79,653
Total	1,254,915	3,941,637	251,565	1,945,274	423,461	7,816,852	2,748,840
Risk weighted assets by exposures	-	975,710	51,560	1,298,109	423,461	2,748,840	
Average risk weight	0%	25%	20%	67%	100%	35%	
Deduction from capital base	-	-	-	-	-	-	

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
A27. Capital Adequacy (Cont'd)
(c) Credit Risk exposures by risk weights (Contd.)

As at 31.12.2010

OSKIB Group

Risk Weights	Exposures after Netting and Credit Risk Mitigation					Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns/ Central Banks	Banks, Development Financial Institutions & Multilateral Development Banks	Insurance Companies, Securities Firms and Fund Managers	Corporates	Other Assets		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	1,271,766	6,086	-	-	-	1,277,852	-
20%	-	2,726,717	107,620	803,407	-	3,637,744	727,549
35%	-	-	-	-	-	-	-
50%	-	294,704	8,131	131,592	-	434,427	217,213
75%	-	-	-	-	-	-	-
100%	-	60,850	-	753,743	280,897	1,095,490	1,095,490
150%	-	-	-	83,529	-	83,529	125,294
Total	1,271,766	3,088,357	115,751	1,772,271	280,897	6,529,042	2,165,546
Risk weighted assets by exposures	-	753,545	25,590	1,105,514	280,897	2,165,546	
Average risk weight	0%	24%	22%	62%	100%	33%	
Deduction from capital base	-	-	-	-	-	-	

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
A27. Capital Adequacy (Cont'd)
(c) Credit Risk exposures by risk weights (Contd.)

As at 30.6.2011

OSKIB

Risk Weights	Exposures after Netting and Credit Risk Mitigation					Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns/ Central Banks	Banks, Development Financial Institutions & Multilateral Development Banks	Insurance Companies, Securities Firms and Fund Managers	Corporates	Other Assets		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	1,191,769	71	-	-	-	1,191,840	-
20%	-	2,939,240	247,409	768,978	-	3,955,627	791,126
35%	-	-	-	-	-	-	-
50%	-	385,253	4,156	117,069	-	506,478	253,240
75%	-	-	-	-	-	-	-
100%	-	91,344	-	853,793	364,081	1,309,218	1,309,218
150%	-	-	-	53,102	-	53,102	79,653
Total	1,191,769	3,415,908	251,565	1,792,942	364,081	7,016,265	2,433,237
Risk weighted assets by exposures	-	871,820	51,560	1,145,776	364,081	2,433,237	
Average risk weight	0%	26%	20%	64%	100%	35%	
Deduction from capital base	-	-	-	-	-	-	

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
A27. Capital Adequacy (Cont'd)
(c) Credit Risk exposures by risk weights (Contd.)

As at 31.12.2010

OSKIB

Risk Weights	Exposures after Netting and Credit Risk Mitigation					Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns/ Central Banks	Banks, Development Financial Institutions & Multilateral Development Banks	Insurance Companies, Securities Firms and Fund Managers	Corporates	Other Assets		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	1,205,533	66	-	-	-	1,205,599	-
20%	-	2,125,457	107,620	803,407	-	3,036,484	607,297
35%	-	-	-	-	-	-	-
50%	-	294,704	8,131	131,592	-	434,427	217,213
75%	-	-	-	-	-	-	-
100%	-	60,850	-	662,904	229,359	953,113	953,113
150%	-	-	-	83,529	-	83,529	125,294
Total	1,205,533	2,481,077	115,751	1,681,432	229,359	5,713,152	1,902,917
Risk weighted assets by exposures	-	633,293	25,590	1,014,675	229,359	1,902,917	
Average risk weight	0%	26%	22%	60%	100%	33%	
Deduction from capital base	-	-	-	-	-	-	

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
A27. Capital Adequacy (Cont'd)
(d) Rated exposures

As at 30.6.2011

OSKIB Group

RM'000	Sovereigns/Central Banks		Banks, Development Financial Institutions & Multilateral Development Banks		Insurance Companies, Securities Firms and Fund Managers		Corporates		Other Assets		Total Exposures after Netting & CRM	Total Risk Weighted Assets
	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset		
Investment Grade (BBB* equivalent and above)	1,254,915	-	3,850,292	884,364	251,565	51,561	886,046	212,330	-	-	6,242,818	1,148,255
Non Rated or Non Investment Grade	-	-	91,344	91,344	-	-	1,059,229	1,085,780	423,461	423,461	1,574,034	1,600,585
Total	1,254,915	-	3,941,636	975,708	251,565	51,561	1,945,275	1,298,110	423,461	423,461	7,816,852	2,748,840

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
A27. Capital Adequacy (Cont'd)
(d) Rated exposures (Cont'd)

As at 31.12.2010

OSKIB Group

RM'000	Sovereigns/Central Banks		Banks, Development Financial Institutions & Multilateral Development Banks		Insurance Companies, Securities Firms and Fund Managers		Corporates		Other Assets		Total Exposures after Netting & CRM	Total Risk Weighted Assets
	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset		
Investment Grade (BBB* equivalent and above)	1,271,766	-	3,027,507	692,695	115,751	25,590	934,999	226,477	-	-	5,350,023	944,762
Non Rated or Non Investment Grade	-	-	60,850	60,850	-	-	837,272	879,037	280,897	280,897	1,179,019	1,220,784
Total	1,271,766	-	3,088,357	753,545	115,751	25,590	1,772,271	1,105,514	280,897	280,897	6,529,042	2,165,546

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
A27. Capital Adequacy (Cont'd)
(d) Rated exposures (Cont'd)

As at 30.6.2011

OSKIB

RM'000	Sovereigns/Central Banks		Banks, Development Financial Institutions & Multilateral Development Banks		Insurance Companies, Securities Firms and Fund Managers		Corporates		Other Assets		Total Exposures after Netting & CRM	Total Risk Weighted Assets
	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset		
Investment Grade (BBB* equivalent and above)	1,191,769	-	3,324,565	780,475	251,565	51,561	886,046	212,330	-	-	5,653,945	1,044,366
Non Rated or Non Investment Grade	-	-	91,344	91,344	-	-	906,895	933,446	364,081	364,081	1,362,320	1,388,871
Total	1,191,769	-	3,415,909	871,819	251,565	51,561	1,792,941	1,145,776	364,081	364,081	7,016,265	2,433,237

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

A27. Capital Adequacy (Cont'd)

(d) Rated exposures (Cont'd)

As at 31.12.2010

OSKIB

RM'000	Sovereigns/Central Banks		Banks, Development Financial Institutions & Multilateral Development Banks		Insurance Companies, Securities Firms and Fund Managers		Corporates		Other Assets		Total Exposures after Netting & CRM	Total Risk Weighted Assets
	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset		
Investment Grade (BBB* equivalent and above)	1,205,533	-	2,420,227	572,443	115,751	25,590	934,999	226,477	-	-	4,676,510	824,510
Non Rated or Non Investment Grade	-	-	60,850	60,850	-	-	746,433	788,198	229,359	229,359	1,036,642	1,078,407
Total	1,205,533	-	2,481,077	633,293	115,751	25,590	1,681,432	1,014,675	229,359	229,359	5,713,152	1,902,917

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
A27. Capital Adequacy (Cont'd)
(e) Off-balance sheet exposures and counterparty credit risk
As at 30.6.2011
OSKIB Group

Description	Principal Amount RM'000	Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Obligations under an on-going underwriting agreements	27,750	-	13,875	13,875
Foreign exchange related contracts				
One year or less	423,797	-	84,565	16,913
Interest/profit rate related contracts				
Over one year to five years	1,595,250	22,588	88,820	17,764
Equity related and other commodity contracts				
One year or less	2,416	-	2,416	2,416
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	366,749	56,325	78,561	16,960
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	227,186	-	113,593	113,593
Any commitments that are unconditionally cancelled at any time by OSKIB Group without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	1,192,774	-	-	-
Total	3,835,922	78,913	381,830	181,521

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
A27. Capital Adequacy (Cont'd)
(e) Off-balance sheet exposures and counterparty credit risk (Cont'd)
As at 31.12.2010
OSKIB Group

Description	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Obligations under an on-going underwriting agreements	24,731	-	12,365	12,365
Foreign exchange related contracts One year or less	771,882	2,127	358,686	71,740
Interest/profit rate related contracts Over one year to five years	885,973	37,453	79,270	15,854
Equity related and other commodity contracts One year or less	1,932	10	1,932	1,932
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	164,854	50,707	44,448	11,329
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	133,640	-	66,820	66,820
Any commitments that are unconditionally cancelled at any time by OSKIB Group without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	1,352,610	-	-	-
Total	3,335,622	90,297	563,521	180,040

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
A27. Capital Adequacy (Cont'd)
(e) Off-balance sheet exposures and counterparty credit risk (Cont'd)
As at 30.6.2011
OSKIB

Description	Principal Amount RM'000	Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Obligations under an on-going underwriting agreements	27,750	-	13,875	13,875
Foreign exchange related contracts				
One year or less	423,797	-	84,565	16,913
Interest/profit rate related contracts				
Over one year to five years	1,595,250	22,588	88,820	17,764
Equity related and other commodity contracts				
One year or less	2,416	-	2,416	2,416
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	366,749	56,325	78,561	16,960
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	201,424	-	100,712	100,712
Any commitments that are unconditionally cancelled at any time by the OSKIB without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	362,098	-	-	-
Total	2,979,484	78,913	368,949	168,640

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
A27. Capital Adequacy (Cont'd)
(e) Off-balance sheet exposures and counterparty credit risk (Cont'd)
As at 31.12.2010
OSKIB

Description	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Obligations under an on-going underwriting agreements	24,731	-	12,365	12,365
Foreign exchange related contracts One year or less	771,882	2,127	358,681	71,735
Interest/profit rate related contracts Over one year to five years	885,973	37,453	79,270	15,854
Equity related and other commodity contracts One year or less	1,932	-	1,932	1,932
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	164,854	50,707	44,448	11,329
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	122,032	-	61,016	61,016
Any commitments that are unconditionally cancelled at any time by OSKIB without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	426,491	-	-	-
Total	2,397,895	90,287	557,712	174,231

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

A27. Capital Adequacy (Cont'd)

(f) Risk weighted assets and capital requirements for variances categories of risk under Market Risk

	OSKIB Group		OSKIB	
	30.6.2011	31.12.2010	30.6.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Interest rate risk				
- General interest rate risk	8,729	12,606	8,729	12,606
- Specific interest rate risk	3,089	16,356	1,332	16,356
	11,818	28,962	10,061	28,962
Equity position risk				
- General risk	1,736	6,339	639	589
- Specific risk	1,950	10,805	853	808
	3,686	17,144	1,492	1,397
Foreign exchange risk	82,172	53,450	6,299	16,239
Option risk	4,955	2,725	4,955	2,725
	102,631	102,281	22,807	49,323

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

A28. Islamic banking operations of OSK Investment Bank Berhad

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30.6.2011 RM'000	As at 31.12.2010 RM'000
ASSETS			
Cash and short term funds		219,974	233,536
Securities held-to-maturity	A28(a)	316,775	300,988
Securities available-for-sale	A28(b)	508,429	351,631
Other assets	A28(c)	5,811	6,773
Equipment		19	18
Intangible assets		122	133
TOTAL ASSETS		1,051,130	893,079
LIABILITIES			
Deposits from customers	A28(d)	933,518	828,601
Other liabilities	A28(e)	4,100	3,890
Tax payable		3,300	2,578
Deferred tax liabilities		97	88
TOTAL LIABILITIES		941,015	835,157
ISLAMIC BANKING CAPITAL FUNDS			
Islamic banking funds		100,000	50,000
Reserves		10,115	7,922
TOTAL ISLAMIC BANKING CAPITAL FUNDS		110,115	57,922
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		1,051,130	893,079

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

	Current quarter ended 30.6.2011	Preceding quarter ended 30.6.2010	Current year to date ended 30.6.2011	Preceding date ended 30.6.2010
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	9,635	6,187	17,921	12,581
Transfer from/(to) profit equalisation reserve	89	(141)	181	(177)
Gross and total attributable income	9,724	6,046	18,102	12,404
Income attributable to depositors	(7,797)	(4,693)	(14,530)	(9,284)
Income attributable to OSKIB	1,927	1,353	3,572	3,120
Income/(loss) derived from investment of Islamic banking funds	320	(6)	312	116
Total net income	2,247	1,347	3,884	3,236
Other operating expenses	(581)	(345)	(997)	(517)
Profit before tax	1,666	1,002	2,887	2,719
Income tax expense	(496)	(256)	(721)	(683)
Profit after tax	1,170	746	2,166	2,036

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

Income derived from investment of depositors' funds and others	9,635	6,187	17,921	12,581
Transfer from/(to) profit equalisation reserve	89	(141)	181	(177)
Income attributable to depositors	(7,797)	(4,693)	(14,530)	(9,284)
Income/(loss) derived from investments of Islamic banking funds	320	(6)	312	116
Net income from Islamic banking operations reported in the consolidated income statements	2,247	1,347	3,884	3,236

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

	Current quarter ended 30.6.2011 RM'000	Preceding quarter ended 30.6.2010 RM'000	Current year to date ended 30.6.2011 RM'000	Preceding year to ended 30.6.2010 RM'000
Profit after tax	1,170	746	2,166	2,036
Other comprehensive income				
Unrealised net gain on revaluation of securities available-for-sale	303	411	36	16
Income tax relating to component of other comprehensive income	(76)	(101)	(9)	(4)
Other comprehensive income for the period, net of tax	227	310	27	12
Total comprehensive income for the period, net of tax	1,397	1,056	2,193	2,048
Total comprehensive income attributable to owner of OSKIB	1,397	1,056	2,193	2,048

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

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

UNAUDITED CONDENSED STATEMENT OF CHANGES IN ISLAMIC BANKING FUND

	Islamic Banking Fund	Available- for-sale reserve	Retained Profits	Total
	RM'000	RM'000	RM'000	RM'000
As at 1.1.2011	50,000	264	7,658	57,922
Total comprehensive income	-	27	2,166	2,193
Injection of fund	50,000	-	-	50,000
As at 30.6.2011	100,000	291	9,824	110,115
As at 1.1.2010				
As previously reported	50,000	244	4,046	54,290
Adoption of FRS 139	-	(37)	-	(37)
As restated	50,000	207	4,046	54,253
Total comprehensive income	-	12	2,036	2,048
As at 30.6.2010	50,000	219	6,082	56,301

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

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

	As at 30.6.2011	As at 31.12.2010
	RM'000	RM'000
(a) Securities held-to-maturity		
At amortised cost		
Money market instruments:		
Cagamas bonds	5,026	5,037
Malaysian Government Investment Issues	135,151	165,361
	140,177	170,398
Unquoted securities:		
Islamic private debt securities	176,598	130,590
	316,775	300,988
(b) Securities available-for-sale		
At fair value		
Money market instruments:		
Islamic accepted bills	82,336	64,526
Malaysian Government Investment Issues	55,430	25,324
Negotiable instruments of deposit	119,785	49,926
	257,551	139,776
Unquoted securities:		
Islamic private debt securities	250,878	211,855
	508,429	351,631
(c) Other assets		
Income receivable	5,811	6,773

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

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

	As at 30.6.2011	As at 31.12.2010
	RM'000	RM'000
(d) Deposits from customers		
Mudharabah Fund		
Mudharabah general investment deposits	933,518	828,601
(i) By type of customer		
Business enterprises	95,074	103,912
Domestic non-bank financial institutions	343,246	281,891
Malaysian government and statutory bodies	495,198	442,798
	933,518	828,601
(ii) By maturity structure		
Up to 3 months	863,018	726,327
3-12 months	70,500	102,274
	933,518	828,601
(e) Other liabilities		
Profit payable	3,209	2,798
Profit equalisation reserve	815	996
Other payable and accruals	76	96
	4,100	3,890

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

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

(f) Capital adequacy of Islamic banking operations

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

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

The capital adequacy ratios and capital base are as follows:

	As at 30.6.2011	As at 31.12.2010
Before deducting proposed dividends:		
Core capital ratio	65.17%	40.02%
Risk weighted capital ratio	65.17%	40.02%
After deducting proposed dividends:		
Core capital ratio	65.17%	40.02%
Risk weighted capital ratio	65.17%	40.02%
	RM'000	RM'000
Islamic banking funds	100,000	50,000
Retained profits - audited	9,824	7,659
	109,824	57,659

OSKIB is the only entity in the Group that has Islamic banking operations. The capital adequacy ratios of the Islamic banking operations of OSKIB consist of capital base and risk weighted amounts derived from OSKIB.

The capital adequacy ratios of the Islamic banking operations of OSKIB is computed in accordance with Risk Weighted Capital Adequacy Framework (Basel II). The Islamic banking operations of OSKIB has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% (2010: 8.0%) for the risk weighted capital ratio.

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

As at 30.6.2011

Exposure class	Gross Exposures RM'000	Net Exposures RM'000	Risk Weights Assets RM'000	Capital Requirements RM'000
(a) Credit risk				
<i>On-Balance Sheet Exposures:</i>				
Sovereigns/Central Banks	288,987	288,987	-	-
Banks, development financial institutions and multilateral development banks	447,269	447,269	89,454	7,157
Insurance companies, securities firms and fund managers	-	-	-	-
Corporates	315,526	315,526	68,268	5,461
Other assets	147	147	147	12
Total on-balance sheet exposures	1,051,929	1,051,929	157,869	12,630
<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	1,051,929	1,051,929	157,869	12,630
(b) Large exposures risk requirement	-	-	-	-
(c) Market risk	-	-	-	-
(d) Operational risk			10,641	851
(e) Total RWA and capital requirements			168,510	13,481

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

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

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

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
A28. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)
(f) Capital adequacy of Islamic banking operations (Cont'd)
(iii) Credit risk exposures risk weights
As at 30.6.2011

Risk Weights	Exposures after Netting and Credit Risk Mitigation						Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns/ Central Banks RM'000	Banks, Development Financial Institutions & Multi-lateral Development Banks RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Other Assets RM'000	Total		
0%	288,987	-	-	-	-	288,987	-	
20%	-	447,269	-	309,072	-	756,341	151,268	
35%	-	-	-	-	-	-	-	
50%	-	-	-	-	-	-	-	
75%	-	-	-	-	-	-	-	
100%	-	-	-	6,454	147	6,601	6,601	
150%	-	-	-	-	-	-	-	
Total	288,987	447,269	-	315,526	147	1,051,929	157,869	
Risk weighted assets by exposures	-	89,454	-	68,268	147	157,869		
Average risk weight	0%	20%	0%	22%	100%	15%		
Deduction from capital base	-	-	-	-	-	-		

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
A28. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)
(f) Capital adequacy of Islamic banking operations (Cont'd)
(iii) Credit risk exposures risk weights (Cont'd)
As at 31.12.2010

Exposures after Netting and Credit Risk Mitigation							
Risk Weights	Sovereigns/ Central Banks RM'000	Banks, Development Financial Institutions & Multi-lateral Development Banks RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corpo- rates RM'000	Other Assets RM'000	Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
0%	256,405	-	-	-	-	256,405	-
20%	-	350,119	-	269,721	-	619,840	123,969
35%	-	-	-	-	-	-	-
50%	-	10,060	-	-	-	10,060	5,029
75%	-	-	-	-	-	-	-
100%	-	-	-	5,918	1,019	6,937	6,937
150%	-	-	-	-	-	-	-
Total	256,405	360,179	-	275,639	1,019	893,242	135,935
Risk weighted assets by exposures	-	75,054	-	59,862	1,019	135,935	
Average risk weight	0%	21%	0%	22%	100%	15%	
Deduction from capital base	-	-	-	-	-	-	

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

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

(f) Capital adequacy of Islamic banking operations (Cont'd)

(iv) Rated exposures

As at 30.6.2011

Islamic banking operations of the Bank

RM'000	Sovereigns/Central Banks		Banks, Development Financial Institutions & Multilateral Development Banks		Insurance Companies, Securities Firms and Fund Managers		Corporates		Other Assets		Total Exposures after Netting & CRM	Total Risk Weighted Assets
	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset		
Investment Grade (BBB* equivalent and above)	288,987	-	447,269	89,454	-	-	309,072	61,814	-	-	1,045,328	151,268
Non Rated or Non Investment Grade	-	-	-	-	-	-	6,454	6,454	147	147	6,601	6,601
Total	288,987	-	447,269	89,454	-	-	315,526	68,268	147	147	1,051,929	157,869

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

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

(f) Capital adequacy of Islamic banking operations (Cont'd)

(iv) Rated exposures (Cont'd)

As at 31.12.2010

Islamic banking operations of the Bank

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

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2010

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

(f) Capital adequacy of Islamic banking operations (Cont'd)

(v) Off-balance sheet exposures and counterparty credit risk

As at reporting date, the Islamic banking operations of OSKIB do not have any off-balance sheet exposures and their related counterparty credit risk.

(vi) Risk weighted assets and capital requirements for variances categories of risk under Market Risk

	As at 30.6.2011 RM'000	As at 31.12.2010 RM'000
Interest rate risk		
- General interest rate risk	-	-
- Specific interest rate risk	-	-
	<hr/>	<hr/>
	-	-
Equity position risk		
- General risk	-	-
- Specific risk	-	-
	<hr/>	<hr/>
	-	-
Foreign exchange risk	-	-
Option risk	-	-
	<hr/>	<hr/>
	-	-

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

PART B - Explanatory Notes Pursuant to Chapter 9, Appendix 9B, Part A, of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")

B1. Performance review of the Company and its principal subsidiary companies ("the Group") for the current quarter and year to date

Overall Performance

The Group revenue for the six months ended 30 June 2011 ("6M11") increased by 20% to RM546.72 million as compared to the RM454.90 million in the six months ended 30 June 2010 ("6M10"), mainly due to higher contribution from Investment Banking activities and increase in fee income from Equities and Unit Trusts. The Group profit before tax ("PBT") increased by 10% or RM8.30 million to RM90.39 million in 6M11 from RM82.09 million in 6M10. The Group profit after tax and non-controlling interests (previously known as minority interests) of RM52.23 million for 6M11 represented a growth of 20% as compared to RM43.38 million in 6M10 which translated into an earnings per share of 5.56 sen (6M10: 4.80 sen).

The Group recorded PBT of RM17.18 million for the second quarter of 2011 as compared to RM23.90 million for the corresponding quarter ended 30 June 2010.

The Principal Subsidiaries Performance

OSKIB Group is the main contributor for 6M11, accounting for 82% of the Group PBT. The remaining PBT of 18% is contributed by the other operating subsidiaries.

Geographical Segments Performance

Malaysian operations registered an increase in its PBT for 6M11 by 38% to RM75.17 million from RM54.40 million in 6M10. Total PBT contribution by foreign subsidiaries amounted to 17% or RM15.22 million in 6M11 as compared to 34% or RM27.69 million in 6M10.

Business Segments Performance

Investment Banking consisting mainly of Derivatives & Structured Products, Corporate Advisory and Equities Capital Market activities contributed RM38.12 million or 42% of the Group PBT for 6M11 as compared to RM39.45 million or 48% in 6M10.

Loans and Financing contributed RM30.63 million or 34% of the Group PBT for 6M11 as compared to RM22.83 million or 28% in 6M10, the improvement is mainly due to loan growth.

Equities and Futures recorded RM14.26 million or 16% of the Group PBT for 6M11 as compared to RM15.96 million or 19% in 6M10.

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

The Group recorded PBT of RM17.18 million for the second quarter of 2011 as compared to RM73.21 million in the immediate preceding quarter ended 31 March 2011.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

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

(a) Current year prospects

(Commentary on the rest of year)

The external developments in the advanced economies, mainly from the Eurozone and US, have led to increased volatility in global financial markets. Moreover, the temporary supply chain disruptions in Japan in recent months have also dampened industrial activities in many ASEAN economies. However, we still expect the regional economies to recover gradually in the coming quarters. In general, the domestic emphasis for Indonesia, Thailand, Singapore and Malaysia continues to be prudent inflation management. Nevertheless, the upside inflation concerns in Malaysia have been tempered in part by the more moderate economic growth environment in the near-term. While growth prospects of the ASEAN economies are still generally positive, Indonesia, given the steady contribution from domestic consumption, is likely to outperform the neighboring economies this year.

More recently, the intense volatility and acute risk aversion in financial markets appeared to have raised the downside risks to global growth. In light of the unsettled environment at this time, there are a greater uncertainties going forward. The Board is of the view that the remaining year will remain to be challenging and expects the Group to perform satisfactorily in 2011.

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

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011**B4. Statement of the Board of Directors' opinion on achievability of revenue or profit estimate, forecast, projection and internal targets previously announced**

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

B5. Profit forecast/profit guarantee

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

B6. Income tax expense

	Current quarter ended 30.6.2011 RM'000	Current year to date ended 30.6.2011 RM'000
In respect of the current quarter/year to date		
- Malaysian income tax	4,084	21,593
- Foreign income tax	2,317	5,567
	<u>6,401</u>	<u>27,160</u>
In respect of the prior year		
- Foreign income tax	-	(58)
Deferred taxation	(858)	(1,632)
Income tax expense	<u>5,543</u>	<u>25,470</u>

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

B7. Sales of unquoted investments and/or properties

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011**B8. Purchase or disposal of quoted securities**

Particulars of purchase and disposal of quoted securities by the Group are as follows:

- (a) Total purchase consideration, sale proceeds and profits arising therefrom (except for the subsidiary companies engaged in stockbroking and investment banking which have been exempted from this disclosure):

	Current quarter ended 30.6.2011 RM'000	Current year to date ended 30.6.2011 RM'000
Total purchase consideration	32,696	59,750
Total sale proceeds	23,646	42,720
Net gain on disposals	1,299	2,880

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

	RM'000
Quoted shares at cost:	
In Malaysia	19,542
Outside Malaysia	31,685
	51,227
Fair value adjustments	(3,078)
Carrying value	48,149
Market value of quoted shares:	
In Malaysia	19,111
Outside Malaysia	29,038
	48,149

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

B9. Status of corporate proposals and utilisation of proceeds

(a) Status of corporate proposals announced but not completed as at 22 August 2011 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report)

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

On 23 January 2009, BSB, a wholly-owned subsidiary company of the Group, has initiated a Members' Voluntary Winding Up pursuant to Section 254(1)(b) of the Companies Act, 1965 ("the Act") and that Mr. Chin Kim Chung and Mr. Roy Thean Chong of Russell Bedford Malaysia Business Advisory Sdn. Bhd. of 10th Floor, Bangunan Yee Seng, 15, Jalan Raja Chulan, 50200 Kuala Lumpur have been appointed as the Joint and Several Liquidators of BSB pursuant to Section 258(1) of the Act.

BSB was incorporated on 30 March 2004 with an issued share capital of RM1.0 million comprising of 100,000 ordinary shares of RM10.00 each and partly paid up to RM5.00 each. The winding up of BSB will not have any impact on the earnings and net assets of the Group.

On 8 June 2009, the Liquidators of BSB made a first interim return of surplus of assets of RM400,000 to the shareholders of BSB, representing RM4.00 per ordinary share of RM10.00 each.

The final meeting of the above exercise will be held on 22 September 2011. Thereafter, pursuant to Section 272(5) of the Companies Act, 1965, the subsidiary will be dissolved on the expiration of three (3) months from the date of lodgement of the Form 69 (Return by Liquidator Relating to final meeting) with the Companies Commission of Malaysia and Official Receiver.

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

On 29 January 2010, OSKWP commenced Members' Voluntary Winding Up pursuant to Section 254(1)(b) of the Companies Act, 1965 ("the Act") and that Mr. Chin Kim Chung and Mr. Roy Thean Chong of Russell Bedford Malaysia Business Advisory Sdn. Bhd. of 10th Floor, Bangunan Yee Seng, 15, Jalan Raja Chulan, 50200 Kuala Lumpur have been appointed as the Joint and Several Liquidators of OSKWP pursuant to Section 258(1) of the Act. OSKWP is a wholly-owned subsidiary company of OSK-UOB Investment Management Berhad (formerly known as OSK-UOB Unit Trust Management Berhad) which in turn is a 70%-owned subsidiary of OSK Investment Bank Berhad, a wholly-owned subsidiary company of the Company.

The winding-up of OSKWP was initiated as the company ceased its operations in financial planning upon the expiry of its Capital Markets Services Licence on 26 August 2009. OSKWP was incorporated on 22 April 2004 with an issued share capital of RM2.15 million comprising of 2.15 million ordinary shares of RM1.00 each. The winding up of OSKWP will not have any impact on the earnings and net assets of the Group.

The above exercise is expected to be completed by the end of 2011.

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

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011**B10. Borrowings and debt securities as at the end of the reporting period**

The Group's borrowings and debt securities (denominated in RM unless otherwise stated) at the end of the current year to date are as follows:-

	RM'000
Short term borrowings - Unsecured	
Bank overdrafts	67
Revolving credits	145,530
Revolving credits denominated in USD	35,672
Bank loans denominated in HKD	48,899
Bank loans denominated in IDR	26,400
	<hr/>
	256,568
Long term subordinated notes - Unsecured	400,000
	<hr/>
Total borrowings and debt securities	656,568

B11. Derivative financial instruments**(a) Disclosure of derivatives****(i) Nature of outstanding derivatives as at the reporting date****Derivative financial assets:**

Equity related contracts comprises:

a) Options

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

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

b) Futures

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

c) Interest rate swaps

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

B11. Derivative financial instruments (Cont'd)

(a) Disclosure of derivatives (Cont'd)

(i) Nature of outstanding derivatives as at the reporting date (Cont'd)

d) Foreign currency spot, forward and swap contracts

Foreign currency spot contract is an agreement to buy or sell currencies with delivery normally within 2 business days from the date of transaction.

Foreign currency forward contract is an agreement to buy or sell currencies at a future date (normally more than 2 business days) at a pre-determined price at a premium (i.e. higher than spot rate) or at a discount (i.e. lower than spot rate), depending on the interest rate differential between the two currencies. It is generally used to offset or hedge against future foreign exchange rate exposure on investments, receivables or payables in other currencies. Foreign currency swap is an exchange of principal denominated in different currencies at the beginning and the maturity of swap contracts, normally at the same exchange rate which is usually the spot rate at the inception of the transaction.

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

Derivative financial liabilities:

a) Structured warrants

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

b) Structured investments

Structured investments are normally short to medium term structured products that are structured based on a single security or a pool of securities. The structured product's redemption is linked to the performance of the underlying share(s). At maturity, the investor will receive either cash settlement as computed based on the term sheet or pre-determined units of underlying share(s), depending on the performance of the underlying share(s) on the valuation date(s).

c) Foreign exchange swap contracts

Refer to B11(a)(i)(d).

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
B11. Derivative financial instruments (Cont'd)
(a) Disclosure of derivatives (Cont'd)
(ii) Contract/Notional value and fair value as at the reporting date and maturity analysis

	As at 30.6.2011		As at 31.12.2010	
	Contract/ Notional value RM'000	Fair value RM'000	Contract/ Notional value RM'000	Fair value RM'000
Derivative financial assets:				
Equity related contracts				
Less than 1 year	79,123	56,325	52,723	50,707
Commodities related contracts				
Less than 1 year	-	-	-	10
Interest rate swaps				
Less than 1 year	736,514	19,257	505,145	30,568
1 year to 3 years	717,189	3,114	239,940	5,383
More than 3 years	142,082	217	103,961	1,502
	1,595,785	22,588	849,046	37,453
Foreign currency forward and swap contracts				
Less than 1 year	-	-	560,865	2,127
	1,674,908	78,913	1,462,634	90,297
Derivative financial liabilities:				
Structured warrants				
Less than 1 year	51,273	77,336	80,338	141,452
Structured investments				
Less than 1 year	9,891	9,958	6,410	6,504
Foreign currency forward and swap contracts				
Less than 1 year	522,188	1,178	210,789	1,741
Equity related contracts				
Less than 1 year	-	4	-	44
Commodities related contracts				
Less than 1 year	-	-	-	8
	583,352	88,476	297,537	149,749

B11. Derivative financial instruments (Cont'd)

(a) Disclosure of derivatives (Cont'd)

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

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

(iv) Risks relating to derivatives and changes since last financial year

Credit risk

Credit risk is the potential loss arising from the failure of a counterparty to fulfil its obligation under a contractual agreement. As at 30 June 2011, the amount of credit risk relating to derivatives in the Group, measured in terms of the cost to replace the profitable contracts, was RM78,913,000 (31.12.2010 : RM90,297,000). This amount will increase or decrease over the life of the derivative contracts, mainly as a function of maturity dates and market rates or prices.

Market risk

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

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

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

Further information about the policies in respect of derivative financial instruments of the Group are disclosed in the audited annual financial statements for the financial year ended 31 December 2010.

B11. Derivative financial instruments (Cont'd)

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

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

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

Types of financial liabilities	Current quarter ended	Current year to date ended
	30.6.2011	30.6.2011
	RM'000	RM'000
Structured warrants	24,923	12,951
Structured investments	-	(25)
Foreign exchange swap contracts	749	(2,696)
Fair value gain	<u>25,672</u>	<u>10,230</u>

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

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

Market risk

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

Interest rate risk

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

Currency risk

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

(iii) Bases in arriving at the fair value:

Structured warrants issued

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

B11. Derivative financial instruments (Cont'd)

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

(iii) Bases in arriving at the fair value: (Cont'd)

Structured investments

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

Foreign currency swap contracts

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

(c) Realised and Unrealised Profits

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

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

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

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

	As at 30.6.2011	As at 31.12.2010
	RM'000	RM'000
Total retained profits of the Company and its subsidiary companies		
- Realised	234,791	250,438
- Unrealised	133,442	116,018
	368,233	366,456
Total share of retained profits from associated companies		
- Realised	9,191	11,195
- Unrealised	-	-
Less : Consolidation adjustments	(75,229)	(69,047)
	302,195	308,604

B11. Derivative financial instruments (Cont'd)

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

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

B12. Material litigations

As at 22 August 2011 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report), save as disclosed below, the Group was not engaged in any material litigation either as plaintiff or defendant and the directors are not aware of any proceeding pending or threatened against the Group or any facts likely to give rise to any proceeding which might materially and adversely affect the financial position or business operations of the Group.

Kamal, Lokman & Mustakim Holdings Sdn. Bhd. (“Chargor”) and Ahmad Azari bin Mohd. Daud (“Azari”) (collectively referred to as the “Plaintiffs”) vs. OSK Capital Sdn. Bhd. (“OSKC”) and OSK Nominees (Tempatan) Sdn. Berhad (“OSKNT”) and Another (collectively referred to as the “Defendants”) (Seremban High Court Suit No. 22-216-2003)

The Plaintiffs commenced an action against the Defendants on 14 November 2003 seeking inter-alia, a declaration that a charge registered in favour of OSKC is void, damages in the sum of RM20,000,000, general damages, interest and costs and claiming against OSKC/OSKNT for negligence, breach of duty, fiduciary duty and unjust enrichment in relation to a facility of RM13,000,000 granted to Azari by OSKC. OSKC and OSKNT had filed their defence on 17 February 2004.

OSKC and OSKNT have also filed an application to strike out the Plaintiffs’ Writ of Summons and Statement of Claim on the basis that the filing of the action by the Plaintiffs was frivolous and vexatious. The Court has on 13 March 2008 struck out with costs the Plaintiffs’ Writ of Summons and Statement of Claim. The Chargor has since filed a Notice of Appeal against the said decision. On 5 May 2009, the High Court has dismissed the Plaintiffs’ appeal. On 4 June 2009, the Plaintiffs have filed an appeal to the Court of Appeal against the High Court’s decision. A hearing date is still pending.

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

B12. Material litigations (Cont'd)

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

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

The Defendant had on 23 July 2010 filed its Memorandum of Appearance and on 11 August 2010 filed its Defence and Counter claim. Subsequently, the Defendant had on 27 September 2010 filed an application to strike out the Plaintiff’s claim and the hearing date to hear the striking out application was fixed on 28 February 2011. On 28 February 2011, the said hearing was postponed to 1 March 2011. The matter was fixed for decision on 14 March 2011 in relation to the striking out application. On 14 March 2011, the Court dismissed the Plaintiff’s claims against the Defendant. Hearing dates to hear the Defendant’s counterclaim were earlier fixed on 4 and 5 April 2011 but had been postponed to 21 and 22 June 2011. On 3 August 2011, the Defendant withdrew the counterclaim against Plaintiff.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
B13. Dividend

- (a) The Board of Directors recommends an interim dividend of 2.5 sen per share less 25% income tax in respect of the current year to date (2010: Interim dividend of 2.5 sen per share less 25% income tax). The entitlement date to the interim dividend is fixed on 24 August 2011 and payment will be made on 14 September 2011.
- (b) Total dividend for the current year to date is 2.5 sen per share less 25% income tax.

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

	Current quarter ended 30.6.2011	Comparative quarter ended 30.6.2010	Current year to date ended 30.6.2011	Preceding year to date ended 30.6.2010
<u>Basic</u>				
Profit attributable to owners of the Company (RM'000)	5,600	11,135	52,233	43,379
Weighted average number of ordinary shares in issue ('000 shares)	939,120	937,010	938,701	903,033
Basic EPS (sen)	0.60	1.19	5.56	4.80
<u>Diluted</u>				
Profit attributable to owners of the Company (RM'000)	5,600	11,135	52,233	43,379
Weighted average number of ordinary shares in issue ('000 shares)	939,120	937,010	938,701	903,033
Effect of dilution on assumed exercise of options granted under ESOS (2010 preceding year to date: including assumed conversion of Warrants B 2000 (2010 that expired on 1 March 2010))	2,188	2,147	2,527	1,976
Adjusted weighted average number of ordinary shares in issue and issuable ('000 shares)	941,308	939,157	941,228	905,009
Diluted EPS (sen)	0.59	1.19	5.55	4.79

B15. Auditors' report of preceding annual financial statements

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

By Order of the Board

Ong Leong Huat
Director

Kuala Lumpur
25 August 2011

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011**A22. Segmental information**

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

- | | |
|------------------------|---|
| 1. Investment Banking | - Equities and Debt Capital Market, Derivatives and Structured Products, Corporate Advisory, Treasury, Islamic Banking and Labuan Investment Banking. |
| 2. Loans & Financing | - Corporate Loans, Shares Margin Financing, Capital Financing and Commercial Banking Services. |
| 3. Equities & Futures | - Stockbroking & Futures Broking, Nominee Services and related services. |
| 4. Wealth Management | - Unit Trust Fund Management, Islamic Funds Services and Asset Management. |
| 5. Property Investment | - Management and Letting of Properties. |
| 6. Holding Entities | - Investment Holding Companies. |
| 7. Others | - Not significant to be separately disclosed. |

Segment revenue and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The inter-segment transactions have been entered into in the ordinary course of business at terms mutually agreed between the segments concerned and are not more favourable than those arranged with independent third parties and have been eliminated to arrive at the Group's results.

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

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

	Domestic	Foreign Countries				Sub-total	Total
	Malaysia	Singapore	China and Hong Kong	Indonesia	Cambodia		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CURRENT YEAR TO DATE ENDED 30.6.2011							
Revenue	403,686	78,350	25,664	32,407	6,608	143,029	546,715
Profit/(loss) before tax	75,172	19,892	(5,785)	3,949	(2,840)	15,216	90,388
Non-current assets as at 30.6.2011	538,369	8,880	5,720	6,991	16,008	37,599	575,968
PRECEDING YEAR TO DATE ENDED 30.6.2010							
Revenue	311,559	88,245	26,509	22,765	5,824	143,343	454,902
Profit/(loss) before tax	54,400	27,351	(3,646)	3,750	234	27,689	82,089
Non-current assets as at 31.12.2010	531,758	2,871	5,833	6,089	16,925	31,718	563,476

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011
A25. Commitments and contingencies

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

	As at 30.6.2011			As at 31.12.2010		
	Principal amount	Credit equivalent*	Risk weighted*	Principal amount	Credit equivalent*	Risk weighted*
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Obligations under underwriting agreements	27,750	13,875	13,875	24,731	12,365	12,365
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	1,192,774	-	-	1,352,610	-	-
- maturity exceeding one year	227,186	113,593	113,593	133,640	66,820	66,820
Foreign exchange related contracts:						
- less than one year	423,797	84,565	16,913	771,882	358,686	71,740
Interest rate related contracts:						
- one year to less than five years	1,595,250	88,820	17,764	885,973	79,270	15,854
	3,466,757	300,853	162,145	3,168,836	517,141	166,779

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

OSKIB has adopted the Standardised Approach for credit risk and market risk and the Basic Indicator Approach for operational risk computation.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

(Page 1 of 4)

A26. 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 30.6.2011	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short term funds	1,278,924	36,041	463	-	-	466,949	-	1,782,377	3.10
Deposits and placements with banks and other financial institutions	-	195,000	-	-	-	-	-	195,000	3.33
Securities held-for-trading	-	-	-	-	-	-	273,783	273,783	-
Securities held-to-maturity	15,010	30,000	89,268	284,362	151,099	-	-	569,739	4.64
Securities available-for-sale	489,839	772,582	286,526	1,163,376	715,893	60,377	-	3,488,593	3.98
Derivative financial assets *	-	-	-	-	-	78,913	-	78,913	-
Loans, advances and financing									
- Non-impaired	561,888	171,846	474,058	241,238	82,879	-	-	1,531,909	9.06
- Impaired	-	-	-	-	-	5,665	-	5,665	-
Trade receivables	43,903	-	-	-	-	2,672,323	-	2,716,226	2.08
Statutory and reserve deposits with Central Banks	-	-	-	-	28,477	134,311	-	162,788	0.12
Other assets	-	-	100	-	-	103,493	-	103,593	3.86
Other non-interest sensitive assets	-	-	-	-	-	584,288	-	584,288	-
Total Assets	2,389,564	1,205,469	850,415	1,688,976	978,348	4,106,319	273,783	11,492,874	

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

(Page 2 of 4)

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

As at 30.6.2011	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			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
LIABILITIES									
Deposits from customers	3,052,278	812,797	968,265	39,583	200	9,350	-	4,882,473	3.39
Deposits and placements of banks and other financial institutions	237,902	115,103	113,100	-	-	131	-	466,236	3.24
Derivative financial liabilities	-	-	-	-	-	88,476	-	88,476	-
Trade payables	-	-	-	-	-	3,387,533	-	3,387,533	-
Borrowings	230,168	26,400	-	-	-	-	-	256,568	6.15
Subordinated notes	-	-	-	-	400,000	-	-	400,000	6.86
Other non-interest sensitive liabilities	-	-	-	-	-	246,359	-	246,359	-
Total Liabilities	3,520,348	954,300	1,081,365	39,583	400,200	3,731,849	-	9,727,645	
Equity attributable to owners of the Company	-	-	-	-	-	1,474,471	-	1,474,471	
Non-controlling interests	-	-	-	-	-	290,758	-	290,758	
Total Equity	-	-	-	-	-	1,765,229	-	1,765,229	
Total Liabilities and Equity	3,520,348	954,300	1,081,365	39,583	400,200	5,497,078	-	11,492,874	
On-balance sheet interest sensitivity gap	(1,130,784)	251,169	(230,950)	1,649,393	578,148	(1,390,759)	273,783	-	
Off-balance sheet interest sensitivity gap	-	31,111	705,403	847,189	12,082	-	-	1,595,785	
Total Interest Sensitivity Gap	(1,130,784)	282,280	474,453	2,496,582	590,230	(1,390,759)	273,783	1,595,785	
Cumulative interest rate sensitivity gap	(1,130,784)	(848,504)	(374,051)	2,122,531	2,712,761	1,322,002	1,595,785	1,595,785	

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

(Page 3 of 4)

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

	Non-trading book					Non-interest sensitive	Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years				
As at 31.12.2010	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short term funds	985,321	51,888	4,773	-	-	510,898	-	1,552,880	2.69
Securities purchased under resale agreements	59,886	-	-	-	-	51,600	-	111,486	2.77
Securities held-for-trading	-	-	-	-	-	-	648,996	648,996	-
Securities held-to-maturity	60,000	59,789	108,634	306,795	127,209	-	-	662,427	4.44
Securities available-for-sale	315,068	245,107	387,851	1,449,709	368,694	29,437	-	2,795,866	4.07
Derivative financial assets *	-	-	-	-	-	90,297	-	90,297	-
Loans, advances and financing									
- Non-impaired	538,539	129,554	338,243	282,770	46,355	-	-	1,335,461	8.76
- Impaired	-	-	-	-	-	11,986	-	11,986	-
Trade receivables	31,374	-	-	-	-	2,012,547	-	2,043,921	1.88
Statutory and reserve deposits									
with Central Banks	-	-	-	-	24,468	45,210	-	69,678	0.15
Other assets	-	-	100	-	-	94,716	-	94,816	3.15
Other non-interest sensitive assets	-	-	-	-	-	570,888	-	570,888	-
Total Assets	1,990,188	486,338	839,601	2,039,274	566,726	3,417,579	648,996	9,988,702	

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

(Page 4 of 4)

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

	Non-trading book						Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-interest sensitive			
As at 31.12.2010	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
LIABILITIES									
Deposits from customers	2,190,733	1,034,555	616,665	21,995	-	8,857	-	3,872,805	3.07
Deposits and placements of banks and other financial institutions	304,357	145,193	220,136	-	-	83	-	669,769	3.09
Derivative financial liabilities	-	-	-	-	-	149,749	-	149,749	-
Trade payables	-	-	-	-	-	2,657,196	-	2,657,196	-
Borrowings	333,792	4,435	72,392	-	-	-	-	410,619	-
Subordinated notes	-	-	-	-	300,000	-	-	300,000	7.41
Other non-interest sensitive liabilities	-	-	-	-	-	235,113	-	235,113	-
Total Liabilities	2,828,882	1,184,183	909,193	21,995	300,000	3,050,998	-	8,295,251	
Equity attributable to owners of the Company	-	-	-	-	-	1,448,710	-	1,448,710	
Non-controlling interests	-	-	-	-	-	244,741	-	244,741	
Total Equity	-	-	-	-	-	1,693,451	-	1,693,451	
Total Liabilities and Equity	2,828,882	1,184,183	909,193	21,995	300,000	4,744,449	-	9,988,702	
On-balance sheet interest sensitivity gap	(838,694)	(697,845)	(69,592)	2,017,279	266,726	(1,326,870)	648,996	-	
Off-balance sheet interest sensitivity gap	-	-	505,145	289,940	53,961	-	-	849,046	
Total Interest Sensitivity Gap	(838,694)	(697,845)	435,553	2,307,219	320,687	(1,326,870)	648,996	849,046	
Cumulative interest rate sensitivity gap	(838,694)	(1,536,539)	(1,100,986)	1,206,233	1,526,920	200,050	849,046	849,046	