

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2008
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

Group

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 March 2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 March 2007 RM'000	CURRENT YEAR TO DATE 31 March 2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 March 2007 RM'000
Continuing Operations					
Interest income	A21	26,236	13,318	26,236	13,318
Interest expense	A22	(12,834)	(4,213)	(12,834)	(4,213)
Net interest income		13,402	9,105	13,402	9,105
Non interest income	A23	52,542	103,928	52,542	103,928
Net Income		65,944	113,033	65,944	113,033
Other operating expenses	A24	(60,412)	(61,824)	(60,412)	(61,824)
Operating profits		5,532	51,209	5,532	51,209
Allowance for losses on loans, advances and financing	A25a	(3,581)	(855)	(3,581)	(855)
Allowance for bad and doubtful accounts on balances from clients & brokers	A25	(5,061)	(654)	(5,061)	(654)
Share of profits in associates		671	-	671	-
(Loss)/profit before taxation		(2,439)	49,700	(2,439)	49,700
Taxation		(264)	(10,940)	(264)	(10,940)
(Loss)/profit for the period from continuing operations		(2,703)	38,760	(2,703)	38,760
Discontinued operations					
Loss for the period from discontinued operations		-	(559)	-	(559)
(Loss) /profit for the period		(2,703)	38,201	(2,703)	38,201

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 March 2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 March 2007 RM'000	CURRENT YEAR TO DATE 31 March 2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 March 2007 RM'000
(i) (Loss)/profit for the period attributable to				
- Equity holders of the parent	(3,614)	37,514	(3,614)	37,514
- Minority interests	911	687	911	687
	<u>(2,703)</u>	<u>38,201</u>	<u>(2,703)</u>	<u>38,201</u>
3. (a) (Loss) /Earnings per share attributable to ordinary equity holder of the parent above after deducting any provision for preference dividends, if any:-				
(i) Basic (based on weighted average number of ordinary shares 611,759,499 for the current year quarter and ordinary shares of for the 611,759.499 cummulative quarter current year to date) (2007 : 611,759,499 ordinary shares for the previous year quarter and 611,759,499 ordinary shares for the cummulative quarter previous year to date) (sen)	(0.6)	6.1	(0.6)	6.1
(ii) Fully diluted	N/A	N/A	N/A	N/A

The condensed Consolidated Income statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2007

CONDENSED INCOME STATEMENTS**Company**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 March 2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 March 2007 RM'000	CURRENT YEAR TO DATE 31 March 2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 March 2007 RM'000
Continuing Operations				
Interest income	866	1,569	866	1,569
Interest expense	-	(1,258)	-	(1,258)
Net interest income	866	311	866	311
Non interest income	155	2,802	155	2,802
Net Income	1,021	3,113	1,021	3,113
Overhead expenses	(7,455)	(916)	(7,455)	(916)
Operating (loss)/profits	(6,434)	2,197	(6,434)	2,197
Allowance for losses on loans, advances and financing	-	-	-	-
Allowance on bad and doubtful accounts on trade receivables	-	-	-	-
(Loss) /profit before taxation	(6,434)	2,197	(6,434)	2,197
Taxation	1,718	(885)	1,718	(885)
(Loss)/profit for the period from continuing operations	(4,716)	1,312	(4,716)	1,312
Discontinued operations				
Loss for the period from discontinued operations	-	-	-	-
(Loss)/profit for the period	(4,716)	1,312	(4,716)	1,312

CONDENSED INCOME STATEMENTS

Company

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 March 2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 March 2007 RM'000	CURRENT YEAR TO DATE 31 March 2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 March 2007 RM'000
(i) (Loss)/profit for the period attributable to - Equity holders of the parent	(4,716)	1,312	(4,716)	1,312
	<u>(4,716)</u>	<u>1,312</u>	<u>(4,716)</u>	<u>1,312</u>
3 (a) (Loss)/Earnings per share attributable to ordinary equity holder of the parent above after deducting any provision for preference dividends, if any:-				
(i) Basic (based on weighted average number of ordinary shares 611,759,499 for the current year quarter and ordinary shares of 611,759,499 for the cumulative quarter current year to date) (2007 : 611,759,499 ordinary shares for the previous year quarter and 611,759,499 ordinary shares for the cumulative quarter previous year to date) (sen)	(0.8)	0.2	(0.8)	0.2
(ii) Fully diluted	N/A	N/A	N/A	N/A

The condensed income statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2007

**CONDENSED CONSOLIDATED BALANCE SHEETS
GROUP**

		AS AT END OF CURRENT QUARTER 31 March 2008 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31 December 2007 RM'000
	Note		
ASSETS			
Cash and short-term funds		1,038,320	609,143
Deposits and placements with financial institutions		16,847	18,847
Securities purchased under resale agreements		-	-
Securities held for trading	A9	42,826	218,853
Securities available for sales	A10	357,206	471,173
Securities held to maturity	A11	1,490	1,490
Loans, advances and financing	A12	452,005	216,080
Other assets			
- Balance due from clients and brokers		635,883	660,365
- Assets segregated for customers		481,972	397,079
- Other receivables	A13	18,796	18,875
Statutory deposits with the Central Bank		14,420	10,500
Investments in associated companies		71,866	78,073
Intangible assets		70,106	70,106
Property, plant and equipment		26,620	26,758
Deferred tax assets		5,090	3,983
Tax recoverable		5,287	257
Asset of disposal group/non current assets classified as held for sale		-	-
TOTAL ASSETS		3,238,734	2,801,582
LIABILITIES			
Deposits from customers	A14	442,408	387,344
Deposits and placements of banks and other financial institutions	A15	738,647	473,601
Obligations on securities sold under repurchase agreements		-	-
Bills and acceptances payable		-	-
Borrowings	A17	167,926	104,195
Other liabilities			
-Balance due to clients and brokers		749,204	666,505
- Amount held in trust		218,247	218,225
- Other payables	A16	65,935	79,913
Provision for taxation and zakat		1,689	1,795
Deferred tax liabilities		65	1,067
Subordinated obligations	A15	1,367	1,384
Liabilities directly associated with assets classified as held for sale		-	-
TOTAL LIABILITIES		2,385,488	1,934,029
SHAREHOLDERS EQUITY			
Share Capital		611,759	611,759
Share Premium		75	75
Profit and loss reserve		132,739	167,353
Exchange fluctuation reserve		(8,488)	(1,326)
Statutory reserve		45,717	45,717
Available for sale reserve		(5,138)	(696)
Capital reserve		71,952	40,952
		848,616	863,834
Minority interests		4,630	3,719
Total equity		853,246	867,553
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,238,734	2,801,582
Net Assets Per Share (RM)		1.39	1.42

The condensed Consolidated Balance Sheets should be read in conjunction with
Financial Report for the year ended 31 December 2007

**CONDENSED BALANCE SHEETS
COMPANY**

	AS AT END OF CURRENT QUARTER 31 March 2008 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31 December 2007 RM'000
ASSETS		
Cash and short-term funds	36,754	40,708
Deposits and placements with financial institutions	-	-
Securities purchased under resale agreements	-	-
Securities held for trading	19,586	34,595
Securities available for sales	-	-
Securities held to maturity	-	-
Loans, advances and financing	-	-
Other assets		
- Balance due from clients and brokers	-	-
- Amount due from subsidiary companies	56,051	45,555
- Amount due from related companies	-	-
- Other receivables	533	145
Statutory deposits with the Central Bank	-	-
Investments in subsidiary companies	588,137	588,137
Investments in associated companies	10,063	10,063
Intangible assets	-	-
Property, plant and equipment	908	942
Deferred tax assets	728	-
Tax recoverable	-	-
Asset of disposal group/non current assets classified as held for sale	-	-
TOTAL ASSETS	712,760	720,145
LIABILITIES		
Deposits from customers	-	-
Deposits and placements of banks and other financial institutions	-	-
Obligations on securities sold under repurchase agreements	-	-
Bills and acceptances payable	-	-
Borrowings	-	-
Other liabilities		
-Balance due to clients and brokers	-	-
- Amount due to subsidiary companies	52,890	52,904
- Other payables	1,445	3,091
Provision for taxation and zakat	627	643
Deferred tax liabilities	-	993
Subordinated obligations	-	-
Liabilities directly associated with assets classified as held for sale	-	-
TOTAL LIABILITIES	54,962	57,631
SHAREHOLDERS EQUITY		
Share Capital	611,759	611,759
Share Premium	75	75
Profit and loss reserve	45,964	50,680
Capital reserve	-	-
	657,798	662,514
Total equity	657,798	662,514
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	712,760	720,145
Net Assets Per Share (RM)	1.08	1.08

**The condensed Balance Sheets should be read in conjunction with the Annual
Financial Report for the year ended 31 December 2007**

**Consolidated Condensed Cash Flow Statement
for the period ended 31 March 2008**

	Group	
	CUMULATIVE QUARTER	
	CURRENT YEAR TO DATE 31 March 2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 March 2007 RM'000
Cash flows from operating activities		
(Loss)/Profit before taxation		
- Continuing operations	(2,439)	49,700
- Discontinued operations	-	(559)
Adjustments for non operating and non cash items	15,533	(20,180)
Operating profit before changes in working capital	<u>13,094</u>	<u>28,961</u>
Net changes in operating assets	(41,359)	(208,011)
Net changes in operating liabilities	453,022	308,298
Cash generated from operations	<u>424,757</u>	<u>129,248</u>
Net tax paid	(5,999)	(1,925)
Net cash generated from operating activities	<u>418,758</u>	<u>127,323</u>
Net cash generated from investing activities	8,874	34,969
Net cash generated from financing activities	61,790	36,291
Net increase in cash and cash equivalents during the period	<u>489,422</u>	<u>198,583</u>
Cash and cash equivalents brought forward	347,040	106,874
Cash and cash equivalents carried forward	<u>836,462</u>	<u>305,457</u>
Cash and cash equivalents as at 31st March 2008 comprised of :-		
Non trust cash and short term funds	<u>836,842</u>	
	<u>836,842</u>	

**The condensed consolidated cash flow statement should be read in conjunction
with the Annual Financial Report for the year ended 31st December 2007**

**Consolidated Statement of changes in equity
for the period ended 31 March 2008**

Group

	←Attributable to Equity Holders of the Parent→						Distributable	Minority Interests	Total Equity	
	< ---Non -Distributable--->					Share Premium				Retained profits
	Share Capital	Exchange Reserve	Capital Reserve	Available For Sale Reserve	Statutory Reserve					
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
As at 1 January 2008	611,759	(1,326)	40,952	(696)	45,717	75	167,353	3,719	867,553	
Exchange differences from translation of subsidiary company's net assets	-	(7,162)	-	-	-	-	-	-	(7,162)	
Net unrealised losses on securities	-	-	-	(4,442)	-	-	-	-	(4,442)	
Net loss for the year	-	-	-	-	-	-	(3,614)	911	(2,703)	
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	
Income reserve capitalised to capital reserve	-	-	31,000	-	-	-	(31,000)	-	-	
Dividend paid	-	-	-	-	-	-	-	-	-	
As at 31 March 2008	<u>611,759</u>	<u>(8,488)</u>	<u>71,952</u>	<u>(5,138)</u>	<u>45,717</u>	<u>75</u>	<u>132,739</u>	<u>4,630</u>	<u>853,246</u>	

**Consolidated Statement of changes in equity
for the period ended March 2007**

Group

	←Attributable to Equity Holders of the Parent→						Distributable	Minority Interests	Total Equity	
	< ---Non -Distributable--->					Share Premium				Retained profits
	Share Capital	Exchange Reserve	Capital Reserve	Available For Sale Reserve	Statutory Reserve					
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
As at 1 January 2007	611,759	(591)	34,352	-	75	83,247	4,289	733,131		
Application of GP8 As restated	<u>611,759</u>	<u>(591)</u>	<u>34,352</u>	<u>8,992</u>	<u>75</u>	<u>4,242</u>	<u>4,289</u>	<u>13,234</u>		
Exchange differences from translation of subsidiary company's net assets	-	(158)	-	-	-	-	-	(158)		
Reversal of reserve from disposal of securities	-	-	-	(10,359)	-	-	-	(10,359)		
Unrealised gains for the year	-	-	-	910	-	-	-	910		
Income reserve capitalised to capital reserve	-	-	6,600	-	-	(6,600)	-	-		
Net profit for the year	-	-	-	-	-	37,514	687	38,201		
Dividend paid	-	-	-	-	-	-	-	0		
As at 31 March 2007	<u>611,759</u>	<u>(749)</u>	<u>40,952</u>	<u>(457)</u>	<u>75</u>	<u>118,403</u>	<u>4,976</u>	<u>774,959</u>		

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007

Statement of changes in equity
for the period ended 31 March 2008

Company

	--Attributable to Equity Holders of the Parent-- <-- Non Distributable-->				Total Equity
	Share Capital RM'000	Capital Reserve RM'000	Share Premium RM'000	Retained profits RM'000	
As at 1 January 2008	611,759	-	75	50,680	662,514
Net loss for the year	-	-	-	(4,716)	(4,716)
Dividend paid	-	-	-	-	-
As at 31 March 2008	<u>611,759</u>	<u>0</u>	<u>75</u>	<u>45,964</u>	<u>657,798</u>

Statement of changes in equity
for the period ended 31 March 2007

Company

	-Attributable to Equity Holders of the Parent-- Distributable				Total Equity
	Share Capital RM'000	Capital Reserve RM'000	Share Premium RM'000	Retained profits RM'000	
As at 1 January 2007	611,759	29,956	75	15,289	657,079
Application of GP8				1,842	1,842
As restated	<u>611,759</u>	<u>29,956</u>	<u>75</u>	<u>17,131</u>	<u>658,921</u>
Net profit for the year	-	-	-	1,312	1,312
Dividend paid	-	-	-	-	-
As at 31 March 2007	<u>611,759</u>	<u>29,956</u>	<u>75</u>	<u>18,443</u>	<u>660,233</u>

The Condensed Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007

K & N KENANGA HOLDINGS BERHAD (302859-X)

(Incorporated in Malaysia)

SELECTED EXPLANATORY NOTES REQUIREMENTS OF FRS134

A1. Basis Of Preparation

The quarterly interim financial statements have been prepared based on accounting policies and methods of computation consistent with those adopted in the most recent annual financial statements for the year ended 31 December 2007. In addition, the interim financial statements of the Company have also been prepared in accordance with FRS134 Interim Financial Reporting and Chapter 9 Part K of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the Revised Guidelines on Financial Reporting for Licensed Financial Institutions (BNM/GP8) issued by Bank Negara Malaysia ("BNM").

The specific and general allowances for loans, advances and financing for the Group are computed based on BNM's Guidelines on Classification of Non-performing Loans, Advances and Financing and Provision for Substandard, Bad And Doubtful Debts (BNM/GP3).

The accounting policies and methods of computation adopted for this interim financial report are consistent with those adopted in the annual financial statements for the year ended 31st December 2007.

A2. Condensed financial statements

These interim financial statements have been prepared on a condensed basis and as such should be read in conjunction with the latest annual financial statements for the year ended 31 December 2007. The explanatory notes attached to the interim financial statements 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 2007.

A3. Preceding financial year audit report

The preceding financial year audit report in respect of the financial year ended 31 December 2007 was not qualified by the external auditors.

A4. Seasonal or Cyclical Factors

The Group's performance is mainly dependent on Bursa Malaysia market volume which in turn is affected by market sentiment and the country's macro economic cycles.

K & N KENANGA HOLDINGS BERHAD (302859-X)

(Incorporated in Malaysia)

SELECTED EXPLANATORY NOTES

REQUIREMENTS OF FRS134 (Contd)

A5. Nature and amounts in relation to assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence

There are no exceptional items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 31 March 2008.

A6. Changes in the nature and amount of estimated figures reported in prior interim periods and or financial years

There were no changes made in estimates for amounts reported in prior interim periods or financial year.

A7. Issuance, cancellation, repurchases, resale and repayments of debt and equity securities

There were no issues and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the quarter ended 31 March 2008.

A8. Dividends paid per share

No dividend was paid for the quarter ended 31 March 2008.

K & N KENANGA HOLDINGS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2008

	March 2008 RM' 000	December 2007 RM' 000
A9 (a) Securities held-for-trading		
At Fair Value		
Money Market Instruments:-		
Malaysian Government Treasury Bills	-	-
Malaysian Government Securities	-	-
Malaysian Government Investment Issues	-	-
Bank Negara Malaysia Bills and Notes	-	-
Bankers' Acceptances and Islamic Accepted Bills	-	-
Cagamas Bonds	-	-
Foreign Government Securities	-	-
Others	-	-
Total Money Market Instruments	<u>-</u>	<u>-</u>
Quoted securities:		
In Malaysia:		
Shares, Warrants, Trust Units and Loan Stocks	22,896	59,111
Outside Malaysia:		
Shares, Warrants, Trust Units and Loan Stocks	-	-
Unquoted securities:		
Private and Islamic Debt Securities in Malaysia	19,930	159,742
Foreign Private Debt Securities	-	-
	<u>19,930</u>	<u>159,742</u>
Total securities held-for-trading	<u>42,826</u>	<u>218,853</u>
A10 (b) Securities Available-for-sale		
At Fair Value, or amortised cost less impairment losses for certain unquoted equity instruments		
Money market instruments:-		
Malaysian Government Securities	-	5,015
Islamic Cagamas Bonds	15,032	15,021
Cagamas Bonds	69,923	69,916
Foreign Government Securities	-	-
Malaysian Government Treasury Bills	-	-
Malaysian Government Investment Issues	4,995	4,947
Foreign Government Treasury Bills	-	-
Negotiable Instruments of Deposits	-	80,002
Bankers' Acceptances and Islamic Accepted Bills	-	-
Khazanah Bonds	-	-
Bank Negara Malaysia Sukuk Ijarah Bonds	-	-
Foreign Certificates of Deposits	-	-
Total Money market instruments	<u>89,950</u>	<u>174,901</u>

K & N KENANGA HOLDINGS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2008

	March 2008 RM' 000	December 2007 RM' 000
Quoted securities:		
In Malaysia:		
Shares, Warrants, Trust Units and Loan Stocks	13,880	11,246
Outside Malaysia:		
Shares, Warrants, Trust Units and Loan Stocks	2,499	-
	<u>16,379</u>	<u>11,246</u>
Unquoted securities:		
Shares, trust units and loan stocks in Malaysia	2,103	2,103
Shares, trust units and loan stocks outside Malaysia	-	-
Private and Islamic Debt Securities in Malaysia	248,774	282,923
Malaysian Government Bonds	-	-
Foreign Islamic and Private Debt Securities	-	-
Credit Link Notes	-	-
Malaysia Global Sukuk	-	-
Others	3,100	3,100
	<u>253,977</u>	<u>288,126</u>
Accumulated impairment losses	<u>(3,100)</u>	<u>(3,100)</u>
Total securities available-for-sale	<u>357,206</u>	<u>471,173</u>
A11 (c) Securities Held-To-Maturity		
At Amortised Cost		
Money market instruments:-		
Malaysian Government Securities	-	-
Cagamas Bonds	-	-
Foreign Government Securities	-	-
Malaysian Government Investment Issues	-	-
Khazanah Bonds	-	-
Bankers' Acceptances and Islamic accepted bills	-	-
Negotiable Instruments of Deposits	-	-
Total Money market instruments	<u>-</u>	<u>-</u>
Unquoted securities:		
Private and Islamic Debt Securities in Malaysia	-	-
Malaysian Government Bonds	-	-
Foreign Government Bonds	-	-
Foreign Islamic and Private Debt Securities	-	-
Credit Linked Note	-	-
Others	1,490	1,490
	<u>1,490</u>	<u>1,490</u>
Accumulated impairment losses	<u>-</u>	<u>-</u>
Total securities held-to-maturity	<u>1,490</u>	<u>1,490</u>

K & N KENANGA HOLDINGS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2008

	March 2008 RM' 000	December 2007 RM' 000
A12 Loans, advances and financing		
Overdrafts	-	-
Term loans	-	-
- Real estate	39,035	-
- Syndicated term loan/financing	-	-
- Hire purchase receivables	29,324	-
- Lease receivables	-	-
- Other term loans/financing	-	-
- Constructions	173,796	101,579
Credit card receivables	-	-
Bills receivables	-	-
Trust receipts	-	-
Claims on customers under acceptance credits	-	-
Finance, insurance and business services	30,148	-
Revolving credits	-	-
Staff loans	-	-
Housing loans to	-	-
- Executive directors of the Bank	-	-
- Executive directors of subsidiaries	-	-
Others	186,658	118,095
	<u>458,961</u>	<u>219,674</u>
Unearned interest and income	-	(2)
Gross loans, advances and financing	458,961	219,672
Allowances for bad and doubtful debts and financing:		
- specific	(76)	(302)
- general	(6,880)	(3,290)
Net loans, advances and financing	<u>452,005</u>	<u>216,080</u>
(i) By type of customer		
Domestic operations:		
Domestic banking institutions	-	-
Domestic non-bank financial institutions	-	-
- Stockbroking companies	-	-
- Others	-	-
Domestic business enterprise	-	-
- Small and medium enterprise	11,911	101,579
- Others	362,590	85,278
Government and statutory bodies	-	-
Individuals	84,460	32,817
Other domestic entities	-	-
Foreign entities	-	-
Total domestic operations	<u>458,961</u>	<u>219,674</u>
Overseas operations:		
Singapore	-	-
Hong Kong SAR	-	-
United States of America	-	-
People's Republic of China	-	-
Others (Please specify)	-	-
	<u>-</u>	<u>-</u>
Gross loans, advances and financing	<u>-</u>	<u>-</u>

K & N KENANGA HOLDINGS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2008

	March 2008 RM' 000	December 2007 RM' 000
(ii) By interest/profit rate sensitivity		
Fixed rate		
- Housing loans/financing	-	-
- Hire purchases receivable	-	-
- Cost price	-	-
- Other fixed rate loans/financing	-	-
Variable rate		
- Base lending rate plus	184,848	118,095
- Cost plus	274,113	101,579
- Other variable rates	-	-
Gross loans, advances and financing	458,961	219,674
(iii) Total loans by economic purposes		
Domestic operations:		
Purchase of securities	184,848	118,095
Purchase of transport vehicles	-	-
- Less Islamic loans sold to Cagamas	-	-
Purchase of landed properties	-	-
- residential	-	-
- non-residential	-	-
- Less Islamic housing loans sold to Cagamas	-	-
Purchase of fixed assets (exclude landed properties)	-	-
Personal use	-	-
Credit card	-	-
Purchase of consumer durables	-	-
Manufacturing	80,063	45,176
Construction	93,733	56,403
Real Estate	39,035	-
Transport, storage and communication	29,324	-
Finance, insurance and business services	30,148	-
Working capital	-	-
Others	1,810	-
Total domestic operations	458,961	219,674
Overseas operations:		
Singapore	-	-
Hong Kong SAR	-	-
United States of America	-	-
People's Republic of China	-	-
Others (Please specify)	-	-
Gross loans, advances and financing	-	-

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	March 2008 RM' 000	December 2007 RM' 000
(iii) Non-performing loans by economic purpose		
Purchase of securities	76	302
Purchase of transport vehicles	-	-
Purchase of landed properties	-	-
- residential	-	-
- non-residential	-	-
Purchase of fixed assets (exclude landed properties)	-	-
Personal use	-	-
Credit card	-	-
Purchase of consumer durables	-	-
Construction	-	-
Working capital	-	-
Others	-	-
Total domestic operations	<u>76</u>	<u>302</u>
Overseas operations:		
Singapore	-	-
Hong Kong SAR	-	-
United States of America	-	-
People's Republic of China	-	-
Others (Please specify)	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
(iv) Movement in non-performing loans, advances and financing ("NPL") are as follows		
At beginning of the period	302	836
Non-performing during the period	-	2
Amount written back in respect of recoveries	(4)	-
Reclassified as performing	-	-
Acquired upon business acquisition	-	-
Transfer from a subsidiary	-	-
Recovered	-	-
Amount written off	(222)	(536)
Converted to securities	-	-
Exchange differences and expenses debited	-	-
At end of the period	<u>76</u>	<u>302</u>
Specific allowance	-	-
Net non-performing loans, advances and financing	<u>76</u>	<u>302</u>
Net NPL as a% of gross loans, advances and financing (including Islamic loans sold to Cagamas) less specific allowances	<u>0.02%</u>	<u>0.14%</u>

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	March 2008 RM' 000	December 2007 RM' 000
(v) Movement in specific allowance for bad and doubtful debts (and financing) accounts are as follows		
<u>Specific Allowance</u>		
At beginning of the period	302	836
Allowance made during the period	-	2
Amount written back in respect of recoveries	(4)	(536)
Acquired upon business acquisition	-	-
Transfer from a subsidiary	-	-
Amount written off	(222)	-
Transfer to general allowances	-	-
Transfer to impairment losses in value of securities	-	-
Transfer to restructured/rescheduled loans	-	-
Exchange differences	-	-
At end of the period	76	302

(vi) Movement in general allowance for bad and doubtful debts (and financing) accounts are as follows

<u>General Allowance</u>		
At beginning of the period	3,290	-
Allowance made during the period	3,590	3,290
Amount written back	-	-
Acquired upon business acquisition	-	-
Transfer from specific allowance	-	-
Exchange differences	-	-
At end of the period	6,880	3,290
As % of gross loans, advances and financing (including Islamic loans sold to Cagamas) less specific allowances	1.50%	1.50%

A13 Other Assets

Interest/Income receivable	-	3,276
Prepayments and deposits	14,795	11,048
Other debtors	4,001	6,438
Foreclosed properties	-	-
Investment properties	-	-
Derivative assets	-	-
	18,796	20,762
Allowance for doubtful debts	-	(1,887)
	18,796	18,875

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	March 2008 RM' 000	December 2007 RM' 000
A14 Deposits from Customers		
Fixed deposits and negotiable instruments of deposits		
- One year or less	442,408	387,344
- More than one year	-	-
Savings deposits	-	-
Demand deposits	-	-
Structured deposits	-	-
	<u>442,408</u>	<u>387,344</u>
Business enterprise		
Individuals	384,736	291,127
Government and statutory bodies	-	-
Others	57,672	96,217
	<u>442,408</u>	<u>387,344</u>
A15 Deposits and Placement of Banks and Other Financial Institutions and Debt Securities		
Licensed banks	-	-
Licensed finance companies	-	-
Licensed merchant banks	-	-
Non-banking institutions	738,647	470,561
Other financial institutions	-	3,040
	<u>738,647</u>	<u>473,601</u>
Subordinated obligations		
Unsecured		
- less than one year	-	-
- more than one year	1,367	1,384
	<u>1,367</u>	<u>1,384</u>
A16 Other liabilities		
Interest/Profit payable	543	7,944
Provision for outstanding claims	-	-
Unearned premium reserves	-	-
Profit Equalisation Reserves	-	-
Provision and accruals	-	-
Hire purchase creditors	64,134	70,923
Due to brokers and clients	197	246
Deposits and other creditors	-	-
Derivative liabilities	1,061	800
	<u>65,935</u>	<u>79,913</u>

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NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2008

	March 2008	December 2007
	RM' 000	RM' 000
A17 Bank Borrowings		
Hire purchase creditors	-	-
Revolving bank loan	167,926	104,195
Term loan	-	-
Secured notes issuance facility	-	-
	<u>167,926</u>	<u>104,195</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2008

	March 2008		December 2007	
	RM'000	RM'000	RM'000	RM'000
<u>A18 Commitments and Contingencies and Off-Balance Sheet Financial Instruments</u>	Notional	Credit Equivalent	Notional	Credit Equivalent
		Weighted Risk		Weighted Risk
Performance bond	-	-	-	-
Direct credit substitutes	-	-	-	-
Certain transaction-related contingent items	-	-	-	-
Short-term self-liquidating trade-related contingencies	-	-	-	-
Islamic housing and hire purchase loans sold to Cagamas Berhad	-	-	144,910	72,455
Obligations under underwriting agreements	-	-	-	-
Obligations under share financing	19,000	-	-	-
Irrevocable commitments to extend credit:	-	-	-	-
- maturity within one year	-	-	40	-
- Margin	571,664	-	779,039	-
- Term loan	17,000	-	-	-
- maturity exceeding one year	-	-	-	-
- Margin	134,647	67,324	197,500	98,750
Foreign exchange related contracts:	-	-	-	-
- less than one year	-	-	-	-
- one year to less than five years	-	-	-	-
- five years and above	-	-	-	-
Interest rate related contracts:	-	-	-	-
- less than one year	-	-	-	-
- one year to less than five years	-	-	-	-
- five years and above	-	-	-	-
Miscellaneous	-	-	-	-
Undrawn margin facilities	-	-	-	-
Capital expenditure commitments	-	-	-	-
Non-cancellable lease rental commitments	-	-	68	-
	742,311	67,324	1,121,557	171,205
				171,205

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2008

	Non trading book					Non-interest sensitive RM	Trading books RM	Total RM	Effective interest rate %
	Up to 1 month RM	>1 - 3 month RM	>3 - 12 month RM	>1 - 5 years RM	over 5 RM				
A19 Interest/Profit Rate Risk									
Cash and short-term funds	730,856	-	-	-	-	307,464	-	1,038,320	3.30%
Deposits and placements with banks and other financial institutions	-	-	-	-	-	16,847	-	16,847	-
Securities purchased under resale agreements	-	-	-	-	-	-	42,826	42,826	5.60%
Securities held-for-trading	-	-	-	-	-	-	-	357,206	4.16%
Securities available-for-sale	22,961	21,850	79,322	196,660	17,930	18,483	-	1,490	-
Securities held-to-maturity	-	-	-	-	-	1,490	-	-	-
Loans, advances and financing	-	-	-	-	-	-	-	-	-
- performing	41,675	46,470	168,085	195,775	-	-	-	452,005	7.01%
- non-performing	-	-	-	-	-	-	-	-	-
Other assets n1	332,029	-	-	-	-	303,854	-	635,883	-
Other non-interest sensitive balances	476,984	-	2,000	-	-	215,173	-	694,157	-
TOTAL ASSETS	1,604,505	68,320	249,407	392,435	17,930	863,311	42,826	3,238,734	
Interest/Profit Rate Risk									
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits from customers	431,573	7,835	3,000	-	-	-	-	442,408	3.61%
Deposits and placements of banks and other financial institutions	280,784	181,654	276,209	-	-	-	-	738,647	3.61%
Borrowings	167,926	-	-	-	-	-	-	167,926	5.45%
Obligations on securities sold under repurchase agreements	-	-	-	-	-	-	-	-	-
Bills and acceptances payable	-	-	-	-	-	-	-	-	-
Recourse obligation on loans sold to Cagamas	-	-	-	-	-	-	-	-	-
Subordinated notes	-	-	-	1,367	-	-	-	1,367	5.00%
Other non-interest sensitive balances	482,047	-	-	-	13,813	539,280	-	1,035,140	-
Total Liabilities	1,362,330	189,489	279,209	1,367	13,813	539,280	-	2,385,488	
Shareholders' equity	-	-	-	-	-	848,616	-	848,616	-
Minority interests	-	-	-	-	-	4,630	-	4,630	-
Total Liabilities and Shareholders' Equity	1,362,330	189,489	279,209	1,367	13,813	1,392,526	-	3,238,734	
On-balance sheet interest sensitivity gap	242,175	(121,169)	(29,802)	391,068	4,117	(529,215)	42,826	-	-
Total interest sensitivity gap	242,175	(121,169)	(29,802)	391,068	4,117	(529,215)	42,826	-	

n1 Other assets comprise balances due from clients and brokers, net of specific and general allowances and interest in suspense in accordance with the Rules of Bursa Malaysia Securities Berhad.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

	Non trading book					Trading books RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 month RM'000	>3 - 12 month RM'000	>1 - 5 years RM'000	over 5 RM'000			
A19 Interest/Profit Rate Risk								
Cash and short-term funds	332,708	-	-	-	-	276,435	609,143	3.52%
Deposits and placements with banks and other financial institutions	-	-	-	-	-	18,847	18,847	3.43%
Securities purchased under resale agreements	-	-	-	-	-	-	-	-
Securities held-for-trading	-	-	-	-	-	218,853	218,853	-
Securities available-for-sale	48,990	70,843	58,669	251,678	27,645	13,350	471,173	3.44%
Securities held-to-maturity	-	-	-	-	-	1,490	1,490	-
Loans, advances and financing	-	-	-	-	-	-	-	-
- performing	17,817	110,381	87,882	-	-	-	216,080	8.00%
- non-performing	-	-	-	-	-	-	-	-
Other assets n1	335,921	-	-	-	-	324,444	660,365	6.36%
Other non-interest sensitive balances	419	-	-	-	-	605,212	605,631	-
TOTAL ASSETS	735,855	181,224	146,551	251,678	27,645	1,239,778	218,853	

Interest/Profit Rate Risk

LIABILITIES AND SHAREHOLDERS' EQUITY

Deposits from customers	347,414	32,104	7,826	-	-	-	387,344	-
Deposits and placements of banks and other financial institutions	54,100	77,520	184,051	157,930	-	-	473,601	-
Borrowings	104,195	-	-	-	-	-	104,195	4.37%
Obligations on securities sold under repurchase agreements	-	-	-	-	-	-	-	-
Bills and acceptances payable	-	-	-	-	-	-	-	-
Recourse obligation on loans sold to Cagamas	-	-	-	-	-	-	-	-
Subordinated notes	-	-	-	1,384	-	-	1,384	5.00%
Other non-interest sensitive balances	4	9	40	72	13,013	954,367	967,505	-
Total Liabilities	505,713	109,633	191,917	159,386	13,013	954,367	1,934,029	-
Shareholders' equity	-	-	-	-	-	863,834	863,834	-
Minority interests	-	-	-	-	-	3,719	3,719	-
Total Liabilities and Shareholders' Equity	505,713	109,633	191,917	159,386	13,013	1,821,920	2,801,582	-
On-balance sheet interest sensitivity gap	230,142	71,591	(45,366)	92,292	14,632	(582,142)	218,853	-
Total interest sensitivity gap	230,142	71,591	(45,366)	92,292	14,632	(582,142)	218,853	-

n1 Other assets comprise balances due from clients and brokers, net of specific and general allowances and interest in suspense in accordance with the Rules of Bursa Malaysia Securities Berhad.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2008

A20 Capital Adequacy

The Group is not required to maintain any capital adequacy ratio requirements except for the investment banking subsidiary company, Kenanga Investment Bank Berhad (KIBB). The following disclosure of capital adequacy ratio is in respect of Kenanga Investment Bank Berhad:

	March 2008	December 2007
	RM'000	RM'000
Components of Tier I and Tier II capital:		
<u>Tier I capital</u>		
Paid-up share capital	580,000	580,000
Retained Profits	81,296	81,317
Statutory reserve	45,717	45,717
	<u>707,013</u>	<u>707,034</u>
Less: Deferred tax assets	(3,302)	(3,061)
Goodwill	(17,606)	(17,606)
Current unaudited unadjusted loss	(21)	-
Total Tier I capital	<u>686,084</u>	<u>686,367</u>
<u>Tier II capital</u>		
General allowances for bad and doubtful debts	7,340	1,524
Total Tier II capital	<u>7,340</u>	<u>-</u>
Total capital	693,424	687,891
Less: Investments in subsidiary companies	(23,838)	(23,838)
Capital base	<u>669,586</u>	<u>664,053</u>
Core capital ratio	54.09%	47.31%
Risk-weighted capital ratio	54.09%	47.31%

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2008

	Individual Quarter		Cumulative Quarter	
	31 March 2008 RM'000	31 March 2007 RM'000	31 March 2008 RM'000	31 March 2007 RM'000
A21 Interest Income				
Loans, advances and financing				
- Interest income other than recoveries from NPL	5,359	1,495	5,359	1,495
- Recoveries from NPLs	-	59	-	59
- Inter-company	-	-	-	-
Money at call and deposit placements with financial institutions	8,766	3,374	8,766	3,374
Securities purchased under resale agreements	-	-	-	-
Securities held-for-trading	844	73	844	73
Securities available-for-sale	3,789	-	3,789	-
Securities held-to-maturity	-	-	-	-
Interest on Margin	6,968	5,790	6,968	5,790
Interest on reverse repo	26	2,076	26	2,076
Interest on Contra	417	340	417	340
Others	-	111	-	111
	<u>26,169</u>	<u>13,318</u>	<u>26,169</u>	<u>13,318</u>
Amortisation of premium less accretion of discount	67	-	67	-
Interest income suspended	-	-	-	-
	<u>26,236</u>	<u>13,318</u>	<u>26,236</u>	<u>13,318</u>
A22 Interest Expense				
Deposits and placement of banks and other financial institutions	2,586	1,443	2,586	1,443
Intercompany loan	-	-	-	-
Term loan	-	-	-	-
Deposits from customers	10,242	570	10,242	570
Obligations on securities sold under repurchase agreements	-	-	-	-
Floating rate certificate of deposits	-	-	-	-
Subordinated notes	-	-	-	-
Subordinated bonds	-	-	-	-
Others	6	2,200	6	2,200
	<u>12,834</u>	<u>4,213</u>	<u>12,834</u>	<u>4,213</u>
A23 Non-interest Income				
(a) Fee income:				
Commissions	3,937	3,432	3,937	3,432
Service charges and fees	1,499	1,433	1,499	1,433
Guarantee fees	-	173	-	173
Underwriting fees	693	197	693	197
Brokerage income	38,731	73,059	38,731	73,059
Other fee income	5,620	2,543	5,620	2,543
	<u>50,480</u>	<u>80,837</u>	<u>50,480</u>	<u>80,837</u>
(b) Gain/loss arising from sale of securities:				
Net gain/(loss) from sale of securities held-for-trading	238	878	238	878
Net gain/(loss) from sale of securities available-for-sale	-	18,613	-	18,613
Net loss from redemption of securities held-to maturity	-	-	-	-
Net gain/(loss) from sale of subsidiary company	-	-	-	-
	<u>238</u>	<u>19,491</u>	<u>238</u>	<u>19,491</u>
(c) Gross dividend from:				
Securities portfolio	128	149	128	149
(d) Unrealised gains /(losses) on revaluation of securities held-for-trading and derivatives	1,162	2,529	1,162	2,529
Write back of impairment losses on securities	-	-	-	-
	<u>1,162</u>	<u>2,529</u>	<u>1,162</u>	<u>2,529</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2008

	Individual Quarter		Cummulative Quarter	
	31 March 2008 RM'000	31 March 2007 RM'000	31 March 2008 RM'000	31 March 2007 RM'000
(e) Other income:				
Foreign exchange profit	171	66	171	66
Net premiums written	-	-	-	-
Rental Income	-	-	-	-
Gains on disposal of property, plant and equipment	6	29	6	29
Gain on disposal of foreclosed properties	-	-	-	-
Intercompany written off	-	-	-	-
Capital gain arising from receipt of shares in Bursa Malaysia Berhad	-	-	-	-
Others	357	827	357	827
	<u>534</u>	<u>922</u>	<u>534</u>	<u>922</u>
Total non-interest income	<u>52,542</u>	<u>103,928</u>	<u>52,542</u>	<u>103,928</u>
A24 Other operating expenses				
Personnel costs	20,333	18,043	20,333	18,043
- Salaries, allowances and bonuses	18,710	16,171	18,710	16,171
- Pension costs	1,478	1,240	1,478	1,240
- Others	145	632	145	632
Establishment costs	7,671	4,677	7,671	4,677
- Depreciation	1,665	1,536	1,665	1,536
- Rental of leasehold land and premises	3,237	1,102	3,237	1,102
- Repairs and maintenance of property, plant and equipment	437	426	437	426
- Information technology expenses	694	495	694	495
- Others	1,638	1,118	1,638	1,118
Marketing expenses	1,667	3,737	1,667	3,737
- Advertisement and publicity	26	158	26	158
- Others	1,641	3,579	1,641	3,579
Administration and general expenses	30,741	35,367	30,741	35,367
- Fees and brokerage	13,573	27,154	13,573	27,154
- Administrative expenses	8,428	8,048	8,428	8,048
- General expenses	-	6	-	6
- Claims incurred	14	29	14	29
- Others	8,726	130	8,726	130
	<u>60,412</u>	<u>61,824</u>	<u>60,412</u>	<u>61,824</u>
A25 Allowances on bad & doubtful accounts on balances due from clients and brokers				
Allowances for bad and doubtful debts and financing:				
- general allowance made (net)	-	106	(128)	106
- specific allowance	5,296	2,094	5,296	2,094
- specific allowance written back	-	(1,393)	-	(1,393)
Bad debts and financing written off	-	-	-	-
Bad debts and financing recovered	(107)	(156)	(107)	(156)
Provision for other debts	-	3	-	3
	<u>5,061</u>	<u>654</u>	<u>5,061</u>	<u>654</u>
A25a Allowance for Losses on Loans, Advances and Financing				
Allowances for bad and doubtful debts and financing:				
- general allowance made (net)	3,590	1,289	3,590	1,289
- specific allowance	30	-	30	-
- specific allowance written back	(35)	(441)	(35)	(441)
Bad debts and financing written off	-	8	-	8
Bad debts and financing recovered	(4)	(1)	(4)	(1)
Provision for other debts	-	-	-	-
	<u>3,581</u>	<u>855</u>	<u>3,581</u>	<u>855</u>

A26. SEGMENTAL REPORTING

Continued Operations

Discontinued Operations

	Investment Bank				Stock broking				Futures				Money lending				Property Management				Investment Management				Corporate and Others				Eliminations				Total				Property Management				Investment Management				Total			
	2008	2007	RM'000	RM'000	2008	2007	RM'000	RM'000	2008	2007	RM'000	RM'000	2008	2007	RM'000	RM'000	2008	2007	RM'000	RM'000	2008	2007	RM'000	RM'000	2008	2007	RM'000	RM'000	2008	2007	RM'000	RM'000	2008	2007	RM'000	RM'000	2008	2007	RM'000	RM'000	2008	2007	RM'000	RM'000				
Revenue	16,866	-	39,743	76,858	6,238	6,238	6,589	2,153	1,897	149	91	-	182	80	367	299	-	990	179	-	-	-	-	-	(179)	(179)	85,723	85,723	-	-	1,621	230	-	-	-	-	65,549	87,574	65,549	87,574								
Result	8,733	-	2,770	43,195	4,233	4,233	4,293	2,542	1,512	22	-	-	(451)	(343)	(7,341)	4,186	(774)	830	-	-	-	-	-	-	(179)	(179)	53,673	53,673	380	(162)	-	-	9,724	9,724	9,724	9,724												
Segment results	8,733	-	2,770	43,195	4,233	4,233	4,293	2,542	1,512	22	-	-	(451)	(343)	(7,341)	4,186	(774)	830	-	-	-	-	-	-	(179)	(179)	53,673	53,673	380	(162)	-	-	9,724	9,724	9,724	9,724												
Loss on disposal of discontinued operations	(10,267)	-	(2)	(2,024)	(1,354)	(760)	(1,985)	(909)	(909)	-	-	-	-	-	(1,289)	-	774	769	-	-	671	-	-	-	-	-	(4,213)	-	(356)	-	-	-	(12,834)	(12,834)	(12,834)	(4,569)												
Share of results of associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
Share of results of jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
Taxation	-	-	(1,256)	(8,513)	(548)	(987)	(178)	(528)	(2)	-	-	-	2	-	1,728	(911)	(10)	-	-	-	-	-	-	-	-	-	(10,939)	-	(182)	-	-	-	(264)	(11,121)	(264)	(11,121)												
Profit after taxation	(1,534)	-	1,512	32,658	2,321	2,546	379	75	75	20	-	-	(449)	(343)	(5,613)	1,986	(911)	-	-	-	671	-	-	-	(687)	(687)	38,521	-	(158)	-	-	-	(2,703)	38,521	(2,703)	38,201												
Minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
Net profit for the year	(1,534)	-	1,512	32,658	2,321	2,546	379	75	75	20	-	-	(449)	(343)	(5,613)	1,986	(911)	-	-	-	671	-	-	-	(687)	(687)	37,834	-	(158)	-	-	-	(3,614)	37,834	(3,614)	37,514												
Assets	356,856	247,555	2,091,499	1,361,779	543,195	414,901	193,649	96,724	62,370	14,700	14,979	16,162	722,818	1,509,913	(757,009)	(1,465,618)	3,228,357	1,948,561	-	-	-	-	-	-	-	-	127,890	3,560	3,228,357	2,080,011	3,228,357	2,080,011																
Segment assets	356,856	247,555	2,091,499	1,361,779	543,195	414,901	193,649	96,724	62,370	14,700	14,979	16,162	722,818	1,509,913	(757,009)	(1,465,618)	3,228,357	1,948,561	-	-	-	-	-	-	-	-	127,890	3,560	3,228,357	2,080,011	3,228,357	2,080,011																
Investments in equity method of associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
Investments in equity method of jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
Unallocated corporate assets	-	-	7,923	-	356	173	1,115	968	-	-	8	5	975	1,126	-	-	-	-	-	-	-	-	-	-	-	-	-	51	10,377	2,323	10,377	2,323																
Consolidated total assets	1,206,805	247,555	2,099,422	1,361,779	543,551	415,074	194,764	97,692	62,370	14,700	14,987	16,167	723,795	1,511,039	-	-	3,238,734	1,950,833	-	-	-	-	-	-	-	-	127,890	3,611	3,238,734	2,082,334	3,238,734	2,082,334																
Liabilities	1,206,805	-	547,596	628,704	525,522	395,360	182,153	85,670	342	108,345	330	170	56,359	435,902	(135,353)	(440,635)	2,383,734	1,213,516	-	-	-	-	-	-	-	-	3,740	370	2,383,734	1,217,626	2,383,734	1,217,626																
Segment liabilities	1,206,805	-	547,596	628,704	525,522	395,360	182,153	85,670	342	108,345	330	170	56,359	435,902	(135,353)	(440,635)	2,383,734	1,213,516	-	-	-	-	-	-	-	-	3,740	370	2,383,734	1,217,626	2,383,734	1,217,626																
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
Consolidated total liabilities	1,206,805	-	547,596	630,654	526,401	396,646	182,153	85,722	406	111,051	330	170	57,146	436,848	-	-	2,385,488	1,220,456	-	-	-	-	-	-	-	-	3,740	370	2,385,488	1,224,566	2,385,488	1,224,566																
Other information	-	-	1,595	1,532	15	(23)	8	96	3	225	8	2	11	8	-	-	1,640	1,840	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,640	1,840	-	-												
Capital expenditure	-	-	1,598	1,306	61	75	62	55	21	18	59	63	78	41	-	-	1,879	1,556	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,879	1,556	-	-												
Depreciation & Amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
Impairment losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
Reversal of impairment losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
Non-cash expenses other than depreciation, amortisation and impairment losses	-	-	7,976	(1,805)	-	(4)	1,001	1,288	-	-	-	-	5,595	(3,356)	-	-	14,572	(20,125)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,572	(20,125)	-	-												

K & N KENANGA HOLDINGS BERHAD (302859-X)

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SELECTED EXPLANATORY NOTES

REQUIREMENTS OF FRS134 (Cont'd)

A27. Revaluation of property, plant and equipment

The Group's property, plant and equipment have not been previously revalued.

A28. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period

There are no other material events subsequent to the end of the interim period which have not been reflected in the current quarter interim financial statements.

A29. Effects of changes in the Composition of the Group

There were no changes in the composition of the Group for the quarter ended 31 March 2008 .

A30. Changes in contingent liabilities and assets since the last annual balance sheet date

Contingent liabilities at the date of this report are as follows:-

- (i) unsecured corporate guarantee in favour of various banks in respect of credit facilities extended to subsidiary companies amounting to RM804 million.
- (ii) unsecured corporate guarantee in favour of a counter party in respect of a collateralized cash deposit for a subsidiary company amounting to RM155million.

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SELECTED EXPLANATORY NOTES

REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of the performance of the Company and its principal subsidiary companies for the quarter and financial year to date

During the quarter and year ended 31 March 2008, the Group recorded a loss before taxation from continuing operations of RM2.43 million as compared to a profit of RM45.83 million in the previous quarter ended 31 December 2007. The loss for the quarter ended 31 March 2008 was due mainly to lower net brokerage income earned by the investment bank, unrealized losses of securities held for trading of RM2.31 million, losses on disposal of securities of about RM3.51 million and provision for loans, advances, financing and clients/broker balances of RM8.75 million.

B2. Explanatory comments on any material change in profit before taxation (current quarter) as compared with the immediate preceding quarter)

During the quarter and year ended 31 March 2008, the Group recorded a loss before taxation from continuing operations of RM2.43 million as compared to a profit of RM45.83 million in the previous quarter ended 31 December 2007. The loss for the quarter ended 31 March 2008 was due mainly to lower net brokerage income earned by the investment bank, unrealized losses of securities held for trading of RM2.31 million, losses on disposal of securities of about RM3.51 million and provision for loans, advances, financing and clients/broker balances of RM8.75 million.

B3. Current year prospects

The profitability of the Group for the year 2008 will be heavily dependent on the volume transacted and market sentiment in Bursa Malaysia. In addition, the profitability of the other divisions in the full-fledged investment banking arm will also have much impact on the results of the Group.

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SELECTED EXPLANATORY NOTES**REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)****B4. Variance From Profit Forecast And Profit Guarantee**

This is not applicable as the Company did not issue any profit forecast or profit guarantee during the period.

B5. Taxation

	Individual Quarter Current Year Quarter 31 March 2008	Cumulative Quarter Current Year to date 31 March 2008
	-----RM'000-----	
Current period taxation	895	895
Underprovision-prior years	-	-
Deferred taxation	(641)	(641)
Share of associates taxation	10	10
Total	<u>264</u>	<u>264</u>

The effective tax rate for the current quarter and financial year to date is higher than the statutory rate due to:-

	Individual Current Quarter	Cumulative Current Quarter
	-----RM'000-----	
Tax effect at statutory rate	(710)	(710)
Add: tax effect of expenses that are not deductible for tax purposes	1,179	1,179
Less: utilization of unabsorbed tax losses and capital allowances	(183)	(183)
Less: Non taxation of capital items	(320)	(320)
Add: Tax losses not recognised	929	929
Tax expense	<u>895</u>	<u>895</u>

K & N KENANGA HOLDINGS BERHAD (302859-X)

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SELECTED EXPLANATORY NOTES**REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTD)****B6. Profits on Sale of Investments and/or Properties**

There were no sales of unquoted investments and properties for the quarter ended 31 March 2008.

B7. Quoted Securities

- (a) Total purchases and sales of quoted securities by the Group other than the investment banking subsidiary for the quarter ended 31 March 2008 and the profit arising therefrom were as follows:

	Individual Quarter	Cumulative Quarter
	-----RM'000-----	
Total purchases for the period	<u>565</u>	<u>565</u>
Total sales for the period	<u>11,079</u>	<u>11,079</u>
Total gain on disposal for the period	<u>(2,447)</u>	<u>(2,447)</u>

- (b) Total investments in quoted securities by the Group other than the investment banking subsidiary as at 31 March 2008 were as follows:

Total investment at cost	<u>RM'000 6,016</u>
Total investment at carrying value/book value	<u>7,098</u>
Total investment at market value at end of reporting period	<u>7,098</u>

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SELECTED EXPLANATORY NOTES

REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B8. Status of Corporate Proposals

There are no corporate proposals by the Group which have been announced but not completed at the date of this report except for the following:-

- 1) The signing of a Memorandum of Understanding (“MOU”) on 14th December 2007 where K& N Kenanga Holdings Berhad (“KNKHB”) or its subsidiary company will purchase up to 49% equity interest in Vietnam Golden Securities Corporation (“VGSC”), whose paid up capital/charter is VND40,000,000,000 divided into 4,000,000 ordinary shares of VND10,000 per share. (VND=Vietnamese Dong). VSGC is licensed by the State Securities Commission of Vietnam and will be principally conducting stockbroking and advisory operations, custodian services and such other securities related activities as may be permitted by the regulatory authorities of Vietnam.

The MOU shall be effective for three months from the date of signing and may be extended by mutual consent.

B9. Group Borrowings

		Total Loans RM'000
Subordinated Loan (unsecured)	- Note 1	1,367
Short term loan from a financial institution (secured)	- Note 2	167,926

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SELECTED EXPLANATORY NOTES

REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B9. Group Borrowings (Contd)

Note 1: A subordinated loan amounting to RM5.00 million was extended in December 1995 by the shareholders of its subsidiary, Kenanga Deutsche Futures Sdn. Bhd. to the subsidiary. The amount of RM1.36 million represents the portion advanced by Deutsche Asia Pacific Holdings Pte Limited. The loan is unsecured, charged at an interest rate of 5% and is repayable, subject to approval from Bursa Malaysia Derivatives Berhad, upon maturity which was rescheduled to January 2010. Additions of RM10 million, RM13 million, RM5 million and RM8 million were extended by K & N Kenanga Holdings Berhad in August 2006, May 2007, December 2007 and March 2008 respectively. These additional subordinated loans are also unsecured, charged at an interest rate of 5% and are due for repayment on November 2011. The remaining balances of these subordinated loans amounting to RM42 million have been eliminated on group consolidation.

Note 2: The Group obtained the following short term borrowings as follows:-
i) Kenanga Capital Sdn. Bhd., the money lending subsidiary company, obtained revolving credit facilities from financial institutions for the amount of RM167.6 million in order to finance its own working capital. These facilities have repayment periods of 2 weeks to one month and the average interest rates charged were 5.45% per annum.

B10. Off Balance Sheet Financial Instruments

There were no off balance sheet transactions which are not accounted for at the date of this report.

B11. Changes in material Litigation

There are no changes in material litigation during the quarter ended 31 March 2008.

B12. Dividend

No interim dividend has been declared for the current quarter ended 31 March 2008.

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SELECTED EXPLANATORY NOTES

**REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**

B13. Earnings per share

The amount used as the numerator for the purposes of calculating the basic loss per share for the three-month period is RM3.61 million representing the loss for the period attributable to ordinary equity holder of the parent (31 March 2007:- profits attributable to ordinary equity holder of parent: RM37.51 million)

The weighted average number of shares used as the denominator in calculating the basic earnings per share for the three-month period is 611,759,499 (31 December 2006: 611,759,499). The reconciliation of the two denominators used for the basic and diluted earnings per share is not made for the quarter as the Employee Share Option Scheme that will contribute to the dilution effect of the basic earnings per share (if any) expired on 17 February 2004.

By Order of the Board

K & N KENANGA HOLDINGS BERHAD

YM TENGKU DATO' PADUKA NOOR

ZAKIAH BTE TENGKU ISMAIL

Executive Chairman

c.c. Issues & Investment Division
Securities Commission
(Y.Bhg. Dato' Khris Azman Abdullah, Director)