

## QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter  
ended 31st March 2009  
The figures have not been audited.

### CONDENSED CONSOLIDATED INCOME STATEMENTS

#### Group

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 March 2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 March 2008 RM'000	CURRENT YEAR TO DATE 31 March 2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 March 2008 RM'000
<b>Continuing Operations</b>					
Interest income	A21	24,421	26,236	24,421	26,236
Interest expense	A22	(10,779)	(12,834)	(10,779)	(12,834)
Net interest income		13,642	13,402	13,642	13,402
Non interest income	A23	20,592	52,542	20,592	52,542
Net Income		34,234	65,944	34,234	65,944
Other operating expenses	A24	(35,197)	(60,412)	(35,197)	(60,412)
Operating (losses)/profits		(963)	5,532	(963)	5,532
Allowance for losses					
on loans, advances and financing	A25a	(2,672)	(3,581)	(2,672)	(3,581)
Write-back/(allowance) for bad and doubtful accounts on balances from clients & brokers	A25	941	(5,061)	941	(5,061)
Share of (losses)/profits in associates		(2,948)	671	(2,948)	671
Loss before taxation		(5,642)	(2,439)	(5,642)	(2,439)
Taxation		(229)	(264)	(229)	(264)
Loss for the period from continuing operations		(5,871)	(2,703)	(5,871)	(2,703)
Loss for the period		(5,871)	(2,703)	(5,871)	(2,703)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 March 2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 March 2008 RM'000	CURRENT YEAR TO DATE 31 March 2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 March 2008 RM'000
(i) Loss for the period attributable to				
- Equity holders of the parent	(6,139)	(3,614)	(6,139)	(3,614)
- Minority interests	268	911	268	911
	<u>(5,871)</u>	<u>(2,703)</u>	<u>(5,871)</u>	<u>(2,703)</u>
(z) Loss per share attributable to ordinary equity holder of the parent				
(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) (2008 : 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)	(1.0)	(0.6)	(1.0)	(0.6)
(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 2008

## CONDENSED INCOME STATEMENTS

### Company

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 March 2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 March 2008 RM'000	CURRENT YEAR TO DATE 31 March 2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 March 2008 RM'000
<b>Continuing Operations</b>				
Interest income	912	866	912	866
Interest expense	-	-	-	-
Net interest income	912	866	912	866
Non interest income	31,809	155	31,809	155
Net Income	32,721	1,021	32,721	1,021
Overhead expenses	(2,477)	(7,455)	(2,477)	(7,455)
Operating profits/(loss)	30,244	(6,434)	30,244	(6,434)
Allowance for losses on loans, advances and financing	-	-	-	-
Allowance on bad and doubtful accounts on trade receivables	-	-	-	-
Profit/(loss) before taxation	30,244	(6,434)	30,244	(6,434)
Taxation	39	1,718	39	1,718
Profit/(loss) for the period from continuing operations	30,283	(4,716)	30,283	(4,716)
<b>Discontinued operations</b>	-	-	-	-
Profit/(loss) for the period	30,283	(4,716)	30,283	(4,716)

## CONDENSED INCOME STATEMENTS

### Company

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 March 2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 March 2008 RM'000	CURRENT YEAR TO DATE 31 March 2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 March 2008 RM'000
(i) Profit/(loss) for the period attributable to - Equity holders of the parent	30,283	(4,716)	30,283	(4,716)
	30,283	(4,716)	30,283	(4,716)
3 (a) Earnings/(loss) 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) (2008 : 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)	5.0	(0.8)	5.0	(0.8)
(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 2008

**CONDENSED CONSOLIDATED BALANCE SHEETS  
GROUP**

		AS AT END OF CURRENT QUARTER 31 March 2009 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31 December 2008 RM'000
	Note		
<b>ASSETS</b>			
Cash and short-term funds		627,463	1,004,940
Deposits and placements with financial institutions		847	13,867
Securities purchased under resale agreements			
Securities held for trading	A9	197,894	88,597
Securities available for sales	A10	257,608	228,121
Securities held to maturity	A11	1,490	1,490
Loans, advances and financing	A12	909,144	860,055
Other assets			
- Balance due from clients and brokers		157,705	131,858
- Assets segregated for customers		398,883	447,230
- Other receivables	A13	16,929	17,818
Statutory deposits with the Central Bank		6,570	24,340
Investments in associated companies		78,164	77,397
Intangible assets		71,866	70,106
Property, plant and equipment		27,803	29,166
Deferred tax assets		21,211	21,215
Tax recoverable		17,699	17,524
<b>TOTAL ASSETS</b>		<b>2,791,276</b>	<b>3,033,724</b>
<b>LIABILITIES</b>			
Deposits from customers	A14	965,743	927,011
Deposits and placements of banks and other financial institutions	A15	208,190	483,390
Obligations on securities sold under repurchase agreements		0	-
Bills and acceptances payable		0	-
Borrowings	A17	75,655	69,991
Other liabilities			
-Balance due to clients and brokers		515,564	505,400
- Amount held in trust		186,842	199,801
- Other payables	A16	45,529	52,398
Provision for taxation and zakat		7	302
Deferred tax liabilities		5	56
Subordinated obligations	A15	1,367	1,384
<b>TOTAL LIABILITIES</b>		<b>1,998,902</b>	<b>2,239,733</b>
<b>SHAREHOLDERS EQUITY</b>			
Share Capital		611,759	611,759
Share Premium		75	75
Profit and loss reserve		54,519	60,658
Exchange fluctuation reserve		3,755	(328)
Statutory reserve		45,718	45,718
Fair value reserve		(1,712)	(1,883)
Capital reserve		71,952	71,952
		786,066	787,951
Minority Interests		6,308	6,040
<b>Total equity</b>		<b>792,374</b>	<b>793,991</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>2,791,276</b>	<b>3,033,724</b>
Net Assets Per Share (RM)		1.30	1.30

The condensed Consolidated Balance Sheets should be read in conjunction with  
Financial Report for the year ended 31 December 2008

**CONDENSED BALANCE SHEETS**  
**COMPANY**

	AS AT END OF CURRENT QUARTER 31 March 2009 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31 December 2008 RM'000
<b>ASSETS</b>		
Cash and short-term funds	69,211	77,903
Deposits and placements with financial institutions	-	-
Securities purchased under resale agreements	-	-
Securities held for trading	16,891	16,996
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	48,069	43,610
- Amount due from related companies	-	-
- Other receivables	373	146
Statutory deposits with the Central Bank	-	-
Investments in subsidiary companies	561,687	588,087
Investments in associated companies	10,063	10,063
Intangible assets	-	-
Property, plant and equipment	1,286	1,110
Deferred tax assets	128	89
Tax recoverable	3,257	3,199
Asset of disposal group/non current assets classified as held for sale	-	-
<b>TOTAL ASSETS</b>	<b>710,965</b>	<b>741,203</b>
<b>LIABILITIES</b>		
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	2	60,409
- Other payables	1,877	1,991
Provision for taxation and zakat	-	-
Deferred tax liabilities	-	-
Subordinated obligations	-	-
Liabilities directly associated with assets classified as held for sale	-	-
<b>TOTAL LIABILITIES</b>	<b>1,879</b>	<b>62,400</b>
<b>SHAREHOLDERS EQUITY</b>		
Share Capital	611,759	611,759
Share Premium	75	75
Profit and loss reserve	97,252	66,969
Capital reserve	-	-
	<b>709,086</b>	<b>678,803</b>
Total equity	<b>709,086</b>	<b>678,803</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>710,965</b>	<b>741,203</b>
Net Assets Per Share (RM)	1.16	1.11

**The condensed Balance Sheets should be read in conjunction with the Annual  
Financial Report for the year ended 31 December 2008**

**Consolidated Condensed Cash Flow Statement**  
for the period ended 31 March 2009

	<u>Group</u>	
	CUMULATIVE QUARTER	
	CURRENT YEAR TO DATE 31 March 2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 March 2008 RM'000
<b>Cash flows from operating activities</b>		
<b>Loss before taxation</b>		
- Continuing operations	(5,642)	(2,439)
Adjustments for non operating and non cash items	(15,452)	15,533
<b>Operating (loss)/profit before changes in working capital</b>	<u>(21,094)</u>	<u>13,094</u>
Net changes in operating assets	11,005	(41,359)
Net changes in operating liabilities	(220,142)	453,022
<b>Cash (used in)/generated from operations</b>	<u>(230,231)</u>	<u>424,757</u>
Net tax paid	(761)	(5,999)
<b>Net cash (used in)/generated from operating activities</b>	<u>(230,992)</u>	<u>418,758</u>
<b>Net cash (used in)/generated from investing activities</b>	(143,975)	8,874
<b>Net cash generated from financing activities</b>	4,774	61,790
Net (decrease)/increase in cash and cash equivalents during the period	<u>(370,193)</u>	<u>489,422</u>
Cash and cash equivalents brought forward	819,005	347,040
<b>Cash and cash equivalents carried forward</b>	<u>448,812</u>	<u>836,462</u>

Cash and cash equivalents as at 31st March 2009 comprised of :-

Non trust cash and short term funds	448,812
	<u>448,812</u>

**The condensed consolidated cash flow statement should be read in conjunction  
with the Annual Financial Report for the year ended 31st December 2008**

Condensed Cash Flow Statement  
for the period ended 31 March 2009

	<u>Company</u>	
	CUMULATIVE QUARTER	
	CURRENT YEAR TO DATE 31 March 2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 March 2008 RM'000
<b>Cash flows from operating activities</b>		
Profit/(loss) before taxation		
- Continuing operations	30,244	(6,434)
Adjustments for non operating and non cash item	(31,993)	4,742
<b>Operating loss before changes in working capital</b>	<u>(1,749)</u>	<u>(1,692)</u>
Net changes in operating assets	(4,741)	(10,877)
Net changes in operating liabilities	(112)	(1,648)
<b>Cash used in operations</b>	<u>(6,602)</u>	<u>(14,217)</u>
Net tax paid	-	(19)
Net dividends received	81	55
Interest income	911	866
<b>Net cash used in operating activities</b>	<u>(5,610)</u>	<u>(13,315)</u>
<b>Net cash (used in)/generated from investing activities</b>	(3,082)	9,362
<b>Net cash used in financing activities</b>	-	-
Net decrease in cash and cash equivalents during the period	<u>(8,692)</u>	<u>(3,953)</u>
Cash and cash equivalents brought forward	77,903	40,707
Cash and cash equivalents carried forward	<u>69,211</u>	<u>36,754</u>

Cash and cash equivalents as at 31st March 2009 comprised of :-

Non trust cash and short term funds	<u>69,211</u>
	<u>69,211</u>

The condensed cash flow statement should be read in conjunction  
with the Annual Financial Report for the year ended 31st December 2008



Consolidated Statement of changes in equity  
for the period ended 31 March 2009

Group

	<---Attributable to Equity Holders of the Parent-----> < ---Non -Distributable----->						Share Premium RM'000	Retained profits RM'000	Minority Distributable Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Exchange Reserve RM'000	Capital Reserve RM'000	Fair value Reserve RM'000	Statutory Reserve RM'000					
As at 1 January 2009	611,759	(328)	71,952	(1,883)	45,718	75	60,658	6,040	793,991	
Exchange differences from translation of subsidiary and associated company's net assets	-	4,083	-	-	-	-	-	-	4,083	
Net unrealised gains on securities	-	-	-	171	-	-	-	-	171	
Net loss for the year	-	-	-	-	-	-	(6,139)	268	(5,871)	
As at 31 March 2009	611,759	3,755	71,952	(1,712)	45,718	75	54,519	6,308	792,374	

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

Group

	<---Attributable to Equity Holders of the Parent-----> < ---Non -Distributable----->						Share Premium RM'000	Retained profits RM'000	Minority Distributable Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Exchange Reserve RM'000	Capital Reserve RM'000	Fair value Reserve RM'000	Statutory Reserve RM'000					
As at 1 January 2008	611,759	(1,326)	40,952	(696)	45,718	75	167,353	3,719	867,554	
Exchange differences from translation of subsidiary and associated 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)	
As at 31 March 2008	611,759	(8,488)	40,952	(5,138)	45,718	75	163,739	4,630	853,247	
Retained profits capitalized as bonus issue in subsidiary	-	-	31,000	-	-	-	(31,000)	-	-	
As at 31 March 2008 (restated)	611,759	(8,488)	71,952	(5,138)	45,718	75	132,739	4,630	853,247	

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008

Statement of changes in equity  
for the period ended 31 March 2009

Company

	--Attributable to Equity Holders of the Parent-- <-- Non Distributable-->			Total Equity
	Share Capital RM'000	Share Premium RM'000	Retained profits RM'000	
As at 1 January 2009	611,759	75	66,969	678,803
Net profit for the year	-	-	30,283	30,283
As at 31 March 2009	<u>611,759</u>	<u>75</u>	<u>97,252</u>	<u>709,086</u>

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

Company

	--Attributable to Equity Holders of the Parent-- Distributable			Total Equity
	Share Capital 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)
As at 31 March 2008	<u>611,759</u>	<u>75</u>	<u>45,964</u>	<u>657,798</u>

The Condensed Statements of Changes in Equity should be read in  
conjunction with the Annual Financial Report for the year ended 31 December 2008

# **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 2008. 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 31<sup>st</sup> December 2008.

### **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 2008. 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 2008.

### **A3. Preceding financial year audit report**

The preceding financial year audit report in respect of the financial year ended 31 December 2008 was not qualified by the external auditors.

### **A4. Seasonal or Cyclical Factors**

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

**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 2009.

**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 2009.

**A8. Dividends paid per share**

No dividends were paid during the quarter ended 31 March 2009.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009

	March 2009 RM' 000	December 2008 RM' 000
<b>A9 (a) Securities held-for-trading</b>		
<b>At Fair Value</b>		
<b>Money Market Instruments:-</b>		
Malaysian Government Treasury Bills	-	-
Malaysian Government Securities	-	-
Malaysian Government Investment Issues	15,228	-
Bank Negara Malaysia Bills and Notes	124,630	-
Bankers' Acceptances and Islamic Accepted Bills	-	49,855
Cagamas Bonds	-	-
Foreign Government Securities	-	-
Others	-	-
<b>Total Money Market Instruments</b>	<u>139,858</u>	<u>49,855</u>
<b>Quoted securities:</b>		
<b>In Malaysia:</b>		
Shares, Warrants, Trust Units and Loan Stocks	48,048	28,753
<b>Outside Malaysia:</b>		
Shares, Warrants, Trust Units and Loan Stocks	-	-
<b>Unquoted securities:</b>		
Private and Islamic Debt Securities in Malaysia	9,988	9,989
Foreign Private Debt Securities	-	-
	<u>9,988</u>	<u>9,989</u>
<b>Total securities held-for-trading</b>	<u>197,894</u>	<u>88,597</u>
<b>A10 (b) Securities Available-for-sale</b>		
<b>At Fair Value, or amortised cost less impairment losses for certain unquoted equity instruments</b>		
<b>Money market instruments:-</b>		
Malaysian Government Securities	-	-
Islamic Cagamas Bonds	-	15,016
Cagamas Bonds	60,611	59,874
Foreign Government Securities	-	-
Malaysian Government Treasury Bills	-	-
Malaysian Government Investment Issues	-	-
Foreign Government Treasury Bills	-	-
Negotiable Instruments of Deposits	-	-
Bankers' Acceptances and Islamic Accepted Bills	45,457	-
Khazanah Bonds	-	-
Bank Negara Malaysia Sukuk Ijarah Bonds	-	-
Foreign Certificates of Deposits	-	-
<b>Total Money market instruments</b>	<u>106,068</u>	<u>74,890</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009

	March 2009 RM' 000	December 2008 RM' 000
<b>Quoted securities:</b>		
In Malaysia:		
Shares, Warrants, Trust Units and Loan Stocks	1,307	10,476
Outside Malaysia:		
Shares, Warrants, Trust Units and Loan Stocks	5,517	4,768
	<u>6,824</u>	<u>15,244</u>
<b>Unquoted securities:</b>		
Shares, trust units and loan stocks in Malaysia	4,838	2,103
Shares, trust units and loan stocks outside Malaysia	-	-
Private and Islamic Debt Securities in Malaysia	17,102	147,929
Malaysian Government Bonds	130,902	-
Foreign Islamic and Private Debt Securities	-	-
Credit Link Notes	-	-
Malaysia Global Sukuk	-	-
Others	3,100	3,100
	<u>155,942</u>	<u>153,132</u>
Accumulated impairment losses	<u>(11,226)</u>	<u>(15,145)</u>
<b>Total securities available-for-sale</b>	<u><b>257,608</b></u>	<u><b>228,121</b></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>
<b>Total securities held-to-maturity</b>	<u><b>1,490</b></u>	<u><b>1,490</b></u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009

	March 2009 RM' 000	December 2008 RM' 000
<b>A12 Loans, advances and financing</b>		
Overdrafts	-	-
Term loans	-	-
- Real estate	-	-
- Syndicated term loan/financing	-	-
- Hire purchase receivables	-	-
- Lease receivables	-	-
- Other term loans/financing	486,630	479,115
- Constructions	-	-
Credit card receivables	-	-
Bills receivables	-	-
Trust receipts	-	-
Claims on customers under acceptance credits	-	-
Share margin financing	405,101	380,658
Revolving credits	-	-
Staff loans	-	-
Housing loans to	-	-
- Executive directors of the Bank	-	-
- Executive directors of subsidiaries	-	-
Others	91,642	70,299
	<u>983,373</u>	<u>930,072</u>
Unearned interest and income	(1,609)	-
Gross loans, advances and financing	<u>981,764</u>	<u>930,072</u>
Allowances for bad and doubtful debts and financing:		
- specific	(60,778)	(58,810)
- general	(11,842)	(11,207)
Net loans, advances and financing	<u><u>909,144</u></u>	<u><u>860,055</u></u>
<b>(i) By type of customer</b>		
<b>Domestic operations:</b>		
Domestic banking institutions	-	-
Domestic non-bank financial institutions	-	-
- Stockbroking companies	-	-
- Others	-	-
Domestic business enterprise	-	-
- Small and medium enterprise	11,933	11,917
- Others	531,041	487,040
Government and statutory bodies	-	-
Individuals	438,790	431,115
Other domestic entities	-	-
Foreign entities	-	-
Total domestic operations	<u>981,764</u>	<u>930,072</u>
<b>Overseas operations:</b>		
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>981,764</u></u>	<u><u>930,072</u></u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009

	March 2009 RM' 000	December 2008 RM' 000
<b>(ii) By interest/profit rate sensitivity</b>		
Fixed rate		
- Housing loans/financing	-	-
- Hire purchases receivable	-	-
- Cost price	-	-
- Other fixed rate loans/financing	402,935	380,658
Variable rate		
- Base lending rate plus	90,780	70,299
- Cost plus	488,049	479,115
- Other variable rates	-	-
Gross loans, advances and financing	<u>981,764</u>	<u>930,072</u>
<b>(iii) Total loans by economic purposes</b>		
<b>Domestic operations:</b>		
Purchase of securities	90,779	70,299
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	226,812	228,221
Construction	83,784	93,928
Real Estate	25,009	25,009
Transport, storage and communication	120,163	98,155
Finance, insurance and business services	30,472	31,992
Working capital	-	-
Others	404,745	382,468
Total domestic operations	<u>981,764</u>	<u>930,072</u>
<b>Overseas operations:</b>		
Singapore	-	-
Hong Kong SAR	-	-
United States of America	-	-
People's Republic of China	-	-
Others (Please specify)	-	-
Gross loans, advances and financing	<u>-</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009

	March 2009 RM' 000	December 2008 RM' 000
<b>(iii) Non-performing loans by economic purpose</b>		
Purchase of securities	27,460	30,374
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	59,552	58,701
Others	-	-
Total domestic operations	<u>87,013</u>	<u>89,075</u>
<b>Overseas operations:</b>		
Singapore	-	-
Hong Kong SAR	-	-
United States of America	-	-
People's Republic of China	-	-
Others (Please specify)	-	-
	<u>-</u>	<u>-</u>
	<u>87,013</u>	<u>89,075</u>
<b>(iv) Movement in non-performing loans, advances and financing ("NPL") are as follows</b>		
At beginning of the period	89,075	3,040
Non-performing during the period	1,507	89,357
Amount written back in respect of recoveries	(2,167)	
Reclassified as performing	-	-
Acquired upon business acquisition	-	-
Transfer from a subsidiary	-	-
Recovered	(1,331)	(3,099)
Amount written off	(72)	(223)
Converted to securities	-	-
Exchange differences and expenses debited	-	-
At end of the period	<u>87,013</u>	<u>89,075</u>
Specific allowance	(60,778)	(58,810)
Unearned interest and income	(862)	-
Net non-performing loans, advances and financing	<u>25,372</u>	<u>30,265</u>
Net NPL as a% of gross loans, advances and financing (including Islamic loans sold to Cagamas) less specific allowances	<u>2.75%</u>	<u>3.47%</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009

	March 2009 RM' 000	December 2008 RM' 000
<b>(v) Movement in specific allowance for bad and doubtful debts (and financing) accounts are as follows</b>		
<u>Specific Allowance</u>		
At beginning of the period	58,810	2,600
Allowance made during the period	4,459	59,117
Amount written back in respect of recoveries	(2,167)	(2,677)
Acquired upon business acquisition	-	-
Transfer from a subsidiary	-	-
Amount written off	(325)	(230)
Transfer to general allowances	-	-
Transfer to impairment losses in value of securities	-	-
Transfer to restructured/rescheduled loans	-	-
Exchange differences	-	-
At end of the period	60,778	58,810

**(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	11,207	6,588
Allowance made during the period	635	-
Amount written back	-	4,619
Acquired upon business acquisition	-	-
Transfer from specific allowance	-	-
Exchange differences	-	-
At end of the period	11,842	11,207
As % of gross loans, advances and financing (including Islamic loans sold to Cagamas) less specific allowances	1.29%	1.29%

**A13 Other Assets**

Interest/Income receivable	30	120
Prepayments and deposits	11,272	11,718
Other debtors	6,419	6,858
Foreclosed properties	-	-
Investment properties	-	-
Derivative assets	-	-
	17,721	18,696
Allowance for doubtful debts	(792)	(878)
	<b>16,929</b>	<b>17,818</b>

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009**

	March 2009 RM' 000	December 2008 RM' 000
<b>A14 Deposits from Customers</b>		
Fixed deposits and negotiable instruments of deposits		
- One year or less	965,743	927,011
- More than one year	-	-
Savings deposits	-	-
Demand deposits	-	-
Structured deposits	-	-
	<u>965,743</u>	<u>927,011</u>
Business enterprise	665,919	596,173
Individuals	1,038	1,032
Government and statutory bodies	298,786	329,806
	<u>965,743</u>	<u>927,011</u>
<b>A15 Deposits and Placement of Banks and Other Financial Institutions and Debt Securities</b>		
Licensed banks	-	100,000
Licensed finance companies	-	-
Licensed merchant banks	-	-
Non-banking institutions	208,190	268,779
Other financial institutions	-	114,611
	<u>208,190</u>	<u>483,390</u>
Subordinated obligations		
Unsecured		
- less than one year	1,367	-
- more than one year	-	1,384
	<u>-</u>	<u>1,384</u>
<b>A16 Other liabilities</b>		
Interest/Profit payable	374	6,747
Provision for outstanding claims	-	-
Unearned premium reserves	-	-
Profit Equalisation Reserves	-	-
Provision and accruals	41,838	42,390
Hire purchase creditors	65	78
Deposits and other creditors	1,541	1,236
Derivative liabilities	1,711	1,947
	<u>45,529</u>	<u>52,398</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009

	March 2009 RM' 000	December 2008 RM' 000
<b>A17 Bank Borrowings</b>		
Hire purchase creditors	-	-
Revolving bank loan	75,655	69,991
Term loan	-	-
Secured notes insurance facility	-	-
	<u>75,655</u>	<u>69,991</u>

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009**

**A18 Commitments and Contingencies and Off-Balance Sheet**

**Financial Instruments**

	March 2009			December 2008		
	RM'000	RM'000 Credit Equivalent	RM'000 Risk Weighted	RM'000 Notional	RM'000 Credit Equivalent	RM'000 Risk Weighted
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	-	-	-	-	-	-
Obligations under underwriting agreements	-	-	-	-	-	-
Obligations under share financing	-	-	-	25,000	-	-
Irrevocable commitments to extend credit:						
- maturity within one year	-	-	-	-	-	-
- Margin	499,895	-	-	580,986	-	-
- Term loan	-	-	-	3,790	-	-
- maturity exceeding one year	-	-	-	-	-	-
- Margin	-	-	-	-	-	-
- Term loan	728	364,000	364,000	22,684	11,342	11,342
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	-	-	-	86	-	-
Non-cancellable lease rental commitments	-	-	-	-	-	-
	500,623	364,000	364,000	632,546	11,342	11,342

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009

	Non trading book							Effective interest rate %
	Up to 1 month RM	>1 - 3 month RM	>3 - 12 month RM	>1 - 5 years RM	over 5 years RM	Non-interest sensitive RM	Trading books RM	
<b>A19 Interest/Profit Rate Risk</b>								
Cash and short-term funds	300,802	-	8,078	-	-	318,583	-	627,463
Deposits and placements with banks and other financial institutions	-	-	-	-	-	847	-	847
Securities purchased under resale agreements	-	-	-	-	-	-	-	-
Securities held-for-trading	-	-	-	-	-	-	197,894	-
Securities available-for-sale	1,558	43,899	15,066	175,241	18,307	3,537	-	197,894
Securities held-to-maturity	-	-	-	-	-	1,490	-	257,608
Loans, advances and financing	-	-	-	-	-	-	-	1,490
- performing	308,886	261,693	318,475	20,090	-	-	-	909,144
- non-performing	-	-	-	-	-	-	-	-
Other assets n1	397,007	14,832	2,000	-	-	193,329	-	607,168
Other non-interest sensitive balances	-	-	-	-	-	189,662	-	189,662
<b>TOTAL ASSETS</b>	<b>1,008,253</b>	<b>320,424</b>	<b>343,619</b>	<b>195,331</b>	<b>18,307</b>	<b>707,448</b>	<b>197,894</b>	<b>2,791,276</b>
<b>Interest/Profit Rate Risk</b>								
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>								
Deposits from customers	670,520	227,865	67,358	-	-	-	-	965,743
Deposits and placements of banks and other financial institutions	141,567	3,202	63,421	-	-	-	-	208,190
Borrowings	75,655	-	-	-	-	-	-	75,655
Obligations on securities sold under repurchase agreements	-	-	-	-	-	-	-	-
Bills and acceptances payable	-	-	-	-	-	-	-	-
Rescure obligation on loans sold to Cagamas	-	-	-	-	-	-	-	-
Subordinated notes	-	-	-	1,367	-	-	-	1,367
Other non-interest sensitive balances	405,363	-	-	-	13,046	329,538	-	747,947
<b>Total Liabilities</b>	<b>1,293,105</b>	<b>231,067</b>	<b>130,779</b>	<b>1,367</b>	<b>13,046</b>	<b>329,538</b>	<b>-</b>	<b>1,998,902</b>
Shareholders' equity	-	-	-	-	-	786,066	-	786,066
Minority interests	-	-	-	-	-	6,308	-	6,308
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,293,105</b>	<b>231,067</b>	<b>130,779</b>	<b>1,367</b>	<b>13,046</b>	<b>1,121,912</b>	<b>-</b>	<b>2,791,276</b>
On-balance sheet interest sensitivity gap	(284,852)	89,357	212,840	193,964	5,261	(414,464)	197,894	-
<b>Total interest sensitivity gap</b>	<b>(284,852)</b>	<b>89,357</b>	<b>212,840</b>	<b>193,964</b>	<b>5,261</b>	<b>(414,464)</b>	<b>197,894</b>	<b>-</b>

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 2008

	Non trading book						Effective interest rate %
	Up to 1 month RM	>1 - 3 month RM	>3 - 12 month RM	>1 - 5 years RM	over 5 RM	Non-interest sensitive RM	
<b>A19 Interest/Profit Rate Risk</b>							
Cash and short-term funds	786,781	-	-	-	-	218,159	3.35%
Deposits and placements with banks and other financial institutions	-	-	-	-	-	13,867	-
Securities purchased under resale agreements	-	-	-	-	-	-	-
Securities held-for-trading	-	-	-	-	-	16,996	4.78%
Securities available-for-sale	-	15,016	15,001	174,867	17,935	5,302	3.97%
Securities held-to-maturity	-	-	1,000	-	-	490	-
Loans, advances and financing	366,272	9,347	321,741	162,695	-	-	5.28%
Other assets n1	447,230	-	-	-	-	147,546	-
Other non-interest sensitive balances	-	-	2,000	-	-	239,878	-
<b>TOTAL ASSETS</b>	<b>1,600,283</b>	<b>24,363</b>	<b>339,742</b>	<b>337,562</b>	<b>17,935</b>	<b>642,238</b>	<b>71,601</b>
							<b>3,033,774</b>

Interest/Profit Rate Risk

LIABILITIES AND SHAREHOLDERS' EQUITY

Deposits from customers	668,492	200,519	58,000	-	-	-	-	927,011	3.62%
Deposits and placements of banks and other financial institutions	198,909	265,861	18,620	-	-	-	-	483,390	3.62%
Borrowings	69,991	-	-	-	-	-	-	69,991	5.28%
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	448,486	-	-	-	-	309,471	-	757,957	-
<b>Total Liabilities</b>	<b>1,385,878</b>	<b>466,380</b>	<b>76,620</b>	<b>1,384</b>	<b>-</b>	<b>309,471</b>	<b>-</b>	<b>2,239,733</b>	<b>-</b>
Shareholders' equity	-	-	-	-	-	787,951	-	787,951	-
Minority interests	-	-	-	-	-	6,040	-	6,040	-
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,385,878</b>	<b>466,380</b>	<b>76,620</b>	<b>1,384</b>	<b>-</b>	<b>1,103,462</b>	<b>-</b>	<b>3,033,774</b>	<b>-</b>
On-balance sheet interest sensitivity gap	214,405	(442,017)	263,122	336,178	17,935	(461,224)	71,601	-	-
<b>Total interest sensitivity gap</b>	<b>214,405</b>	<b>(442,017)</b>	<b>263,122</b>	<b>336,178</b>	<b>17,935</b>	<b>(461,224)</b>	<b>71,601</b>	<b>-</b>	<b>-</b>

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 2009

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 2009 RM'000	December 2008 RM'000
<b>Components of Tier I and Tier II capital:</b>		
<u>Tier I capital</u>		
Paid-up share capital	580,000	580,000
Accumulated losses	(8,579)	(8,579)
Statutory reserve	45,717	45,717
	<u>617,138</u>	<u>617,138</u>
Less: Deferred tax assets	(17,558)	(18,194)
Goodwill	(17,606)	(17,606)
Current unaudited unadjusted loss	(328)	-
Total Tier I capital	<u>581,646</u>	<u>581,338</u>
<u>Tier II capital</u>		
General allowances for bad and doubtful debts	10,657	10,300
Total Tier II capital	<u>10,657</u>	<u>10,300</u>
Total capital	592,303	591,638
Less: Investments in subsidiary companies	(12,767)	(13,248)
Capital base	<u>579,536</u>	<u>578,390</u>
Core capital ratio	34.65%	33.62%
Risk-weighted capital ratio	34.65%	33.62%



NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009

	Individual Quarter		Cumulative Quarter	
	31 March 2009 RM'000	31 March 2008 RM'000	31 March 2009 RM'000	31 March 2008 RM'000
<b>A21 Interest Income</b>				
Loans, advances and financing				
- Interest income other than recoveries from NPL	7,778	5,359	7,778	5,359
- Recoveries from NPLs	-	-	-	-
- Inter-company	-	-	-	-
Money at call and deposit placements with financial institutions	5,132	8,766	5,132	8,766
Securities purchased under resale agreements	-	-	-	-
Securities held-for-trading	936	844	936	844
Securities available-for-sale	2,358	3,789	2,358	3,789
Securities held-to-maturity	-	-	-	-
Interest on Margin	8,054	6,968	8,054	6,968
Interest on reverse repo	-	26	-	26
Interest on Contra	77	417	77	417
Others	3	-	3	-
	<u>24,338</u>	<u>26,169</u>	<u>24,338</u>	<u>26,169</u>
Amortisation of premium less accretion of discount	83	67	83	67
Interest income suspended	-	-	-	-
	<u><u>24,421</u></u>	<u><u>26,236</u></u>	<u><u>24,421</u></u>	<u><u>26,236</u></u>
<b>A22 Interest Expense</b>				
Deposits and placement of banks and other financial institutions	2,003	2,586	2,003	2,586
Intercompany loan	-	-	-	-
Term loan	-	-	-	-
Deposits from customers	8,776	10,242	8,776	10,242
Obligations on securities sold under repurchase agreements	-	-	-	-
Floating rate certificate of deposits	-	-	-	-
Subordinated notes	-	-	-	-
Subordinated bonds	-	-	-	-
Others	-	6	-	6
	<u>10,779</u>	<u>12,834</u>	<u>10,779</u>	<u>12,834</u>
<b>A23 Non-interest Income</b>				
(a) Fee income:				
Commissions	3,574	3,937	3,574	3,937
Service charges and fees	657	1,499	657	1,499
Guarantee fees	-	-	-	-
Underwriting fees	-	693	-	693
Brokerage income	12,806	38,731	12,806	38,731
Other fee income	2,095	5,620	2,095	5,620
	<u>19,132</u>	<u>50,480</u>	<u>19,132</u>	<u>50,480</u>
(b) Gain/loss arising from sale of securities:				
Net gain/(loss) from sale of securities held-for-trading	26	238	26	238
Net gain/(loss) from sale of securities available-for-sale	-	-	-	-
Net loss from redemption of securities held-to maturity	-	-	-	-
Net gain/(loss) from sale of subsidiary company	-	-	-	-
	<u>26</u>	<u>238</u>	<u>26</u>	<u>238</u>
(c) Gross dividend from:				
Securities portfolio	104	128	104	128
(d) Unrealised gains/(losses) on revaluation of securities held-for-trading and derivatives	(15)	1,162	(15)	1,162
Write back of impairment losses on securities	-	-	-	-
	<u>(15)</u>	<u>1,162</u>	<u>(15)</u>	<u>1,162</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009

	Individual Quarter		Cumulative Quarter	
	31 March 2009 RM'000	31 March 2008 RM'000	31 March 2009 RM'000	31 March 2008 RM'000
(e) Other income:				
Foreign exchange profit	178	171	178	171
Net premiums written	-	-	-	-
Rental Income	-	-	-	-
Gains on disposal of property, plant and equipment	-	6	-	6
Gain on disposal of foreclosed properties	-	-	-	-
Intercompany written off	-	-	-	-
Capital gain arising from receipt of shares in Bursa Malaysia Berhad	-	-	-	-
Others	1,167	357	1,167	357
	<u>1,345</u>	<u>534</u>	<u>1,345</u>	<u>534</u>
Total non-interest income	<u>20,592</u>	<u>52,542</u>	<u>20,592</u>	<u>52,542</u>
<b>A24 Other operating expenses</b>				
Personnel costs	14,433	20,333	14,433	20,333
- Salaries, allowances and bonuses	12,502	18,710	12,502	18,710
- Pension costs	1,473	1,478	1,473	1,478
- Others	458	145	458	145
Establishment costs	7,454	7,671	7,454	7,671
- Depreciation	2,044	1,665	2,044	1,665
- Rental of leasehold land and premises	3,325	3,237	3,325	3,237
- Repairs and maintenance of property, plant and equipment	604	437	604	437
- Information technology expenses	663	694	663	694
- Others	818	1,638	818	1,638
Marketing expenses	655	1,667	655	1,667
- Advertisement and publicity	34	26	34	26
- Others	621	1,641	621	1,641
Administration and general expenses	12,655	30,741	12,655	30,741
- Fees and brokerage	6,718	13,573	6,718	13,573
- Administrative expenses	5,153	8,428	5,153	8,428
- Unrealised losses on revaluation of securities HFT	-	-	-	-
- Foreign exchange loss	352	-	352	-
- General expenses	-	-	-	-
- Impairment loss on Investment in Subsidiary Company	481	-	481	-
- Claims incurred	4	14	4	14
- Others	(53)	8,726	(53)	8,726
	<u>35,197</u>	<u>60,412</u>	<u>35,197</u>	<u>60,412</u>
<b>A25 Allowances on bad &amp; doubtful accounts on balances due from clients and brokers</b>				
Allowances for bad and doubtful debts and financing:				
- general allowance made (net)	(81)	(128)	(81)	(128)
- specific allowance	881	5,296	881	5,296
- specific allowance written back	(1,717)	-	(1,717)	-
Bad debts and financing written off	-	-	-	-
Bad debts and financing recovered	(24)	(107)	(24)	(107)
Provision for other debts	-	-	-	-
	<u>(941)</u>	<u>5,061</u>	<u>(941)</u>	<u>5,061</u>
<b>A25a Allowance for Losses on Loans, Advances and Financing</b>				
Allowances for bad and doubtful debts and financing:				
- general allowance made (net)	635	3,590	635	3,590
- specific allowance	2,292	30	2,292	30
- specific allowance written back	(254)	(35)	(254)	(35)
Bad debts and financing written off	-	-	-	-
Bad debts and financing recovered	(1)	(4)	(1)	(4)
Provision for other debts	-	-	-	-
	<u>2,672</u>	<u>3,581</u>	<u>2,672</u>	<u>3,581</u>

K & N KENANGA HOLDINGS BERHAD  
FOR THE 1ST QUARTER ENDED 31 MARCH 2009  
A26. SEGMENTAL REPORTING

Continued Operations

	Investment Bank		Stock broking		Futures		Money lending		Investment Management		Corporate and Others		Eliminations		Total	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Revenue</b>	21,341	16,866	16,093	39,743	4,835	6,238	2,099	2,153	142	182	261	516	-	44,771	65,549	
External sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Inter-segment sales	-	-	-	-	-	-	-	-	73	83	32,620	1,081	(32,693)	(1,164)	-	
<b>Total revenue</b>	21,341	16,866	16,093	39,743	4,835	6,238	2,099	2,153	215	265	32,774	1,597	(32,693)	44,771	65,549	
<b>Result</b>	8,263	8,733	1,811	2,770	2,081	4,223	(898)	2,542	(520)	(451)	29,253	(7,319)	(31,905)	(774)	8,085	
Segment results	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Loss on disposal of discontinuing operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Unallocated corporate expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit from operation	8,263	8,733	1,811	2,770	2,081	4,223	(898)	2,542	(520)	(451)	29,253	(7,319)	(31,905)	(774)	8,085	
Finance cost, net	(9,269)	(10,267)	(555)	(2)	(859)	(1,354)	(1,003)	(1,985)	-	-	-	-	907	774	(10,779)	
Share of results of associates	-	-	-	-	-	-	-	-	-	-	-	-	(2,948)	671	(2,948)	
Share of results of jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Taxation	(382)	-	(196)	(1,256)	(229)	(548)	475	(178)	-	2	41	1,726	62	(10)	(229)	
Profit after taxation	(1,388)	(1,534)	1,060	1,512	993	2,321	(1,426)	379	(520)	(449)	29,295	(5,593)	(268)	(911)	(5,871)	
Minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,703)	
Net profit for the year	(1,388)	(1,534)	1,060	1,512	993	2,321	(1,426)	379	(520)	(449)	29,295	(5,593)	(268)	(911)	(6,139)	
<b>Assets</b>	499,748	356,856	1,796,642	2,091,499	455,802	543,195	99,675	193,649	12,808	14,979	717,838	785,190	(830,147)	(757,009)	2,752,366	
Segments assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Investments in equity method of associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Investments in equity method of jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Unallocated corporate assets	-	-	30,847	7,923	303	356	4,209	1,115	-	8	3,551	975	-	38,910	10,377	
Consolidated total assets	499,748	356,856	1,827,489	2,099,422	456,105	543,551	103,884	194,764	12,808	14,987	721,391	786,165	(830,147)	(757,009)	2,752,366	
<b>Liabilities</b>	1,165,010	1,206,805	547,126	547,596	432,743	526,401	97,088	182,153	208	330	4,175	57,552	(247,452)	(135,353)	1,998,889	
Segment liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Consolidated total liabilities	1,165,010	1,206,805	547,126	547,596	432,743	526,401	97,088	182,153	208	330	4,175	57,552	(247,452)	(135,353)	1,998,889	
<b>Other information</b>	-	-	1,945	1,595	256	15	256	8	1	8	253	14	-	2,711	1,640	
Capital expenditure	-	-	1,745	1,598	74	61	50	62	54	59	118	99	-	2,041	1,879	
Depreciation & Amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Impairment losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Reversal of impairment losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Non-cash expenses other than depreciation, amortisation and impairment losses	708	-	1,516	7,976	-	-	2,350	1,000	-	-	63	5,342	-	4,637	14,318	

**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 2009 .

**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 RM570.5 million.
- (ii) unsecured corporate guarantee in favour of a counter party in respect of a collateralized cash deposit for a subsidiary company amounting to RM140million.

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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**

The challenging environment in the capital market in 2009, following from the global financial downturn has resulted in lower revenue for the Group and Kenanga Investment Bank Berhad (“the Bank”).

During the quarter and period ended 31 March 2009, the Group recorded a loss before taxation from continuing operations of RM5.64 million as compared to a loss of RM1.58 million in the previous quarter ended 31 December 2008.

The loss before taxation that arises during the quarter ended 31 March 2009 was due mainly to lower brokerage income earned by the equity division of the Bank, which fell in line with lower Bursa trade value, which declined by 26%. (March quarter 2009 vs December quarter 2008).

In addition, the Group also incurred RM2.67 million in respect of allowance for loans, advances and financing and RM2.948 million in respect of share of losses in associated companies.

Despite the losses, the Group’s financial position is on a solid financial footing as evidenced by the Bank’s risk weighted capital ratio of 34.65%, well above the minimum of 8% as prescribed by Bank Negara Malaysia.

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

During the quarter ended 31 March 2009, the Group recorded a loss before taxation from continuing operations of RM5.64 million as compared to a loss of RM1.58 million in the previous quarter ended 31 December 2008.

The loss before taxation that arises during the quarter ended 31 March 2009 was due mainly to lower brokerage income earned by the equity division of the Bank, which fell in line with lower Bursa trade value, which declined by 26% (March quarter 2009 vs December quarter 2008).

In addition, the Group also incurred RM2.67 million in respect of allowance for loans, advances and financing and RM2.948 million in respect of share of losses in associated companies

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## SELECTED EXPLANATORY NOTES

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

#### B3. Current year prospects

In this challenging environment with reduced trading volumes at the local bourse and adverse capital market condition for fund raising, the Group anticipates that profit contribution from its various profit centres will be affected.

In the short term, The Group will continue to implement stringent measures to preserve shareholders equity, in particular to its loans and proprietary trading activities. Furthermore, to strategically position the Group to capitalize on any eventual upturn in the capital market, proactive measures are continuously being implemented. To this end, the Group has formulated and is implementing business strategy which has taken into account the current global economic environment. The new business strategy will provide positive growth to the Group's revenue and earnings as well as achieve greater diversification to its revenue base. With these measures in place, the Board of Directors and Management are confident the Group will continue to grow and build upon the Group's sound financial capital base.

To further develop and sustain its business, the Group continues to source and acquire good talents, emphasizing on continuous new product development and implementing innovative marketing strategies to meet clients' requirements and expectations.

#### 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 2009	Cumulative Quarter Current Year to date 31 March 2009
	-----RM'000-----	
Current period taxation	327	327
Deferred taxation	(105)	(105)
Share of associates taxation	7	7
Total	<u>229</u>	<u>229</u>

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**SELECTED EXPLANATORY NOTES  
REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING  
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTD)**

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	6,828	6,828
Add: tax effect of expenses that are not deductible for tax purposes	(104)	(104)
Less: Utilization of Unabsorbed tax losses and capital allowances	(14)	(14)
Less: Non taxation of capital items	(7,771)	(7,771)
Add: Tax losses not recognised	1,388	1,388
Tax expense	<u>327</u>	<u>327</u>

**B6. Profits on Sale of Investments and/or Properties**

There were no sales of unquoted investments and properties for the quarter ended 31 March 2009.

**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 2009 and the profit arising there from were as follows:

	Individual Quarter	Cumulative Quarter
	-----RM'000-----	
Total purchases for the period	<u>-</u>	<u>-</u>
Total sales for the period	<u>307</u>	<u>307</u>
Total loss on disposal for the period	<u>(69)</u>	<u>(69)</u>

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(Incorporated in Malaysia)

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

#### B7. Quoted Securities (contd)

- (b) Total investments in quoted securities by the Group other than the investment banking subsidiary as at 31 March 2009 were as follows:

Total investment at cost	RM'000 8,552
Total investment at carrying value/book value	7,480
Total investment at market value at end of reporting period	7,480

#### 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 14<sup>th</sup> 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). VGSC 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.
- (2) On 8th August 2008, KNKHB entered into the following agreements:-
  - i) Agreement for the Subscription of 4,050,000 new ordinary shares at VND20,000/- each Subscription share at the par value of VND10,000/- each representing 30% of the enlarged issued and paid-up share capital in VGSC for a total Subscription Price of VND81,000,000,000/-. The new ordinary shares shall rank pari passu with the existing share capital of VGSC.
  - ii) Sale and Purchase Agreement to acquire 2,565,000 fully paid up ordinary shares at VND20,000 per share free from all encumbrances and from all other third party rights at the par value of VND10,000/- each in VGSC representing 19% of VGSC's issued and paid-up share capital after completion of the Subscription Agreement as described in 2(i) above for a total Purchase Consideration of VND51,300,000,000/- from various parties and
  - iii) Shareholders Agreement to regulate the relationship between the shareholders of VGSC.



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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 (contd)

Bank Negara subsequently approved KNKHB's proposed acquisition of up to 49% equity interest in Vietnam Golden Securities Corporation.

- (3) On 13<sup>th</sup> March 2009, KNKHB's wholly owned subsidiary company, Kenanga Investment Bank Berhad {"KIBB"} proposes to initiate a rationalisation of its two wholly owned subsidiaries, namely Kenanga Asset Management Sdn. Bhd. {"KAM"} and Kenanga Unit Trust Berhad {"KUT"} whereby KAM would undertake a transfer of its fund management business to KUT. On 8<sup>th</sup> April 2009, KAM has entered into a Business Transfer Agreement {"BTA"} with KUT whereby KAM shall transfer to KUT the entire business, net assets and staff of KAM {"the Proposed Transfer of Business"} to form a single fund management and unit trust entity under KUT.

The consideration for the Proposed Transfer of Business shall be the Net Tangible Assets of KAM as at the completion date of the Proposed Transfer of Business, and shall be satisfied by KUT by way of issuance of the appropriate number of new ordinary shares in KUT to the sole shareholder of KAM; i.e KIBB at par value.

#### B9. Group Borrowings

		Total Loans RM'000
Subordinated Loan (unsecured)	- Note 1	1,367
Short term loan from financial institutions (secured)	- Note 2	75,655

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.

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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 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 RM75.4 million in order to finance its own working capital. These facilities have repayment periods of one month and the average interest rates charged were 4.44% 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 2009.

**B12. Dividend**

No interim dividend has been declared for the current quarter ended 31 March 2009.

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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 RM6.14 million representing the loss for the period attributable to ordinary equity holder of the parent (31 March 2008: - loss attributable to ordinary equity holder of parent: RM3.61 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 March 2008: 611,759,499).

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)