

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter
ended 30th June 2009
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

Group

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30 June 2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 June 2008 RM'000	CURRENT YEAR TO DATE 30 June 2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 June 2008 RM'000
	Note				
Continuing Operations					
Interest income	A21	23,019	28,770	47,440	55,006
Interest expense	A22	(7,759)	(14,088)	(18,538)	(26,922)
Net interest income		15,260	14,682	28,902	28,084
Non interest income	A23	57,186	33,956	77,778	86,497
Net Income		72,446	48,638	106,680	114,581
Other operating expenses	A24	(57,327)	(46,254)	(92,524)	(106,666)
Operating profits		15,119	2,384	14,156	7,915
Allowance for losses					
on loans, advances and financing	A25a	(1,206)	(8,436)	(3,878)	(12,017)
(Allowance)/ write-back for bad and doubtful accounts on balances from clients & brokers	A25	(335)	(816)	606	(5,877)
Impairment of investment in an associated company		(4,713)	-	(4,713)	-
Share of losses in associates		17	(870)	(2,931)	(199)
Profit/(loss) before taxation		8,882	(7,738)	3,240	(10,178)
Taxation		(4,288)	786	(4,517)	522
Profit/(loss) for the period from continuing operations		4,594	(6,952)	(1,277)	(9,656)
Profit/(loss) for the period		4,594	(6,952)	(1,277)	(9,656)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 June 2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 June 2008 RM'000	CURRENT YEAR TO DATE 30 June 2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 June 2008 RM'000
(i) Profit/(loss) for the period attributable to				
- Equity holders of the parent	4,325	(7,517)	(1,814)	(11,132)
- Minority interests	269	565	537	1,476
	<u>4,594</u>	<u>(6,952)</u>	<u>(1,277)</u>	<u>(9,656)</u>
(a) Profit/(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 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)	0.7	(1.2)	(0.3)	(1.8)
(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 year ended 31st December 2008

CONDENSED INCOME STATEMENTS

Company

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 June 2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 June 2008 RM'000	CURRENT YEAR TO DATE 30 June 2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 June 2008 RM'000
Continuing Operations				
Interest income	640	1,086	1,551	1,952
Interest expense	-	-	-	-
Net interest income	640	1,086	1,551	1,952
Non interest income	5,389	61,923	37,198	62,078
Net Income	6,029	63,009	38,749	64,030
Overhead expenses	(2,613)	(2,885)	(5,089)	(10,340)
Operating profits	3,416	60,124	33,660	53,690
Allowance for losses on loans, advances and financing	-	-	-	-
Allowance on bad and doubtful accounts on trade receivables	-	-	-	-
Impairment of investment in an associated company	(4,713)	-	(4,713)	-
(Loss)/profit before taxation	(1,297)	60,124	28,947	53,690
Taxation	(1,178)	(14,877)	(1,139)	(13,159)
(Loss)/profit for the period from continuing operations	(2,475)	45,247	27,808	40,531
Discontinued operations				
	-	-	-	-
(Loss)/profit for the period	(2,475)	45,247	27,808	40,531

CONDENSED INCOME STATEMENTS

Company

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 June 2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 June 2008 RM'000	CURRENT YEAR TO DATE 30 June 2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 June 2008 RM'000
(i) (Loss)/profit for the period attributable to - Equity holders of the parent	(2,475)	45,247	27,808	40,531
	<u>(2,475)</u>	<u>45,247</u>	<u>27,808</u>	<u>40,531</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) (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)	(0.4)	7.4	4.5	6.6
(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 30 June 2009 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31 December 2008 RM'000
	Note		
ASSETS			
Cash and short-term funds		559,816	1,004,940
Deposits and placements with financial institutions		847	13,867
Securities purchased under resale agreements			
Securities held for trading	A9	224,635	88,597
Securities available for sales	A10	231,426	228,121
Securities held to maturity	A11	1,490	1,490
Loans, advances and financing	A12	944,067	860,055
Other assets			
- Balance due from clients and brokers		234,108	131,858
- Assets segregated for customers		436,712	447,230
- Other receivables	A13	16,850	17,818
Statutory deposits with the Central Bank		7,055	24,340
Investments in associated companies		70,996	77,397
Intangible assets		72,631	70,106
Property, plant and equipment		26,442	29,166
Deferred tax assets		18,277	21,215
Tax recoverable		18,027	17,524
TOTAL ASSETS		2,863,379	3,033,724
LIABILITIES			
Deposits from customers	A14	900,523	927,011
Deposits and placements of banks and other financial institutions	A15	225,240	483,390
Borrowings	A17	43,214	69,991
Other liabilities			
-Balance due to clients and brokers		628,720	505,400
- Amount held in trust		203,772	199,801
- Other payables	A16	64,211	52,398
Provision for taxation and zakat		57	302
Deferred tax liabilities		1,061	56
Subordinated obligations	A15	1,384	1,384
TOTAL LIABILITIES		2,068,182	2,239,733
SHAREHOLDERS EQUITY			
Share Capital		611,759	611,759
Share Premium		75	75
Profit and loss reserve		58,844	60,658
Exchange fluctuation reserve		1,763	(328)
Statutory reserve		45,718	45,718
Fair value reserve		(1,491)	(1,883)
Capital reserve		71,952	71,952
		788,620	787,951
Minority Interests		6,577	6,040
Total equity		795,197	793,991
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,863,379	3,033,724
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 30 June 2009 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31 December 2008 RM'000
ASSETS		
Cash and short-term funds	82,847	77,903
Deposits and placements with financial institutions	-	-
Securities purchased under resale agreements	-	-
Securities held for trading	29,856	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	24,075	43,610
- Amount due from related companies	-	-
- Other receivables	743	146
Statutory deposits with the Central Bank	-	-
Investments in subsidiary companies	561,687	588,087
Investments in associated companies	5,350	10,063
Intangible assets	398	-
Property, plant and equipment	1,039	1,110
Deferred tax assets	-	89
Tax recoverable	3,266	3,199
Asset of disposal group/non current assets classified as held for sale	-	-
TOTAL ASSETS	709,261	741,203
LIABILITIES		
Deposits from customers	-	-
Deposits and placements of banks and other financial institutions	-	-
Borrowings	-	-
Other liabilities		
-Balance due to clients and brokers	-	-
- Amount due to subsidiary companies	4	60,409
- Other payables	1,596	1,991
Provision for taxation and zakat	-	-
Deferred tax liabilities	1,050	-
Subordinated obligations	-	-
Liabilities directly associated with assets classified as held for sale	-	-
TOTAL LIABILITIES	2,650	62,400
SHAREHOLDERS EQUITY		
Share Capital	611,759	611,759
Share Premium	75	75
Profit and loss reserve	94,777	66,969
Capital reserve	-	-
	706,611	678,803
Total equity	706,611	678,803
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	709,261	741,203
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 30 June 2009

	<u>Group</u>	
	CUMULATIVE QUARTER	
	CURRENT YEAR TO DATE 30 June 2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 June 2008 RM'000
Cash flows from operating activities		
Loss before taxation		
- Continuing operations	3,240	(10,178)
Adjustments for non operating and non cash items	10,652	28,722
Operating profit before changes in working capital	<u>13,892</u>	<u>18,544</u>
Net changes in operating assets	(165,822)	62,782
Net changes in operating liabilities	(145,441)	246,103
Cash (used in)/generated from operations	<u>(297,371)</u>	<u>327,429</u>
Net tax paid	(1,431)	(10,493)
Net cash (used in)/generated from operating activities	<u>(298,802)</u>	<u>316,936</u>
Net cash (used in)/generated from investing activities	(136,929)	9,059
Net cash used in financing activities	(28,301)	(31,451)
Net (decrease)/increase in cash and cash equivalents during the period	<u>(464,032)</u>	<u>294,544</u>
Cash and cash equivalents brought forward	819,005	347,040
Cash and cash equivalents carried forward	<u>354,973</u>	<u>641,584</u>

Cash and cash equivalents as at 30th June 2009 comprised of :-

Non trust cash and short term funds	<u>354,973</u>
	<u>354,973</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 30 June 2009

	<u>Company</u>	
	CUMULATIVE QUARTER	
	CURRENT YEAR TO DATE 30 June 2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 June 2008 RM'000
Cash flows from operating activities		
Profit before taxation		
- Continuing operations	28,947	53,690
Adjustments for non operating and non cash item	(31,828)	(57,464)
Operating loss before changes in working capital	<u>(2,881)</u>	<u>(3,774)</u>
Net changes in operating assets	18,887	(11,152)
Net changes in operating liabilities	(394)	(1,867)
Cash generated from /(used) in operations	<u>15,612</u>	<u>(16,793)</u>
Net tax paid	-	-
Net dividends received	106	45,805
Interest income	1,551	1,952
Net cash generated in operating activities	<u>17,269</u>	<u>30,964</u>
Net cash (used in)/generated from investing activities	(12,325)	11,805
Net cash used in financing activities	-	(331)
Net increase in cash and cash equivalents during the period	<u>4,944</u>	<u>42,438</u>
Cash and cash equivalents brought forward	77,903	40,707
Cash and cash equivalents carried forward	<u>82,847</u>	<u>83,145</u>

Cash and cash equivalents as at 30th June 2009 comprised of :-

Non trust cash and short term funds	82,847
	<u>82,847</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 30 June 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 associated company's net assets	-	2,091	-	-	-	-	-	-	2,091
Net unrealised gains on securities	-	-	-	392	-	-	-	-	392
Net loss for the year	-	-	-	-	-	-	(1,814)	537	(1,277)
As at 30 June 2009	611,759	1,763	71,952	(1,491)	45,718	75	58,844	6,577	795,197

Consolidated Statement of changes in equity
for the period ended 30 June 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	-	(4,895)	-	-	-	-	-	-	(4,895)
Net unrealised losses on securities	-	-	-	(9,970)	-	-	-	-	(9,970)
Net loss for the year	-	-	-	-	-	-	(11,132)	1,476	(9,656)
Dividends paid	-	-	-	-	-	-	(22,635)	-	(22,635)
As at 30 June 2008	611,759	(6,221)	40,952	(10,666)	45,718	75	133,586	5,195	820,398
Retained profits capitalized as bonus issue in subsidiary	-	-	31,000	-	-	-	(31,000)	-	-
As at 30 June 2008 (restated)	611,759	(6,221)	71,952	(10,666)	45,718	75	102,586	5,195	820,398

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 30 June 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	-	-	27,808	27,808
As at 30 June 2009	<u>611,759</u>	<u>75</u>	<u>94,777</u>	<u>706,611</u>

Statement of changes in equity
for the period ended 30 June 2008

Company

	--Attributable to Equity Holders of the Parent----			Total Equity
	Share Capital RM'000	Share Premium RM'000	Distributable Retained profits RM'000	
As at 1 January 2008	611,759	75	50,680	662,514
Net profit for the year	-	-	40,531	40,531
Dividends paid	-	-	(22,635)	(22,635)
As at 30 June 2008	<u>611,759</u>	<u>75</u>	<u>68,576</u>	<u>680,410</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 31st 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 30 June 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 30 June 2009.

A8. Dividends paid per share

No dividends were paid during the quarter ended 30 June 2009.

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2009

	June 2009	December 2008
	RM' 000	RM' 000
A9 (a) Securities held-for-trading		
At Fair Value		
Money Market Instruments:-		
Malaysian Government Treasury Bills	-	-
Malaysian Government Securities	15,164	-
Malaysian Government Investment Issues	-	-
Bank Negara Malaysia Bills and Notes	149,700	-
Bankers' Acceptances and Islamic Accepted Bills	-	49,855
Cagamas Bonds	-	-
Foreign Government Securities	-	-
Others	-	-
Total Money Market Instruments	<u>164,864</u>	<u>49,855</u>
Quoted securities:		
In Malaysia:		
Shares, Warrants, Trust Units and Loan Stocks	49,782	28,753
Outside Malaysia:		
Shares, Warrants, Trust Units and Loan Stocks	-	-
Total quoted securities	<u>49,782</u>	<u>28,753</u>
Unquoted securities:		
Private and Islamic Debt Securities in Malaysia	9,989	9,989
Foreign Private Debt Securities	-	-
Total unquoted securities	<u>9,989</u>	<u>9,989</u>
Total securities held-for-trading	<u>224,635</u>	<u>88,597</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	19,614	-
Islamic Cagamas Bonds	-	15,016
Cagamas Bonds	60,792	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	-	-
Khazanah Bonds	-	-
Bank Negara Malaysia Sukuk Ijarah Bonds	-	-
Foreign Certificates of Deposits	-	-
Total Money market instruments	<u>80,406</u>	<u>74,890</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2009

	June 2009 RM' 000	December 2008 RM' 000
Quoted securities:		
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>
Unquoted securities:		
Shares, trust units and loan stocks in Malaysia	2,100	2,103
Shares, trust units and loan stocks outside Malaysia	-	-
Private and Islamic Debt Securities in Malaysia	147,885	147,929
Malaysian Government Bonds	-	-
Foreign Islamic and Private Debt Securities	-	-
Credit Link Notes	-	-
Malaysia Global Sukuk	-	-
Others	3,100	3,100
	<u>153,085</u>	<u>153,132</u>
Accumulated impairment losses	(8,889)	(15,145)
Total securities available-for-sale	<u>231,426</u>	<u>228,121</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	-	-
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 - 30 JUNE 2009

	June 2009	December 2008
	RM' 000	RM' 000
A12 Loans, advances and financing		
Overdrafts	-	-
Term loans	-	-
- Real estate	-	-
- Syndicated term loan/financing	-	-
- Hire purchase receivables	-	-
- Lease receivables	-	-
- Other term loans/financing	505,446	479,115
- Constructions	-	-
Credit card receivables	-	-
Bills receivables	-	-
Trust receipts	-	-
Claims on customers under acceptance credits	-	-
Share margin financing	463,884	380,658
Finance, insurance and business services	-	-
Revolving credits	-	-
Staff loans	-	-
Housing loans to	-	-
- Executive directors of the Bank	-	-
- Executive directors of subsidiaries	-	-
Others	48,804	70,299
Gross loans, advances and financing	<u>1,018,134</u>	<u>930,072</u>
Allowances for bad and doubtful debts and financing:		
- specific	(61,988)	(58,810)
- general	(12,079)	(11,207)
Net loans, advances and financing	<u><u>944,067</u></u>	<u><u>860,055</u></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	11,909	11,917
- Others	521,288	487,040
Government and statutory bodies	-	-
Individuals	484,937	431,115
Other domestic entities	-	-
Foreign entities	-	-
Total domestic operations	<u>1,018,134</u>	<u>930,072</u>
Overseas operations:		
Singapore	-	-
Hong Kong SAR	-	-
United States of America	-	-
People's Republic of China	-	-
Others (Please specify)	-	-
Gross loans, advances and financing	<u><u>1,018,134</u></u>	<u><u>930,072</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2009

	June 2009	December 2008
	RM' 000	RM' 000
(ii) By interest/profit rate sensitivity		
Fixed rate		
- Housing loans/financing	-	-
- Hire purchases receivable	-	-
- Cost price	-	-
- Other fixed rate loans/financing	461,503	380,658
Variable rate	-	-
- Base lending rate plus	49,674	70,299
- Cost plus	506,957	479,115
- Other variable rates	-	-
Gross loans, advances and financing	<u>1,018,134</u>	<u>930,072</u>
(iii) Total loans by economic purposes		
Domestic operations:		
Purchase of securities	49,674	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	220,208	228,221
Construction	78,519	93,928
Real Estate	25,005	25,009
Transport, storage and communication	120,189	98,155
Finance, insurance and business services	61,227	31,992
Working capital	-	-
Others	463,312	382,468
Total domestic operations	<u>1,018,134</u>	<u>930,072</u>
Overseas operations:		
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>

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2009

	June 2009	December 2008
	RM' 000	RM' 000
(iii) Non-performing loans by economic purpose		
Domestic operations:		
Purchase of securities	21,703	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	58,468	58,701
Others	-	-
Total domestic operations	<u>80,171</u>	<u>89,075</u>
Overseas operations:		
Singapore	-	-
Hong Kong SAR	-	-
United States of America	-	-
People's Republic of China	-	-
Others (Please specify)	-	-
	<u>80,171</u>	<u>89,075</u>
(iv) Movement in non-performing loans, advances and financing ("NPL") are as follows		
At beginning of the period	89,075	3,040
Non-performing during the period	2,449	89,357
Amount written back in respect of recoveries	-	-
Reclassified as performing	(8,831)	-
Acquired upon business acquisition	-	-
Transfer from a subsidiary	-	-
Recovered	(2,451)	(3,099)
Amount written off	(71)	(223)
Converted to securities	-	-
At end of the period	<u>80,171</u>	<u>89,075</u>
Specific allowance	<u>(61,988)</u>	<u>(58,810)</u>
Net non-performing loans, advances and financing	<u>18,183</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>1.90%</u>	<u>3.47%</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2009

	June 2009	December 2008
	RM' 000	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	58,810	2,600
Allowance made during the period	12,971	59,117
Amount written back in respect of recoveries	(8,831)	(2,677)
Acquired upon business acquisition	-	-
Transfer from a subsidiary	-	-
Amount written off	(962)	(230)
Transfer to general allowances	-	-
Transfer to impairment lossess in value of securities	-	-
Transfer to restructured/rescheduled loans	-	-
Exchange differences	-	-
At end of the period	<u>61,988</u>	<u>58,810</u>
(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	1,176	-
Amount written back	(304)	4,619
Acquired upon business acquisition	-	-
Transfer from specific allowance	-	-
Exchange differences	-	-
At end of the period	<u>12,079</u>	<u>11,207</u>
As % of gross loans, advances and financing (including Islamic loans sold to Cagamas) less specific allowances	<u>1.26%</u>	<u>1.29%</u>
A13 Other Assets		
Interest/Income receivable	2,078	120
Prepayments and deposits	12,372	11,718
Other debtors	3,177	6,858
Foreclosed properties	-	-
Investment properties	-	-
Derivative assets	-	-
	<u>17,627</u>	<u>18,696</u>
Allowance for doubtful debts	<u>(777)</u>	<u>(878)</u>
	<u>16,850</u>	<u>17,818</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2009

	June 2009 RM' 000	December 2008 RM' 000
A14 Deposits from Customers		
Fixed deposits and negotiable instruments of deposits		
- One year or less	900,523	927,011
- More than one year	-	-
Savings deposits	-	-
Demand deposits	-	-
Structured deposits	-	-
	<u>900,523</u>	<u>927,011</u>
Business enterprise	616,431	596,173
Individuals	-	1,032
Government and statutory bodies	284,092	329,806
Others	-	-
	<u>900,523</u>	<u>927,011</u>
A15 Deposits and Placement of Banks and Other Financial Institutions and Debt Securities		
Licensed banks	60,000	100,000
Licensed finance companies	-	-
Licensed merchant banks	-	-
Non-banking insitutions	165,240	268,779
Other financial institutions	-	114,611
	<u>225,240</u>	<u>483,390</u>
Subordinated obligations		
Unsecured		
- less than one year	-	-
- more than one year	1,384	1,384
	<u>1,384</u>	<u>1,384</u>
A16 Other liabilities		
Interest/Profit payable	2,672	6,747
Provision for outstanding claims	-	-
Unearned premium reserves	-	-
Profit Equalisation Reserves	-	-
Provision and accruals	53,980	42,390
Hire purchase creditors	53	78
Due to brokers and clients	896	-
Deposits and other creditors	1,190	1,236
Derivative liabilities	5,420	1,947
	<u>64,211</u>	<u>52,398</u>

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	June 2009	December 2008
	RM' 000	RM' 000
A17 Bank Borrowings		
Hire purchase creditors	-	-
Revolving bank loan	43,214	69,991
Term loan	-	-
Secured notes issuance facility	-	-
	<u>43,214</u>	<u>69,991</u>

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2009

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

	June 2009		December 2008	
	RM'000	RM'000	RM'000	RM'000
	Notional	Credit Equivalent	Notional	Credit Equivalent
		RM'000 Risk Weighted		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	-	-	25,000	-
Obligations under share financing	-	-	-	-
Irrevocable commitments to extend credit:				
- maturity within one year	-	-	-	-
- Margin	480,197	-	580,986	-
- Term loan	-	-	3,790	-
- maturity exceeding one year	-	-	-	-
- Margin	-	-	-	-
- Term loan	-	-	22,684	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	-	-	-	-
Non-cancellable lease rental commitments	14	-	86	-
	480,212	-	632,546	11,342
				11,342

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

	Non trading book					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	786,781	-	-	-	-	-	1,004,940	3.35%
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	13,867	-
Securities purchased under resale agreements	-	-	-	-	-	-	-	-
Securities held-for-trading	-	-	-	-	-	71,601	88,597	4.78%
Securities available-for-sale	-	15,016	15,001	174,867	17,935	-	228,121	3.97%
Securities held-to-maturity	-	-	1,000	-	-	-	1,490	-
Loans, advances and financing	366,272	9,347	321,741	162,695	-	-	860,055	5.28%
Other assets	447,230	-	-	-	-	-	594,776	-
Other non-interest sensitive balances	-	-	2,000	-	-	-	241,878	-
TOTAL ASSETS	1,600,283	24,363	339,742	337,562	17,935	71,601	3,033,724	

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	448,486	-	-	1,384	-	-	1,384	5.00%
Other non-interest sensitive balances	1,385,878	466,380	76,620	1,384	-	-	2,239,733	-
Total Liabilities	1,385,878	466,380	76,620	1,384	-	-	2,239,733	
Shareholders' equity	-	-	-	-	-	-	787,951	-
Minority interests	-	-	-	-	-	-	6,040	-
Total Liabilities and Shareholders' Equity	1,385,878	466,380	76,620	1,384	-	-	3,033,724	
On-balance sheet interest sensitivity gap	214,405	(442,017)	263,122	336,178	17,935	71,601	-	-
Total interest sensitivity gap	214,405	(442,017)	263,122	336,178	17,935	71,601	-	

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 - 30 JUNE 2009

A20 Capital Adequacy

- (i) 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:

	June 2009	December 2008
	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	(8,579)	(8,579)
Statutory reserve	45,717	45,717
	<u>617,138</u>	<u>617,138</u>
Less: Deferred tax assets	(15,502)	(18,194)
Goodwill	(17,606)	(17,606)
Current unaudited unadjusted loss	-	-
Total Tier I capital	<u>584,030</u>	<u>581,338</u>
<u>Tier II capital</u>		
General allowances for bad and doubtful debts	11,475	10,300
Total Tier II capital	<u>11,475</u>	<u>10,300</u>
Total capital	595,505	591,638
Less: Investments in subsidiary companies	(12,621)	(13,248)
Capital base	<u>582,884</u>	<u>578,390</u>
Core capital ratio	34.17%	33.62%
Risk-weighted capital ratio	34.17%	33.62%

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2009

A20. Capital Adequacy (continued)

(ii) Breakdown of gross risk-weighted assets in the various categories of risk-weights:

	Bank 30 June 2009		Bank 31 December 2008	
	Notional amount RM'000	Risk-weighted amount RM'000	Notional amount RM'000	Risk-weighted amount RM'000
0%	228,372	-	348,170	-
20%	740,671	148,134	938,837	187,767
50%	13,389	6,695	7,080	3,540
100%	911,432	911,432	1,076,564	1,076,564
150%	172,460	258,690	57,708	86,562
Total Risk Weighted Assets for Credit Risk	2,066,324	1,324,951	2,428,359	1,354,433
Risk Weighted Assets Equivalent for Market Risk	-	42,629	-	38,342
Risk Weighted Assets Equivalent for Operational Risk	-	292,987	-	282,439
Large Exposure Risk Requirements for Single Equity	45,315	45,315	45,315	45,315
	<u>2,111,639</u>	<u>1,705,882</u>	<u>2,473,674</u>	<u>1,720,529</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2009

A20. Capital Adequacy (continued)

- (iii) Disclosure of capital adequacy of the Bank in accordance with the Concept Paper - Risk Weighted Capital Adequacy Framework (Basel II) and Capital Adequacy Framework for Islamic Bank (CAFIB) - Disclosure Requirements (Pillar 3) issued by Bank Negara Malaysia on 5 December 2008 is as follows:

Bank					
At 30 June 2009					
Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets	Capital Requirements	
	RM'000	RM'000	RM'000	RM'000	
1	Credit Risk				
	On-Balance Sheet Exposures				
	<u>Performing Exposures</u>				
	94,759	94,759	3,995	320	
	Sovereigns/Central Banks				
	Banks, Development Financial Institutions & MDBs				
	530,124	530,124	106,025	8,482	
	Corporates				
	400,253	400,253	303,645	24,292	
	Regulatory Retail				
	77	77	77	6	
	Higher Risk Assets				
	490	490	735	59	
	Other Assets				
	769,781	769,781	576,184	46,095	
	Equity Exposure				
	69,470	69,470	69,470	5,558	
	<u>Defaulted Exposures</u>				
	178,332	178,332	254,110	20,329	
	Other Assets				
	22,868	7,027	10,540	843	
	Total for On-Balance Sheet Exposures				
	2,066,154	2,050,313	1,324,781	105,984	
	Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives				
	170	170	170	14	
	Total for Off-Balance Sheet Exposures				
	170	170	170	14	
	Total for On and Off-Balance Sheet Exposures				
	2,066,324	2,050,483	1,324,951	105,998	
2	Large Exposure Risk Requirement				
	45,315	45,315	45,315	3,625	
3	Market Risk				
	174,852	-	174,852	593	
	Interest rate risks				
	16,274	16,753	(479)	2,680	
	Equity position risks				
	16,753	-	16,753	137	
	Option risks				
4	Operational Risk		292,987	-	
5	Total RWA and Capital Requirements		1,705,882	113,033	

The Bank do not have any issuances of Profit-Sharing Investment Account ("PSIA") used as a risk absorbent.

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2009

A20. Capital Adequacy (continued)

- (iii) Disclosure of capital adequacy of the Bank in accordance with the Concept Paper - Risk Weighted Capital Adequacy Framework (Basel II) and Capital Adequacy Framework for Islamic Bank (CAFIB) - Disclosure Requirements (Pillar 3) issued by Bank Negara Malaysia on 5 December 2008 is as follows:

Bank

At 31 December 2008

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets	Capital Requirements
	RM'000	RM'000	RM'000	RM'000
1 Credit Risk				
On-Balance Sheet Exposures				
<u>Performing Exposures</u>				
Sovereigns/Central Banks	224,426	224,426	-	-
Banks, Development Financial Institutions & MDBs	820,456	820,456	154,237	12,339
Corporates	523,748	523,748	416,570	33,326
Regulatory Retail	43	43	43	3
Higher Risk Assets	493	493	740	59
Other Assets	572,458	572,458	489,002	39,120
Equity Exposure	71,634	71,634	71,634	5,731
<u>Defaulted Exposures</u>				
Corporates	43,857	43,857	58,706	4,696
Other Assets	38,399	20,438	30,656	2,453
Total for On-Balance Sheet Exposures	2,295,514	2,277,553	1,221,588	97,727
Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	132,845	132,845	132,845	10,628
Total for Off-Balance Sheet Exposures	132,845	132,845	132,845	10,628
Total for On and Off-Balance Sheet Exposures	2,428,359	2,410,398	1,354,433	108,355
2 Large Exposure Risk Requirement	45,315	45,315	45,315	3,625
3 Market Risk	Long Positions	Short Positions		
Interest rate risks	59,843	-	59,843	3,114
Equity position risks	8,865	8,046	819	2,433
Options	8,046	-	8,046	385
4 Operational Risk			282,439	-
5 Total RWA and Capital Requirements			1,720,529	115,047

The Bank do not have any issuances of Profit-Sharing Investment Account ("PSIA") used as a risk absorbent.

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2009

A20. Capital Adequacy (continued)

(iv) Credit Risk Disclosure on Risk Weights as at 31 December 2008

Risk Weights	Bank									
	Exposures after Netting and Credit Risk Mitigation					Total Exposures after Netting & Credit Risk Mitigation				
	Sovereigns & Central Banks RM'000	Banks, MDBs and FDIs RM'000	Corporates RM'000	Regulatory Retail RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000	Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000	
Performing Exposures										
0%	224,426	49,270	19,288	-	-	37,225	-	330,209	-	-
10%	-	-	-	-	-	-	-	-	-	-
20%	-	771,186	109,862	-	-	57,789	-	938,837	187,767	-
35%	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	-	-	-	-	-
90%	-	-	-	-	-	-	-	-	-	-
100%	-	-	407,835	43	-	597,052	71,634	1,076,564	1,076,564	-
150%	-	-	-	-	493	-	-	493	740	-
Total	224,426	820,456	536,985	43	493	692,066	71,634	2,346,103	1,265,071	-
Defaulted Exposures										
50%	-	-	7,080	-	-	-	-	7,080	3,540	-
100%	-	-	-	-	-	-	-	-	-	-
150%	-	-	36,777	-	-	20,438	-	57,215	85,822	-
Total	-	-	43,857	-	-	20,438	-	64,295	89,362	-
Grand Total	224,426	820,456	580,842	43	493	712,504	71,634	2,410,398	1,354,433	-

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2009

A20. Capital Adequacy (continued)

(v) Off Balance Sheet and Counterparty Credit Risk as at 30 June 2009

<u>Bank</u>	Principal Amount RM'000	Credit Conversion Factor	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Nature				
Forward Asset Purchases	170	100%	170	170

Off Balance Sheet and Counterparty Credit Risk as at 31 December 2008

<u>Bank</u>	Principal Amount RM'000	Credit Conversion Factor	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Nature				
Forward Asset Purchases	2,577	100%	2,577	2,577
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	26,474	50%	13,237	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	585,153	20%	117,031	117,031
	<u>614,204</u>		<u>132,845</u>	<u>119,608</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2009

	Individual Quarter		Cumulative Quarter	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
A21 Interest Income				
Loans, advances and financing				
- Interest income other than recoveries from NPL	7,467	8,435	15,245	13,794
- Recoveries from NPLs	-	-	-	-
- Inter-company	-	-	-	-
Money at call and deposit placements with financial institutions	3,424	8,685	8,556	17,451
Securities purchased under resale agreements	-	-	-	-
Securities held-for-trading	876	117	1,812	961
Securities available-for-sale	2,377	3,028	4,735	6,817
Securities held-to-maturity	-	-	-	-
Interest on Margin	8,524	8,191	16,578	15,160
Interest on reverse repo	33	(26)	33	-
Interest on Contra	276	(417)	354	-
Others	3	686	5	686
	<u>22,980</u>	<u>28,700</u>	<u>47,318</u>	<u>54,869</u>
Amortisation of premium less accretion of discount	39	70	122	137
Interest income suspended	-	-	-	-
	<u>23,019</u>	<u>28,770</u>	<u>47,440</u>	<u>55,006</u>
A22 Interest Expense				
Deposits and placement of banks and other financial institutions	827	4,066	2,830	6,652
Intercompany loan	-	-	-	-
Term loan	-	-	-	-
Deposits from customers	6,932	10,015	15,708	20,257
Obligations on securities sold under repurchase agreements	-	-	-	-
Floating rate certificate of deposits	-	-	-	-
Subordinated notes	-	-	-	-
Subordinated bonds	-	-	-	-
Others	-	7	-	13
	<u>7,759</u>	<u>14,088</u>	<u>18,538</u>	<u>26,922</u>
A23 Non-interest Income				
(a) Fee income:				
Commissions	3,483	3,864	7,714	9,300
Service charges and fees	-	-	-	-
Guarantee fees	-	-	-	-
Underwriting fees	-	-	-	693
Brokerage income	42,867	23,931	55,673	62,662
Other fee income	3,498	6,971	5,592	12,591
	<u>49,848</u>	<u>34,766</u>	<u>68,979</u>	<u>85,246</u>
(b) Gain/loss arising from sale of securities:				
Net gain/(loss) from sale of securities held-for-trading	3,321	(819)	3,347	(581)
Net gain/(loss) from sale of securities available-for-sale	(84)	(251)	(84)	(251)
Net loss from redemption of securities held-to maturity	-	-	-	-
Net gain/(loss) from sale of subsidiary company	-	-	-	-
	<u>3,237</u>	<u>(1,070)</u>	<u>3,263</u>	<u>(832)</u>
(c) Gross dividend from:				
Securities portfolio	474	207	578	335
(d) Unrealised gains /(losses) on revaluation of securities held-for-trading and derivatives	-	-	-	-
Write back of impairment losses on securities	2,448	(52)	2,433	1,110
	<u>2,448</u>	<u>(52)</u>	<u>2,433</u>	<u>1,110</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2009

	Individual Quarter		Cummulative Quarter	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
(e) Other income:				
Foreign exchange profit	209	10	387	181
Net premiums written	-	-	-	-
Rental Income	-	-	-	-
Gains on disposal of property, plant and equipment	109	77	109	83
Gain on disposal of foreclosed properties	-	-	-	-
Intercompany written off	-	-	-	-
Capital gain arising from receipt of shares in Bursa Malaysia Berhad	-	-	-	-
Others	861	18	2,028	374
	<u>1,179</u>	<u>105</u>	<u>2,524</u>	<u>638</u>
	-	-	-	-
Total non-interest income	<u>57,186</u>	<u>33,956</u>	<u>77,778</u>	<u>86,497</u>
A24 Other operating expenses				
Personnel costs	18,326	20,170	32,759	40,503
- Salaries, allowances and bonuses	16,794	16,575	29,296	35,285
- Pension costs	1,287	3,348	2,760	4,826
- Others	245	247	703	392
Establishment costs	7,088	7,535	14,541	15,206
- Depreciation	2,046	1,731	4,090	3,396
- Rental of leasehold land and premises	3,401	3,416	6,727	6,653
- Repairs and maintenance of property, plant and equipment	316	454	920	891
- Information technology expenses	583	645	1,246	1,339
- Others	742	1,289	1,558	2,927
Marketing expenses	782	1,317	1,437	2,984
- Advertisement and publicity	261	87	294	113
- Others	521	1,230	1,143	2,871
Administration and general expenses	31,131	17,232	43,787	47,973
- Fees and brokerage	16,730	10,284	23,448	23,857
- Administrative expenses	14,033	8,330	19,667	16,758
- Unrealised losses on revaluation of securities HFT	-	-	-	-
- Foreign exchange loss	(237)	-	115	-
- General expenses	-	-	-	-
- Impairment loss on Investment in Associate Company	-	-	-	-
- Impairment loss on Investment in Subsidiary Company	-	-	-	-
- Claims incurred	17	34	23	48
- Others	588	(1,416)	534	7,310
	<u>57,327</u>	<u>46,254</u>	<u>92,524</u>	<u>106,666</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)	281	907	200	779
- specific allowance	463	(65)	1,344	5,231
- specific allowance written back	(1,108)	-	(2,825)	-
Bad debts and financing written off	-	-	-	-
Bad debts and financing recovered	(13)	(26)	(37)	(133)
Provision for other debts	712	-	712	-
	<u>335</u>	<u>816</u>	<u>(606)</u>	<u>5,877</u>
A25a Allowance for Losses on Loans, Advances and Financing				
Allowances for bad and doubtful debts and financing:				
- general allowance made (net)	316	1,303	951	4,893
- specific allowance	929	7,584	3,221	7,614
- specific allowance written back	(38)	(448)	(292)	(483)
Bad debts and financing written off	-	-	-	-
Bad debts and financing recovered	(2)	(2)	(3)	(6)
Provision for other debts	1	(1)	1	(1)
	<u>1,206</u>	<u>8,436</u>	<u>3,878</u>	<u>12,017</u>

K & N KENANGA HOLDINGS BERHAD
FOR THE 2ND QUARTER ENDED 30 JUNE 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
Revenue																
External sales	28,964	32,672	55,505	62,846	9,827	14,901	3,158	6,795	237	141	1,824	836	-	-	99,515	118,191
Inter-segment sales	-	-	-	-	184	-	-	355	31	163	1,504	63,916	(1,719)	(64,434)	-	-
Total revenue	28,964	32,672	55,505	62,846	10,011	14,901	3,158	7,150	268	304	3,328	64,752	(1,719)	(64,434)	99,515	118,191
Result																
Segment results	14,462	11,077	9,580	1,559	3,996	9,604	2,659	6,286	(2,058)	(788)	27,603	52,000	(31,533)	(62,795)	24,709	16,943
Loss on disposal of discontinuing operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated corporate expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit from operation	14,462	11,077	9,580	1,559	3,996	9,604	2,659	6,286	(2,058)	(788)	27,603	52,000	(31,533)	(62,795)	24,709	16,943
Finance cost, net	(17,129)	(20,312)	(37)	(5)	(1,372)	(3,838)	(1,725)	(3,804)	-	-	-	-	1,725	1,037	(18,538)	(26,922)
Share of results of associates	-	-	-	-	-	-	-	-	-	-	-	-	(2,931)	(199)	(2,931)	(199)
Share of results of jointly controlled entities	-	-	(2,561)	(486)	(634)	(1,352)	(224)	(640)	-	3	(1,147)	(13,042)	49	16,039	(4,517)	522
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,277)	(9,656)
Profit after taxation	(2,667)	(9,235)	6,982	1,068	1,990	4,414	710	1,842	(2,058)	(785)	26,457	38,958	(537)	(1,476)	(537)	(1,476)
Minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Minority interest	(2,667)	(9,235)	6,982	1,068	1,990	4,414	710	1,842	(2,058)	(785)	26,457	38,958	(537)	(1,476)	(537)	(1,476)
Net profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets																
Segments assets	515,342	500,620	1,746,940	1,822,266	472,997	419,377	62,674	99,784	12,284	14,582	716,130	829,572	(699,292)	(782,998)	2,827,075	2,903,203
Investments in equity method of associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments in equity method of jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated corporate assets	-	-	28,862	13,973	303	356	3,708	1,162	-	8	3,431	1,483	-	-	36,304	16,982
Consolidated total assets	515,342	500,620	1,775,802	1,836,239	473,300	419,733	66,382	100,946	12,284	14,590	719,561	831,055	-	-	2,863,379	2,920,185
Liabilities																
Segment liabilities	990,718	1,239,090	680,466	455,267	448,883	399,391	57,450	86,871	177	271	3,654	78,805	(114,284)	(161,075)	2,067,064	2,098,620
Unallocated corporate liabilities	-	-	-	-	57	1,100	-	-	-	-	1,061	68	-	-	1,118	1,168
Consolidated total liabilities	990,718	1,239,090	680,466	455,267	448,940	400,491	57,450	86,871	177	271	4,715	78,873	(114,284)	(161,075)	2,068,182	2,099,788
Other information																
Capital expenditure	-	-	2,740	3,906	470	71	258	4	246	2	484	46	-	-	4,198	4,029
Depreciation & Amortisation	-	-	3,473	2,833	161	124	98	123	107	112	247	204	-	-	4,086	3,596
Impairment losses	-	-	-	-	-	-	-	-	-	-	4,713	-	-	-	4,713	-
Reversal of impairment losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-cash expenses other than depreciation, amortisation and impairment losses	769	13,104	1,701	5,877	-	-	(598)	(432)	-	18	(4,449)	6,641	-	-	(2,577)	25,208

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 30 June 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 RM573 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.

A31. Credit exposure arising from credit transactions with connected parties

	30 June 2009
Outstanding credit exposures with connected parties (RM'000)	46,719
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	3.70%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	NIL

The credit exposure above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

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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 period ended 30 June 2009, the Group recorded a profit before taxation from continuing operations of RM8.88 million as compared to a loss of RM5.64 million in the previous quarter ended 31 March 2009.

The profit before taxation that arises during the quarter ended 30 June 2009 was due mainly to higher brokerage income earned by the equity division of the Bank, which increased in line with higher Bursa trade value during the quarter.

However, these profits were negated by RM1.21 million net provision made in respect of allowance for loans, advances and financing and RM4.71 million in respect of impairment of investment in an associated company.

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 34.17%, 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 30 June 2009, the Group recorded a profit before taxation from continuing operations of RM8.88 million as compared to a loss of RM5.64 million in the previous quarter ended 31 March 2009.

The profit before taxation that arises during the quarter ended 30 June 2009 was due mainly to higher brokerage income earned by the equity division of the Bank, which increased in line with higher Bursa trade value during the quarter.

However, these profits were negated by RM1.21 million net provision made in respect of allowance for loans, advances and financing and RM4.71 million in respect of impairment of investment in an associated company.

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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

Despite the challenging environment of volatile trading volumes at the local bourse and soft capital market conditions for fund raising, the Group anticipates that the profit contribution from its various profit centres will be encouraging.

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 30 June 2009	Cumulative Quarter Current Year to date 30 June 2009
	-----RM'000-----	
Current period taxation	359	686
Deferred taxation	3,916	3,811
Share of associates taxation	13	20
Total	<u>4,288</u>	<u>4,517</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 lower than the statutory rate due to:-

	Individual Current Quarter	Cumulative Current Quarter
	-----RM'000-----	
Tax effect at statutory rate	2,358	9,186
Add: tax effect of expenses that are not deductible for tax purposes	2,383	2,279
Less: Utilization of Unabsorbed tax losses and capital allowances	(2,173)	(2,187)
Less: Non taxation of capital items	(1,137)	(8,908)
Add: Tax losses not recognised	(1,072)	316
Tax expense	<u>359</u>	<u>686</u>

B6. Profits on Sale of Investments and/or Properties

There were no sales of unquoted investments and properties for the quarter ended 30 June 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 30 June 2009 and the profit arising there from were as follows:

	Individual Quarter	Cumulative Quarter
	-----RM'000-----	
Total purchases for the period	<u>10,504</u>	<u>10,504</u>
Total sales for the period	<u>2,119</u>	<u>2,427</u>
Total gain/(loss) on disposal for the period	<u>4</u>	<u>(65)</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)

B7. Quoted Securities (contd)

- (b) Total investments in quoted securities by the Group other than the investment banking subsidiary as at 30 June 2009 were as follows:

Total investment at cost	RM'000 <u>20,672</u>
Total investment at carrying value/book value	<u>21,787</u>
Total investment at market value at end of reporting period	<u>21,787</u>

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). 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.

KNKHB completed the acquisition of acquiring the 49% equity stake comprising 6,615,000 ordinary shares in Kenanga Vietnam Securities Corporation (formerly known as Vietnam Golden Securities Corporation) on 17th August 2009 at a total purchase consideration of Vietnamese Dong 95,170,322,412 (equivalent to RM18,810,429).

- (3) On 10th July 2009, KNKHB entered into a Sales and Purchase Agreement for shares with 4 individuals to dispose of its entire equity interest comprising 2,550,000 ordinary shares of USD1.00 each in Mena Financial Group Limited ("MENA"), representing 51% of the total issued and paid up capital in MENA at a total sales consideration of USD1,116,074.84.

The sale and purchase of shares shall be conditional upon approval being obtained by the Purchasers from the Dubai Financial Services Authority.

An impairment loss of RM4.713 million has been made in the accounts in relation to this disposal.

B9. Group Borrowings

		Total Loans RM'000
Subordinated Loan (unsecured)	- Note 1	1,367
Short term loan from financial institutions (secured)	- Note 2	43,214

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 RM43.1 million in order to finance its own working capital. These facilities have repayment periods of 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 30 June 2009.

B12. Dividend

No interim dividend has been declared for the current quarter ended 30 June 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 six-month period is RM1.81 million representing the loss for the period attributable to ordinary equity holder of the parent (30 June 2008: -loss attributable to ordinary equity holder of parent: RM11.13 million)

The weighted average number of shares used as the denominator in calculating the basic earnings per share for the six-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)