

QUARTERLY REPORT

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

CONDENSED CONSOLIDATED INCOME STATEMENTS

Group

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Note	CURRENT YEAR QUARTER 30 Sept 2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 Sept 2008 RM'000	CURRENT YEAR TO DATE 30 Sept 2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 Sept 2008 RM'000
Continuing Operations					
Interest income	A21	24,626	26,941	72,066	81,947
Interest expense	A22	(7,861)	(11,916)	(26,399)	(38,838)
Net interest income		16,765	15,025	45,667	43,109
Non interest income	A23	42,643	24,303	120,421	110,800
Net Income		59,408	39,328	166,088	153,909
Other operating expenses	A24	(47,268)	(38,005)	(139,792)	(144,671)
Operating profits		12,140	1,323	26,296	9,238
Write-back/(allowance) for losses					
on loans, advances and financing	A25a	1,890	(42,751)	(1,988)	(54,768)
Write-back/(allowances) for bad and doubtful accounts on balances from clients & brokers	A25	692	1,898	1,298	(3,979)
Impairment of securities available for sales		-	(18,308)	-	(18,308)
Impairment of investment in an associated company		-	-	(4,713)	-
Share of losses in associates		(1,872)	(508)	(4,803)	(707)
Profit/(loss) before taxation		12,850	(58,346)	16,090	(68,524)
Taxation		(4,394)	16,939	(8,911)	17,461
Profit/(loss) for the period from continuing operations		8,456	(41,407)	7,179	(51,063)
Profit/(loss) for the period		8,456	(41,407)	7,179	(51,063)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR 30 Sept 2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 Sept 2008 RM'000	CURRENT YEAR TO DATE 30 Sept 2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 Sept 2008 RM'000
(i) Profit/(loss) for the period attributable to				
- Equity holders of the parent	8,230	(41,950)	6,416	(53,082)
- Minority interests	226	543	763	2,019
	<u>8,456</u>	<u>(41,407)</u>	<u>7,179</u>	<u>(51,063)</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 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)	1.3	(6.9)	1.0	(8.7)
(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 Sept 2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 Sept 2008 RM'000	CURRENT YEAR TO DATE 30 Sept 2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 Sept 2008 RM'000
Continuing Operations				
Interest income	525	1,173	2,076	3,125
Interest expense	(529)	-	(529)	-
Net interest income	(4)	1,173	1,547	3,125
Non interest income	3,679	2,172	40,877	64,250
Net Income	3,675	3,345	42,424	67,375
Overhead expenses	(4,306)	(5,184)	(9,395)	(15,524)
Operating (loss)/profits	(631)	(1,839)	33,029	51,851
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)	-
(Loss)/profit before taxation	(631)	(1,839)	28,316	51,851
Taxation	(350)	2,741	(1,489)	(10,418)
(Loss)/profit for the period from continuing operations	(981)	902	26,827	41,433
Discontinued operations	-	-	-	-
(Loss)/profit for the period	(981)	902	26,827	41,433

CONDENSED INCOME STATEMENTS

Company

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 Sept 2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 Sept 2008 RM'000	CURRENT YEAR TO DATE 30 Sept 2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 Sept 2008 RM'000
(i) (Loss)/profit for the period attributable to - Equity holders of the parent	(981)	902	26,827	41,433
	<u>(981)</u>	<u>902</u>	<u>26,827</u>	<u>41,433</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)	(0.2)	0.1	4.4	6.8
(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 30 September 2009 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31 December 2008 RM'000
	Note		
ASSETS			
Cash and short-term funds		557,375	1,004,940
Deposits and placements with financial institutions		847	13,867
Securities purchased under resale agreements			
Securities held for trading	A9	116,129	88,597
Securities available for sales	A10	573,264	228,121
Securities held to maturity	A11	1,490	1,490
Loans, advances and financing	A12	847,956	860,055
Other assets			
- Balance due from clients and brokers		134,983	131,858
- Assets segregated for customers		377,337	447,230
- Other receivables	A13	20,623	17,818
Statutory deposits with the Central Bank		8,925	24,340
Investments in associated companies		86,506	77,397
Intangible assets		72,299	70,106
Property, plant and equipment		25,108	29,166
Deferred tax assets		13,835	21,215
Tax recoverable		18,892	17,524
TOTAL ASSETS		2,855,569	3,033,724
LIABILITIES			
Deposits from customers	A14	917,336	927,011
Deposits and placements of banks and other financial institutions	A15	303,350	483,390
Borrowings	A17	42,348	69,991
Other liabilities			
-Balance due to clients and brokers		502,821	505,400
- Amount held in trust		212,508	199,801
- Other payables	A16	68,480	52,398
Provision for taxation and zakat		2	302
Deferred tax liabilities		1,407	56
Subordinated obligations	A15	1,367	1,384
TOTAL LIABILITIES		2,049,619	2,239,733
SHAREHOLDERS EQUITY			
Share Capital		611,759	611,759
Share Premium		75	75
Profit and loss reserve		67,074	60,658
Exchange fluctuation reserve		353	(328)
Statutory reserve		45,718	45,718
Fair value reserve		(585)	(1,883)
Capital reserve		71,952	71,952
		796,346	787,951
Minority Interests		9,604	6,040
Total equity		805,950	793,991
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			
		2,855,569	3,033,724
Net Assets Per Share (RM)		1.32	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 Sept 2009 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31 December 2008 RM'000
ASSETS		
Cash and short-term funds	48,277	77,903
Deposits and placements with financial institutions	-	-
Securities purchased under resale agreements	-	-
Securities held for trading	40,967	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	28,336	43,610
- Amount due from related companies	-	-
- Other receivables	846	146
Statutory deposits with the Central Bank	-	-
Investments in subsidiary companies	561,687	588,087
Investments in associated companies	24,161	10,063
Intangible assets	387	-
Property, plant and equipment	1,003	1,110
Deferred tax assets	-	89
Tax recoverable	3,296	3,199
TOTAL ASSETS	708,960	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	28	60,409
- Other payables	1,902	1,991
Provision for taxation and zakat	-	-
Deferred tax liabilities	1,400	-
Subordinated obligations	-	-
TOTAL LIABILITIES	3,330	62,400
SHAREHOLDERS EQUITY		
Share Capital	611,759	611,759
Share Premium	75	75
Profit and loss reserve	93,796	66,969
Capital reserve	-	-
	705,630	678,803
Total equity	705,630	678,803
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	708,960	741,203
Net Assets Per Share (RM)	1.15	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 September 2009**

	<u>Group</u>	
	CUMULATIVE QUARTER	
	CURRENT YEAR TO DATE 30 Sept 2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 Sept 2008 RM'000
Cash flows from operating activities		
Profit/(Loss) before taxation		
- Continuing operations	16,090	(68,524)
Adjustments for non operating and non cash items	11,131	97,428
Operating profit before changes in working capital	27,221	28,904
Net changes in operating assets	75,541	(286,615)
Net changes in operating liabilities	(159,945)	143,494
Cash used in operations	(57,183)	(114,217)
Net tax paid	(2,087)	(15,778)
Net cash used in operating activities	(59,270)	(129,995)
Net cash (used in)/generated from investing activities	(385,332)	275,768
Net cash used in financing activities	(29,707)	(64,767)
Net (decrease)/increase in cash and cash equivalents during the period	(474,309)	81,006
Cash and cash equivalents brought forward	819,005	347,040
Cash and cash equivalents carried forward	344,696	428,046

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

Non trust cash and short term funds	344,696
	344,696

**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 September 2009

	<u>Company</u>	
	CUMULATIVE QUARTER	
	CURRENT YEAR TO DATE 30 Sept 2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 Sept 2008 RM'000
Cash flows from operating activities		
Profit before taxation		
- Continuing operations	28,316	51,851
Adjustments for non operating and non cash item	26,048	(57,169)
Operating profit/(loss) before changes in working capital	<u>54,364</u>	<u>(5,318)</u>
Net changes in operating assets	(45,854)	(37)
Net changes in operating liabilities	(88)	3,457
Cash generated from /(used) in operations	<u>8,422</u>	<u>(1,898)</u>
Net tax paid	-	-
Net dividends received	359	45,842
Interest income	1,546	3,125
Net cash generated in operating activities	<u>10,327</u>	<u>47,069</u>
Net cash (used in)/generated from investing activities	(39,953)	11,236
Net cash used in financing activities	-	(22,553)
Net (decrease)/increase in cash and cash equivalents during the period	<u>(29,626)</u>	<u>35,752</u>
Cash and cash equivalents brought forward	77,903	40,707
Cash and cash equivalents carried forward	<u>48,277</u>	<u>76,459</u>

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

Non trust cash and short term funds	<u>48,277</u>
	<u>48,277</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 September 2009

Group

	<---Attributable to Equity Holders of the Parent-----> < ---Non -Distributable---->						Share Premium RM'000	Retained profits RM'000	Minority 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	-	681	-	-	-	-	-	-	681	
Net unrealised gains on securities	-	-	-	1,298	-	-	-	-	1,298	
Net profit for the period	-	-	-	-	-	-	6,416	763	7,179	
Arising from consolidation of unit trust funds	-	-	-	-	-	-	-	2,801	2,801	
As at 30 September 2009	611,759	353	71,952	(585)	45,718	75	67,074	9,604	805,950	

Consolidated Statement of changes in equity
for the period ended 30 September 2008

Group

	<---Attributable to Equity Holders of the Parent-----> < ---Non -Distributable---->						Share Premium RM'000	Retained profits RM'000	Minority 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	-	296	-	-	-	-	-	-	296	
Net unrealised losses on securities	-	-	-	(1,693)	-	-	-	-	(1,693)	
Net loss for the period	-	-	-	-	-	-	(53,082)	2,019	(51,063)	
Dividends paid	-	-	-	-	-	-	(22,635)	-	(22,635)	
As at 30 September 2008	611,759	(1,030)	40,952	(2,389)	45,718	75	91,636	5,738	792,459	
Retained profits capitalized as bonus issue in subsidiary	-	-	31,000	-	-	-	(31,000)	-	-	
As at 30 September 2008 (restated)	611,759	(1,030)	71,952	(2,389)	45,718	75	60,636	5,738	792,459	

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 September 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 period	-	-	26,827	26,827
As at 30 September 2009	<u>611,759</u>	<u>75</u>	<u>93,796</u>	<u>705,630</u>

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

Company

	---Attributable to Equity Holders of the Parent---			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 profit for the period	-	-	41,433	41,433
Dividends paid	-	-	(22,635)	(22,635)
As at 30 September 2008	<u>611,759</u>	<u>75</u>	<u>69,478</u>	<u>681,312</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.

K & N KENANGA HOLDINGS BERHAD (302859-X)

(Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES
REQUIREMENTS OF FRS134 (Contd)**

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

There are no exceptional items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 30 September 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 September 2009.

A8. Dividends paid per share

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

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2009

	September 2009 RM' 000	December 2008 RM' 000
A9 (a) Securities held-for-trading		
At Fair Value		
Money Market Instruments:-		
Malaysian Government Treasury Bills	-	-
Malaysian Government Securities	19,969	-
Malaysian Government Investment Issues	-	-
Bank Negara Malaysia Bills and Notes	-	-
Bankers' Acceptances and Islamic Accepted Bills	-	49,855
Cagamas Bonds	-	-
Foreign Government Securities	-	-
Others	-	-
Total Money Market Instruments	<u>19,969</u>	<u>49,855</u>
Quoted securities:		
In Malaysia:		
Shares, Warrants, Trust Units and Loan Stocks	62,722	28,753
Outside Malaysia:		
Shares, Warrants, Trust Units and Loan Stocks	-	-
Total quoted securities	<u>62,722</u>	<u>28,753</u>
Unquoted securities:		
Private and Islamic Debt Securities in Malaysia	33,438	9,989
Foreign Private Debt Securities	-	-
Total unquoted securities	<u>33,438</u>	<u>9,989</u>
Total securities held-for-trading	<u>116,129</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	225,471	-
Islamic Cagamas Bonds	-	15,016
Cagamas Bonds	60,750	59,874
Foreign Government Securities	-	-
Malaysian Government Treasury Bills	-	-
Malaysian Government Investment Issues	-	-
Foreign Government Treasury Bills	-	-
Negotiable Instruments of Deposits	50,005	-
Bankers' Acceptances and Islamic Accepted Bills	-	-
Khazanah Bonds	-	-
Bank Negara Malaysia Sukuk Ijarah Bonds	-	-
Foreign Certificates of Deposits	-	-
Total Money market instruments	<u>336,226</u>	<u>74,890</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2009

	September 2009 RM' 000	December 2008 RM' 000
Quoted securities:		
In Malaysia:		
Shares, Warrants, Trust Units and Loan Stocks	1,279	10,476
Outside Malaysia:		
Shares, Warrants, Trust Units and Loan Stocks	4,515	4,768
	<u>5,794</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	233,794	147,929
Malaysian Government Bonds	-	-
Foreign Islamic and Private Debt Securities	-	-
Credit Link Notes	-	-
Malaysia Global Sukuk	-	-
Others	3,100	3,100
	<u>238,994</u>	<u>153,132</u>
Accumulated impairment losses	(7,750)	(15,145)
Total securities available-for-sale	<u>573,264</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>

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2009

	September 2009 RM' 000	December 2008 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	426,193	479,115
- Constructions	-	-
Credit card receivables	-	-
Bills receivables	-	-
Trust receipts	-	-
Claims on customers under acceptance credits	-	-
Share margin financing	445,075	380,658
Finance, insurance and business services	-	-
Revolving credits	-	-
Staff loans	-	-
Housing loans to	-	-
- Executive directors of the Bank	-	-
- Executive directors of subsidiaries	-	-
Others	50,820	70,299
	<u>922,088</u>	<u>930,072</u>
Interest in suspense	(2,186)	-
Unearned interest and income	(7)	-
Gross loans, advances and financing	<u>919,895</u>	<u>930,072</u>
Allowances for bad and doubtful debts and financing:		
- specific	(61,244)	(58,810)
- general	(10,695)	(11,207)
Net loans, advances and financing	<u>847,956</u>	<u>860,055</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	10,689	11,917
- Others	443,881	487,040
Government and statutory bodies	-	-
Individuals	465,325	431,115
Other domestic entities	-	-
Foreign entities	-	-
Total domestic operations	<u>919,895</u>	<u>930,072</u>
Overseas operations:		
Singapore	-	-
Hong Kong SAR	-	-
United States of America	-	-
People's Republic of China	-	-
Others (Please specify)	-	-
	<u>-</u>	<u>-</u>
Gross loans, advances and financing	<u>919,895</u>	<u>930,072</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2009

	September 2009 RM' 000	December 2008 RM' 000
(ii) By interest/profit rate sensitivity		
Fixed rate		
- Housing loans/financing	-	-
- Hire purchases receivable	-	-
- Cost price	-	-
- Other fixed rate loans/financing	445,074	380,658
Variable rate		
- Base lending rate plus	48,628	70,299
- Cost plus	426,193	479,115
- Other variable rates	-	-
Gross loans, advances and financing	<u>919,895</u>	<u>930,072</u>
(iii) Total loans by economic purposes		
Domestic operations:		
Purchase of securities	48,628	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	215,317	228,221
Construction	18,145	93,928
Real Estate	-	25,009
Transport, storage and communication	120,189	98,155
Finance, insurance and business services	72,543	31,992
Working capital	-	-
Others	445,073	382,468
Total domestic operations	<u>919,895</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>

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2009

	September 2009 RM' 000	December 2008 RM' 000
(iii) Non-performing loans by economic purpose		
Domestic operations:		
Purchase of securities	22,135	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	56,531	58,701
Others	-	-
Total domestic operations	<u>78,666</u>	<u>89,075</u>
Overseas operations:		
Singapore	-	-
Hong Kong SAR	-	-
United States of America	-	-
People's Republic of China	-	-
Others (Please specify)	-	-
	<u>78,666</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	2,910	89,357
Amount written back in respect of recoveries	-	-
Reclassified as performing	(8,831)	-
Acquired upon business acquisition	-	-
Transfer from a subsidiary	-	-
Recovered	(4,417)	(3,099)
Amount written off	(71)	(223)
Converted to securities	-	-
At end of the period	<u>78,666</u>	<u>89,075</u>
Specific allowance	(61,244)	(58,810)
Interest in suspense	-	-
Unearned interest and income	-	-
Net non-performing loans, advances and financing	<u>17,422</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>2.03%</u>	<u>3.47%</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2009

	September 2009 RM' 000	December 2008 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	14,265	59,117
Amount written back in respect of recoveries	(8,831)	(2,677)
Acquired upon business acquisition	-	-
Transfer from a subsidiary	-	-
Amount written off	(3,000)	(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	61,244	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	(512)	-
Amount written back	-	4,619
Acquired upon business acquisition	-	-
Transfer from specific allowance	-	-
Exchange differences	-	-
At end of the period	10,695	11,207
As % of gross loans, advances and financing (including Islamic loans sold to Cagamas) less specific allowances	1.25%	1.29%

A13 Other Assets

Interest/Income receivable	4,872	120
Prepayments and deposits	12,139	11,718
Other debtors	4,265	6,858
Foreclosed properties	-	-
Investment properties	-	-
Derivative assets	-	-
	21,276	18,696
Allowance for doubtful debts	(653)	(878)
	20,623	17,818

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2009

	September 2009 RM' 000	December 2008 RM' 000
A14 Deposits from Customers		
Fixed deposits and negotiable instruments of deposits		
- One year or less	917,336	927,011
- More than one year	-	-
Savings deposits	-	-
Demand deposits	-	-
Structured deposits	-	-
	<u>917,336</u>	<u>927,011</u>
Business enterprise	613,183	596,173
Individuals	-	1,032
Government and statutory bodies	154,405	329,806
Others	149,748	-
	<u>917,336</u>	<u>927,011</u>
A15 Deposits and Placement of Banks and Other Financial Institutions and Debt Securities		
Licensed banks	-	100,000
Licensed finance companies	-	-
Licensed merchant banks	-	-
Non-banking insitutions	303,350	268,779
Other financial institutions	-	114,611
	<u>303,350</u>	<u>483,390</u>
Subordinated obligations		
Unsecured		
- less than one year	-	-
- more than one year	1,367	1,384
	<u>1,367</u>	<u>1,384</u>
A16 Other liabilities		
Interest/Profit payable	3,562	6,747
Provision for outstanding claims	-	-
Unearned premium reserves	-	-
Profit Equalisation Reserves	-	-
Provision and accruals	54,984	42,390
Hire purchase creditors	40	78
Due to brokers and clients	1,459	-
Deposits and other creditors	1,081	1,236
Derivative liabilities	7,354	1,947
	<u>68,480</u>	<u>52,398</u>

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

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2009

	September 2009	December 2008
	RM' 000	RM' 000
A17 Bank Borrowings		
Hire purchase creditors	-	-
Revolving bank loan	42,348	69,991
Term loan	-	-
Secured notes insurance facility	-	-
	<u>42,348</u>	<u>69,991</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2009

	September 2009		December 2008	
	RM'000	RM'000	RM'000	RM'000
	Notional	Credit Equivalent	Notional	Credit Equivalent
		Risk Weighted		Risk Weighted
A18 Commitments and Contingencies and Off-Balance Sheet				
Financial Instruments				
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	1,813	1,813	25,000	-
Irrevocable commitments to extend credit:				
- maturity within one year	-	-	-	-
- Margin	499,624	-	580,986	-
- Term loan	16,700	-	3,790	-
- maturity exceeding one year	-	-	-	-
- Margin	-	-	-	-
- Term loan	43,000	21,500	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	12	-	86	-
	561,150	23,313	632,546	11,342
		23,313		11,342

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2009

	Non trading book								
	Up to 1 month RM	>1 - 3 month RM	>3 - 12 month RM	>1 - 5 years RM	over 5 RM	Non- interest sensitive RM	Trading books RM	Total RM	Effective interest rate %
A19 Interest/Profit Rate Risk									
Cash and short-term funds	260,518	-	-	-	-	296,857	-	557,375	2.02%
Deposits and placements with banks and other financial institutions	-	-	-	-	-	847	-	847	-
Securities purchased under resale agreements	-	-	-	-	-	-	-	-	-
Securities held-for-trading	-	-	-	-	-	40,968	75,161	116,129	4.64%
Securities available-for-sale	30,001	20,004	60,750	459,265	-	3,244	-	573,264	4.55%
Securities held-to-maturity	-	-	1,000	-	-	490	-	1,490	-
Loans, advances and financing	-	-	-	-	-	-	-	-	-
- performing	162,336	278,751	230,451	161,763	-	-	-	833,301	7.15%
- non-performing	-	-	-	-	-	14,655	-	14,655	-
Other assets ⁿ¹	370,638	-	2,000	-	-	160,305	-	532,943	-
Other non-interest sensitive balances	-	-	-	-	-	225,565	-	225,565	-
TOTAL ASSETS	823,493	298,755	294,201	621,028	-	742,931	75,161	2,855,569	
Interest/Profit Rate Risk									
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits from customers	484,052	303,144	130,141	-	-	-	-	917,337	2.43%
Deposits and placements of banks and other financial institutions	179,829	40,183	83,338	-	-	-	-	303,350	2.43%
Borrowings	42,348	-	-	-	-	-	-	42,348	4.47%
Obligations on securities sold under repurchase agreements	-	-	-	-	-	-	-	-	-
Bills and acceptances payable	-	-	-	-	-	-	-	-	-
Recourse obligation on loans sold to Cagamas	-	-	-	-	-	-	-	-	-
Subordinated notes	-	-	-	1,367	-	-	-	1,367	5.00%
Other non-interest sensitive balances	376,109	-	-	-	13,063	396,045	-	785,217	-
Total Liabilities	1,082,338	343,327	213,479	1,367	13,063	396,045	-	2,049,619	
Shareholders' equity	-	-	-	-	-	796,346	-	796,346	-
Minority interests	-	-	-	-	-	9,604	-	9,604	-
Total Liabilities and Shareholders' Equity	1,082,338	343,327	213,479	1,367	13,063	1,201,995	-	2,855,569	
On-balance sheet interest sensitivity gap	(258,845)	(44,572)	80,722	619,661	(13,063)	(459,064)	75,161	-	-
Total interest sensitivity gap	(258,845)	(44,572)	80,722	619,661	(13,063)	(459,064)	75,161	-	

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					Non-interest sensitive RM	Trading books RM	Total RM	Effective interest rate %
	Up to 1 month RM	>1 - 3 month RM	>3 - 12 month RM	>1 - 5 years RM	over 5 years RM				
A19 Interest/Profit Rate Risk									
Cash and short-term funds	786,781	-	-	-	-	218,159	-	1,004,940	3.35%
Deposits and placements with banks and other financial institutions	-	-	-	-	-	13,867	-	13,867	-
Securities purchased under resale agreements	-	-	-	-	-	-	-	-	-
Securities held-for-trading	-	-	-	-	-	16,996	71,601	88,597	4.78%
Securities available-for-sale	-	15,016	15,001	174,867	17,935	5,302	-	228,121	3.97%
Securities held-to-maturity	-	-	1,000	-	-	490	-	1,490	-
Loans, advances and financing	366,272	9,347	321,741	162,695	-	-	-	860,055	5.28%
Other assets n1	447,230	-	-	-	-	147,546	-	594,776	-
Other non-interest sensitive balances	-	-	2,000	-	-	239,878	-	241,878	-
TOTAL ASSETS	1,600,283	24,363	339,742	337,562	17,935	642,238	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	-	-	-	1,384	-	-	-	1,384	5.00%
Other non-interest sensitive balances	448,486	-	-	-	-	309,471	-	757,957	-
Total Liabilities	1,385,878	466,380	76,620	1,384	-	309,471	-	2,239,733	
Shareholders' equity	-	-	-	-	-	787,951	-	787,951	-
Minority interests	-	-	-	-	-	6,040	-	6,040	-
Total Liabilities and Shareholders' Equity	1,385,878	466,380	76,620	1,384	-	1,103,462	-	3,033,724	
On-balance sheet interest sensitivity gap	214,405	(442,017)	263,122	336,178	17,935	(461,224)	71,601	-	-
Total interest sensitivity gap	214,405	(442,017)	263,122	336,178	17,935	(461,224)	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 SEPTEMBER 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:

	September 2009 RM'000	December 2008 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	(11,415)	(18,194)
Goodwill	(17,606)	(17,606)
Current unaudited unadjusted loss	-	-
Total Tier I capital	<u>588,117</u>	<u>581,338</u>
<u>Tier II capital</u>		
General allowances for bad and doubtful debts	10,114	10,300
Total Tier II capital	<u>10,114</u>	<u>10,300</u>
Total capital	598,231	591,638
Less: Investments in subsidiary companies	(14,621)	(13,248)
Capital base	<u>583,610</u>	<u>578,390</u>
Core capital ratio	34.89%	33.62%
Risk-weighted capital ratio	34.89%	33.62%

KENANGA INVESTMENT BANK BERHAD
(15678-H)

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009

A20. Capital Adequacy (continued)

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

	Bank		Bank	
	30 September 2009		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 Requirement for Single Equity	45,315	45,315	45,315	45,315
	2,111,639	1,705,882	2,473,674	1,720,529

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 September 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>						
Sovereigns/Central Banks	94,759		94,759		3,995	320
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>						
Corporates	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						
Interest rate risks	174,852	-	174,852		7,414	593
Equity position risks	16,274	16,753	(479)		33,502	2,680
Option risks	16,753	-	16,753		1,714	137
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 SEPTEMBER 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 INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009

A20. Capital Adequacy (continued)

(iv) Credit Risk Disclosure on Risk Weights as at 30 September 2009

Bank	Exposures after Netting and Credit Risk Mitigation										Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000	
	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						
Risk Weights													
Performing Exposures													
0%	74,785	-	19,611	-	-	118,135	-	-	-	-	-	212,531	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	19,974	530,124	96,246	-	-	94,327	-	-	-	-	-	740,671	148,134
35%	-	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	-	-	-	-	-	-	-	-
90%	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	284,396	77	-	557,489	-	-	-	-	69,470	911,432	911,432
150%	-	-	-	-	490	-	-	-	-	-	-	490	735
Total	94,759	530,124	400,253	77	490	769,951	69,470	1,865,124				1,060,301	
Defaulted Exposures													
50%	-	-	13,389	-	-	-	-	-	-	-	-	13,389	6,695
100%	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	164,943	-	-	7,027	-	-	-	-	-	171,970	257,955
Total	-	-	178,332	-	-	7,027	-	-	-	-	-	185,359	264,650
Grand Total	94,759	530,124	578,585	77	490	776,978	69,470	2,050,483				1,324,951	

A20. Capital Adequacy (continued)

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

Risk Weights	Exposures after Netting and Credit Risk Mitigation							Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	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		
Bank									
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 INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009

A20. Capital Adequacy (continued)

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

	Individual Quarter		Cumulative Quarter	
	30 September 2009 RM'000	30 September 2008 RM'000	30 September 2009 RM'000	30 September 2008 RM'000
A21 Interest Income				
Loans, advances and financing				
- Interest income other than recoveries from NPL	7,106	7,939	22,384	21,734
- Recoveries from NPLs	-	-	-	-
- Inter-company	-	-	-	-
Money at call and deposit placements with financial institutions	3,095	6,455	11,651	23,905
Securities purchased under resale agreements	-	1	-	1
Securities held-for-trading	843	521	2,655	1,482
Securities available-for-sale	4,370	2,815	9,105	9,632
Securities held-to-maturity	-	-	-	-
Interest on Margin	9,069	8,860	25,647	24,020
Interest on reverse repo	-	-	-	-
Interest on Contra	207	-	561	-
Others	-	275	5	961
	<u>24,690</u>	<u>26,866</u>	<u>72,008</u>	<u>81,735</u>
Amortisation of premium less accretion of discount	(64)	75	58	212
Interest income suspended	-	-	-	-
	<u>24,626</u>	<u>26,941</u>	<u>72,066</u>	<u>81,947</u>
A22 Interest Expense				
Deposits and placement of banks and other financial institutions	1,403	2,576	4,234	9,228
Intercompany loan	-	-	-	-
Term loan	-	-	-	-
Deposits from customers	6,458	9,328	22,165	29,586
Obligations on securities sold under repurchase agreements	-	-	-	-
Floating rate certificate of deposits	-	-	-	-
Subordinated notes	-	-	-	-
Subordinated bonds	-	-	-	-
Others	-	12	-	24
	<u>7,861</u>	<u>11,916</u>	<u>26,399</u>	<u>38,838</u>
A23 Non-interest Income				
(a) Fee income:				
Commissions	3,285	1,414	10,999	10,714
Service charges and fees	-	2,901	-	2,901
Guarantee fees	-	-	-	-
Underwriting fees	-	-	-	693
Brokerage income	29,951	14,992	85,624	77,655
Other fee income	3,744	2,875	9,336	15,465
	<u>36,980</u>	<u>22,182</u>	<u>105,959</u>	<u>107,428</u>
(b) Gain/loss arising from sale of securities:				
Net gain/(loss) from sale of securities held-for-trading	2,665	852	6,012	271
Net gain/(loss) from sale of securities available-for-sale	3	251	(81)	-
Net loss from redemption of securities held-to maturity	-	-	-	-
Net gain/(loss) from sale of subsidiary company	-	-	-	-
	<u>2,668</u>	<u>1,103</u>	<u>5,931</u>	<u>271</u>
(c) Gross dividend from:				
Securities portfolio	462	264	1,040	599
(d) Unrealised gains/(losses) on revaluation of securities held-for-trading and derivatives	-	-	-	-
Write back of impairment losses on securities	898	(66)	3,331	1,043
	<u>898</u>	<u>(66)</u>	<u>3,331</u>	<u>1,043</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2009

	Individual Quarter		Cumulative Quarter	
	30 September 2009 RM'000	30 September 2008 RM'000	30 September 2009 RM'000	30 September 2008 RM'000
(e) Other income:				
Foreign exchange profit	647	418	1,034	599
Net premiums written	-	-	-	-
Rental Income	-	-	-	-
Gains on disposal of property, plant and equipment	28	3	137	86
Gain on disposal of foreclosed properties	-	-	-	-
Intercompany written off	-	-	-	-
Capital gain arising from receipt of shares in Bursa Malaysia Berhad	-	-	-	-
Others	959	399	2,988	774
	<u>1,634</u>	<u>820</u>	<u>4,159</u>	<u>1,459</u>
Total non-interest income	<u>42,643</u>	<u>24,303</u>	<u>120,421</u>	<u>110,800</u>
A24 Other operating expenses				
Personnel costs	18,484	13,210	51,243	53,713
- Salaries, allowances and bonuses	10,903	10,231	40,199	45,515
- Pension costs	1,634	(89)	4,394	4,737
- Others	5,947	3,068	6,650	3,460
Establishment costs	7,220	8,046	21,761	23,252
- Depreciation	2,006	1,778	6,096	5,174
- Rental of leasehold land and premises	3,409	3,508	10,136	10,161
- Repairs and maintenance of property, plant and equipment	319	385	1,239	1,276
- Information technology expenses	685	760	1,931	2,098
- Others	801	1,615	2,359	4,543
Marketing expenses	714	941	2,152	3,925
- Advertisement and publicity	78	34	372	147
- Others	636	907	1,780	3,778
Administration and general expenses	20,850	15,808	64,636	63,781
- Fees and brokerage	8,538	3,861	31,986	27,718
- Administrative expenses	11,472	10,475	31,139	34,011
- Unrealised losses on revaluation of securities HFT	-	-	-	-
- Foreign exchange loss	694	-	809	-
- General expenses	-	-	-	-
- Impairment loss on Investment in Associate Company	-	-	-	-
- Impairment loss on Investment in Subsidiary Company	-	-	-	-
- Claims incurred	9	27	32	75
- Others	137	1,445	670	1,977
	<u>47,268</u>	<u>38,005</u>	<u>139,792</u>	<u>144,671</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)	(254)	(875)	(54)	(96)
- specific allowance	2,043	(1,016)	3,387	4,215
- specific allowance written back	(1,697)	-	(4,522)	-
Bad debts and financing written off	-	-	-	-
Bad debts and financing recovered	(71)	(7)	(108)	(140)
Provision for other debts	(713)	-	1	-
	<u>(692)</u>	<u>(1,898)</u>	<u>(1,298)</u>	<u>3,979</u>
A25a Allowance for Losses on Loans, Advances and Financing				
Allowances for bad and doubtful debts and financing:				
- general allowance made (net)	(1,138)	820	(187)	5,713
- specific allowance	1,764	42,253	4,985	49,867
- specific allowance written back	(2,515)	(323)	(2,807)	(806)
Bad debts and financing written off	-	-	-	-
Bad debts and financing recovered	(1)	-	(5)	(6)
Provision for other debts	-	1	2	-
	<u>(1,890)</u>	<u>42,751</u>	<u>1,988</u>	<u>54,768</u>

K & N KENANGA HOLDINGS BERHAD
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 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	75,817	48,337	85,624	81,855	14,078	20,288	4,286	7,094	273	196	778	915	-	-	180,856	158,685
External sales	-	-	-	-	297	-	-	-	137	242	2,432	64,214	-	-	-	-
Inter-segment sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	75,817	48,337	85,624	81,855	14,375	20,288	4,286	7,094	410	438	3,138	65,129	(2,866)	(64,456)	180,856	158,685
Result	28,800	(6,447)	16,408	(19,654)	5,546	13,817	2,806	(199)	(2,435)	(1,141)	28,446	49,395	(32,279)	(64,750)	47,292	(28,979)
Segment results	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss on disposal of discontinuing operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated corporate expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit from operation	28,800	(6,447)	16,408	(19,654)	5,546	13,817	2,806	(199)	(2,435)	(1,141)	28,445	49,395	2,866	(707)	47,292	(28,979)
Finance cost, net	(24,650)	(31,203)	-	(14)	(1,768)	(5,405)	(2,317)	(5,183)	-	-	(530)	-	(4,803)	(707)	(26,399)	(38,838)
Share of results of associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(707)
Share of results of jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit before taxation	4,150	(37,650)	16,408	(19,668)	3,778	8,412	489	(5,282)	(2,435)	(1,141)	27,915	49,395	(6,090)	(1,140)	16,090	(68,524)
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,911)	17,461
Profit after taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,179	(51,063)
Minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(763)	(2,019)
Net profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,416	(53,082)
Assets	438,709	907,164	1,792,009	1,097,794	419,914	520,411	60,521	85,398	13,964	14,194	711,026	801,787	(699,807)	(793,059)	2,736,536	2,653,689
Segments assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	86,506	77,358
Investments in equity method of associates	-	-	68,435	68,435	-	-	-	-	-	-	24,161	10,063	(6,090)	(1,140)	-	-
Investments in equity method of jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated corporate assets	-	-	24,798	28,667	456	356	3,934	3,069	-	-	3,539	4,156	-	-	32,727	36,248
Consolidated total assets	438,709	907,164	1,885,242	1,194,896	420,370	520,767	64,455	88,467	13,964	14,194	738,726	816,009	(699,807)	(793,059)	2,855,569	2,747,295
Liabilities	989,295	1,133,804	703,890	353,892	395,173	499,273	55,804	80,518	234	230	4,030	64,847	(100,216)	(178,033)	2,048,210	1,954,531
Segment liabilities	-	-	-	-	-	-	-	-	-	-	-	64	-	-	1,409	306
Unallocated corporate liabilities	-	-	-	-	-	242	-	-	-	-	1,409	-	-	-	-	-
Consolidated total liabilities	989,295	1,133,804	703,890	353,892	395,173	499,515	55,804	80,518	234	230	5,440	64,911	(100,216)	(178,033)	2,049,619	1,954,837
Other information	-	-	3,830	8,202	487	107	258	4	246	2	532	145	-	-	5,353	8,450
Capital expenditure	-	-	4,306	4,327	255	189	987	184	148	166	384	308	-	-	6,080	5,174
Depreciation & Amortisation	-	-	-	-	-	-	-	-	-	-	4,713	-	-	-	4,713	18,308
Impairment losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of impairment losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-cash expenses other than depreciation, amortisation and impairment losses	(2,159)	44,303	3,524	13,171	-	-	(1,990)	8,037	62	17	7,054	3,738	-	-	6,491	69,266

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 September 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 RM 573million.
- (ii) unsecured corporate guarantee in favour of a counter party in respect of a collateralized cash deposit for a subsidiary company amounting to RM140million.

K & N KENANGA HOLDINGS BERHAD (302859-X)

(Incorporated in Malaysia)

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 ended 30 September 2009, the Group recorded a profit before taxation from continuing operations of RM12.85 million as compared to a profit of RM8.88 million in the previous quarter ended 30 June 2009.

The profit before taxation that arises during the quarter ended 30 September 2009 were due mainly to continued positive growth in net brokerage income earned by the equity division of the Bank and write-backs in allowances for loans, advances and financing and balances on clients and brokers amounting to RM2.58 million.

However, these profits were negated by RM1.87 million losses made in respect of the Group's 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 34.89%, 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 September 2009, the Group recorded a profit before taxation from continuing operations of RM12.85 million as compared to a profit of RM8.88 million in the previous quarter ended 30 June 2009.

The profit before taxation that arises during the quarter ended 30 September 2009 were due mainly to continued positive growth in net brokerage income earned by the equity division of the Bank and write-backs in allowances for loans, advances and financing and balances on clients and brokers amounting to RM2.58 million.

However, these profits were negated by RM1.87 million losses made in respect of the Group's share of losses in associated companies.

K & N KENANGA HOLDINGS BERHAD (302859-X)

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SELECTED EXPLANATORY NOTES

REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (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 remain 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 Sept 2009	Cumulative Quarter Current Year to date 30 Sept 2009
	-----RM'000-----	
Current period taxation	336	1,022
Overprovision in prior year taxation	(446)	(446)
Deferred taxation	4,486	8,297
Share of associates taxation	18	38
Total	4,394	8,911

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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	3,512	12,698
Add: tax effect of expenses that are not deductible for tax purposes	388	2,667
Less: Utilization of Unabsorbed tax losses and capital allowances	(3,836)	(6,023)
Less: Non taxation of capital items	(858)	(9,766)
Add: Tax losses not recognised	1,130	1,446
Tax expense	<u>336</u>	<u>1,022</u>

B6. Profits on Sale of Investments and/or Properties

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

	Individual Quarter	Cumulative Quarter
	-----RM'000-----	
Total purchases for the period	<u>17,322</u>	<u>28,920</u>
Total sales for the period	<u>7,526</u>	<u>9,952</u>
Total gain/(loss) on disposal for the period	<u>588</u>	<u>523</u>

K & N KENANGA HOLDINGS BERHAD (302859-X)

(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 30 September 2009 were as follows:

Total investment at cost	RM'000 28,420
Total investment at carrying value/book value	30,575
Total investment at market value at end of reporting period	30,575

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) 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. The sale proceeds of RM3.71 million were received on 20th October 2009.

K & N KENANGA HOLDINGS BERHAD (302859-X)

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SELECTED EXPLANATORY NOTES

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

B9. Group Borrowings

		Total Loans RM'000
Subordinated Loan (unsecured)	- Note 1	1,367
Short term loan from financial institutions (secured)	- Note 2	42,347

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 2015.

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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 RM42.2 million in order to finance its own working capital. These facilities have repayment periods of one to three months and the average interest rates charged were 4.47 % 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 September 2009.

B12. Dividend

No interim dividend has been declared for the current quarter ended 30 September 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 nine-month period is RM6.42 million representing the profit for the period attributable to ordinary equity holder of the parent (30 September 2008: -loss attributable to ordinary equity holder of parent: RM53.08 million)

The weighted average number of shares used as the denominator in calculating the basic earnings per share for the nine-month period is 611,759,499 (30 September 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)