

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter
ended 31st December 2009

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

Group

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 December 2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 December 2008 RM'000	CURRENT YEAR TO DATE 31 December 2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 December 2008 RM'000
Continuing Operations					
Interest income	A21	25,965	25,668	98,031	107,527
Interest expense	A22	(8,663)	(12,357)	(35,062)	(51,195)
Net interest income		17,302	13,311	62,969	56,332
Non interest income	A23	41,978	28,009	162,399	128,519
Net Income		59,280	41,320	225,368	184,851
Other operating expenses	A24	(45,080)	(35,996)	(184,872)	(168,891)
Operating profits		14,200	5,324	40,496	15,960
Write-back/(allowance) for losses					
on loans, advances and financing	A25a	997	(6,257)	(991)	(61,025)
Write-back/(allowances) for bad and doubtful accounts on balances from clients & brokers	A25	950	394	2,248	(3,585)
Impairment of securities available for sales		-	-	-	(18,308)
Loss on disposal of an associated company		2,126	-	(2,587)	-
Share of losses in associates		(3,728)	(588)	(8,531)	(1,295)
Profit/(loss) before taxation		14,545	(1,127)	30,635	(68,253)
Taxation		(3,887)	1,909	(12,798)	19,374
Profit /(loss) for the year from continuing operations		10,658	782	17,837	(48,879)
Discontinued operation					
Loss for the year		(682)	(457)	(682)	(1,859)
Profit /(loss) for the year		9,976	325	17,155	(50,738)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 December 2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 December 2008 RM'000	CURRENT YEAR TO DATE 31 December 2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 December 2008 RM'000
(i) Profit/(loss) for the year attributable to				
- Equity holders of the parent	9,753	23	16,169	(53,059)
- Minority interests	223	302	986	2,321
	<u>9,976</u>	<u>325</u>	<u>17,155</u>	<u>(50,738)</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)	1.6	0.0	2.6	(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 the year ended 31st December 2008

CONDENSED INCOME STATEMENTS

Company

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 December 2008	31 December 2008	31 December 2008	31 December 2008
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Interest income	483	1,128	2,560	4,253
Interest expense	-	-	(530)	-
Net interest income	483	1,128	2,030	4,253
Non interest income	3,973	(439)	44,850	56,073
Net Income	4,456	689	46,880	60,326
Overhead expenses	(5,037)	(2,440)	(14,432)	(10,226)
Operating (loss)/profits	(581)	(1,751)	32,448	50,100
Allowance for losses on loans, advances and financing	-	-	-	-
Allowance on bad and doubtful accounts on trade receivables	-	-	-	-
Loss on disposal of an associated company	-	-	(4,713)	-
(Loss)/profit before taxation	(581)	(1,751)	27,735	50,100
Taxation	(350)	(758)	(1,839)	(11,176)
(Loss)/profit for the year from continuing operations	(931)	(2,509)	25,896	38,924
Discontinued operations				
	-	-	-	-
(Loss)/profit for the period	(931)	(2,509)	25,896	38,924

CONDENSED INCOME STATEMENTS

Company

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 December 2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 December 2008 RM'000	CURRENT YEAR TO DATE 31 December 2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 December 2008 RM'000
(i) (Loss)/profit for the year attributable to - Equity holders of the parent	(931)	(2,509)	25,896	38,924
	(931)	(2,509)	25,896	38,924
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)	(0.4)	4.2	6.4
(ii) Fully diluted	N/A	N/A	N/A	N/A

The condensed Income statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2008

**CONDENSED CONSOLIDATED BALANCE SHEETS
GROUP**

		AS AT END OF CURRENT QUARTER 31 December 2009 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31 December 2008 RM'000
	Note		
ASSETS			
Cash and short-term funds		523,788	1,004,940
Deposits and placements with financial institutions		847	13,867
Securities purchased under resale agreements			
Securities held for trading	A9	90,171	88,597
Securities available for sales	A10	713,408	228,121
Securities held to maturity	A11	1,490	1,490
Loans, advances and financing	A12	863,008	860,055
Other assets			
- Balance due from clients and brokers		139,953	131,858
- Assets segregated for customers		367,575	447,230
- Other receivables	A13	28,309	17,818
Statutory deposits with the Central Bank		10,345	24,340
Investments in associated companies		79,173	77,397
Intangible assets		72,105	70,106
Property, plant and equipment		23,743	29,166
Deferred tax assets		10,529	21,215
Tax recoverable		18,899	17,524
Assets held for resale		6,939	-
TOTAL ASSETS		2,950,282	3,033,724
LIABILITIES			
Deposits from customers	A14	815,747	927,011
Deposits and placements of banks and other financial institutions	A15	520,469	483,390
Borrowings	A17	63,848	69,991
Other liabilities			
-Balance due to clients and brokers		469,304	505,399
- Amount held in trust		194,657	199,801
- Other payables	A16	68,498	52,399
Provision for taxation and zakat		-	302
Deferred tax liabilities		1,760	56
Subordinated obligations	A15	1,384	1,384
Liabilities held for resale		24	-
TOTAL LIABILITIES		2,135,691	2,239,733
SHAREHOLDERS EQUITY			
Share Capital		611,759	611,759
Share Premium		75	75
Profit and loss reserve		65,087	60,659
Exchange fluctuation reserve		(1,390)	(328)
Statutory reserve		57,458	45,717
Fair value reserve		(199)	(1,883)
Capital reserve		71,952	71,952
		804,742	787,951
Minority Interests		9,849	6,040
Total equity		814,591	793,991
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,950,282	3,033,724
Net Assets Per Share (RM)		1.33	1.30

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

CONDENSED BALANCE SHEETS
COMPANY

	AS AT END OF CURRENT QUARTER 31 December 2009 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31 December 2008 RM'000
ASSETS		
Cash and short-term funds	52,705	77,903
Deposits and placements with financial institutions	-	-
Securities purchased under resale agreements	-	-
Securities held for trading	41,309	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	13,911	14,960
- Amount due from related companies	-	-
- Other receivables	315	146
Statutory deposits with the Central Bank	-	-
Investments in subsidiary companies	576,337	616,737
Investments in associated companies	20,210	10,063
Intangible assets	295	-
Property, plant and equipment	811	1,110
Deferred tax assets	-	89
Tax recoverable	3,348	3,199
TOTAL ASSETS	709,241	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	-	60,409
- Other payables	2,792	1,991
Provision for taxation and zakat	-	-
Deferred tax liabilities	1,750	-
Subordinated obligations	-	-
TOTAL LIABILITIES	4,542	62,400
SHAREHOLDERS EQUITY		
Share Capital	611,759	611,759
Share Premium	75	75
Profit and loss reserve	92,865	66,969
Capital reserve	-	-
	704,699	678,803
Total equity	704,699	678,803
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	709,241	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 year ended 31 December 2009

	<u>Group</u>	
	CUMULATIVE QUARTER	
	CURRENT	PRECEDING YEAR
	YEAR	CORRESPONDING
	TO DATE	PERIOD
	31 December 2009	31 December 2008
	RM'000	RM'000
Cash flows from operating activities		
Profit/(Loss) before taxation		
- Continuing operations	30,635	(70,104)
- Discontinued operations	(661)	-
Adjustments for non operating and non cash items	(13,188)	86,209
Operating profit before changes in working capital	<u>16,786</u>	<u>16,105</u>
Net changes in operating assets	76,819	(163,080)
Net changes in operating liabilities	(99,224)	348,557
Cash (used in) /generated from operations	<u>(5,619)</u>	<u>201,582</u>
Net tax paid	(2,238)	(17,164)
Net cash (used in)/ generated from operating activities	<u>(7,857)</u>	<u>184,418</u>
Net cash (used in)/generated from investing activities	(473,163)	350,276
Net cash used in financing activities	(3,376)	(62,729)
Net (decrease)/increase in cash and cash equivalents during the period	<u>(484,396)</u>	<u>471,965</u>
Cash and cash equivalents brought forward	819,005	347,040
Cash and cash equivalents carried forward	<u>334,609</u>	<u>819,005</u>

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

Non trust cash and short term funds	327,901
Non trust cash and short term funds -held for asset for resale	6,708
	<u>334,609</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 year ended 31 December 2009**

	<u>Company</u>	
	CUMULATIVE QUARTER	
	CURRENT YEAR TO DATE 31 December 2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 December 2008 RM'000
Cash flows from operating activities		
Profit before taxation		
- Continuing operations	27,735	50,100
Adjustments for non operating and non cash item	(37,978)	(57,006)
Operating loss before changes in working capital	<u>(10,243)</u>	<u>(6,906)</u>
Net changes in operating assets	15,625	9,450
Net changes in operating liabilities	800	(1,101)
Cash generated from operations	<u>6,182</u>	<u>1,443</u>
Net tax paid	-	1
Net dividends received	555	45,868
Interest income	2,560	3,406
Net cash generated in operating activities	<u>9,297</u>	<u>50,718</u>
Net cash (used in)/generated from investing activities	(33,965)	9,113
Net cash used in financing activities	(530)	(22,635)
Net (decrease)/increase in cash and cash equivalents during the period	<u>(25,198)</u>	<u>37,196</u>
Cash and cash equivalents brought forward	77,903	40,707
Cash and cash equivalents carried forward	<u>52,705</u>	<u>77,903</u>

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

Non trust cash and short term funds	<u>52,705</u>
	<u>52,705</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 year ended 31 December 2009

Group

	<----Attributable to Equity Holders of the Parent-----> < ---Non -Distributable----->					Share Premium RM'000	Distributable 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)	45,717	75	60,659	6,040	793,991
Exchange differences from translation of associated company's net assets	-	(1,062)	-	-	-	-	-	-	(1,062)
Net unrealised gains on securities	-	-	-	1,684	-	-	-	-	1,684
Net profit for the year	-	-	-	-	-	-	16,169	986	17,155
Transfer to statutory reserve	-	-	-	-	11,741	-	(11,741)	-	-
Arising from consolidation of unit trust funds	-	-	-	-	-	-	-	2,823	2,823
As at 31 December 2009	611,759	(1,390)	71,952	(199)	57,458	75	65,087	9,849	814,591

Consolidated Statement of changes in equity
for the year ended 31 December 2008

Group

	<----Attributable to Equity Holders of the Parent-----> < ---Non -Distributable----->					Share Premium RM'000	Distributable 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)	45,717	75	167,353	3,719	867,553
Exchange differences from translation of subsidiary and associated company's net assets	-	998	-	-	-	-	-	-	998
Net unrealised losses on securities	-	-	-	(1,187)	-	-	-	-	(1,187)
Net loss for the year	-	-	-	-	-	-	(53,059)	2,321	(50,738)
Dividends paid	-	-	-	-	-	-	(22,635)	-	(22,635)
As at 31 December 2008	611,759	(328)	40,952	(1,883)	45,717	75	91,659	6,040	793,991
Retained profits capitalized as bonus issue in subsidiary	-	-	31,000	-	-	-	(31,000)	-	-
As at 31 December 2008 (restated)	611,759	(328)	71,952	(1,883)	45,717	75	60,659	6,040	793,991

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 year ended 31 December 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	RM'000
As at 1 January 2009	611,759	75	66,969	678,803
Net profit for the year	-	-	25,896	25,896
As at 31 December 2009	<u>611,759</u>	<u>75</u>	<u>92,865</u>	<u>704,699</u>

Statement of changes in equity
for the year ended 31 December 2008

Company

	---Attributable to Equity Holders of the Parent---			Total Equity
	Share Capital RM'000	Share Premium RM'000	Distributable Retained profits RM'000	RM'000
As at 1 January 2008	611,759	75	50,680	662,514
Net profit for the year	-	-	38,924	38,924
Dividends paid	-	-	(22,635)	(22,635)
As at 31 December 2008	<u>611,759</u>	<u>75</u>	<u>66,969</u>	<u>678,803</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 31 December 2009.

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

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

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

There were no issues and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the quarter ended 31 December 2009.

A8. Dividends paid per share

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2009

	December 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	-	-
Malaysian Government Investment Issues	-	-
Bank Negara Malaysia Bills and Notes	-	-
Bankers' Acceptances and Islamic Accepted Bills	-	49,854
Cagamas Bonds	-	-
Foreign Government Securities	-	-
Others	-	-
Total Money Market Instruments	<u>-</u>	<u>49,854</u>
Quoted securities:		
In Malaysia:		
Shares, Warrants, Trust Units and Loan Stocks	52,800	28,754
Outside Malaysia:		
Shares, Warrants, Trust Units and Loan Stocks	-	-
Total quoted securities	<u>52,800</u>	<u>28,754</u>
Unquoted securities:		
Private and Islamic Debt Securities in Malaysia	37,371	9,989
Foreign Private Debt Securities	-	-
Total unquoted securities	<u>37,371</u>	<u>9,989</u>
Total securities held-for-trading	<u>90,171</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	305,626	-
Islamic Cagamas Bonds	-	15,016
Cagamas Bonds	60,630	59,874
Foreign Government Securities	-	-
Malaysian Government Treasury Bills	-	-
Malaysian Government Investment Issues	-	-
Foreign Government Treasury Bills	-	-
Negotiable Instruments of Deposits	50,003	-
Bankers' Acceptances and Islamic Accepted Bills	69,981	-
Khazanah Bonds	-	-
Bank Negara Malaysia Sukuk Ijarah Bonds	-	-
Foreign Certificates of Deposits	-	-
Total Money market instruments	<u>486,240</u>	<u>74,890</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2009

	December 2009 RM' 000	December 2008 RM' 000
Quoted securities:		
In Malaysia:		
Shares, Warrants, Trust Units and Loan Stocks	1,576	10,476
Outside Malaysia:		
Shares, Warrants, Trust Units and Loan Stocks	909	4,768
	<u>2,485</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	224,013	147,929
Malaysian Government Bonds	-	-
Foreign Islamic and Private Debt Securities	-	-
Credit Link Notes	-	-
Malaysia Global Sukuk	-	-
Others	3,100	3,100
	<u>229,213</u>	<u>153,132</u>
Accumulated impairment losses	(4,530)	(15,145)
Total securities available-for-sale	<u>713,408</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 - 31 DECEMBER 2009

	December 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	452,802	479,115
- Constructions	-	-
Credit card receivables	-	-
Bills receivables	-	-
Trust receipts	-	-
Claims on customers under acceptance credits	-	-
Share margin financing	401,890	380,658
Finance, insurance and business services	-	-
Revolving credits	-	-
Staff loans	-	-
Housing loans to	-	-
- Executive directors of the Bank	-	-
- Executive directors of subsidiaries	-	-
Others	86,078	70,300
	<u>940,770</u>	<u>930,073</u>
Interest in suspense	(5,684)	-
Unearned interest and income	(75)	-
Gross loans, advances and financing	<u>935,011</u>	<u>930,073</u>
Allowances for bad and doubtful debts and financing:		
- specific	(58,859)	(58,810)
- general	(13,144)	(11,208)
Net loans, advances and financing	<u>863,008</u>	<u>860,055</u>
(i) By maturity structure		
Within one year	692,177	790,250
1 year to 2 years	122,625	139,754
More than 2 years	120,209	69
Gross loans, advances and financing	<u>935,011</u>	<u>930,073</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2009

	December 2009 RM' 000	December 2008 RM' 000
(ii) By type of customer		
Domestic operations:		
Domestic banking institutions	-	-
Domestic non-bank financial institutions	-	-
- Stockbroking companies	-	-
- Others	-	-
Domestic business enterprise	-	-
- Small and medium enterprise	9,056	11,911
- Others	561,818	605,873
Government and statutory bodies	-	-
Individuals	350,562	298,810
Other domestic entities	-	-
Foreign entities	13,574	13,479
Total domestic operations	<u>935,011</u>	<u>930,073</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>935,011</u>	<u>930,073</u>
(iii) By interest/profit rate sensitivity		
Fixed rate		
- Housing loans/financing	-	-
- Hire purchases receivable	-	-
- Cost price	-	-
- Other fixed rate loans/financing	398,857	380,658
Variable rate		
- Base lending rate plus	83,352	70,300
- Cost plus	452,802	479,115
- Other variable rates	-	-
Gross loans, advances and financing	<u>935,011</u>	<u>930,073</u>
(iv) Total loans by economic purposes		

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2009

	December 2009 RM' 000	December 2008 RM' 000
Domestic operations:		
Purchase of securities	83,352	70,300
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	207,144	228,221
Construction	13,885	93,928
Real Estate	-	25,009
Transport, storage and communication	120,208	98,155
Finance, insurance and business services	111,565	31,992
Working capital	-	-
Others	398,857	382,468
Total domestic operations	<u>935,011</u>	<u>930,073</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 - 31 DECEMBER 2009

	December 2009 RM' 000	December 2008 RM' 000
(v) Non-performing loans by economic purpose		
Domestic operations:		
Purchase of securities	25,646	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	52,386	58,701
Others	-	-
Total domestic operations	<u>78,032</u>	<u>89,075</u>
Overseas operations:		
Singapore	-	-
Hong Kong SAR	-	-
United States of America	-	-
People's Republic of China	-	-
Others (Please specify)	-	-
	<u>-</u>	<u>-</u>
	<u>78,032</u>	<u>89,075</u>
(vi) 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	3,505	89,357
Amount written back in respect of recoveries	-	-
Reclassified as performing	(8,831)	-
Acquired upon business acquisition	-	-
Transfer from a subsidiary	-	-
Recovered	(5,645)	(3,099)
Amount written off	(72)	(223)
Converted to securities	-	-
At end of the period	<u>78,032</u>	<u>89,075</u>
Specific allowance	(58,859)	(58,810)
Interest in suspense	(2,651)	-
Unearned interest and income	-	-
Net non-performing loans, advances and financing	<u>16,522</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>1.89%</u>	<u>3.47%</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2009

	December 2009 RM' 000	December 2008 RM' 000
(vii) 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	6,137	59,117
Amount written back in respect of recoveries	(6,019)	(2,677)
Acquired upon business acquisition	-	-
Transfer from a subsidiary	-	-
Amount written off	(69)	(230)
Transfer to general allowances	-	-
Transfer to impairment losses in value of securities	-	-
Transfer to restructured/rescheduled loans	-	-
Exchange differences	-	-
At end of the period	<u>58,859</u>	<u>58,810</u>

(viii) 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	6,589
Allowance made during the period	1,937	-
Amount written back	-	4,619
Acquired upon business acquisition	-	-
Transfer from specific allowance	-	-
Exchange differences	-	-
At end of the period	<u>13,144</u>	<u>11,208</u>
As % of gross loans, advances and financing (including Islamic loans sold to Cagamas) less specific allowances	<u>1.50%</u>	<u>1.29%</u>

A13 Other Assets

Interest/Income receivable	6,491	121
Prepayments and deposits	14,299	11,718
Other debtors	8,303	6,857
Foreclosed properties	-	-
Investment properties	-	-
Derivative assets	-	-
	<u>29,093</u>	<u>18,696</u>
Allowance for doubtful debts	<u>(784)</u>	<u>(878)</u>
	<u>28,309</u>	<u>17,818</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2009

	December 2009 RM' 000	December 2008 RM' 000
A14 Deposits from Customers		
Fixed deposits and negotiable instruments of deposits		
- One year or less	815,747	927,011
- More than one year	-	-
Savings deposits	-	-
Demand deposits	-	-
Structured deposits	-	-
	<u>815,747</u>	<u>927,011</u>
Business enterprise	634,229	596,173
Individuals	-	1,032
Government and statutory bodies	<u>181,518</u>	<u>329,806</u>
	<u>815,747</u>	<u>927,011</u>
A15 Deposits and Placement of Banks and Other Financial Institutions and Debt Securities		
Licensed banks	170,000	100,000
Licensed finance companies	-	-
Licensed investment banks	10,000	-
Non-banking insitutions	230,423	268,779
Other financial institutions	<u>110,046</u>	<u>114,611</u>
	<u>520,469</u>	<u>483,390</u>
Subordinated obligations		
Unsecured		
- less than one year	-	-
- more than one year	<u>1,384</u>	<u>1,384</u>
A16 Other liabilities		
Interest/Profit payable	4,719	6,747
Provision for outstanding claims	-	-
Unearned premium reserves	-	-
Profit Equalisation Reserves	-	-
Provision and accruals	54,959	42,390
Hire purchase creditors	29	78
Due to brokers and clients	-	-
Deposits and other creditors	3,856	1,237
Derivative liabilities	<u>4,935</u>	<u>1,947</u>
	<u>68,498</u>	<u>52,399</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2009

	December 2009 RM' 000	December 2008 RM' 000
A17 Bank Borrowings		
Hire purchase creditors	-	-
Revolving bank loan	63,848	69,991
Term loan	-	-
Secured notes insurance facility	-	-
	<u>63,848</u>	<u>69,991</u>

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2009

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

	December 2009		December 2008		
	RM'000	RM'000 Credit Equivalent	RM'000 Notional	RM'000 Credit Equivalent	RM'000 Risk Weighted
Performance bond	-	-	-	-	-
Direct credit substitutes	-	-	-	-	-
Certain transaction-related contingent items	-	-	-	-	-
Short-term self-liquidating trade-related contingencies	-	-	-	-	-
Islamic housing and hire purchase loans sold to Cagamas Berhad	-	-	-	-	-
Obligations under underwriting agreements	-	-	25,000	-	-
Obligations under share financing	-	-	-	-	-
Irrevocable commitments to extend credit:	-	-	-	-	-
- maturity within one year	-	-	-	-	-
- Margin	624,819	-	580,986	-	-
- Term loan	16,700	-	3,790	-	-
- maturity exceeding one year	-	-	-	-	-
- Margin	-	-	-	-	-
- Term loan	-	-	22,684	11,342	11,342
Foreign exchange related contracts:	-	-	-	-	-
- less than one year	-	-	-	-	-
- one year to less than five years	-	-	-	-	-
- five years and above	-	-	-	-	-
Interest rate related contracts:	-	-	-	-	-
- less than one year	-	-	-	-	-
- one year to less than five years	-	-	-	-	-
- five years and above	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Undrawn margin facilities	-	-	-	-	-
Capital expenditure commitments	-	-	-	-	-
Non-cancellable lease rental commitments	-	-	86	-	-
	641,519	-	632,546	11,342	11,342

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2009

	Non trading book					Non-interest sensitive RM	Trading books RM	Total RM	Effective interest rate %
	Up to 1 month RM	>1 - 3 month RM	>3 - 12 month RM	>1 - 5 years RM	over 5 RM				
A19 Interest/Profit Rate Risk									
Cash and short-term funds	287,455	-	-	-	-	236,333	-	523,788	1.99%
Deposits and placements with banks and other financial institutions	-	-	-	-	-	847	-	847	
Securities purchased under resale agreements	-	-	-	-	-	-	-	-	
Securities held-for-trading	-	-	-	-	-	41,310	48,861	90,171	5.45%
Securities available-for-sale	100,172	19,811	60,630	529,639	-	3,156	-	713,408	4.37%
Securities held-to-maturity	-	-	1,000	-	-	490	-	1,490	
Loans, advances and financing	-	-	-	-	-	-	-	-	
- performing	520,737	86,267	191,792	64,212	-	-	-	863,008	7.19%
- non-performing	-	-	-	-	-	-	-	-	
Other assets n1	371,247	-	2,000	-	-	163,199	-	536,446	
Other non-interest sensitive balances	-	-	-	-	-	221,124	-	221,124	
TOTAL ASSETS	1,279,611	106,078	255,422	593,851	-	666,459	48,861	2,950,282	
Interest/Profit Rate Risk									
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits from customers	552,688	191,908	71,151	-	-	-	-	815,747	2.22%
Deposits and placements of banks and other financial institutions	249,399	207,404	63,666	-	-	-	-	520,469	2.25%
Borrowings	63,848	-	-	-	-	-	-	63,848	5.45%
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	373,734	-	-	-	13,065	347,444	-	734,243	
Total Liabilities	1,239,669	399,312	134,817	1,384	13,065	347,444	-	2,135,691	
Shareholders' equity	-	-	-	-	-	804,742	-	804,742	
Minority interests	-	-	-	-	-	9,849	-	9,849	
Total Liabilities and Shareholders' Equity	1,239,669	399,312	134,817	1,384	13,065	1,162,035	-	2,950,282	
On-balance sheet interest sensitivity gap	39,942	(293,234)	120,605	592,467	(13,065)	(495,576)	48,861	-	
Total interest sensitivity gap	39,942	(293,234)	120,605	592,467	(13,065)	(495,576)	48,861	-	

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					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	-	-	-	-	-	-	-	
Securities purchased under resale agreements	-	-	-	-	-	-	13,867	
Securities held-for-trading	-	-	-	-	-	71,601	88,597	4.78%
Securities available-for-sale	-	15,016	15,001	174,867	17,935	-	228,121	4.16%
Securities held-to-maturity	-	-	1,000	-	-	-	1,490	
Loans, advances and financing	366,272	9,347	321,741	162,695	-	-	860,055	7.22%
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	3.48%
Deposits and placements of banks and other financial institutions	198,909	265,861	18,620	-	-	-	483,390	3.55%
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	-	-	-	-	-	448,486	
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 - 31 DECEMBER 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:

	December 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	3,162	(8,579)
Statutory reserve	57,458	45,717
	<u>640,620</u>	<u>617,138</u>
Less: Deferred tax assets	(17,606)	(17,606)
Goodwill	(8,524)	(18,194)
Current unaudited unadjusted loss	-	-
Total Tier I capital	<u>614,490</u>	<u>581,338</u>
<u>Tier II capital</u>		
General allowances for bad and doubtful debts	<u>12,033</u>	<u>10,300</u>
Total Tier II capital	<u>12,033</u>	<u>10,300</u>
Total capital	626,523	591,638
Less: Investments in subsidiary companies	(13,081)	(13,248)
Capital base	<u>613,442</u>	<u>578,390</u>
Core capital ratio	39.01%	34.53%
Risk-weighted capital ratio	39.01%	34.53%

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2009

A20. Capital Adequacy (continued)

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

	Bank 31 December 2009		Bank 31 December 2008	
	Notional amount RM'000	Risk-weighted amount RM'000	Notional amount RM'000	Risk-weighted amount RM'000
0%	501,769	-	348,170	-
20%	738,711	147,742	938,837	187,767
50%	96,354	48,177	7,080	3,540
100%	841,103	841,103	1,076,564	1,076,564
150%	148,743	223,115	57,708	86,562
Total Risk Weighted Assets for Credit Risk	2,326,680	1,260,137	2,428,359	1,354,433
Risk Weighted Assets Equivalent for Market Risk	-	3,579	-	38,342
Risk Weighted Assets Equivalent for Operational Risk	-	308,933	-	282,439
	2,326,680	1,572,649	2,428,359	1,675,214

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 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 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	404,428	404,428	4,018	321
Banks, Development Financial Institutions & MDBs	626,934	626,934	125,387	10,031
Corporates	439,425	439,425	329,465	26,357
Regulatory Retail	4	4	4	-
Higher Risk Assets	490	490	735	59
Other Assets	614,547	614,547	505,519	40,442
Equity Exposure	69,489	69,489	69,489	5,559
<u>Defaulted Exposures</u>				
Corporates	146,543	146,543	213,535	17,083
Other Assets	24,820	7,990	11,985	959
Total for On-Balance Sheet Exposures	<u>2,326,680</u>	<u>2,309,850</u>	<u>1,260,137</u>	<u>100,811</u>
Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	-	-	-	-
Total for Off-Balance Sheet Exposures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total for On and Off-Balance Sheet Exposures	<u>2,326,680</u>	<u>2,309,850</u>	<u>1,260,137</u>	<u>100,811</u>
2 Large Exposure Risk Requirement	-	-	-	-
3 Market Risk	Long Positions	Short Positions		
Interest rate risks	37,371	-	37,371	1,288
Equity position risks	12,487	13,022	(535)	86
Foreign exchange risks	325	-	325	26
Option risks	13,022	-	13,022	71
4 Operational Risk			308,933	24,715
5 Total RWA and Capital Requirements			<u>1,572,649</u>	<u>125,812</u>

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 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	Capital
	RM'000		RM'000		Weighted Assets RM'000	Requirements 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	-	-	-	-		
3 Market Risk	Long Positions	Short Positions				
Interest rate risks	59,843	-	59,843	3,113	249	
Equity position risks	8,865	8,046	819	30,415	2,433	
Options	8,046	-	8,046	4,814	385	
4 Operational Risk				282,439	-	
5 Total RWA and Capital Requirements				1,675,214	111,422	

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

KENANGA INVESTMENT BANK BERHAD
(15678-H)

**NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2009**

A20. Capital Adequacy (continued)

(iv) Credit Risk Disclosure on Risk Weights as at 31 December 2009

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							
Performing														
Exposures														
0%	384,340	-	-	-	-	-	-	-	-	100,599	-	-	484,939	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	20,088	626,934	81,153	-	-	-	-	-	-	10,536	-	-	738,711	147,742
35%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	90,074	-	-	-	-	-	-	-	-	-	90,074	45,037
75%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	268,198	4	-	-	-	-	-	503,412	69,489	-	841,103	841,103
150%	-	-	-	-	-	-	-	490	-	-	-	-	490	735
Total	404,428	626,934	439,425	4	490	614,547	69,489	2,155,317						1,034,617
Defaulted														
Exposures														
0%	-	-	-	-	-	-	-	-	-	16,830	-	-	16,830	-
50%	-	-	6,280	-	-	-	-	-	-	-	-	-	6,280	3,140
100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	140,263	-	-	7,990	-	-	-	-	-	-	148,253	222,380
Total	-	-	146,543	-	-	24,820	-	-	-	171,363	-	-	2,326,680	225,520
Grand Total	404,428	626,934	585,968	4	490	639,367	69,489	2,326,680						1,260,137

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2009

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		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	Total Exposures after Netting & Credit Risk Mitigation 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										
0%	-	-	-	-	-	17,961	-	17,961	-	-
50%	-	-	7,080	-	-	-	-	7,080	3,540	-
100%	-	-	-	-	-	-	-	-	-	-
150%	-	-	36,777	-	-	20,438	-	57,215	85,822	-
Total	-	-	43,857	-	-	38,399	-	82,256	89,362	-
Grand Total	224,426	820,456	580,842	43	493	730,465	71,634	2,428,359	1,354,433	-

NOTES TO INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2009

A20. Capital Adequacy (continued)

(v) Off Balance Sheet and Counterparty Credit Risk as at 31 December 2009

<u>Bank</u>				
Nature	Principal Amount RM'000	Credit Conversion Factor	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Forward Asset Purchases	436	100%	436	436
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	16,700	20%	3,340	3,340
	<u>17,136</u>		<u>3,776</u>	<u>3,776</u>

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

<u>Bank</u>				
Nature	Principal Amount RM'000	Credit Conversion Factor	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
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 - 31 DECEMBER 2009

	Individual Quarter		Cumulative Quarter	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
A21 Interest Income				
Loans, advances and financing				
- Interest income other than recoveries from NPL	15,924	16,789	63,958	63,484
- Recoveries from NPLs	-	-	-	-
- Inter-company	-	-	-	-
Money at call and deposit placements with financial institutions	2,505	6,962	14,156	30,801
Securities purchased under resale agreements	-	-	-	-
Securities held-for-trading	612	233	3,267	1,715
Securities available-for-sale	6,872	2,864	15,977	12,496
Securities held-to-maturity	-	-	-	-
Interest on Margin	-	-	-	-
Interest on reverse repo	-	-	-	-
Interest on Contra	295	807	853	807
Others	1	3	4	3
	<u>26,207</u>	<u>27,659</u>	<u>98,215</u>	<u>109,306</u>
Amortisation of premium less accretion of discount	(242)	77	(184)	289
Interest income suspended	-	(2,068)	-	(2,068)
	<u>25,965</u>	<u>25,668</u>	<u>98,031</u>	<u>107,527</u>
A22 Interest Expense				
Deposits and placement of banks and other financial institutions	1,066	(2,375)	3,025	6,853
Intercompany loan	-	-	-	-
Term loan	898	6,257	3,173	6,257
Deposits from customers	6,699	8,360	28,864	37,946
Obligations on securities sold under repurchase agreements	-	114	-	113
Floating rate certificate of deposits	-	-	-	-
Subordinated notes	-	-	-	-
Subordinated bonds	-	-	-	-
Others	-	1	-	26
	<u>8,663</u>	<u>12,357</u>	<u>35,062</u>	<u>51,195</u>
A23 Non-interest Income				
(a) Fee income:				
Commissions	2,507	3,316	12,480	14,030
Service charges and fees	2,875	3,528	3,901	6,429
Guarantee fees	-	-	-	-
Underwriting fees	476	9	476	702
Brokerage income	26,513	17,940	112,137	95,595
Other fee income	5,615	(228)	14,951	15,237
	<u>37,986</u>	<u>24,565</u>	<u>143,945</u>	<u>131,993</u>
(b) Gain/loss arising from sale of securities:				
Net gain/(loss) from sale of securities held-for-trading	1,827	1,553	7,839	(2,862)
Net gain/(loss) from sale of securities available-for-sale	87	179	6	(318)
Net loss from redemption of securities held-to maturity	-	-	-	-
Net gain/(loss) from sale of subsidiary company	-	-	-	-
	<u>1,914</u>	<u>1,732</u>	<u>7,845</u>	<u>(3,180)</u>
(c) Gross dividend from:				
Securities portfolio	234	622	1,274	935
(d) Unrealised gains /(losses) on revaluation of securities held-for-trading and derivatives	-	-	-	-
Write back of impairment losses on securities	258	(225)	3,589	(3,765)
	<u>258</u>	<u>(225)</u>	<u>3,589</u>	<u>(3,765)</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2009

	Individual Quarter		Cummulative Quarter	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
(e) Other income:				
Foreign exchange profit	245	263	1,549	624
Net premiums written	-	-	-	-
Rental Income	-	-	-	-
Gains on disposal of property, plant and equipment	114	32	251	118
Gain on disposal of foreclosed properties	-	-	-	-
Intercompany written off	-	-	-	-
Capital gain arising from receipt of shares in Bursa Malaysia Berhad	-	-	-	-
Others	1,227	1,020	3,946	1,794
	<u>1,586</u>	<u>1,315</u>	<u>5,746</u>	<u>2,536</u>
	-	-	-	-
Total non-interest income	<u>41,978</u>	<u>28,009</u>	<u>162,399</u>	<u>128,519</u>
A24 Other operating expenses				
Personnel costs	17,393	11,487	68,636	64,529
- Salaries, allowances and bonuses	13,377	7,981	53,576	52,918
- Pension costs	1,417	1,408	5,811	6,077
- Others	2,599	2,098	9,249	5,534
Establishment costs	7,271	8,557	29,032	31,660
- Depreciation	1,876	1,779	7,972	6,905
- Rental of leasehold land and premises	3,331	3,378	13,467	13,456
- Repairs and maintenance of property, plant and equipment	349	881	1,588	2,149
- Information technology expenses	811	610	2,742	2,698
- Others	904	1,909	3,263	6,452
Marketing expenses	721	770	2,873	4,695
- Advertisement and publicity	141	869	513	1,016
- Others	580	(99)	2,360	3,679
Administration and general expenses	19,695	15,182	84,331	68,007
- Fees and brokerage	13,245	7,034	45,231	34,751
- Administrative expenses	6,335	7,789	38,283	31,058
- Unrealised losses on revaluation of securities HFT	-	-	-	-
- Foreign exchange loss	-	-	-	-
- General expenses	-	-	-	-
- Impairment loss on Investment in Associate Company	-	-	-	-
- Impairment loss on Investment in Subsidiary Company	-	-	-	-
- Claims incurred	10	16	42	90
- Others	105	343	775	2,108
	<u>45,080</u>	<u>35,996</u>	<u>184,872</u>	<u>168,891</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)	(280)	(34)	(334)	(34)
- specific allowance	940	(210)	4,327	3,767
- specific allowance written back	(1,408)	-	(5,930)	-
Bad debts and financing written off	-	-	-	-
Bad debts and financing recovered	(202)	(150)	(311)	(148)
Provision for other debts	-	-	-	-
	<u>(950)</u>	<u>(394)</u>	<u>(2,248)</u>	<u>3,585</u>
A25a Allowance for Losses on Loans, Advances and Financing				
Allowances for bad and doubtful debts and financing:				
- general allowance made (net)	2,450	4,619	1,937	4,619
- specific allowance	(8,127)	4,349	6,137	59,117
- specific allowance written back	5,741	(2,677)	(6,019)	(2,677)
Bad debts and financing written off	-	-	-	-
Bad debts and financing recovered	(1,059)	(34)	(1,064)	(34)
Provision for other debts	(2)	-	-	-
	<u>(997)</u>	<u>6,257</u>	<u>991</u>	<u>61,025</u>

K & N KENANGA HOLDINGS BERHAD
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2009
A26. SEGMENTAL REPORTING

Continued Operations

Discontinued Operations

	Investment Bank				Stock broking				Futures				Money lending				Investment Management				Corporate and Others				Eliminations				Total				Others				Total			
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008								
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000									
Revenue	110,153	103,428	112,137	95,595	16,169	21,153	6,796	8,425	386	263	1,100	572	-	247,489	229,964	200	175	247,689	230,139	-	-	-	-	-	-	-	-	-	-	-	-									
Inter-segment sales	110,153	103,428	112,137	95,595	16,169	21,153	6,796	8,425	389	321	6,419	68,911	-	247,489	229,964	200	175	247,689	230,139	-	-	-	-	-	-	-	-	-	-	-	-									
Total revenue	110,153	103,428	112,137	95,595	16,169	21,153	6,796	8,425	386	263	1,100	572	-	247,489	229,964	200	175	247,689	230,139	-	-	-	-	-	-	-	-	-	-	-	-	-								
Result	46,047	1,548	19,175	(19,262)	6,993	17,083	4,108	(2,251)	(2,646)	(1,495)	28,729	48,619	(28,178)	74,228	(17,615)	(661)	(1,851)	73,567	(19,466)	-	-	-	-	-	-	-	-	-	-	-	-	-								
Loss on disposal of discontinuing operations	-	-	-	-	-	-	-	-	-	-	-	-	661	1,851	1,851	-	-	661	1,851	-	-	-	-	-	-	-	-	-	-	-	-	-								
Unallocated corporate expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
Profit from operation	46,047	1,548	19,175	(19,262)	6,993	17,083	4,108	(2,251)	(2,646)	(1,495)	28,729	48,619	(28,178)	74,228	(15,764)	(661)	(1,851)	74,228	(17,615)	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
Finance cost, net	(32,633)	(42,110)	-	(14)	(2,153)	(6,823)	(3,219)	(6,324)	-	-	(530)	-	3,473	(35,062)	(51,195)	-	-	(35,062)	(51,195)	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
Share of results of associates	-	-	-	-	-	-	-	-	-	-	-	-	(8,531)	(8,531)	(1,295)	-	-	(8,531)	(1,295)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Share of results of jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Profit before taxation	13,414	(40,562)	19,175	(19,276)	4,840	10,260	889	(8,575)	(2,646)	(1,495)	28,199	48,619	15,987	31,296	(68,254)	(661)	(1,851)	30,635	(70,105)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	8	(12,777)	19,367	(21)	(8)	(12,798)	19,359	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Taxation from discontinuing operations	-	-	-	-	-	-	-	-	-	-	-	-	8	-	8	-	-	-	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Profit after taxation	13,414	(40,562)	19,175	(19,276)	4,840	10,260	889	(8,575)	(2,646)	(1,495)	28,199	48,619	15,987	31,296	(68,254)	(661)	(1,851)	30,635	(70,105)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Loss from discontinuing operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Net profit for the year	13,414	(40,562)	19,175	(19,276)	4,840	10,260	889	(8,575)	(2,646)	(1,495)	28,199	48,619	15,987	31,296	(68,254)	(661)	(1,851)	30,635	(70,105)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Assets	448,146	942,600	1,860,949	1,360,608	416,445	501,510	84,061	92,940	13,801	13,776	710,488	798,916	(699,149)	2,834,741	2,917,588	6,940	-	2,841,681	2,917,588	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Investments in equity method of associates	-	-	68,434	68,435	-	-	-	-	-	-	20,210	10,062	(9,471)	79,175	77,396	-	-	79,175	77,396	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Investments in equity method of jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Unallocated corporate assets	-	-	21,909	31,463	269	302	3,571	3,556	-	-	3,679	3,438	-	29,428	38,739	-	-	29,428	38,739	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Consolidated total assets	448,146	942,600	1,951,292	1,460,506	416,714	501,812	87,632	96,476	13,801	13,776	734,377	812,416	-	2,943,342	3,033,723	6,940	-	2,950,282	3,033,723	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Liabilities	889,206	1,489,852	870,313	297,999	390,823	479,140	78,948	91,253	283	164	6,034	64,466	(183,499)	2,133,907	2,239,375	24	-	2,133,931	2,239,375	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Segment liabilities	-	-	-	-	-	-	-	-	-	-	-	56	-	1,760	358	-	-	1,760	358	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Consolidated total liabilities	889,206	1,489,852	870,313	297,999	390,823	479,442	78,948	91,253	283	164	7,794	64,522	(183,499)	2,135,667	2,239,733	24	-	2,135,691	2,239,733	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Other information	-	-	3,362	9,285	782	176	422	47	5	2	466	573	-	5,037	10,083	3	-	5,040	10,083	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Capital expenditure	-	-	6,806	5,848	336	253	198	228	190	220	443	417	-	7,973	6,966	40	-	8,013	6,966	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Depreciation & Amortisation	-	-	4,299	18,308	-	-	-	-	-	-	-	-	-	585	18,308	-	-	585	18,308	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Impairment losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Reversal of impairment losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Non-cash expenses other than depreciation, amortisation and impairment losses	1,247	47,183	(5,149)	8,227	-	-	(256)	9,415	(62)	(17)	(5,829)	9,560	-	(10,049)	74,368	(905)	-	(10,954)	74,368	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					

K & N KENANGA HOLDINGS BERHAD (302859-X)

(Incorporated in Malaysia)

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 major changes in the composition of the Group for the quarter ended 31 December 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.

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 31 December 2009, the Group recorded a profit before taxation from continuing operations of RM14.55 million as compared to a profit of RM12.85 million in the previous quarter ended 30 September 2009.

The profit before taxation that arises during the quarter ended 31 December 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 RM1.95 million.

However, these profits were negated by RM3.73 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 39.01%, well above the minimum of 8% as prescribed by Bank Negara Malaysia.

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

During the quarter ended 31 December 2009, the Group recorded a profit before taxation from continuing operations of RM14.55million as compared to a profit of RM12.85 million in the previous quarter ended 30 September 2009.

The profit before taxation that arises during the quarter ended 31 December 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 RM1.95 million.

However, these profits were negated by RM3.73 million losses made in respect of the Group's share of losses in associated companies.

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)

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 31 December 2009	Cumulative Quarter Current Year to date 31 December 2009
	-----RM'000-----	
Current period taxation	368	1,390
Overprovision in prior year taxation	(17)	(463)
Deferred taxation	3,530	11,827
Share of associates taxation	6	44
Total	<u>3,887</u>	<u>12,798</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 (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	1,228	13,926
Add: Tax effect of expenses that are not deductible for tax purposes	2,509	5,176
Less: Utilization of unabsorbed tax losses and capital allowances	(4,308)	(10,331)
Less: Non taxation of capital items	560	(9,206)
Add: Tax losses not recognised	379	1,825
Tax expense	<u>368</u>	<u>1,390</u>

B6. Profits on Sale of Investments and/or Properties

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

B7. Quoted Securities

- (a) Total purchases and sales of quoted securities by the Group other than the investment banking subsidiary for the quarter ended 31 December 2009 and the profit arising there from were as follows:

	Individual Quarter	Cumulative Quarter
	-----RM'000-----	
Total purchases for the period	<u>5,083</u>	<u>34,003</u>
Total sales for the period	<u>10,891</u>	<u>20,843</u>
Total gains on disposal for the period	<u>751</u>	<u>1,274</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 31 December 2009 were as follows:

	RM'000
Total investment at cost	22,058
Total investment at carrying value/book value	25,121
Total investment at market value at end of reporting period	25,121

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.

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)**

B9. Group Borrowings

		Total Loans RM'000
Subordinated Loan (unsecured)	- Note 1	1,384
Short term loan from financial institutions (secured)	- Note 2	63,848

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 RM1.38 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.

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)

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 RM63.7 million in order to finance its own working capital. These facilities have repayment period of one month and the average interest rates charged were 4.36% per annum.

B10. Off Balance Sheet Financial Instruments

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

B11. Changes in material Litigation

There are no changes in material litigation during the quarter ended 31 December 2009.

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

B12. Dividend

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

The directors recommend in respect of the financial year ended 31 December 2009 the payment of a first and final dividend of 1% less tax at 25%, amounting to RM4, 588,200 based on the issued and paid up share capital of the Company as at 31 December 2009. The payment of this proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company and will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ended 31 December 2010 when approved by the shareholders.

B13. Earnings per share

The amount used as the numerator for the purposes of calculating the basic earnings per share for the twelve-month period is RM16.17 million representing the profit for the year attributable to ordinary equity holder of the parent (31 December 2008: -loss attributable to ordinary equity holder of parent: RM53.06 million)

The weighted average number of shares used as the denominator in calculating the basic earnings per share for the twelve-month period is 611,759,499 (31 December 2008: 611,759,499).

By Order of the Board

K & N KENANGA HOLDINGS BERHAD



YM TENGKU DATO' PADUKA NOOR

ZAKIAH BTE TENGKU ISMAIL

Non Executive Chairman

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