

**K & N KENANGA HOLDINGS BERHAD (302859-X)**  
(Incorporated in Malaysia)

K & N KENANGA HOLDINGS BERHAD  
Company No. 302859-X

**QUARTERLY REPORT**

Quattro West, 5th Floor, East Wing  
No.4, Lorong Persiaran Barat  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2012  
THE FIGURES HAVE NOT BEEN AUDITED.**

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**Group**

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended 31 March 2012 RM'000	3 months ended 31 March 2011 RM'000 (restated)	3 months ended 31 March 2012 RM'000	3 months ended 31 March 2011 RM'000 (restated)
<b>Continuing Operations</b>					
Interest income	<b>A20</b>	28,282	28,224	28,282	28,224
Interest expense	<b>A21</b>	(16,803)	(15,273)	(16,803)	(15,273)
Net interest income		11,479	12,951	11,479	12,951
Non interest income	<b>A22</b>	51,335	59,710	51,335	59,710
Net Income		62,814	72,661	62,814	72,661
Other operating expenses	<b>A23</b>	(60,433)	(59,988)	(60,433)	(59,988)
Operating profit		2,381	12,673	2,381	12,673
Write back of impairment/(impairment charge) on loans, advances and financing	<b>A24</b>	2,957	(145)	2,957	(145)
Impairment for bad and doubtful accounts on balances due from clients and brokers and other receivables	<b>A25</b>	(142)	(288)	(142)	(288)
Impairment of investments in associates		(179)	-	(179)	-
		5,017	12,240	5,017	12,240
Share of profits/(losses) in associates		2,808	(804)	2,808	(804)
<b>Profit before taxation</b>		7,825	11,436	7,825	11,436
Taxation		(1,539)	(2,017)	(1,539)	(2,017)
<b>Profit for the period from continuing operations</b>		6,286	9,419	6,286	9,419
<b>Discontinued operation</b>					
Loss for the period		(21)	(88)	(21)	(88)
<b>Profit for the period</b>		6,265	9,331	6,265	9,331

The condensed Consolidated Financial Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011.

**K & N KENANGA HOLDINGS BERHAD (302859-X)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****Group**

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March 2012 RM'000	3 months ended 31 March 2011 RM'000 (restated)	3 months ended 31 March 2012 RM'000	3 months ended 31 March 2011 RM'000 (restated)
Other comprehensive loss				
Exchange fluctuation from translation of associated companies' net assets	(1,992)	(1,156)	(1,992)	(1,156)
Available-for-sale financial investments	(3,436)	(973)	(3,436)	(973)
Other comprehensive loss for the period	(5,428)	(2,129)	(5,428)	(2,129)
<b>Total comprehensive (loss)/income</b>	<b>837</b>	<b>7,202</b>	<b>837</b>	<b>7,202</b>
Profit for the period attributable to				
- Equity holders of the parent	6,112	4,421	6,112	4,421
- Non-controlling interests	153	4,910	153	4,910
	<b>6,265</b>	<b>9,331</b>	<b>6,265</b>	<b>9,331</b>
Total comprehensive (loss)/income for the period attributable to				
- Equity holders of the parent	684	2,292	684	2,292
- Non-controlling interests	153	4,910	153	4,910
	<b>837</b>	<b>7,202</b>	<b>837</b>	<b>7,202</b>
(a) Earnings per share attributable to ordinary equity holders 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). (2011: 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)	1.0	0.7	1.0	0.7
(ii) Fully diluted	1.0	0.7	1.0	0.7

The condensed Consolidated Financial Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011.

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**UNAUDITED COMPANY STATEMENT OF COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March 2012 RM'000	3 months ended 31 March 2011 RM'000	3 months ended 31 March 2012 RM'000	3 months ended 31 March 2011 RM'000
<b>Continuing Operations</b>				
Interest income	587	528	587	528
Interest expense	-	-	-	-
Net interest income	587	528	587	528
Non interest income	3,698	1,780	2,630	1,780
Net Income	4,285	2,308	3,217	2,308
Other operating expenses	(4,849)	(3,640)	(3,781)	(3,640)
<b>Loss before taxation</b>	(564)	(1,332)	(564)	(1,332)
Taxation	30	(150)	30	(150)
<b>Loss for the period from continuing operations</b>	(534)	(1,482)	(534)	(1,482)
<b>Loss for the period</b>	(534)	(1,482)	(534)	(1,482)

The condensed Consolidated Financial Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011.

**K & N KENANGA HOLDINGS BERHAD (302859-X)**  
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**UNAUDITED COMPANY STATEMENT OF COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March 2012 RM'000	3 months ended 31 March 2011 RM'000	3 months ended 31 March 2012 RM'000	3 months ended 31 March 2011 RM'000
(i) Loss for the period attributable to - Equity holders of the parent	(534)	(1,482)	(534)	(1,482)
	<u>(534)</u>	<u>(1,482)</u>	<u>(534)</u>	<u>(1,482)</u>
(a) Loss per share attributable to ordinary equity holders of the parent above after deducting any provision for preference dividends, if any:-				
(i) Basic (based on weighted aver number of ordinary shares 611,759,499 for the current year quarter and ordinary shares of 611,759,499 for the quarter year to date) (2011 : 611,759,499 ordinary shares for the previous year quarter and 611,759,499 ordinary shares for the quarter previous year to date) (sen)	(0.1)	(0.2)	(0.1)	(0.2)
(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 31 December 2011.

**K & N KENANGA HOLDINGS BERHAD (302859-X)**  
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**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012**

<u>Group</u>		<b>As at 31 March 2012 RM'000</b>	<b>As at 31 December 2011 RM'000 (restated)</b>	<b>As at 1 January 2011 RM'000 (restated)</b>
	<b>Note</b>			
<b>ASSETS</b>				
Cash and short-term funds		1,475,845	1,321,052	1,300,957
Deposits and placements with banks and other financial institutions		292	375	847
Financial assets held-for-trading	<b>A9</b>	505,945	241,218	303,199
Financial investments available-for-sale	<b>A10</b>	975,646	849,087	757,315
Loans, advances and financing	<b>A11</b>	568,581	554,771	612,014
Other assets				
- Balance due from clients and brokers		405,629	179,315	256,344
- Assets segregated for customers		164,264	167,728	86,291
- Other receivables	<b>A12</b>	102,845	64,704	34,346
Statutory deposit with Bank Negara Malaysia		43,490	39,490	9,150
Tax recoverable		13,262	13,640	19,122
Investments in associates		44,933	44,297	49,102
Property, plant and equipment		30,876	26,356	22,466
Intangible assets		80,250	80,306	81,345
Deferred tax assets		15,496	12,115	13,871
Assets held for resale		6,061	6,085	6,332
<b>TOTAL ASSETS</b>		<b>4,433,415</b>	<b>3,600,539</b>	<b>3,552,701</b>
<b>LIABILITIES</b>				
Deposits from customers	<b>A13</b>	1,540,718	1,031,980	1,012,577
Deposits and placements of banks and other financial institutions	<b>A14</b>	873,858	827,902	806,689
Borrowings	<b>A16</b>	1,500	31	65,757
Other liabilities				
- Balance due to clients and brokers		833,516	580,818	586,525
- Amount held in trust		274,250	253,404	224,254
- Other payables	<b>A15</b>	130,979	135,731	86,799
Provision for taxation and zakat		184	197	239
Deferred tax liabilities		5,229	1,714	2,134
Subordinated obligations	<b>A14</b>	1,350	1,384	1,510
Derivative financial liabilities		5,771	2,145	1,571
Liabilities held for resale		11	21	9
<b>TOTAL LIABILITIES</b>		<b>3,667,366</b>	<b>2,835,327</b>	<b>2,788,064</b>

**K & N KENANGA HOLDINGS BERHAD (302859-X)**  
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**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012**

<b><u>Group</u></b>	<b>As at 31 March 2012 RM'000</b>	<b>As at 31 December 2011 RM'000 (restated)</b>	<b>As at 1 January 2011 RM'000 (restated)</b>
<b>SHAREHOLDERS EQUITY</b>			
Share Capital	611,759	611,759	611,759
Share Premium	75	75	75
Profit and loss reserve	4,966	4,417	4,757
Regulatory reserve	5,563	-	-
Exchange fluctuation reserve	(483)	(8,136)	(9,645)
Statutory reserve	65,699	65,699	57,458
Fair value reserve	(597)	2,839	2,930
Capital reserve	71,952	71,952	71,952
	<u>758,934</u>	<u>748,605</u>	<u>739,286</u>
Non-controlling Interests	7,115	6,962	15,706
Total equity	<u>766,049</u>	<u>755,567</u>	<u>754,992</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>4,433,415</u>	<u>3,590,894</u>	<u>3,543,056</u>
<b>Net Assets Per Share (RM)</b>	<u>1.24</u>	<u>1.22</u>	<u>1.21</u>

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**K & N KENANGA HOLDINGS BERHAD (302859-X)**  
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**UNAUDITED COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012**

	<b>As at 31 March 2012 RM'000</b>	<b>As at 31 December 2011 RM'000</b>	<b>As at 1 January 2011 RM'000</b>
<b>ASSETS</b>			
Cash and short-term funds	11,132	13,074	37,435
Financial assets held-for-trading	26,519	25,450	21,422
Other assets			
- Amount due from subsidiaries	16,437	16,367	13,638
- Other receivables	787	324	105
Tax recoverable	5,438	5,438	5,438
Investments in subsidiaries	630,337	630,337	615,994
Investments in associates	13,360	13,360	20,210
Property, plant and equipment	1,473	1,507	643
Intangible assets	4	18	130
<b>TOTAL ASSETS</b>	<b>705,487</b>	<b>705,875</b>	<b>715,015</b>
<b>LIABILITIES</b>			
Other liabilities			
- Amount due to subsidiary companies	972	-	-
- Other payables	4,611	5,407	4,412
Deferred tax liabilities	1,583	1,613	2,100
<b>TOTAL LIABILITIES</b>	<b>7,166</b>	<b>7,020</b>	<b>6,512</b>
<b>SHAREHOLDERS EQUITY</b>			
Share Capital	611,759	611,759	611,759
Share Premium	75	75	75
Profit and loss reserve	86,487	87,021	96,669
Total equity	698,321	698,855	708,503
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>705,487</b>	<b>705,875</b>	<b>715,015</b>
<b>Net Assets Per Share (RM)</b>	<b>1.14</b>	<b>1.14</b>	<b>1.16</b>

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**K & N KENANGA HOLDINGS BERHAD (302859-X)**  
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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MARCH 2012**

	Group		Company	
	31 March 2012 RM'000	31 March 2011 RM'000 (restated)	31 March 2012 RM'000	31 March 2011 RM'000
<b>Cash flows from operating activities</b>				
<b>Profit/(loss) before taxation</b>				
- Continuing operations	7,825	11,436	(564)	(1,332)
- Discontinued operation	(21)	(88)	-	-
Adjustments for non operating and non cash items	(30,288)	(15,767)	(1,541)	(1,239)
<b>Operating (loss)/profit before changes in working capital</b>	<u>(22,484)</u>	<u>(4,419)</u>	<u>(2,105)</u>	<u>(2,571)</u>
Net changes in operating assets	(804,873)	61,082	(533)	(4,993)
Net changes in operating liabilities	826,011	(85,205)	176	530
<b>Cash used in operations</b>	<u>(1,346)</u>	<u>(28,542)</u>	<u>(2,462)</u>	<u>(7,034)</u>
Net dividends received	97	313	-	-
Interest income	15,417	18,889	586	528
Net tax refund	269	5,326	-	-
<b>Net cash generated from/(used in) operating activities</b>	<u>14,437</u>	<u>(4,014)</u>	<u>(1,876)</u>	<u>(6,506)</u>
<b>Net cash generated from/(used in) investing activities</b>	6,684	111,113	(66)	(453)
<b>Net cash generated from/(used in) financing activities</b>	1,214	(40,135)	-	-
Net increase/(decrease) in cash and cash equivalents during the period	<u>22,335</u>	<u>66,964</u>	<u>(1,942)</u>	<u>(6,959)</u>
Cash and cash equivalents brought forward	798,227	815,548	13,074	37,435
Cash and cash equivalents carried forward	<u>820,562</u>	<u>882,512</u>	<u>11,132</u>	<u>30,476</u>
Cash and cash equivalents comprise the following:-				
Non trust cash and short term funds	814,306	876,381	11,132	30,476
Non trust deposits and placements with banks and other financial institutions	292	-	-	-
Cash and short term funds classified as asset held for sale	5,964	6,131	-	-
	<u>820,562</u>	<u>882,512</u>	<u>11,132</u>	<u>30,476</u>

The condensed Consolidated Financial Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011



**K & N KENANGA HOLDINGS BERHAD (302859-X)**  
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**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2012**

Group	<-----Attributable to Equity Holders of the Parent----->							Distributable	Non-Controlling Interests	Total Equity
	<-----Non-Distributable----->									
	Share Capital RM'000	Share Premium RM'000	Exchange Reserve RM'000	Capital Reserve RM'000	Fair value Reserve RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000			
<b>As at 1 January 2012</b>	611,759	75	(8,136)	71,952	2,839	65,699	-	8,499	6,962	759,649
<b>Effect of adopting MFRS 1</b>	-	-	9,645	-	-	-	-	(9,645)	-	-
<b>Adoption of revised BNM GP3 and MFRS 139</b>	-	-	-	-	-	-	-	5,563	-	5,563
<b>As restated</b>	611,759	75	1,509	71,952	2,839	65,699	-	4,417	6,962	765,212
Total comprehensive income for the period	-	-	(1,992)	-	(3,436)	-	-	6,112	153	837
Transfer to regulatory reserve	-	-	-	-	-	-	5,563	(5,563)	-	-
<b>As at 31 March 2012</b>	611,759	75	(483)	71,952	(597)	65,699	5,563	4,966	7,115	766,049

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**K & N KENANGA HOLDINGS BERHAD (302859-X)**

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**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2012**

Group	Attributable to Equity Holders of the Parent							Distributable	Non-Controlling Interests	Total Equity
	Non-Distributable									
	Share Capital RM'000	Share Premium RM'000	Exchange Reserve RM'000	Capital Reserve RM'000	Fair value Reserve RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Retained profits RM'000	RM'000	RM'000
<b>As at 1 January 2011</b>	611,759	75	(9,645)	71,952	2,930	57,458	-	9,339	15,706	759,574
<b>Effect of adopting MFRS 1</b>	-	-	9,645	-	-	-	-	(9,645)	-	-
<b>Adoption of revised BNM GP3 and MFRS 139</b>	-	-	-	-	-	-	-	5,063	-	5,063
<b>As restated</b>	611,759	75	-	71,952	2,930	57,458	-	4,757	15,706	764,637
Total comprehensive (loss)/ income for the period	-	-	(1,156)	-	(973)	-	-	4,421	4,910	7,202
Transaction with owners Dividends paid	-	-	-	-	-	-	-	-	(2,616)	(2,616)
<b>As at 31 March 2011</b>	611,759	75	(1,156)	71,952	1,957	57,458	-	9,178	18,000	769,223

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**K & N KENANGA HOLDINGS BERHAD (302859-X)**

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**UNAUDITED COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2012**

	<-----Attributable to Equity Holders of the Parent----->			Total Equity
	Share Capital RM'000	Non Distributable Share Premium RM'000	Distributable Retained profits RM'000	RM'000
<b>As at 1 January 2012</b>	611,759	75	87,021	698,855
Comprehensive loss for the period	-	-	(534)	(534)
<b>As at 31 March 2012</b>	<u>611,759</u>	<u>75</u>	<u>86,487</u>	<u>698,321</u>

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**UNAUDITED COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2012**

	<-----Attributable to Equity Holders of the Parent----->			Total Equity
	Share Capital RM'000	Non Distributable Share Premium RM'000	Distributable Retained profits RM'000	
<b>As at 1 January 2011</b>	611,759	75	96,669	708,503
Comprehensive income for the period	-	-	(1,482)	(1,482)
<b>As at 31 March 2011</b>	611,759	75	95,187	707,021

The Condensed Consolidated Financial Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011

**SELECTED EXPLANATORY NOTES**  
**REQUIREMENTS OF MFRS 134**

**A1. Basis Of Preparation**

These quarterly interim financial statements, for the period ended 31 March 2012, have been prepared in accordance with MFRS 134 Interim Financial Reporting as modified by Bank Negara Malaysia's Guidelines and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. For the periods up to and including the year ended 31 December 2011, the Group and the Company prepared its financial statements in accordance with Financial Reporting Standards ("FRS"). Since the previous annual audited financial statements as at 31 December 2011 were issued, the Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board.

These quarterly interim financial statements are the Group's and the Company's first MFRS condensed interim financial statements for part of the period covered by the Group's and the Company's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The notes attached to these condensed 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 and the Company since the year ended 31 December 2011. The explanation of how the transition from FRS to MFRS has affected the financial position and performance of the Group and the Company is set out in Note A31.

The audited financial statements of the Group and the Company for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed in Note A31.

**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 2011. 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 2011.

**A3. Preceding financial year audit report**

The preceding financial year audit report in respect of the financial year ended 31 December 2011 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.

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**SELECTED EXPLANATORY NOTES**

**REQUIREMENTS OF MFRS 134 (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 were no exceptional items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 31 March 2012.

**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 was no issue and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the quarter ended 31 March 2012.

**A8. Dividends paid per share**

No dividends were declared or paid during the quarter ended 31 March 2012.

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**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012**

	<b>31 March 2012</b>	<b>31 December 2011</b>
	<b>RM' 000</b>	<b>RM' 000</b>
<b>A9 Financial assets held-for-trading</b>		
<b>At Fair Value</b>		
<b>Money Market Instruments:-</b>		
Malaysian Government Securities	159,555	51,879
Malaysian Government Investment Issues	-	81,750
Bank Negara Malaysia Bills and Notes	249,188	29,973
<b>Total Money Market Instruments</b>	<b>408,743</b>	<b>163,602</b>
<b>Quoted securities:</b>		
<b>In Malaysia:</b>		
Shares, Warrants, Trust Units and Loan Stocks	48,784	32,631
<b>Unquoted securities:</b>		
Private and Islamic Debt Securities in Malaysia	48,418	44,985
Foreign Private Debt Securities	-	-
<b>Total unquoted securities</b>	<b>48,418</b>	<b>44,985</b>
<b>Total financial assets held-for-trading</b>	<b>505,945</b>	<b>241,218</b>
<b>A10 Financial investments available-for-sale</b>		
<b>At Fair Value, or amortised cost less impairment losses for certain unquoted equity instrum</b>		
<b>Money market instruments:-</b>		
Malaysian Government Securities	209,801	198,267
Cagamas Bonds	-	5,164
Malaysian Government Investment Issues	71,941	102,140
Negotiable Instruments of Deposits	199,631	99,999
<b>Total Money market instruments</b>	<b>481,373</b>	<b>405,570</b>
<b>Quoted securities:</b>		
<b>In Malaysia:</b>		
Shares, Warrants, Trust Units and Loan Stocks	-	-
<b>Outside Malaysia:</b>		
Shares, Warrants, Trust Units and Loan Stocks	-	-
<b>Unquoted securities:</b>		
Shares, trust units and loan stocks in Malaysia	2,100	2,100
Private and Islamic Debt Securities in Malaysia	491,683	440,927
Others	490	490
	494,273	443,517
Accumulated impairment losses	-	-
<b>Total financial investments available-for-sale</b>	<b>975,646</b>	<b>849,087</b>

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**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012**

	<b>31 March 2012</b> <b>RM' 000</b>	<b>31 December 2011</b> <b>RM' 000</b> <b>(restated)</b>
<b>A11 Loans, advances and financing</b>		
Term loans	16,096	77,644
Share margin financing	567,970	508,807
Others	1	1
Gross loans, advances and financing	<u>584,067</u>	<u>586,452</u>
Allowances for bad and doubtful debts and financing:		
- Individual Impairment	(15,486)	(30,839)
- Collective Impairment	-	(842)
Net loans, advances and financing	<u><b>568,581</b></u>	<u><b>554,771</b></u>
<b>(i) By maturity structure</b>		
Within one year	584,067	586,452
Gross loans, advances and financing	<u>584,067</u>	<u>586,452</u>
<b>(ii) By type of customer</b>		
<b>Domestic operations:</b>		
Domestic business enterprise		
- Small and medium enterprise	-	-
- Others	16,097	57,718
Individuals	561,762	511,111
Other domestic entities	-	5,386
Foreign entities	6,208	12,237
Total domestic operations	<u>584,067</u>	<u>586,452</u>
<b>(iii) By interest/profit rate sensitivity</b>		
Fixed rate		
- Other fixed rate loans/financing	567,970	528,734
Variable rate		
- Base lending rate plus	-	-
- Cost plus	16,097	57,718
Gross loans, advances and financing	<u>584,067</u>	<u>586,452</u>
<b>(iv) Total loans by economic purposes</b>		
<b>Domestic operations:</b>		
Purchase of securities	16,097	19,526
Manufacturing	-	-
Construction	-	-
Transport, storage and communication	-	33,804
Finance, insurance and business services	-	23,914
Working capital	-	401
Others	567,970	508,807
Total domestic operations	<u>584,067</u>	<u>586,452</u>
<b>(v) Impaired loans by economic purpose</b>		
<b>Domestic operations:</b>		
Purchase of securities	5,607	37,152
Working capital	-	34,206
Total domestic operations	<u>5,607</u>	<u>71,358</u>



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	<b>31 March 2012</b>	<b>31 December 2011</b>
	<b>RM' 000</b>	<b>RM' 000</b>
		<b>(restated)</b>
<b>A11 Loans, advances and financing (cont'd)</b>		
<b>(vi) Movement in impaired loans, advances and financing ("Impaired loans") are as follows</b>		
At beginning of the period	71,358	207,086
Impaired during the period	78	5,972
Recovered	(1,509)	(54,379)
Amount written off	(50,143)	(87,321)
At end of the period	<u>19,784</u>	<u>71,358</u>
Individual Impairment	<u>(15,486)</u>	<u>(30,839)</u>
Net impaired loans, advances and financing	<u>4,298</u>	<u>40,519</u>
Net impaired loans as a % of gross loans, advances and financing (including Islamic loans sold to Cagamas) less individual impairment	<u>0.76%</u>	<u>7.29%</u>
<b>(vii) Movement in individual impairment for loans, advances and financing are as follows</b>		
<u>Individual Impairment</u>		
At beginning of the period	30,839	111,053
Adjustment due to FRS 139	-	-
Allowance made during the period	4	12,073
Amount written back in respect of recoveries	(1,699)	(8,252)
Amount of allowance set off against gross loans	<u>(13,658)</u>	<u>(84,035)</u>
At end of the period	<u>15,486</u>	<u>30,839</u>
<b>(viii) Movement in collective impairment for loans, advances and financing are as follows</b>		
<u>Collective Impairment</u>		
At beginning of the period		
- as previously stated	842	8,160
- effect of changes in accounting policy	-	(6,750)
At beginning of the period, as restated	<u>842</u>	<u>1,410</u>
Adjustment due to FRS 139	-	-
Allowance made during the period	-	4,113
Amount written back	(842)	(4,681)
At end of the period	<u>-</u>	<u>842</u>
As % of gross loans, advances and financing (including Islamic loans sold to Cagamas) less individual impairment	<u>0.00%</u>	<u>0.15%</u>
<b>A12 Other Assets</b>		
Interest/Income receivable	5,908	9,165
Prepayments and deposits	13,737	13,101
Treasury trade receivables	45,423	34,325
Other debtors	39,003	9,819
	<u>104,071</u>	<u>66,410</u>
Impairment	<u>(1,226)</u>	<u>(1,706)</u>
	<u><b>102,845</b></u>	<u><b>64,704</b></u>

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**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012**

	<b>31 March 2012</b>	<b>31 December 2011</b>
	<b>RM' 000</b>	<b>RM' 000</b>
<b>A13 Deposits from Customers</b>		
Fixed deposits and negotiable instruments of deposits		
- One year or less	1,540,718	1,031,980
- More than one year	-	-
	<b>1,540,718</b>	<b>1,031,980</b>
Business enterprise	1,079,450	705,035
Individuals	1,734	1,720
Government and statutory bodies	459,534	325,225
	<b>1,540,718</b>	<b>1,031,980</b>
<b>A14 Deposits and Placement of Banks and Other Financial Institutions and Debt Securities</b>		
Licensed banks	149,994	224,996
Licensed investment banks	-	50,000
Other financial institutions	723,864	552,906
	<b>873,858</b>	<b>827,902</b>
Subordinated obligations		
Unsecured		
- less than one year	-	-
- more than one year	1,350	1,384
<b>A15 Other liabilities</b>		
Interest/Profit payable	4,756	5,031
Provision and accruals	16,477	23,553
Retention for Contra Losses	14,986	15,587
Hire purchase creditors	173	182
Deposits and other creditors	94,587	91,378
	<b>130,979</b>	<b>135,731</b>
<b>A16 Bank Borrowings</b>		
Revolving bank loan	1,500	31
	<b>1,500</b>	<b>31</b>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012

	March 2012			December 2011		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>A17 <u>Commitments and Contingencies and Off-Balance Sheet</u></b>	<b>Notional</b>	<b>Credit</b>	<b>Risk</b>	<b>Notional</b>	<b>Credit</b>	<b>Risk</b>
<b><u>Financial Instruments</u></b>	<b>Equivalent</b>	<b>Weighted</b>	<b>Equivalent</b>	<b>Equivalent</b>	<b>Weighted</b>	<b>Weighted</b>
Obligations under underwriting agreements	10,000	5,000	5,000	40,944	20,472	20,472
Irrevocable commitments to extend credit: -	-	-	-	-	-	-
maturity within one year	-	-	-	-	-	-
- Margin	668,417	133,683	133,683	505,512	101,102	101,102
- Term loan	-	-	-	-	-	-
	<b>678,417</b>	<b>138,683</b>	<b>138,683</b>	<b>546,456</b>	<b>121,574</b>	<b>121,574</b>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012

	← 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				
<b>A18 Interest/Profit Rate Risk</b>									
Cash and short-term funds	747,750	-	-	-	-	728,095	-	1,475,845	3.00%
Deposits and placements with banks and other financial institutions	-	-	-	-	-	292	-	292	-
Financial assets held-for-trading	-	-	-	-	-	-	505,945	505,945	3.58%
Financial investments available-for-sale	69,969	114,651	134,956	653,480	-	2,590	-	975,646	4.22%
Loans, advances and financing									
- non-impaired	564,283	-	-	-	-	-	-	564,283	6.74%
- impaired	-	-	-	-	-	4,298	-	4,298	-
Other assets n1	-	-	-	-	-	672,738	-	672,738	-
Other non-interest sensitive balances	-	-	-	-	-	234,368	-	234,368	-
<b>TOTAL ASSETS</b>	<b>1,382,002</b>	<b>114,651</b>	<b>134,956</b>	<b>653,480</b>	<b>-</b>	<b>1,642,381</b>	<b>505,945</b>	<b>4,433,415</b>	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>									
Deposits from customers	1,381,511	117,806	41,401	-	-	-	-	1,540,718	3.19%
Deposits and placements of banks and other financial institutions	706,027	136,679	31,152	-	-	-	-	873,858	3.19%
Borrowings	1,500	-	-	-	-	-	-	1,500	5.00%
Subordinated obligations	-	-	-	1,350	-	-	-	1,350	5.50%
Other non-interest sensitive balances	-	-	-	-	-	1,249,940	-	1,249,940	-
<b>Total Liabilities</b>	<b>2,089,038</b>	<b>254,485</b>	<b>72,553</b>	<b>1,350</b>	<b>-</b>	<b>1,249,940</b>	<b>-</b>	<b>3,667,366</b>	
Shareholders' equity	-	-	-	-	-	758,934	-	758,934	
Non-controlling interests	-	-	-	-	-	7,115	-	7,115	
<b>Total Liabilities and Shareholders' Equity</b>	<b>2,089,038</b>	<b>254,485</b>	<b>72,553</b>	<b>1,350</b>	<b>-</b>	<b>2,015,989</b>	<b>-</b>	<b>4,433,415</b>	
On-balance sheet interest sensitivity gap	(707,036)	(139,834)	62,403	652,130	-	(373,608)	505,945	-	
<b>Total interest sensitivity gap</b>	<b>(707,036)</b>	<b>(846,870)</b>	<b>(784,467)</b>	<b>(132,337)</b>	<b>(132,337)</b>	<b>(505,945)</b>	<b>-</b>	<b>-</b>	

n1 Other assets comprise balances due from clients and brokers, net of individual and collective impairments.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

	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				
<b>A18 Interest/Profit Rate Risk</b>									
Cash and short-term funds	669,050	-	-	-	-	652,002	-	1,321,052	3.00%
Deposits and placements with banks and other financial institutions	-	-	-	-	-	375	-	375	-
Financial assets held-for-trading	-	-	-	-	-	-	241,218	241,218	3.79%
Financial investments available-for-sale	-	99,999	64,189	381,939	300,370	2,590	-	849,087	4.27%
Loans, advances and financing									
- performing	492,832	551	5,214	23,914	-	-	-	522,511	7.38%
- impaired loans	-	-	-	-	-	32,260	-	32,260	
Other assets n1	-	-	-	-	-	411,747	-	411,747	
Other non-interest sensitive balances	-	-	-	-	-	222,289	-	222,289	
<b>TOTAL ASSETS</b>	<b>1,161,882</b>	<b>100,550</b>	<b>69,403</b>	<b>405,853</b>	<b>300,370</b>	<b>1,321,263</b>	<b>241,218</b>	<b>3,600,539</b>	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>									
Deposits from customers	888,525	134,925	8,530	-	-	-	-	1,031,980	3.23%
Deposits and placements of banks and other financial institutions	619,981	127,925	79,996	-	-	-	-	827,902	3.23%
Borrowings	31	-	-	-	-	-	-	31	5.21%
Subordinated obligations	-	-	-	1,384	-	-	-	1,384	5.50%
Other non-interest sensitive balances	-	-	-	-	-	974,030	-	974,030	
<b>Total Liabilities</b>	<b>1,508,537</b>	<b>262,850</b>	<b>88,526</b>	<b>1,384</b>	<b>-</b>	<b>974,030</b>	<b>-</b>	<b>2,835,327</b>	
Shareholders' equity	-	-	-	-	-	758,250	-	758,250	
Non-controlling interests	-	-	-	-	-	6,962	-	6,962	
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,508,537</b>	<b>262,850</b>	<b>88,526</b>	<b>1,384</b>	<b>-</b>	<b>1,739,242</b>	<b>-</b>	<b>3,600,539</b>	
On-balance sheet interest sensitivity gap	(346,655)	(162,300)	(19,123)	404,469	300,370	(417,979)	241,218	-	
<b>Total interest sensitivity gap</b>	<b>(346,655)</b>	<b>(508,955)</b>	<b>(528,078)</b>	<b>(123,609)</b>	<b>176,761</b>	<b>(241,218)</b>	<b>-</b>	<b>-</b>	

n1 Other assets comprise balances due from clients and brokers, net of individual and collective impairments.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012**

**A19 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:

	<b>31 March 2012</b>	<b>31 December 2011</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Restated)</b>
<b>Components of Tier I and Tier II capital:</b>		
<u>Tier I capital</u>		
Paid-up share capital	620,000	620,000
Accumulated losses #1	(60,269)	(60,269)
Statutory reserve	65,699	65,699
	<u>625,430</u>	<u>625,430</u>
Less: Deferred tax assets	(10,254)	(10,885)
Goodwill	(17,606)	(17,606)
Total Tier I capital	<u>597,570</u>	<u>596,939</u>
<u>Tier II capital</u>		
Collective impairment allowance #2	-	359
Total Tier II capital	<u>-</u>	<u>359</u>
Total capital	597,570	597,298
Less: Investments in subsidiaries	(36,150)	(36,150)
Capital base	<u>561,420</u>	<u>561,148</u>
Core capital ratio	36.62%	41.49%
Risk-weighted capital ratio	36.62%	41.49%

#1 Based on latest audited retained profits as at 31 December 2011

#2 Restated due to adoption of Revised BNM/GP3 and MFRS 139

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012**

	Individual Quarter		Cumulative Quarter	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
<b>A20 Interest Income</b>				
Loans, advances and financing				
- Interest income other than recoveries from impaired loans	499	1,433	499	1,433
- Interest income recognised on unimpaired portion of impaired loans	-	884	-	884
Money at call and deposit placements with financial institutions	4,719	7,498	4,719	7,498
Financial assets held-for-trading	3,704	1,782	3,704	1,782
Financial investments available-for-sale	9,161	7,553	9,161	7,553
Interest on Margin	9,571	8,556	9,571	8,556
Interest on Contra	588	518	588	518
Others	40	-	40	-
	<b>28,282</b>	<b>28,224</b>	<b>28,282</b>	<b>28,224</b>
<b>A21 Interest Expense</b>				
Deposits and placement of banks and other financial institutions	803	2,772	803	2,772
Revolving bank loan	221	662	221	662
Deposits from customers	15,779	11,839	15,779	11,839
	<b>16,803</b>	<b>15,273</b>	<b>16,803</b>	<b>15,273</b>
<b>A22 Non-interest Income</b>				
(a) Fee income:				
Commissions	2,124	3,927	2,124	3,927
Service charges and fees	2,544	1,906	2,544	1,906
Underwriting fees	1,039	336	1,039	336
Brokerage income	31,521	40,844	31,521	40,844
Other fee income	3,422	3,553	3,422	3,553
	<b>40,650</b>	<b>50,566</b>	<b>40,650</b>	<b>50,566</b>
(b) Gain arising from sale of securities:				
Net gain from sale of financial assets held-for-trading	5,160	96	5,160	96
Net gain from sale of financial investments available-for-sale	5,264	24	5,264	24
	<b>10,424</b>	<b>120</b>	<b>10,424</b>	<b>120</b>
(c) Gross dividend from:				
Securities portfolio	97	313	97	313
(d) Unrealised (losses)/gains on revaluation of financial assets held-for-trading and derivatives	(1,450)	1,094	(1,450)	1,094
(e) Other income:				
Foreign exchange profit	215	469	215	469
Gains on disposal of property, plant and equipment	57	-	57	-
Others	1,342	7,148	1,342	7,148
	<b>1,614</b>	<b>7,617</b>	<b>1,614</b>	<b>7,617</b>
Total non-interest income	<b>51,335</b>	<b>59,710</b>	<b>51,335</b>	<b>59,710</b>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012

	Individual Quarter		Cumulative Quarter	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
<b>A23 Other operating expenses</b>				
Personnel costs	23,914	18,921	23,914	18,921
- Salaries, allowances and bonuses	19,625	16,102	19,625	16,102
- EPF	2,211	1,353	2,211	1,353
- Others	2,078	1,466	2,078	1,466
Establishment costs	9,787	9,399	9,787	9,399
- Depreciation and amortisation of intangible assets	1,771	1,918	1,771	1,918
- Rental of leasehold land and premises	5,576	5,303	5,576	5,303
- Repairs and maintenance of property, plant and equipment	432	448	432	448
- Information technology expenses	1,454	886	1,454	886
- Others	554	844	554	844
Marketing expenses	1,810	921	1,810	921
- Advertisement and publicity	104	17	104	17
- Others	1,706	904	1,706	904
Administration and general expenses	24,922	30,747	24,922	30,747
- Fees and brokerage	11,616	16,891	11,616	16,891
- Administrative expenses	4,930	13,605	4,930	13,605
- Claims incurred	-	12	-	12
- Others	8,376	239	8,376	239
	<b>60,433</b>	<b>59,988</b>	<b>60,433</b>	<b>59,988</b>
<b>A24 (Write back of impairment)/Impairment charge on loans, advances and financing:</b>				
Allowances for loans, advances and financing:				
- collective impairment (net)	842	718	842	718
- individual impairment	(4)	(1,154)	(4)	(1,154)
- write back of individual impairment	1,699	290	1,699	290
Bad debts and financing written off	-	-	-	-
Bad debts and financing recovered	420	1	420	1
	<b>2,957</b>	<b>(145)</b>	<b>2,957</b>	<b>(145)</b>
<b>A25 Impairment for bad and doubtful accounts on balances due from clients and brokers and other receivables</b>				
Allowances for bad and doubtful debts and financing:				
- collective impairment (net)	(3,312)	-	(3,312)	-
- individual (impairment)/reversal	3,145	(835)	3,145	(835)
Bad debts and financing written off	-	300	-	300
Bad debts and financing recovered	25	65	25	65
Provision for other debts	-	182	-	182
	<b>(142)</b>	<b>(288)</b>	<b>(142)</b>	<b>(288)</b>



A26. SEGMENTAL REPORTING

	-----Continued Operations-----														---Discontinued Operations---								
	Investment Bank		Stock broking		Futures		Money lending		Investment Management		Corporate and Others		Eliminations		Total		Others		Others		Total		
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	
<b>Revenue</b>																							
External sales	39,821	12,593	31,696	57,368	4,902	6,019	101	1,840	2,272	2,188	5,248	2,794	-	(1,402)	84,040	81,400	-	-	-	-	84,040	81,400	
Inter-segment sales	-	-	-	-	677	143	-	-	360	-	9,802	542	(10,839)	(685)	-	-	-	-	-	-	-	-	
<b>Total revenue</b>	<b>39,821</b>	<b>12,593</b>	<b>31,696</b>	<b>57,368</b>	<b>5,579</b>	<b>6,162</b>	<b>101</b>	<b>3,239</b>	<b>2,632</b>	<b>12,124</b>	<b>15,050</b>	<b>3,336</b>	<b>(10,839)</b>	<b>(2,087)</b>	<b>84,040</b>	<b>81,400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84,040</b>	<b>81,400</b>	
<b>Result</b>																							
Interest Income	16,843	18,684	10,159	5,904	2,778	2,365	60	1,267	175	164	595	559	(2,353)	(730)	28,257	28,213	25	11	-	-	28,282	28,224	
Dividend Income	-	51	97	-	-	-	-	-	-	-	-	262	-	-	97	313	-	-	-	-	97	313	
Depreciation & amortisation	-	502	1,428	1,118	69	88	28	42	113	55	133	113	-	-	1,771	1,918	3	5	-	-	1,774	1,923	
Impairment losses	842	118	1,974	(205)	-	-	-	(346)	-	-	-	-	-	-	2,816	(433)	-	-	-	-	2,816	(433)	
Other Non-cash expenses	-	-	2,519	(35)	-	-	-	-	-	-	(1,069)	806	-	(410)	1,450	361	-	-	-	-	1,450	361	
<b>Segment results</b>	<b>20,662</b>	<b>15,611</b>	<b>3,153</b>	<b>5,509</b>	<b>2,227</b>	<b>2,828</b>	<b>(529)</b>	<b>755</b>	<b>(502)</b>	<b>(70)</b>	<b>(704)</b>	<b>1,009</b>	<b>(2,466)</b>	<b>1,959</b>	<b>21,841</b>	<b>27,601</b>	<b>(21)</b>	<b>(88)</b>	<b>-</b>	<b>-</b>	<b>21,820</b>	<b>27,513</b>	
Profit/(loss) from operation	20,662	15,611	3,153	5,509	2,227	2,828	(529)	755	(502)	(70)	(704)	1,009	(2,466)	1,959	21,841	27,601	(21)	(88)	-	-	21,820	27,513	
Finance cost, net	(17,102)	(14,238)	-	-	(1,403)	(1,086)	(234)	(667)	-	-	-	-	1,936	718	(16,803)	(15,273)	-	-	-	-	(16,803)	(15,273)	
Share of results of associates	-	-	-	-	-	-	-	-	-	-	2,808	(804)	-	-	2,808	(804)	-	-	-	-	2,808	(804)	
Profit/(loss) before taxation	3,560	1,373	3,153	5,509	824	1,742	(763)	88	(502)	(70)	2,104	205	-	-	7,846	11,524	(21)	(88)	-	-	7,825	11,436	
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,539)	(2,017)	-	-	-	-	(1,539)	(2,017)	
Taxation from discontinuing operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit/(loss) after taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,307	9,507	(21)	(88)	-	-	6,286	9,419	
Loss from discontinuing operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(21)	(88)	-	-	(21)	(88)	
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(153)	(4,910)	-	-	-	-	(153)	(4,910)	
Net profit/(loss) for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,154	4,597	(42)	(176)	-	-	6,112	4,421	
<b>Assets</b>																							
Investments in associates	-	-	-	-	-	-	-	-	-	-	47,779	51,964	(2,846)	(4,821)	44,933	47,143	-	-	-	-	44,933	47,143	
Additions to non-current assets	452	-	5,856	4,564	9	8	-	5	1	5	68	453	-	-	6,386	5,035	-	-	-	-	6,386	5,035	
<b>Segments assets</b>	<b>2,406,326</b>	<b>114,063</b>	<b>1,429,218</b>	<b>2,830,948</b>	<b>517,334</b>	<b>428,414</b>	<b>23,806</b>	<b>52,135</b>	<b>28,137</b>	<b>29,995</b>	<b>750,468</b>	<b>752,674</b>	<b>(721,874)</b>	<b>(754,602)</b>	<b>4,433,415</b>	<b>3,453,627</b>	<b>-</b>	<b>6,245</b>	<b>-</b>	<b>-</b>	<b>4,433,415</b>	<b>3,459,872</b>	
<b>Segment liabilities</b>	<b>2,501,173</b>	<b>959,104</b>	<b>699,041</b>	<b>1,364,582</b>	<b>490,980</b>	<b>405,106</b>	<b>16,188</b>	<b>41,792</b>	<b>3,847</b>	<b>4,089</b>	<b>13,009</b>	<b>11,310</b>	<b>(56,872)</b>	<b>(95,347)</b>	<b>3,667,366</b>	<b>2,690,636</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>3,667,366</b>	<b>2,690,649</b>	

**SELECTED EXPLANATORY NOTES  
REQUIREMENTS OF MFRS 134**

**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 March 2012.

**A30. Significant Events and Transactions**

There were no major significant events and transactions during the quarter ended 31 March 2012.

**A31. Explanation of transition to MFRSs**

As stated in note A1, these are the Group's first consolidated interim financial statements prepared in accordance with MFRSs.

In preparing its opening MFRS statement of financial position, the Group has adjusted amounts reported previously in financial statements prepared in accordance with FRSs. An explanation of how the transition from previous FRSs to MFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

**A31. Explanation of transition to MFRSs**

**Reconciliation of equity**

Group	Note	Previous	Effect of	MFRSs	Previous	Effect of	MFRSs	Previous	Effect of	MFRSs
		FRSs	transition to MFRSs 1 January 2011		FRSs	transition to MFRSs 31 March 2011		FRSs	transition to MFRSs 31 December 2011	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>										
Cash and short-term funds		1,300,957	-	1,300,957	1,125,924	-	1,125,924	1,321,052	-	1,321,052
Deposits and placements with banks and other financial institutions		847	-	847	847	-	847	375	-	375
Financial assets held-for-trading		303,199	-	303,199	189,413	-	189,413	241,218	-	241,218
Financial investments available-for-sale		757,315	-	757,315	753,642	-	753,642	849,087	-	849,087
Loans, advances and financing	A	605,264	6,750	612,014	519,296	6,828	526,124	547,353	7,418	554,771
Balances due from clients and brokers		256,344	-	256,344	250,272	-	250,272	179,315	-	179,315
Other assets		120,637	-	120,637	411,608	-	411,608	232,432	-	232,432
Statutory deposit with Bank Negara Malaysia		9,150	-	9,150	15,980	-	15,980	39,490	-	39,490
Tax recoverable		19,122	-	19,122	13,491	-	13,491	13,640	-	13,640
Investments in associates		49,102	-	49,102	47,143	-	47,143	44,297	-	44,297
Property, plant and equipment		22,466	-	22,466	25,127	-	25,127	26,356	-	26,356
Intangible assets		81,345	-	81,345	81,072	-	81,072	80,306	-	80,306
Deferred tax assets	A	15,558	(1,687)	13,871	14,693	(1,707)	12,986	13,970	(1,855)	12,115
Assets held for resale		6,332	-	6,332	6,243	-	6,243	6,085	-	6,085
<b>Total assets</b>		<b>3,547,638</b>	<b>5,063</b>	<b>3,552,701</b>	<b>3,454,751</b>	<b>5,121</b>	<b>3,459,872</b>	<b>3,594,976</b>	<b>5,563</b>	<b>3,600,539</b>
<b>Liabilities</b>										
Deposits from customers		1,012,577	-	1,012,577	926,366	-	926,366	1,031,980	-	1,031,980
Deposits and placements of banks and other financial institutions		806,689	-	806,689	783,107	-	783,107	827,902	-	827,902
Borrowings		65,757	-	65,757	26,176	-	26,176	31	-	31
Balances due to clients and brokers		586,525	-	586,525	617,793	-	617,793	580,818	-	580,818
Other liabilities		313,187	-	313,187	332,286	-	332,286	390,849	-	390,849
Provision for taxation and zakat		239	-	239	516	-	516	197	-	197
Subordinated obligations		1,510	-	1,510	1,541	-	1,541	1,384	-	1,384
Derivative financial liabilities		1,571	-	1,571	2,855	-	2,855	2,145	-	2,145
Liabilities held for resale		9	-	9	9	-	9	21	-	21
<b>Total liabilities</b>		<b>2,788,064</b>	<b>-</b>	<b>2,788,064</b>	<b>2,690,649</b>	<b>-</b>	<b>2,690,649</b>	<b>2,835,327</b>	<b>-</b>	<b>2,835,327</b>

**A31. Explanation of transition to MFRSs**

**Reconciliation of equity (cont'd.)**

Group	Note	1 January 2011			31 March 2011			31 December 2011		
		Previous FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000	Previous FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000	Previous FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
<b>Shareholders equity</b>										
Share capital		611,759	-	611,759	611,759	-	611,759	611,759	-	611,759
Share premium		75	-	75	75	-	75	75	-	75
Retained profits/(Accumulated losses)	B	9,339	(4,582)	4,757	13,702	(4,524)	9,178	8,499	(4,082)	4,417
Regulatory reserve	C	-	-	-	-	-	-	-	-	-
Exchange fluctuation reserve	D	(9,645)	9,645	-	(10,801)	9,645	(1,156)	(8,136)	9,645	1,509
Statutory reserve		57,458	-	57,458	57,458	-	57,458	65,699	-	65,699
Fair value reserve		2,930	-	2,930	1,957	-	1,957	2,839	-	2,839
Capital reserve		71,952	-	71,952	71,952	-	71,952	71,952	-	71,952
		<u>743,868</u>	<u>5,063</u>	<u>748,931</u>	<u>746,102</u>	<u>5,121</u>	<u>751,223</u>	<u>752,687</u>	<u>5,563</u>	<u>758,250</u>
Non-controlling interests		15,706	-	15,706	18,000	-	18,000	6,962	-	6,962
<b>Total equity</b>		<u>759,574</u>	<u>5,063</u>	<u>764,637</u>	<u>764,102</u>	<u>5,121</u>	<u>769,223</u>	<u>759,649</u>	<u>5,563</u>	<u>765,212</u>
<b>Total liabilities and shareholders equity</b>		<u>3,547,638</u>	<u>5,063</u>	<u>3,552,701</u>	<u>3,454,751</u>	<u>5,121</u>	<u>3,459,872</u>	<u>3,594,976</u>	<u>5,563</u>	<u>3,600,539</u>

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**A31. Explanation of transition to MFRSs**

**Reconciliation of equity**

Company	Previous	Effect of	MFRSs	Previous	Effect of	MFRSs	Previous	Effect of	MFRSs
	FRSs	transition		FRSs	transition		FRSs	transition	
	1 January 2011 (date of transition to MFRS)	to MFRSs		31 March 2011	to MFRSs		31 December 2011	to MFRSs	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>									
Cash and short-term funds	37,435	-	37,435	30,476	-	30,476	13,074	-	13,074
Financial assets held-for-trading	21,422	-	21,422	22,237	-	22,237	25,450	-	25,450
Other assets									
- Amount due from subsidiaries	13,638	-	13,638	15,000	-	15,000	16,367	-	16,367
- Other receivables	105	-	105	153	-	153	324	-	324
Tax recoverable	5,438	-	5,438	5,438	-	5,438	5,438	-	5,438
Investments in subsidiaries	615,994	-	615,994	620,337	-	620,337	630,337	-	630,337
Investment in an associate	20,210	-	20,210	20,210	-		13,360	-	13,360
Property, plant and equipment	643	-	643	1,025	-	1,025	1,507	-	1,507
Intangible assets	130	-	130	97	-	97	18	-	18
<b>Total assets</b>	<b>715,015</b>	<b>-</b>	<b>715,015</b>	<b>714,973</b>	<b>-</b>	<b>694,763</b>	<b>705,875</b>	<b>-</b>	<b>705,875</b>
<b>Liabilities and equity</b>									
Other liabilities	4,412	-	4,412	5,702	-	5,702	1,054	-	1,054
Provision for taxation and zakat	-	-	-	-	-	-	4,353	-	4,353
Deferred tax liabilities	2,100	-	2,100	2,250	-		1,613	-	1,613
<b>Total liabilities</b>	<b>6,512</b>	<b>-</b>	<b>6,512</b>	<b>7,952</b>	<b>-</b>	<b>5,702</b>	<b>7,020</b>	<b>-</b>	<b>7,020</b>
Share capital	611,759	-	611,759	611,759	-	611,759	611,759	-	611,759
Share premium	75	-	75	75	-	75	75	-	75
Retained profits	96,669	-	96,669	95,187	-	95,187	87,021	-	87,021
<b>Total equity</b>	<b>708,503</b>	<b>-</b>	<b>708,503</b>	<b>707,021</b>	<b>-</b>	<b>707,021</b>	<b>698,855</b>	<b>-</b>	<b>698,855</b>
<b>Total liabilities and equity</b>	<b>715,015</b>	<b>-</b>	<b>715,015</b>	<b>714,973</b>	<b>-</b>	<b>712,723</b>	<b>705,875</b>	<b>-</b>	<b>705,875</b>

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**A31. Explanation of transition to MFRSs (Cont'd)**

**Reconciliation of total comprehensive income  
for the three months ended 31 March 2011**

Group	Previous FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
<b>Continuing operations</b>			
Interest income	28,224	-	28,224
Interest expense	(15,273)	-	(15,273)
Net interest income	12,951	-	12,951
Other operating income	59,710	-	59,710
Net income	72,661	-	72,661
Other operating expenses	(59,988)	-	(59,988)
Operating profit	12,673	-	12,673
Impairment allowance on loans, advances and financing	(223)	78	(145)
Impairment allowance on balances due from clients and brokers and other receivables	(288)	-	(288)
	12,162	78	12,240
Share of results in associates	(804)	-	(804)
Profit before taxation	11,358	78	11,436
Taxation	(1,997)	(20)	(2,017)
Profit for the period from continuing operations	9,361	58	9,419
<b>Discontinued operation</b>			
Loss for the period	(88)	-	(88)
Profit for the period	9,273	58	9,331
Other comprehensive loss:			
Foreign exchange differences on consolidation	(1,156)	-	(1,156)
Net loss in fair value changes of financial investments available-for-sale	(973)	-	(973)
Other comprehensive loss for the period, net of tax	(2,129)	-	(2,129)
Total comprehensive income for the period, net of tax	7,144	58	7,202

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**A31. Explanation of transition to MFRSs (Cont'd)**

**Reconciliation of total comprehensive income  
for the year ended 31 December 2011**

<b>Group</b>	<b>Previous FRSs RM'000</b>	<b>Effect of transition to MFRSs RM'000</b>	<b>MFRSs RM'000</b>
<b>Continuing operations</b>			
Interest income	110,175	-	110,175
Interest expense	(58,539)	-	(58,539)
Net interest income	51,636	-	51,636
Other operating income	184,988	-	184,988
Net income	236,624	-	236,624
Other operating expenses	(225,140)	-	(225,140)
Operating profit	11,484	-	11,484
Impairment allowance:			
Impairment allowance on loans, advances and financing	(4,067)	668	(3,399)
Reversal of impairment for bad and doubtful accounts on balances due from clients and brokers and other receivables	13,748	-	13,748
Impairment of investment in an associate	(419)	-	(419)
	20,746	668	21,414
Share of results in associates	(5,877)	-	(5,877)
Profit before taxation	14,869	668	15,537
Taxation	(2,792)	(168)	(2,960)
Profit for the year from continuing operations	12,077	500	12,577
<b>Discontinued operation</b>			
Loss for the year	(236)	-	(236)
Profit for the year	11,841	500	12,341
<b>Other comprehensive income/(loss):</b>			
Foreign exchange differences on consolidation	1,509	-	1,509
Net loss on fair value changes of financial investments available-for-sale	(91)	-	(91)
Other comprehensive income for the year, net of tax	1,418	-	1,418
<b>Total comprehensive income for the year, net of tax</b>	<b>13,259</b>	<b>500</b>	<b>13,759</b>

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**A31. Explanation of transition to MFRSs (Cont'd)**

**Reconciliation of total comprehensive income  
for the three months ended 31 March 2011**

<b>Company</b>	<b>Previous FRSs RM'000</b>	<b>Effect of transition to MFRSs RM'000</b>	<b>MFRSs RM'000</b>
Interest income	528	-	528
Interest expense	-	-	-
Net interest income	528	-	528
Other operating income	1,780	-	1,780
Net income	2,308	-	2,308
Other operating expenses	(3,640)	-	(3,640)
Loss before taxation	(1,332)	-	(1,332)
Taxation	(150)	-	(150)
Loss for the period	(1,482)	-	(1,482)
Total comprehensive loss for the period, net of tax	(1,482)	-	(1,482)



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**A31. Explanation of transition to MFRSs (Cont'd)**

**Reconciliation of total comprehensive income  
for the year ended 31 December 2011**

<b>Company</b>	<b>Previous FRSs RM'000</b>	<b>Effect of transition to MFRSs RM'000</b>	<b>MFRSs RM'000</b>
Interest income	2,169	-	2,169
Interest expense	-	-	-
Net interest income	<u>2,169</u>	<u>-</u>	<u>2,169</u>
Other operating income	11,650	-	11,650
Net income	<u>13,819</u>	<u>-</u>	<u>13,819</u>
Other operating expenses	(17,104)	-	(17,104)
Operating loss	<u>(3,285)</u>	<u>-</u>	<u>(3,285)</u>
Impairment of investment in an associate	<u>(6,850)</u>	<u>-</u>	<u>(6,850)</u>
Loss before taxation	<u>(10,135)</u>	<u>-</u>	<u>(10,135)</u>
Taxation	487	-	487
Loss for the year	<u>(9,648)</u>	<u>-</u>	<u>(9,648)</u>
Total comprehensive loss for the year, net of tax	<u>(9,648)</u>	<u>-</u>	<u>(9,648)</u>

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**A31. Explanation of transition to MFRSs (Cont'd)**

**Notes to the reconciliations of equity and total comprehensive income**

**A Loans, advances and financing**

In the previous FRSs as modified by Bank Negara Malaysia ("BNM") Guidelines, the Bank subsidiary have applied the transitional arrangement issued by BNM on Classification and Impairment Provisions for loans, advances and financing, whereby collective impairment allowance is maintained at 1.5% of total outstanding loans, net of individual impairment. This transitional arrangement was removed with effect from 1 January 2012.

Under the MFRS framework, the Bank subsidiary's accounting policy on loan collective impairment assessment has been changed to comply with MFRS 139: Financial Instruments: Recognition and Measurement. As a result of the change, the cumulative allowance under the previous FRSs has been retrospectively adjusted.

This transitional adjustment leads to different temporary differences. Deferred tax adjustment is recognised in correlation to the underlying transaction in retained earnings.

The impact arising from the changes are summarised as follows:

	<b>1 January 2011 RM'000</b>	<b>31 March 2011 RM'000</b>	<b>31 December 2011 RM'000</b>
<b>Consolidated statement of financial position</b>			
Loans, advances and financing	6,750	6,828	7,418
Related tax effect	(1,687)	(1,707)	(1,855)
	<u>5,063</u>	<u>5,121</u>	<u>5,563</u>

**B Accumulated losses**

The changes that decreased/ (increased) accumulated losses are summarised as follows:

	<b>Note</b>	<b>1 January 2011 RM'000</b>	<b>31 March 2011 RM'000</b>	<b>31 December 2011 RM'000</b>
<b>Consolidated statement of financial position</b>				
Loans, advances and financing	<b>A</b>	6,750	6,828	7,418
Reclassification of reserve	<b>D</b>	(9,645)	(9,645)	(9,645)
Deferred tax	<b>A</b>	(1,687)	(1,707)	(1,855)
<b>Increase in accumulated losses</b>		<u>(4,582)</u>	<u>(4,524)</u>	<u>(4,082)</u>

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**A31. Explanation of transition to MFRSs (Cont'd)**

**Notes to the reconciliations of equity and total comprehensive income (cont'd.)**

**C Regulatory reserve**

The changes that (decreased) / increased regulatory reserve is summarised as follows:

	Note	1 January 2011 RM'000	31 March 2011 RM'000	31 December 2011 RM'000
<b>Consolidated statement of financial position</b>				
Loans, advances and financing	A	-	-	-
Deferred tax	A	-	-	-
<b>Increase in regulatory reserve</b>		<u>-</u>	<u>-</u>	<u>-</u>

**D Foreign currency translation**

In accordance with MFRS1, the Group has elected to deem the cumulative foreign exchange currency translation differences that arose prior to the date of transition in respect of foreign operations to be zero at the date of transition on 1 January 2011.

The impact arising from the change is summarised as follows:

	1 January 2011 RM'000	31 March 2011 RM'000	31 December 2011 RM'000
<b>Consolidated statement of financial position</b>			
Exchange reserve	(9,645)	(9,645)	(9,645)
<b>Adjustment to accumulated losses</b>	<u>(9,645)</u>	<u>(9,645)</u>	<u>(9,645)</u>

**E Statement of cash flows**

The transition from the previous FRSs to MFRSs has not had a material impact on the statement of cash flows.

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

**B1. Performance analysis of the Group for the quarter and financial year to date**

**First Quarter 2012 ("1Q12") versus First Quarter 2011 ("1Q11")**

The Group reported a net profit of RM6.29 million for 1Q12, 33% lower than 1Q11, largely due to a decline in the brokerage income from the stock broking business.

Net interest income declined 11% to RM11.48 million due to compression in margin as a result of lower corporate loans volume and increase in deposits accepted.

Non-interest income declined by 14% to RM51.34 million largely due to decline in brokerage income which was partially offset by higher trading and investment income attributed to higher gain on sale of securities as well as non-recurring income recognised for special purpose entities as two unit trust funds were consolidated in 1Q11 in accordance with IC 112: Consolidation - Special Purpose Entities.

Operating expenses were comparable to 1Q11, and marginally rose 0.7% as a result of higher staff-related costs.

There was a net write-back of impairment on loans, advances and financing, balances due from clients and brokers and other receivables of RM2.82 million in 1Q12 compared to an impairment charge of RM 0.43 million in 1Q11 as a result of reversal of impairment charges and lower individual impairment set aside in 1Q12.

Share of profits from associates contributed RM2.81 million in 1Q12 compared to a loss of RM0.80 million in the same period last year.

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

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

**First Quarter 2012 ("1Q12") versus Fourth Quarter 2011 ("4Q11")**

Compared to 4Q11, the Group's pre-tax profit grew by RM10.67 million from a loss of RM2.84 million in 4Q11 to a profit of RM7.83 million in 1Q12, mainly due to higher brokerage income from the stock broking business as well as trading and investment income from treasury activities.

Net interest income declined 3% to RM11.48 million due to the increase in deposits accepted and even though asset volumes expanded, net interest income was lower due to compression in margin. Non-interest income improved by 16% to RM51.34 million largely due to higher brokerage income and investment income attributed to higher gain on sale of securities.

Operating expenses declined by 7% from 4Q11 mainly on lower administration and general expenses as professional and legal fees declined with the settlement of legacy loans during 1Q12.

Net write-back of impairment on loans, advances and financing, balances due from clients and brokers and other receivables of RM2.81 million in 1Q12 was lower compared to RM12.29 million in 4Q11 largely as a result of a RM15 million bad debts recovery in 4Q11 from the stock broking business.

Share of profits from associates contributed RM2.82 million in 1Q12 compared to a loss of RM1.85 million in 4Q11. This was in contrast with 4Q11 where an impairment charge of RM4.37 million was set aside for investments in associates as the annual impairment assessments of assets were performed in 4Q11.

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

**B3. Prospects for 2012**

The IMF forecasts global GDP to grow 4.0% in 2012, the same pace as 2011, with advanced economies expected to expand only 1.9% (1.6% in 2011) versus 6.1% growth in emerging and developing economies (6.4% in 2011). Advanced economies' inflation is projected to be at 1.4% (2.6% in 2011) whilst inflation in emerging and developing economies will be much higher at 5.9% (7.5% in 2011).

Against this external backdrop and resilient domestic demand, the Malaysian economy posted 5.1% growth for 2011. This is consistent with the expansion of productive capacity following high growth in private investment, which is forecasted to grow 15.9% following a 16.2% expansion in 2011. The key drivers for this are the Economic Transformation Programme (ETP) and foreign direct investment (FDI).

Malaysian inflation is forecasted to moderate to 2.9% in 2012 following 3.0% in 2011. Balancing growth and inflation concerns, Bank Negara is expected to maintain the Overnight Policy Rate at 3.0% throughout the year. With no expected cut for interest rates, the ringgit should continue to appreciate and has the potential to reach the 2.90-level against the US\$ this year.

As a whole, 2012 could still be a better year in terms of market volatility and corporate earnings growth in contrast to 2011.

The Group has gradually built up its investment banking presence by securing a stream of high-profile mandates in the debt and equity capital markets as well as mergers and acquisitions and strengthening its Equity Broking business. Whilst the earnings are very dependent on the capital market sentiment in Malaysia, the Group's current business strategy is expected to enhance the Group's revenue and earnings.

**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**

	<b>Individual Quarter</b>	<b>Cumulative Quarter</b>
	<b>3 months</b>	<b>3 months</b>
	<b>ended</b>	<b>ended</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2012</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Current period - income tax	2,036	2,036
Deferred taxation	(497)	(497)
Total	<u>1,539</u>	<u>1,539</u>

The effective tax rate for the current quarter is higher than the statutory rate due to expenses which are not deductible for tax purposes.

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

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

There were no sales of unquoted investments and properties for the quarter ended 31 March 2012.

**B7. 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.

**B8. Group Borrowings**

		<b>Total Loans</b>
		<b>RM'000</b>
Subordinated Loan (unsecured)	Note 1	1,350
Short term loan from financial institutions (unsecured)	Note 2	1,500

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 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.

Note 2 : The Group obtained the short term borrowings as follows:  
Kenanga Capital Sdn. Bhd., the money lending subsidiary company, obtained revolving credit facilities from financial institutions in order to finance its own working capital. These facilities have average repayment period of 30 days and the average interest rates charged were 5.0% per annum.

**B9. Off Balance Sheet Financial Instruments**

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

**B10. Dividend**

No interim dividend has been declared for the current quarter ended 31 March 2012.

**B11. Earnings per share**

The amount used as the numerator for the purposes of calculating the basic profit per share for the three-month period is RM6.11 million representing the profit for the period attributable to ordinary equity holders of the parent (31 March 2011: -profit attributable to ordinary equity holders of parent: RM4.42 million).

The weighted average number of shares used as the denominator in calculating the basic earnings per share for the three-month period is 611,759,499 (31 March 2011: 611,759,499).

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

**B12. Derivatives**

As at 31 March 2012, derivative financial liabilities are as follows:

Type of Derivatives	Contract/Notional Value RM'000	Fair Value RM'000
Equity related contracts	-	-
Structured warrants - Less than 1 year	25,070	5,771
Futures - Exchange traded - Less than 1 year	-	-

**Types of derivative financial instruments**

(a) Structured warrants

This is the type of call option that allows the call warrant holders to buy a specific amount of equity, index or other underlying asset from the investment banking subsidiary ("the Bank"), at a specified price and within a certain timeframe.

The Bank does not issue warrants to raise funding but provide call warrant holders with an investment tool to manage their investment portfolio.

Options are contractual agreements upon which, typically the seller (writer) grants the purchaser the right, but not the obligation, either to buy (call option) or to sell (put option) by or at a set date, a specified quantity of a financial instrument or commodity at a predetermined price. The purchaser pays a premium to the seller for this right. Options may be traded in the form of a security ('warrant').

(b) Futures

Futures are exchange traded agreements to buy or sell a standardized value of a specified stock index at a specified future date.

There is minimal credit risk because these contracts are entered into through Bursa Malaysia.

Beside a small fee, the Group is required to place margin deposit for these outstanding contracts.

**Purposes of engaging in derivative financial instruments**

There have been no changes since the end of the previous financial year in respect of the type of derivative financial instruments, the rationale and expected benefits accruing to the Bank from these derivative financial instruments.



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

**Risks associated with derivative financial instruments**

There are no major changes in the associated risks of the derivative financial instruments above since the last financial year.

**B13. Losses Arising From Fair Value Changes of Financial Liabilities**

	<b>Individual Quarter</b>	<b>Cumulative Quarter</b>
	<b>3 months</b>	<b>3 months</b>
	<b>ended</b>	<b>ended</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2012</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Losses from fair value changes of financial liabilities	<u>(897)</u>	<u>(897)</u>

The fair value changes above arose in respect of outstanding equity structured warrants mentioned in Note B12 above.

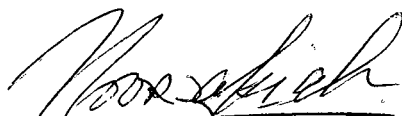
The gains and losses were due to fluctuation of the market prices of the structured warrants concerned as quoted by Bursa Malaysia.

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

**B14. Realised and Unrealised Accumulated Profits/(Losses) Disclosure**

	As at 31 March 2012 RM'000	As at 31 December 2011 RM'000
Total retained profits / (accumulated losses) of Company and its subsidiaries:		
- Realised	(260,124)	(267,747)
- Unrealised	14,127	26,882
	(245,997)	(240,865)
Total share of retained profits / (accumulated losses) from associated companies:		
- Realised	(13,950)	(16,758)
- Unrealised	(177)	(9,822)
	(14,127)	(26,580)
Add: Consolidation adjustments	265,090	271,862
Total group retained profits as per consolidated accounts	4,966	4,417

By Order of the Board  
**K& N KENANGA HOLDINGS BERHAD**



**YM TENGKU DATO' PADUKA NOOR**  
**ZAKIAH BTE TENGKU ISMAIL**  
Chairman

c.c. Issues & Investment Division  
Securities Commission