

First Supplementary Base Prospectus

First Supplementary Base Prospectus relating to the
offering of Structured Warrants
by



KENANGA INVESTMENT BANK BERHAD

(Company No.: 15678-H)

*(A Participating Organisation of Bursa Malaysia Securities Berhad)
(Incorporated in Malaysia under the Companies Act, 1965)*

This First Supplementary Base Prospectus is dated 13 November 2008
and will expire on 11 May 2009

RESPONSIBILITY

OUR DIRECTORS HAVE SEEN AND APPROVED THIS FIRST SUPPLEMENTARY BASE PROSPECTUS. OUR DIRECTORS COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THIS FIRST SUPPLEMENTARY BASE PROSPECTUS AND CONFIRM, AFTER MAKING ALL REASONABLE ENQUIRIES, THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT IN THIS FIRST SUPPLEMENTARY BASE PROSPECTUS FALSE OR MISLEADING.

WE ACKNOWLEDGE THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF OUR KNOWLEDGE AND BELIEF, THE BASE PROSPECTUS AND FIRST SUPPLEMENTARY BASE PROSPECTUS CONSTITUTE A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE OFFERING OF THE STRUCTURED WARRANTS ("OFFER").

NOTWITHSTANDING THE FOREGOING, OUR DIRECTORS DO NOT ACCEPT RESPONSIBILITY FOR THE CONTENTS OF INFORMATION ON THE UNDERLYING COMPANY AND/OR UNDERLYING INDEX SPONSOR SAVE FOR THE FACT THAT THE INFORMATION IS AN ACCURATE EXTRACT OR SUMMARY OF RELEVANT PUBLICLY RELEASED INFORMATION.

STATEMENTS OF DISCLAIMER

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE OFFER. HOWEVER, THIS IS NOT AN INDICATION THAT THE SC RECOMMENDS THE OFFER. THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON OUR PART, IS NOT RESPONSIBLE FOR THE CONTENTS OF THE BASE PROSPECTUS AND FIRST SUPPLEMENTARY BASE PROSPECTUS, AND MAKES NO REPRESENTATION AS TO THE ACCURACY AND COMPLETENESS OF THIS BASE PROSPECTUS. THE SC SHALL NOT BE LIABLE FOR ANY LOSS ARISING FROM OR AS A RESULT OF YOUR RELIANCE ON THIS BASE PROSPECTUS. **YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE OFFER AND THE INVESTMENT IN THE STRUCTURED WARRANTS. IN CONSIDERING THIS INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

ADMISSION OF THE STRUCTURED WARRANTS TO THE OFFICIAL LIST OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") IS NOT TO BE TAKEN AS AN INDICATION OF OUR MERITS, THE MERITS OF THE OFFER, THE STRUCTURED WARRANTS, THE UNDERLYING SHARES OR THE UNDERLYING INDICES.

THIS FIRST SUPPLEMENTARY BASE PROSPECTUS HAS BEEN REGISTERED WITH THE SC AND LODGED WITH THE REGISTRAR OF COMPANIES. NEITHER THE SC NOR THE REGISTRAR OF COMPANIES TAKES ANY RESPONSIBILITY FOR THE CONTENTS OF THIS BASE PROSPECTUS.

OTHER STATEMENTS

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM THE BURSA SECURITIES' WEBSITE AT WWW.BURSAMALAYSIA.COM.

WE WILL NOT TAKE ANY ACTION TO ENSURE THAT THIS PROSPECTUS COMPLIES WITH THE LAWS OF ANY COUNTRIES OR JURISDICTION OTHER THAN THE LAWS OF MALAYSIA. IT IS YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS ON THE APPLICABLE LAWS THAT YOU ARE OR MIGHT BE SUBJECT TO. NEITHER OUR ADVISER NOR WE WILL ACCEPT ANY RESPONSIBILITY OR LIABILITY IF YOUR APPLICATION BECOMES ILLEGAL, UNENFORCEABLE, VOIDABLE OR VOID IN ANY COUNTRY OR JURISDICTION.

YOU ARE WARNED THAT THE PRICE OF THE UNDERLYING SHARES OR LEVEL OF THE UNDERLYING INDICES (AND POTENTIALLY ALONG WITH THEM, THE PRICE OF THE CORRESPONDING STRUCTURED WARRANTS) MAY FALL IN VALUE AS RAPIDLY AS THEY MAY RISE AND YOU MAY SUSTAIN A TOTAL LOSS OF YOUR INVESTMENT. YOU SHOULD THEREFORE MAKE SURE YOU UNDERSTAND THE TERMS AND CONDITIONS OF THE FINANCIAL INSTRUMENTS OFFERED, THE RISK FACTORS INVOLVED AND WHERE NECESSARY, SEEK PROFESSIONAL ADVICE BEFORE INVESTING IN THE STRUCTURED WARRANTS.

The expressions and abbreviations used in this First Supplementary Base Prospectus shall have the same meaning as in the Base Prospectus dated 12 May 2008 unless the term is defined otherwise in this First Supplementary Base Prospectus.

1. CORPORATE DIRECTORY

Directors

As at 15 September 2008, our Directors comprise the following:-

Name	Address	Directorship	Nationality
YM Tengku Dato' Paduka Noor Zakiah Binti Tengku Ismail	17 Jalan Gurney Tiga 54000 Kuala Lumpur	Non-Independent Non- Executive Chairman	Malaysian
YM Raja Dato' Seri Abdul Aziz Bin Raja Salim	36, Jalan Setiaraya Bukit Damansara 50490 Kuala Lumpur	Independent Non- Executive Deputy Chairman	Malaysian
Dato' Ramli Ismail	No 22, Jalan Tengku Ampuan Taman Duta 50480 Kuala Lumpur	Executive Director	Malaysian
Kevin How Kow	No 32A, Jalan Saga Kg Likas 88010 Kota Kinabalu	Independent Non- Executive Director	Malaysian
Dato' Richard Alexander John Curtis	Unit 303 Bampfylde Residence 93100 Kuching	Non-Independent Non-Executive Director	British
Charles McLaughlin	90 Cedar Drive 18 Pak Pat Shan Road Tai Tam Hong Kong	Non-Independent Non-Executive Director	British
Izlan bin Izhab	No 9, Jalan SS14/5C 47500 Subang Jaya Selangor	Independent Non- Executive Director	Malaysian
Luigi Fortunato Ghirardello	17, Ringwood Road 437413 Singapore	Non-Independent Non-Executive Director	Australian

Remuneration Committee

As at 15 September 2008, our Remuneration Committee, which resides at Kenanga comprises the following members:-

Name	Designation	Directorship in Kenanga
YM Raja Dato' Seri Abdul Aziz Bin Raja Salim	Chairman	Independent Non-Executive Director

This First Supplementary Base Prospectus is to be read in conjunction with the Base Prospectus dated 12 May 2008.

Name	Designation	Directorship in Kenanga
Dato' Ramli Ismail	Member	Managing Director
Dato' Richard Alexander John Curtis	Member	Non- Independent Non-Executive Director

Warrant Registrar PFA Registration Services Sdn Bhd (19234-W)
Wholly owned subsidiary of Tricor Services (Malaysia) Sdn Bhd
Level 17, The Gardens North Tower, Mid Valley City,
Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia
Telephone no.: (03) 2264 3883
Facsimile no.: (03) 2282 1886

2. HISTORY AND BUSINESS

2.1 Business Overview

Treasury division

The Treasury division has been upgraded to a full-fledged division with its scope extended to cater for a portfolio of services which includes acceptance of both short and long term deposits, issuance of negotiable instruments of deposits and the provision of foreign exchange services and derivatives activities both in the local market as well as overseas. Treasury division also trades in fixed income products such as Malaysian Government Securities, Government Investment Issue, Malaysian Treasury Bills (Conventional and Islamic), Bank Negara Monetary Notes (Conventional and Islamic) and Private Debt Securities. The division provides value added services in identifying market risk and structure solutions tailored to meet specific hedging and investment requirement.

3. OUR BOARD

As at 15 September 2008, our Directors comprise the following:-

Name	Designation	Year appointed	Expiration date of current term of appointment
YM Tengku Dato' Paduka Noor Zakiah Binti Tengku Ismail	Non-Independent Non-Executive Chairman	1973	29/1/2009
YM Raja Dato' Seri Abdul Aziz Bin Raja Salim	Independent Non- Executive Deputy Chairman	2002	29/1/2009
Dato' Ramli Ismail	Executive Director	1980	22/8/2010
Kevin How Kow	Independent Non-Executive Director	2005	29/1/2009
Dato' Richard Alexander John Curtis	Non-Independent Non-Executive Director	2007	25/9/2009
Charles McLaughlin	Non-Independent Non-Executive Director	2006	29/1/2009

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Name	Designation	Year appointed	Expiration date of current term of appointment
Izlan bin Izhah	Independent Non-Executive Director	2008	25/2/2011
Luigi Fortunato Ghirardello	Non-Independent Non-Executive Director	2008	28/7/2011

All our Directors appointed to the Board, except for Dato' Richard Alexander John Curtis, Izlan bin Izhah and Luigi Fortunato Ghirardello have served in their respective capacity since 30 January 2007, being the date we commenced business as an investment bank and are subject to retirement by rotation according to our Articles of Association, re-appointment pursuant to Section 129 of the Act and prior approval from BNM.

3.1 Profile of Directors

YM Tengku Dato' Paduka Noor Zakiah Binti Tengku Ismail
Malaysian, 80 years old
Non-Independent Non-Executive Chairman

YM Tengku Dato' Paduka Noor Zakiah was appointed to the Board of KIBB on 6 September 1973.

She was the co-founder of KIBB in 1973 and has been the major shareholder of KIBB and subsequently, Kenanga. Prior to this, she was a partner in a stock broking firm, Hallam & Co.

She was the first lady member of Bursa Securities in 1964 and has over 40 years experience in the securities industry. She was one of the founders of the Association of Stockbroking Companies Malaysia and was appointed as President of the Association, a post she held until 1994 when she became its Chairperson. She retired as Chairperson in 1997 and was made a Life Advisor to the Association.

YM Raja Dato' Seri Abdul Aziz Bin Raja Salim
Malaysian, 69 years old
Independent Non-Executive Deputy Chairman

YM Raja Dato' Seri Abdul Aziz Bin Raja Salim was appointed to the Board of KIBB on 8 February 2002.

He is an Honorary Fellow of the Malaysian Institute of Taxation, Fellow of the Chartered Association of Certified Accountants, United Kingdom, Fellow of the Chartered Institute of Management Accountants ("CIMA"), United Kingdom and a Chartered Accountant (Malaysia).

He served as Director General of Inland Revenue Malaysia from 1980 to 1990 and Accountant General Malaysia from 1990 to 1994. After his retirement from the Government service, he was appointed as Chairman of BSN Commercial Bank (M) Berhad from 1995 to 1999. He was a Board Member of several Government agencies and organisations as well as Deputy Chairman of the Employees Provident Fund and Deputy Chairman of the Universiti Pertanian Malaysia Council. Raja Dato' Seri Abdul Aziz was the President of CIMA, Malaysia from 1976 to 1993 and a council member of CIMA, United Kingdom from 1990 to 1996. He was awarded the CIMA Gold Medal in recognition of his outstanding service to the Accounting Profession. He was a council member of the Malaysian Institute of Accountants ("MIA") until September 2005 and still sits on several MIA committees. At present, he is also the Chairman of Amanah Saham MARA Berhad.

Y Bhg Dato' Ramli Ismail,
Malaysian, 65 years old
Executive Director

Y Bhg Dato' Ramli Ismail was appointed to the Board of KIBB on 22 January 1980.

He is a Member of the Australian Society of Certified Practising Accountants. He joined KIBB as shareholder and Executive Director in 1980. In 1973, he was admitted as a Member of Bursa Securities. In the same year, he established the stock broking firm, Razak & Ramli and was there until 1980. He served as a Member of the Bursa Securities Committee from 1985 to 1991 and was Deputy Chairman of the Committee for two terms from 1986 to 1987 and 1989 to 1991.

Kevin How Kow
Malaysian, 60 years old
Independent Non-Executive Director

Kevin How Kow was appointed to the Board of KIBB on 15 April 2005.

He is a Fellow of the Institute of Chartered Accountants in England & Wales and a member of MIA, Malaysian Institute of Certified Public Accountants and Institute of Certified Public Accountants of Singapore.

He was made a partner of Ernst & Young, Malaysia in 1984. He had served as the partner-in-charge of its offices in Sabah and Sarawak and later from 1996 onwards as the partner-in-charge of its practice in Sabah and Labuan until his retirement on 31 December 2003.

Charles McLaughlin
British, 47 years old
Non-Independent Non-Executive Director

Charles McLaughlin was appointed to the Board of KIBB on 14 July 2006.

He holds a Bachelor of Arts (Honours) in Business Studies (Glasgow Caledonian) and a Master of Arts in Business Administration (Distinction) (London Guildhall).

Charles is the Managing Director/ Chief Operating Officer ("COO") for Global Markets Equities Asia for Deutsche Bank AG ("Deutsche Bank"), based in Hong Kong. Charles joined Deutsche Bank in 2005, and represents Deutsche Bank on numerous corporate boards across Asia. Prior to joining Deutsche Bank, Charles spent 12 years with JP Morgan with assignments in London, New York, Tokyo and Hong Kong. After serving in several operations and technology roles, Charles became Asia Pacific Head of Operations for Equities and Futures & Options, based in Tokyo from 1996 to 2002. In 2002, Charles moved to Hong Kong and became joint Head and COO for Equity Derivatives in Asia Pacific before becoming COO for Equities Asia Pacific in 2004.

Dato' Richard Alexander John Curtis
British, 56 years old
Non-Independent Non-Executive Director

Y. Bhg Dato' Richard Alexander John Curtis was appointed to the Board of KIBB on 26 September 2007.

He holds a Bachelor of Laws (LL.B) (Honours) University of Bristol, United Kingdom and is admitted as a solicitor in England, Wales and Hong Kong. He is also a Sloan Fellow of the London Business School, United Kingdom.

He is currently the Group Managing Director of Cahya Mata Sarawak Berhad, a conglomerate listed on the Main Board of Bursa Securities with cement, construction materials, infrastructure and property development as its main businesses. He was appointed as the Group Managing Director in September 2006.

Izlan bin Izhah
Malaysian, 62 years old
Independent Non-Executive Director

Izlan bin Izhah was appointed to the Board of KIBB on 26 February 2008.

Izlan bin Izhah graduated with a Bachelor of Laws from the University of London, United Kingdom and Advanced Management from the University of Hawaii, United States of America. He started his career with Majlis Amanah Rakyat from 1973 to 1975 as an assistant legal officer in the legal advisory and advocacy. He later joined Komplek Kewangan Malaysia Berhad (KKMB) in 1975 to 1978. His last position in KKMB was as joint company secretary in the legal advisory and company secretarial division. From 1978 to 1984, he joined Permodalan Nasional Berhad as the Company Secretary in the legal advisory and company secretarial division.

He was the Executive Vice President, Corporate and Legal affairs in the legal advisory and company secretarial of Kuala Lumpur Stock Exchange (now known as Bursa Securities) before retiring in 2000.

Luigi Fortunato Ghirardello
Australian, 44 years old
Non Independent Non-Executive Director

Luigi Ghirardello was appointed to the Board of KIBB on 28 July 2008.

He holds a Bachelor of Arts and a Bachelor of Laws from the University of Sydney, Australia. He also has a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia.

He has held various senior trading and management positions in the banking industry, starting his career at National Australia Bank in 1987. In 1993, he joined Schroders Australia Ltd as Associate Director and Trading Manager in their capital markets divisions, primarily managing interest rate positions.

In 1995, he joined Deutsche Bank in Sydney as Head of Money Markets/Repo. In 2000, he was appointed Managing Director, Global Head of Money Markets Trading and Securities based in London. He served on the European Executive Committee for Global Markets and was a member of the Global Markets Asset/Liability Committee. In 2002, he was appointed as Deputy Chairman of the Global Markets Risk Committee.

In 2004, he relocated to Singapore as Managing Director, Head of Global Finance – Asia Pacific. Responsibilities included the integration of the money markets and foreign exchange trading units in the region, regional liquidity management and leading the Futures exchange business in Asia Pacific. He was also a member of the Asian Global Markets Executive Committee.

In 2007, he was appointed as Global Head of Proprietary Trading, Global Finance and Foreign Exchange. He left Deutsche Bank in April 2008.

4. OUR KEY MANAGEMENT TEAM

Our key management team as at 15 September 2008 is as set out below:-

Name	Designation
Dato' Ramli Ismail	Executive Director
Lee Kok Khee	Acting Chief Executive Officer
James Lau Yew Kong	Senior Director, Equities
Chew Eng Kee	Chief Financial Officer
Penny Cheah Pek Yoke	Chief Operating Officer
Dr. Loh Leong Hua	Head of Corporate and Investment Banking

5. FINANCIAL HIGHLIGHTS

The unaudited results, balance sheet and cash flow statement of KIBB for the six (6) month financial period ("FPE") ended 30 June 2008 are set out below. As permitted under the Act, the financial results of KIBB's subsidiary companies are not consolidated with the financial results of KIBB. The financial statements of KIBB Group are consolidated in the financial statements of Kenanga, as KIBB is a wholly-owned subsidiary company of Kenanga. Please refer to our website at www.kenanga.com.my for details of the audited financial statements of KIBB and our subsidiaries.

Income Statement

	Unaudited FPE 30 June 2008 RM '000
Interest income	41,170
Interest expense	(20,317)
Net interest income	20,853
Other operating income	75,186
Net income	96,039
Other operating expenses	(85,384)
	10,655
Allowances for losses on loans and advances	(12,478)
Allowance for bad and doubtful debts on balances due from clients, brokers and other receivables	(5,857)
Loss before taxation	(7,680)
Taxation	(486)
Loss after taxation	(8,166)

This First Supplementary Base Prospectus is to be read in conjunction with the Base Prospectus dated 12 May 2008.

Unaudited
FPE 30 June 2008
RM '000

Basic EPS (sen)	(1.41)
Weighted average number of ordinary shares in issue ('000)	580,000

Balance Sheet

Unaudited
FPE 30 June 2008
RM '000

Assets

Cash and short-term funds	715,416
Deposits and placements with banks and other financial institutions	15,855
Securities held-for-trading	29,860
Securities available-for-sale	292,946
Securities held-to-maturity	490
Loans and advances	421,390
Balances due from clients and brokers	625,137
Other assets	15,747
Statutory deposit with Bank Negara Malaysia	26,730
Tax recoverable	8,048
Property, plant and equipment	23,998
Investment in subsidiary companies	16,776
Investment in an associated company	68,435
Deferred tax assets	5,925
Intangible assets	70,106
Total Assets	2,336,859

Liabilities

Deposits from customers	766,427
Deposits and placements of banks and other financial institutions	472,663
Balances due to clients and brokers	193,318
Other liabilities	261,949
Total Liabilities	1,694,357

This First Supplementary Base Prospectus is to be read in conjunction with the Base Prospectus dated 12 May 2008.

Unaudited
FPE 30 June 2008
RM '000

Equity	
Share capital	580,000
Reserves	62,502
Total Equity	642,502
Total Liabilities and Equity	2,336,859
Number of ordinary shares in issue ('000)	580,000
NTA per share (RM)	1.11
Financial ratio	
Core capital ratio (%)	34.18%
Risk-weighted capital ratio (%)	34.18%
General provision to net total debtors (%)	0.68%
NPA to net total debtors (%)	6.83%

Cash Flow Statement

Unaudited
FPE 30 June 2008
RM'000

Cash flows from/ (used in) operating activities	
Loss before taxation	(7,680)
Adjustments for:	
Depreciation	2,834
Allowance for bad and doubtful debts on balances due from clients and brokers, and other receivables	5,991
Property, plant and equipment written off	23
Bad debts recovered on balances due from clients and brokers, and other receivables	(133)
Net interest suspend	627
Unrealised foreign exchange loss	212
Property, plant and equipment (capital work-in-progress) charged to income statement	112
Allowance for losses on loans and advances, net of recoveries	12,477
Gross dividend income from investments	(150)
Amortisation of premiums less accretion of discounts	(137)
Net loss from sale of securities available-for-sale	251

This First Supplementary Base Prospectus is to be read in conjunction with the Base Prospectus dated 12 May 2008.

Unaudited
FPE 30 June 2008
RM'000

Gain on disposal of property, plant and equipment	(84)
Net loss from sale of securities held-for-trading	827
Unrealised gain on revaluation of securities held-for-trading	(1,110)
Operating profit before working capital changes	14,060
Changes in working capital	
Other liabilities	(28,107)
Securities held-for-trading	149,953
Loans and advances	(334,439)
Other assets	1,119
Balances due from clients and brokers	28,712
Statutory deposit with BNM	(16,230)
Deposits from customers	345,260
Deposits and placements of banks and other financial institutions	(937)
Balances due to clients and brokers	(78,482)
Trust monies and deposits	69,980
Cash (used in)/generated from operations	150,889
Tax paid	(8,080)
Net cash (used in)/generated from operating activities	142,809
Cash flows from investing activities	
Dividend income	150
Purchase of property, plant and equipment	(3,907)
Proceeds from disposal of property, plant and equipment	87
Proceeds from disposal of securities - net	162,519
Net cash used in/ generated from investing activities	158,849
Cash flows used in financing activities	
Dividends paid by the Bank to its shareholder	(45,700)
Repayment of lease financing	(74)
Net cash used in financing activities	(45,774)
Net increase in cash and cash equivalents	255,884
Cash and cash equivalents at beginning of period	264,417
Cash and cash equivalents at end of period	520,301

This First Supplementary Base Prospectus is to be read in conjunction with the Base Prospectus dated 12 May 2008.

Cash and cash equivalents at end of period comprise:	
Deposits and placements with financial institutions	715,416
Cash and short term funds	15,855
	<u>731,271</u>
Less: Cash and bank balances and deposits held in trust	(210,970)
	<u>520,301</u>

6. OTHER INFORMATION

6.1 Remuneration Committee

As at 15 September 2008, our Remuneration Committee, which resides at Kenanga comprises the following members:-

Name	Designation	Directorship in Kenanga
YM Raja Dato' Seri Abdul Aziz Bin Raja Salim	Chairman	Independent Non-Executive Director
Dato' Ramli Ismail	Member	Managing Director
Dato' Richard Alexander John Curtis	Member	Non-Independent Non-Executive Director

The terms and reference of our Remuneration Committee are as follows:

- (i) To establish a formal and transparent procedure for developing the remuneration policy for Directors, Chief Executive Officer and key senior management officers; and
- (ii) To ensure compensation for the Directors, Chief Executive Officer and key senior management officers is competitive and consistent with our corporate culture, objectives and strategy.

7. MATERIAL LITIGATION

Save as disclosed below, as at 15 September 2008 being the latest practicable date prior to the printing of this First Supplemental Base Prospectus, our Company and subsidiaries are not engaged in any material litigation claim or arbitration, either as plaintiff or defendant, which has a material effect on our financial position or business and our Directors are not aware of any proceedings, pending or threatened, against us or of any fact likely to give rise to any proceedings which might materially and adversely affect our financial position or business.

- (a) **Teng Dark Kwong (“the Plaintiff”) and K&N Kenanga Bhd (now known as KIBB) (“KNKB”): Kuala Lumpur High Court Suit No.: D3-22-1051-2005**

The Plaintiff had filed a claim against KNKB for unlawfully and prematurely forced-selling of shares for general damages (unspecified damages), pre-judgment interest and post-judgment interest at the rate of 8% per annum from the date of judgment until full settlement and costs.

KNKB had successfully struck out the Plaintiff's claim against KNKB on 1 November 2007 and filed the Bill of Costs for costs granted by the Court for successfully striking out the Plaintiff's suit. KNKB's solicitors attended Court on 30 June 2008 for mention of KNKB's Bill of Costs (Enclosure 12). The Plaintiff's solicitors requested for a mention date as the Plaintiff wishes to settle out of court. As such, the Court has fixed Enclosure 12 for hearing on 11 November 2008.

(b) **Har Weng ("the Plaintiff") and K&N Kenanga Bhd (now known as KIBB) ("KNKB"):**
Kuala Lumpur High Court Suit No.: D3-22-1050-2005

The Plaintiff had filed a claim against KNKB for unlawfully and prematurely forced-selling of shares for general damages (unspecified damages), pre-judgment interest and post-judgment interest at the rate of 8% per annum from the date of judgment until full settlement and costs.

KNKB had successfully struck out the Plaintiff's claim against KNKB on 4 October 2007. However, the Plaintiff, dissatisfied with the decision of the learned High Court Judge ("HCJ") had filed an appeal to the Court of Appeal against the learned HCJ's decision. No hearing date has been fixed by the Court of Appeal.

KNKB had filed a Bill of Costs for costs granted by the Deputy Registrar for successfully striking out the Plaintiff's suit and was awarded RM10,000 as getting-up. KNKB had also proceeded to tax the costs awarded by the HCJ in dismissing the Plaintiff's appeal with costs on 4 October 2007. On 24 April 2008, the Deputy Registrar awarded RM5,000 as getting up. Dissatisfied with the award, KNKB has filed for a review of taxation and the Court has fixed the decision for Review of Taxation on 31 July 2008. Upon review, the Deputy Registrar has decided to increase the getting-up to RM7,000.00 thus granting KNKB a total taxed costs of RM7,991.20 together with interest at 8% per annum from 4 October 2007 until the date of full settlement by the Plaintiff.

KNKB's solicitors are of the opinion, based upon the documents made available and facts known to them, that the circumstances of the case suggest that KNKB had a fairly good chance of success in defending the appeal at the Court of Appeal.

(c) **Har Mei Yee ("the Plaintiff") and K&N Kenanga Bhd (now known as KIBB) ("KNKB"):**
Kuala Lumpur High Court Suit No.: D3-22-1049-2005

The Plaintiff had filed a claim against KNKB for unlawfully and prematurely forced-selling of shares for general damages (unspecified damages), pre-judgment interest and post-judgment interest at the rate of 8% per annum from the date of judgment until full settlement and costs.

KNKB had successfully struck out the Plaintiff's claim against KNKB on 1 November 2006. However, the Plaintiff had filed an appeal to the Court of Appeal against the learned High Court Judge's decision on striking out the Plaintiff's claim. No hearing date had been fixed by the Court of Appeal.

KNKB's solicitors are of the opinion, based upon the documents made available and facts known to them, that the circumstances of the case suggest that KNKB had a fairly good chance of success in defending the appeal at the Court of Appeal.

(d) **K&N Kenanga Berhad (now known as KIBB) ("KNKB") vs Datuk Haji Ishak Bin Ismail ("DI"), Proasas Sdn Bhd ("PSB") & Dynaboost Sdn Bhd ("DSB"); Kuala Lumpur High Court Suit No.: D2-22-1869-2001 / Court of Malaysia Civil Appeal No. W-03-834-2005**

This is a claim against PSB and DSB on the outstanding amount in the Trading Account Agreement and Margin Account Agreement respectively. The amount of the claims are

RM23,148,354.41 together with interest at the rate of 9.5% per annum from 12 June 2001 until full settlement and RM11,990,283.21 together with interest at the rate of 9.5% per annum from 12 June 2001 until full settlement respectively.

The Judgment in Default of Appearance was entered against PSB on 3 December 2001 and DSB on 20 December 2001. On 19 May 2003, the Senior Assistance Registrar (“SAR”) allowed KNKB’s application for leave to enter summary judgment (“SJ”) against DI. On 15 July 2005, DI’s Notice of Appeal to Judge in Chambers dated 22 May 2003 against the said SJ granted by the SAR was allowed with costs by the High Court Judge and the said SJ was set aside. Being dissatisfied with the decision of the High Court Judge, KNKB had on 21 July 2005 lodged an appeal to the Court of Appeal against the said decision of the High Court Judge dated 15 July 2005. KNKB’s said appeal to the Court of Appeal but had yet to fix a hearing date. Meanwhile, KNKB’s claim against DI had been fixed for full trial on 20 to 22 October 2008. KNKB had on 30 September 2008 filed Writ of Subpoenas against various parties to attend the Court on the said trial dates.

KNKB’s solicitors are of the opinion, based on the documents made available and the facts known to them, that the circumstances of the case suggest that it would be an even chance of recovering against DI for the losses suffered by KNKB subject to the availability of witnesses and the Judge’s construction on the evidence.

(e) **Ahmad Adzha Bin Kasmuni (“P1”) & Ang Ek Choon (“P2”) (collectively, “Plaintiffs”) vs K&N Kenanga Berhad (“KNKB”) & Anor (Third Parties: Fasrul Hisham Bin Mohamad (“Fasrul”) & 2 Ors): Kuala Lumpur High Court Suit No. S2-22-138-2008)**

P1 and P2 made a claim against KNKB vide Writ of Summons and Statement of Claim dated 31 January 2008 and 31 December 2007 alleging that KNKB had offered them Alam Maritim Resources Bhd’s shares by way of private placement in an Initial Public Offering scheme at the price of RM1.70 per share which was duly accepted by them through a purported Letter of Offers 11 July 2006 and 12 July 2006 respectively. P1 and P2 are claiming for damages of RM1,470,000 each for the shares and loss of profit, KNKB and/or Fasrul to transfer the shares to P1 and P2, damages, interest on the damages at the rate of 8% per annum until full settlement and costs on a fully indemnity basis.

KNKB has filed a Defence denying any liability whatsoever to the Plaintiffs and has sought an order that the Plaintiffs’ claim be dismissed with costs. KNKB has also filed a Third Party Notice on 21 April 2008 against three other parties claiming for a full indemnity and/or contribution from them against the Plaintiffs’ claim and costs. A Summons for Third Party Directors was filed on 4 June 2008 and was fixed for hearing on 4 August 2008. The Court ordered KNKB to file and serve a Statement of Claim on 2nd Third Party and the same was served on 25 August 2008. As for the 1st and 3rd Third Parties, KNKB will proceed to effect substituted serve of the Third Party Notice on the same.

(f) **Admad Adzha Bin Kasmuni (“Plaintiff”) vs K&N Kenanga Berhad (“KNKB”) & Anor (Third Parties: Fasrul Hisham Bin Mohamad (“Fasrul”) & 3 Ors): Kuala Lumpur High Court Suit No.: S4-22-354-2008**

The Plaintiff had filed a claim against KNKB and Fasrul vide Writ of Summons and Statement of Claim dated 25 March 2008 and 24 March 2008 alleging KNKB had offered him LNG Resources Bhd’s shares by way of private placement in an Initial Public Offering scheme at the price of RM0.21 per share which was duly accepted by him through a purported Letter of Offers 5 July 2006. The Plaintiff has also premised his claim on a purported Letter of Undertaking dated 5 June 2006 for the sum of RM6,100,000. The Plaintiff is claiming for total damages of RM8,650,000, KNKB and/or Fasrul to transfer the said shares to the Plaintiff within seven days from the date of the order and/or judgment, general damages, interest on the damages at the rate of 8% per annum until full settlement and costs on a full indemnity basis.

The Writ of Summons and Statement of Claim were served on KNKB on 29 April 2008 and KNKB has entered appearance against the Plaintiff's claim on 30 April 2008. KNKB has also filed a Defence denying any liability whatsoever and has sought an order that Plaintiff's claim be dismissed with costs. KNKB has also filed a Third Party Notice on 2 June 2008 against four other parties claiming for a full indemnity and/or contribution from them against the Plaintiffs' claim and costs. A Summons for Third Party Directions on the 3rd Third Party was filed on 8 July 2008 and was fixed for hearing on 21 August 2008. KNKB has served a Statement of Claim against the 3rd Third Party on 11 September 2008 pursuant to the Court's order and the 3rd Third Party's Defence was served on KNKB on 30 September 2008. KNKB has also filed a Summons for Third Party Direction on the 4th Third Party on 22 September 2008 and is now fixed for hearing on 21 October 2008. KNKB will also proceed to effect substituted serve of the Third Party Notice on the 1st and 2nd Third Parties.

- (g) **Mayban Trustees Berhad vs Malaysia Discounts Berhad & 9 Ors: Court of Appeal Civil Appeal No. W-02-746-2008**
(Malaysia Discounts Berhad & 9 Ors vs Pertaka Astana Sdn Bhd & 11 Ors (by original action) Mayban Trustee Berhad vs Pertaka Astana (M) Sdn Bhd & 2 Ors (by counterclaim): Kuala Lumpur High Court Suit No.: D5(D6)-22-1810-2005)

The Plaintiffs claimed against the Defendants for losses suffered and various damages in the sum of RM157,815,000 with interest and costs, in connection with the ABBA bonds issued by the 1st Defendant. KIBB is not a party to the original action between the Plaintiffs and the Defendants.

By a Summons in Chambers dated 16 June 2008, the 2nd Defendant applied KIBB as the proposed 14th Defendants to the original action. The 2nd Defendant's application was fixed on 3 July 2008 and was dismissed by the learned Judge. The 2nd Defendant thereafter filed a Notice of Appeal to the Court of Appeal against the decision of the learned High Court Judge in dismissing the 2nd Defendant's application on 3 July 2008. The Court of Appeal had on 30 July 2008 dismissed the 2nd Defendant's appeal with costs to be paid to the Plaintiffs only. .

In the best of KNKB's solicitors' knowledge, the 2nd Defendant has not issued any third party proceeding against KNKB since the dismissal of their appeal at the Court of Appeal.

- (h) **Kenanga Investment Bank Berhad ("KIBB") vs BSA International Berhad ("Defendant"): Kuala Lumpur High Court Suit No. D8-22-1666-2008**

KIBB's claim against the Defendant is premised on the Letters of Offers and a Facility Agreement for the sum of RM45,000,000.00 being the principal outstanding as at 31 July 2008, RM696,403.08 being the overdue interest as at 31 July 2008, RM176,301.37 being the accrued interest from 10 July 2008 to 31 July 2008, RM6,528.91 being the default interest as at 31 July 2008, interest and costs on a solicitor-client basis.

KIBB has served the Writ of Summons and Statement of Claim on the Defendant on 18 September 2008 and the Defendant has entered an appearance on 19 September 2008. The Defendant has until 13 October 2008 to file their Defence.

- (i) **Kenanga Investment Bank Berhad ("KIBB") vs BSA Manufacturing Sdn Bhd ("Defendant"): Kuala Lumpur High Court Suit No.: S6-24-1998-08**

KIBB is seeking to enforce a Third Party First Legal Charge over the Defendant's land as well as all plants and machineries situated on the land vide Originating Summons dated 15 September 2008, by applying for an Order for Sale of the said land by way of public auction to satisfy the principal amount due and owing of RM45,000,000.00 together with the interest therein at the rate of 3% per annum above KIBB's cost of funds.

KIBB has served the Originating Summons as well as the Affidavit in Support on the Defendant on 29 September 2008 and the Defendant has until 9 October 2008 to file their Memorandum of Appearance.

- (j) KIBB had on 17 May 2004, through its solicitors, served a formal demand on a software vendor for breach of contracts for an amount of USD2,246,440.00. In response, KIBB had, through its solicitors, been served with a formal demand on the same contract amounting to USD1,240,800.00. To date, KIBB had not instructed its solicitors to proceed further.
- (k) KIBB had, through its solicitors, sent two (2) letters of demand to two (2) debtors on 26 July 2004 demanding for an outstanding amount of RM42,807,779.39 and RM27,952,359.92 being the losses incurred in their margin trading accounts respectively. Another letter of demand was sent on 27 September 2007 to inform the said debtors that KIBB had disposed part of the collateral shares and will continue to dispose the said collateral shares. On 4 March 2008, KIBB's solicitors issued a third letter of demand to the said debtors respectively demanding an outstanding amount of RM38,085,776.99 and RM27,233,296.51 respectively after the sale of the said collateral shares. To date, there is no response from either debtor.

8. BASE PROSPECTUS REMAIN IN FULL FORCE SUBJECT TO AMENDMENT

The Base Prospectus remains in full force and effect, save and except for the variations to the Base Prospectus as set out in this First Supplementary Base Prospectus.

9. RESPONSIBILITY STATEMENTS

- (i) We acknowledge that, based on all available information, and to the best of our knowledge and belief, the Base Prospectus and this First Supplementary Base Prospectus constitute a full and true disclosure of all material facts concerning the offering of the Structured Warrants.
- (ii) Our Directors have seen and approved this First Supplementary Base Prospectus. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this First Supplementary Base Prospectus and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in this First Supplementary Base Prospectus false or misleading.

Notwithstanding that, our Directors do not accept responsibility for the contents of information on the Underlying Company and/or the Underlying Index Sponsor save for the fact that the information is an accurate extract or summary of relevant publicly released information.

10. CONSENT

The Warrant Registrar have, before the issue of this First Supplementary Base Prospectus, given and have not subsequently withdrawn their written consent to the inclusion in this First Supplementary Base Prospectus of its name in the form and context in which its name appear.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of twelve (12) months from the date of this First Supplementary Base Prospectus:-

- (i) our unaudited financial statements for the FPE 30 June 2008;
- (ii) letter of consent referred to in Section 10 of this First Supplementary Base Prospectus; and
- (iii) relevant cause papers in respect of the material litigation referred to in Section 7 of this First Supplementary Base Prospectus.

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