



KEN HOLDINGS BERHAD (106173-M)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016**

KEN HOLDINGS BERHAD (106173-M)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2016

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2016	Preceding Year Corresponding Quarter 30.06.2015	Current Year To Date 30.06.2016	Preceding Year Corresponding Period 30.06.2015
	RM'000	RM'000	RM'000	RM'000
Revenue	16,630	14,217	33,063	28,361
Cost of sales	(8,919)	(7,634)	(18,544)	(14,544)
Gross Profit	7,711	6,583	14,519	13,817
Operating expenses	(2,992)	(2,486)	(5,552)	(5,831)
Other operating income	925	945	1,944	1,994
Profit before tax	5,644	5,042	10,911	9,980
Income tax expense	(1,486)	(1,095)	(2,934)	(2,170)
Profit for the period / Total comprehensive income for the period	4,158	3,947	7,977	7,810
Total comprehensive income attributable to:				
Owners of the Company	4,158	3,947	7,977	7,810
	4,158	3,947	7,977	7,810
Earnings per share (sen) :				
(i) Basic earnings per ordinary share	2.32	2.20	4.45	4.35
(ii) Diluted earnings per ordinary share	-	-	-	-

(The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)

KEN HOLDINGS BERHAD (106173-M)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	(Unaudited) As at 30.06.2016 RM'000	(Audited) As at 31.12.2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	15,044	14,882
Land held for development	104,109	103,876
Investment properties	105,245	93,246
Other investments	26	26
Deferred tax assets	14,447	13,194
	238,871	225,224
Current assets		
Inventories	55,065	56,338
Property development costs	22,812	19,271
Receivables, deposits and prepayments	14,028	14,580
Cash and cash equivalents	14,319	18,343
	106,224	108,532
Total Assets	345,095	333,756
EQUITY AND LIABILITIES		
EQUITY		
Share capital	95,860	95,860
Treasury shares at cost	(5,361)	(5,360)
Reserves	8,367	8,367
Non-controlling interest	42	41
Retained earnings	135,547	132,950
Total equity	234,455	231,858
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	17,413	17,523
	17,413	17,523
Current liabilities		
Payables and accruals	87,605	78,384
Borrowings	2,000	2,000
Taxation	3,622	3,991
	93,227	84,375
Total Liabilities	110,640	101,898
Total equity and liabilities	345,095	333,756
Net assets per share (RM)	1.31	1.29

(The Unaudited Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)

KEN HOLDINGS BERHAD (106173-M)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2016

	←----- Attributable to owners of the Company ----->				Distributable	Total	Non-controlling	Total				
	←----- Non-distributable ----->								earnings	Total	interest	equity
	Share capital RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Translation reserve RM'000								
At 1 January 2015	95,860	(5,358)	6,212	-	115,491	212,205	55	212,260				
Net profit for the year	-	-	-	-	23,320	23,320	-	23,320				
Other comprehensive income	-	-	2,155	-	-	2,155	-	2,155				
Total comprehensive income for the year	-	-	2,155	-	23,320	25,475	-	25,475				
Acquisition of equity interest from a non-controlling interest	-	-	-	-	(481)	(481)	(14)	(495)				
Dividend paid to owners of the Company	-	-	-	-	(5,380)	(5,380)	-	(5,380)				
Treasury shares	-	(2)	-	-	-	(2)	-	(2)				
At 31 December 2015	95,860	(5,360)	8,367	-	132,950	231,817	41	231,858				
At 1 January 2016	95,860	(5,360)	8,367	-	132,950	231,817	41	231,858				
Net profit for the period	-	-	-	-	7,977	7,977	-	7,977				
Other comprehensive income	-	-	-	-	-	-	-	-				
Total comprehensive income for the period	-	-	-	-	7,977	7,977	-	7,977				
Changes in ownership interests in a subsidiary	-	-	-	-	-	-	1	1				
Dividend paid to owners of the Company	-	-	-	-	(5,380)	(5,380)	-	(5,380)				
Treasury shares	-	(1)	-	-	-	(1)	-	(1)				
At 30 June 2016	95,860	(5,361)	8,367	-	135,547	234,413	42	234,455				

(The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)

KEN HOLDINGS BERHAD (106173-M)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2016

	Current Period To Date 30.06.2016 RM'000	Preceding Year Corresponding Period 30.06.2015 RM'000
Profit before tax	10,911	9,980
Adjustments for:		
Non-cash items	(601)	(85)
Non-operating items	(135)	475
Operating profit before changes in working capital	10,175	10,370
Changes in working capital		
Net changes in current assets	(2,020)	(13,721)
Net changes in current liabilities	10,279	34,115
Cash generated from operations	18,434	30,764
Interest received	64	117
Tax refund	105	1
Tax paid	(4,697)	(5,202)
Net cash generated from operating activities	13,906	25,680
Investing Activities		
Property, plant and equipment	(529)	(455)
Improvements in investment properties	(12,091)	(13,495)
Acquisition of subsidiary, net of cash and cash equivalents	-	(495)
Proceeds from disposal of property, plant and equipment	-	10
Interest received	125	21
Net cash used in investing activities	(12,495)	(14,414)
Financing Activities		
Purchase of treasury shares	(1)	(1)
Dividend paid	(5,380)	(5,380)
Interest paid	(54)	(53)
Net cash used in financing activities	(5,435)	(5,434)
Net changes in cash and cash equivalents	(4,024)	5,832
Cash and cash equivalents at the beginning of the financial period	18,343	11,794
Cash and cash equivalents at the end of the financial period	14,319	17,626

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)

A. EXPLANATORY NOTES PURSUANT TO THE INTERIM FINANCIAL REPORT – IN COMPLIANCE WITH FINANCIAL REPORTING STANDARD (“FRS”)

A1. BASIS OF PREPARATION

The unaudited interim financial statements have been prepared in accordance with the requirement of FRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) and should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2015.

The significant accounting policies and methods of computation adopted in the unaudited interim financial statements are consistent with those adopted in the Group’s audited financial statements for the year ended 31 December 2015.

The following are accounting standards, amendments and interpretations that have been issued by the MASB but have not been adopted by the Group and the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- FRS 14, Regulatory Deferral Accounts
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations (2012 - 2014)*
- Amendments to FRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012 – 2014 Cycle)*
- Amendments to FRS 10, *Consolidated Financial Statements*, FRS 12, *Disclosure of Interests in Other Entities* and FRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to FRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to FRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to FRS 116, *Property, Plant and Equipment* and FRS 138, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 119, *Employees Benefit (Annual Improvements 2012 – 2014 Cycle)*
- Amendments to FRS 127, *Separate Financial Statements - Equity Method in Separate Financial Statements*
- Amendments to FRS 134, *Interim Financial Reporting (Annual Improvements 2012 – 2014 Cycle)*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- FRS 9, *Financial Instruments (2014)*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 January 2016 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for FRS 14, Amendments to FRS 5, Amendments to FRS 11 and Amendments to FRS 138 which are not applicable to the Group and the Company.



The Group and the Company's financial statements for annual period beginning on 1 January 2018 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by MASB and International Financial Reporting Standards.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

Amendments to FRS 10, Consolidated Financial Statements, FRS 12, Disclosure of Interests in Other Entities and FRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception

The amendments to FRS 10, FRS 12 and FRS 128 require an investment entity parent to fair value a subsidiary providing investment-related services that is itself an investment entity, an intermediate parent owned by an investment entity group can be exempt from preparing consolidated financial statements and a non-investment entity investor can retain the fair value accounting applied by its investment entity associate or joint venture.

The Group is currently assessing the financial impact that may arise from the adoption of the amendments.

The Group and the Company fall within the scope of IC Interpretation 15, *Agreements for the Construction of Real Estate*. Therefore, the Group and the Company is currently exempted from adopting the MFRSs and is referred to as a "Transitioning Entity".

A2. AUDITORS' REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2015 was not qualified.

A3. SEASONAL OR CYCLICAL FACTORS

The Group's operations were not significantly affected by any seasonal or cyclical factors.

A4. UNUSUAL ITEMS

There were no items affecting the assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence during the current financial period.

A5. MATERIAL CHANGES IN ACCOUNTING ESTIMATES

There were no changes in accounting estimates of amounts reported in prior interim period which have a material effect on the current financial period.

A6. ISSUANCE OR REPAYMENT OF DEBTS AND EQUITY SECURITIES

Save as disclosed below, there were no other issuance and repayment of debts and equity securities, shares buy-back, share cancellations, shares held as treasury shares or resale of treasury shares during the current financial period under review:

Share Buy-back

The Company had purchased a total of 1,000 of its own shares at an average price of RM0.99 per share totalling RM1,033 for the quarter ended 30 June 2016. All the purchased transactions were financed by internally generated funds.



At the date of this report, a total of 12,378,400 shares purchased back were held as treasury shares with a total cost of RM5,361,449. None of the treasury shares held were resold or cancelled during the quarter under review and up to the date of this report.

A7. DIVIDENDS PAID

The first and final single tier dividend of 6% (3.0 sen) per ordinary share totalling RM5,380,248 in respect of the financial year ended 31 December 2015 was paid on 27 June 2016.

A8. SEGMENTAL REPORTING

Segmental analysis of the results and assets employed for 6 months ended 30 June 2016.

Business Segment	Construction RM'000	Property Development RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from external customers	-	33,063	-	33,063
Inter-segment revenue	34,280	-	(34,280)	-
Total revenue	34,280	33,063	(34,280)	33,063
Segment result	3,491	7,079	341	10,911
Unallocated income/(expenses)				(136)
Interest income				190
Profit from operations				10,965
Finance cost				(54)
Profit before tax				10,911
Taxation				(2,934)
Net profit for the period				7,977

A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The values of property, plant and equipment have been brought forward without amendments from the previous financial statements for the year ended 31 December 2015.

A10. SUBSEQUENT MATERIAL EVENTS

There were no material events subsequent to the balance sheet date and up to the date of issuance of this Interim Financial Report.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the quarter ended 30 June 2016 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operation.

A12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

	Quarter Ended 30.06.2016 RM'000	Financial Year Ended 31.12.2015 RM'000
A Contingent Liabilities		
Corporate guarantee for credit facilities and guarantee granted to subsidiaries of the company	1,287	2,075



B. ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF THE LISTING REQUIREMENTS

B1. REVIEW OF THE PERFORMANCE

A comparison of the results of current quarter ended 30 June 2016 and the corresponding periods in the preceding year is as follows:

	Current Year Quarter 01.04.2016 – 30.06.2016 RM'000	Preceding Year Quarter 01.04.2015 – 30.06.2015 RM'000	Current Year 01.01.2016 – 30.06.2016 RM'000	Preceding Year 01.01.2015 – 30.06.2015 RM'000
Revenue	16,630	14,217	33,063	28,361
Profit before tax	5,644	5,042	10,911	9,980
Profit after tax (before Minority Interest)	4,158	3,947	7,977	7,810
Profit attributable to equity holders of the parent	4,158	3,947	7,977	7,810

Current year to-date vs previous year to-date

Profit before tax for the current quarter ended 30 June 2016 of RM5.6 million was marginally higher by RM0.6 million as compared to the previous year's corresponding period of RM5.0 million. This was mainly due to higher volume of work done during the current quarter.

Profit after tax for the current quarter ended 30 June 2016 of RM4.2 million was also marginally higher than the previous year's corresponding quarter of RM3.9 million.

Performance for the respective operating business segments for the current year to date as at 30 June 2016 as compared to the previous year's corresponding period is analysed as follows:

- 1) Property development operations - the segmental profit reduced by RM0.70 million to RM7.1 million from the preceding year's corresponding period was due to sales mix of lower margin units in the current period.
- 2) Construction operations - segmental profit of RM3.5 million was marginally higher by RM0.9 million than the preceding year's corresponding period due to higher volume of work done in the current year to date.

B2. MATERIAL VARIATION AGAINST THE PRECEDING QUARTER RESULTS

A comparison of the quarterly results of the current and preceding quarter is as follows:

	Current Quarter 01.04.2016 – 30.06.2016 RM'000	Preceding Quarter 01.01.2016 – 31.03.2016 RM'000
Revenue	16,630	16,433
Profit after tax (before Minority Interest)	4,158	3,817
Profit after tax (after Minority Interest)	4,158	3,817

The revenue for the current quarter ended 30 June 2016 at RM16.6 million was marginally higher than the preceding quarter 31 March 2016 of RM16.4 million. Similarly, profit after tax for the current quarter was higher compared to the preceding quarter.

B3. PROSPECTS FOR 2016

The outlook of the property market is expected to remain challenging following the weakening of the ringgit and the general economic uncertainties coupled with stringent bank lending guidelines. However, with the unbilled sales from its on-going projects and demand for affordable housing, the Group's performance is expected to remain positive. Barring any unforeseen circumstances, the Board of Directors is of the view that the Group will achieve favourable results for the financial year ending 31 December 2016.

B4. PROFIT FORECAST AND ESTIMATES ANNOUNCED OR DISCLOSED

Not applicable as there were no profit forecast or estimates that has been announced or disclosed for the financial year 2016.

B5. TAX EXPENSE

	Current Year Quarter 01.04.2016 – 30.06.2016 RM'000	Preceding Year Quarter 01.04.2015 – 30.06.2015 RM'000	Current Year 01.01.2016 – 30.06.2016 RM'000	Preceding Year 01.01.2015 – 30.06.2015 RM'000
In respect of current period				
- income tax	1,517	1,130	3,044	2,217
- deferred tax	(31)	(35)	(110)	(47)
	1,486	1,095	2,934	2,170

The Group's effective tax rate for the 6 months ended 30 June 2016 was marginally above the statutory rate of 24% mainly due to the under provision of deferred tax liabilities for the preceding year taken up in the current year to-date.

B6. THE STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as of the date of this report.

B7. BORROWINGS AND DEBT SECURITIES

The Group has unsecured short term borrowings of RM2.0 million at the end of the current quarter to 30 June 2016.

B8. MATERIAL LITIGATION

On 4 June 2015, the Company announced that the Company and three of its wholly-owned subsidiaries, namely Ken Property Sdn Bhd, Ken Capital Sdn Bhd and Ken JBCC Sdn Bhd ("Defendants") had on 3 June 2015 been served with an application for interlocutory injunction ("Application") filed by Sazean Holdings Sdn Bhd to prevent the Defendants from taking any form of action including development of a land in Johor owned by Ken JBCC Sdn Bhd (formerly known as Gadini Sdn Bhd) pending the full disposal of the High Court Suit No. 22NCVC-64-01/2015.

The Court has allowed the Application whereby only part of the prayers was granted. The outcome of the Injunction is that the Defendants are only prevented from imposing any encumbrances on the land, selling and/or auctioning the land pending full disposal of the High Court Suit No. 22NCVC-64-01/2015. Nevertheless, it does not affect the development progress of the land.



The Court has also allowed the Defendants application for securities for costs whereby the Plaintiff is required to deposit into their solicitor's client account the sum of RM50,000 in the form of fixed deposit.

The Defendant has appealed to the Court of Appeal against the High Court's decision for allowing part of the Application and the Court of Appeal has dismissed the Application. The Plaintiff is now appealing to the Federal Court for leave to appeal against the Court of Appeal's decision.

The Plaintiff has filed an application to amend their Statement of Claim ("Amendment Application") and the Court has allowed the Plaintiff's Amendment Application. The Defendant has filed their amended Defence and Counterclaim and the Court has fixed the trial dates in August 2016.

The Company will make the necessary announcement on further development of this matter in due course.

B9. DIVIDEND

The Board does not recommend any interim dividend for current quarter under review (2015 - Nil).

B10. EARNINGS PER SHARE

	Quarter Ended 30.06.2016 RM'000	6 months Ended 30.06.2016 RM'000
A Basic Earnings		
Net profit attributable to shareholders	<u>4,158</u>	<u>7,977</u>
Weighted average number of ordinary shares ('000)	179,343	179,343
Basic earnings per share (sen)	2.32	4.45
B Diluted earnings	-	-

There is no impending effect on the diluted earnings per share.

B11. REALISED AND UNREALISED PROFITS

In compliance with Bursa Malaysia directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Listing Requirements, requiring the disclosure and breakdown of the unappropriated profits and accumulated losses as at the reporting period, into realised and unrealised profits or losses and also to Bursa Malaysia issued guidance on the disclosure and the format required, the break down for retained profits of the Group as at the reporting date, into realised and unrealised profits pursuant to the directive, is as follows:

	Group 30.06.2016 RM'000	Group 31.12.2015 RM'000
Total retained earnings of KHB and its subsidiaries		
- Realised	206,503	198,989
- Unrealised	(2,446)	(2,558)
	<u>204,057</u>	<u>196,431</u>
Less:		
Consolidated adjustments	(68,510)	(63,481)
Total Group retained profits and per consolidated accounts	<u>135,547</u>	<u>132,950</u>

B12. PROFIT FOR THE PERIOD

	Current Year Quarter 01.04.2016 - 30.06.2016 RM'000	Preceding Year Quarter 01.04.2015 - 30.06.2015 RM'000	Current Year 01.01.2016 - 30.06.2016 RM'000	Preceding Year 01.01.2015 - 30.06.2015 RM'000
Profit for the period is arrived at after crediting/(charging):				
Gain on disposal of property, plant and equipment	-	-	-	10
Interest income	76	34	190	139
Other income	850	911	1,754	1,845
Depreciation	(256)	(226)	(459)	(485)
Interest expense	(28)	(25)	(54)	(53)

Save as disclosed above, the other items as required under Appendix 9B, Part A (16) of the Listing Requirements are not applicable.

By Order of the Board,

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 Andrea Huang Jia Mei
 Company Secretary
 Date: 16 August 2016