



**KEN HOLDINGS BERHAD (106173-M)**

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

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2016	Preceding Year Corresponding Quarter 30.09.2015	Current Year To Date 30.09.2016	Preceding Year Corresponding Period 30.09.2015
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	23,835	15,241	56,899	43,601
Cost of sales	(10,817)	(5,858)	(29,362)	(20,401)
<b>Gross Profit</b>	13,018	9,383	27,537	23,200
Operating expenses	(1,647)	(3,247)	(7,200)	(9,079)
Other operating income	979	1,088	2,923	3,082
<b>Profit before tax</b>	12,350	7,224	23,260	17,203
Income tax expense	(3,835)	(2,473)	(6,769)	(4,643)
<b>Profit for the period / Total comprehensive income for the period</b>	8,515	4,751	16,491	12,560
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	8,515	4,751	16,491	12,560
	8,515	4,751	16,491	12,560
<b>Earnings per share (sen) :</b>				
(i) Basic earnings per ordinary share	4.75	2.65	9.20	7.00
(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 SEPTEMBER 2016**

	(Unaudited) As at 30.09.2016 RM'000	(Audited) As at 31.12.2015 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	15,024	14,882
Land held for development	104,173	103,876
Investment properties	109,095	93,246
Other investments	26	26
Deferred tax assets	14,663	13,194
	242,981	225,224
<b>Current assets</b>		
Inventories	67,330	56,338
Property development costs	11,300	19,271
Receivables, deposits and prepayments	19,986	14,580
Cash and cash equivalents	10,515	18,343
	109,131	108,532
<b>Total Assets</b>	352,112	333,756
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
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	144,061	132,950
<b>Total equity</b>	242,969	231,858
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	16,761	17,523
	16,761	17,523
<b>Current liabilities</b>		
Payables and accruals	87,880	78,384
Borrowings	2,000	2,000
Taxation	2,502	3,991
	92,382	84,375
<b>Total Liabilities</b>	109,143	101,898
<b>Total equity and liabilities</b>	352,112	333,756
<b>Net assets per share (RM)</b>	1.35	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 SEPTEMBER 2016**

	<----- Attributable to owners of the Company ----->				Distributable	Total	Non-controlling	Total				
	<----- Non-distributable ----->								earnings	RM'000	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	-	-	-	-	16,491	16,491	-	16,491				
Other comprehensive income	-	-	-	-	-	-	-	-				
Total comprehensive income for the period	-	-	-	-	16,491	16,491	-	16,491				
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)				
<b>At 30 June 2016</b>	<b>95,860</b>	<b>(5,361)</b>	<b>8,367</b>	<b>-</b>	<b>144,061</b>	<b>242,927</b>	<b>42</b>	<b>242,969</b>				

*(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 SEPTEMBER 2016**

	Current Period To Date 30.09.2016 RM'000	Preceding Year Corresponding Period 30.09.2015 RM'000
<b>Profit before tax</b>	23,260	17,203
<b>Adjustments for:</b>		
Non-cash items	(367)	629
Non-operating items	(258)	(205)
<b>Operating profit before changes in working capital</b>	22,635	17,627
<b>Changes in working capital</b>		
Net changes in current assets	(8,751)	(15,460)
Net changes in current liabilities	10,563	44,451
Cash generated from operations	24,447	46,618
Interest received	98	172
Tax refund	105	46
Tax paid	(10,565)	(9,803)
<b>Net cash generated from operating activities</b>	<b>14,085</b>	<b>37,033</b>
<b>Investing Activities</b>		
Property, plant and equipment	(704)	(525)
Improvements in investment properties	(15,988)	(19,641)
Acquisition of subsidiary, net of cash and cash equivalents	-	(495)
Proceeds from disposal of property, plant and equipment	-	10
Interest received	240	114
<b>Net cash used in investing activities</b>	<b>(16,452)</b>	<b>(20,537)</b>
<b>Financing Activities</b>		
Purchase of treasury shares	(1)	(1)
Dividend paid	(5,380)	(5,380)
Interest paid	(80)	(79)
<b>Net cash used in financing activities</b>	<b>(5,461)</b>	<b>(5,460)</b>
<b>Net changes in cash and cash equivalents</b>	(7,828)	11,036
Cash and cash equivalents at the beginning of the financial period	18,343	11,794
<b>Cash and cash equivalents at the end of the financial period</b>	<b>10,515</b>	<b>22,830</b>

*(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 Group and the Company have adopted the below FRSs, amendments and 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 adoption of these FRSs, amendments and interpretations do not have any significant impact on the financial statements of the Group and the Company for the current quarter.

***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 (Annual Improvements 2012 – 2014 Cycle)*
- 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)*

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 2017***

- Amendments to FRS 107, *Statement of Cash Flow – Disclosure Initiative*
- Amendments to FRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

***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'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 not purchased any of its own shares for the quarter ended 30 September 2016.

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**

No dividend has been paid for the current quarter ended 30 September 2016.

**A8. SEGMENTAL REPORTING**

Segmental analysis of the results and assets employed for 9 months ended 30 September 2016.

<b>Business Segment</b>	<b>Construction RM'000</b>	<b>Property Development RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
Revenue from external customers	-	56,899	-	56,899
Inter-segment revenue	52,633	-	(52,633)	-
Total revenue	52,633	56,899	(52,633)	56,899
<b>Segment result</b>	7,872	14,735	653	23,260
Unallocated income/(expenses)				(259)
Interest income				339
Profit from operations				23,340
Finance cost				(80)
Profit before tax				23,260
Taxation				(6,769)
Net profit for the period				16,491

**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 September 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**

	<b>Quarter Ended 30.09.2016 RM'000</b>	<b>Financial Year Ended 31.12.2015 RM'000</b>
<b>A Contingent Liabilities</b>		
Corporate guarantee for credit facilities and guarantee granted to subsidiaries of the company	1,716	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 September 2016 and the corresponding periods in the preceding year is as follows:

	<b>Current Year Quarter 01.07.2016 – 30.09.2016 RM'000</b>	<b>Preceding Year Quarter 01.07.2015 – 30.09.2015 RM'000</b>	<b>Current Year 01.01.2016 – 30.09.2016 RM'000</b>	<b>Preceding Year 01.01.2015 – 30.09.2015 RM'000</b>
Revenue	23,835	15,241	56,899	43,601
Profit before tax	12,350	7,224	23,260	17,203
Profit after tax (before Minority Interest)	8,515	4,751	16,491	12,560
Profit attributable to equity holders of the parent	8,515	4,751	16,491	12,560

**Current year to-date vs previous year to-date**

Profit before tax for the current quarter ended 30 September 2016 of RM12.4 million was higher by RM5.2 million as compared to the previous year's corresponding period of RM7.2 million. This was mainly due to higher volume of work done during the current quarter.

Profit after tax for the current quarter ended 30 September 2016 of RM8.5 million was also higher than the previous year's corresponding quarter of RM4.8 million.

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

- 1) Property development operations - the segmental profit increased by RM2.0 million to RM14.7 million from the preceding year's corresponding period was due to higher volume of work done during the current year to date.
- 2) Construction operations - segmental profit of RM7.9 million was higher by RM3.3 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:

	<b>Current Quarter 01.07.2016 – 30.09.2016 RM'000</b>	<b>Preceding Quarter 01.04.2016 – 30.06.2016 RM'000</b>
Revenue	23,835	16,630
Profit after tax (before Minority Interest)	8,515	4,158
Profit after tax (after Minority Interest)	8,515	4,158

The revenue for the current quarter ended 30 September 2016 at RM23.8 million was higher than the preceding quarter 30 June 2016 of RM16.6 million. Similarly, profit after tax for the current quarter was higher compared to the preceding quarter.

**B3. PROSPECTS FOR 2016**

The property market sentiment 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 continuous 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**

	<b>Current Year Quarter 01.07.2016 – 30.09.2016 RM'000</b>	<b>Preceding Year Quarter 01.07.2015 – 30.09.2015 RM'000</b>	<b>Current Year 01.01.2016 – 30.09.2016 RM'000</b>	<b>Preceding Year 01.01.2015 – 30.09.2015 RM'000</b>
In respect of current period				
- income tax	4,488	2,523	7,532	4,740
- deferred tax	(653)	(50)	(763)	(97)
	3,835	2,473	6,769	4,643

The Group's effective tax rate for the 9 months ended 30 September 2016 was marginally higher than the statutory rate of 24% mainly due to the under provision of income tax for the preceding year taken up in the current quarter.

**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 September 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.

Subsequently, the matter has been fixed for case management on 8 November 2016 and the trial dates have been postponed to 23, 24, 25 and 28 November 2016.

During the case management held on 8 November 2016, the Court has postponed the trial dates in November 2016 to 5, 8 and 9 May 2017 and the matter is fixed for further case management on 13 December 2016 for the final compliance of all the cause papers.

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**

	<b>Quarter Ended 30.09.2016 RM'000</b>	<b>9 months ended 30.09.2016 RM'000</b>
<b>A Basic Earnings</b>		
Net profit attributable to shareholders	<u>8,515</u>	<u>16,491</u>
Weighted average number of ordinary shares ('000)	179,343	179,343
Basic earnings per share (sen)	4.75	9.20
<b>B Diluted earnings</b>	-	-

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:

	<b>Group 30.09.2016 RM'000</b>	<b>Group 31.12.2015 RM'000</b>
Total retained earnings of KHB and its subsidiaries		
- Realised	217,877	198,989
- Unrealised	(1,794)	(2,558)
	<u>216,083</u>	<u>196,431</u>
Less:		
Consolidated adjustments	(72,022)	(63,481)
Total Group retained profits and per consolidated accounts	<u>144,061</u>	<u>132,950</u>

## B12. PROFIT FOR THE PERIOD

	<b>Current Year Quarter 01.07.2016 - 30.09.2016 RM'000</b>	<b>Preceding Year Quarter 01.07.2015 - 30.09.2015 RM'000</b>	<b>Current Year 01.01.2016 - 30.09.2016 RM'000</b>	<b>Preceding Year 01.01.2015 - 30.09.2015 RM'000</b>
Profit for the period is arrived at after crediting/(charging):				
Gain on disposal of property, plant and equipment	-	28	-	38
Interest income	149	147	339	286
Other income	831	913	2,585	2,758
Depreciation	(233)	(154)	(692)	(639)
Interest expense	(26)	(26)	(80)	(79)

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: 22 November 2016