



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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

**KEN HOLDINGS BERHAD (106173-M)**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	24,472	23,835	65,494	56,899
Cost of sales	(7,773)	(10,817)	(22,168)	(29,362)
<b>Gross Profit</b>	16,699	13,018	43,326	27,537
Operating expenses	(2,870)	(1,647)	(6,600)	(7,200)
Other operating income	888	979	3,187	2,923
<b>Profit before tax</b>	14,717	12,350	39,913	23,260
Income tax expense	(3,259)	(3,835)	(9,262)	(6,769)
<b>Profit for the period / Total comprehensive income for the period</b>	11,458	8,515	30,651	16,491
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	11,458	8,515	30,651	16,491
	11,458	8,515	30,651	16,491
<b>Earnings per share (sen) :</b>				
(i) Basic earnings per ordinary share	6.39	4.75	17.09	9.20
(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 2016)*

**KEN HOLDINGS BERHAD (106173-M)**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017**

	(Unaudited) As at 30.09.2017 RM'000	(Audited) As at 31.12.2016 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	14,825	14,837
Land held for development	104,415	104,172
Investment properties	123,543	118,506
Other investments	26	26
Deferred tax assets	20,071	16,672
	262,880	254,213
<b>Current assets</b>		
Inventories	64,978	66,522
Property development costs	1,825	6,680
Receivables, deposits and prepayments	41,717	12,709
Cash and cash equivalents	5,072	17,130
	113,592	103,041
<b>Total Assets</b>	376,472	357,254
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	95,860	95,860
Treasury shares at cost	(5,364)	(5,362)
Reserves	8,367	8,367
Non-controlling interest	44	44
Retained earnings	181,461	155,293
<b>Total equity</b>	280,368	254,202
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	16,239	16,308
	16,239	16,308
<b>Current liabilities</b>		
Payables and accruals	70,326	80,826
Borrowings	2,000	2,000
Taxation	7,539	3,918
	79,865	86,744
<b>Total Liabilities</b>	96,104	103,052
<b>Total equity and liabilities</b>	376,472	357,254
<b>Net assets per share (RM)</b>	1.56	1.42

*(The Unaudited Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)*

**KEN HOLDINGS BERHAD (106173-M)**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

	←----- Attributable to owners of the Company -----→						Total equity RM'000
	←----- Non-distributable -----→			Distributable		Non-controlling interest RM'000	
	Share capital RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000		
At 1 January 2016	95,860	(5,360)	8,367	132,950	231,817	41	231,858
Net profit for the year	-	-	-	27,723	27,723	3	27,726
Dividend paid to owners of the Company	-	-	-	(5,380)	(5,380)	-	(5,380)
Treasury shares	-	(2)	-	-	(2)	-	(2)
<b>At 31 December 2016</b>	<b>95,860</b>	<b>(5,362)</b>	<b>8,367</b>	<b>155,293</b>	<b>254,158</b>	<b>44</b>	<b>254,202</b>
At 1 January 2017	95,860	(5,362)	8,367	155,293	254,158	44	254,202
Net profit for the period	-	-	-	30,651	30,651	-	30,651
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	30,651	30,651	-	30,651
Dividend paid to owners of the Company	-	-	-	(4,483)	(4,483)	-	(4,483)
Treasury shares	-	(2)	-	-	(2)	-	(2)
<b>At 30 September 2017</b>	<b>95,860</b>	<b>(5,364)</b>	<b>8,367</b>	<b>181,461</b>	<b>280,324</b>	<b>44</b>	<b>280,368</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 2016)*

**KEN HOLDINGS BERHAD (106173-M)**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

	Current Period To Date 30.09.2017 RM'000	Preceding Year Corresponding Period 31.12.2016 RM'000
<b>Profit before tax</b>	39,913	36,945
<b>Adjustments for:</b>		
Non-cash items	1,850	916
Non-operating items	(292)	(297)
<b>Operating profit before changes in working capital</b>	<u>41,471</u>	<u>37,564</u>
<b>Changes in working capital</b>		
Net changes in current assets	(22,596)	4,497
Net changes in current liabilities	(10,532)	2,450
Cash (used in)/generated from operations	<u>8,343</u>	<u>44,511</u>
Interest received	285	128
Tax refunded	38	110
Tax paid	(9,373)	(14,610)
<b>Net cash (used in)/ from operating activities</b>	<u>(707)</u>	<u>30,139</u>
<b>Investing Activities</b>		
Additions to property, plant and equipment	(447)	(708)
Additions to investment properties	(6,427)	(25,446)
Interest from fixed deposits	83	274
<b>Net cash used in investing activities</b>	<u>(6,791)</u>	<u>(25,880)</u>
<b>Financing Activities</b>		
Repurchase of treasury shares	(2)	(2)
Dividend paid	(4,483)	(5,380)
Interest paid	(75)	(105)
<b>Net cash used in financing activities</b>	<u>(4,560)</u>	<u>(5,487)</u>
<b>Net changes in cash and cash equivalents</b>	(12,058)	(1,228)
Effect of exchange rate fluctuations on cash held	-	15
Cash and cash equivalents at the beginning of the financial period	17,130	18,343
<b>Cash and cash equivalents at the end of the financial period</b>	<u><u>5,072</u></u>	<u><u>17,130</u></u>

*(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)*

## 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 (“Listing Requirements”) and should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2016.

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 2016.

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 2018***

- *FRS 9, Financial Instruments (2014)*
- *IC Interpretation 22, Foreign Currency Transactions and Advance Consideration*
- *Amendments to FRS 1, First-time Adoption of Financial Reporting Standards (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- *Amendments to FRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- *Amendments to FRS 4, Insurance Contracts – Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts*
- *Amendments to FRS 128, Investments in Associates and Joint Ventures (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- *Amendments to FRS 140, Investment Property – Transfers of Investment Property*

#### ***FRSs, Interpretations and amendments effective for a date yet to be confirmed***

- *Amendments to FRS 10, Consolidated Financial Statements and FRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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.

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 are currently exempted from adopting the MFRSs and are 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 2016 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 2017.

At the date of this report, a total of 12,381,400 shares purchased back were held as treasury shares with a total cost of RM5,364,278. 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 2.5 sen per ordinary share totalling RM4,483,465 in respect of the financial year ended 31 December 2016 was paid on 28 July 2017.

**A8. SEGMENTAL REPORTING**

Segmental analysis of the results and assets employed for 9 months ended 30 September 2017.

<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	-	65,494	-	65,494
Inter-segment revenue	40,794	-	(40,794)	-
Total revenue	40,794	65,494	(40,794)	65,494
<b>Segment result</b>	19,670	19,284	959	39,913
Unallocated income/(expenses)				(294)
Interest income				368
Profit from operations				39,987
Finance cost				(74)
Profit before tax				39,913
Taxation				(9,262)
Net profit for the period				30,651

#### 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 2016.

#### 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 2017 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 30.09.2017 RM'000	Financial Year Ended 31.12.2016 RM'000
<b>A Contingent Liabilities</b>		
Corporate guarantee for credit facilities and guarantee granted to subsidiaries of the company	556	790

#### 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 2017 and the corresponding periods in the preceding year is as follows:

	Current Year Quarter 01.07.2017 – 30.09.2017 RM'000	Preceding Year Quarter 01.07.2016 – 30.09.2016 RM'000	Current Year 01.01.2017 – 30.09.2017 RM'000	Preceding Year 01.01.2016 – 30.09.2016 RM'000
Revenue	24,472	23,835	65,494	56,899
Profit before tax	14,717	12,350	39,913	23,260
Profit after tax (before Non-controlling interest)	11,458	8,515	30,651	16,491
Profit attributable to equity holders of the parent	11,458	8,515	30,651	16,491

##### Current year to-date vs previous year to-date

Profit before tax for the current quarter ended 30 September 2017 of RM14.7 million was higher as compared to the previous year's corresponding period of RM12.4 million mainly due to higher volume of work done during the current quarter.



Correspondingly, profit after tax for the current quarter ended 30 September 2017 of RM11.5 million was higher than the previous year's corresponding quarter of RM8.5 million.

Performance for the respective operating business segments for the current year to date as at 30 September 2017 as compared to the previous year's corresponding period is analysed as follows:

- 1) Property development operations – Revenue increased by RM8.6 million to RM65.5 million due to higher progressive billings and further sales recorded from Ken Rimba Condominium 1 project during the current quarter. Correspondingly, segmental profit increased by RM4.5 million to RM19.3 million during the current quarter.
- 2) Construction operations – Revenue decreased by RM11.8 million to RM40.8 million due to lower volume of work done in the current quarter to date mainly due to the completion of the Group's corporate office tower in December 2016. However, segmental profit increased by RM11.8 million due to lower cost incurred during the current quarter.

## **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 01.07.2017 – 30.09.2017 RM'000</b>	<b>Preceding Quarter 01.04.2017 – 30.06.2017 RM'000</b>
Revenue	24,472	27,384
Profit after tax (before Non-controlling Interest)	11,458	13,543
Profit after tax (after Non-controlling Interest)	11,458	13,543

The revenue for the current quarter ended 30 September 2017 at RM24.5 million was lower than the preceding quarter ended 30 June 2017 of RM27.4 million. Correspondingly, profit after tax for the current quarter was also lower as compared to the preceding quarter.

## **B3. PROSPECTS FOR 2017**

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, the Group's performance is expected to remain positive following the contribution of unbilled sales and progressive completion of its on-going KEN Rimba Condominium 1 (KRC1) project and continuous demand for affordable housing developments. The Group will continue to focus on the development of the KRC1 project, which is scheduled to be completed by early 2018. The Group's corporate office tower currently has an occupancy rate of approximately 35% and the Group will continue undertaking strategic efforts to strengthen long-term recurring income to the Group. 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 2017.

## **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 2017.

## B5. TAX EXPENSE

	Current Year Quarter 01.07.2017 – 30.09.2017 RM'000	Preceding Year Quarter 01.07.2016 – 30.09.2016 RM'000	Current Year 01.01.2017 – 30.09.2017 RM'000	Preceding Year 01.01.2016 – 30.09.2016 RM'000
In respect of current period				
- income tax	9,880	4,488	12,730	7,532
- deferred tax	(6,621)	(653)	(3,468)	(763)
	3,259	3,835	9,262	6,769

The Group's effective tax rate for the 9 months ended 30 September 2017 was marginally lower than the statutory rate of 24%.

## 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 2017.

## 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 filed a motion for Leave to Appeal to Federal Court and is still in the case management stage. Hearing date for the Motion is yet to be fixed pending the Grounds of Judgment from the Court of Appeal.

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 Plaintiff had subsequently requested for adjournment of the trial dates and was granted by the Court. During the case management held on 5 May 2017, the Court has fixed the new trial dates on 2 August 2017, 3 August 2017, 7 August 2017, 9 August 2017, 20 November 2017, 21 November 2017, 22 November 2017 and 23 November 2017.

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 (2016 - Nil).

#### B10. EARNINGS PER SHARE

	<b>Quarter Ended 30.09.2017 RM'000</b>	<b>9 months ended 30.09.2017 RM'000</b>
<b>A Basic Earnings</b>		
Net profit attributable to shareholders	<u>11,458</u>	<u>30,651</u>
Weighted average number of ordinary shares ('000)	179,339	179,339
Basic earnings per share (sen)	6.39	17.09
<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 30.09.2017 RM'000</b>	<b>Group 31.12.2016 RM'000</b>
Total retained earnings of KHB and its subsidiaries		
- Realised	274,175	237,064
- Unrealised	<u>(2,386)</u>	<u>(2,455)</u>
	271,789	234,609
Less:		
Consolidated adjustments	<u>(90,328)</u>	<u>(79,316)</u>
Total Group retained profits and per consolidated accounts	<u>181,461</u>	<u>155,293</u>

**B12. PROFIT FOR THE PERIOD**

	Current Year Quarter 01.07.2017 - 30.09.2017 RM'000	Preceding Year Quarter 01.07.2016 - 30.09.2016 RM'000	Current Year 01.01.2017 - 30.09.2017 RM'000	Preceding Year 01.01.2016 - 30.09.2016 RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	46	149	368	339
Other income	842	831	2,819	2,585
Depreciation	(1,458)	(233)	(1,850)	(692)
Interest expense	(25)	(26)	(75)	(80)

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 Huong Jia Mei  
 Company Secretary  
 Date: 16 November 2017