



KEN HOLDINGS BERHAD (106173-M)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

KEN HOLDINGS BERHAD (106173-M)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2018	Preceding Year Corresponding Quarter 30.09.2017	Current Year To Date 30.09.2018	Preceding Year Corresponding Period 30.09.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	2,633	24,472	61,471	65,494
Cost of sales	(227)	(7,773)	(18,462)	(22,168)
Gross Profit	2,406	16,699	43,009	43,326
Operating expenses	(2,731)	(2,870)	(8,747)	(6,600)
Other operating income	1,202	888	3,027	3,187
Profit before tax	877	14,717	37,289	39,913
Income tax expense	(1,894)	(3,259)	(10,567)	(9,262)
(Loss)/Profit for the period / Total comprehensive income for the period	(1,017)	11,458	26,722	30,651
Total comprehensive income attributable to:				
Owners of the Company	(1,017)	11,458	26,721	30,651
Non-controlling interest	-	-	1	-
	(1,017)	11,458	26,722	30,651
(Loss)/Earnings per share (sen) :				
(i) Basic (loss)/earnings per ordinary share	(0.57)	6.39	14.90	17.09
(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 2017)

KEN HOLDINGS BERHAD (106173-M)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	(Unaudited) As at 30.09.2018 RM'000	(Restated) As at 31.12.2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	15,477	14,689
Inventories	104,833	104,539
Investment properties	126,793	126,786
Other investments	26	26
Deferred tax assets	11,157	16,322
	258,286	262,362
Current assets		
Contract assets	-	12,422
Inventories	82,822	73,531
Receivables, deposits and prepayments	19,010	6,635
Cash and cash equivalents	14,701	2,766
	116,533	95,354
Total Assets	374,819	357,716
EQUITY AND LIABILITIES		
EQUITY		
Share capital	95,860	95,860
Treasury shares at cost	(5,366)	(5,365)
Reserves	8,367	8,367
Non-controlling interest	46	45
Retained earnings	223,446	201,208
Total equity	322,353	300,115
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	16,170	16,191
	16,170	16,191
Current liabilities		
Contract liabilities	-	198
Payables and accruals	34,190	32,688
Borrowings	2,000	5,500
Taxation	106	3,024
	36,296	41,410
Total Liabilities	52,466	57,601
Total equity and liabilities	374,819	357,716
Net assets per share (RM)	1.80	1.67

(The Unaudited Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017)

KEN HOLDINGS BERHAD (106173-M)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	<----- Attributable to owners of the Company ----->							
	<----- Non-distributable ----->			Distributable		Total	Non-controlling	Total
	Share	Treasury	Revaluation	Retained	Total			
	capital	shares	reserve	earnings				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2017	95,860	(5,362)	8,367	155,293	254,158	44	254,202	
Total comprehensive income for the year	-	-	-	50,399	50,399	1	50,400	
Dividend paid to owners of the Company	-	-	-	(4,484)	(4,484)	-	(4,484)	
Treasury shares	-	(3)	-	-	(3)	-	(3)	
At 31 December 2017	95,860	(5,365)	8,367	201,208	300,070	45	300,115	
At 1 January 2018	95,860	(5,365)	8,367	201,208	300,070	45	300,115	
Net profit for the period	-	-	-	26,721	26,721	1	26,722	
Total comprehensive income for the period	-	-	-	26,721	26,721	1	26,722	
Dividend paid to owners of the Company	-	-	-	(4,483)	(4,483)	-	(4,483)	
Treasury shares	-	(1)	-	-	(1)	-	(1)	
At 30 September 2018	95,860	(5,366)	8,367	223,446	322,307	46	322,353	

(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 2017)

KEN HOLDINGS BERHAD (106173-M)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Current Period To Date 30.09.2018 RM'000	Preceding Year Corresponding Period 30.09.2017 RM'000
Cash flows from operating activities		
Profit before tax	37,289	39,913
Adjustments for:		
Non-cash items	1,990	1,850
Non-operating items	(344)	(292)
Operating profit before working capital changes	38,935	41,471
Changes in working capital:		
Net changes in current assets	(9,033)	(22,596)
Net changes in current liabilities	1,487	(10,532)
Cash generated from operations	31,389	8,343
Interest received	239	285
Tax refund	772	38
Tax paid	(9,800)	(9,373)
Net cash from / (used in) operating activities	22,600	(707)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,338)	(447)
Acquisition of investment properties	(1,448)	(6,427)
Interest received	221	83
Net cash used in investing activities	(2,565)	(6,791)
Cash flows from financing activities		
Repurchase of treasury shares	(1)	(2)
Drawdown of borrowings	12,000	-
Repayment of borrowings	(15,500)	-
Dividends paid	(4,483)	(4,483)
Interest paid	(116)	(75)
Net cash used in financing activities	(8,100)	(4,560)
Net changes in cash and cash equivalents	11,935	(12,058)
Cash and cash equivalents at the beginning of the financial period	2,766	17,130
Cash and cash equivalents at the end of the financial period	14,701	5,072

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017)

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

A1. BASIS OF PREPARATION

The unaudited interim financial statements have been prepared in accordance with the requirement of MFRS 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 2017.

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 2017.

The Group and the Company’s financial statements for reporting period ended 30 September 2018 are prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”) issued by MASB and International Financial Reporting Standards. The date of transition to the MFRS Framework was on 1 January 2017.

The Group has consistently applied the same accounting policies in its opening MFRSs statement of financial position as at 1 January 2017 and throughout all comparable interim periods presented, as if these policies had always been in effect. Comparative information in these interim financial statements have been restated to give effect to these changes and the financial impact on transition from FRS in Malaysia to MFRS are disclosed as follows:

Statement of financial position as at 31 December 2017

	<i>Previously reported under FRSs RM’000</i>	<i>Restated under MFRSs RM’000</i>
Non-current assets		
Inventories	-	104,539
Land held for property development	104,539	-
Current assets		
Contract assets	-	12,422
Inventories	65,447	73,531
Trade and other receivables	17,819	6,635
Property development costs	8,084	-
Current liabilities		
Contract liabilities	-	198
Amount due to contract customers	198	-

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:

	Effective dates for financial periods beginning on or after
• Amendments to MFRS 3, MFRS 11, MFRS 112, MFRS 119 and MFRS 123 (Annual Improvements to MFRS Standards 2015–2017 Cycle)	1 January 2019
• Amendments to MFRS 9, Prepayment Features with Negative Compensation	1 January 2019
• MFRS 16, Leases	1 January 2019
• Amendments to MFRS 128, Long Term Interest in Associates and Joint Ventures	1 January 2019
• IC Interpretation 23 – Uncertainty over Income Tax Treatments	1 January 2019
• Amendments to MFRS 2, Share-based Payment	1 January 2020
• Amendments to MFRS 3, Business Combinations	1 January 2020
• Amendments to MFRS 6 Exploration for and Evaluation of Mineral Resources	1 January 2020
• Amendment to MFRS 14, Regulatory Deferral Accounts	1 January 2020
• Amendments to MFRS 101, Presentation of Financial Statements	1 January 2020
• Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
• Amendments to MFRS 134 Interim Financial Reporting	1 January 2020
• Amendment to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
• Amendment to MFRS 138 Intangible Assets	1 January 2020
• MFRS 17, Insurance Contracts	1 January 2021
• Amendments to MFRS 10 and MFRS 128, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

A2. AUDITORS' REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2017 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 2018.

At the date of this report, a total of 12,383,400 shares purchased back were held as treasury shares with a total cost of RM5,366,095. 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 RM4,483,415 in respect of the financial year ended 31 December 2017 was paid on 26 July 2018.

A8. SEGMENTAL REPORTING

Segmental analysis of the results and assets employed for 9 months ended 30 September 2018.

Business Segment	Construction	Property Development	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	221	54,757	-	54,978
Inter-segment revenue	29,577	-	(29,577)	-
Total revenue	29,797	54,757	(29,577)	54,978
Segment result	4,675	27,902	-	32,577
Unallocated income/(expenses)				4,367
Interest income				460
Profit from operations				37,404
Finance cost				(116)
Profit before tax				37,288
Taxation				(10,567)
Net profit for the period				26,721

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 2017.

A10. SUBSEQUENT MATERIAL EVENTS

There were no material events subsequent to the end of the reporting quarter 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 2018 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 30.09.2018 RM'000	Financial Year Ended 31.12.2017 RM'000
A Contingent Liabilities		
Corporate guarantee for credit facilities and guarantee granted to subsidiaries of the company	220	332

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 2018 and the corresponding periods in the preceding year is as follows:

	Current Year Quarter 01.07.2018 – 30.09.2018 RM'000	Preceding Year Quarter 01.07.2017 – 30.09.2017 RM'000	Current Year 01.01.2018 – 30.09.2018 RM'000	Preceding Year 01.01.2017 – 30.09.2017 RM'000
Revenue	2,633	24,472	61,471	65,494
Profit before tax	877	14,717	37,288	39,913
(Loss)/Profit after tax (before Non-controlling interest)	(1,017)	11,458	26,721	30,651
(Loss)/Profit attributable to equity holders of the parent	(1,017)	11,458	26,721	30,651

Current year to-date vs previous year to-date

Profit before tax for the current quarter ended 30 September 2018 of RM0.9 million was lower as compared to the previous year's corresponding period of RM14.7 million mainly due to the completion of Ken Rimba Condominium 1 ("KRC1") project in previous quarter.

Loss after tax for the current quarter ended 30 September 2018 of RM1.0 million was mainly due to the completion of the KRC1 project in the previous quarter and hence, lower revenue contribution from the property development segment during the current quarter.

Performance for the respective operating business segments for the current year to date as at 30 September 2018 as compared to the previous year's corresponding period is analysed as follows:

- 1) Property development operations – Segmental revenue decreased by RM10.7 million to RM54.8 million due to the completion of KRC1 project during the previous quarter. Segmental profit increased by RM8.6 million to RM27.9 million on the back of contribution from the completion of KRC1 project during the previous quarter .
- 2) Construction operations – Segmental revenue decreased by RM11.0 million to RM29.8 million due to higher volume of work done during the previous year's corresponding quarter. Correspondingly, segmental profit decreased by RM15 million to RM4.7 million 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:

	Current Quarter 01.07.2018 – 30.09.2018 RM'000	Preceding Quarter 01.04.2018 – 30.06.2018 RM'000
Revenue	2,633	51,082
(Loss)/Profit after tax (before Non-controlling Interest)	(1,017)	25,553
(Loss)/Profit after tax (after Non-controlling Interest)	(1,017)	25,552

The revenue for the current quarter ended 30 September 2018 at RM2.6 million was lower than the preceding quarter ended 30 June 2018 of RM51.1 million. Lower revenue contribution from the property development segment resulted in loss after tax posted during the current quarter.

B3. PROSPECTS FOR 2018

The Malaysian property market is expected to remain challenging in 2018 with concerns on oversupply of properties, a tight lending environment, hike in interest rates and the general economic uncertainties all contributing to create a cautious outlook. The Group's performance is expected to remain positive following the Group's continuous strategic efforts to focus on strengthening its long-term recurring income as well as monetisation of the remaining inventories of 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 2018.

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 2018.

B5. TAX EXPENSE

	Current Year Quarter 01.07.2018 – 30.09.2018 RM'000	Preceding Year Quarter 01.07.2017 – 30.09.2017 RM'000	Current Year 01.01.2018 – 30.09.2018 RM'000	Preceding Year 01.01.2017 – 30.09.2017 RM'000
In respect of current period				
- income tax	2,742	9,880	5,422	12,730
- deferred tax	(848)	(6,621)	5,145	(3,468)
	<u>1,894</u>	<u>3,259</u>	<u>10,567</u>	<u>9,262</u>

The Group's effective tax rate for the 9 months ended 30 September 2018 was 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 ended 30 September 2018.

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 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 in relation to the Application where the Federal Court has decided the matter in the Defendant’s favour with cost.

The trial for High Court Suit No. 22NCVC-64-01/2015 commenced on 15 December 2017 and is currently still ongoing.

B9. DIVIDEND

The Board does not recommend any interim dividend for the current quarter under review.

B10. EARNINGS PER SHARE

	Quarter Ended 30.09.2018 RM’000	9 months ended 30.09.2018 RM’000
A Basic Earnings		
Net (loss)/profit attributable to shareholders	(1,017)	26,721
Weighted average number of ordinary shares (’000)	179,337	179,337
Basic (loss)/earnings per share (sen)	(0.57)	14.90
B Diluted earnings	-	-

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

B11. PROFIT FOR THE PERIOD

	Current Year Quarter 01.07.2018 - 30.09.2018 RM'000	Preceding Year Quarter 01.07.2017 - 30.09.2017 RM'000	Current Year 01.01.2018 - 30.09.2018 RM'000	Preceding Year 01.01.2017 - 30.09.2017 RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	303	46	460	368
Other income	899	842	2,567	2,819
Depreciation	(711)	(1,458)	(1,990)	(1,850)
Interest expense	(28)	(25)	(116)	(75)

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: 21 November 2018