



KEN HOLDINGS BERHAD (106173-M)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

KEN HOLDINGS BERHAD (106173-M)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2019

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2019	Preceding Year Corresponding Quarter 31.12.2018	Current Year To Date 31.12.2019	Preceding Year Corresponding Period 31.12.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	5,419	2,811	14,652	64,282
Cost of sales	(3,300)	(369)	(7,795)	(18,831)
Gross Profit	2,119	2,442	6,857	45,451
Operating expenses	(2,309)	(5,007)	(8,747)	(13,753)
Other operating income	1,618	1,192	4,770	4,220
Profit/(Loss) before tax	1,428	(1,373)	2,880	35,918
Income tax expense	(251)	(1,289)	(636)	(11,230)
Profit/(Loss) for the period / Total comprehensive income / (expense) for the period	1,177	(2,662)	2,244	24,688
Total comprehensive income / (expense) attributable to:				
Owners of the Company	1,177	(2,662)	2,244	24,686
Non-controlling interest	-	-	-	2
	1,177	(2,662)	2,244	24,688
Earnings/(Loss) per share (sen) :				
(i) Basic earnings/(loss) per ordinary share	0.66	(1.48)	1.25	13.77
(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 2018)

KEN HOLDINGS BERHAD (106173-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	(Unaudited) As at 31.12.2019 RM'000	(Audited) As at 31.12.2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	14,778	15,395
Investment properties	133,508	132,478
Inventories	105,368	104,881
Other investments	26	26
Deferred tax assets	11,880	11,804
	265,560	264,584
Current assets		
Inventories	88,135	88,284
Trade and other receivables	16,427	13,121
Deposits, bank and cash balances	7,187	16,710
	111,749	118,115
Total Assets	377,309	382,699
EQUITY AND LIABILITIES		
EQUITY		
Share capital	95,860	95,860
Treasury shares at cost	(5,366)	(5,366)
Reserves	8,367	8,367
Non-controlling interest	48	47
Retained earnings	220,965	221,411
Total equity	319,874	320,319
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	17,172	16,101
	17,172	16,101
Current liabilities		
Trade and other payables	38,125	43,808
Contract liabilities	-	7
Borrowings	2,000	2,000
Provision for taxation	138	464
	40,263	46,279
Total Liabilities	57,435	62,380
Total equity and liabilities	377,309	382,699
Net assets per share (RM)	1.78	1.79

(The Unaudited Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018)

KEN HOLDINGS BERHAD (106173-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2019

	<----- 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 2018	95,860	(5,365)	8,367	201,208	300,070	45	300,115
Total comprehensive income for the year	-	-	-	24,686	24,686	2	24,688
Dividend paid to owners of the Company	-	-	-	(4,483)	(4,483)	-	(4,483)
Treasury shares	-	(1)	-	-	(1)	-	(1)
At 31 December 2018	95,860	(5,366)	8,367	221,411	320,272	47	320,319
At 1 January 2019	95,860	(5,366)	8,367	221,411	320,272	47	320,319
Net profit for the period	-	-	-	2,244	2,244	-	2,244
Total comprehensive income for the period	-	-	-	2,244	2,244	-	2,244
Changes in ownership interests in a subsidiary	-	-	-	-	-	1	1
Dividend paid to owners of the Company	-	-	-	(2,690)	(2,690)	-	(2,690)
At 31 December 2019	95,860	(5,366)	8,367	220,965	319,826	48	319,874

(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 2018)

KEN HOLDINGS BERHAD (106173-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2019

	Current Period To Date 31.12.2019 RM'000	Preceding Year Corresponding Period 31.12.2018 RM'000
Cash flows from operating activities		
Profit before tax	2,880	35,918
Adjustments for:		
Non-cash items	3,058	2,758
Non-operating items	3	(436)
Operating profit before working capital changes	<u>5,941</u>	<u>38,240</u>
Changes in working capital:		
Net changes in current assets	(1,673)	(9,350)
Net changes in current liabilities	(5,680)	10,929
Cash (used in) / generated from operations	<u>(1,412)</u>	<u>39,819</u>
Interest received	73	354
Tax refund	702	772
Tax paid	(2,648)	(9,943)
Net cash (used in) / generated from operating activities	<u>(3,285)</u>	<u>31,002</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(430)	(1,530)
Acquisition of investment properties	(3,041)	(7,643)
Interest received	33	237
Net cash used in investing activities	<u>(3,438)</u>	<u>(8,936)</u>
Cash flows from financing activities		
Repurchase of treasury shares	-	(1)
Repayment of borrowings	-	(3,500)
Dividends paid	(2,690)	(4,483)
Interest paid	(110)	(144)
Net cash used in financing activities	<u>(2,800)</u>	<u>(8,128)</u>
Net changes in cash and cash equivalents	(9,523)	13,938
Effect of exchange rate fluctuations on cash held	-	6
Cash and cash equivalents at the beginning of the financial period	16,710	2,766
Cash and cash equivalents at the end of the financial period	<u>7,187</u>	<u>16,710</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 2018)

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 requirements 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 2018.

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 2018.

The Group and the Company’s financial statements for reporting period ended 31 December 2019 are prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”) issued by MASB and International Financial Reporting Standards except for the adoption of the following new/revised MFRSs and Amendments to MFRSs:

- MFRS 16, Leases
- IC Interpretation 23 – Uncertainty over Income Tax Treatments
- Amendments to MFRS 3, MFRS 11, MFRS 112 and MFRS 123 (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)
- Amendments to MFRS 9, Prepayment Features with Negative Compensation
- Amendments to MFRS 119, Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 128, Long Term Interest in Associates and Joint Ventures

The adoption of the above amendments to MFRSs did not result in material impact to the interim financial statements of the Group.

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, Definition of a Business	1 January 2020
• Amendment to MFRS 14, Regulatory Deferral Accounts	1 January 2020
• Amendments to MFRS 101 and MFRS 108, Definition of Material	
• Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
• Amendment to MFRS 9, MFRS 139 and MFRS 7, Interest Rate Benchmark Reform	1 January 2020
• Amendment to IC Interpretation 12 Service Concession Arrangements	1 January 2020
• Amendment to IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
• Amendment to IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
• Amendment to IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2020
• Amendments to IC Interpretation 132 Intangible Assets – Web Site Costs	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 2018 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 31 December 2019.

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

No dividend has been paid for the current quarter ended 31 December 2019.

A8. SEGMENTAL REPORTING

Segmental analysis of the results and assets employed for 12 months ended 31 December 2019.

Business Segment	Construction RM'000	Property Development RM'000	Property Investment RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from external customers	-	1,838	12,382	432	-	14,652
Inter-segment revenue	3,925	-	1,549	-	(5,474)	-
Total revenue	3,925	1,838	13,931	432	(5,474)	14,652
Segment result	(2,561)	1,025	3,964	455	-	2,883
Interest income						107
Profit from operations						2,990
Finance cost						(110)
Profit before tax						2,880
Taxation						(636)
Net profit for the period						2,244

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 2018.

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 31 December 2019 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 31.12.2019 RM'000	Financial Year Ended 31.12.2018 RM'000
A Contingent Liabilities		
Corporate guarantee for credit facilities and guarantee granted to subsidiaries of the company	711	226

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 31 December 2019 and the corresponding periods in the preceding year is as follows:

	Current Year Quarter 01.10.2019 – 31.12.2019 RM'000	Preceding Year Quarter 01.10.2018 – 31.12.2018 RM'000	Current Year 01.01.2019 – 31.12.2019 RM'000	Preceding Year 01.01.2018 – 31.12.2018 RM'000
Revenue	5,419	2,811	14,652	64,282
Profit/(Loss) before tax	1,428	(1,373)	2,880	35,918
Profit/(Loss) after tax (before non-controlling interest)	1,177	(2,662)	2,244	24,688
Profit/(Loss) attributable to equity holders of the parent	1,177	(2,662)	2,244	24,686

Current year to-date vs previous year to-date

Profit before tax for the current quarter ended 31 December 2019 of approximately RM1.4 million was higher as compared to the previous year's corresponding period's loss before tax of approximately RM1.4 million. This was mainly due to the completion of Ken Rimba Condominium 1 ("KRC1") project at the end of year 2018 and hence, lower revenue contribution in the previous year's corresponding period. Due to the completion of the KRC1 project in previous year, the Group's revenue and profit contribution was mainly from the property investment segment during the current year. The revenue contribution from the property investment segment during the current year quarter is higher than the preceding year quarter due to the increase in occupancy rate in Menara KEN TTDI.

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 01.10.2019 – 31.12.2019 RM'000	Preceding Quarter 01.07.2019 – 30.09.2019 RM'000
Revenue	5,419	3,210
Profit after tax (before Non-controlling Interest)	1,177	513
Profit after tax (after Non-controlling Interest)	1,177	513

The revenue for the current quarter ended 31 December 2019 at RM5.4 million was higher than the preceding quarter ended 30 September 2019 of RM3.2 million. Correspondingly, profit after tax for the current quarter was also higher as compared to the preceding year quarter.

B3. PROSPECTS FOR 2020

The property market sentiment in Malaysia is expected to remain challenging in 2020 due to the continued weak consumer sentiment, stringent lending environment, concerns on oversupply of properties, and the general economic uncertainties contributing to create a cautious outlook. The Group remains cautious in launching new projects and will continue focusing on its strategic efforts to strengthen 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's performance will remain positive for the financial year ending 31 December 2020.

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 2019.

B5. TAX EXPENSE

	Current Year Quarter 01.10.2019 – 31.12.2019 RM'000	Preceding Year Quarter 01.10.2018 – 31.12.2018 RM'000	Current Year 01.01.2019 – 31.12.2019 RM'000	Preceding Year 01.01.2018 – 31.12.2018 RM'000
In respect of current period				
- income tax	(746)	1,431	(359)	6,802
- deferred tax	997	(142)	995	4,428
	251	1,289	636	11,230

The Group's effective tax rate for the 12 months ended 31 December 2019 was lower than the statutory rate of 24% was mainly due to the over provision of income tax for the preceding year taken up in current year.

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 31 December 2019.

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 (2018: 1.5 sen per ordinary share).

B10. EARNINGS PER SHARE

	Quarter Ended 31.12.2019 RM’000	12 months ended 31.12.2019 RM’000
A Basic Earnings		
Profit attributable to owners of the Company	2,244	2,931
Weighted average number of ordinary shares (‘000)	179,337	179,337
Basic earnings per share (sen)	1.25	1.63
B Diluted earnings	-	-

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

B11. PROFIT FOR THE PERIOD

	Current Year Quarter 01.10.2019 - 31.12.2019 RM'000	Preceding Year Quarter 01.10.2018 - 31.12.2018 RM'000	Current Year 01.01.2019 - 31.12.2019 RM'000	Preceding Year 01.01.2018 - 31.12.2018 RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	21	131	107	591
Other income	1,125	1,062	4,192	3,629
Depreciation	(772)	(774)	(3,057)	(2,764)
Interest expense	(32)	(28)	(110)	(144)

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: 27 February 2020