



KEN HOLDINGS BERHAD
(198301010855 (106173-M))

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2020

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2020	Preceding Year Corresponding Quarter 31.03.2019	Current Year To Date 31.03.2020	Preceding Year Corresponding Period 31.03.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	3,211	2,949	3,211	2,949
Cost of sales	(2,002)	(1,482)	(2,002)	(1,482)
Gross Profit	1,209	1,467	1,209	1,467
Operating expenses	(2,436)	(2,122)	(2,436)	(2,122)
Other operating income	1,714	1,010	1,714	1,010
Profit before tax	487	355	487	355
Income tax expense	(146)	(119)	(146)	(119)
Profit for the period / Total comprehensive income for the period	341	236	341	236
Other comprehensive income:				
Owners of the Company	341	235	341	235
Non-controlling interest	-	1	-	1
	341	236	341	236
Earnings per share (sen) :				
(i) Basic earnings per ordinary share	0.19	0.13	0.19	0.13
(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 2019)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	(Unaudited) As at 31.03.2020 RM'000	(Audited) As at 31.12.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	5,710	5,940
Investment properties	133,033	133,508
Inventories	105,446	105,368
Right-of-use assets	8,801	8,838
Other investments	26	26
Deferred tax assets	11,880	11,880
	264,896	265,560
Current assets		
Inventories	88,200	88,135
Trade and other receivables	8,012	16,417
Deposits, bank and cash balances	13,698	7,187
	109,910	111,739
	374,806	377,299
Total Assets	374,806	377,299
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	49	49
Retained earnings	221,304	220,963
Total equity	320,214	319,873
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	17,172	17,172
	17,172	17,172
Current liabilities		
Trade and other payables	35,282	38,116
Borrowings	2,000	2,000
Provision for taxation	138	138
	37,420	40,254
Total Liabilities	54,592	57,426
Total equity and liabilities	374,806	377,299
Net assets per share (RM)	1.79	1.78

(The Unaudited Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2020

	<----- 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 2019	95,860	(5,366)	8,367	221,411	320,272	47	320,319
Total comprehensive income for the year	-	-	-	2,242	2,242	2	2,244
Dividend paid to owners of the Company	-	-	-	(2,690)	(2,690)	-	(2,690)
Treasury shares	-	-	-	-	-	-	-
At 31 December 2019	95,860	(5,366)	8,367	220,963	319,824	49	319,873
At 1 January 2020	95,860	(5,366)	8,367	220,963	319,824	49	319,873
Net profit for the period	-	-	-	341	341	-	341
Total comprehensive income for the period	-	-	-	341	341	-	341
Changes in ownership interests in a subsidiary	-	-	-	-	-	-	-
At 31 March 2020	95,860	(5,366)	8,367	221,304	320,165	49	320,214

(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 2019)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2020

	Current Period To Date 31.03.2020 RM'000	Preceding Year Corresponding Period 31.03.2019 RM'000
Cash flows from operating activities		
Profit before tax	487	355
Adjustments for:		
Non-cash items	778	748
Non-operating items	(496)	(2)
Operating profit before working capital changes	<u>769</u>	<u>1,101</u>
Changes in working capital:		
Net changes in current assets	8,114	(453)
Net changes in current liabilities	(2,845)	(3,890)
Cash (used in) / generated from operations	<u>6,038</u>	<u>(3,242)</u>
Interest received	510	18
Tax refund	338	450
Tax paid	(325)	(755)
Net cash (used in) / generated from operating activities	<u>6,561</u>	<u>(3,529)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	-	(109)
Acquisition of investment properties	(36)	(335)
Interest received	9	13
Net cash used in investing activities	<u>(27)</u>	<u>(431)</u>
Cash flows from financing activities		
Interest paid	(23)	(26)
Net cash used in financing activities	<u>(23)</u>	<u>(26)</u>
Net changes in cash and cash equivalents	6,511	(3,986)
Cash and cash equivalents at the beginning of the financial period	7,187	16,710
Cash and cash equivalents at the end of the financial period	<u><u>13,698</u></u>	<u><u>12,724</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 2019)

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 2019.

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 2019.

The Group and the Company’s financial statements for reporting period ended 31 March 2020 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:

- Amendment to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3, Definition of a Business
- Amendment to MFRS 9, MFRS 139 and MFRS 7, Interest Rate Benchmark Reform
- Amendments to MFRS 101 and MFRS 108, Definition of Material

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
• MFRS 17, Insurance Contracts	1 January 2021
• Amendments to MFRS 101 Classification of Liabilities as Current or Non-current	1 January 2022
• Amendments to MFRS 10 and MFRS 128, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

A2. AUDITORS’ REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report on the financial statements for the year ended 31 December 2019 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 March 2020.

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 March 2020.

A8. SEGMENTAL REPORTING

Segmental analysis of the results and assets employed for 3 months ended 31 March 2020.

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	-	-	3,103	108	-	3,211
Inter-segment revenue	-	-	350	-	(350)	-
Total revenue	-	-	3,453	108	(350)	3,211
Segment result	(275)	497	185	80	-	487
Unallocated income / (expenses)						(496)
Interest income						519
Profit from operations						510
Finance cost						(23)
Profit before tax						487
Taxation						(146)
Net profit for the period						341

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 2019.

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 March 2020 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 31.03.2020 RM'000	Financial Year Ended 31.12.2019 RM'000
A Contingent Liabilities		
Corporate guarantee for credit facilities and guarantee granted to subsidiaries of the company	215	711

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 March 2020 and the corresponding periods in the preceding year is as follows:

	Current Year Quarter 01.01.2020 – 31.03.2020 RM'000	Preceding Year Quarter 01.01.2019 – 31.03.2019 RM'000	Current Year 01.01.2020 – 31.03.2020 RM'000	Preceding Year 01.01.2019 – 31.03.2019 RM'000
Revenue	3,211	2,949	3,211	2,949
Profit before tax	487	355	487	355
Profit after tax (before non-controlling interest)	341	236	341	236
Profit attributable to equity holders of the parent	341	235	341	235

Current year to-date vs previous year to-date

Profit before tax for the current quarter ended 31 March 2020 of approximately RM0.5 million was higher as compared to the previous year's corresponding period's profit before tax of approximately RM0.4 million. This was mainly 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 01.01.2020 – 31.03.2020 RM'000	Preceding Quarter 01.10.2019 – 31.12.2019 RM'000
Revenue	3,211	5,419
Profit after tax (before Non-controlling Interest)	341	1,177
Profit after tax (after Non-controlling Interest)	341	1,177

The revenue for the current quarter ended 31 March 2020 at RM3.2 million was lower than the preceding quarter ended 31 December 2019 of RM5.4 million mainly due to the sales registered from the property development segment in the preceding year quarter. Correspondingly, profit after tax for the current quarter was also lower 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 a cautious outlook. The recent outbreak of the COVID-19 pandemic has also greatly disrupted global business sentiment and operating conditions. In view of the uncertainties in the months ahead, the Group will remain prudent in launching new projects and conserve financial resources as the full impact of the COVID-19 pandemic cannot be ascertained at this juncture. However, the Group 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 2020.

B5. TAX EXPENSE

	Current Year Quarter 01.01.2020 – 31.03.2020 RM'000	Preceding Year Quarter 01.01.2019 – 31.03.2019 RM'000	Current Year 01.01.2020 – 31.03.2020 RM'000	Preceding Year 01.01.2019 – 31.03.2019 RM'000
In respect of current period				
- income tax	146	119	146	119
- deferred tax	-	-	-	-
	146	119	146	119

The Group's effective tax rate for the 3 months ended 31 March 2020 was higher than the statutory rate of 24% mainly due to losses of certain subsidiaries, which are not available to set off against taxable profits of other subsidiaries within the Group.

B6. THE STATUS OF CORPORATE PROPOSALS

There was no corporate proposal announced 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 March 2020.

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 ended in January 2020 and the case is now pending preparation of notes of proceedings.

B9. DIVIDEND

The Board does not recommend any interim dividend for the current quarter under review (2019: Nil).

B10. EARNINGS PER SHARE

	Quarter Ended 31.03.2020 RM'000	3 months ended 31.03.2020 RM'000
A Basic Earnings		
Profit attributable to owners of the Company	341	341
Weighted average number of ordinary shares ('000)	179,337	179,337
Basic earnings per share (sen)	0.19	0.19
B Diluted earnings	-	-

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

B11. PROFIT FOR THE PERIOD

	Current Year Quarter 01.01.2020 - 31.03.2020 RM'000	Preceding Year Quarter 01.01.2019 - 31.03.2019 RM'000	Current Year 01.01.2020 - 31.03.2020 RM'000	Preceding Year 01.01.2019 - 31.03.2019 RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	519	31	519	31
Other income	1,195	980	1,195	980
Depreciation	(778)	(635)	(778)	(635)
Interest expense	(23)	(26)	(23)	(26)

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,

.....
 Andrea Huang Jia Mei
 Company Secretary
 Date: 10 June 2020