



KEN HOLDINGS BERHAD
(198301010855 (106173-M))

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2020	Preceding Year Corresponding Quarter 30.09.2019	Current Year To Date 30.09.2020	Preceding Year Corresponding Period 30.09.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	14,927	3,210	21,432	9,233
Cost of sales	(6,714)	(1,840)	(10,302)	(4,495)
Gross Profit	8,213	1,370	11,130	4,738
Operating expenses	(2,878)	(2,299)	(7,359)	(6,438)
Other operating income	1,526	1,089	4,702	3,153
Profit before tax	6,861	160	8,473	1,453
Income tax expense	(1,259)	353	(1,612)	(385)
Profit for the period / Total comprehensive income for the period	5,602	513	6,861	1,068
Other comprehensive income:				
Owners of the Company	5,602	513	6,861	1,068
Non-controlling interest	-	-	-	-
	5,602	513	6,861	1,068
Earnings per share (sen) :				
(i) Basic earnings per ordinary share	3.12	0.29	3.83	0.60
(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 30 SEPTEMBER 2020

	(Unaudited) As at 30.09.2020 RM'000	(Audited) As at 31.12.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	5,317	5,940
Investment properties	133,850	133,508
Inventories	105,556	105,368
Right-of-use assets	8,725	8,838
Other investments	26	26
Deferred tax assets	11,852	11,880
	265,326	265,560
Current assets		
Inventories	81,690	88,135
Trade and other receivables	19,585	16,417
Deposits, bank and cash balances	13,340	7,187
	114,615	111,739
Total Assets	379,941	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	227,824	220,963
Total equity	326,734	319,873
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	17,172	17,172
	17,172	17,172
Current liabilities		
Trade and other payables	33,447	38,116
Borrowings	2,000	2,000
Provision for taxation	588	138
	36,035	40,254
Total Liabilities	53,207	57,426
Total equity and liabilities	379,941	377,299
Net assets per share (RM)	1.82	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 30 SEPTEMBER 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	-	-	-	6,861	6,861	-	6,861
Total comprehensive income for the period	-	-	-	6,861	6,861	-	6,861
Changes in ownership interests in a subsidiary	-	-	-	-	-	-	-
At 30 September 2020	95,860	(5,366)	8,367	227,824	326,685	49	326,734

(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 30 SEPTEMBER 2020

	Current Period To Date 30.09.2020 RM'000	Preceding Year Corresponding Period 30.09.2019 RM'000
Cash flows from operating activities		
Profit before tax	8,473	1,453
Adjustments for:		
Non-cash items	2,313	2,285
Non-operating items	(749)	(8)
Operating profit before working capital changes	<u>10,037</u>	<u>3,730</u>
Changes in working capital:		
Net changes in current assets	307	(502)
Net changes in current liabilities	(4,680)	(7,516)
Cash (used in) / generated from operations	<u>5,664</u>	<u>(4,288)</u>
Interest received	598	61
Tax refund	338	450
Tax paid	(575)	(2,528)
Net cash (used in) / generated from operating activities	<u>6,025</u>	<u>(6,305)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(23)	(375)
Acquisition of investment properties	-	(1,382)
Proceeds from disposal of property, plant and equipment	5	-
Interest received	210	25
Net cash used in investing activities	<u>192</u>	<u>(1,732)</u>
Cash flows from financing activities		
Dividends paid	-	(2,690)
Interest paid	(64)	(78)
Net cash used in financing activities	<u>(64)</u>	<u>(2,768)</u>
Net changes in cash and cash equivalents	6,153	(10,805)
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>13,340</u></u>	<u><u>5,905</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 30 September 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
- Amendment to MFRS 16 Leases: Covid-19-Related Rent Concessions

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 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
• Annual Improvement of MFRS Standards 2018 – 2020 Amendments to MFRS 1, 9, 16 and 141	1 January 2022
• Amendments to MFRS 3 Business Combinations: Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 116 Property, Plant and Equipment: Proceed before Intended Use	1 January 2022
• Amendments to MFRS 137 Onerous Contract – Cost of Fulfilling a Contract	1 January 2022
• MFRS 17 and Amendments to MFRS 17 Insurance Contract	1 January 2023
• Amendments to MFRS 101 Classification of Liabilities as Current or Non-current	1 January 2023
• 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 30 September 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 30 September 2020.

A8. SEGMENTAL REPORTING

Segmental analysis of the results and assets employed for 9 months ended 30 September 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	-	14,685	9,761	1,021	(4,035)	21,432
Inter-segment revenue	-	-	845	1,300	(2,145)	-
Total revenue	-	14,685	10,606	2,321	(6,180)	21,432
Segment result	(714)	7,325	1,538	324	-	8,473
Unallocated income / (expenses)						(743)
Interest income						807
Profit from operations						8,537
Finance cost						(64)
Profit before tax						8,473
Taxation						(1,612)
Net profit for the period						6,861

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 30 September 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 30.09.2020 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	12	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 30 September 2020 and the corresponding periods in the preceding year is as follows:

	Current Year Quarter 01.07.2020 – 30.09.2020 RM'000	Preceding Year Quarter 01.07.2019 – 30.09.2019 RM'000	Current Year 01.01.2020 – 30.09.2020 RM'000	Preceding Year 01.01.2019 – 30.09.2019 RM'000
Revenue	14,927	3,210	21,432	9,233
Profit before tax	6,861	160	8,473	1,453
Profit after tax (before non-controlling interest)	5,602	513	6,861	1,068
Profit attributable to equity holders of the parent	5,602	513	6,861	1,068

Current quarter vs preceding year quarter

The Group recorded revenue of approximately RM14.9 million and profit before tax of approximately RM6.9 million for the current quarter ended 30 September 2020 as compared to the previous year's corresponding period's revenue and profit before tax of approximately RM3.2 million and RM0.2 million, respectively.

The property development segment mainly contributed to the increase in revenue for the current quarter. The increase in revenue and profit before tax was mainly attributable to the new sales recorded from the Ken Rimba development during the current quarter ended 30 September 2020.

Current year to-date vs preceding year to-date

The Group recorded revenue of approximately RM21.4 million for the current period ended 30 September 2020 as compared to the previous year's corresponding period's revenue of approximately RM9.2 million. Higher revenue for the current year ended 30 September 2020 was due to the higher contribution from the property development segment and property investment segment. Revenue from the property development segment increased by approximately RM14.7 million from the previous year's corresponding period due to the new sales registered during the current period as mentioned above. Revenue from the property investment segment increased by approximately RM0.7 million to approximately RM9.8 million due to new tenancies secured during the current year ended 30 September 2020.

Correspondingly, profit before tax of approximately RM8.5 million for the current period ended 30 September 2020 was higher than the previous year's corresponding period's profit before tax of approximately RM1.5 million.

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 01.07.2020 – 30.09.2020 RM'000	Preceding Quarter 01.04.2020 – 30.06.2020 RM'000
Revenue	14,927	3,294
Profit after tax (before Non-controlling Interest)	5,602	919
Profit after tax (after Non-controlling Interest)	5,602	919

The revenue for the current quarter ended 30 September 2020 at approximately RM14.9 million was higher than the preceding quarter ended 30 June 2020 of approximately RM3.3 million due to the new sales registered during the current quarter. Correspondingly, profit after tax for the current quarter was also higher as compared to the preceding year quarter.

B3. PROSPECTS FOR 2020

Due the unprecedented Covid-19 pandemic and enforcement of the Conditional Movement Control Order (CMCO), the property market sentiment in Malaysia is expected to remain challenging in 2020. The National Economic Recovery Plan (PENJANA) announced by the Malaysian Government, which provides initiatives for the property industry including stamp duty exemption under the Home Ownership Campaign ("HOC") 2020 and exemption of real property gains tax ("RPGT") for disposal of residential property, coupled with the reduction of the Overnight Policy Rate (OPR) by Bank Negara Malaysia will help cushion the impact of the Covid-19 pandemic on the overall property market. Nevertheless, the Group will remain prudent in launching new projects and continue focusing 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 01.07.2020 – 30.09.2020 RM'000	Preceding Year Quarter 01.07.2019 – 30.09.2019 RM'000	Current Year 01.01.2020 – 30.09.2020 RM'000	Preceding Year 01.01.2019 – 30.09.2019 RM'000
In respect of current period				
- income tax	1,258	(356)	1,583	387
- deferred tax	1	3	29	(2)
	1,259	(353)	1,612	385

The Group's effective tax rate for the 9 months ended 30 September 2020 was lower than the statutory rate of 24% mainly due to losses of certain subsidiaries, which set off against taxable profits of other subsidiaries.

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 30 September 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 30.09.2020 RM'000	9 months ended 30.09.2020 RM'000
A Basic Earnings		
Profit attributable to owners of the Company	5,602	6,861
Weighted average number of ordinary shares ('000)	179,337	179,337
Basic earnings per share (sen)	3.12	3.83
B Diluted earnings	-	-

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

B11. PROFIT FOR THE PERIOD

	Current Year Quarter 01.07.2020 – 30.09.2020 RM'000	Preceding Year Quarter 01.07.2019 – 30.09.2019 RM'000	Current Year 01.01.2020 - 30.09.2020 RM'000	Preceding Year 01.01.2019 – 30.09.2019 RM'000
Profit for the period is arrived at after crediting/(charging):				
Gain on disposal of property, plant and equipment	5	-	5	-
Interest income	92	36	807	86
Other income	1,433	1,054	3,889	3,067
Depreciation	(783)	(771)	(2,313)	(2,285)
Interest expense	(19)	(26)	(64)	(78)

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 Huong Jia Mei
 Company Secretary
 Date: 25 November 2020