



KEN HOLDINGS BERHAD
(198301010855 (106173-M))

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

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2020	Preceding Year Corresponding Quarter 31.12.2019	Current Year To Date 31.12.2020	Preceding Year Corresponding Period 31.12.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	12,092	5,419	33,524	14,652
Cost of sales	(5,930)	(3,300)	(16,232)	(7,795)
Gross Profit	6,162	2,119	17,292	6,857
Operating expenses	(6,150)	(2,309)	(13,509)	(8,747)
Other operating income	1,464	1,618	6,165	4,770
Profit before tax	1,476	1,428	9,948	2,880
Income tax expense	324	(251)	(1,288)	(636)
Profit for the period	1,800	1,177	8,660	2,244
Other comprehensive income:				
Revaluation surplus on property, plant and equipment	888	-	888	-
Total comprehensive income for the period	2,688	1,177	9,548	2,244
Total comprehensive income attributable to:				
Owners of the Company	2,688	1,177	9,548	2,242
Non-controlling interest	-	-	-	2
	2,688	1,177	9,548	2,244
Earnings per share (sen) :				
(i) Basic earnings per ordinary share	1.00	0.66	4.83	1.25
(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 DECEMBER 2020

	(Unaudited) As at 31.12.2020 RM'000	(Audited) As at 31.12.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	7,792	5,940
Investment properties	131,165	133,508
Inventories	105,857	105,368
Right-of-use assets	9,450	8,838
Other investments	26	26
Deferred tax assets	10,796	11,880
	265,086	265,560
Current assets		
Inventories	78,628	88,135
Trade and other receivables	18,275	16,417
Deposits, bank and cash balances	21,660	7,187
	118,563	111,739
	383,649	377,299
Total Assets	383,649	377,299
EQUITY AND LIABILITIES		
EQUITY		
Share capital	95,860	95,860
Treasury shares at cost	(5,366)	(5,366)
Reserves	9,255	8,367
Non-controlling interest	49	49
Retained earnings	229,623	220,963
Total equity	329,421	319,873
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	15,892	17,172
	15,892	17,172
Current liabilities		
Trade and other payables	36,148	38,116
Borrowings	2,000	2,000
Provision for taxation	188	138
	38,336	40,254
Total Liabilities	54,228	57,426
Total equity and liabilities	383,649	377,299
Net assets per share (RM)	1.84	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 DECEMBER 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	-	-	-	8,660	8,660	-	8,660
Other comprehensive income	-	-	888	-	888	-	888
Total comprehensive income for the period	-	-	888	8,660	9,548	-	9,548
At 31 December 2020	95,860	(5,366)	9,255	229,623	329,372	49	329,421

(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 DECEMBER 2020

	Current Period To Date 31.12.2020 RM'000	Preceding Year Corresponding Period 31.12.2019 RM'000
Cash flows from operating activities		
Profit before tax	9,948	2,880
Adjustments for:		
Non-cash items	6,750	3,057
Non-operating items	(890)	(469)
Operating profit before working capital changes	<u>15,808</u>	<u>5,468</u>
Changes in working capital:		
Net changes in current assets	28,491	(1,654)
Net changes in current liabilities	(1,979)	(5,699)
Cash (used in) / generated from operations	<u>42,320</u>	<u>(1,885)</u>
Interest received	636	74
Tax refund	338	701
Tax paid	(2,019)	(2,648)
Net cash (used in) / generated from operating activities	<u>41,275</u>	<u>(3,758)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(3,101)	(430)
Acquisition of investment properties	(23,950)	(3,040)
Proceeds from disposal of property, plant and equipment	5	-
Interest received	330	505
Net cash used in investing activities	<u>(26,716)</u>	<u>(2,965)</u>
Cash flows from financing activities		
Dividends paid	-	(2,690)
Interest paid	(81)	(110)
Net cash used in financing activities	<u>(81)</u>	<u>(2,800)</u>
Net changes in cash and cash equivalents	14,478	(9,523)
Effect of exchange rate fluctuations on cash held	(5)	-
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>21,660</u>	<u>7,187</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 December 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 16: Covid-19-Related Rent Concessions	1 June 2020
• 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 31 December 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 December 2020.

A8. SEGMENTAL REPORTING

Segmental analysis of the results and assets employed for 12 months ended 31 December 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	-	21,100	12,100	324	-	33,524
Inter-segment revenue	249	-	1,032	3,057	(4,338)	-
Total revenue	249	21,100	13,132	3,381	(4,338)	33,524
Segment result	(762)	11,268	(723)	165	-	9,948
Unallocated income / (expenses)						(885)
Interest income						966
Profit from operations						10,029
Finance cost						(81)
Profit before tax						9,948
Taxation						(1,288)
Net profit for the period						8,660

A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The values of property, plant and equipment are based on a valuation carried out during the financial quarter by independent registered professional valuers using the comparison method of valuation to ascertain the fair value.

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 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 31.12.2020 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	14	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 December 2020 and the corresponding periods in the preceding year is as follows:

	Current Year Quarter 01.10.2020 – 31.12.2020 RM'000	Preceding Year Quarter 01.10.2019 – 31.12.2019 RM'000	Current Year 01.01.2020 – 31.12.2020 RM'000	Preceding Year 01.01.2019 – 31.12.2019 RM'000
Revenue	12,092	5,419	33,524	14,652
Profit before tax	1,476	1,428	9,948	2,880
Profit after tax (before non-controlling interest)	1,800	1,177	8,660	2,244
Profit attributable to equity holders of the parent	1,800	1,177	8,660	2,242

Current quarter vs preceding year quarter

The Group registered revenue of approximately RM12.1 million and profit before tax of approximately RM1.5 million for the current quarter ended 31 December 2020 as compared to the previous year's corresponding period's revenue and profit before tax of approximately RM5.4 million and RM1.4 million, respectively.

The increase in revenue was mainly contributed from the property development segment during the current quarter. The increase in revenue was mainly attributable to the new sales recorded from the Ken Rimba development during the current quarter ended 31 December 2020. However, the slight increase in profit before tax during the current quarter ended 31 December 2020 was mainly attributable to the impairment loss on receivables.

Current year to-date vs preceding year to-date

The Group recorded revenue of approximately RM33.5 million for the current period ended 31 December 2020 as compared to the previous year's corresponding period's revenue of approximately RM14.7 million. Higher revenue for the current year ended 31 December 2020 was due to the new sales registered during the current year whereby revenue from the property development segment increased by approximately RM19.3 million from the previous year's corresponding period. Revenue from the property investment segment decreased slightly by approximately RM0.3 million to approximately RM12.1 million due to the decrease in revenue from car park as a result of the Movement Control Order as announced by the Malaysian Government during the year.

Profit before tax for the current period increased by RM7.1 million to approximately RM9.9 million as compared to the previous year's corresponding period of approximately RM2.9 million mainly due to the increase in sales from the property development segment.

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 01.10.2020 – 31.12.2020 RM'000	Preceding Quarter 01.07.2020 – 30.09.2020 RM'000
Revenue	12,092	14,927
Profit after tax (before Non-controlling Interest)	1,800	5,602
Profit after tax (after Non-controlling Interest)	1,800	5,602

The revenue for the current quarter ended 31 December 2020 at approximately RM12.1 million was slightly lower than the preceding quarter ended 30 September 2020 of approximately RM14.9 million due to higher number of new sales registered during the preceding quarter. Profit after tax for the current quarter was also lower as compared to the preceding year quarter due to the recognition of impairment loss on receivables during the current quarter.

B3. PROSPECTS FOR 2021

The outbreak of unprecedented Covid-19 pandemic had an adverse impact to the global economy for the year 2020. Due to the enforcement of the various phases of Movement Control Order, the property market sentiment in Malaysia is expected to remain challenging in 2021. The National Economic Recovery Plan (PENJANA) announced by the Malaysian Government in 2020, 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 and pave a path towards economic recovery. 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 2021.

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 01.10.2020 – 31.12.2020 RM'000	Preceding Year Quarter 01.10.2019 – 31.12.2019 RM'000	Current Year 01.01.2020 – 31.12.2020 RM'000	Preceding Year 01.01.2019 – 31.12.2019 RM'000
In respect of current period				
- income tax	(53)	(746)	1,530	(359)
- deferred tax	(271)	997	(242)	995
	<u>(324)</u>	<u>251</u>	<u>1,288</u>	<u>636</u>

The Group's effective tax rate for the 12 months ended 31 December 2020 was lower than the statutory rate of 24% mainly due to the reversal of deferred tax liability and 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 31 December 2020.

B8. MATERIAL LITIGATION**(a) Kuala Lumpur High Court Suit No. 22NCVC-64-01/2015 Sazean Holdings Sdn Bhd ("Plaintiff") v KEN and three of its wholly-owned subsidiaries ("Defendant")**

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.

(b) Kuala Lumpur High Court Suit No. WA-22NCVC-650-10/2020 Common Ground TTDI Sdn Bhd (“Plaintiff”) v Ken TTDI Sdn Bhd (“Defendant”)

The Company had announced that the Defendant had, on 21 October 2020, been served a Writ of Summons and Statement of Claim and an ex-parte Interim Injunction Order to prevent the Defendant from, among other things, taking any form of action to repossess the demised premises although both parties have yet to resolve the pending issues relating to the Tenancy Agreement dated 15 September 2017 (“TA”) and reach any agreement on the revised terms and conditions of the tenancy for a potential renewal term. The ex-parte Interim Injunction Order was granted by the High Court on 16 October 2020 ex-parte without hearing the Defendant and was extended by an ad-interim injunction on 30 October 2020 in the meantime until the *inter-partes* hearing, whilst the parties exchange affidavits and submissions. The TA has also then expired on 31 October 2020. The Defendant is opposing this ex-parte interim injunction order and the *inter-partes* hearing of the Interim Injunction Application has been set on 9 March 2021.

The Defendant had, on 26 November 2020, filed a Third Party Notice against Common Ground Works Sdn Bhd (1203873-X), Teo Juhn How and Erman Akinci to claim for the following:

- a) outstanding rentals and monies due under the TA in the amount of RM1,189,477.55;
- b) interest due on the outstanding amount under the TA of RM1,189,477.55 at a rate of 10% per annum on daily rests from the date the amount becomes due until full settlement;
- c) damages for misrepresentation amounting to RM2,721,770.33 being the portion of fit-out costs paid by the Defendant for the demised premises;
- d) double rental for unlawful holding over the demised premises from 1 November 2020 until the date of vacant possession of the demised premises;
- e) further damages for misrepresentation and for inducement of breach of contract, to be assessed.

The case management in relation to the Application for Third Party Notice is fixed on 22 March 2021.

On 30 November 2020, the Defendant filed a Defence and Counterclaim against the Plaintiff. The Defendant had in their Defence and Counterclaim claimed among others as follows:

- a) an order for the Plaintiff to immediately vacate the demised premises and to yield up the same to the Defendant in accordance with the terms of the TA;
- b) outstanding rentals and monies due under the TA in the amount of RM1,189,477.55;
- c) double rental for unlawful holding over the demised premises from 1 November 2020 until the date of vacant possession of the demised premises;
- d) interest due on the outstanding amount under the TA of RM1,189,477.55 and double rental at a rate of 10% per annum on daily rests from the date the amount becomes due until full settlement;
- e) interest due on the portion of fit-out costs paid by the Defendant at a rate of 5% per annum on daily rests from the date the amount becomes due until full settlement.

On 30 December 2020, the Defendant had filed an Application pursuant to Order 14A Rule 1 and/or Order 33 Rule 2 for the Court to determine two questions of law and/or interpretation of the TA, or preliminary issues, in order that the action may be disposed of without the need for a trial. The hearing in relation to the Application pursuant to Order 14A Rule 1 and/or Order 33 Rule 2 is fixed on 18 March 2021.

B9. DIVIDEND

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

B10. EARNINGS PER SHARE

	Quarter Ended 31.12.2020 RM'000	12 months ended 31.12.2020 RM'000
A Basic Earnings		
Profit attributable to owners of the Company	1,800	8,660
Weighted average number of ordinary shares ('000)	179,337	179,337
Basic earnings per share (sen)	1.00	4.83
B Diluted earnings	-	-

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

B11. PROFIT FOR THE PERIOD

	Current Year Quarter 01.10.2020 – 31.12.2020 RM'000	Preceding Year Quarter 01.10.2019 – 31.12.2019 RM'000	Current Year 01.01.2020 - 31.12.2020 RM'000	Preceding Year 01.01.2019 – 31.12.2019 RM'000
Profit for the period is arrived at after crediting/(charging):				
Gain on disposal of property, plant and equipment	-	-	5	-
Interest income	159	21	966	107
Other income	1,310	1,125	5,199	4,192
Depreciation	(1,550)	(772)	(3,863)	(3,057)
Interest expense	(17)	(32)	(81)	(110)
Impairment loss on receivables	(3,035)	-	(3,035)	-

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: 22 February 2021