



KEN HOLDINGS BERHAD
(198301010855 (106173-M))

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2021

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2021	Preceding Year Corresponding Quarter 31.03.2020	Current Year To Date 31.03.2021	Preceding Year Corresponding Period 31.03.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	14,550	3,211	14,550	3,211
Cost of sales	(8,177)	(2,002)	(8,177)	(2,002)
Gross Profit	6,373	1,209	6,373	1,209
Operating expenses	(3,442)	(2,436)	(3,442)	(2,436)
Other operating income	1,198	1,714	1,198	1,714
Profit before tax	4,129	487	4,129	487
Income tax expense	(1,184)	(146)	(1,184)	(146)
Profit for the period / Total comprehensive income for the period	2,945	341	2,945	341
Total comprehensive income attributable to:				
Owners of the Company	2,945	341	2,945	341
Non-controlling interest	-	-	-	-
	2,945	341	2,945	341
Earnings per share (sen) :				
(i) Basic earnings per ordinary share	1.64	0.19	1.64	0.19
(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 2020)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	(Unaudited) As at 31.03.2021 RM'000	(Audited) As at 31.12.2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	7,464	7,792
Investment properties	130,493	131,166
Inventories	105,958	105,856
Right-of-use assets	9,412	9,450
Other investments	26	26
Deferred tax assets	10,831	10,796
	264,184	265,086
Current assets		
Inventories	72,128	78,628
Trade and other receivables	18,344	18,196
Deposits, bank and cash balances	30,743	21,660
	121,215	118,484
	385,399	383,570
	385,399	383,570
EQUITY AND LIABILITIES		
EQUITY		
Share capital	95,860	95,860
Treasury shares at cost	(5,366)	(5,366)
Reserves	9,255	9,255
Non-controlling interest	49	49
Retained earnings	232,555	229,610
Total equity	332,353	329,408
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	15,892	15,892
	15,892	15,892
Current liabilities		
Trade and other payables	35,036	36,191
Borrowings	2,000	2,000
Provision for taxation	118	79
	37,154	38,270
Total Liabilities	53,046	54,162
	385,399	383,570
	385,399	383,570
Net assets per share (RM)	1.85	1.84

(The Unaudited Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2021

	<----- 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 2020	95,860	(5,366)	8,367	220,963	319,824	49	319,873
Net profit for the period	-	-	-	8,647	8,647	-	8,647
Other comprehensive income	-	-	888	-	888	-	888
Total comprehensive income for the year	-	-	888	8,647	9,535	-	9,535
At 31 December 2020	95,860	(5,366)	9,255	229,610	329,359	49	329,408
At 1 January 2021	95,860	(5,366)	9,255	229,610	329,359	49	329,408
Net profit for the period	-	-	-	2,945	2,945	-	2,945
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	2,945	2,945	-	2,945
Changes in ownership interests in a subsidiary	-	-	-	-	-	-	-
At 31 March 2021	95,860	(5,366)	9,255	232,555	332,304	49	332,353

(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 2020)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2021

	Current Period To Date 31.03.2021 RM'000	Preceding Year Corresponding Period 31.03.2020 RM'000
Cash flows from operating activities		
Profit before tax	4,129	487
Adjustments for:		
Non-cash items	1,046	778
Non-operating items	(72)	(496)
Operating profit before working capital changes	<u>5,103</u>	<u>769</u>
Changes in working capital:		
Net changes in current assets	5,756	8,114
Net changes in current liabilities	(1,085)	(2,845)
Cash generated from operations	<u>9,774</u>	<u>6,038</u>
Interest received	28	510
Tax refund	-	338
Tax paid	(755)	(325)
Net cash generated from operating activities	<u>9,047</u>	<u>6,561</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(8)	-
Acquisition of investment properties	-	(36)
Interest received	56	9
Net cash used in investing activities	<u>48</u>	<u>(27)</u>
Cash flows from financing activities		
Interest paid	(12)	(23)
Net cash used in financing activities	<u>(12)</u>	<u>(23)</u>
Net changes in cash and cash equivalents	9,083	6,511
Cash and cash equivalents at the beginning of the financial period	21,660	7,187
Cash and cash equivalents at the end of the financial period	<u>30,743</u>	<u>13,698</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 2020)

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 2020.

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 2020.

The Group and the Company’s financial statements for reporting period ended 31 March 2021 are prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”) issued by MASB except for the adoption of the following new/revised MFRSs and Amendments to MFRSs:

- Amendment to MFRS 9, MFRS 139 and MFRS 7, MFRS4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2
- Amendments 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 are not yet effective for the Group and the Company:

	Effective dates for financial periods beginning on or after
• Amendments to MFRS 16 Leases: Covid-19 Related Rent Concessions beyond 30 June 2021	1 April 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: Proceeds before Intended Use	1 January 2022
• Amendments to MFRS 137 Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
• MFRS 17 and Amendments to MFRS 17 Insurance Contracts	1 January 2023
• Amendments to MFRS 101 Classification of Liabilities as Current or Non-current	1 January 2023
• Amendments to MFRS 101 Disclosure of Accounting Policies	1 January 2023
• Amendments to MFRS 108 Definition of Accounting Estimates	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 2020 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 2021.

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 2021.

A8. SEGMENTAL REPORTING

Segmental analysis of the results and assets employed for 3 months ended 31 March 2021.

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	-	12,180	2,173	197	-	14,550
Inter-segment revenue	-	-	166	-	(166)	-
Total revenue	-	12,180	2,339	197	(4,338)	14,550
Segment result	(405)	4,802	(298)	30	-	4,129
Unallocated income / (expenses)						(72)
Interest income						84
Profit from operations						4,141
Finance cost						(12)
Profit before tax						4,129
Taxation						(1,184)
Net profit for the period						2,945

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 2020.

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 2021 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 31.03.2021 RM'000	Financial Year Ended 31.12.2020 RM'000
A Contingent Liabilities		
Corporate guarantee for credit facilities and guarantee granted to subsidiaries of the company	15	14

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 2021 and the corresponding periods in the preceding year is as follows:

	Current Year Quarter 01.01.2021 - 31.03.2021 RM'000	Preceding Year Quarter 01.01.2020 - 31.03.2020 RM'000	Current Year 01.01.2021 - 31.03.2021 RM'000	Preceding Year 01.01.2020 - 31.03.2020 RM'000
Revenue	14,550	3,211	14,550	3,211
Profit before tax	4,129	487	4,129	487
Profit after tax (before non-controlling interest)	2,945	341	2,945	341
Profit attributable to equity holders of the parent	2,945	341	2,945	341

Current quarter vs preceding year quarter

The Group registered revenue of approximately RM14.6 million and profit before tax of approximately RM4.1 million for the current quarter ended 31 March 2021 as compared to the previous year's corresponding period's revenue and profit before tax of approximately RM3.2 million and RM0.5 million, respectively.

The increase in revenue was mainly contributed from the property development segment due to sales of completed properties registered during the current quarter ended 31 March 2021. Correspondingly, profit before tax increased to RM3.0 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 01.01.2021 - 31.03.2021 RM'000	Preceding Quarter 01.10.2020 - 31.12.2020 RM'000
Revenue	14,550	12,092
Profit after tax (before Non-controlling Interest)	2,945	1,800
Profit after tax (after Non-controlling Interest)	2,945	1,800

The revenue for the current quarter ended 31 March 2021 at approximately RM14.6 million was higher than the preceding quarter ended 31 December 2020 of approximately RM12.1 million due to higher number of new sales registered during the current quarter. Correspondingly, profit after tax for the current quarter was higher as compared to the preceding year quarter.

B3. PROSPECTS FOR 2021

2020 was a challenging year due to the unprecedented outbreak of the COVID-19 pandemic which had adversely impacted the global economy. Even with the roll out of the vaccination across the world, the eventual recovery of economic activity is likely to be uncertain and uneven across economic sectors. With the continued weak consumer sentiments, the property market is expected to remain lacklustre in the year 2021. Notwithstanding the uncertainties from the COVID-19 pandemic on the property sector, the Group will continue with its strategy to build up its long term recurring income and monetise the remaining inventories while exercising prudence on new projects launches. 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 2021.

B5. TAX EXPENSE

	Current Year Quarter 01.01.2021 - 31.03.2021 RM'000	Preceding Year Quarter 01.01.2020 - 31.03.2020 RM'000	Current Year 01.01.2021 - 31.03.2021 RM'000	Preceding Year 01.01.2020 - 31.03.2020 RM'000
In respect of current period				
- income tax	1,219	146	1,219	146
- deferred tax	(35)	-	(35)	-
	1,184	146	1,184	146

The Group's effective tax rate for the 3 months ended 31 March 2021 was higher than the statutory rate of 24% mainly due to certain expenses which are not deductible for tax purposes.

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 2021.

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”)

On 12 October 2020, Common Ground TTDI Sdn Bhd (the “Plaintiff”) filed a Writ of Summons and Statement of Claim and an *ex-parte* Interim Injunction Order against Ken TTDI Sdn Bhd (the “Defendant”) to prevent the Defendant from, among other things, taking any form of action to repossess the demised premises in the interim period.

On 26 November 2020, the Defendant filed a Third Party Notice against Common Ground Works Sdn Bhd, Teo Juhn How and Erman Akinci and the hearing is set for 14 June 2021. The Defendant had also on 30 November 2020 filed a Defence and Counterclaim against the Plaintiff and the pre-trial case management for the matter has been set on 28 May 2021. 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 *inter-partes* hearing of the Plaintiff’s Interim Injunction Application and the Defendant’s Application pursuant to Order 14A Rule 1 and/or Order 33 Rule 2 Rules of Court 2012 were both heard on 18 March 2021 and the Court had on 15 April 2021 dismissed the Plaintiff’s Interim Injunction Application with costs of RM8,000 awarded in favour of the Defendant. On the even date, the High Court had also allowed the Defendant’s Application pursuant to Order 14A Rule 1 and/or Order 33 Rule 2 Rules of Court 2012 with costs of RM5,000.00 awarded in favour of the Defendant and accordingly, the Plaintiff’s claim against the Defendant is dismissed.

B9. DIVIDEND

The Board does not recommend any interim dividend for the current quarter under review (2020: 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	2,945	2,945
Weighted average number of ordinary shares ('000)	179,337	179,337
Basic earnings per share (sen)	1.64	1.64
B Diluted earnings	-	-

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

B11. PROFIT FOR THE PERIOD

	Current Year Quarter 01.01.2021 - 31.03.2021 RM'000	Preceding Year Quarter 01.01.2020 - 31.03.2020 RM'000	Current Year 01.01.2021 - 31.03.2021 RM'000	Preceding Year 01.01.2020 - 31.03.2020 RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	84	519	84	519
Other income	1,114	1,195	1,114	1,195
Depreciation	(1,085)	(778)	(1,085)	(778)
Interest expense	(12)	(23)	(12)	(23)

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 Huang Jia Mei
Company Secretary
Date: 20 May 2021