



KEN HOLDINGS BERHAD
(198301010855 (106173-M))

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2023

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2023	Preceding Year Corresponding Quarter 30.06.2022	Current Year To Date 30.06.2023	Preceding Year Corresponding Period 30.06.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	7,537	4,285	14,562	7,326
Cost of sales	(4,202)	(2,383)	(7,974)	(4,648)
Gross Profit	3,335	1,902	6,588	2,678
Operating expenses	(2,796)	(2,641)	(5,980)	(5,244)
Other operating income	2,169	1,265	4,448	3,613
Profit before tax	2,708	526	5,056	1,047
Income tax expense	(654)	(107)	(1,317)	(337)
Profit for the period / Total comprehensive income for the period	2,054	419	3,739	710
Total comprehensive income attributable to:				
Owners of the Company	2,054	419	3,739	710
Non-controlling interest	-	-	-	-
	2,054	419	3,739	710
Earnings per share (sen) :				
(i) Basic earnings per ordinary share	1.15	0.23	2.08	0.40
(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 2022)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	(Unaudited) As at 30.06.2023 RM'000	(Audited) As at 31.12.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,662	5,227
Investment properties	123,936	125,265
Inventories	107,366	106,943
Right-of-use assets	9,031	9,114
Other investments	26	26
Deferred tax assets	8,939	9,258
	253,960	255,833
Current assets		
Inventories	57,561	60,958
Trade and other receivables	5,624	10,716
Deposits, bank and cash balances	82,961	72,246
	146,146	143,920
	400,106	399,753
Total Assets	400,106	399,753
EQUITY AND LIABILITIES		
EQUITY		
Share capital	95,860	95,860
Treasury shares at cost	(5,366)	(5,366)
Reserves	9,026	9,026
Non-controlling interest	49	49
Retained earnings	251,466	247,727
Total equity	351,035	347,296
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	16,492	16,492
	16,492	16,492
Current liabilities		
Trade and other payables	32,240	35,870
Provision for taxation	339	95
	32,579	35,965
Total Liabilities	49,071	52,457
	400,106	399,753
Total equity and liabilities	400,106	399,753
Net assets per share (RM)	1.96	1.94

(The Unaudited Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2023

	<----- Attributable to owners of the Company ----->						
	<----- Non-distributable ----->			Distributable			
	Share capital RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2022	95,860	(5,366)	9,000	244,816	344,310	49	344,359
Net profit for the period	-	-	-	2,911	2,911	-	2,911
Other comprehensive income	-	-	26	-	26	-	26
Total comprehensive income for the year	-	-	26	2,911	2,937	-	2,937
At 31 December 2022	95,860	(5,366)	9,026	247,727	347,247	49	347,296
At 1 January 2023	95,860	(5,366)	9,026	247,727	347,247	49	347,296
Net profit for the period	-	-	-	3,739	3,739	-	3,739
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	3,739	3,739	-	3,739
Changes in ownership interests in a subsidiary	-	-	-	-	-	-	-
At 30 June 2023	95,860	(5,366)	9,026	251,466	350,986	49	351,035

(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 2022)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2023

	Current Period To Date 30.06.2023 RM'000	Preceding Year Corresponding Period 30.06.2022 RM'000
Cash flows from operating activities		
Profit before tax	5,056	1,047
Adjustments for:		
Non-cash items	2,017	2,030
Non-operating items	(1,733)	(795)
Operating profit before working capital changes	<u>5,340</u>	<u>2,282</u>
Changes in working capital:		
Net changes in current assets	7,943	11,529
Net changes in current liabilities	(3,687)	(3,138)
Cash generated from operations	<u>9,596</u>	<u>10,673</u>
Interest received	56	56
Tax refund	2	733
Tax paid	(577)	(1,785)
Net cash generated from operating activities	<u>9,077</u>	<u>9,677</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(39)	(70)
Interest received	1,677	762
Net cash generated from investing activities	<u>1,638</u>	<u>692</u>
Cash flows from financing activities		
Repayment of borrowings	-	(2,000)
Interest paid	-	(22)
Net cash used in financing activities	<u>-</u>	<u>(2,022)</u>
Net changes in cash and cash equivalents	10,715	8,347
Effect of exchange rate fluctuations on cash held	-	-
Cash and cash equivalents at the beginning of the financial period	72,246	58,959
Cash and cash equivalents at the end of the financial period	<u>82,961</u>	<u>67,306</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 2022)

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 2022.

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 2022.

The Group and the Company’s financial statements for reporting period ended 30 June 2023 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 MFRS 16 Covid-19 Related Rent Concession beyond 30 June 2022
- Annual Improvement of MFRS Standards 2018 – 2020
- Amendments to MFRS 3 Business Combinations: Reference to the Conceptual Framework
- Amendments to MFRS 116 Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to MFRS 137 Onerous Contracts – Cost of Fulfilling a Contract

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 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
• 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 16 Lease Liability in a Sale and Leaseback	1 January 2024
• Amendments to MFRS 107 and MFRS 7 Suppliers Finance Arrangement	1 January 2024
• 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 2022 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 June 2023.

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 June 2023.

A8. SEGMENTAL REPORTING

Segmental analysis of the results and assets employed for 6 months ended 30 June 2023.

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	281	6,173	8,791	144	(827)	14,562
Inter-segment revenue	-	-	760	-	(760)	-
Total revenue	281	6,173	9,551	144	(1,587)	14,562
Segment result	(512)	3,841	1,862	(135)	-	5,056
Unallocated income / (expenses)						(1,733)
Interest income						1,733
Profit from operations						5,056
Finance cost						-
Profit before tax						5,056
Taxation						(1,317)
Net profit for the period						3,739

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 2022.

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 June 2023 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 30.06.2023 RM'000	Financial Year Ended 31.12.2022 RM'000
A Contingent Liabilities		
Corporate guarantee for credit facilities and guarantee granted to subsidiaries of the company	177	177

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 June 2023 and the corresponding periods in the preceding year is as follows:

	Current Year Quarter 01.04.2023 – 30.06.2023 RM'000	Preceding Year Quarter 01.04.2022 – 30.06.2022 RM'000	Current Year 01.01.2023 – 30.06.2023 RM'000	Preceding Year 01.01.2022 – 30.06.2022 RM'000
Revenue	7,537	4,285	14,562	7,326
Profit before tax	2,708	526	5,056	1,047
Profit after tax (before non-controlling interest)	2,054	419	3,739	710
Profit attributable to equity holders of the parent	2,054	419	3,739	710

Current year quarter vs preceding year quarter

The Group registered revenue of approximately RM7.5 million and profit before tax of approximately RM2.7 million for the current quarter ended 30 June 2023 which was higher as compared to the previous year's corresponding period's revenue and profit before tax of approximately RM4.3 million and RM0.5 million, respectively.

This was mainly due to higher sales of completed properties registered during the current year's quarter ended 30 June 2023. Correspondingly, profit before tax increased 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 01.04.2023 – 30.06.2023 RM'000	Preceding Quarter 01.01.2023 – 31.03.2023 RM'000
Revenue	7,537	7,025
Profit after tax (before Non-controlling Interest)	2,054	1,685
Profit after tax (after Non-controlling Interest)	2,054	1,685

The revenue for the current quarter ended 30 June 2023 at approximately RM7.5 million was higher than the preceding quarter ended 31 March 2023 by approximately RM0.5 million due to higher sales registered during the current quarter. Correspondingly, profit after tax was higher during the current quarter.

B3. PROSPECTS FOR 2023

The Malaysian economy is expected to expand at a more moderate pace, amid a challenging external environment. Growth will be driven by domestic demand, supported by the continued recovery in labour market. The outlook of the domestic property market is expected to remain challenging in the year 2023 due to the high inflation rate and increase in interest rates. Nevertheless, the Group will continue adopting a cautious strategy by monetising its remaining inventories and building up its long term recurring income 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 2023.

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 2023.

B5. TAX EXPENSE

	Current Year Quarter 01.04.2023 – 30.06.2023 RM'000	Preceding Year Quarter 01.04.2022 – 30.06.2022 RM'000	Current Year 01.01.2023 – 30.06.2023 RM'000	Preceding Year 01.01.2022 – 30.06.2022 RM'000
In respect of current period				
- income tax	550	107	998	338
- deferred tax	104	-	319	(1)
	654	107	1,317	337

The Group's effective tax rate for the 6 months ended 30 June 2023 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

There were no borrowings at the end of the current quarter ended 30 June 2023.

B8. MATERIAL LITIGATION**(a) 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 on 30 November 2020 filed a Defence and Counterclaim against the Plaintiff and on 30 December 2020, the Defendant also 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.

The hearing of the Third Parties’ Setting Aside Application was heard on 14 June 2021 and the Court has allowed the Third Parties’ Setting Aside Application with costs of RM6,000.00.

On 30 August 2021, the Defendant filed an Application for Consequential Orders, which was heard on 2 November 2021 and the Court had allowed the Defendant’s Application and granted the following orders:

- a) that the Plaintiff shall immediately hand over possession of the Demised Premises to the Defendant in accordance with the terms of the Tenancy Agreement which had expired on 31.10.2020;
- b) that the Plaintiff shall pay double rental for the Demised Premises from 1.11.2020 until the date vacant possession of the Demised Premises is handed over at a monthly rental based on the agreed minimum rate of RM128,337.60 per month; and
- c) cost of RM5,000.00 to be paid by the Plaintiff to the Defendant.

The trial for the Defendant’s Counterclaim against the Plaintiff commenced on 31 July 2023 and the Court has fixed additional trial dates on 14 November 2023 and 30 November 2023.

B9. DIVIDEND

The Board does not recommend any interim dividend for the current quarter under review (2022: Nil).

B10. EARNINGS PER SHARE

	Quarter Ended 30.06.2023 RM'000	6 months ended 30.06.2023 RM'000
A Basic Earnings		
Profit attributable to owners of the Company	2,054	3,739
Weighted average number of ordinary shares ('000)	179,337	179,337
Basic earnings per share (sen)	1.15	2.08
B Diluted earnings	-	-

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

B11. PROFIT FOR THE PERIOD

	Current Year Quarter 01.04.2023 – 30.06.2023 RM'000	Preceding Year Quarter 01.04.2022 – 30.06.2022 RM'000	Current Year 01.01.2023 - 30.06.2023 RM'000	Preceding Year 01.01.2022 – 30.06.2022 RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	775	229	1,733	817
Other income	1,393	1,683	2,715	2,796
Depreciation	(1,009)	(1,011)	(2,018)	(2,030)
Interest expense	-	(6)	-	(22)

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: 23 August 2023