INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY

(990261M)

Incorporated in Scotland

104 YEARS OF ESTABLISHMENT

ANNUAL REPORT 2013

Contents

Corporate Information

BOARD OF DIRECTORS

Dato' Adnan bin Maaruf
Non-Independent & Non-Executive Director/Chairman

Datuk Kamaruddin bin Awang
Independent Non-Executive Director

Dato' Haji Muda bin Mohamed
Independent Non-Executive Director

Dato' Tik bin Mustaffa
Independent Non-Executive Director

Dr. Radzuan bin A. Rahman
Independent Non-Executive Director

AUDIT COMMITTEE

Datuk Kamaruddin bin Awang
Chairman

Dato' Haji Muda bin Mohamed
Member

Dato' Tik bin Mustaffa
Member

COMPANY SECRETARY

Lee Thai Thye
(LS 0000737)

REGISTERED OFFICE IN UK

No. 2 Lochrin Square
96 Fountainbridge
Edinburgh EH3 9QA
Midlothian
United Kingdom
Tel : 44 0131 226 5541
Fax : 44 0131 226 2278

PRINCIPAL REGISTRAR IN UK

Computershare Investor Services PLC
PO Box 82, The Pavillions
Bridgwater Road
Bristol BS99 7NH
United Kingdom
Tel : 44 0870 702 0003
Fax : 44 0870 703 6101

AUDITORS

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW
United Kingdom

UK COMPANY NUMBER

SC007574

PRINCIPAL OFFICE IN MALAYSIA

22nd Floor Menara Promet (KH)
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia
Tel : 603-2144 4446
Fax : 603-2141 8463

REGISTRAR IN MALAYSIA

Mestika Projek (M) Sdn Bhd (225545V)
22nd Floor Menara Promet (KH)
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia
Tel : 603-2144 4446
Fax : 603-2141 8463

MANAGING AGENT

Akem Links Sdn Bhd (790623D)
d/a Narsco Berhad
Km 0.5 Jalan Air Hitam
43800 Dengkil
Selangor
Malaysia

PRINCIPAL BANKERS

Bank Islam Malaysia Berhad

Aminvestment Bank Berhad

Agrobank Berhad

CIMB Bank Berhad

Hwang-Investment Bank Berhad

STOCK EXCHANGE LISTINGS

Bursa Malaysia Securities Berhad
Main Board

London Stock Exchange plc

Singapore Exchange Securities Trading Limited

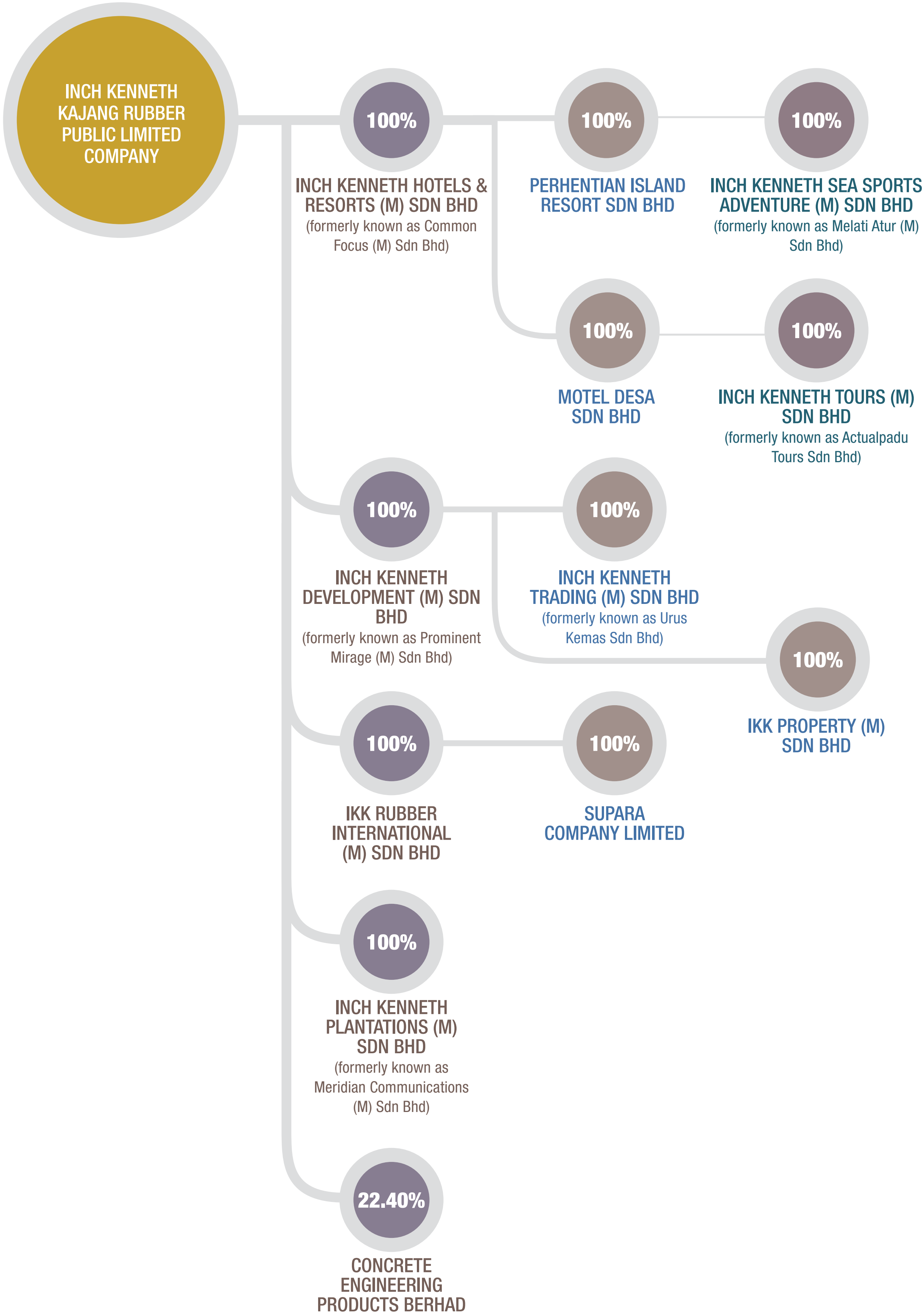
MALAYSIA COMPANY NUMBER

990261M

WEBSITE

www.ikkr.com.my

Corporate Structure
As At 31 December 2012



NON-INDEPENDENT & NON-EXECUTIVE DIRECTOR / CHAIRMAN

Dato' Adnan bin Maaruf

INDEPENDENT NON-EXECUTIVE DIRECTORS

Datuk Kamaruddin bin Awang

Dato' Haji Muda bin Mohamed

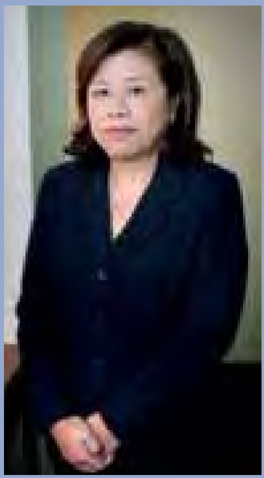
Dato' Tik bin Mustaffa

Dr. Radzuan bin A. Rahman

GROUP CHIEF OPERATING OFFICER

Hussain Ahmad bin Abdul Kader

COMPANY SECRETARY



Lee Thai Thye

Board of Directors' Profiles

DATO' ADNAN BIN MAARUF

NON-INDEPENDENT & NON-EXECUTIVE DIRECTOR

CHAIRMAN

Malaysian, aged 70

Dato' Adnan bin Maaruf was appointed to the Board on 22 April 2000.

He graduated from University of Malaya with a Bachelor of Arts (Honours) Degree and a Masters in Management from AIM Philippines. He started his career in the Government sector and after eighteen (18) years, became the Deputy Secretary General in the Ministry of National and Rural Development. He then became the Managing Director of Mara Holdings Sdn Bhd for five (5) years and subsequently, the Chairman of Malaysia Cooperative Insurance Society for ten (10) years.

He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has a personal interest. He attended all the Board Meetings held in the financial year ended 31 December 2013.

He has had no convictions for any offences within the past ten (10) years.

DATUK KAMARUDDIN BIN AWANG

INDEPENDENT NON-EXECUTIVE DIRECTOR

CHAIRMAN OF THE AUDIT COMMITTEE

Malaysian, aged 65

Datuk Kamaruddin bin Awang was appointed to the Board on 17 July 2009. He is the Chairman of the Audit Committee.

He obtained his Bachelor of Commerce and Administration from Victoria University of Wellington, New Zealand, in 1973. He is a member of the Institute of the Chartered Accountant of New Zealand and Institute of Chartered Secretaries & Administrators, UK, since 1977. He is also a member of the Malaysian Institute of Accountants since 1982. He was the Executive Chairman of Metacorp Berhad and had previously held directorships in a number of listed companies.

He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has a personal interest. He attended all the Board Meetings held in the financial year ended 31 December 2013.

He has had no convictions for any offences within the past ten (10) years.

Board of Directors' Profiles (cont'd)

DATO' HAJI MUDA BIN MOHAMED

INDEPENDENT NON-EXECUTIVE DIRECTOR

MEMBER OF THE AUDIT COMMITTEE

Malaysian, aged 69

Dato' Haji Muda bin Mohamed was appointed to the Board on 15 February 2000. He is also a member of the Audit Committee.

He graduated with a Diploma in Civil Engineering and subsequently a Bachelor of Science, Civil Engineering Degree from University of Westminster, United Kingdom. A Fellow in the Institution of Engineers Malaysia, he started his career as an engineer in two Government agencies and an international oil company. After thirteen (13) years, he joined Sime UEP Properties Bhd and left ten (10) years later after becoming its Operation Director. He then went on to TTDI Development Sdn Bhd, and after seven (7) years, left after serving as its Group Chief Executive Officer. He is now an Executive Chairman of a company dealing in civil engineering contracting jobs. He does not sit on the board of any other listed company.

He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has a personal interest. He attended five (5) of the Board Meetings held in the financial year ended 31 December 2013.

He has had no convictions for any offences within the past ten (10) years.

DATO' TIK BIN MUSTAFFA

INDEPENDENT NON-EXECUTIVE DIRECTOR

MEMBER OF THE AUDIT COMMITTEE

Malaysian, aged 68

Dato' Tik bin Mustaffa was appointed to the Board on 6 July 2012. He is a member of the Audit Committee.

He holds a Bachelor's Degree in Economics from University of Malaya and a Master's Degree in Business Administration from University of Oregon, USA.

He started his career in the Malaysian Government Service where he served the Public Service Department, Universiti Teknologi Malaysia, Ministry of Finance and Kuantan Port Authority. He also served the State Administrations of Pahang and Selangor as the State Finance Officer and State Secretary respectively.

In 1996, he joined Hicom Holdings Bhd as its Senior Vice President and was later appointed as the Senior Group Director for Operations in the merged entity of DRB-Hicom Bhd. He left in 2005, and in 2010, he became the Chairman for Eastern Pacific Industrial Corporation Berhad for a year. He is currently the Chairman/Director of Trumer International Sdn Bhd.

He does not have any family relationship with any of the Company's Directors and/or major shareholders and has no conflict of interest with the Company. He attended all the Board Meetings held in the financial year ended 31 December 2013.

He has had no convictions for any offences within the past ten (10) years.

Board of Directors' Profiles (cont'd)

DR. RADZUAN BIN A. RAHMAN

INDEPENDENT NON-EXECUTIVE DIRECTOR

Malaysian, aged 70

Dr. Radzuan bin A. Rahman was appointed to the Board on 24 March 2005.

He graduated with a Bachelor's Degree in Agricultural Science from University of Malaya, and later pursued his Masters in Science and Doctorate in Resource Economics at Cornell University, New York. He was a lecturer and Dean at the faculty of Resource Economics and Agribusiness, Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia) until March 1980. He then went to Sime Darby Plantations Berhad and in 1984, joined Golden Hope Plantations Berhad as a Director of Corporate Planning and worked his way up to be Group Director of the plantation division. He was later appointed as the Managing Director of Island & Peninsular Berhad and Austral Enterprises Berhad and retired in 2004. He was a Director of Fraser & Neave Holdings Berhad and Kuwait Finance House (Malaysia) Berhad. He currently sits on the boards of Idaman Unggul Berhad, Kulim (Malaysia) Berhad and several private companies.

He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has a personal interest. He attended four (4) of the Board Meetings held in the financial year ended 31 December 2013.

He has had no convictions for any offences within the past ten (10) years.

DIRECTORS STANDING FOR RE-ELECTION AT THE ONE HUNDRED AND FOURTH ANNUAL GENERAL MEETING ("AGM")

Pursuant to Article 86
- Datuk Kamaruddin bin Awang

Special Business:

Pursuant to Section 129(6), Malaysian Companies Act 1965
- Dato' Adnan bin Maaruf
- Dr. Radzuan bin A. Rahman

Pursuant to Recommendations 3.2 and 3.3 of the Malaysian Code of Corporate Governance 2012 ("MCCG 2012")
- Dato' Haji Muda bin Mohamed

On behalf of the Board of Inch Kenneth Kajang Rubber Public Limited Company, I present herewith the One Hundred and Fourth Annual Report and Financial Statements of the Company and the Group for the financial year ended 31 December 2013.

Chairman's Statement

Chairman's Statement (cont'd)

DIVIDENDS

The Board has proposed an interim dividend payout of 2% (0.2 pence) as part of our commitment to deliver shareholders value, with the total dividends under the single tier system.

PERFORMANCE REVIEW

During the financial year under review, the Group recorded a revenue of RM14.073 million and a pre-tax loss of RM28.189 million compared to a revenue of RM16.408 million and a pre-tax profit of RM4.757 million for the previous year. The decline in revenue was mainly due to the decrease in selling price of CV (constant viscosity) rubber blocks produced by the subsidiary in Thailand.

The plantation division recorded lower revenue at RM1.199 million (2012 : RM2.449 million) due to the decrease in crude palm oil ("CPO") price, coupled with a decline in production of fresh fruit bunches ("FFB") by 38% to 2,342 tonnes (2012 : 3,780 tonnes). Revenue from the Group's tourism division expanded by 9.28% in 2013 to RM7.843 million due to aggressive marketing activities.

Included in the above results for the financial year under review was a share of profit after taxation of RM0.559 million versus share of profit after taxation of RM3.252 million in 2012 from the Group's associate – Concrete Engineering Products Berhad ("Cepco"), a manufacturer and distributor of prestressed spun concrete piles and poles.

Overall, the total performance of the Group was affected by the provision for stock diminution of RM2.639 million, impairment of goodwill and investment in associate of RM4.502 million and RM17.590 million respectively.

CORPORATE DEVELOPMENT

The shareholders of the Company had approved an ordinary resolution at the One Hundred and Third AGM held on 30 May 2013 for the Company to purchase its own shares up to a maximum of 10% of the issued and paid-up capital of the Company. The Directors of the Company are committed to enhancing the value of the Company and believe that the purchase plan is being implemented in the best interest of the Company and its shareholders.

As at 31 December 2013, the Company has 17,540,800 ordinary shares held as treasury shares and the issued and paid-up share capital of the Company remained at 420,750,000 ordinary shares of £0.10 each.

FUTURE OUTLOOK

Our review on offers of brown field estates in Sabah/Sarawak did not lead to an investment as the costs of entry are extremely high and as such do not add value to the Group. As for now, the Group will only focus on acquiring green field sites.

Efforts at developing the land bank in Kajang and Bangi, totalling approximately 500 acres are nearer to the approval stage. We strongly feel that with the right product, realistic pricing and backed by effective marketing, this strategic asset should contribute positively to the Group in the near future.

Notwithstanding the above, the Board of Directors is conscious of the prevailing uncertainties of the global and domestic economic climate impacting on the Group's operation.

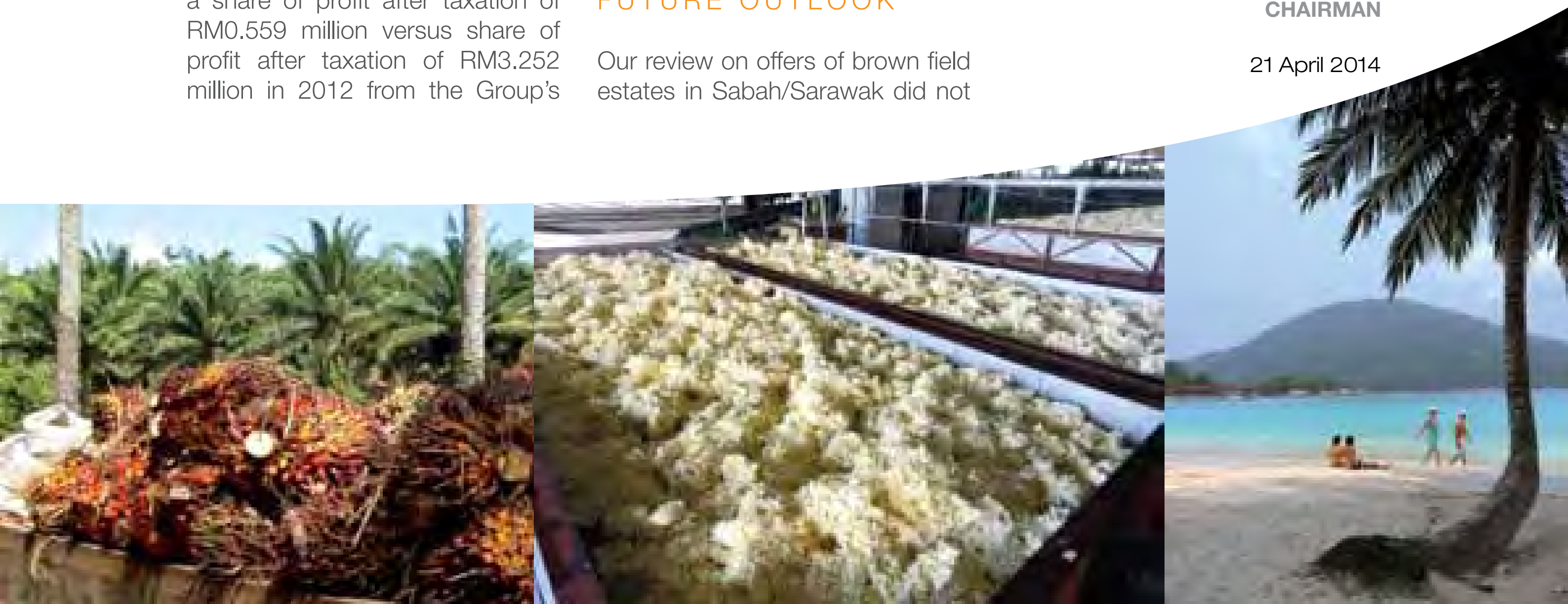
APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank our shareholders as well as our management, staff, customers, business partners, bankers and all stakeholders for their continued support to the Group.

Last but not least, my personal thanks to my fellow colleagues for their astute guidance and wise counsel.

DATO' ADNAN BIN MAARUF
CHAIRMAN

21 April 2014



Strategic Report

REVIEW AND PERFORMANCE OF THE BUSINESS

The Group's principle activities remains unchanged throughout the year 2013. The plantation in Kajang and Bangi are still providing revenue through the sale of the Fresh Fruit Bunches ("FFB") they produce, albeit at a lower volume.

ESTATES

The total area of the Group's estates as at 31 December 2013 is as follows:

	Hectares	
	2013	**2012**
Oil Palm (Mature)	177	368
Roads, buildings, gardens, nurseries and wasteland	12	12
Total	189	380

The yields from the plantation activity for the year ended 31 December 2013 were as follows:

Harvested crops	Fresh fruit bunches	Oil	Kernel
2013 (tonnes)	2,342	448	117
2012 (tonnes)	3,780	706	178

In Terengganu, both of the hotels within the Group recorded higher revenue due to the aggressive internet marketing effort implemented during the year. In Thailand, the CV (constant viscosity) rubber blocks manufacturing division saw a significant dip in its revenue due to the lower volume and reduced selling price.

Overall, the Group's revenue was RM14.073 million for the year ended 31 December 2013 as compared to RM16.408 million in the preceding year, a decrease of 14%, mainly due to the manufacturing division.

However, the Group's results after tax reduced from a profit of RM4.430 million to a loss of RM28.497 million, or a loss per share of RM0.0705. This was due principally to the provision for diminution in value of stocks amounting to RM2.639 million being provided in Supara Company Limited, the provision of impairment on goodwill of RM4.502 million, impairment of the investment in the associate of RM17.590 million and provision for a contingent liability of RM1.113 million.

With this result, the Group's Net Tangible Assets is now RM713.807 million or RM1.78 per share, which is calculated after deducting the shares that were bought back. During the year, 14,276,000 shares were bought back and there was no resale or cancellation of treasury shares. Accordingly, a total of 14,276,000 shares were bought back and retained as treasury shares during the current financial year which represents 3.39% against the total number of outstanding shares of the listed issuer. The total consideration paid was RM13.253 million.

Despite the business activities of the Group remaining at approximately the same level as last year, the cash position available for use at the end of the 2013 financial year was RM1.839 million, short term investments RM146.609 million and short term deposits of RM26.754 million. The decline is mainly due to the financial support given to Supara Company Limited, the share buyback during the financial year ended 2013 and the dividend paid in March 2013.

At 31 December 2013, the Group had total assets of RM718.832 million compared to RM742.308 million in 2012. The Group's total liabilities stood higher at RM5.025 million compared to RM4.453 million at the prior year end. The resulting net assets were RM713.807 million at 31 December 2013 (2012 – RM737.855 million). The current ratio is now at 44.65 (2012 – 55.90).

RESULTS AND DIVIDENDS

The Group's results for the year are set out on page 41. The Group's loss attributable to shareholders of the Company for the financial year ended 31 December 2013 amounted to RM28,497,000 (2012: profit of RM4,430,000).

The Directors proposed that a 2% interim dividend for the financial year ended 31 December 2013 be distributed to the shareholders during the year 2014. The interim dividend under the single tier system of £0.002 per share, on 403,209,200 ordinary shares.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Future developments and prospects

The Group still wants to maintain the plantation sector as its main core business. However, our review on offers of brown field estates in Sabah/Sarawak did not lead to an investment as the costs of entry are extremely high and as such do not add value to the Group. As for now, the Group will only focus on acquiring green field sites.

Efforts at developing the land bank in Kajang and Bangi, totaling approximately 200 hectares are nearer to the approval stage. We strongly feel that with the right product, realistic pricing and backed by effective marketing, this strategic asset should contribute positively to the Group in the near future. We envisage the Group will reap real gains from the development in the future. This complies with Principle 1.4 of the MCCG 2012.

Notwithstanding the above, the Board of Directors is conscious of the prevailing uncertainties of the global and domestic economic climate impacting on the Group's operation.

No other events have occurred since the balance sheet date which significantly affects the Company or the Group.

Principal risks and uncertainties facing the businesses

The principal risks and uncertainties facing the Group are:

i) *Exposure to the risks inherent to the oil palm and rubber industries*

The Group is susceptible to certain business risks inherent to the oil palm and rubber industries as well as general business risks, which include but are not limited to:

(i) constraints and rising costs of labour supply and raw materials;
(ii) effects of poor weather;
(iii) commodity price fluctuations;
(iv) threat of substitute products; and
(v) change in the regulatory, economic and business conditions.

ii) *Exposure to the risks inherent in the property development industry*

The Group is considering entering into property development. It will be exposed to the cyclical performance caused by the changes in the domestic and global economic conditions, which give rise to intense competition among the local players and new entrants in the property market. In addition, its profitability may also be affected by the changes in the economic and political environment such as changes in taxation, inflation, foreign exchange rates, government policies, population growth and accounting policies.

iii) *Exposure to the risks inherent to the tourism industry*

The Group is subject to risks inherent to the hotel and tourism sector. These may include, amongst others, general economic downturns in the global and regional economies, rise of uncertainties from terrorism activities and war, socio-political instability, a decrease in demand and an oversupply of hotel and resort rooms, an increase in the operating costs due to inflation and other factors such as an increase in energy and labour costs, labour supply shortages, changes in credit conditions, changes in customers' tastes and preference and the collectability of debts that may have adverse effects on our resort business and operations.

Information to shareholders

The Group has its own website (http://www.ikkr.com.my) for the purposes of improving information flow to shareholders and potential investors.

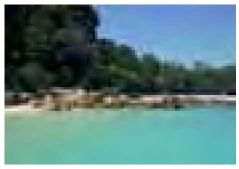
On behalf of the Board

Dato' Adnan bin Maaruf
DIRECTOR

Datuk Kamaruddin bin Awang
DIRECTOR

Kuala Lumpur, Malaysia
21 April 2014

Corporate Social Responsibilities



Companies' performances are no longer measured by only quantifiable profit or asset value creation, but also by their contribution to people and environment. We believe that in addition to our responsibility to maximise shareholders' worth, our actions should also benefit our employees and surrounding society.

At Perhentian Island Resort, we place high importance in maintaining the natural environment while developing the required facilities. Every effort has been made to ensure that the rainforest is preserved and the natural habitat of both land and marine life is retained at all times. Future development that would in any way compromise the surrounding nature would not be undertaken. The cleanliness of the pristine water and white sandy beaches has always been of serious concern. Employees as well as customers and hotel guests are encouraged to share the same vision in protecting and sustaining good environmental care aspects. The resort also participates in activities with the local villagers and provides donation and assistance whenever required.

At Motel Desa, the spirit of cooperating with each other is instilled among the employees through various activities carried out every Thursday. We place high importance in maintaining the natural environment while developing the required facilities such as recycling and gardening. We always strive to provide meaningful contributions towards the society, such as to the Tengku Mahmud School Ex-Students' Association (TMESA), which is a non-government organisation founded in year 2003 to help the less privileged students. Charity events have been carried out at Asrama Anak Yatim Maidam Darul Akhyar and Marang Welfare Rehabilitation Centre. For the past few years, we have employed three handicapped employees at the hotel. With the necessary training, they conduct their duties without much assistance from other employees.

Our subsidiary, Supara Company Limited ("Supara") in Thailand, has been a participant in the "To Be Number One" anti-drug campaign since 2003. The aim is to promote the prevention of drug trafficking from spreading at workplaces in the country. During the year 2013, Supara had contributed to the Environment/Green Industry project. It included activities such as planting trees in factory compound and participating in other government's moves to improve the environment. The Company also donated school's necessities to the neighbouring students during the Thai Labour Standard Day.

At the factory itself, Supara has been exercising the following initiatives:

- Prohibits smoking at the factory premises and discourages workers from doing so at other time.
- Drug free working environment and urine test in every three (3) months.
- Reducing wastage during production.
- Reducing pollution by switching from diesoline to gas for drying of rubber.
- Encourages workers to undertake gardening and growing of vegetables and mushrooms.
- Holding biannual medical check-up by Ministry of Health for all workers.

Employees are viewed as the key drivers of strength to the Group towards achieving its objectives in whole. In this regard, the Group values its employees by providing them with a safe and conducive working environment. Accommodations and other necessary facilities are provided to staff and workers at the rubber factory, plantation estates and the tourist resort for both their social and work benefits.

The Group also makes an effort to create a workplace that is free from any form of discrimination and harassment where all employees have equal opportunities to realise their full potential. More interactions among the employees are encouraged by having Company trips and annual dinners during the year.

Corporate Sustainability Statement

Environmental sustainability is an ethical responsibility and a moral issue. We are committed to conserve as best as we could through our programs as follows:

- Reduce greenhouse gas emissions by increasing energy efficiency and lowering its consumption. We actively try to find ways to reduce our carbon footprint while expanding our energy supply to meet the needs of our businesses. We invest in renewable energy by changing from diesel to gas and using solar heaters.

- Maintain water resource and its use effectively by encouraging all of our business units to ensure sustainable consumption of water in their operations. We also make an effort to develop efficient ways to recycle water from our usage, and to explore alternative ways to generate clean water from the surrounding sources such as by using underground water supply where feasible.

- Encourage paperless operations within the Group. All staffs are advised to use electronic mails instead of printing memorandums and notes, and for them to use softcopies instead of delivering hardcopies of documents.

- Use more energy saving LED lights.

- Develop our resort based on the original environment and enhance the landscape by planting lush tropical vegetation where appropriate. Retaining the natural beauty of the island is of utmost important to us.

- Take part in the cleaning activities at the base of the ocean together with other environmental organisations to preserve the natural habitat of the marine park.

THE MALAYSIAN CODE ON CORPORATE GOVERNANCE

It is the policy of the Company to manage the affairs of the Group in accordance with the appropriate standards for good corporate governance. Set out below is a statement on how the Company has applied the principles and complied with the recommendations as set out in the MCCG 2012 except where stated otherwise.

THE UK CORPORATE GOVERNANCE REQUIREMENTS

The Financial Conduct Authority in the UK ("the FCA") requires the Company to comply with the FCA's Listing Rules 14.3.24 and 18.4.3(2) and Disclosure and Transparency Rule 7.2. The Annual Report contains below and in the Statement of Internal Control the information required by these rules.

BOARD OF DIRECTORS

Board Composition and Board Balance

The Board has five (5) members, comprising one (1) Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors. This composition fulfils the requirements mandated by the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") which stipulates that at least two (2) Directors or one-third of the Board, whichever is higher, must be independent. The Directors have wide ranging experience and all had occupied senior positions in the public and/or private sectors. A brief profile of each of the Directors is presented on pages 5 to 7 of this Annual Report.

The balance between Independent Non-Executive and Non-Independent Non-Executive Directors, together with the support from Management, is to ensure that there is an effective representation for the shareholders. It further ensures that issues of strategy, performance and resources are fully addressed and investigated to take into account long-term interests of shareholders, relevant stakeholders and the community in which the Group conducts its business. The Non-Executive Directors also bring independent judgement and challenge standards of conduct. The Independent Non-Executive Directors fulfill a pivotal role in corporate accountability.

The Directors, with their different backgrounds and specialisations, collectively bring considerable knowledge, judgement and experience to the Board that has been vital to the direction of the Group.

No individual or group of individuals dominates the Board's decision making and the number of Directors reflects fairly the investment of the shareholders. The Chairman of the Board is Dato' Adnan bin Maaruf.

A statement by the Directors and their responsibilities for preparing the financial statements is included on page 37.

Board Responsibilities

The Board plays a primary role in the conduct and control of the Group's business affairs. The Board is primarily responsible for the Group's overall strategic plans for business performance, succession planning, risk management, investor relations programmes, internal control, management information and statutory matters. The Board has an effective working partnership with management in establishing the strategic direction and goals and in monitoring its achievement.

The presence of the four (4) Independent Non-Executive Directors shall provide unbiased and independent views and judgement in the decision making process at the Board level and to ensure that no significant decisions and policies are made by any individual and that the interest of the minority shareholders are safeguarded.

The Board delegated specific powers and responsibilities to three (3) Board Committees namely, Audit, Nomination and Remuneration Committees.

The Board has not set a gender diversity target as of the reporting period as it is of the view that the Board membership should be determined based on a candidate's skills, experience and other qualities regardless of gender but will nevertheless considers appointing more Directors of the female gender where suitable.

Appointments to the Board

Appointment to the Board is based on the recommendations of the Nomination Committee established by the Board. This includes subsidiary companies. The Nomination Committee consider the required mix of skills and experience that the Directors should bring to the Board in making these recommendations. The Nomination Committee is responsible, inter alia, for making recommendations to the Board on new nominees for the Board including Board Committees and for assessing Directors on an ongoing basis. The Nomination Committee also review the Board's required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board.

Re-election

In accordance with the Company's Articles of Association ("the Articles"), all Directors shall retire from office at least once in each three (3) years and a retiring Director is eligible for re-election.

An election of the Directors shall take place each year. At each AGM, one-third of the Directors for the time being (or if their number is not a multiple of three (3), the number nearest to but no greater than one-third) shall retire from office provided that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

The Articles further provide that all newly appointed Directors shall retire from office but shall be eligible for re-election in the next AGM subsequent to their appointment.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Malaysian Companies Act 1965.

The names of the Directors of the Company who are seeking re-election or re-appointment at the 104th AGM of the Company to be held on 29 May 2014 are set out in the Notice of the AGM.

Tenure of Independent Directors

The Board has recommended to retain those Independent Directors who have exceeded nine (9) years and shall seek shareholders' approval at the forthcoming AGM.

Supply of Information

The Board meets on a quarterly basis with additional meetings held whenever necessary. There were six (6) Board of Directors' Meetings held during the financial year ended 31 December 2013 and the details of attendance are set out as follows:

Directors	Meetings Attendance
Dato' Adnan bin Maaruf	6/6
Datuk Kamaruddin bin Awang	6/6
Dato' Haji Muda bin Mohamed	5/6
Dato' Tik bin Mustaffa	6/6
Dr. Radzuan bin A. Rahman	4/6

Five (5) meetings were held at 22nd Floor Menara Promet (KH), Jalan Sultan Ismail, 50250 Kuala Lumpur.
One (1) meeting was held at Perhentian Island Resort, Pulau Perhentian Besar, 22200 Kuala Besut, Terengganu.

The Company Secretary was present at all Board of Directors meetings held during the financial year ended 31 December 2013.

Prior to the Board meetings, the agenda together with the relevant documents and information are distributed to all Directors to ensure they have sufficient time to review and be prepared for discussion. The Group Chief Operating Officer and/or other relevant Board members will provide information on the Group's performance and clarification on relevant issues and management's recommendations for deliberation and discussion by the Board prior to decision-making. Proceedings of Board meetings are recorded and signed by the Chairman of the meeting.

Apart from the above, the Board members are updated on the Company's activities and its operations on a regular basis. Management's review and analysis on the Group's performance will be tabled to the Board every quarter for review. All Directors whether as a full board or in their individual capacity have access to all information of the Company on a timely basis in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities.

All Directors have access to the advice and services of the Company Secretary and are entitled to seek independent professional advice, whenever necessary, at the expense of the Group. The appointment and removal of the Company Secretary are matters for the Board as a whole.

Directors' Training

The Board acknowledges the fact that continuous education is vital for the Board members to gain insight into the state of economy, manufacturing, technological advances in the core business and keep abreast of latest regulatory developments and management strategies.

The Board received regular briefings and updates on the Group's businesses, operations, risk management, internal controls, corporate governance, finance and any new or changes to the relevant legislation, rules and regulations.

All the Directors have attended the Mandatory Accreditation Programme and are also encouraged to attend courses whether in-house or external to help them in the discharge of their duties.

The following are the courses and training programmes attended by the Directors in 2013:

	Names of Directors				
Courses	**Dato' Adnan bin Maaruf**	**Datuk Kamaruddin bin Awang**	**Dato' Haji Muda bin Mohamed**	**Dato' Tik bin Mustaffa**	**Dr. Radzuan bin A. Rahman**
Board Oversight Responsibilities for Merger & Acquisition – Passion Beyond Number		√			
Fraud Detection and Prevention – a necessity, not a choice	√		√		√
Governance in Action				√	
Financial Statements Integrity & Directors' Legal Responsibility and Reviewing the Risk and Control on the Quality of Financial Statement	√	√	√	√	√

Board Charter

The Board Charter was established in year 2002 to set out strategic intent and outline the Board's structure and procedures, roles and responsibilities and relationship of the Board to the Management in accordance with MCCG 2012. The Board recognises the importance of the Board Charter and will take steps to enhance the Board Charter as recommended by MCCG 2012.

BOARD COMMITTEES

The Board has set up Committees to delegate specific powers and responsibilities, all of which have their own written constitutions and terms of reference. The Chairman of the respective Committees report to the Board the outcomes and recommendations thereon and minutes of such Committee meetings will be tabled for the Board's notation. The ultimate responsibility for the final decision on all matters of Board Committees lies with the entire Board. The Committees are as follows:

Audit Committee

The Audit Committee's terms of reference, which outline the Committee's functions, responsibilities and duties, are contained in the Audit Committee Report.

During the year, the Audit Committee has, inter alia, performed the following functions:

- Reviewed the Group's quarterly and annual financial statements before announcing to Bursa Securities, Singapore Stock Exchange Securities Trading Limited ("SGX-ST") and London Stock Exchange plc ("LSE").
- Reviewed with the external auditors, Messrs UHY Hacker Young LLP, the scope of their engagement, fees as well as the accounting and reporting matters emanating from their examination of the annual financial statements.
- Appraised on significant risk, control, regulatory and financial matters that have come to the attention of the external auditors in the course of their audit.
- Deliberated on the implications and effects of the relevant International Financial Reporting Standards which came into effect during the year.
- Reviewed reports prepared by estate managers on the state of internal controls of the estates.

The Committee is aware of the risk management, control and governance processes relating to critical corporate and operational areas. It also closely monitors the recommendations made in order to obtain assurance that all key risk and control concerns have been duly addressed.

More information on the Audit Committee is given in the Audit Committee Report on pages 23 to 25.

Nomination Committee

The Nomination Committee was established on 20 February 2003 and the members of the Nomination Committee comprises of:

(a)	Dato' Tik bin Mustaffa	Chairman, Independent Non-Executive Director
(b)	Dato' Adnan bin Maaruf	Member, Non-Independent Non-Executive Director
(c)	Datuk Kamaruddin bin Awang	Member, Independent Non-Executive Director

The functions of the Nomination Committee include:

- Assess the effectiveness of the Board and the contribution of each individual Director.
- Assess the size of the Board and review the mix of skills and experience and other qualities required by the Board to function completely and efficiently.
- Assess and recommend new nominees for appointment to the Board and to the Boards of the Group's subsidiary companies.
- Assess independence of Independent Directors for recommendation to the shareholders for approval at the Company's general meeting in line with the MCCG 2012.

The Company Secretary will ensure that all appointments are properly made and that all necessary information is obtained from the Directors.

The Nomination Committee has met once during the financial year ended 31 December 2013 to deliberate on the appointment of Dato' Tik bin Mustaffa as Director and Chairman of the subsidiary companies, namely Inch Kenneth Tours (M) Sdn Bhd (formerly known as Actualpadu Tours Sdn Bhd), Motel Desa Sdn Bhd and Perhentian Island Resort Sdn Bhd.

Remuneration Committee

The Remuneration Committee was established on 20 February 2003.

The members of the Remuneration Committee are:

(a)	Dato' Haji Muda bin Mohamed	Chairman, Independent Non-Executive Director
(b)	Datuk Kamaruddin bin Awang	Member, Independent Non-Executive Director
(c)	Dr. Radzuan bin A. Rahman	Member, Independent Non-Executive Director

DIRECTORS' REMUNERATION REPORT

The Level and Make-up of Remuneration

The Remuneration Committee endeavours to ensure that the remuneration package offered is competitive to attract, retain and motivate senior executives of high calibre who will strive to achieve the Group's objectives.

The package may include basic salary, benefits and annual bonuses that will be based on the individual performance and dependent upon the achievement of predetermined targets. The Directors' fees and meeting allowances paid to all Directors, individually and per meeting respectively, are disclosed in note 11 to the financial statements.

There were no performance-related bonuses or other benefits given to any of the Directors during the 2013 financial year.

The fees for the Non-Executive Directors are determined by the Board and approved by the shareholders. The only other remuneration of the Non-Executive Directors is meeting allowances, which are set by the Board having taken advice on appropriate levels.

The Company does not have any pension scheme for its employees and Directors. The Company does, however, make the statutory contribution for its employees to the relevant regulatory body, the Employees Provident Funds Board of Malaysia. The Fund operates as a defined contribution scheme. The Company does not have any long term incentive plans or share option schemes for its employees and Directors.

Procedure

The Remuneration Committee is responsible for making recommendations to the Board, within agreed terms of reference, on an overall remuneration package for the senior executives. The Committee has not engaged any person to advise and assist on any matters relating to the Directors' remuneration during 2013.

DISCLOSURE – INFORMATION SUBJECT TO AUDIT

The Directors' total remuneration comprises the following:

	Basic Salary & Fees (RM)	Benefits & Bonuses (RM)	Meeting Allowances (RM)	Total 2013 (RM)	Total 2012 (RM)
Non-Executive Directors					
Dato' Adnan bin Maaruf	40,000	-	7,000	47,000	45,000
Datuk Kamaruddin bin Awang	30,000	-	8,250	38,250	39,250
Dato' Haji Muda bin Mohamed	30,000	-	6,500	36,500	37,500
Dato' Tik bin Mustaffa	30,000	-	7,750	37,750	18,000
Dr. Radzuan bin A. Rahman	30,000	-	3,750	33,750	33,750
Tan Sri Dato' Bentara Istana Nik Hashim bin Nik Ab. Rahman	-	-	-	-	18,750
	160,000	-	33,250	193,250	192,250

Pension Entitlements
The Company does not have a pension scheme in place.

Long-Term Incentive Plans
The Company does not have a long-term incentive plan in place.

Interest in Share Options
The Company does not have a share option scheme in place.

Excess Retirement Benefits of Directors and Past Directors
The Company does not have a retirement benefit scheme in place.

Compensation for Past Directors
There was no compensation made to the past Directors in respect of loss of office and pensions.

PERFORMANCE GRAPH

The Company's performance graph as required by the Directors' Remuneration Report Regulations 2002 in the United Kingdom is shown in the Group Financial Highlights section on pages 28 to 29.

SHAREHOLDERS

Dialogue between the Company and its Investors

The Group believes in clear communications with its shareholders. The Annual Report and the quarterly announcements are the primary methods of communication to report the Group's business activities and financial performance to all shareholders. All such reporting information can be obtained from the website of Bursa Securities or the Group's website www.ikkr.com.my. Shareholders also have the opportunity to put questions at the AGM where the Directors are available to discuss aspects of the Group's business activities and performance. The shareholders may also forward their questions to us via e-mail at ir@ikkr.com.my or contact us at the Principal Office in Malaysia.

The AGM

The AGM remains the principal forum for dialogue with shareholders, wherein, the Board presents the operations and performance of the Group. During the meeting, shareholders are given every opportunity to enquire and comment on matters relating to the Group's business. The Chairman, members of the Board and senior management personnel are available to respond to shareholders' queries during this meeting.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcements of results to shareholders as well as the Chairman's Statement in the Annual Report. The Audit Committee assists the Board by reviewing the disclosure information to ensure completeness, accuracy and validity.

Internal Control and Risk Management System

The Directors acknowledge their responsibility for the Group's system of internal controls covering not only financial controls but also operational and compliance controls, as well as risk management. The internal control system involves each subsidiary business and is designed to meet the needs of each subsidiary, to ensure that the risks faced by the business in pursuit of its objectives are identified and managed at known acceptable levels. The Group will be continuously reviewing the adequacy and integrity of its system of internal control. A full Statement on Internal Control is included on pages 26 to 27.

The Board also acknowledges the internal audit function as an integral part of an effective system of corporate governance. In this regard, the Board has taken steps to outsource the internal audit function.

Relationship with Auditors

The Board, via the establishment of the Audit Committee, maintains a formal and transparent relationship with the Company's auditors. The roles of the Audit Committee in relation to the auditors are detailed in the Audit Committee Report on page 24.

COMPLIANCE STATEMENT

The Board is satisfied that the Company had in 2013 complied with the best practices of MCCG 2012.

ADDITIONAL COMPLIANCE INFORMATION

Share Buy-Backs
Details of the shares purchased during the financial year ended 31 December 2013 are as follows:

Treasury shares

Monthly Breakdown	No. of Shares Purchased And Retained As Treasury Shares	Purchase Price Per Share (RM) Lowest	Purchase Price Per Share (RM) Highest	Average Cost Per Share (RM)	Total Cost (RM)
January	8,723,100	0.8250	1.0700	0.9349	8,154,880.23
February	4,322,000	0.8950	0.9600	0.9203	3,977,431.59
March	569,100	0.8950	0.9400	0.9191	523,053.46
April	186,800	0.9050	0.9200	0.9131	170,563.08
May	80,000	0.8850	0.8900	0.8887	71,098.00
June	-	-	-	-	-
July	325,000	0.8900	0.9150	0.9050	294,116.00
August	70,000	0.8700	0.8850	0.8786	61,502.00
September	-	-	-	-	-
October	-	-	-	-	-
November	-	-	-	-	-
December	-	-	-	-	-
TOTAL	14,276,000				13,252,644.36
Purchase Per Share for the year (RM):					
Lowest Price - 0.8250		Highest Price - 1.0700			Average Cost - 0.9283

During the financial year, all the shares purchased by the Company were retained as treasury shares. As at 31 December 2013, the number of treasury shares held was 17,540,800. None of the treasury shares were resold or cancelled during the financial year.

Options, Warrants or Convertible Securities
There was no grant or exercise of options, warrants or convertible securities during the financial year.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme
The Company did not sponsor any ADR or GDR programme during the financial year.

Imposition of Sanctions and/or Penalties
Save as disclosed below, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies for the financial year under review:

On 4 September 2013, Bursa Securities has publicly reprimanded the Company for the breach of Paragraph 9.16(1)(a) of the Main LR for failing to ensure that its unaudited fourth quarterly financial report for the financial year ended 31 December 2010, announced on 25 February 2011, took into account adjustments made in its audited accounts announced on 28 April 2011. The adjustments resulted in a 3,010% difference between the Company's audited and unaudited results.

Bursa Securities has also publicly reprimanded and fined its Directors a total of RM75,000 for the breach of Paragraph 16.13(b) of the Main LR for permitting knowingly, or where they had reasonable means of obtaining such knowledge, the Company to commit the breach.

The Company was also required to:

(a) carry out a limited review on its quarterly financial report submissions. The limited review must be performed by the Company's external auditors for four (4) quarterly financial reports commencing no later than the quarterly report for the financial period ended 30 September 2013; and

(b) ensure all its Directors and relevant personnel attend a training programme in relation to compliance with the Main LR particularly pertaining to financial statements.

Non-Audit Fees
The non-audit fees paid to the Company's external auditors amounted to RM20,872 for the financial year under review.

Profit Estimate, Forecast, Projections and Variation in Results
There were no variations of 10% or more between the audited results for the financial year ended 31 December 2013 and the unaudited results for the year ended 31 December 2013 of the Group previously announced. The Company did not make any release on profit estimates, forecasts or projections for the financial year.

Profit Guarantee
The Company did not give any profit guarantees during the financial year.

Material Contracts
There were no material contracts entered into by the Company and its subsidiaries involving Directors and major shareholders' interests.

Revaluation Policy on Landed Properties
The Group revalues its landed properties whenever the market value of the revalued assets has changed materially from their carrying values and at least every five (5) years.

Employee Share Option Scheme ("ESOS")
There were no ESOS offered during the financial year ended 31 December 2013.

Corporate Social Responsibility ("CSR")
The Group is aware of its responsibility to its shareholders, human capital, environment and the community. Details of CSR are disclosed on page 12.

Recurrent Related Party Transactions
There were no transactions with related parties undertaken by the Group during the period under review except as disclosed in note 28 to the financial statements.

RESPONSIBILITY STATEMENT FOR PREPARING THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Board has seen and approved the Annual Report and Audited Financial Statements for the year ended 31 December 2013 and collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making reasonable enquiries to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement or information therein misleading.

This corporate governance statement, including the information on Directors' Remuneration, is made in accordance with the resolution of the Board of Directors dated 21 April 2014.

DATUK KAMARUDDIN BIN AWANG
Director

Audit Committee Report

The Directors are pleased to present the Audit Committee Report of the Company in respect of the financial year ended 31 December 2013.

A. COMPOSITION

The composition of the Audit Committee and designation of the Directors are as follows:

Members of the Committee

Datuk Kamaruddin bin Awang
Chairman (Independent Non-Executive Director)

Dato' Haji Muda bin Mohamed
Member (Independent Non-Executive Director)

Dato' Tik bin Mustaffa
Member (Independent Non-Executive Director)

Secretary to the Committee

Lee Thai Thye (LS 0000737)

B. TERMS OF REFERENCE

The terms of reference of the Audit Committee comprise mainly the constitution, membership, authority, duties and responsibilities of the Audit Committee.

1. Constitution

The Board of Directors has established a Committee of the Board known as the Audit Committee.

2. Membership and Meetings

The Committee was appointed by the Directors and shall at all times comprise not less than three (3) members of whom all are Independent, Non-Executive Director. All members of the Audit Committee shall also be financially literate, and at least one of the members shall be a member of an accounting association or body. The Chairman of the Committee must be an Independent Non-Executive Director and shall be appointed by the Committee members. The Company Secretary shall act as the secretary to the Committee. There shall be at least four (4) meetings per year.

3. Attendance at Audit Committee Meetings

Attendance at Audit Committee Meetings during 2013 was as follows:

Directors	Meetings Attendance
Datuk Kamaruddin bin Awang	5/5
Dato' Haji Muda bin Mohamed	4/5
Dato' Tik bin Mustaffa	5/5

Four (4) meetings were held at 22nd Floor Menara Promet (KH), Jalan Sultan Ismail, 50250 Kuala Lumpur.

One (1) meeting was held at Perhentian Island Resort, Pulau Perhentian Besar, 22200 Kuala Besut, Terengganu.

4. Authority

The Audit Committee has the authority to investigate any activity within its terms of reference, and shall obtain the cooperation of the other Board members, employees and external auditors, and any other external professional bodies which it considers necessary.

5. Duties and Responsibilities

The Audit Committee's main duties and responsibilities are as follows:

a) Review the audit plan with the external auditors.

b) Review with the external auditors, the adequacy and effectiveness of the accounting and internal control systems.

c) Act upon problems and reservations arising from interim and final audits.

d) Review the financial statements prior to the Directors' approval to ensure a fair and full presentation of the financial affairs of the Company and the Group.

e) Assist in establishing appropriate control procedures.

f) Review internal audit reports and highlight to the Board any significant issues.

g) Assist in conducting of management audits or other sensitive matters.

h) Recommendations to retain or replace the firm of external auditors and the agreement of the audit fee for the ensuing year.

6. Summary of Activities

The Committee met five (5) times during the year for the following purposes:

a) To review the Group's quarterly and annual financial statements before announcing to Bursa Securities, SGX-ST and LSE.

b) To review with the external auditors, Messrs UHY Hacker Young LLP, the scope of their engagement, fees as well as the accounting and reporting matters emanating from their examination of the annual financial statements.

c) To appraise on significant risk, control, regulatory and financial matters that have come to the attention of the external auditors in the course of their audit.

d) To deliberate on the implications and effects of the relevant International Financial Reporting Standards which came into effect during the year.

e) To review reports prepared by estate managers on the state of internal controls of the estates.

7. Internal Audit Function

The Group's internal control systems are reviewed by the outsourced internal auditor, together with external consultants. Their principal responsibility is to assist the Audit Committee in providing independent assessments for the adequacy, efficiency and effectiveness of the internal control systems to ensure compliance with the systems and standard operating procedures in the Group. The Group Internal Audit Department is independent from the activities or operations of other operating units of the Inch Kenneth Kajang Rubber Group.

A summary of the Internal Audit activities during the financial year under review is as follows:

a) Performed operational audits on business units of the Group to ascertain the adequacy and integrity of their system of internal controls and made recommendations for improvement where weaknesses were found.

b) Conducted follow-up review to determine the adequacy, effectiveness and timeliness of actions taken by the management on audit recommendations and provided updates on their status to the Audit Committee.

After each audit, the findings and recommendations for improvement were communicated to the respective management for their response and corrective actions. In this respect, the Internal Audit has added value by improving the control processes within the Group.

The total costs incurred by Group Internal Audit in discharging its functions and responsibilities in 2013 amounted to RM54,493 compared to RM12,236 in 2012.

Statement on Internal Control

The Board is pleased to make the following disclosures pursuant to Paragraph 15.26(b) of the Main LR of Bursa Securities, which requires the Board of Directors of public listed companies to include in its annual report "A statement about the state of internal control of the listed issuer as a group". The Board confirms that there is an ongoing process of identifying, evaluating and managing the significant risks faced by the Group, and that the process will be regularly reviewed by the Board and accords with 'The Statement on Internal Control - Guidance For Directors of Public Listed Companies'.

BOARD'S RESPONSIBILITY

In accordance with Principle 6 of the MCCG 2012, the Board is committed to maintaining a sound system of internal control to safeguard shareholders' investments and the Group's assets. Accordingly, the Board acknowledges its responsibility for the Group's overall system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. However, it should be noted that due to the limitations that are inherent in any system of internal control, such a system is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives. Accordingly, it can only provide reasonable and not absolute assurance against material misstatement or loss.

REVIEW PROCESS FOR INTERNAL CONTROL SYSTEM

In view of the size and nature of the Group's operations, the Group has an in-house function for the review of the Group's internal control system, which forms part of the internal audit function. Currently the functions are focused on the most active subsidiaries. An external consultant was also contracted to conduct certain system checks on the operational activities at Perhentian Island Resort Sdn Bhd.

The reports are presented to the Audit Committee. Being an independent function, the reports presented must be with impartiality, proficiency and due professional care.

The internal audit function facilitates the Board, through the Audit Committee, in carrying out its responsibility to review and evaluate the adequacy and integrity of the Group's internal control systems. The Board reviews matters pertaining to internal control which among others, includes the adequacy and integrity of the internal control systems of the Group. Reviews are carried out annually to provide independent assessments on the adequacy, efficiency and effectiveness of the Group's internal control systems in anticipating potential risk exposures over key business systems and processes and in controlling the proper conduct of businesses within the Group.

The internal audit function adopts a risk-based approach whereby the strategies and plans are prepared based on the risk profile of the Group. The plans will be presented to the Audit Committee for approval annually. The resulting reports will be reviewed by the Audit Committee and forwarded to the management for attention and necessary corrective actions. The management is responsible for ensuring any corrective actions on reported weaknesses are taken within the required time frame.

OTHER CONTROL PROCEDURES

Apart from internal audit, there is an organisational structure with formally defined lines of responsibility and delegation of authority. This will provide a process of hierarchical reporting for an auditable trail of accountability.

The monitoring and management of the Group is delegated to the Exco Committee comprising of a few Board members and senior operational management. The committee, through their involvement in the business operations and attendance at senior management level meetings, manages and monitors the Group's financial performance, key performance indicators, operational effectiveness and efficiency, discusses and resolves significant business issues and ensures compliance with applicable laws, regulations, rules, directives and guidelines. These meetings serve as a two-way platform for the Board to communicate and address significant matters in relation to the Group's business and financial affairs and provide updates on significant changes in the businesses and the external environment that may result in any significant risks to the Group.

Internal control procedures are set out in standard operating practice and business process manuals and internal memos to serve as internal control guidance for proper measures to be undertaken and are subject to regular review, enhancement and improvement by the Internal Auditor.

Review of this Statement

Pursuant to Paragraph 15.23 of the Main LR, the external auditors have reviewed this Statement and the Risk Management Statement for inclusion in the 2013 Annual Report, and reported to the Board that nothing has come to their attention that causes them to believe that the Statements are inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

This statement on internal control is made in accordance with the resolution of the Board of Directors dated 21 April 2014.

DATUK KAMARUDDIN BIN AWANG
Director

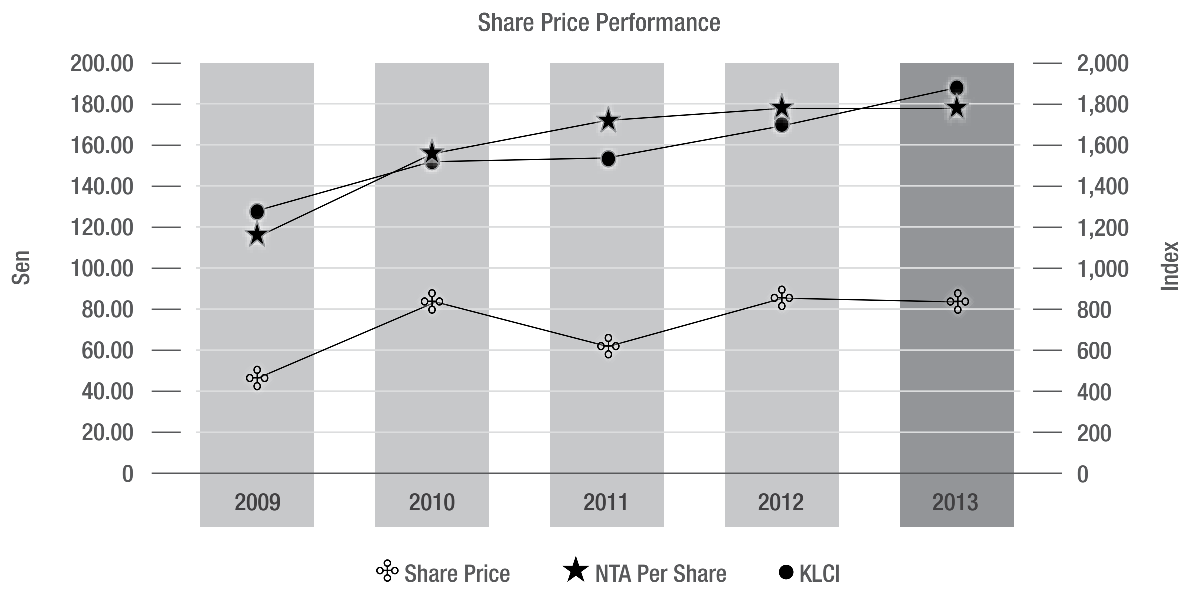
Group Financial Highlights

		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Financial Performance											
Revenue	RM'000	**14,073**	16,408	20,173	28,165	17,582	17,550	19,736	19,073	9,787	5,709
(Loss)/Profit Before Taxation	RM'000	**(28,189)**	4,757	(3,973)	(4,223)	1,483	-1,459	874	-10,598	-23,943	26,345
(Loss)/Profit for the Year	RM'000	**(28,497)**	4,430	(4,164)	(4,918)	982	-1,540	697	-10,878	-24,045	25,289
(Loss)/Earnings Per Share	Sen	**(7.05)**	1.06	(0.99)	(1.17)	0.23	-0.37	0.17	-2.59	-5.71	10.79
Total Assets	RM'000	**718,832**	742,308	726,207	701,696	516,412	513,774	571,152	373,325	393,494	394,144
Share Capital	Shares'000	**420,750**	420,750	420,750	420,750	420,750	420,750	420,750	420,750	234,277*	8,250
Treasury Shares	Shares'000	**17,541**	3,265	-	-	-	-	-	-	-	-
Shareholders' Equity	RM'000	**713,807**	737,855	719,023	653,182	486,826	486,017	540,263	338,974	349,852	374,501
Total Liabilities	RM'000	**5,025**	4,453	7,184	48,514	29,586	27,757	30,889	34,351	43,642	19,643
Borrowings	RM'000	**-**	24	94	15,455	22,727	20,030	23,840	11,300	20,300	-
Current Ratios	Times	**44.65**	55.90	36.77	8.24	3.36	0.60	0.54	0.52	2.22	9.99
Quick Ratios	Times	**41.06**	51.51	34.75	8.15	3.11	0.60	0.54	0.51	2.22	9.99
Debt-Equity Ratios	Times	**0.00**	0.00	0.00	0.02	0.05	0.04	0.04	0.03	0.06	0.00
Net Assets Per Share	RM	**1.78**	1.77	1.71	1.55	1.16	1.15	1.28	0.81	0.83	45.39

* Weighted average
All figures are in RM thousands unless otherwise stated.

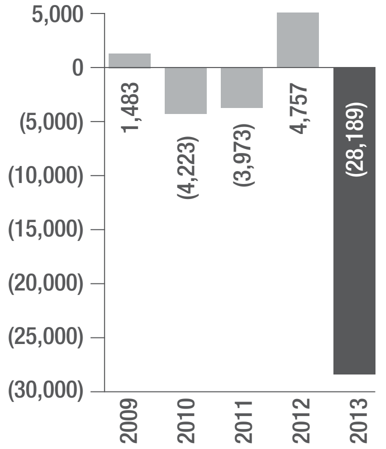
SHARE PRICE PERFORMANCE GRAPH

The graph below shows the movement of the Company's share price on Bursa Securities against the corresponding change in the Kuala Lumpur Composite Index ("KLCI") and the Group's Net Tangible Assets per share ("NTA per share"). The KLCI was selected as it represents a broad equity market index in which the Company is a constituent member.

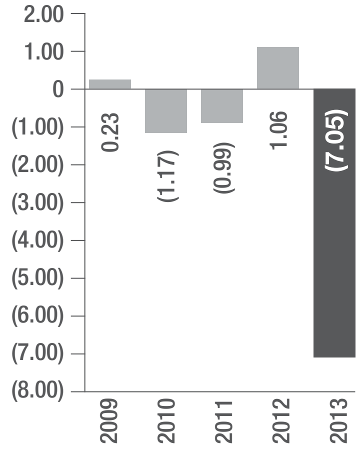


Group Financial Highlights (cont'd)

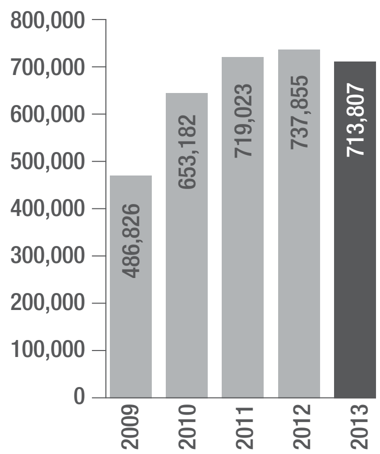
(Loss)/Profit Before Tax (RM'000)



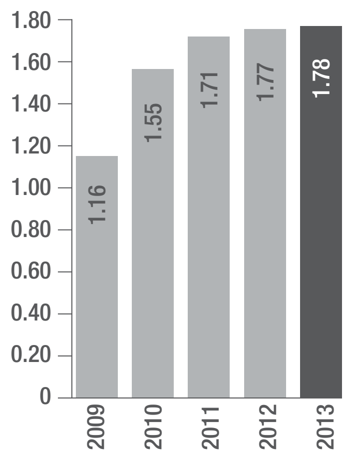
(Loss)/Earnings Per Share (Sen)



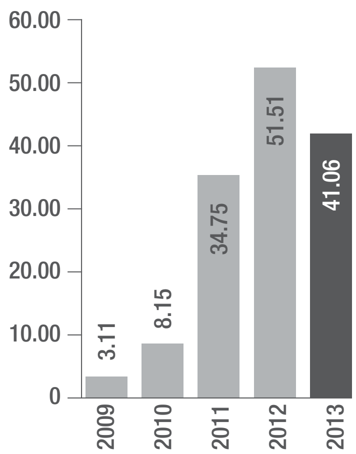
Shareholders' Equity (RM'000)



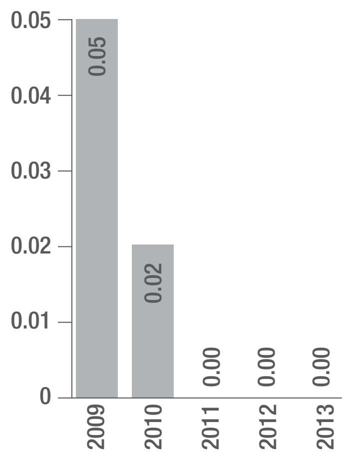
Net Assets Per Share (RM)



Quick Ratios (Times)



Debt-Equity Ratios (Times)



Financial Statements

Directors' Report
For the Year Ended 31 December 2013

The Directors have pleasure in presenting their report, together with the audited financial statements of Inch Kenneth Kajang Rubber Public Limited Company ("the Company" or "the Parent") and its subsidiaries (together "the Group") for the financial year ended 31 December 2013.

Principal activities

The Company is incorporated in Scotland with company number SC007574, as a public company limited by shares.

The Company is involved in investment holding and carries on the business of an oil palm grower in Selangor, Malaysia.

The subsidiary undertakings are engaged in the operations of a rubber block manufacturer, tourist resort, retailing building supplies, property development and leasing of properties in Malaysia.

A more detailed review of the Group's operations is set out in the Chairman's Statement.

Group structure

The Group operates through its Parent and subsidiary companies, details of which are set out in note 14 to these financial statements.

Results and dividends

The Group's results for the year are set out on page 41. The Group's loss attributable to shareholders of the Company for the financial year ended 31 December 2013 amounted to RM28,497,000 (2012: profit of RM4,430,000).

The Directors proposed that a 2% interim dividend for the financial year ended 31 December 2013 be distributed to the shareholders during the year 2014. The interim dividend under the single tier system of £0.002 per share, on 403,209,200 ordinary shares.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

The Board plays an active role in the development of the Company's strategy. It has in place a strategy planning process, whereby the Management presents to the Board its recommended strategy annually, together with its proposed business and regulatory plans for the ensuing year at a dedicated session, for the Board's review and approval. At this session, the Board deliberates both the Management's and its own perspectives, and challenges the Management's views and assumptions, to ensure the best outcome. In conjunction with this, the Board also reviews and approves the annual budget for the ensuing year, and sets the Key Performance Indicators (KPIs) under the Corporate Balanced Scorecard (CBS), ensuring that the targets correspond to the Company's strategy and business plan, reflect competitive industry trends and internal capabilities as well as provide sufficient stretch for the Management.

The following table indicates the areas that may be looked at for improvement:

Department	Areas
Finance	Return on Investment Cash Flow Return on Capital Employed Financial Results (Quarterly/Yearly)
Internal Business Processes	Number of activities per function Duplicate activities across functions Process alignment (is the right process in the right department) Process bottlenecks Process automation
Learning & Growth	Is there the correct level of expertise for the job Employee turnover Job satisfaction Training/Learning opportunities
Customer	Delivery performance to customer Quality performance for customer Customer satisfaction rate Customer percentage of market Customer retention rate

Significant events in 2013

During the year, 14,276,000 shares were bought back and there was no resale or cancellation of treasury shares. Accordingly, a total of 14,276,000 shares were bought back and retained as treasury shares during the current financial year which represents 3.39% against the total number of outstanding shares of the listed issuer. The total consideration paid was RM13.253 million.

Post balance sheet events

The Directors proposed that a 2% interim dividend for the financial year ended 31 December 2013 be distributed to the shareholders during the year 2014. The interim dividend under the single tier system of £0.002 per share, on 403,209,200 ordinary shares.

Subsequent to the financial year ended 31 December 2013, the Company has not repurchased any of its issued ordinary shares. The issued and paid up share capital of the Company remains at 420,750,000 ordinary shares of £0.10 each.

No other events have occurred since the balance sheet date which significantly affects the Company or the Group.

Directors

The Directors of the Company who held office during the year and at the date of this report are:

Dato' Adnan bin Maaruf
Datuk Kamaruddin bin Awang
Dato' Haji Muda bin Mohamed
Dato' Tik bin Mustaffa
Dr. Radzuan bin A. Rahman

In accordance with Malaysian Companies Act 1965, Dato' Adnan bin Maaruf and Dr. Radzuan bin A. Rahman, and in accordance with Article 86 of the Company's Articles of Association, Datuk Kamaruddin bin Awang retire from the Board at the forthcoming AGM, and being eligible, offer themselves for re-election.

Directors' interests

Neither at the end of the financial year ended 31 December 2013, nor at any time during that year, was there any arrangement to which the Company was a party, whereby the Directors could acquire benefits by means of the acquisition of shares in or debentures of, the Company or Group undertakings.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than benefits included in the aggregate amount of emoluments received by the Directors as shown in the financial statements) by reason of a contract made by the Company or Group undertakings with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

None of the Directors who held office during the financial year and to the date of this report, together with their immediate families, had any interests in the shares of the Company or Group undertakings.

Substantial shareholders

The Company has been notified, in accordance with Rule 5 of the United Kingdom's FCA's Disclosure and Transparency Rules, of the following interests in its ordinary shares as at 31 December 2013 by shareholders holding 3% or more of the share capital:

Name	Number of shares of 10p each	% of issued capital
Concrete Engineering Products Berhad	58,088,000	14.41
Ng Ah Chai	50,283,200	12.47
Hamptons Property Sdn Bhd	49,327,700	12.23
FA Securities Sdn Bhd	29,672,500	7.36
Euston Technologies Sdn Bhd	22,662,066	5.62

No other person has notified an interest in the ordinary shares of the Company required to be disclosed to the Company in accordance with the United Kingdom's Companies Act 2006 ("UK Companies Act 2006").

No shareholders have any special rights or restrictions on voting rights attached to their shares.

Creditor payment policy and practice

It is the Group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Group and its suppliers, provided that all trading terms and conditions have been complied with.

At 31 December 2013, the Group had an average of 11 days (2012 - 11 days) purchases outstanding in trade creditors.

Health and Safety

All aspects of health and safety at the Group's plantations are handled by our agent, Akem Links Sdn Bhd, and reviewed by the Board. The Company also places a high level of importance on health and safety aspects at its principal trading subsidiaries, Perhentian Island Resort Sdn Bhd, Motel Desa Sdn Bhd and Supara Company Limited. Any health and safety issues at these subsidiaries may be detrimental to its image and hence may affect revenues achieved.

Employees

The number of staff employed by the Group at the year end was 177 (2012 – 159). At the resort, factory and estates, we provide employees with full quarters and required facilities, to provide a conducive environment, both for work and entertainment.

Political and charitable donations

There were no political or charitable donations made by the Group during the year ended 31 December 2013 except for community support by the subsidiary, Perhentian Island Resort Sdn Bhd, to the village committee, as and when the need arose.

Environment

The Group's business is situated within areas that are subject to environmental conditions imposed by the local government authorities. All conditions have been fulfilled throughout the year. There have been no issues raised by the authorities pertaining to the day to day operation in relation to these conditions.

Derivatives and other financial instruments

The Group's financial instruments consist of cash and short term deposits, short term investments, equity investments, receivables and payables. The main purpose of these financial instruments is to finance the Group's operations and investments. The financial instruments, such as trade debtors and trade creditors, arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk, foreign currency risk and market price risk. The magnitudes of these risks are detailed in note 27 to the financial statements. The Board reviews and agrees policies for managing each of these risks as and when they arise.

Interest rate risk

The Group's primary interest rate risk relates to short term borrowing interest bearing debt. The Group manages its interest rate risks by placing such balances on varying maturities and interest rate terms. However, the exposure of the Group and the Company is immaterial as all the revolving bank borrowings were fully paid as at 3 November 2011.

Liquidity risk

The Group's objective is to maintain a balance of funding and flexibility through the use of finance leases and short term borrowings.

The Group's policy is to arrange revolving credit for working capital and finance leases for purpose of asset acquisition. However, liquidity risk is immaterial to the Group and the Company as all the funding for the working capital is from the internal fund instead of revolving credit and finance leases.

Credit risk

The Group holds cash and bank balances and deposits placed with a variety of banks. The Group considers the creditworthiness of these banks and spreads the risk accordingly.

Foreign currency risk

The Group has investments in foreign operations whose net assets are exposed to foreign currency translation risk. The exposure to foreign currency risks arising from currency exposures relate primarily to the Thai Baht and US Dollar.

The Group is also exposed to foreign currency transaction risks. The Group receives proceeds from the sales of CV rubber blocks in US Dollars and purchases the raw materials in Thai Baht. The Group does not enter into any forward currency contracts.

The Group's plantation activities are not affected by foreign currency risks as the crude palm oil prices are quoted, and proceeds are received, in Malaysian Ringgit.

Market price risk

It is the Group's objective to hold investments in unquoted unit trusts and quoted equity shares for short term purposes and maximise returns from these investments.

The Group manages its market risks associated with the unquoted unit trusts and quoted equity shares on their own and does not engage the services of fund managers. The Group invested unit trusts through licensed investment banks, monitors the fluctuation of the indices on Bursa Securities, and trading is kept at a minimum.

Information to shareholders

The Group has its own website (http://www.ikkr.com.my) for the purposes of improving information flow to shareholders and potential investors.

Going concern

After making appropriate enquiries and examining those areas which could give rise to financial exposure, the Directors are satisfied that no material or significant exposures exist and that the Group has adequate resources to continue its operations for the foreseeable future. For this reason, and as further discussed in note 2.1, the Directors continue to adopt the going concern basis in preparing the Company's and Group's financial statements.

Auditors

In accordance with Section 489 of the UK Companies Act 2006, a resolution proposing that UHY Hacker Young be re-appointed as auditors of the Company and that the Directors be authorised to fix their remuneration will be put to the next AGM.

On behalf of the Board

Dato' Adnan bin Maaruf
Director

Datuk Kamaruddin bin Awang
Director

Kuala Lumpur, Malaysia
21 April 2014

Statement of Responsibilities of those Charged with Governance

For the Year Ended 31 December 2013

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom company law and International Financial Reporting Standards as adopted by the European Union ("IFRS").

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company and of the profit or loss and cash flows of the Group and of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- state that the Group and the Company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

The Directors confirm that the financial statements comply with the above requirements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the UK Companies Act 2006 and Article 4 of the International Accounting Standards (IAS) Regulation. The Directors are also responsible for safeguarding the assets of the Group and of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to auditors

The Directors who were members of the Board at the time of approving this report are listed on page 2. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no relevant audit information of which the Company's auditors are unaware; and

- each Director has taken all the steps a Director might reasonably be expected to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The UK Corporate Governance Statement

The Financial Conduct Authority in the UK ("the FCA") requires the Company to comply with the FCA's Listing Rules 14.3.24 and 18.4.3(2) and Disclosure and Transparency Rule 7.2. The Annual Report contains in the Statements of Corporate Governance and Internal Control the information required by these rules.

Disclosures in respect of the Malaysian Code of Corporate Governance 2012

As required by the Main LR of Bursa Securities, the Annual Report contains a Corporate Governance Statement pursuant to the MCCG 2012.

Statutory Declaration

Pursuant to Section 169 (16) of the Malaysian Companies Act 1965

I, **HUSSAIN AHMAD BIN ABDUL KADER**, being the officer primarily responsible for the financial management of **Inch Kenneth Kajang Rubber Public Limited Company**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 41 to 83 are in my opinion correct and make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the above named **HUSSAIN AHMAD BIN ABDUL KADER**
at Kuala Lumpur in the Federal Territory on
21 April 2014

HUSSAIN AHMAD BIN ABDUL KADER

Before me

MOHAN A.S. MANIAM (W521)
Commissioner for Oaths

Kuala Lumpur
21 April 2014

Independent Auditors' Report
To the Shareholders of Inch Kenneth Kajang Rubber Public Limited Company
For the Year Ended 31 December 2013

We have audited the Group and Parent Company financial statements of Inch Kenneth Kajang Rubber Public Limited Company for the year ended 31 December 2013 which comprise of the Group and Parent Company Income Statements, the Group and Parent Company Statements of Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group and Parent Company Statements of Changes in Equity, the Group and Parent Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and IFRS as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the UK Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Responsibilities of those Charged with Governance set out on page 37, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2013 and of the Group's and the Parent Company's loss for the year then ended;

- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and

- the financial statements have been prepared in accordance with the requirements of the UK Companies Act 2006; and, as regards to the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the UK Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report included within the Corporate Governance Statement relating to Directors' remuneration to be audited has been properly prepared in accordance with the UK Companies Act 2006;

- the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the information given in the Corporate Governance Statement set out on pages 14 to 22 with respect to internal control and risk management systems in relation to financial reporting processes and the information about share capital structures in the Directors' Report is consistent with the financial statements.

Independent Auditors' Report (cont'd)

To the Shareholders of Inch Kenneth Kajang Rubber Public Limited Company
For the Year Ended 31 December 2013

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the UK Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company's financial statements and the part of the Directors' Remuneration Report included within the Corporate Governance Statement relating to Directors' remuneration to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Julie Zhuge Wilson (Partner)
Senior Statutory Auditor
for and on behalf of UHY Hacker Young LLP
Chartered Accountants and Statutory Auditors

Quadrant House
4 Thomas More Square
London E1W 1YW

21 April 2014

Income Statements
For the Year Ended 31 December 2013

	Notes	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Revenue	4	14,073	16,408	1,199	2,449
Cost of sales		(10,626)	(8,780)	(677)	(907)
Gross profit		3,447	7,628	522	1,542
Other income	5	596	2,194	1,683	1,722
Administrative expenses		(16,295)	(13,145)	(14,956)	(6,747)
Selling and marketing expenses		(371)	(456)	-	-
Operating loss	6	(12,623)	(3,779)	(12,751)	(3,483)
Finance income	7	5,136	5,280	5,044	5,220
Finance costs	7	(1)	(4)	-	-
Gain on sale of assets	5	98	8	-	2
Realised gain on redemption of short term investments	5	734	-	734	-
Impairment of investment in subsidiary	14	-	-	(5,338)	-
Impairment losses on goodwill	17	(4,502)	-	-	-
Share of results of associate	15	559	3,252	-	-
Impairment of investment in associate	15	(17,590)	-	(17,590)	-
(Loss) / profit before taxation		(28,189)	4,757	(29,901)	1,739
Taxation	8	(308)	(327)	-	-
(Loss) / profit for the year		(28,497)	4,430	(29,901)	1,739
Attributable to:					
Equity holders of the Company		(28,497)	4,430	(29,901)	1,739
(Loss) / earnings per share (sen):	9				
Basic		(7.05)	1.06		
Diluted		(7.05)	1.06		
Net dividend per share (sen)		1.080	1.455		

The results for 2013 and 2012 relate entirely to continuing and acquired operations.

Statements of Comprehensive Income
For the Year Ended 31 December 2013

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
(Loss) / profit for the year	(28,497)	4,430	(29,901)	1,739
Other comprehensive income:				
Revaluation of available-for-sale investments and short term investments	(468)	1,246	(488)	1,229
Redemption on short term investments	(734)	-	(734)	-
Revaluation of properties	24,800	16,350	9,000	7,650
Exchange differences on translating foreign operations	(11)	(467)	-	-
Other comprehensive income, net of tax	23,587	17,129	7,778	8,879
Total comprehensive (loss) / income for the year	(4,910)	21,559	(22,123)	10,618

Statements of Financial Position
As at 31 December 2013

		GROUP		COMPANY	
	Notes	2013	2012	2013	2012
ASSETS		**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-current assets					
Property, plant and equipment	12	469,158	445,676	110,041	101,172
Intangible assets	13	19	27	16	23
Investments in subsidiaries	14	-	-	215,077	219,123
Investment in associate	15	25,812	43,947	22,646	40,236
Available-for-sale investments	16	61	58	19	15
Goodwill	17	71	4,504	-	-
		495,121	494,212	347,799	360,569
Current assets					
Inventories	18	17,976	19,495	-	1
Trade and other receivables	19	30,533	27,116	1,934	1,674
Short term investments	20	146,609	167,333	142,786	165,294
Cash and cash equivalents	21	28,593	34,152	26,415	31,466
		223,711	248,096	171,135	198,435
TOTAL ASSETS		718,832	742,308	518,934	559,004
EQUITY AND LIABILITIES					
Equity attributable to shareholders of the Company					
Share capital	22	287,343	287,343	287,343	287,343
Share premium		8	8	8	8
Property revaluation reserve		286,371	261,571	86,600	77,600
Investment revaluation reserve		12,709	13,911	(2,911)	(1,689)
Foreign currency translation reserve		(1,245)	(1,234)	-	-
Retained earnings		144,601	178,983	161,637	197,423
		729,787	740,582	532,677	560,685
Less: Treasury shares	23	(15,980)	(2,727)	(15,980)	(2,727)
Total Equity		713,807	737,855	516,697	557,958
Current liabilities					
Trade and other payables	24	4,892	4,312	2,222	1,031
Finance lease creditors	25	-	24	-	-
Taxation payable		118	102	-	-
		5,010	4,438	2,222	1,031
Non-current liabilities					
Finance lease creditors	25	-	-	-	-
Employee entitlements	26	15	15	15	15
		15	15	15	15
Total Liabilities		5,025	4,453	2,237	1,046
TOTAL EQUITY AND LIABILITIES		718,832	742,308	518,934	559,004

Statements of Financial Position (cont'd)
As at 31 December 2013

The financial statements of Inch Kenneth Kajang Rubber Public Limited Company (registered numbers: SC007574 (Scotland) and 990261M (Malaysia)) were approved by the Board of Directors on 21 April 2014 and signed on its behalf by:

Dato' Adnan bin Maaruf	**Datuk Kamaruddin bin Awang**
Director	Director

Group Statements of Changes in Equity
For the Year Ended 31 December 2013

	Share Capital RM'000	Share Premium RM'000	Property Revaluation Reserve RM'000	Investment Revaluation Reserve RM'000	Foreign Currency Translation RM'000	Retained Earnings RM'000	Treasury Shares RM'000	Total Equity RM'000
Year ended 31 December 2013								
At 1 January 2013	287,343	8	261,571	13,911	(1,234)	178,983	(2,727)	737,855
Total comprehensive income for year	-	-	24,800	(1,202)	(11)	(28,497)	-	(4,910)
Other movements:								
Dividends paid	-	-	-	-	-	(5,885)	-	(5,885)
Purchase of treasury shares	-	-	-	-	-	-	(13,253)	(13,253)
At 31 December 2013	287,343	8	286,371	12,709	(1,245)	144,601	(15,980)	713,807
Year ended 31 December 2012								
At 1 January 2012	287,343	8	245,221	12,665	(767)	174,553	-	719,023
Total comprehensive income for year	-	-	16,350	1,246	(467)	4,430	-	21,559
Other movements:								
Purchase of treasury shares	-	-	-	-	-	-	(2,727)	(2,727)
At 31 December 2012	287,343	8	261,571	13,911	(1,234)	178,983	(2,727)	737,855

Group Statements of Changes in Equity (cont'd)
For the Year Ended 31 December 2013

Share capital represents the nominal value of ordinary shares issued to shareholders of the company. The amount of share capital a company reports on its balance sheet only accounts for the initial amount for which the original shareholders purchased the shares from the issuing company. Any price differences arising from price appreciation/depreciation as a result of transactions in the secondary market are not included.

Share premium is a contribution made by a shareholder when shares are issued and paid-in above the par value of such shares.

Property revaluation reserve is the capital reserve where changes in the value of the properties are recognised when they are revalued.

Investment revaluation reserve is the change in the value of investments recognised when they are revalued.

Foreign currency translation reserve represents the exchange differences resulting from the retranslation of net investments in subsidiary undertakings.

Retained earnings are net earnings not paid out as dividends, but retained by the company to be reinvested in its core business.

Treasury shares are those issued but re-purchased by the Company. They are considered as issued but not outstanding and are not therefore included when calculating earnings per share and are not entitled to receive dividends. Treasury shares are treated as a reduction from equity.

Company Statements of Changes in Equity (cont'd)
For the Year Ended 31 December 2013

	Share Capital RM'000	Share Premium RM'000	Property Revaluation Reserve RM'000	Investment Revaluation Reserve RM'000	Retained Earnings RM'000	Treasury Shares RM'000	Total Equity RM'000
Year ended 31 December 2013							
At 1 January 2013	287,343	8	77,600	(1,689)	197,423	(2,727)	557,958
Total comprehensive income for year	-	-	9,000	(1,222)	(29,901)	-	(22,123)
Other movements:							
Dividends paid	-	-	-	-	(5,885)	-	(5,885)
Purchase of treasury shares	-	-	-	-	-	(13,253)	(13,253)
At 31 December 2013	287,343	8	86,600	(2,911)	161,637	(15,980)	516,697
Year ended 31 December 2012							
At 1 January 2012	287,343	8	69,950	(2,918)	195,684	-	550,067
Total comprehensive income for year	-	-	7,650	1,229	1,739	-	10,618
Other movements:							
Purchase of treasury shares	-	-	-	-	-	(2,727)	(2,727)
At 31 December 2012	287,343	8	77,600	(1,689)	197,423	(2,727)	557,958

Statements of Cash Flows
For the Year Ended 31 December 2013

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Group operating loss	(12,623)	(3,779)	(12,751)	(3,483)
Adjustments for items not requiring an outflow of funds:				
Write-back of provision of diminution value in investment	-	1,240	-	1,227
Dividend income	(4)	-	-	-
Allowance for doubtful debts	-	-	6,969	-
Unrealised loss from foreign exchange	-	(465)	-	-
Depreciation and amortisation	2,094	1,749	142	42
Operating loss before changes in working capital	(10,533)	(1,255)	(5,640)	(2,214)
Changes in working capital:				
Increase in current assets	(1,989)	(14,003)	(260)	(620)
Decrease/(increase) in current liabilities	621	(2,762)	1,190	(2,993)
Taxation refund	17	2	-	-
Taxation paid	(341)	(248)	-	-
Net cash used in operating activities	(12,225)	(18,266)	(4,710)	(5,827)
Investing activities				
Proceeds from disposal of assets	98	8	-	2
Interest and dividends received	6,244	5,281	5,045	5,220
Acquisition of subsidiary (note 33)	(3)	-	-	-
Loans granted to subsidiaries	-	-	(8,261)	(23,662)
Purchases of shares in associate	-	(599)	-	(590)
Short term investments	20,254	(167,333)	22,017	(165,294)
Payments to acquire property, plant and equipment	(764)	(12,167)	(4)	(39)
Net cash generated from /(used in) investing activities	25,829	(174,810)	18,797	(184,363)
Financing activities				
Interest paid	(1)	(4)	-	-
Repayments of finance leases	(24)	(70)	-	-
Dividend paid	(5,885)	-	(5,885)	-
Shares repurchase at cost	(13,253)	(2,727)	(13,253)	(2,727)
Net cash used in financing activities	(19,163)	(2,801)	(19,138)	(2,727)
Decrease in cash and cash equivalents	(5,559)	(195,877)	(5,051)	(192,917)
Cash and cash equivalents at 1 January	34,152	230,029	31,466	224,383
Cash and cash equivalents at 31 December	28,593	34,152	26,415	31,466
Cash and cash equivalents comprise of:				
Short term deposits	26,754	27,308	26,167	25,801
Cash and bank balances	1,839	6,844	248	5,665
	28,593	34,152	26,415	31,466

1. Corporate information

The consolidated financial statements of the Company and the Group for the year ended 31 December 2013 were authorised for issue by the Directors on 21 April 2014. Inch Kenneth Kajang Rubber Public Limited Company is a public limited company incorporated in Scotland. Its shares are publicly traded on Bursa Securities, SGX-ST and LSE. The principal activities of the Group are oil palm plantation owners, tourism resort operators, manufacturers of constant viscosity (CV) rubber block and property development. Further information on the Company's subsidiaries is in note 14.

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated below.

2.1 Basis of preparation and going concern

The Group's financial statements are prepared on a going concern basis and in accordance with International Financial Reporting Standards, as adopted by IFRS and in accordance with those parts of the UK Companies Act 2006 applicable to companies preparing their accounts in accordance with IFRS.

The Company's financial statements have also been prepared in accordance with IFRS and the UK Companies Act 2006.

The financial statements of the Group and Company are prepared on an historical cost basis as modified by the revaluation of freehold land and available-for-sale investments.

The Group's financial statements are presented in Ringgit Malaysia and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated. The exchange rate of Ringgit Malaysia to Pound Sterling at 31 December 2013 was £1: RM5.4128 (RM1: £0.1847) and 31 December 2012 was £1: RM4.9440 (RM1: £0.2023).

Going concern

During the year ended 31 December 2013 the Group made a loss of RM28.497 million (2012 – profit of RM4.430 million) and at the year end date the Group had net current assets of RM218.701 million (2012 – RM243.658 million) and net assets of RM713.807 million (2012 – RM737.855 million). The operations of the Group are currently being financed by funds raised from the Group's operations and proceeds from disposal of land. The Group has adequate resources to continue its operations for the foreseeable future as there are assets available that could be converted to cash or cash equivalents, should the need arise. The financial statements have, therefore, been prepared on the going concern basis.

2. Accounting policies (continued)

2.2 New IFRS Standards and Interpretations

At the date of authorisation of these financial statements, the following IFRS Standards have not been applied in these financial statements but were in issue but not yet effective:

IFRS 9	Financial Instruments – deals with classification and measurement of financial assets	1 January 2015
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosure of Interests in other Entities	1 January 2014
IAS 27	Separate Financial Statements (2011)	1 January 2014
IAS 28	Investments in Associates and Joint Ventures (2011)	1 January 2014
IAS 32 (amended)	Offsetting Financial Assets and Financial Liabilities – new disclosure requirements	1 January 2014
IAS 36	Impairment of assets (amendments)	1 January 2014

The Company has not earlier adopted these amended IFRS Standards. The Directors do not anticipate that the adoption of these IFRSs and interpretations will have a material impact on the Company's financial statements in the periods of initial application.

2.3 Basis of consolidation and goodwill

The Group financial statements consolidate the financial statements of Inch Kenneth Kajang Rubber Public Limited Company and all its subsidiary undertakings drawn up to 31 December each year.

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The consolidated financial statements have been prepared by using the principles of acquisition accounting ("the purchase method") which includes the results of the subsidiaries from their date of acquisition.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated fully on consolidation.

Goodwill is the difference between the amount paid on the acquisition of a subsidiary company or a business and the aggregate fair value of the identifiable assets and liabilities acquired. Goodwill is capitalised as an intangible asset. In accordance with IFRS 3 'Business Combinations', goodwill is not amortised but tested for impairment annually or when there are any other indications that its carrying value is not recoverable.

Goodwill is therefore stated at cost less any provision for impairment in value. If a subsidiary undertaking is subsequently sold, goodwill arising on acquisition is taken into account in determining the profit and loss on sale. Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

2.4 Investment in associated undertaking

Companies, other than subsidiary undertakings, in which the Group has an investment and over which it exerts significant influence but does not control, are treated as associated undertakings.

Investments in associated undertakings are equity accounted and carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value.

2. Accounting policies (continued)

2.4 Investment in associated undertaking (continued)

Any goodwill arising on the acquisition of an associate, representing the excess of the cost of the investment compared to the Group's share of the net fair value of the associate's identifiable assets and liabilities, is included in the carrying amount of the associate. Goodwill on the acquisition of associates is not amortised.

The income statement includes the Group's share of the associate's profit after tax. To the extent that losses of an associate exceed the carrying amount of the investment, the Group discontinues including its share of further losses and the investment is reported at nil value. Additional losses are only provided if the Group has an obligation to a third party.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss of the Group's investment in its associate at each balance sheet date. The Group calculates the amount of impairment as being the difference between the fair value of the associate and the carrying value and recognises the amount in the income statement.

Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associate are changed where necessary to ensure consistency with the accounting policies of the Group.

The Parent Company's investment in its associate is included in the Company balance sheet at cost, less any provision for impairment.

2.5 Intangible assets

Intangible assets of the Group consist of computer software and are capitalised at their cost and are amortised on a straight-line basis over their expected useful lives of 5 years.

The carrying value of intangible assets is tested for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

2.6 Property, plant and equipment

Freehold lands are stated at their fair values less impairment losses. Fair value is based on periodic valuations made at least once in every five years and an interim valuation every three years. Valuations are carried out by an independent external licensed valuer on an open market value basis. Any surplus or deficit arising on valuation is transferred directly to equity as a revaluation surplus in the property revaluation reserve, except for those deficits expected to be permanent, which are charged to the income statement. Freehold lands are not depreciated.

Other property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on a straight-line basis to write off the costs, less estimated residual values of each asset over its estimated useful lives, as follows:

Buildings	10 – 50 years
Land improvements	5 – 20 years
Other assets	5 – 10 years

The carrying values of property, plant and equipment are tested for impairment if events or changes in circumstances indicate the carrying values may not be recoverable. Any impairment losses are recognised in the income statement.

2. Accounting policies (continued)

2.6 Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the income statement.

When revalued assets are sold, the amounts included in property revaluation reserves are transferred to retained earnings.

2.7 Financial assets

The Group classifies its financial assets in the following categories: fair value through profit or loss, held-to-maturity, short term investments, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. At 31 December 2013 and 2012 the Group had all of the above except for assets with fair value through profit or loss and held-to-maturity.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Available-for-sale financial assets are subsequently carried at fair value.

Changes in the fair value of available-for-sale assets are recognised directly in equity in the investment revaluation reserve. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices, and short term investments are measured at the market value at year end. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. A significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses on equity instruments and distributed income from short term investments are recognised in the income statement. Gains and losses from short term investments, at the end of reporting period, are included in Other Comprehensive Income.

2.8 Parent Company investments in subsidiaries

The Parent Company's investments in subsidiary and associated undertakings are included in the Company balance sheet at cost less any provisions for impairments.

2. Accounting policies (continued)

2.9 Inventories

Stocks and materials inventories are being held at the lower of cost and net realisable value.

No harvested fresh fruit bunches are held at year end and therefore, the requirement under IAS 41 'Agriculture' to value agricultural produce at market value does not apply.

2.10 Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to insignificant risk of changes in value. The amount in the balance sheet is stated at cost, which is approximately equal to the fair value, and comprises cash in hand, cash at bank, short term deposits and investments.

2.11 Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

2.12 Trade receivables

Trade receivables are carried at original invoice amount less any provision made for impairment. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the assets' carrying amount and the recoverable amount. Provisions for impairment of receivables are included in the income statement.

2.13 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Borrowings

Borrowings are recognised initially at the amount of the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2. Accounting policies (continued)

2.15 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable net of value added tax, returns, rebates or discounts and after eliminating sales with the Group.

Revenue derived from plantation activities represents the sale of oil palm fresh fruit bunches and is recognised on the accruals basis.

Revenue derived at manufacturing activities is recognised from sales when the goods are delivered, and the risks and rewards of ownership of the goods are transferred to buyers.

Revenue derived from resort activities represents room rentals, net of hotel room tax, and the sale of food and beverages. Accommodation revenue is recognised on the arrival of customers. Payments received in advance of the arrival of guests are included in current liabilities as accommodation rental received in advance.

Interest and dividend income is recognised when the right to receive payments is established.

2.16 Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

2.17 Employee entitlements

The liability for employees' compensation for unutilised leave is accrued in relation to services rendered by employees and relates to rights which have been vested. These amounts are not discounted.

The Group's contribution to a defined contribution plan is charged to the income statement in the period to which the contribution relates.

2.18 Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance policy, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding of discount is recognised as a finance cost.

2.19 Dividend distributions

Dividend distributions proposed by the Board of Directors and unpaid at the year end are not recognised in the financial statements as a liability until they have been approved by the Company's shareholders at the AGM.

2. Accounting policies (continued)

2.20 Biological assets

The Group's biological assets consist of oil palm tree plantations. According to IAS 41 'Agriculture', biological assets should be valued annually at their fair values. The gain or loss in fair value of biological assets is to be included in the income statement.

The Group has used IAS 41's cost model to value the biological assets because the Directors believe that fair values cannot be measured reliably as the trees on the plantations are mature (greater than 25 years old). At 31 December 2013 the costs of the biological assets have been fully depreciated. Even though the plantations are still producing income the Directors believe that any attempt to revalue the plantations to their fair values would not be reliable as market-determined prices or values are not readily available and alternative estimates of fair value are unreliable. The biological assets (i.e. the oil palm trees) are therefore carried in the Company's and Group's financial statements at a nil net book value.

The freehold estate land is carried at its fair value as discussed in note 2.6 above.

The harvested produce (fresh fruit bunches) are sold immediately after being harvested. Therefore the requirement under IAS 41 to value agricultural produce at market value as inventories does not apply.

2.21 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date and any adjustments to tax payable in respect of previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax liabilities are recognised for the temporary timing differences associated with subsidiaries, joint ventures and associates, but only where the Group is able to control the timing of the reversal of the temporary difference.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the assets can be utilised.

2.22 Foreign currency translation

Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Ringgit Malaysia' ('RM'), which is the Company's and the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

The assets, liabilities and the results of the foreign subsidiary undertakings are translated into Ringgit Malaysia at the rates of exchange ruling at the year end. Exchange differences resulting from the retranslation of net investments in subsidiary undertakings are treated as movements on reserves.

3. Significant accounting judgements and estimates

In the process of applying the Group's accounting policies, which are described in note 2 above, the Directors have made the following judgements and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom exactly equal the related actual results. The estimates and assumptions that have a risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Carrying value of associate

The Directors assess the fair value of the Group's investment in its associated undertaking, Concrete Engineering Products Berhad ("Cepco") is less than the carrying value and resulted in an impairment of RM17.590 million. The assessment was made by reference to the value in use of the associate to the Group.

The value-in-use calculation includes a discounted cash flow assessment model; the primary assumptions underlying the model were:

• Sales growth rate	3.50%
• Terminal value equal to Price Earnings ratio	18.0

Additional assumptions utilised include:

• Duration of assessment period	5 years
• Discount rate of	7%

If the impairment was made by reference only to the market price of the shares of the associate, the Group would suffer an additional loss of RM7.556 million, being the difference between the carrying value and the market price at 31 December 2013.

Goodwill

The Group follows the requirements of IAS 36 'Impairment of assets' and tests goodwill annually to determine when goodwill is impaired (see accounting policy in note 2.3 above and goodwill in note 17 below). This determination requires significant judgement. In making this judgement, the group estimates the recoverable amount of the cash generating unit to which goodwill has been allocated based on value-in-use calculations.

The value-in-use calculation includes a discounted cash flow assessment model; the primary assumptions underlying the model were:

• Sales growth rate	5.6%
• Terminal value equal to Price Earnings ratio	16.8

Additional assumptions utilised include:

• Duration of assessment period	5 years
• Discount rate of	7.0%
• Inflation rate of	2.75%

This gave rise to an indication that goodwill was materially overstatedand it was fully written off accordingly.

3. Significant accounting judgements and estimates (continued)

Depreciation, useful lives and residual values of property, plant & equipment

The Directors estimate the useful lives and residual values of property, plant & equipment in order to calculate the depreciation charges. Changes in these estimates could result in changes being required to the annual depreciation charges in the income statements and the carrying values of the property, plant and equipment in the statements of financial position.

Fair value of freehold lands

The Group revalued its freehold lands based on independent external valuations on 3 February 2014.

Deferred tax asset

Deferred tax assets are recognised for all unutilised tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement and measurement is required to determine the amount of deferred tax asset that can be recognised, based on the likely timing of future taxable profit together with future tax planning strategies. The carrying value of deferred tax assets recognised as at 31 December 2013 is RM Nil (2012: RM Nil) and the unrecognised tax losses as at 31 December 2013 is RM3,769,000 (2012: RM2,415,000) in respect of which the future economic benefit is uncertain. Further details are shown in note 8 below.

4. Segmental information

The Group applies IFRS 8 'Operating Segments'. The accounting policy for identifying segments is based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In identifying its operating segments, management generally follows the Group's service lines, which represent the main products and services provided by the Group.

The Group's operating businesses are organised and managed separately according to the nature of products produced and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

At 31 December 2013, the Group was organised into four operating segments as follows:

- Plantations – sale of fresh fruit bunches;
- Manufacturing – producing constant viscosity (CV) rubber blocks;
- Tourism – operation of two tourist resorts and sale of food and beverages;
- Others being:
    - i) Property development and leasing – development and sale of land and properties and leasing of buildings;
    - ii) Trading – trading of building materials; and
    - iii) Investment – holding of equity interests in quoted shares.

There are no geographical segments as the Group operates in one geographical region, being the South East Asia (Malaysia and Thailand).

4. Segmental information (continued)

The segment results for the year ended 31 December 2013 are as follows:

	Plantation RM'000	Tourism RM'000	Manufacturing RM'000	Others RM'000	Total RM'000
Revenue					
From external customers	1,199	7,843	4,848	183	14,073
Segment revenues	1,199	7,843	4,848	183	14,073
Finance income	-	92	-	5,044	5,136
Finance expenses	-	(1)	-	-	(1)
Gain on sale of assets	-	98	-	-	98
Realised gain on redemption of short term investments	-	-	-	734	734
Share of profit of associate	-	-	-	559	559
Depreciation and amortisation	(141)	(1,103)	(149)	(701)	(2,094)
Provision for diminution in value of stocks	-	-	(2,639)	-	(2,639)
Impairment losses on goodwill	-	-	(4,502)	-	(4,502)
Impairment of associate	-	-	-	(17,590)	(17,590)
Tax expenses	-	(226)	-	(82)	(308)
Other expenses	(677)	(6,430)	(6,975)	(7,881)	(21,963)
Segment profit/(loss)	381	273	(9,417)	(19,734)	(28,497)
Segment assets	118,596	24,537	22,093	553,606	718,832
Segment liabilities	2,237	1,314	79	1,395	5,025
Other disclosures					
Investment in associate	-	-	-	25,812	25,812
Capital expenditure					
Tangible	4	460	11	289	764
Intangible	-	-	-	-	-

4. Segmental information (continued)

The segmented results for the year ended 31 December 2012 are as follows:

	Plantation RM'000	Tourism RM'000	Manufacturing RM'000	Others RM'000	Total RM'000
Revenue					
From external customers	2,449	7,177	6,782	-	16,408
Segment revenues	2,449	7,177	6,782	-	16,408
Finance income	-	54	6	5,220	5,280
Finance expenses	-	(4)	-	-	(4)
Gain on sale of assets	2	-	6	-	8
Share of profit of associate	-	-	-	3,252	3,252
Depreciation and amortisation	(42)	(985)	(144)	(578)	(1,749)
Tax expenses	-	(309)	-	(18)	(327)
Other expenses	(907)	(5,397)	(7,144)	(4,990)	(18,438)
Segment profit/(loss)	1,502	536	(494)	2,886	4,430
Segment assets	114,887	25,662	23,084	578,675	742,308
Segment liabilities	1,046	1,041	547	1,819	4,453
Other disclosures					
Investment in associate	-	-	-	43,947	43,947
Capital expenditure					
Tangible	39	680	8	11,436	12,163
Intangible	-	-	4	-	4

4. Segmental information (continued)

Geographic information

Revenues from external customers

Group

	2013 RM'000	2012 RM'000
Malaysia	10,727	10,404
Europe	3,346	6,004
Total revenue per consolidated income statement	14,073	16,408

The revenue information above is based on the location of customers.

Revenues from major customers of more than 10% from the total revenue per consolidated income statement

	Group	
	2013 %	2012 %
Wurfbain B.V - Sales of rubber block	15	25

Non-current assets	Group	
	2013 RM'000	2012 RM'000
Malaysia	492,446	491,338
Thailand	2,675	2,874
Total	495,121	494,212

Non-current assets for this purpose consist of property, plant and equipment, investment properties and intangible assets.

5. Other income and gain on sale of assets

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Other income				
Sundry income	378	1,521	1,443	1,482
Rental income	207	414	-	-
Management fee to subsidiary	-	-	240	240
Gain on foreign exchange	-	237	-	-
Bad debt recovered	11	-	-	-
Insurance claim	-	22	-	-
	596	2,194	1,683	1,722
Gain on sale of assets				
Gain on sale of assets	98	8	-	2
Realised gain on redemption of short term investments				
Realised gain on redemption of short term investments	734	-	734	-

6. Operating loss

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
The operating loss is stated after charging/ (crediting):				
Auditors' remuneration:				
- Parent Company auditor	170	170	170	170
- Subsidiaries' auditor	101	94	-	-
Depreciation	2,086	1,741	134	34
Amortisation of intangible assets	8	8	7	8
Rental expense				
– land and buildings	357	337	204	204
Staff costs (note 10)	5,576	4,766	2,756	2,575
Bad debts written off	9	-	-	-
Allowance for doubtful debts	3	-	6,969	-
Loss / (gain) on foreign exchange	93	-	(1)	-
Provision for impairment loss on investment in subsidiary	-	-	5,338	-
Provision for contingent liability	1,113	300	1,113	300
Reversal loss from diminution in value of stocks	-	(1,138)	-	-
Loss from diminution in value of stocks	2,639	43	-	-

The non-audit fees paid to the Company's external auditors amounted to RM20,872 for the financial year 2013 (2012: RM Nil).

7. Finance income and costs

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Finance income				
Short term deposits	801	1,025	773	990
Short term investments	4,335	4,255	4,271	4,230
	5,136	5,280	5,044	5,220
Finance costs				
Finance lease charges	1	4	-	-

8. Taxation

The tax charge is made up as follows:

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
In Malaysia				
- Current taxation	296	329	-	-
- Under/(over) provision in respect of prior years	12	(2)	-	-
	308	327	-	-

Other than the subsidiary in Thailand which is a tax resident there, the Company and the Group are tax resident in Malaysia. The Group is liable to corporation tax in Malaysia and Thailand but is not subject to United Kingdom corporation tax. The Group's effective tax rate differs from the standard rate of corporation tax in Malaysia of 25% (2012: 25%) as follows:

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
(Loss)/profit before taxation	(28,189)	4,757	(29,901)	1,739
Tax (credit)/charge at standard corporation tax rate in Malaysia of 25% (2012: 25%)	(7,047)	1,189	(7,475)	435
Tax effects of:				
Expenses not deductible for tax purposes	6,977	684	8,170	513
Income not subject to tax	(1,109)	(1,127)	(1,080)	(1,122)
Utilisation of capital allowances	-	61	-	-
Temporary timing differences not recognised	1,475	(478)	385	174
Under/(over) provision in respect of prior years	12	(2)	-	-
Total tax charge for year	308	327	-	-

The estimated deferred tax assets at 25% (2012: 25%) not recognised in these financial statements are as follows:

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Arising from:				
Unused tax losses	3,769	2,415	3,491	2,208
Unutilised capital allowances	115	78	44	31
	3,884	2,493	3,535	2,239

8. Taxation (continued)

The key factors that may affect future tax charges include the ability to claim capital allowances in excess of depreciation, utilisation of unrelieved tax losses and changes in tax legislation. The Group expects to be able to claim capital allowances in excess of depreciation in future years based on its capital investment plans. The Group also has unutilised tax losses estimated to be RM15,076,000 (2012: RM9,659,000) which arise mainly in relation to activities in Malaysia and which may generally be carried forward without time limits applying. The availability of the unused tax losses for offsetting against future taxable profits of the Company and its subsidiaries are subject to there being no substantial changes in shareholdings of the Company and its subsidiaries under Section 44 (5A) & (5B) of Income Tax Act, 1967 in Malaysia.

As disclosed in note 12 below, freehold lands have been revalued, and a revaluation surplus arises. No deferred tax has been provided in respect of the revaluation surplus, as had the freehold lands been sold, no liability to Real Property Gains Tax or corporation tax would have arisen.

The revaluation of available-for-sale investments and short term investments that has been reported as part of other comprehensive income on page 42 of these financial statements is not shown net of taxation. This is on the basis that the Group and the Company have unutilised losses which exceed the revalued amount. Unused tax losses carried forward as at the balance sheet date, which are disclosed above, have been reduced correspondingly.

9. (Loss) / earnings per share

The calculation of (loss) / earnings per share is based on the Group's loss for the year of RM28.497 million (2012: profit of RM4.430 million) and the weighted average number of shares in issue after adjusting for movements in treasury shares during the financial year. There are no potential dilutive shares or share options outstanding and therefore, the diluted earnings per share is the same as basic earnings per share.

	31 Dec 2013	31 Dec 2012
Net (loss) / profit attributable to the owners of the Company (RM'000)	(28,497)	4,430
Weighted average number of ordinary shares in issue after adjusting for movements in treasury shares (No. of Shares ('000))	404,480	417,485
Basic and diluted (loss) / earnings per share (sen)	(7.05)	1.06

10. Employee information

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Staff costs comprises:				
Wages and salaries	5,240	4,533	2,635	2,474
Contribution to a statutory employees' provident fund	336	233	121	101
	5,576	4,766	2,756	2,575

10. Employee information (continued)

The increase of Group wages and salaries in 2013 is due to an upward salary adjustment, increase in staff and bonus payment.

The statutory employees' provident fund is a defined contribution scheme funded by a government body in Malaysia.

The average monthly number of employees employed by the Group during the year was as follows:

	GROUP		COMPANY	
	2013 Number	2012 Number	2013 Number	2012 Number
Plantation	20	23	20	23
Tourism	121	99	-	-
Manufacturing	32	33	-	-
Property development and leasing	2	2	-	-
Investment	2	2	2	2
	177	159	22	25

11. Directors' emoluments

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors' fees & allowances	193	192	193	192
Highest paid Director	47	45	47	45

The above emoluments are made up as follows:

	Basic Salary & Fees (RM)	Meeting Allowances (RM)	Total 2013 (RM)	Total 2012 (RM)
Non-Executive Directors				
Dato' Adnan bin Maaruf	40,000	7,000	47,000	45,000
Datuk Kamaruddin bin Awang	30,000	8,250	38,250	39,250
Dato' Haji Muda bin Mohamed	30,000	6,500	36,500	37,500
Dato' Tik bin Mustaffa	30,000	7,750	37,750	18,000
Dr. Radzuan bin A. Rahman	30,000	3,750	33,750	33,750
Tan Sri Dato' Bentara Istana Nik Hashim bin Nik Ab. Rahman	-	-	-	18,750
	160,000	33,250	193,250	192,250

12. Property, plant and equipment

Group	Freehold lands RM'000	Prepaid land and land improvements RM'000	Buildings RM'000	Others RM'000	Total RM'000
Cost or valuation					
At 1 January 2012	389,729	1,068	41,622	10,915	443,334
Additions in 2012	-	2,500	9,052	611	12,163
Revaluations in 2012	16,350	-	-	-	16,350
Disposal in 2012	-	-	-	(69)	(69)
Exchange differences	-	(1)	(4)	(6)	(11)
At 1 January 2013	406,079	3,567	50,670	11,451	471,767
Additions in 2013	-	-	82	682	764
Revaluations in 2013	24,800	-	-	-	24,800
Disposal in 2013	-	(1)	-	-	(1)
Exchange differences	-	(1)	(3)	(3)	(7)
At 31 December 2013	430,879	3,565	50,749	12,130	497,323
Accumulated depreciation					
At 1 January 2012	-	970	14,376	9,082	24,428
Depreciation for 2012	-	35	1,269	437	1,741
Disposal in 2012	-	-	-	(69)	(69)
Exchange differences	-	(1)	(3)	(5)	(9)
At 1 January 2013	-	1,004	15,642	9,445	26,091
Depreciation for 2013	-	51	1,438	597	2,086
Disposal in 2013	-	-	-	-	-
Exchange differences	-	(1)	(6)	(5)	(12)
At 31 December 2013	-	1,054	17,074	10,037	28,165
Net book values					
At 31 December 2013	430,879	2,511	33,675	2,093	469,158
At 31 December 2012	406,079	2,563	35,028	2,006	445,676

In order to establish the 31 December 2013 valuation of the Group's freehold land, valuations were obtained on 3 February 2014 by Nilai Properties Consultants (V(3) 0061), independent valuer, using the open market basis method. The total valuation of the land in Kajang and Bangi at 31 December 2013 was RM431 million. The Group's lands are currently being used for the Group's plantation activities for growing and the sale of oil palm fresh fruit bunches. The Group has been given consent for the change of use of the lands. Further commentary on the Group's plans for its land is included in the Chairman's Statement.

There is no indication of any significant difference between the book and market values of land and buildings shown above at 31 December 2013 except freehold lands which are held under Inch Kenneth Kajang Rubber Public Limited Company, Inch Kenneth Development (M) Sdn Bhd (formerly known as Prominent Mirage (M) Sdn Bhd) and Motel Desa Sdn Bhd.

12. Property, plant and equipment (continued)

The historical cost of the above freehold lands of the Group is RM107.242 million and of the Company is RM0.407 million. There are no restrictions on the title of the Group's property, plant and equipment. Included in the resort tools and equipment are generators with a net carrying amount of RM165,531 (2012: RM193,120) which were financed under financial leases.

Company	Freehold lands RM'000	Buildings RM'000	Others RM'000	Total RM'000
Cost or valuation				
At 1 January 2012	93,350	477	916	94,743
Additions in 2012	-	-	39	39
Revaluations in 2012	7,650	-	-	7,650
Disposal in 2012	-	-	(39)	(39)
At 1 January 2013	101,000	477	916	102,393
Additions in 2013	-	-	4	4
Revaluations in 2013	9,000	-	-	9,000
Disposal in 2013	-	-	-	-
At 31 December 2013	110,000	477	920	111,397
Accumulated depreciation				
At 1 January 2012	-	378	848	1,226
Depreciation for 2012	-	9	25	34
Disposal in 2012	-	-	(39)	(39)
At 1 January 2013	-	387	834	1,221
Depreciation for 2013	-	90	45	135
Disposal in 2013	-	-	-	-
At 31 December 2013	-	477	879	1,356
Net book values				
At 31 December 2013	110,000	-	41	110,041
At 31 December 2012	101,000	90	82	101,172

13. Intangible assets

Computer software and corporate website creation

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 January	68	64	64	64
Additions	-	4	-	-
At 31 December	68	68	64	64
Accumulated amortisation				
At 1 January	41	33	41	33
Amortisation for the year	8	8	7	8
At 31 December	49	41	48	41
Net book value				
At 31 December	19	27	16	23

14. Investment in subsidiaries

	COMPANY	
	2013	2012
	RM'000	RM'000
Cost		
Shares in subsidiary undertakings	6,338	6,338
Provision for impairment loss on investment in subsidiary	(5,338)	-
Loans to subsidiary undertakings	221,046	212,785
Allowance for doubtful debts	(6,969)	-
	215,077	219,123

The loans to subsidiary undertakings have no fixed repayment terms but are repayable in more than one year.

14. Investment in subsidiaries (continued)

The subsidiaries of the Group are as follows:

Name of company	Country of incorporation	Nature of business	Type of holding	Percentage of share capital held 2013 %	2012 %
Inch Kenneth Hotels & Resorts (M) Sdn Bhd (formerly known as Common Focus (M) Sdn Bhd)	Malaysia	Investment holding	Ordinary shares	100	100
Perhentian Island Resort Sdn Bhd#	Malaysia	Operation of tourist resort	Ordinary shares	100	100
Inch Kenneth Development (M) Sdn Bhd (formerly known as Prominent Mirage (M) Sdn Bhd)	Malaysia	Property development and leasing	Ordinary shares	100	100
Inch Kenneth Trading (M) Sdn Bhd (formerly known as Urus Kemas Sdn Bhd)#	Malaysia	Dormant	Ordinary shares	100	100
IKK Property (M) Sdn Bhd	Malaysia	Dormant	Ordinary shares	100	-
Inch Kenneth Plantations (M) Sdn Bhd (formerly known as Meridian Communications (M) Sdn Bhd)	Malaysia	Dormant	Ordinary shares	100	100
Inch Kenneth Sea Sports Adventure (M) Sdn Bhd (formerly known as Melati Atur (M) Sdn Bhd)#	Malaysia	Dormant	Ordinary shares	100	100
IKK Rubber International (M) Sdn Bhd	Malaysia	Trading of rubber blocks	Ordinary Shares	100	100
Supara Company Limited#	Thailand	Manufacturing of rubber blocks	Ordinary Shares	100	100
Motel Desa Sdn Bhd#	Malaysia	Operation of a motel	Ordinary shares	100	100
Inch Kenneth Tours (M) Sdn Bhd (formerly known as Actualpadu Tours Sdn Bhd)#	Malaysia	Dormant	Ordinary shares	100	100

These subsidiaries are held indirectly by the Company.

15. Investments in associated undertaking

Group

The Group's investment in its associated undertaking represents a 22.40% (2012: 22.40%) interest in Cepco, a public company incorporated in Malaysia. The principal activity of Cepco is the manufacture and distribution of prestressed spun concrete piles and poles. The Group's investment in Cepco is accounted for under the equity accounting method as follows:

	2013 RM'000
Shares	
At 1 January 2013	40,914
Additions of shares in Cepco in 2013	-
At 31 December 2013	40,914
Share of retained profits	
At 1 January 2013	11,454
Share of profit for 2013	559
At 31 December 2013	12,013
Share of dividend	
Share of dividend 2013	(1,104)
At 31 December 2013	(1,104)
Impairment of goodwill	
At 1 January 2013	(8,421)
Impairment in year	(17,590)
At 31 December 2013	(26,011)
Net book value	
At 31 December 2013	25,812
At 31 December 2012	43,947

15. Investments in associated undertaking (continued)

Group (continued)

The Group's share of the net assets of Cepco as at 31 December 2013 comprised:

	2013 RM'000
Share of assets	
Share of non-current assets	21,588
Share of current assets	19,570
	41,158
Share of liabilities	
Share of non-current liabilities	(2,544)
Share of current liabilities	(15,795)
	(18,339)
Share of net assets	22,819
Goodwill (net of impairment) arising on the acquisition of Cepco	2,993
Carrying value of associate	25,812

The Group's share of the results of Cepco for the year ended 31 December 2013 was as follows:

	2013 RM'000
Share of revenue	41,043
Share of operating profit	1,422
Share of finance costs	(698)
Share of taxation	(165)
Share of profit for the year – included in Group income statement	559

Cepco's shares are quoted on the Bursa Securities and the market value of the Group's investment in Cepco at 31 December 2013 was RM18.256 million.

The investment in Cepco is considered for impairment and the carrying value in the Group's consolidated statement of financial position is higher than the current market value of the shares held. The impairment review indicated that the value to the Group was lower than the carrying value, and accordingly an impairment provision for the difference, being RM17.590 million was processed.

The financial year end for Cepco is 31 August while for the Group is 31 December. In order to equity account for the associate as at 31 December the result from 1 September to 31 December is added to the results for the year ended 31 August 2013 while the results for the period in the prior year are deducted. Accordingly the accounting period used to equity account for Cepco is the same as the financial year for the Group.

15. Investments in associated undertaking (continued)

Company

The movement in the Company's investment in its associated undertaking is as follows:

	2013 RM'000
Shares at 1 January 2013 – historical cost	40,236
Impairment charge in the year	(17,590)
Carrying value of associate at 31 December 2013	22,646

16. Available-for-sale investments

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Quoted shares:				
At 1 January 2013	58	53	15	14
Fair value adjustments	3	5	4	1
At 31 December 2013	61	58	19	15

The above available-for-sale investments are stated at their fair values. The historical cost of the above investments of the Group is RM45.893 million and of the Company is RM45.803 million.

17. Goodwill

Group

	2013 RM'000	2012 RM'000
At cost		
At 1 January	4,504	4,504
Arising from acquisition of new subsidiary	69	-
At 31 December	4,573	4,504
Accumulated impairment		
At 1 January	-	-
Impairment losses	(4,502)	-
At 31 December	(4,502)	-
Carrying amount at end of the financial year	71	4,504

17. Goodwill (continued)

Group (continued)

The Group has tested goodwill for impairment in accordance with IAS 36. The Group provided for impairment losses on goodwill of RM4.502 million in respect of the investment in IKK Rubber International (M) Sdn Bhd (and its subsidiary Supara Company Limited). The impairment arose because of the poor performance of the manufacturing division during the year.

18. Inventories

	GROUP		COMPANY	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Estate stores	-	1	-	1
Resort stores	40	47	-	-
Rubber blocks	17,936	19,447	-	-
	17,976	19,495	-	1

No harvested fresh fruit bunches are shown as inventory at the year end because they are all sold immediately after being harvested. The amount stated at the estate and the resort is within the normal inventories level. The rubber blocks inventories, which has been stated after provision of impairment of RM2.639 million, was lower than in previous year as the buyers were mainly waiting for the rubber prices to stabilise. The value of the inventories was carried at the lower of cost and net realisable value.

19. Trade and other receivables

	GROUP		COMPANY	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables	457	163	42	81
	457	163	42	81
Other receivables and prepayments	29,045	26,160	862	830
Corporation tax recoverable	1,031	793	1,031	763
	30,533	27,116	1,935	1,674

At 31 December 2013 the trade and other receivables balances are mainly incurred during the normal course of business. The receivables outside their payment terms yet not provided for are as follows:

Within credit terms	15,916	15,796	42	81
Outside credit terms but not impaired:				
0-1 month	102	32	58	17
1-2 months	-	-	-	-
More than 2 months	13,484	10,495	804	813
	29,502	26,323	904	911

The Directors are of the opinion that the receivables, both within and outside the credit terms, are credit worthy and there should be no issues on its recoverability.

20. Short term investments

	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Investments on unit trusts with:				
Licensed investment banks	146,609	167,333	142,786	165,294

Unquoted unit trusts are measured at mark to market based on the net asset value at each reporting date. The time weighted rates of returns of these investments at the reporting date were between 2.50% and 3.67% (2012: 2.50% to 5.04%).

21. Cash and cash equivalents

	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Cash at bank	1,818	6,796	247	5,665
Cash in hand	21	48	1	-
	1,839	6,844	248	5,665

	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Deposits with				
Licensed banks	24,495	23,793	24,459	23,737
Total	24,495	23,793	24,459	23,737

The effective interest rates of deposits at the reporting date were between 1.5% and 2.80% (2012: 1.5% to 2.74%). Included in Group's 2013 deposits with licensed banks is the short term deposits totalling to RM22,369 which was pledged with commercial banks as collateral for issuing letters of guarantee.

	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Investments				
Licensed banks	2,259	3,515	1,708	2,064
Total	2,259	3,515	1,708	2,064

The investments are qualified as a cash equivalent as they are readily convertible to a known amount of cash with an insignificant risk of changes in value.

22. Share capital

Group and Company

	2013 GBP'000	2012 GBP'000
Authorised		
1,000,000,000 ordinary shares of 10p each	100,000	100,000

	2013 RM'000	2012 RM'000	2013 GBP'000	2012 GBP'000
Allotted, called up and fully paid				
420,750,000 ordinary shares of 10p each	287,343	287,343	42,075	42,075

No ordinary shares were allotted in 2013 or 2012 and the Company does not have any share options or share warrants in issue at 31 December 2013.

23. Treasury shares

Group and Company

	2013		2012	
	Number of shares	Amount RM	Number of shares	Amount RM
At 1 January	3,264,800	2,726,885	-	-
Shares repurchased	14,276,000	13,252,644	3,264,800	2,726,885
At 31 December	17,540,800	15,979,529	3,264,800	2,726,885

The shareholders of the Company approved an ordinary resolution at the One Hundred and Third AGM held on 30 May 2013 for the Company to purchase its own shares up to a maximum of 10% of the issued and paid-up capital of the Company. The Directors of the Company are committed to enhancing the value of the Company and believe that the purchase plan is being implemented in the best interest of the Company and its shareholders.

During the financial year, the Company purchased 14,276,000 (2012: 3,264,800) of its issued share capital from the open market on Bursa Securities for RM13,252,644 (2012: RM2,726,885). The prices paid for the shares purchased ranged from RM0.8250 to RM1.0700 (2012: RM0.8200 to RM0.8450) per share. The purchase transactions were financed by internally generated funds. Pursuant to the provisions of Section 67A of the Malaysian Companies Act 1965, the Company may either retain to be consistant as earlier on was worded as suchthe purchased shares as treasury shares or cancel the purchased shares or a combination of both. The purchased shares held as treasury shares may either be distributed as share dividends, resold on Bursa Securities in accordance with the relevant rules of Bursa Securities, subsequently cancelled or any combination of the three.

As treasury shares, the rights attached as to voting, dividends and participation in other distribution and otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares for any purposes including substantial shareholdings, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

24. Trade and other payables

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade payables	175	502	51	69
Other payables	4,717	3,810	2,171	962
	4,892	4,312	2,222	1,031

The normal trade credit terms granted to the Group ranges from 7 to 90 days.

Other payables include a provision of RM1.413 million (2012: RM0.3 million) for a judgement sum awarded by the court to a third party, the addition of RM1.113 million arose following the judgement of the court.

25. Finance lease creditors

Group	2013 RM'000	2012 RM'000
The Group has the following future minimum finance lease obligations:		
Repayable within one year	-	25
Repayable between one and five years	-	-
	-	25
Future finance charges	-	(1)
Present value of finance leases	-	24
Amount included in current liabilities	-	(24)
Amount included in non-current liabilities	-	-

The fair value of the Group's finance lease obligations approximates their carrying values. The finance leases are secured by the lessor's rights over the leased assets. The effective interest rate of the finance leases is 3.55% per annum.

26. Employee entitlements

Group and Company	Provision for employee entitlements RM'000
At 1 January 2013 and 31 December 2013	15

27. Financial risk management objectives and policies

The section on "Derivatives and Other Financial Instruments" in the Directors' Report sets out a description of the Board's practices and policies on financial instruments.

The Group's principal financial instruments consist of cash and short-term deposits, bank loans and long term investments. The main purpose of these financial instruments is to finance the Group's operations and investments. The Group has other financial instruments such as receivables and payables that arise directly from its operations.

The Directors recognise that financial risk management is an area in which they may need to develop specific policies should the Group become exposed to further financial risks as the business develops.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and market price risk. The Board reviews and agrees policies for managing each of these risks as and when they arise.

Interest rate risk

The Group has cash and bank balances and deposits placed with creditworthy licensed banks. The Group manages its interest rate risks by placing such balances on varying maturities and interest rate terms.

Liquidity risk

The Group manages its liquidity risk, of which at the present moment is not material, by maintaining adequate cash reserves and banking facilities through active monitoring of the Group's forecast and actual cash flows.

All of the Group's monetary financial assets and liabilities have a maturity profile of less than one year. The maturity profile for those financial liabilities is shown in note 25.

Credit risk

The Group and the Company trade only with recognised creditworthy third parties. The Group and the Company manages the exposures to credit risk by performing credit evaluations on all of their major customers requiring credit.

The Group's maximum exposure to credit risk is represented by the carrying amount of financial assets in the financial statements which amounts to RM205.7 million.

As the Group trades only with recognised creditworthy third parties, there is no requirement for collateral.

Foreign currency risk

The Group has some structural currency exposure as some of its investments and operations are in Thai Baht. Apart from the proceeds derived in Ringgit Malaysia, the Group also receives proceeds from rubber block sales in US Dollars. However the foreign currency risk is considered immaterial to the Group and the Company as a whole.

Market price risk

The Group is exposed to unquoted unit trusts market price and equity securities price risk, from the investments held by the Group and classified as short term investments and available-for-sale investments respectively.

27. Financial risk management objectives and policies (continued)

Market price sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in market price, with all other variables held constant, of the Group's and the Company's profit before tax (through the impact on fair value through profit or loss).

	Group RM'000	Company RM'000
31 December 2013		
Investment in Malaysia		
Market price increase by 10.00 percentage point	11,960	11,519
Market price decrease by 10.00 percentage point	(11,960)	(11,519)
31 December 2012		
Investment in Malaysia		
Market price increase by 10.00 percentage point	(8,682)	(8,933)
Market price decrease by 10.00 percentage point	8,682	8,933

Hedges

The Group did not enter into any interest rate swaps or forward currency contracts to hedge against interest rate risk or foreign currency risk.

Interest rate risk profile of the financial liabilities and financial assets

The interest rate profile of the financial liabilities (finance lease creditors) of the Group as at 31 December was as follows:

	Fixed rate financial liabilities RM'000	Total RM'000
2013		
Ringgit Malaysia	-	-
2012		
Ringgit Malaysia	24	24

The interest rate profile of the financial assets (cash and cash equivalents, short term investments, short term deposits and available-for-sale investments) of the Group as at 31 December was as follows:

	Floating rate financial assets RM'000	Financial assets on which no interest is paid RM'000	Total RM'000
2013			
Ringgit Malaysia	175,200	61	175,261
Pound sterling	2	-	2
2012			
Ringgit Malaysia	201,483	58	201,541
Pound sterling	2	-	2

27. Financial risk management objectives and policies (continued)

Borrowing facilities

The Company and Group do not have any undrawn borrowing facilities.

Fair values of financial assets and financial liabilities

The fair values of financial assets and financial liabilities of the Company and the Group approximates to their carrying amounts, as disclosed in the balance sheets and related notes.

Fair value hierarchy

The Group's and the Company's financial instruments carried at fair value are analysed as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs for the assets or liabilities that are not based on observable market date (unobservable inputs)

As at reporting date, the Group's and the Company's quoted other investments are classified as Level 1.

There were no material transfers between Level 1, Level 2 and Level 3 during the financial year. The Group and the Company do not have any financial instruments classfified as Level 2 and Level 3 as at 31 December 2013.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

28. Related party transactions

Compensation of key management personnel of the Group

Key management personnel of the Group are defined as those persons having authority and responsibility for the planning, directing and controlling the activities of the Group, directly or indirectly. Key management of the Group are therefore considered to be the Directors and top management personnel of the Company. There were no transactions with the key management, other than their emoluments. The remuneration of key management is set out below in aggregate for the categories specified in IAS24 "Related party disclosures".

28. Related party transactions (continued)

The following table summarises remuneration paid to key personnel:

	Group and Company	
	2013	2012
	RM'000	RM'000
Short-term employment benefits	2,495	2,071

Further information about the remuneration of individual Directors is shown in note 11 above and in the Corporate Governance Statement.

29. Financial commitments under operating leases

The Group and Company have the following future minimum lease obligations payable under operating leases:

	Land and buildings	
	2013	2012
	RM'000	RM'000
Group		
Operating leases which expire:		
Within one year	340	276
Company		
Operating leases which expire:		
Within one year	240	204

Operating lease payment represent rental payable by the Group and the Company for the use of office premise.

30. Control

The Company and Group are controlled by its shareholders. No one individual has overall control of the Company.

31. Events after the balance sheet date

There were no material subsequent events since 31 December 2013 until a date not earlier than 7 days from the date of issuance of this audited accounts except for the following:

The Directors proposed that a 2% interim dividend for the financial year ended 31 December 2013 be distributed to the shareholders during the year 2014. The interim dividend under the single tier system of £0.002 per share, on 403,209,200 ordinary shares.

Subsequent to the financial year ended 31 December 2013, the Company has not repurchased any of its issued ordinary shares. The issued and paid up share capital of the Company remains at 420,750,000 ordinary shares of £0.10 each.

32. Realised and Unrealised Profits

The breakdown of retained profits of the Group as at 31 December 2013, pursuant to the format prescribed by Bursa Securities, is as follows:

	As at 31 Dec 2013 RM'000	As at 31 Dec 2012 RM'000
Total Retained Profits of the Company and its subsidiaries:		
- Realised	157,529	199,336
- Unrealised	(46)	(147)
	157,483	199,189
Total share of Retained Profits from associated company:		
- Realised	1,104	-
- Unrealised	(6,680)	11,454
	(5,576)	11,454
Less: Consolidation effects	(7,306)	(31,660)
Total Group Retained Profit	**144,601**	**178,983**

33. Acquisition of Subsidiary Company

Inch Kenneth Development (M) Sdn Bhd (formerly known as Prominent Mirage (M) Sdn Bhd), a 100% subsidiary acquired the entire issued and paid-up share capital of MF Nominees Sdn Bhd on 23 March 2013, a company incorporated in Malaysia. The company name has been changed to IKK Property (M) Sdn Bhd.

The purchase consideration was RM2,500. Two of the properties in the Group will be put under this new company, for purposes of streamlining the properties within the Group.

Details of net liabilities acquired are as follows:

	The Group Book and fair values RM'000
Receivables	11
Cash and bank balances	13
Payables	(90)
Identifiable net liabilities acquired	(66)
Goodwill	69
Purchase consideration – payable in cash	3

Details of the cash flows arising from the acquisition are as follows:

	RM'000
Total purchase consideration	(3)
Less: Cash received	3
Net cash outflow to the Group	-

34. Financial instruments

Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies of the Group described how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analysed the financial assets and liabilities at the reporting date by the classes of financial instruments to which they are assigned, and therefore by the measurement basis.

Group

	Loans and receivables RM'000	Available-for-sale investment RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
31 December 2013				
Financial Assets				
Available-for-sale investments	-	61	-	61
Trade and other receivables	30,533	-	-	30,533
Short term investments	-	146,609	-	146,609
Cash and cash equivalents	28,593	-	-	28,593
	59,126	146,670	-	205,796
Financial Liabilities				
Trade and other payables	-	-	4,892	4,892
	-	-	4,892	4,892
31 December 2012				
Financial Assets				
Available-for-sale investments	-	58	-	58
Trade and other receivables	27,116	-	-	27,116
Short term investments	-	167,333	-	167,333
Cash and cash equivalents	34,152	-	-	34,152
	61,268	167,391	-	228,659
Financial Liabilities				
Trade and other payables	-	-	4,312	4,312
	-	-	4,312	4,312

34. Financial instruments (continued)

Company

	Loans and receivables RM'000	Available-for-sale investment RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
31 December 2013				
Financial Assets				
Available-for-sale investments	-	19	-	19
Trade and other receivables	1,934	-	-	1,934
Short term investments	-	142,786	-	142,786
Cash and cash equivalents	26,415	-	-	26,415
	28,349	142,805	-	171,154
Financial Liabilities				
Trade and other payables	-	-	2,222	2,222
	-	-	2,222	2,222
31 December 2012				
Financial Assets				
Available-for-sale investments	-	15	-	15
Trade and other receivables	1,674	-	-	1,674
Short term investments	-	165,294	-	165,294
Cash and cash equivalents	31,466	-	-	31,466
	33,140	165,309	-	198,449
Financial Liabilities				
Trade and other payables	-	-	1,031	1,031
	-	-	1,031	1,031

Analysis of Shareholdings
as at 15 April 2014

Class of Shares : Ordinary Shares of 10 Pence Each

A. DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No of Holders	%	* No of Shares	%
Less than 100	30	0.71	962	0.00
100 - 1,000	416	9.90	319,722	0.08
1,001 - 10,000	2,077	49.42	11,503,382	2.85
10,001 - 100,000	1,371	32.62	44,651,595	11.07
100,001 - less than 5% of issued shares	306	7.28	236,633,373	58.69
5% and above of issued shares	3	0.07	110,100,166	27.31
Total	**4,203**	**100.00**	**403,209,200**	**100.00**

* *The number of 403,209,200 ordinary shares was arrived at after deducting the number of 17,540,800 treasury shares retained by the Company from the original issued and paid-up share capital of 420,750,000 ordinary shares of the Company.*

B. SUBSTANTIAL SHAREHOLDERS

	Name	No of Shares	%
1.	Concrete Engineering Products Berhad	58,088,000	14.41
2.	Ng Ah Chai	50,283,200	12.47
3.	Hamptons Property Sdn Bhd	49,327,700	12.23
4.	FA Securities Sdn Bhd	29,672,500	7.36
5.	Euston Technologies Sdn Bhd	22,662,066	5.62

C. THIRTY (30) LARGEST SHAREHOLDERS

	Name	No of Shares	%
1.	Hamptons Property Sdn Bhd	47,405,700	11.76
2.	EB Nominees (Tempatan) Sendirian Berhad for Concrete Engineering Products Berhad	40,032,400	9.93
3.	Euston Technologies Sdn Bhd	22,662,066	5.62
4.	Mayban Nominees (Tempatan) Sdn Bhd for FA Securities Sdn Bhd	19,472,500	4.83
5.	Concrete Engineering Products Berhad	15,000,000	3.72
6.	FA Securities Sdn Bhd - IVT	12,122,000	3.01
7.	Kenanga Nominees (Tempatan) Sdn Bhd for Ng Ah Chai	8,098,200	2.01
8.	Kenanga Nominees (Tempatan) Sdn Bhd for Norazlina binti Awang	8,011,000	1.99

Analysis of Shareholdings (cont'd)

as at 15 April 2014

C. THIRTY (30) LARGEST SHAREHOLDERS (CONTINUED)

Name	No of Shares	%
9. JF Apex Nominees (Tempatan) Sdn Bhd for Ng Ah Chai	7,967,000	1.98
10. RHB Nominees (Tempatan) Sdn Bhd for Ng Ah Chai	7,660,100	1.90
11. Cimsec Nominees (Tempatan) Sdn Bhd for Ng Ah Chai	7,617,700	1.89
12. RHB Capital Nominees (Tempatan) Sdn Bhd for Ng Ah Chai	6,596,300	1.64
13. Sumber Berkat Sdn Bhd	5,881,800	1.46
14. Norani binti Supar	5,628,000	1.40
15. Vidacos Nominees Ltd	5,610,000	1.39
16. Masmanis Sdn Bhd	5,413,100	1.34
17. Amsec Nominees (Tempatan) Sdn Bhd for Ng Ah Chai	4,950,000	1.23
18. Glenmarie Estates Sdn Berhad	4,488,000	1.11
19. United Investment Co Sdn Bhd	3,825,000	0.95
20. Muhamad Faris bin Muhamad Fasri	3,394,500	0.84
21. Ahmad Anwar bin Mohd Nor	3,133,800	0.78
22. Concrete Engineering Products Berhad	3,055,600	0.76
23. Ambank (M) Berhad for Sumber Berkat Sdn Bhd	2,805,000	0.70
24. HDM Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Tan Chin Guan	2,652,000	0.66
25. Kenanga Nominees (Tempatan) Sdn Bhd for Ng Ah Chai	2,510,000	0.62
26. EB Nominees (Tempatan) Sendirian Berhad for Che Ismail bin Mohd	2,355,400	0.58
27. Alliancegroup Nominees (Tempatan) Sdn Bhd for Ng Ah Chai	2,226,400	0.55
28. Alliancegroup Nominees (Tempatan) Sdn Bhd for Ng Ah Chai	2,052,700	0.51
29. Kumpulan Wang Simpanan Guru-Guru	2,000,000	0.50
30. Ngu Liong Ting	1,909,500	0.47

List of Properties Registered under the Group of Companies
as at 31 December 2013

	Leasehold/ Title Nos	Tenure	Existing Use	Land Area (Hectare)	Age of Property (Year)	Net Book Value 31/12/2013 (RM'000)	Date of Acquisition/ Last Revaluation
1.	Lot Nos: 204, 1868 505, 1909 1875, 1910 626, 1204 653, 1941 1005, 2339 1091, 1912 1158, 1160	Freehold	Oil Palm Plantation	138.04	98	301,800	Acquired on 24.03.1914 - 16.06.1916 and last revalued on 3.02.2014
	Kajang estate, Mukim of Semenyih, Daerah Ulu Langat, Selangor						
2.	Lot Nos: 540, PT 21625 PT 21630	Freehold	Oil Palm Plantation	61.94	98	110,000	Acquired on 24.03.1914 - 16.06.1916 and last revalued on 3.02.2014
	Dunedin estate, Mukim of Semenyih, Daerah Ulu Langat, Selangor						
3.	H.S.(D) 1470 PT Lot 354	Leasehold expiring in 2051	Resort Land and Buildings	9.947	24	41	Acquired on 18.08.1990
	Mukim of Pulau Perhentian, Daerah Besut, Terengganu						
4.	Title No. 9654	Freehold	Factory and Office building	5.18	14	1,084	Acquired on 24.08.2009 and last revalued on 22.01.2010
	77/17 Moo 4 Bangmaruan Road, Tambon Bang Muang, Takuapa 82190, Phangnga, South Thailand						
5.	Lot No. 3468	Freehold	Motel Land and Buildings	2.38	29	18,000	Acquired on 30.10.2009 and last revalued on 21.07.2009
	Mukim of Bukit Besar, Kuala Terengganu						

List of Properties Registered under the Group of Companies (cont'd)
as at 31 December 2013

	Leasehold/ Title Nos	Tenure	Existing Use	Land Area (Hectare)	Age of Property (Year)	Net Book Value 31/12/2013 (RM'000)	Date of Acquisition/ Last Revaluation
6.	15-06A Amber Tower Seri Mas Condominium Batu 3 ½ Cheras 56000 Kuala Lumpur	Leasehold expiring in 2085	Apartment	91sq. m.	19	84	Acquired on 30.06.2003
	Lot No. 51810, Mukim of Kuala Lumpur, Wilayah Persekutuan						
7.	Lot No. 27327	Leasehold expiring in 2062	Land and Building	1,986sq. m.	17	20,774	Acquired on 31.12.2011
	Mukim of Kuala Lumpur, Wilayah Persekutuan						
8.	Geran No. 24224 Lot No. 46010	Freehold Land & Building	Land and Building	698sq. m.	1.5	8,666	Acquired on 30.09.2012
	Mukim of Kuala Lumpur, Wilayah Persekutuan						
9.	H.S.(D) 22923 Bandar Port Swettenham	Leasehold expiring in 2088	Leasehold Land	902.4195sq. m.	24.5	2,451	Acquired on 31.12.2012
	District of Klang, State of Selangor						

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the **One Hundred and Fourth Annual General Meeting** of the Company will be held at Dewan Murni, Ground Floor Institut Integriti Malaysia, Persiaran Duta, off Jalan Duta, 50480 Kuala Lumpur on Thursday, 29 May 2014 at 10.00 a.m. for the following purposes:

1. To receive and adopt the financial statements for the year ended 31 December 2013 and the Reports of the Directors and Auditors thereon. Resolution 1

2. To approve the payment of Directors' fees in respect of the year ended 31 December 2013. Resolution 2

3. To re-elect Datuk Kamaruddin bin Awang who retires under Article 86 of the Company's Articles of Association and being eligible, offers himself for re-election. Resolution 3

4. To re-appoint Messrs UHY Hacker Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 4

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions:

5. To re-appoint the following Directors who are over the age of seventy (70) years, to hold office until the next AGM pursuant to Section 129(6) of the Malaysian Companies Act 1965:

   (a) Dato' Adnan bin Maaruf Resolution 5

   (b) Dr. Radzuan bin A. Rahman Resolution 6

6. To re-appoint Dato' Haji Muda bin Mohamed to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next AGM in accordance with MCCG 2012. Resolution 7

7. **PROPOSED RESOLUTION TO EMPOWER THE DIRECTORS OF INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY ("IKKR" OR "THE COMPANY") TO ISSUE SHARES PURSUANT TO SECTION 551 OF THE UK COMPANIES ACT 2006** Resolution 8

   The proposed resolution 8, if passed, will give a new mandate to the Directors of the Company to issue ordinary shares of the Company from time to time provided the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being ("New Mandate"). The New Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

   The New Mandate will enable the Directors to take swift action in case of, *inter alia*, a need for corporate exercises or in the event business opportunities or other circumstances arise which involve the issue of new shares, and to avoid delay and cost in convening general meetings to approve such issue of shares.

8. **PROPOSED RENEWAL OF AUTHORITY FOR THE PURCHASE BY THE COMPANY OF ITS OWN SHARES** Resolution 9

"THAT, subject to the Malaysian Companies Act 1965, the Memorandum and Articles of Association of the Company and the requirements of Bursa Securities and any other relevant authorities, the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 701(3) of the UK Companies Act 2006) of ordinary shares of 10p each in the capital of the Company ("IKKR Shares") provided that:

(a) the maximum number of IKKR Shares hereby authorised to be purchased is 42,075,000 (representing 10% of the Company's issued ordinary share capital at 28 April 2014);

(b) the maximum amount of funds to be allocated by the Company shall not exceed the audited retained profits and the share premium account of the Company as at 31 December 2013 of RM161,637,543 and RM8,434 respectively;

(c) the minimum price, exclusive of any expenses, which may be paid for an IKKR Share is the prevailing market share price;

(d) the maximum price, exclusive of any expenses, which may be paid for any such share is an amount not more than 15% above the weighted average share price for the five (5) market days immediately preceding the date of the purchase(s);

(e) upon the full implementation of the Proposed Share Buy-Back, the Directors of the Company be and hereby authorised to decide in their absolute discretion to either retain the IKKR Shares purchased by the Company pursuant to the Proposed Share Buy-Back ("Purchased Shares") as treasury shares to be resold on the stock exchanges where IKKR Shares are listed; or the Purchased Shares may be cancelled; or the Purchased Shares may in part be retained as treasury shares and the remainder cancelled;

(f) the authority hereby conferred shall be in force immediately upon the passing of this resolution until the earlier of 30 November 2015 (the date which is 18 months after the meeting) or the close of the next AGM of the Company or the authority is revoked or varied by ordinary resolution passed by the shareholders in a general meeting; and

(g) the Company may make a contract for the purchase of IKKR Shares under this authority before the expiry of this authority which would or might be executed wholly or partly after the expiry of such authority, and may make purchases of IKKR Shares in pursuance of such a contract as if such authority had not expired."

To transact any other business of which due notice shall have been given.

By order of the Board

LEE THAI THYE (LS 0000737)
Company Secretary

Kuala Lumpur, Malaysia
8 May 2014

NOTES:

Appointment of Proxy

1. A member of the Company entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or signed by an officer or attorney duly authorised.

3. Where a member appoints more than one proxy, the appointment shall not be valid unless he specifies the proportion of his holding to be represented by each proxy.

4. Any alteration in the proxy form must be initialled.

5. The instrument appointing a proxy must be deposited at the Registrar's Office, 22nd Floor Menara Promet (KH), Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof. For shareholders residing outside Malaysia, the Proxy Form could be forwarded by fax at +603 2141 9650 or email to ir@ikkr.com.my

6. For the purpose of determining a member who shall be entitled to attend the 104th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors ("ROD") as at 23 May 2014. Only a depositor whose name appears on the Register of Members/ROD therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote on his/her stead.

EXPLANATORY NOTES ON SPECIAL BUSINESS

7. **Resolution 3 – Re-election of Director**

   The re-election of Datuk Kamaruddin bin Awang is pursuant to Article 86 of the Articles of Association of the Company.

   His profile is set out on page 5 of the Annual Report.

8. **Resolutions 5 and 6 – Re-appointment of Directors pursuant to Section 129(6) of the Malaysian Companies Act 1965**

   Through the Nomination Committee recommendations, the Board has decided that the Directors who retire pursuant to Section 129(6) of the Malaysian Companies Act 1965 at the 104th AGM are eligible to stand for re-appointment based on their assessment. Their profiles are referred to on pages 5 and 7 of the Annual Report.

Both Dato' Adnan bin Maaruf and Dr. Radzuan bin A. Rahman had abstained from deliberations and decisions of the Board on their respective re-appointment. The Board felt that both of them have satisfactorily demonstrated their independence and free from any business which could interfere their ability to act in the best interests of the Company.

(i) The re-appointment of Dato' Adnan bin Maaruf, a person over the age of 70 years as a Director of the Company to hold office until the conclusion of the next AGM of the Company shall take effect if the proposed Resolution 5 has been passed by a majority of not less than three-fourth (3/4) of such members as being entitled to vote in person or by proxies at the 104th AGM.

(ii) The re-appointment of Dr. Radzuan bin A. Rahman, a person over the age of 70 years as a Director of the Company to hold office until the conclusion of the next AGM of the Company shall take effect if the proposed Resolution 6 has been passed by a majority of not less than three-fourths (3/4) of such members as being entitled to vote in person or by proxies at the 104th AGM.

Recommendations 3.2 and 3.3 of the MCCG 2012 which states that the tenure of the Independent Director shall not exceed a cumulative term of nine (9) years. Dr. Radzuan bin A. Rahman has served the Company as an Independent Director for nine (9) years since his appointment on 24 March 2005. The Nomination Committee and the Board have determined at the annual assessment carried out on Dr. Radzuan bin A. Rahman that he remains independent. He participates actively in the Board as well as Board Committee deliberations and decision making. Dr. Radzuan bin A. Rahman's long tenure with the Company has neither impaired nor compromised his independent judgement. He continues to demonstrate the ability to ask hard questions and remain objective in his views. Dr. Radzuan bin A. Rahman has fulfilled the criteria under the definition of Independent Director as stated in the Main LR of Bursa Securities and thus, he would be able to function as a check and balance, bringing an element of objectivity to the Board. He has vast experience in a diverse range of businesses and therefore would be able to provide constructive opinion; exercise his independent judgement and has the ability to act in the best interest of the Company.

9. **Resolution 7 – Re-appointment as an Independent Non-Executive Director**

Dato' Haji Muda bin Mohamed, aged 69, was appointed on 15 February 2000 as Independent Non-Executive Director of the Company. Pursuant to Recommendations 3.2 and 3.3 of the MCCG 2012, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, MCCG 2012 recommends that approval be sought in the event if the Company intends to retain a person who has served in that capacity for more than nine (9) years.

The Nomination Committee and the Board of Directors of the Company have assessed and reviewed the independence of Dato' Haji Muda bin Mohamed, who has served as Independent Non-Executive Director for more than fourteen (14) years, remain objective and independent in expressing his view and in deliberation and decision making. During his tenure in office, he has not developed, established or maintained any significant relationship which would impair his independence as an Independent Director.

His profile is set out on page 6 of the Annual Report.

10. **Resolution 8 – Authority for Directors to issue shares pursuant to Section 551 of the UK Companies Act 2006**

This resolution is proposed pursuant to Section 551 of the UK Companies Act 2006, and if passed, will give the Directors of the Company, from the date of the above AGM, authority to issue ordinary shares in the Company not exceeding 10% of the issued capital of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 103rd AGM held on 30 May 2013 and which will lapse at the conclusion of the 104th AGM.

The renewal of this mandate will enable the Directors to avoid any delay and cost involved in convening a general meeting, it is thus appropriate to seek members' approval.

11. **Resolution 9 – Proposed renewal of authority for the purchase by the Company of its own shares**

The details on Resolution 9 on the Proposed Renewal of Authority is included in the Statement to Shareholders dated 8 May 2014 which is enclosed together with the Annual Report.

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (990261M)

Proxy Form

CDS AC No	
No of Shares Held	

I/We____(NRIC/CO NO): ____________________
(FULL NAME IN BLOCK LETTERS)

of____
(ADDRESS)

being a shareholder/shareholders of **Inch Kenneth Kajang Rubber Public Limited Company**, hereby appoint *The Chairman of the Company or

____(__________)
(FULL NAME OF PROXY) %

of____
(ADDRESS)

*and/or failing whom ____(__________)
(FULL NAME OF PROXY) %

of____
(ADDRESS)

as *my/our proxy to vote on *my/our behalf at the 104th Annual General Meeting of the Company to be held at Dewan Murni, Ground Floor Institut Integriti Malaysia, Persiaran Duta, off Jalan Duta, 50480 Kuala Lumpur on Thursday, 29 May 2014 at 10.00 a.m. for the following purposes:

NO	RESOLUTION	FOR	AGAINST
1.	Receive and adopt the Directors' Report and Financial Statements		
2.	Approve the payment of Directors' fees		
3.	Re-elect Datuk Kamaruddin bin Awang		
4.	Re-appoint Messrs UHY Hacker Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration		
5(a).	**SPECIAL BUSINESS – ORDINARY RESOLUTION 5** To re-appoint Dato' Adnan bin Maaruf		
5(b).	**SPECIAL BUSINESS – ORDNARY RESOLUTION 6** To re-appoint Dr. Radzuan bin A. Rahman		
6.	**SPECIAL BUSINESS – ORDINARY RESOLUTION 7** To re-appoint Dato' Haji Muda bin Mohamed		
7.	**SPECIAL BUSINESS – ORDINARY RESOLUTION 8** To approve the proposed resolution to empower the Directors of the Company to issue shares pursuant to section 551 of the UK Companies Act 2006		
8.	**SPECIAL BUSINESS – ORDINARY RESOLUTION 9** To approve the proposed renewal of authority for the purchase by the Company of its own shares		

Please indicate with an 'X' in the appropriate spaces how you wish your votes to be casted. If no specific direction as to voting is given, your proxy will vote or abstain from voting at his/her discretion.

__________________________ Dated this day ________ of __________ 2014
Signature/Seal of Shareholder(s)

Tel No: ____________________

*Delete whichever is not applicable.

Note:
A member of the Company entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints more than one proxy, the appointment shall not be valid unless he specifies the proportion of his holding to be represented by each proxy. Any alteration in the proxy form must be initialled. The instrument appointing a proxy must be deposited at the Registrar's Office of the Company, not less than forty-eight (48) hours before the time for holding the meeting. For shareholders residing outside Malaysia, the Proxy Form could be forwarded by fax at +603 2141 9650 or email to ir@ikkr.com.my

AFFIX
STAMP

MESTIKA PROJEK (M) SDN BHD

(225545V)

22nd Floor Menara Promet (Menara KH)
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

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(26255A)

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