

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY

(990261M)

Incorporated in Scotland

105

YEARS OF  
ESTABLISHMENT

A N N U A L R E P O R T 2 0 1 4

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Dato' Adnan bin Maaruf**  
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

## PRINCIPAL OFFICE IN MALAYSIA

22<sup>nd</sup> 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)  
22<sup>nd</sup> 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  
Affin Hwang Investment Bank Berhad  
Bank Kerjasama Rakyat Malaysia  
Berhad

## STOCK EXCHANGE LISTINGS

Bursa Malaysia Securities Berhad  
- Main Board  
  
London Stock Exchange plc  
  
Singapore Exchange Securities  
Trading Limited

## COMPANY NUMBER

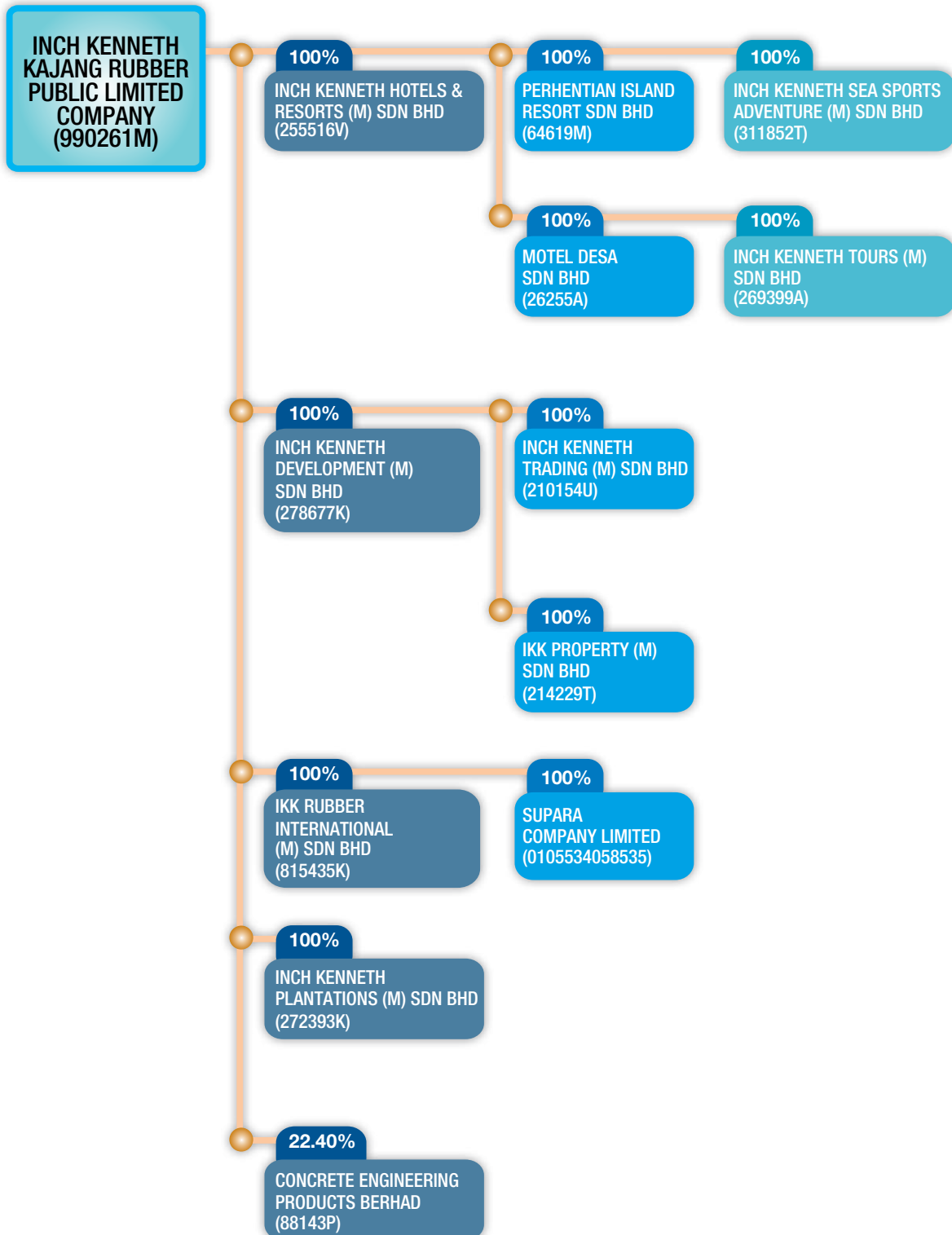
SC007574 (United Kingdom)  
990261M (Malaysia)

## WEBSITE

[www.ikkr.com.my](http://www.ikkr.com.my)

# CORPORATE STRUCTURE

AS AT 31 DECEMBER 2014





1. DATO' ADNAN BIN MAARUF

2. DATUK KAMARUDDIN BIN AWANG

3. DATO' HAJI MUDA BIN MOHAMED

4. DATO' TIK BIN MUSTAFFA

5. DR. RADZUAN BIN A. RAHMAN

6. HUSSAIN AHMAD BIN ABDUL KADER  
(Group Chief Operating Officer)

7. LEE THAI THYE  
(Company Secretary)

## BOARD OF DIRECTORS' PROFILES

### **DATO' ADNAN BIN MAARUF**

Independent Non-Executive Director  
Chairman  
Malaysian, aged 71

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 2014.

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



### **DATUK KAMARUDDIN BIN AWANG**

Independent Non-Executive Director  
Chairman of the Audit Committee  
Malaysian, aged 66

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 Chartered Accountant of New Zealand and Institute of Chartered Secretaries & Administrators, United Kingdom, 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 2014.

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 70

Dato' Haji Muda bin Mohamed was appointed to the Board on 15 February 2000. He is 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 (2) 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 all the Board Meetings held in the financial year ended 31 December 2014.

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 69

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, University 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 its 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 2014.

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 71

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 all the Board Meetings held in the financial year ended 31 December 2014.

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



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

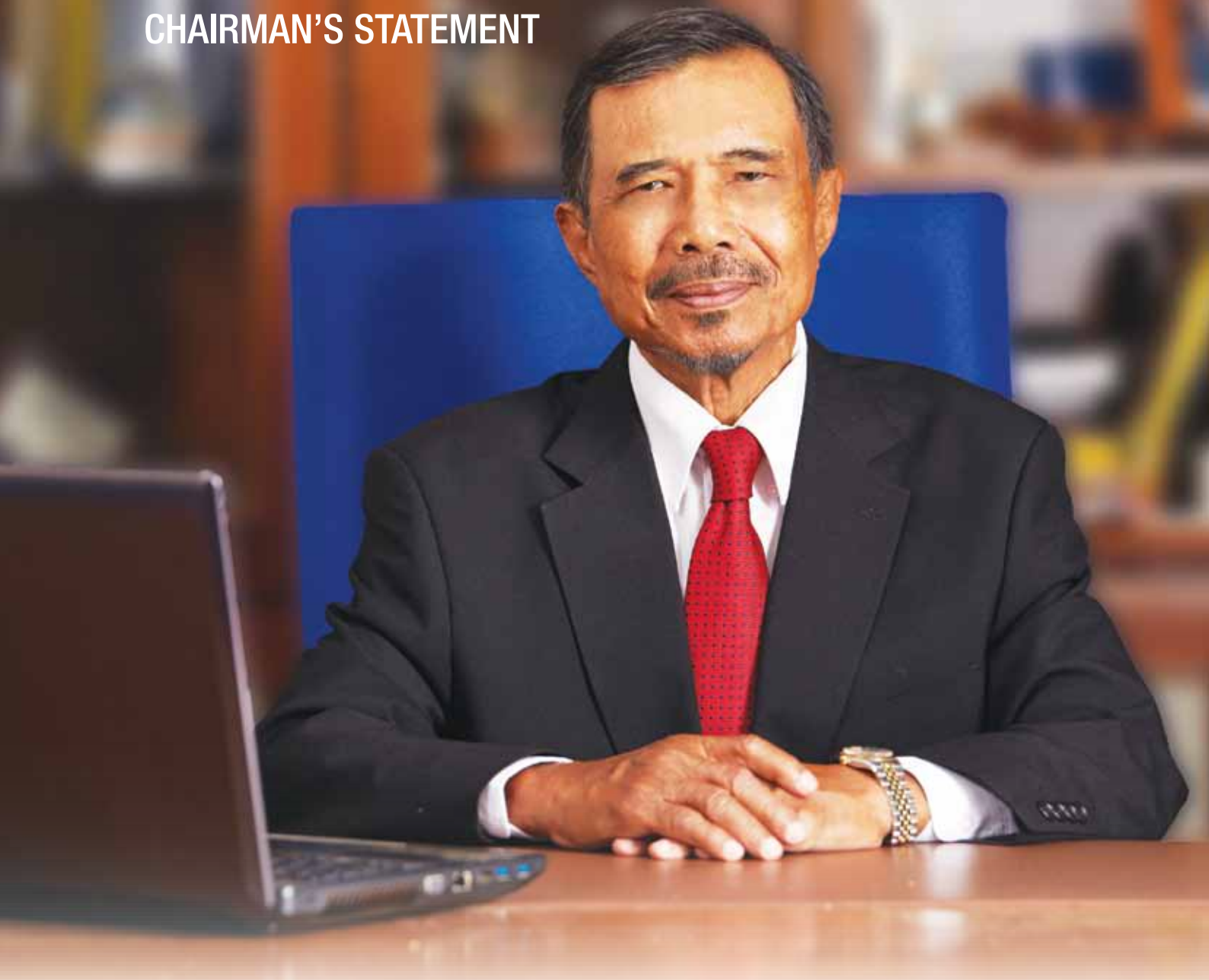
- i. Pursuant to Article 86
  - Dato' Tik bin Mustaffa

#### Special Business:

- i. Pursuant to Section 129(6), Malaysian Companies Act 1965
  - Dato' Adnan bin Maaruf
  - Dato' Haji Muda bin Mohamed
  - Dr. Radzuan bin A. Rahman
- ii. Pursuant to Recommendations 3.2 and 3.3 of the Malaysian Code on Corporate Governance 2012
  - Dato' Adnan bin Maaruf
  - Dato' Haji Muda bin Mohamed
  - Dr. Radzuan bin A. Rahman



## CHAIRMAN'S STATEMENT



On behalf of the Board of Inch Kenneth Kajang Rubber Public Limited Company, I present herewith the One Hundred and Fifth Annual Report and Financial Statements of the Company and the Group for the financial year ended 31 December 2014.

### PERFORMANCE REVIEW

During the financial year under review, the Group recorded a revenue of RM23.639 million and a pre-tax loss of RM6.988 million compared to a revenue of RM14.073 million and a pre-tax loss of RM28.189 million for the previous year. The increase in Group's turnover by RM9.566 million is mainly due to the higher sales of CV ("constant viscosity") rubber blocks produced by the subsidiary in Thailand and an internet marketing effort implemented by the tourism division during the financial year under review.

# CHAIRMAN'S STATEMENT

(cont'd)

## PERFORMANCE REVIEW (CONT'D)

The plantation division recorded lower revenue at RM0.696 million (2013: RM1.199 million) due to the decrease in crude palm oil ("CPO") price, coupled with a decline in production of fresh fruit bunches ("FFB") by 47% to 1,231 tonnes (2013: 2,342 tonnes). Revenue from the Group's tourism division expanded by 7% in 2014 to RM8.396 million due to aggressive marketing activities.

Included in the above results for the financial year under review was a share of loss after taxation of RM1.170 million versus share of profit after taxation of RM0.559 million in 2013 from the Group's associate, Concrete Engineering Products Berhad ("Cepco"), a manufacturer and distributor of prestressed spun concrete piles and poles. The decreased sales volume is attributable to the overall slowdown in the construction industry.

Overall, the total performance of the Group was affected by the provision for stock diminution of RM0.925 million and impairment of investment in Cepco of RM4.500 million.

## 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.

## CORPORATE DEVELOPMENT

The shareholders of the Company had approved an ordinary resolution at the One Hundred and Fourth AGM held on 29 May 2014 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 2014, 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 of offers of brown and green field estates did not lead to an investment as the costs of entry are extremely high and will not add value to the Group. Nevertheless, the Group will still continue to pursue investment in the plantation sector.

Efforts at developing the land bank in Kajang and Bangi, totalling approximately 200 hectares are at the planning stage for submission to the relevant authorities. We strongly feel that this strategic asset will contribute positively to the Group in the near future.

## 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

28 April 2015

# STRATEGIC REPORT

## REVIEW AND PERFORMANCE OF THE BUSINESS

The Group's principle activities remain unchanged throughout the year 2014. The plantations in Kajang and Bangi are still providing revenue through the sale of the FFB they produce, albeit at a lower volume.

### ESTATES

The total area of the Group's estates as at 31 December 2014 is as follows:

	Hectares	
	2014	2013
Oil Palm (Mature)	177	177
Roads, buildings, gardens, nurseries and wasteland	12	12
<b>Total</b>	<b>189</b>	<b>189</b>

The yields from the plantation activity for the year ended 31 December 2014 were as follows:

Harvested crops	Fresh fruit bunches
2014 (tonnes)	1,231
2013 (tonnes)	2,342

### TOURISM

In Terengganu, both of the hotels within the Group recorded higher revenue due to the aggressive internet marketing effort implemented during the year.

### MANUFACTURING

During the year, the sales from our rubber manufacturing subsidiary in Thailand was much higher at RM14.385 million (2013: RM4.848 million). This was mainly due to a higher demand as the buyers are back in the market.

### OVERALL

Overall, the Group's revenue was RM23.639 million for the year ended 31 December 2014 as compared to RM14.073 million in the preceding year, an increase of 68%, mainly due to the higher sales of CV rubber blocks produced by the subsidiary in Thailand and an internet marketing effort implemented by the tourism division during the financial year under review.

The Group's results after tax reduced from a loss of RM28.497 million to a loss of RM7.127 million, or a loss per share of RM0.0177 (2013: loss per share of RM0.0705). The reduction in loss was due principally to the provision for diminution in value of stocks amounting to RM0.925 million being provided in Supara Company Limited and impairment of the investment in Cepco of RM4.500 million.

With this result, the Group's Net Tangible Assets are now RM702.794 million (2013: RM713.807 million) or RM1.74 (2013: RM1.78) per share, which is calculated after deducting the shares that were bought back. During the financial year ended 31 December 2014, there was no share buyback and no resale or cancellation of treasury shares. A total of 17,540,800 shares were bought back and retained as treasury shares as at 31 December 2014.

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 2014 financial year was RM43.738 million (2013: RM28.593 million) and short term investments of RM123.719 million (2013: RM146.609 million). The decline is mainly due to the financial support given to Supara Company Limited and the dividend paid in May 2014.

At 31 December 2014, the Group had total assets of RM706.621 million compared to RM718.832 million in 2013. The Group's total liabilities stood lower at RM3.827 million compared to RM5.025 million at the prior year end. The resulting net assets were RM702.794 million at 31 December 2014 (2013: RM713.807 million). The current ratio is now at 64.15 (2013: 44.65).

### 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 2014 amounted to RM7,127,000 (2013: loss of RM28,497,000).

# STRATEGIC REPORT

## (cont'd)

### RESULTS AND DIVIDENDS (CONT'D)

On 23 April 2014, the Directors approved and declared a 2% interim dividend for the financial year ended 31 December 2013. The total amount of RM4.431 million was paid on 23 May 2014. The interim dividend was under the single tier system of 1.099 sen per share, on 403,209,200 ordinary shares. A dividend of 2% is proposed for the financial year ended 31 December 2014.

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

Our review of offers of brown and green field estates did not lead to an investment as the costs of entry are extremely high and will not add value to the Group. Nevertheless, the Group will still continue to pursue investment in the plantation sector.

Efforts at developing the land bank in Kajang and Bangi, totalling approximately 200 hectares are at the planning stage for submission to the relevant authorities. We strongly feel that this strategic asset will contribute positively to the Group in the near future. This complies with Principle 1.4 of the Malaysian Code on Corporate Governance 2012.

No other events have occurred since the reporting 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) poor weather;
  - (iii) price fluctuations of commodity;
  - (iv) threat of substitute products; and
  - (v) change in 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  
28 April 2015

## 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 ("PIR") in Malaysia, 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. On 7 October 2014, the Minister of Tourism and Culture, Dato' Seri Mohamed Nazri Abdul Aziz, visited PIR and approved the state Motac fund for turtle farm in front of the resort. He also supported the resort's idea on hosting the PIR Marvel Challenge 2015. Earlier in August 2014, the resort became the venue for TV3 cooking programme - *Lima Rencah Lima Rasa* hosted by Chef Hershen Lee, as part of its contribution.



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 *Mualaf* (newly converted Muslim). 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.

## CORPORATE SOCIAL RESPONSIBILITIES

(cont'd)



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 2014, 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 *Children 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 annual dinners during the year.

## CORPORATE SUSTAINABILITY STATEMENT



Environmental sustainability is an ethical responsibility and a moral issue. The Company is committed in exercising its best efforts to conserve the environment through the following programs:

- 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 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. Maintaining the natural beauty of the island is of utmost importance 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.







# CORPORATE GOVERNANCE

## 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 Malaysian Code on Corporate Governance 2012 (“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 on Internal Control the information required by these rules.

## BOARD OF DIRECTORS

### Board Composition and Board Balance

The Board has five (5) members, comprising of all 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 Director is presented on pages 5 to 7 of this Annual Report.

The balance between 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 Independent Non-Executive Directors also bring independent judgement and challenge standards of conduct and fulfil 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 Board of Directors must select among them a Chairman, who, in accordance with Principle 3.4 of the MCCG 2012, must be a Non-Executive Director. If the Chairman is Non-Independent, then, in accordance with Principle 3.5 of the MCCG 2012, the Board must comprise a majority of Independent Directors. 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. This complies with Principle 1.1 of the MCCG 2012.

The presence of 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. This complies with Principle 1.2 of the MCCG 2012.

# CORPORATE GOVERNANCE

(cont'd)

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. 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.

The Board must show their commitment in terms of time and contribution. As such, before accepting any other appointment, it is courteous to inform the other Board members of their intention, in accordance with Principle 4.1 of the MCCG 2012.

## **Re-election**

All Directors appointments to the Board are subject to the rules and regulations of the Malaysian Companies Act 1965 and the Company's Articles of Association ("the Articles").

In accordance with 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 105th AGM of the Company to be held on 16 June 2015 are set out in the Notice of the AGM.

## **Tenure of Independent Directors**

In accordance with Principle 3.2 and 3.3 of the MCCG 2012, the Board has recommended to retain those Independent Directors who have exceeded nine (9) years and shall seek shareholders' approval at the forthcoming AGM.

# CORPORATE GOVERNANCE

(cont'd)

## Supply of Information

The Board meets on a quarterly basis with additional meetings held whenever necessary. There were five (5) Board of Directors' meetings held during the financial year ended 31 December 2014 and the details of attendance are set out as follows:

Name of Directors	No. of Meetings Attended
Dato' Adnan bin Maaruf	5/5
Datuk Kamaruddin bin Awang	5/5
Dato' Haji Muda bin Mohamed	5/5
Dato' Tik bin Mustaffa	5/5
Dr. Radzuan bin A. Rahman	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 Supara Company Limited, 77/17 Moo 4 Tambon Bang Muang, Takuapa 82190, Phangnga, S. Thailand.

The Company Secretary was present at all Board of Directors' meetings held during the financial year ended 31 December 2014, in accordance with Principle 1.6 of the MCCG 2012.

Prior to the Board meetings, the agenda together with the relevant documents and information are distributed to all Directors to ensure that Directors 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. This complies with Principle 4.2 of the MCCG 2012.

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 prescribed by Bursa Securities. During the year, the senior management are encouraged to attend courses whether in-house or external to help them in the discharge of their duties. The Directors have also attended the following seminars to broaden their perspective, skills, knowledge and to keep abreast of the relevant changes in law, regulations and the business environment:

# CORPORATE GOVERNANCE

(cont'd)

Courses	Names of Directors				
	Dato' Adnan bin Maaruf	Datuk Kamaruddin bin Awang	Dato' Haji Muda bin Mohamed	Dato' Tik bin Mustaffa	Dr. Radzuan bin A. Rahman
Enterprise Risk Management and Directors and Officers Insurance – What you should know		√		√	√
Implementation Insights of Successful Mergers & Acquisitions	√	√	√		

The Directors will continue to undergo other relevant training programmes and seminars from time to time as they consider necessary to equip themselves with the relevant knowledge and ideas to discharge their duties effectively.

## Board Charter

The Board Charter was established in year 2002 to set out strategic intent and outline the Board's structure and procedures, code of conduct, roles and responsibilities and relationship of the Board to the management in accordance with Principle 1.3 and 1.7 of the MCG 2012. The Board recognises the importance of the Board Charter and will adhere to it and will take steps to enhance the Board Charter as recommended by MCG 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 the announcement 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; and
- Deliberated on the implications and effects of the relevant International Financial Reporting Standards which came into effect during the year.

# CORPORATE GOVERNANCE

## (cont'd)

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 and properly managed. This complies with Principle 6.1 of the MCCG 2012.

More information on the Audit Committee is given in the Audit Committee Report on pages 25 to 27.

### Nomination Committee

In accordance with Principle 2.1 of the MCCG 2012, 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, Independent Non-Executive Director
(c)	Datuk Kamaruddin bin Awang	Member, Independent Non-Executive Director

The functions of the Nomination Committee as per Principle 2.2 of the MCCG 2012 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 Principle 3.1 of 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 twice (2) during the financial year ended 31 December 2014 to deliberate on the re-designation of Datuk Kamaruddin bin Awang's position from Chairman to Member of the Nomination Committee, the re-designation of Dato' Tik bin Mustaffa from Member to Chairman of the Nomination Committee and the review of all Directors who are due for re-election or re-appointment at the Company's AGM.

### 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. This complies with Principle 2.3 of the MCCG 2012.

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.

# CORPORATE GOVERNANCE

(cont'd)

There were no performance-related bonuses or other benefits given to any of the Directors during the 2014 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 2014.

## DISCLOSURE – INFORMATION SUBJECT TO AUDIT

The Directors' total remuneration comprises the following:

	Basic Salary & Fees (RM)	Meeting Allowances (RM)	Total 2014 (RM)	Total 2013 (RM)
<b>Non-Executive Directors</b>				
Dato' Adnan bin Maaruf	40,000	6,000	46,000	47,000
Datuk Kamaruddin bin Awang	30,000	8,250	38,250	38,250
Dato' Haji Muda bin Mohamed	30,000	7,000	37,000	36,500
Dato' Tik bin Mustafa	30,000	7,000	37,000	37,750
Dr. Radzuan bin A. Rahman	30,000	4,500	34,500	33,750
	160,000	32,750	192,750	193,250

## 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.

# CORPORATE GOVERNANCE

(cont'd)

## PERFORMANCE GRAPH

The Company's performance graph as required by the Directors' Remuneration Report Regulations 2002 in the United Kingdom is shown in the Ten Year Group Financial Highlights section on pages 30 to 31.

## 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](http://www.ikkr.com.my). This complies with Principle 7.2 of the MCCG 2012. 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 the Company via e-mail at [ir@ikkr.com.my](mailto:ir@ikkr.com.my) or contact the Principal Office in Malaysia. This complies with Principle 8.3 of the MCCG 2012.

### 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. This complies with Principle 8.1 of the MCCG 2012. On any matter that requires the members present to decide, as per Principle 8.2 of the MCCG 2012, the Board will encourage poll voting if it is deemed necessary.

## 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 every quarter and 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. This complies with Principle 7.1 of the MCCG 2012.

### 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 28 and 29.

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 26.

# CORPORATE GOVERNANCE

(cont'd)

## COMPLIANCE STATEMENT

The Board is satisfied that the Company had in 2014 complied with the best practices of MCCG 2012.

## ADDITIONAL COMPLIANCE INFORMATION

### Share Buy-Backs

During the financial year, there were no share buy-backs by the Company.

### 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

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.

### Non-Audit Fees

The non-audit fees paid to the Company’s external auditors amounted to RM28,240 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 2014 and the unaudited results for the year ended 31 December 2014 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 2014.



# CORPORATE GOVERNANCE

(cont'd)

## **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 pages 12 and 13.

## **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 29 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 2014 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 28 April 2015.

**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 2014.

## 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 Directors. All members of the Audit Committee shall also be financially literate, and at least one of the members must fulfil the requirements of Rule 15.09 (c) of the Main LR. 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 2014 was as follows:

Name of Directors	No. of Meetings Attended
Datuk Kamaruddin bin Awang	5/5
Dato' Haji Muda bin Mohamed	5/5
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 Supara Company Limited, 77/17 Moo 4 Tambon Bang Muang, Takuapa 82190, Phangnga, S. Thailand.

# AUDIT COMMITTEE REPORT

(cont'd)

## 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, and that they comply with applicable financial reporting standards, as required by Principle 5.1 of the MCGG 2012.
- e) Assist in establishing an internal audit function and other appropriate control procedures, as required by Principle 6.2 of the MCGG 2012.
- 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) Assessing the suitability and independence of the external auditors, in accordance with Principle 5.2 of the MCGG 2012.
- i) 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.

# AUDIT COMMITTEE REPORT

(cont'd)

## 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.

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 2014 amounted to RM59,785 compared to RM54,493 in 2013.

# 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.

# STATEMENT ON INTERNAL CONTROL

(cont'd)

## **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 2014 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 28 April 2015.

**DATUK KAMARUDDIN BIN AWANG**  
Director

## GROUP FINANCIAL HIGHLIGHTS

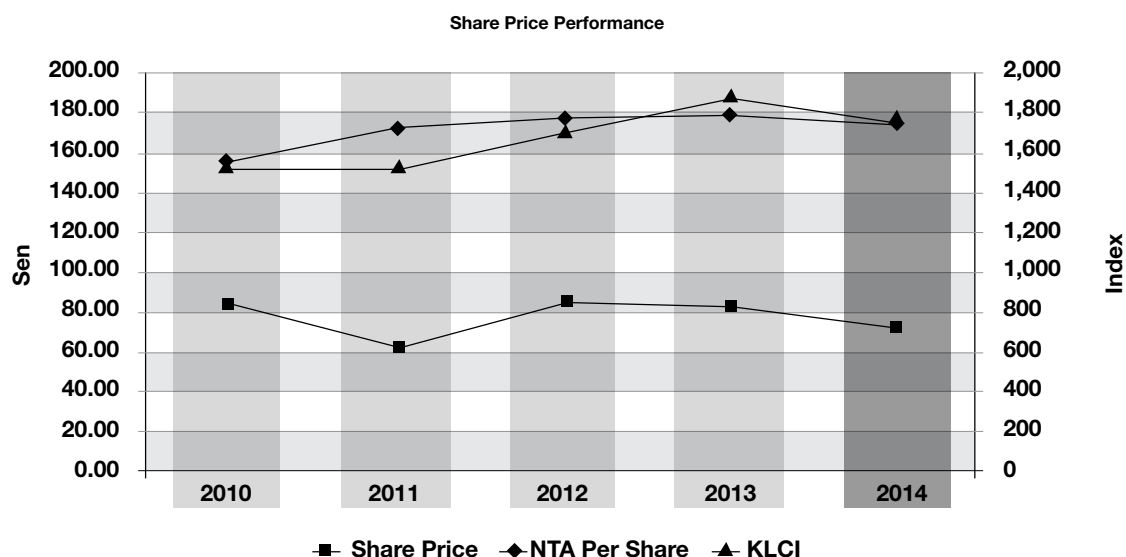
		2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Financial Performance</b>											
Revenue	RM'000	23,639	14,073	16,408	20,173	28,165	17,582	17,550	19,736	19,073	9,787
(Loss)/Profit Before Taxation	RM'000	(6,988)	(28,189)	4,757	(3,973)	(4,223)	1,483	(1,459)	874	(10,598)	(23,943)
(Loss)/Profit for the Year	RM'000	(7,127)	(28,497)	4,430	(4,164)	(4,918)	982	(1,540)	697	(10,878)	(24,045)
(Loss)/Earnings Per Share	Sen	(1.77)	(7.05)	1.06	(0.99)	(1.17)	0.23	(0.37)	0.17	(2.59)	(5.71)
Dividend Per Share (proposed/paid)	Sen	1.090	1.099	1.455	-	-	-	-	-	-	-
Total Assets	RM'000	706,621	718,832	742,308	726,207	701,696	516,412	513,774	571,152	373,325	393,494
Share Capital	Shares'000	420,750	420,750	420,750	420,750	420,750	420,750	420,750	420,750	420,750	234,277*
Treasury Shares	Shares'000	17,541	17,541	3,265	-	-	-	-	-	-	-
Shareholders' Equity	RM'000	702,794	713,807	737,855	719,023	653,182	486,826	486,017	540,263	338,974	349,852
Total Liabilities	RM'000	3,827	5,025	4,453	7,184	48,514	29,586	27,757	30,889	34,351	43,642
Borrowings	RM'000	-	-	24	94	15,455	22,727	20,030	23,840	11,300	20,300
Current Ratios	Times	64.15	44.65	55.90	36.77	8.24	3.36	0.60	0.54	0.52	2.22
Quick Ratios	Times	63.26	41.06	51.51	34.75	8.15	3.11	0.60	0.54	0.51	2.22
Debt-Equity Ratios	Times	0.00	0.00	0.00	0.00	0.02	0.05	0.04	0.04	0.03	0.06
Net Assets Per Share	RM	1.74	1.78	1.77	1.71	1.55	1.16	1.15	1.28	0.81	0.83

\* Weighted average

All figures are in RM thousands unless otherwise stated.

### SHARE PRICE PERFORMANCE GRAPH

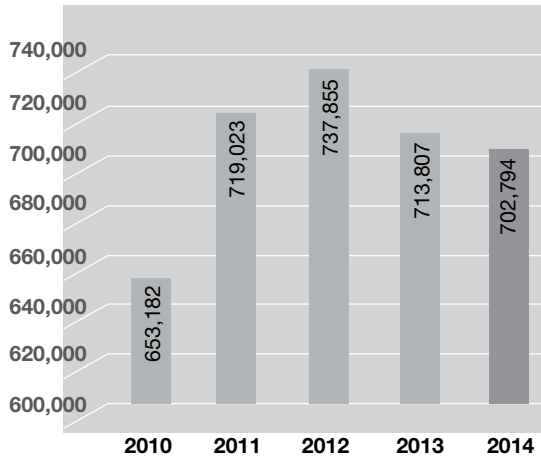
The graph below shows the movement of the Company's share price on Bursa Securities against the corresponding change in the Kuala Lumpur Composite Index ("KLCI") and the Group's Net Tangible Assets per share ("NTA per share"). The KLCI was selected as it represents a broad equity market index in which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



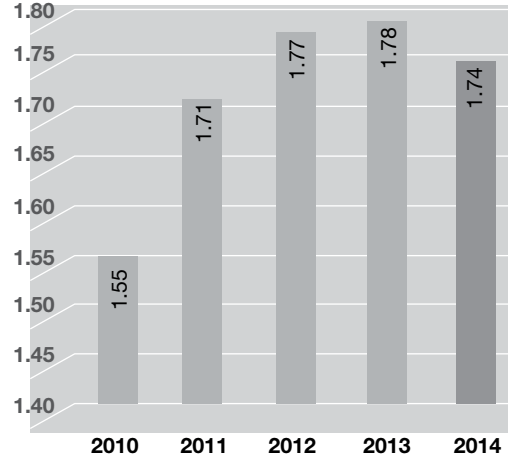
# GROUP FINANCIAL HIGHLIGHTS

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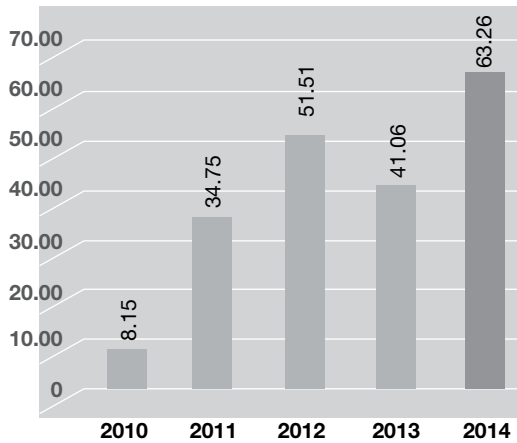
Shareholders' Equity (RM'000)



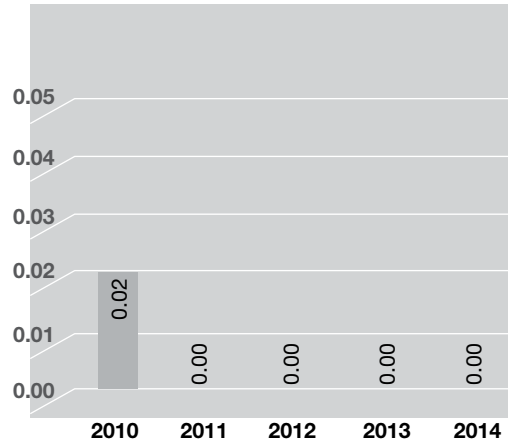
Net Assets Per Share (RM)



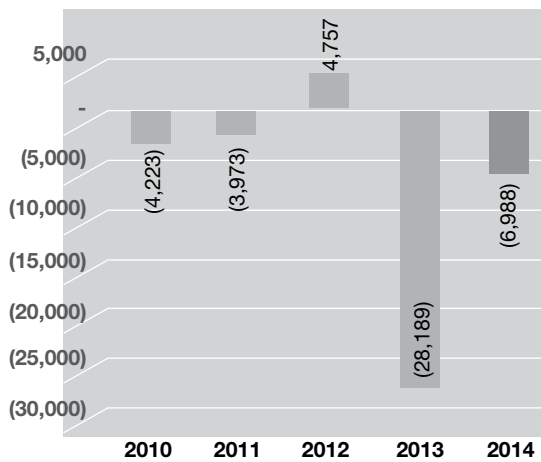
Quick Ratios (Times)



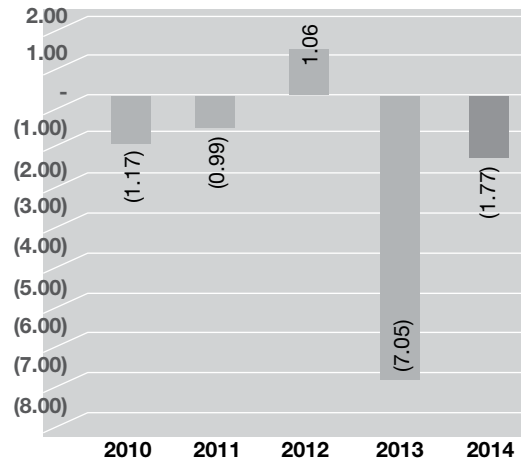
Debt-Equity Ratios (Times)



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



(Loss)/Earnings Per Share (Sen)





# FINANCIAL STATEMENTS

<b>33</b>	<b>Directors' Report</b>
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# DIRECTORS' REPORT

## FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014.

### 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 block rubber 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 15 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 2014 amounted to RM7,127,000 (2013: loss of RM28,497,000).

On 23 April 2014, the Directors approved and declared 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 1.099 sen per share, on 403,209,200 ordinary shares. A dividend of 2% is proposed for the financial year ended 31 December 2014.

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.

## DIRECTORS' REPORT (cont'd)

### FOR THE YEAR ENDED 31 DECEMBER 2014

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
Learning & Growth	Process automation
	Is there the correct level of expertise for the job
	Employee turnover
	Job satisfaction
Customer	Training/Learning opportunities
	Delivery performance to customer
	Quality performance for customer
	Customer satisfaction rate
	Customer percentage of market
	Customer retention rate

#### Post balance sheet events

No other events have occurred since the reporting period end 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 Mustafa  
 Dr. Radzuan bin A. Rahman

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

## DIRECTORS' REPORT (cont'd)

### FOR THE YEAR ENDED 31 DECEMBER 2014

#### Directors' interests

Neither at the end of the financial year ended 31 December 2014, 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 2 March 2015 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 2014, the Group had an average of 2 days (2013 : 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 192 (2013 : 177). 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.

# **DIRECTORS' REPORT** (cont'd)

## **FOR THE YEAR ENDED 31 DECEMBER 2014**

### **Political and charitable donations**

There were no political or charitable donations made by the Group during the year ended 31 December 2014 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.

### **Financial instruments**

Details of the Group financial instruments and risks management are disclosed in note 28.

### **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  
28 April 2015

# STATEMENT OF RESPONSIBILITIES OF THOSE CHARGED WITH GOVERNANCE

FOR THE YEAR ENDED 31 DECEMBER 2014

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 on Corporate Governance 2012**

As required by the Main LR of Bursa Securities, the Annual Report contains a Corporate Governance statement pursuant to the MCGG 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 84 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  
28 April 2015

**HUSSAIN AHMAD BIN ABDUL KADER**

Before me

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

Kuala Lumpur  
28 April 2015

# INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2014

We have audited the financial statements of Inch Kenneth Kajang Rubber Public Limited Company for the year ended 31 December 2014 which comprise of the Group and Company Statement of Profit or Loss, Group and Company Statement of Profit or Loss and Other Comprehensive Income, Group and Company Statement of Financial Position, Group and Company Statement of Changes in Equity, Group and Company Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (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](http://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 2014 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 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 16 to 24 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 TO THE SHAREHOLDERS OF INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

## 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  
Chartered Accountants and Statutory Auditors

Quadrant House  
4 Thomas More Square  
London E1W 1YW

28 April 2015

*The maintenance and integrity of the Inch Kenneth Kajang Rubber Public Limited Company website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website; and legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.*

# GROUP AND COMPANY STATEMENT OF PROFIT OR LOSS

## FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	GROUP		COMPANY	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Revenue</b>	4	23,639	14,073	696	1,199
Cost of sales		(18,520)	(10,626)	(445)	(677)
<b>Gross profit</b>		5,119	3,447	251	522
Other income	5	5,450	596	4,402	1,683
Administrative expenses		(16,122)	(16,295)	(7,417)	(14,956)
Selling and marketing expenses		(948)	(371)	-	-
<b>Operating loss</b>	6	(6,501)	(12,623)	(2,764)	(12,751)
Finance income	7	4,759	5,136	4,576	5,044
Finance costs	7	-	(1)	-	-
Other gains and losses	5	424	832	413	734
Impairment of investment in subsidiary	15	-	-	-	(5,338)
Impairment losses on goodwill	18	-	(4,502)	-	-
Share of results of associate	16	(1,170)	559	-	-
Impairment of investment in associate	16	(4,500)	(17,590)	(4,500)	(17,590)
<b>Loss before taxation</b>		(6,988)	(28,189)	(2,275)	(29,901)
Taxation	8	(139)	(308)	-	-
<b>Loss for the year</b>		(7,127)	(28,497)	(2,275)	(29,901)
<b>Attributable to:</b>					
Equity holders of the Company		(7,127)	(28,497)	(2,275)	(29,901)
<b>Loss per share (Sen):</b>	9				
Basic		(1.77)	(7.05)		
Diluted		(1.77)	(7.05)		
<b>Net dividend per share (Sen)</b>		1.090	1.080		

The results for 2014 and 2013 relate entirely to continuing operations.

# GROUP AND COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Loss for the year</b>	(7,127)	(28,497)	(2,275)	(29,901)
<b>Other comprehensive income:</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Revaluation of properties	1,000	24,800	-	9,000
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation of available-for-sale investments and short term investments	(412)	(468)	(368)	(488)
Reclassification adjustments on short term investments	15	(734)	14	(734)
Exchange differences on translating foreign operations	(58)	(11)	-	-
<b>Other comprehensive income, net of tax</b>	545	23,587	(354)	7,778
<b>Total comprehensive loss for the year</b>	(6,582)	(4,910)	(2,629)	(22,123)

# GROUP AND COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Notes	GROUP		COMPANY	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	441,712	469,158	111,080	110,041
Investment property	13	72	-	-	-
Intangible assets	14	20	19	18	16
Investments in subsidiaries	15	-	-	231,116	215,077
Investment in associate	16	20,142	25,812	18,146	22,646
Available-for-sale investments	17	57	61	20	19
Goodwill	18	71	71	-	-
		462,074	495,121	360,380	347,799
<b>Current assets</b>					
Assets held for sale	19	29,654	-	-	-
Inventories	20	3,410	17,976	-	-
Trade and other receivables	21	44,026	30,533	1,148	1,934
Short term investments	22	123,719	146,609	119,263	142,786
Cash and cash equivalents	23	43,738	28,593	29,843	26,415
		244,547	223,711	150,254	171,135
<b>TOTAL ASSETS</b>		706,621	718,832	510,634	518,934
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to shareholders of the Company</b>					
Share capital	24	287,343	287,343	287,343	287,343
Share premium		8	8	8	8
Property revaluation reserve		287,371	286,371	86,600	86,600
Investment revaluation reserve		12,312	12,709	(3,265)	(2,911)
Foreign currency translation reserve		(1,303)	(1,245)	-	-
Retained earnings		133,043	144,601	154,931	161,637
		718,774	729,787	525,617	532,677
Less : Treasury shares	25	(15,980)	(15,980)	(15,980)	(15,980)
<b>Total Equity</b>		702,794	713,807	509,637	516,697
<b>Current liabilities</b>					
Trade and other payables	26	3,737	4,892	982	2,222
Taxation payable		75	118	-	-
		3,812	5,010	982	2,222
<b>Non-current liabilities</b>					
Employee entitlements	27	15	15	15	15
		15	15	15	15
<b>Total Liabilities</b>		3,827	5,025	997	2,237
<b>TOTAL EQUITY AND LIABILITIES</b>		706,621	718,832	510,634	518,934

# GROUP AND COMPANY STATEMENT OF FINANCIAL POSITION (cont'd)

AS AT 31 DECEMBER 2014

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 28 April 2015 and signed on its behalf by:

**Dato' Adnan bin Maaruf**  
Director

**Datuk Kamaruddin bin Awang**  
Director

# GROUP STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2014

	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
<b>Year ended 31 December 2014</b>								
At 1 January 2014	287,343	8	286,371	12,709	(1,245)	144,601	(15,980)	713,807
Total comprehensive loss for year	-	-	1,000	(397)	(58)	(7,127)	-	(6,582)
Dividends paid	-	-	-	-	-	(4,431)	-	(4,431)
At 31 December 2014	287,343	8	287,371	12,312	(1,303)	133,043	(15,980)	702,794
<b>Year ended 31 December 2013</b>								
At 1 January 2013	287,343	8	261,571	13,911	(1,234)	178,983	(2,727)	737,855
Total comprehensive loss for year	-	-	24,800	(1,202)	(11)	(28,497)	-	(4,910)
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

## **GROUP STATEMENT OF CHANGES IN EQUITY (cont'd)**

### **FOR THE YEAR ENDED 31 DECEMBER 2014**

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 statement of financial position 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 STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	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
<b>Year ended 31 December 2014</b>							
At 1 January 2014	287,343	8	86,600	(2,911)	161,637	(15,980)	516,697
Total comprehensive loss for year	-	-	-	(354)	(2,275)	-	(2,629)
Dividends paid	-	-	-	-	(4,431)	-	(4,431)
At 31 December 2014	287,343	8	86,600	(3,265)	154,931	(15,980)	509,637
<b>Year ended 31 December 2013</b>							
At 1 January 2013	287,343	8	77,600	(1,689)	197,423	(2,727)	557,958
Total comprehensive loss for year	-	-	9,000	(1,222)	(29,901)	-	(22,123)
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



# GROUP AND COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Cash flows from operating activities</b>				
Operating loss	(6,501)	(12,623)	(2,764)	(12,751)
Adjustments for items not requiring an outflow of funds:				
Dividend income	(1)	(4)	(1)	-
Fixed assets written off	135	-	12	-
Provision for diminution in value of stocks	925	2,639	-	-
Allowance for doubtful debts	-	-	-	6,969
Depreciation and amortisation	1,656	2,094	32	142
Operating loss before changes in working capital	(3,786)	(7,894)	(2,721)	(5,640)
Changes in working capital:				
Decrease/(increase) in inventories	13,640	(1,119)	-	-
(Increase)/decrease in trade and other receivables	(13,511)	(3,508)	787	(261)
(Decrease)/increase in trade and other payables	(1,155)	620	(1,241)	1,191
Taxation refund	23	17	-	-
Taxation paid	(272)	(341)	-	-
<b>Net cash used in operating activities</b>	(5,061)	(12,225)	(3,175)	(4,710)
<b>Investing activities</b>				
Proceeds from disposal of assets	12	98	-	-
Proceeds from disposal of investment	25	-	25	-
Interest and dividends received	4,760	6,244	4,576	5,045
Acquisition of subsidiary	-	(3)	-	-
Loans granted to subsidiaries	-	-	(16,038)	(8,261)
Short term investments	22,886	20,254	23,556	22,017
Assets under construction	(1,054)	-	(1,054)	-
Payments to acquire intangible assets	(9)	-	(9)	-
Payments to acquire property, plant and equipment	(1,983)	(764)	(22)	(4)
<b>Net cash generated from investing activities</b>	24,637	25,829	11,034	18,797
<b>Financing activities</b>				
Interest paid	-	(1)	-	-
Repayments of finance leases	-	(24)	-	-
Dividends paid	(4,431)	(5,885)	(4,431)	(5,885)
Shares repurchase at cost	-	(13,253)	-	(13,253)
<b>Net cash used in financing activities</b>	(4,431)	(19,163)	(4,431)	(19,138)
<b>Increase/(decrease) in cash and cash equivalents</b>	15,145	(5,559)	3,428	(5,051)
Cash and cash equivalents at 1 January	28,593	34,152	26,415	31,466
<b>Cash and cash equivalents at 31 December</b>	43,738	28,593	29,843	26,415
<i>Cash and cash equivalents comprise of:</i>				
Short term deposits	29,629	26,754	28,680	26,167
Cash and bank balances	14,109	1,839	1,163	248
	43,738	28,593	29,843	26,415

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 1. Corporate information

The consolidated financial statements of Inch Kenneth Kajang Rubber Public Limited Company (“the Company”) and its subsidiaries (together “the Group”) for the year ended 31 December 2014 were authorised for issue by the Directors on 28 April 2015. 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) block rubber and property development. Further information on the Company’s subsidiaries is in note 15.

### 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 the European Union (“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 lands 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 Pounds Sterling at 31 December 2014 was £1: RM5.4454 (RM1: £0.1836) and 31 December 2013 was £1: RM5.4128 (RM1: £0.1847).

#### *Going concern*

During the year ended 31 December 2014 the Group made a loss of RM7.127 million (2013: loss of RM28.497 million) and at the year end date the Group had net current assets of RM240.735 million (2013: RM218.701 million) and net assets of RM702.794 million (2013: RM713.807 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.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 2. Accounting policies (continued)

#### 2.2 New IFRS Standards and Interpretations

The Group has adopted all relevant standards effective for accounting periods beginning on or after 1 January 2014 from the beginning of the reporting period.

As at end of the reporting period, the Group has not adopted the following standards as it is either not effective or not applicable to the Group's business.

#### Standards, amendments and interpretations

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) – EU effective date 1 February 2015, early adoption is permitted effective date 1 July 2014;
- Annual Improvements to IFRSs 2010-2012 Cycle (2013) – EU effective date 1 February 2015, early adoption is permitted effective date 1 July 2014;
- Annual Improvements to IFRSs 2011-2013 Cycle (2013) – EU effective date 1 February 2015, early adoption is permitted effective date 1 July 2014

#### Standards, amendments and interpretations (not yet endorsed by EU at 18 March 2015)

- IFRS 9 Financial Instruments (July 2014);
- IFRS 14 Regulatory Deferral Accounts (January 2014);
- IFRS 15 Revenue from Contracts with Customers (May 2014);
- Annual improvements to IFRSs 2012 – 2014 Cycle (September 2014);
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (September 2014);
- Amendments to IAS 27: Equity Method in Separate Financial Statements (August 2014);
- Amendments to IAS 16 and IAS 41: Bearer Plants (June 2014);
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (May 2014);
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (May 2014);
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (December 2014);
- Amendments to IAS 1: Disclosure Initiative (December 2014).

Except for those in issue but not yet adopted above that the Directors anticipate will have material effect on the reported income or net assets of the Group.

#### 2.3 Basis of consolidation and goodwill

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Company: has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its return.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with the Group's accounting policies.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 2. Accounting policies (continued)

#### 2.3 Basis of consolidation and goodwill (continued)

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 Group statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate, less any impairment in value.

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 Group statement of profit or loss 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 period end 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 profit or loss.

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 statement of financial position at cost, less any provision for impairment.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 2. Accounting policies (continued)

#### 2.5 Intangible assets

Intangible assets of the Group consist of computer software and are capitalised at their cost and are amortised through administrative expenses 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 revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period. 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 profit or loss. 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 profit or loss.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each period end date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the statement of profit or loss.

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

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 2. Accounting policies (continued)

#### 2.7 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 profit or loss.

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 2014 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.

#### 2.8 Investment property

Investment property consists of investment in building that is held for long-term rental yield and/or for capital appreciation and is not occupied by the Group.

Investment property is stated at cost less accumulated depreciation and impairment losses. Depreciation for investment property is calculated using the straight-line method to allocate their cost over their estimated economic lives as follows:

Leasehold building	remaining lease period
--------------------	------------------------

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Gains and losses on disposal are determined by comparing the net disposal proceeds with the carrying amount and are included in the profit or loss.

#### 2.9 Non-current asset held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale, which should be expected to qualify for recognition as a completed sale within a year from date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 2. Accounting policies (continued)

#### 2.10 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 the end of the reporting period, the Group had all of the above except for assets with fair value through profit or loss and held-to-maturity.

##### *Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intent and ability to hold the assets to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method less any impairment.

##### *Short term investments*

Short term investments are investments in unquoted unit trust with licensed investment banks. After initial recognition, short term investments are measured at fair value with gains or losses being recognised in other comprehensive income and accumulated under fair value adjustment reserve until the investment is derecognised or until the investment is determined to be impaired at which time the accumulate gain or loss previously reported in equity is included in the profit or loss. The fair value of the investments is measured at mark to market based on the net asset value at each reporting date.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost using the effective interest method less any impairment and are included in current assets, except for maturities greater than twelve months after the reporting period date. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the statement of financial position.

Interest income is recognised by applying the effective interest rate except for short-term receivables when the recognition of interest would be immaterial.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 2. Accounting policies (continued)

#### 2.10 Financial assets (continued)

##### *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 twelve months after the period end 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 assets. Investments are initially recognised at fair value plus transaction costs. Available-for-sale financial assets are subsequently carried at fair value with gains or losses being recognised in other comprehensive income and accumulated under investment revaluation reserve until the investment is derecognised or until the investment is determined to be impaired at which time the accumulate gain or loss previously reported in equity is included in the profit or loss. The fair value of investments that are traded in active market at the end of each reporting period is determined by reference to the relevant stock exchange's quoted market bid prices at the close of business on the reporting period date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

#### 2.11 Parent Company investments in subsidiaries and associates

The Parent Company's investments in subsidiaries and associated undertakings are included in the Company statement of financial position at cost less any provisions for impairments.

#### 2.12 Inventories

Inventories are being held at the lower of cost and net realisable value.

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

#### 2.13 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 an insignificant risk of changes in value. The amount in the statement of financial position is stated at cost, which is approximately equal to the fair value, and comprises cash in hand, cash at bank, short term deposits and short term investments.

#### 2.14 Impairment of non-current 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 profit or loss in those expense categories consistent with the function of the impaired asset.



# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 2. Accounting policies (continued)

#### 2.15 Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities include trade and other payables and bank borrowings.

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

All borrowings and overdrafts are recorded at the amount of the proceeds received, net of direct issue costs. Finance charges are charged to the statement of profit or loss on an accruals basis using the effective interest rate method.

Equity instruments are recorded at the fair value of the consideration received, net of direct issue costs.

#### 2.16 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.

Dividend income is recognised when the right to receive payments is established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's policy for recognition of revenue from operating leases is described in note 2.17 below.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 2. Accounting policies (continued)

#### 2.17 Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

##### *The Group as lessor*

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging as operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

##### *The Group as lessee*

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

#### 2.18 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 profit or loss in the period to which the contribution relates.

#### 2.19 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.

#### 2.20 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.

#### 2.21 Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 2. Accounting policies (continued)

#### 2.22 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 period end 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 period end 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.

#### 2.23 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 profit or loss.

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:

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### FOR THE YEAR ENDED 31 DECEMBER 2014

### 3. Significant accounting judgements and estimates (continued)

#### *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 RM4.5 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                            | 5.50% |
| • Terminal value equal to Price Earnings ratio | 18    |

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 RM2.086 million, being the difference between the carrying value and the market price at 31 December 2014.

#### *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 statement of profit or loss and the carrying values of the property, plant and equipment in the statement of financial position.

#### *Fair value measurements*

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. When measuring the fair value of an asset or a liability, the management uses market observable data as far possible. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are included in the relevant notes.

#### *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 2014 is RM Nil (2013: RM Nil) and the unrecognised tax losses as at 31 December 2014 is RM4,259,000 (2013: RM3,769,000) in respect of which the future economic benefit is uncertain. Further details are shown in note 8.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 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 2014, 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, sale of rooms 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.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

#### 4. Segmental information (continued)

The segment results for the year ended 31 December 2014 are as follows:

	Plantation RM'000	Tourism RM'000	Manufacturing RM'000	Others RM'000	Total RM'000
<b>Revenue</b>					
From external customers	696	8,396	14,385	162	23,639
<b>Segment revenues</b>	696	8,396	14,385	162	23,639
Finance income	-	183	-	4,576	4,759
Other gains and losses	-	(1)	12	413	424
Fixed assets written off	-	(123)	-	(12)	(135)
Share of loss of Cepco	-	-	-	(1,170)	(1,170)
Depreciation and amortisation	(32)	(1,101)	(149)	(374)	(1,656)
Provision for diminution in value of stocks	-	-	(925)	-	(925)
Impairment of Cepco	-	-	-	(4,500)	(4,500)
Tax expenses	-	(100)	-	(39)	(139)
Other expenses	(446)	(7,404)	(16,084)	(3,490)	(27,424)
<b>Segment profit/(loss)</b>	218	(150)	(2,761)	(4,434)	(7,127)
<b>Segment assets</b>	114,429	24,990	19,075	548,127	706,621
<b>Segment liabilities</b>	997	1,445	101	1,284	3,827
<b>Other disclosures</b>					
Investment in Cepco	-	-	-	20,142	20,142
Capital expenditure					
Tangible	22	692	32	1,237	1,983
Assets under construction	1,054	-	-	-	1,054
Intangible	9	-	-	-	9

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 4. Segmental information (continued)

The segmented 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
<b>Revenue</b>					
From external customers	1,199	7,843	4,848	183	14,073
<b>Segment revenues</b>	1,199	7,843	4,848	183	14,073
Finance income	-	92	-	5,044	5,136
Finance expenses	-	(1)	-	-	(1)
Other gains and losses	-	98	-	734	832
Share of profit of Cepco	-	-	-	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 Cepco	-	-	-	(17,590)	(17,590)
Tax expenses	-	(226)	-	(82)	(308)
Other expenses	(677)	(6,430)	(6,975)	(7,881)	(21,963)
<b>Segment profit/(loss)</b>	381	273	(9,417)	(19,734)	(28,497)
<b>Segment assets</b>	118,596	24,537	22,093	553,606	718,832
<b>Segment liabilities</b>	2,237	1,314	79	1,395	5,025
<b>Other disclosures</b>					
Investment in Cepco	-	-	-	25,812	25,812
Capital expenditure Tangible	4	460	11	289	764

### Geographic information

The Group operates in two principal geographical areas – Malaysia and Thailand.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets\* by location of assets are detailed below.

	Revenue from external customers		Non-current assets	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Malaysia	13,281	10,727	459,491	492,446
Thailand	10,358	3,346	2,583	2,675
	23,639	14,073	462,074	495,121

\* non-current assets for this purpose consist of property, plant and equipment, investment property and intangible assets.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

#### 4. Segmental information (continued)

##### Information about major customers

Included in revenues arising from manufacturing are revenues of approximately RM2.7 million (2013: RM0.7 million) which arose from sales to the Group's largest customer. No other single customers contributed 10% or more to the Group's revenue for both 2014 and 2013.

#### 5. Other income and other gains and losses

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Other income</b>				
Interest received *	3,523	-	3,523	-
Rebates from investment in unit trust	373	327	373	327
Sundry income	43	37	31	1,102
Rental income	207	207	-	-
Management fee to subsidiary	-	-	300	240
Gain on foreign exchange	1,122	-	-	-
Bad debt recovered	-	11	-	-
Insurance claim	7	-	-	-
Compensation received	175	14	175	14
	5,450	596	4,402	1,683

\* Interest received for late settlement by government on compulsory acquisition of the Company's land.

##### Other gains and losses

Gain on sale of assets	12	98	-	-
Gain on sale of investment	7	-	7	-
Realised gain on redemption of short term investments	405	734	406	734
	424	832	413	734



# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 6. Operating loss

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
The operating loss is stated after charging/(crediting):				
Auditors' remuneration:				
- Parent Company auditor	200	170	200	170
- Subsidiaries' auditor	93	101	-	-
Depreciation	1,648	2,086	24	135
Amortisation of intangible assets	8	8	7	7
Operating leases	565	357	360	204
Staff costs (note 10)	6,211	5,576	3,129	2,756
Bad debts written off	13	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	(64)	1,113	(64)	1,113
Fixed assets written off	135	-	12	-
Loss from diminution in value of stocks	925	2,639	-	-

The non-audit fees paid to the Company's external auditors amounted to RM28,240 for the financial year 2014 (2013: RM20,872).

Direct operating expenses from investment property that generated rental income for the Group during the financial year amounted to RM2,517 (2013: RM3,953).

### 7. Finance income and costs

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Finance income</b>				
Short term deposits	798	801	786	773
Short term investments	3,961	4,335	3,790	4,271
	4,759	5,136	4,576	5,044
<b>Finance costs</b>				
Finance lease charges	-	1	-	-

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 8. Taxation

The tax charge is made up as follows:

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
In Malaysia				
- Current taxation	180	296	-	-
- (Over)/under provision in respect of prior years	(41)	12	-	-
	139	308	-	-

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% (2013: 25%) as follows:

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Loss before taxation	(6,988)	(28,189)	(2,275)	(29,901)
Tax credit at standard corporation tax rate in Malaysia of 25% (2013: 25%)	(1,747)	(7,047)	(569)	(7,475)
<i>Tax effects of:</i>				
Expenses not deductible for tax purposes	2,219	6,977	1,556	8,170
Income not subject to tax	(1,464)	(1,109)	(1,061)	(1,080)
Utilisation of business losses	798	-	-	-
Temporary timing differences not recognised	374	1,475	74	385
(Over)/under provision in respect of prior years	(41)	12	-	-
Total tax charge for year	139	308	-	-

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### FOR THE YEAR ENDED 31 DECEMBER 2014

#### 8. Taxation (continued)

The estimated deferred tax assets at 25% (2013: 25%) not recognised in these financial statements are as follows:

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Arising from:				
Unused tax losses	4,259	3,769	3,965	3,491
Unutilised capital allowances	132	115	46	44
	<u>4,391</u>	<u>3,884</u>	<u>4,011</u>	<u>3,535</u>

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 RM17,036,000 (2013: RM15,076,000) 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, 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 at the end of reporting period, which is disclosed above, have been reduced correspondingly.

#### 9. Loss per share

The calculation of loss per share is based on the Group's loss for the year and the weighted average number of shares in issue after adjusting for movement in treasury shares during the financial year. There are no potential dilutive shares or share options outstanding and therefore, the diluted loss per share is the same as basic loss per share.

	2014	2013
Net loss attributable to the owners of the Company (RM'000)	(7,127)	(28,497)
Weighted average number of ordinary shares in issue after adjusting for movement in treasury shares [Number of shares ('000)]	403,209	404,480
Basic and diluted loss per share (Sen)	(1.77)	(7.05)

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 10. Employee information

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Staff costs comprises:				
Wages and salaries	5,819	5,240	2,975	2,635
Contribution to a statutory employees' provident fund	392	336	154	121
	6,211	5,576	3,129	2,756

The increase of Group wages and salaries in 2014 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	
	2014 Number	2013 Number	2014 Number	2013 Number
Plantation	20	20	20	20
Tourism	130	121	-	-
Manufacturing	36	32	-	-
Property development and leasing	4	2	-	-
Investment	2	2	2	2
	192	177	22	22

### 11. Directors' emoluments

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Directors' fees & allowances	193	193	193	193
Highest paid Director	46	47	46	47

The above emoluments are made up as follows:

	Basic Salary & Fees (RM)	Meeting Allowances (RM)	Total 2014 (RM)	Total 2013 (RM)
<b>Non-Executive Directors</b>				
Dato' Adnan bin Maaruf	40,000	6,000	46,000	47,000
Datuk Kamaruddin bin Awang	30,000	8,250	38,250	38,250
Dato' Haji Muda bin Mohamed	30,000	7,000	37,000	36,500
Dato' Tik bin Mustaffa	30,000	7,000	37,000	37,750
Dr. Radzuan bin A. Rahman	30,000	4,500	34,500	33,750
	160,000	32,750	192,750	193,250

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

## 12. Property, plant and equipment

Group	Freehold lands RM'000	Prepaid land and land improvements RM'000	Buildings RM'000	Assets under construction RM'000	Others RM'000	Total RM'000
<b>Cost or valuation</b>						
At 1 January 2013	406,079	3,567	50,670	-	11,451	471,767
Additions	-	-	82	-	682	764
Revaluations	24,800	-	-	-	-	24,800
Disposals	-	(1)	-	-	-	(1)
Exchange differences	-	(1)	(3)	-	(3)	(7)
At 1 January 2014	430,879	3,565	50,749	-	12,130	497,323
Additions	958	-	178	1,054	847	3,037
Revaluations	1,000	-	-	-	-	1,000
Transfer to investment property (note 13)	-	-	(100)	-	-	(100)
Transfer to assets held for sale (note 19)	-	-	(31,034)	-	(522)	(31,556)
Disposals	-	-	-	-	(3,870)	(3,870)
Exchange differences	15	25	128	-	190	358
At 31 December 2014	432,852	3,590	19,921	1,054	8,775	466,192
<b>Accumulated depreciation</b>						
At 1 January 2013	-	1,004	15,642	-	9,445	26,091
Charge for the year	-	51	1,438	-	597	2,086
Exchange differences	-	(1)	(6)	-	(5)	(12)
At 1 January 2014	-	1,054	17,074	-	10,037	28,165
Charge for the year	-	51	981	-	616	1,648
Transfer to investment property (note 13)	-	-	(28)	-	-	(28)
Transfer to assets held for sale (note 19)	-	-	(1,840)	-	(62)	(1,902)
On disposals	-	-	-	-	(3,735)	(3,735)
Exchange differences	-	24	124	-	184	332
At 31 December 2014	-	1,129	16,311	-	7,040	24,480
<b>Carrying amount</b>						
At 31 December 2014	432,852	2,461	3,610	1,054	1,735	441,712
At 31 December 2013	430,879	2,511	33,675	-	2,093	469,158

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 12. Property, plant and equipment (continued)

#### *Fair value measurement of the Group's and Company's freehold lands*

The Group's freehold lands are stated at their revalued amounts, being the fair value at the date of revaluation. In order to establish the 31 December 2014 valuation of the Group's freehold lands, valuations were obtained.

- On 19 January 2015 by Nilai Properties Consultants Sdn Bhd (V(1) 0065), an independent valuer not related to the Group, using the open market basis method. The total valuation of the land in Kajang and Bangi at 31 December 2014 remains the same with year 2013 at RM413.8 million. The Group's lands are currently being used for the Group's plantation activities for growing 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.
- On 11 January 2015, Azmi & Co Sdn Bhd (V(1) 0011), an independent valuer not related to the Group, has valued the freehold land at Mukim of Bukit Besar, Kuala Terengganu at RM19 million, using the open market basis method. There is a surplus of RM1 million as compared to the carrying amount of the land.

There is no indication of any significant difference between the carrying amount and market values of land and buildings shown above at 31 December 2014 except freehold lands which are held under Inch Kenneth Kajang Rubber Public Limited Company, Inch Kenneth Development (M) Sdn Bhd and Motel Desa Sdn Bhd. 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.

The fair values of all the freehold lands of the Group and Company are classified as Level 2. There were no transfers between Levels 1 and 2 during the year.

#### *Assets under construction*

This represents 22 units of low cost terrace houses under construction at Dunedin estate, Mukim of Semenyih. The total contract sum is approximate RM4 million. The construction is expected to be completed in second half of year 2015.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

## 12. Property, plant and equipment (continued)

Company	Freehold lands RM'000	Buildings RM'000	Assets under construction RM'000	Others RM'000	Total RM'000
<b>Cost or valuation</b>					
At 1 January 2013	101,000	477	-	916	102,393
Additions	-	-	-	4	4
Revaluations	9,000	-	-	-	9,000
At 1 January 2014	110,000	477	-	920	111,397
Additions	-	-	1,054	22	1,076
Revaluations	-	-	-	-	-
Disposals	-	-	-	(536)	(536)
At 31 December 2014	110,000	477	1,054	406	111,937
<b>Accumulated depreciation</b>					
At 1 January 2013	-	387	-	834	1,221
Charge for the year	-	90	-	45	135
At 1 January 2014	-	477	-	879	1,356
Charge for the year	-	-	-	24	24
On disposals	-	-	-	(523)	(523)
At 31 December 2014	-	477	-	380	857
<b>Carrying amount</b>					
At 31 December 2014	110,000	-	1,054	26	111,080
At 31 December 2013	110,000	-	-	41	110,041

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 13. Investment Property

Group	Leasehold building RM'000
<b>Cost</b>	
At 1 January 2013 and 1 January 2014	-
Transfer from property, plant & equipment	100
	100
At 31 December 2014	100
<b>Accumulated depreciation</b>	
At 1 January 2013 and 1 January 2014	-
Transfer from property, plant & equipment	28
	28
At 31 December 2014	28
<b>Carrying amount</b>	
At 31 December 2014	72
	72
At 31 December 2013	-
	-

Included in investment property is apartment at Amber Tower Seri Mas Condominium, Cheras, Kuala Lumpur.

The investment property is valued at cost less accumulated depreciation. The fair value of the investment property is estimated at RM0.3 million.

### 14. Intangible assets

#### Computer software and corporate website creation

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Cost</b>				
At 1 January	68	68	64	64
Additions	9	-	9	-
Disposals	(2)	-	(2)	-
At 31 December	75	68	71	64
<b>Accumulated amortisation</b>				
At 1 January	49	41	48	41
Amortisation for the year	8	8	7	7
On disposals	(2)	-	(2)	-
At 31 December	55	49	53	48
<b>Carrying amount</b>				
At 31 December	20	19	18	16



# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 15. Investment in subsidiaries

	COMPANY	
	2014 RM'000	2013 RM'000
<b>Cost</b>		
Shares in subsidiary undertakings	6,338	6,338
Provision for impairment loss on investment in subsidiary	(5,338)	(5,338)
Loans to subsidiary undertakings	237,085	221,046
Allowance for doubtful debts	(6,969)	(6,969)
	231,116	215,077

The loans to subsidiary undertakings are interest free and have no fixed repayment terms.

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	
				2014 %	2013 %
Inch Kenneth Hotels & Resorts (M) Sdn Bhd (255516V)	Malaysia	Investment holding	Ordinary shares	100	100
Perhentian Island Resort Sdn Bhd # (64619M)	Malaysia	Operation of tourist resort	Ordinary shares	100	100
Inch Kenneth Development (M) Sdn Bhd (278677K)	Malaysia	Property development and leasing	Ordinary shares	100	100
Inch Kenneth Trading (M) Sdn Bhd # (210154U)	Malaysia	Dormant	Ordinary shares	100	100
IKK Property (M) Sdn Bhd # (214229T)	Malaysia	Dormant	Ordinary shares	100	100
Inch Kenneth Plantations (M) Sdn Bhd (272393K)	Malaysia	Dormant	Ordinary shares	100	100
Inch Kenneth Sea Sports Adventure (M) Sdn Bhd # (311852T)	Malaysia	Dormant	Ordinary shares	100	100
IKK Rubber International (M) Sdn Bhd (815435K)	Malaysia	Trading of rubber blocks	Ordinary Shares	100	100
Supara Company Limited # (0105534058535)	Thailand	Manufacturing of rubber blocks	Ordinary Shares	100	100
Motel Desa Sdn Bhd # (26255A)	Malaysia	Operation of a motel	Ordinary shares	100	100
Inch Kenneth Tours (M) Sdn Bhd # (269399A)	Malaysia	Dormant	Ordinary shares	100	100

# These subsidiaries are held indirectly by the Company.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 16. Investments in associated undertaking

#### Group

The Group's investment in its associated undertaking represents a 22.40% (2013: 22.40%) interest in Concrete Engineering Products Berhad ("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:

	2014 RM'000	2013 RM'000
<b>Shares</b>		
At 1 Jan and 31 December	40,914	40,914
<b>Share of retained profits</b>		
At 1 January	12,013	11,454
Share of (loss)/profit	(1,170)	559
At 31 December	10,843	12,013
<b>Share of dividend</b>		
At 1 January	(1,104)	-
Share of dividend	-	(1,104)
At 31 December	(1,104)	(1,104)
<b>Impairment of goodwill</b>		
At 1 January	(26,011)	(8,421)
Impairment charge	(4,500)	(17,590)
At 31 December	(30,511)	(26,011)
<b>Carrying amount</b>	<b>20,142</b>	<b>25,812</b>

The Group's share of the net assets of Cepco is as follow:

	2014 RM'000	2013 RM'000
<b>Share of assets</b>		
Share of non-current assets	19,917	21,588
Share of current assets	21,195	19,570
	41,112	41,158
<b>Share of liabilities</b>		
Share of non-current liabilities	(2,122)	(2,544)
Share of current liabilities	(17,341)	(15,795)
	(19,463)	(18,339)
Share of net assets	21,649	22,819
Goodwill (net of impairment) arising on the acquisition of Cepco	(1,507)	2,993
Carrying value of Cepco	20,142	25,812

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 16. Investments in associated undertaking (continued)

#### Group (continued)

The Group's share of the results of Cepco is as follow:

	<b>2014</b> <b>RM'000</b>	<b>2013</b> <b>RM'000</b>
Share of revenue	37,616	41,043
Share of operating (loss)/profit	(286)	1,422
Share of finance costs	(641)	(698)
Share of taxation	(243)	(165)
Share of (loss)/profit which included in Group statement of profit or loss	(1,170)	559

Cepco's shares are quoted on the Bursa Securities and the market value of the Group's investment in Cepco at the end of reporting period was RM18.056 million (2013: RM18.256 million).

The financial year end for Concrete Cepco is 31 August while for the Group it 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 2014 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.

#### Company

The movement in the Company's investment in Cepco is as follows:

	<b>2014</b> <b>RM'000</b>	<b>2013</b> <b>RM'000</b>
<b>Cost</b>		
At 1 January and 31 December	40,236	40,236
<b>Accumulated impairment</b>		
At 1 January	17,590	-
Impairment charge	4,500	17,590
	22,090	17,590
<b>Carrying amount</b>	18,146	22,646

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 17. Available-for-sale investments

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Quoted shares:</b>				
At 1 January	61	58	19	15
Disposal of investments	(18)	-	(18)	-
Fair value adjustments	14	3	19	4
At 31 December	57	61	20	19

The above available-for-sale investments are stated at their fair values. The historical cost of the above investments of the Group is RM45.875 million and of the Company is RM45.785 million.

### 18. Goodwill

	GROUP	
	2014 RM'000	2013 RM'000
<b>At cost</b>		
At 1 January	4,573	4,504
Arising from acquisition of new subsidiary	-	69
At 31 December	4,573	4,573
<b>Accumulated impairment</b>		
At 1 January	(4,502)	-
Impairment charge	-	(4,502)
At 31 December	(4,502)	(4,502)
<b>Carrying amount</b>	71	71

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) during the financial year ended 31 December 2013.

### 19. Assets held for sale

The directors have intentions to dispose of a leasehold property with Lot No. 27327, Mukim Kuala Lumpur and a freehold property with Lot No. 46010, Mukim Kuala Lumpur in year 2015. At the end of the reporting period, the total estimated market value of the both properties is RM32 million and estimated cost to sell is RM0.950 million.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 20. Inventories

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Resort stores	57	40	-	-
Rubber blocks	3,353	17,936	-	-
	<u>3,410</u>	<u>17,976</u>	<u>-</u>	<u>-</u>

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 cost of rubber block recognised as an expense include RM0.925 million (2013: RM2.639 million) in respect of write down of rubber block to net realisable value.

### 21. Trade and other receivables

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade receivables	220	457	9	42
Other receivables and prepayments	42,776	29,046	109	862
Corporation tax recoverable	1,030	1,030	1,030	1,030
	<u>44,026</u>	<u>30,533</u>	<u>1,148</u>	<u>1,934</u>

Included in other receivables amount of approximate RM41 million (2013: RM27 million) are deposits paid for the proposed acquisition of various lands and buildings. Out of this, a deposit of approximately RM8.2 million was paid to a company where a key management personnel of the Group is a Director.

At 31 December 2014 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	15,679	15,916	9	42
Outside credit terms but not impaired:				
0-1 month	57	102	19	58
1-2 months	-	-	-	-
More than 2 months	27,260	13,485	90	804
	<u>42,996</u>	<u>29,503</u>	<u>118</u>	<u>904</u>

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

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 22. Short term investments

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Investments on unit trusts with:</b>				
Licensed investment banks	123,719	146,609	119,263	142,786

Unquoted unit trusts are measured at mark to market based on the net asset value at each reporting date. The time weighted rate of return of these investments at the reporting date were between 2.50% and 3.41% (2013: 2.50% to 3.67%).

### 23. Cash and cash equivalents

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash at bank	14,053	1,818	1,161	247
Cash in hand	56	21	2	1
Deposits with licensed banks	27,704	24,495	26,917	24,459
Investments with licensed banks	1,925	2,259	1,763	1,708
	43,738	28,593	29,843	26,415

The effective interest rates of deposits at the reporting date were between 1.5% and 3.25% (2013: 1.5% to 2.80%). Included in deposits with licensed banks is the short term deposits totalling to RM24,278 which was pledged with commercial banks as collateral for issuing letters of guarantee.

The investments with licensed banks 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.

### 24. Share capital

#### Group and Company

			2014 GBP'000	2013 GBP'000
	2014 RM'000	2013 RM'000	2014 GBP'000	2013 GBP'000
<b>Authorised</b>				
1,000,000,000 ordinary shares of 10p each			100,000	100,000
<b>Allotted, called up and fully paid</b>				
420,750,000 ordinary shares of 10p each	287,343	287,343	42,075	42,075

No ordinary shares were allotted during the year and the Company does not have any share options or share warrants in issue at 31 December 2014.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 25. Treasury shares

#### Group and Company

	2014		2013	
	Number of shares	Amount RM	Number of shares	Amount RM
At 1 January	17,540,800	15,979,529	3,264,800	2,726,885
Shares repurchased	-	-	14,276,000	13,252,644
At 31 December	17,540,800	15,979,529	17,540,800	15,979,529

The shareholders of the Company approved an ordinary resolution at the One Hundred and Fourth AGM held on 29 May 2014 for the Company to repurchase its own shares up to a maximum of 10% of the issued and paid-up capital of the Company ("Share Buy Back"). 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 did not repurchase any of its issued share capital. Pursuant to the provisions of Section 67A of the Companies Act, 1965 (the "Act"), the Company may either retain the repurchased shares as treasury shares or cancel the repurchased shares or a combination of both. The repurchased 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.

### 26. Trade and other payables

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade payables	102	175	22	51
Other payables	3,635	4,717	960	2,171
	3,737	4,892	982	2,222

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

### 27. Employee entitlements

Group and Company	Provision for employee entitlements RM'000
At 1 January 2014 and 31 December 2014	15

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 28. Financial instruments

#### 28.1 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.

#### 28.2 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

31 December 2014	Loans and receivables RM'000	Available- for-sale investment RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
<b>Financial Assets</b>				
Available-for-sale investments	-	57	-	57
Trade and other receivables	44,026	-	-	44,026
Short term investments	-	123,719	-	123,719
Cash and cash equivalents	43,738	-	-	43,738
	87,764	123,776	-	211,540
<b>Financial Liabilities</b>				
Trade and other payables	-	-	3,737	3,737
	-	-	3,737	3,737



# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2014

## 28. Financial instruments (continued)

### 28.2 Classification of financial instruments (continued)

#### Group

	Loans and receivables RM'000	Available- for-sale investment RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
<b>31 December 2013</b>				
<b>Financial Assets</b>				
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
<b>Financial Liabilities</b>				
Trade and other payables	-	-	4,892	4,892
	-	-	4,892	4,892

#### Company

	Loans and receivables RM'000	Available- for-sale investment RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
<b>31 December 2014</b>				
<b>Financial Assets</b>				
Available-for-sale investments	-	20	-	20
Trade and other receivables	1,148	-	-	1,148
Short term investments	-	119,263	-	119,263
Cash and cash equivalents	29,843	-	-	29,843
	30,991	119,283	-	150,274
<b>Financial Liabilities</b>				
Trade and other payables	-	-	982	982
	-	-	982	982
<b>31 December 2013</b>				
<b>Financial Assets</b>				
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
<b>Financial Liabilities</b>				
Trade and other payables	-	-	2,222	2,222
	-	-	2,222	2,222

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 28. Financial instruments (continued)

#### 28.3 Financial risk management objectives and policies

The Group's principal financial instruments consist of cash, short-term deposits and short 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 credit risk and market risk which include foreign exchange rates and equity prices. The Board reviews and agrees policies for managing each of these risks as and when they arise. Currently, the Group does not expose to interest rate risk and liquidity risk.

#### **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 RM211.5 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.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 28. Financial instruments (continued)

#### 28.3 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
<b>31 December 2014</b>		
Investment in Malaysia		
Market price increase by 10 percentage point	13,550	13,046
Market price decrease by 10 percentage point	(13,550)	(13,046)
<b>31 December 2013</b>		
Investment in Malaysia		
Market price increase by 10 percentage point	11,960	11,519
Market price decrease by 10 percentage point	(11,960)	(11,519)

##### 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.

#### 28.4 Fair values measurements

The fair values of financial assets and financial liabilities of the Group and the Company approximates to their carrying amounts, as disclosed in the statement of financial position 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 data (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 classified as Level 2 and Level 3 as at 31 December 2014.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 29. Related party transactions

Transactions within the Group have been eliminated in the preparation of the financial information set out in this report and are not disclosed in this note. Balance and transaction with other related parties are either disclosed under the relevant notes or disclosed below.

#### *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. The following table summarises compensation paid to key personnel:

	<b>GROUP AND COMPANY</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Short-term employment benefits	609	434

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

### 30. Commitments

#### **Financial commitment**

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

	<b>LAND AND BUILDINGS</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
Operating leases which expire:		
Within one year	340	340
<b>Company</b>		
Operating leases which expire:		
Within one year	240	240

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

#### **Capital commitment**

	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
Commitment for the construction of low cost houses in Dunedin estate	2,900	-
Acquisition of land in Sandakan	1,048	-

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 31. Control

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

### 32. Events after the balance sheet date

There were no material subsequent events since 31 December 2014 until 28 April 2015. The Directors proposed that a 2% interim dividend for the financial year ended 31 December 2014 be distributed to the shareholders during the year 2015. The interim dividend is under the single tier system of £0.002 per share, on 403,209,200 ordinary shares.

### 33. Realised and Unrealised Profits

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

	<b>As at 31 Dec 2014 RM'000</b>	<b>As at 31 Dec 2013 RM'000</b>
<b>Total Retained Profits of the Company and its subsidiaries:</b>		
- Realised	147,279	157,529
- Unrealised	(183)	(46)
	147,096	157,483
<b>Total share of Retained Profits from associated company:</b>		
- Realised	-	1,104
- Unrealised	(6,747)	(6,680)
	(6,747)	(5,576)
Less : Consolidation effects	(7,306)	(7,306)
<b>Total Group Retained Profit</b>	<b>133,043</b>	<b>144,601</b>

# ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2015

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	0.78	987	0.00
100 - 1,000	402	10.44	304,366	0.08
1,001 - 10,000	1,888	49.04	10,345,824	2.57
10,001 - 100,000	1,228	31.90	39,568,900	9.81
100,001 - less than 5% of issued shares	299	7.77	242,888,957	60.24
5% and above of issued shares	3	0.08	110,100,166	27.31
<b>Total</b>	<b>3,850</b>	<b>100.00</b>	<b>403,209,200</b>	<b>100.00</b>

\* 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. Maybank 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

# ANALYSIS OF SHAREHOLDINGS (cont'd)

AS AT 30 APRIL 2015

## C. THIRTY (30) LARGEST SHAREHOLDERS

Name	No of Shares	%
8. Kenanga Nominees (Tempatan) Sdn Bhd for Norazlina binti Awang	8,011,000	1.99
9. RHB Nominees (Tempatan) Sdn Bhd for Ng Ah Chai	7,660,100	1.90
10. Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Ng Ah Chai	7,617,700	1.89
11. RHB Capital Nominees (Tempatan) Sdn Bhd for Ng Ah Chai	6,596,300	1.64
12. Sumber Berkat Sdn Bhd	5,881,800	1.46
13. Norani binti Supar	5,628,000	1.40
14. Vidacos Nominees Ltd	5,610,000	1.39
15. Masmanis Sdn Bhd	5,413,100	1.34
16. JF Apex Nominees (Tempatan) Sdn Bhd for Ng Ah Chai	4,967,000	1.23
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. Chee Ah Kuan	3,513,300	0.87
21. Muhamad Faris bin Muhamad Fasri	3,394,500	0.84
22. Ahmad Anwar bin Mohd Nor	3,133,800	0.78
23. Concrete Engineering Products Berhad	3,055,600	0.76
24. Maybank Nominees (Tempatan) Sdn Bhd for Ng Ah Chai	3,000,000	0.74
25. Ambank (M) Berhad for Sumber Berkat Sdn Bhd	2,805,000	0.70
26. Affin Hwang Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Tan Chin Guan	2,652,000	0.66
27. Kenanga Nominees (Tempatan) Sdn Bhd for Ng Ah Chai	2,510,000	0.62
28. EB Nominees (Tempatan) Sendirian Berhad for Che Ismail bin Mohd	2,355,400	0.58
29. Khatijah binti Lebar	2,308,100	0.57
30. Alliancegroup Nominees (Tempatan) Sdn Bhd for Ng Ah Chai	2,226,400	0.55

# LIST OF PROPERTIES REGISTERED UNDER THE GROUP OF COMPANIES

AS AT 31 DECEMBER 2014

	<b>Leasehold/ Title Nos</b>	<b>Tenure</b>	<b>Existing Use</b>	<b>Land Area (Hectare)</b>	<b>Age of Property (Year)</b>	<b>Net Book Value 31/12/2014 (RM'000)</b>	<b>Date of Acquisition/ Last Revaluation</b>
1.	Lot Nos: 505, 626, 1005, 1091, 1204, 1910, 1912, 1940, 23800, 23801, 23802, 23803, 23804, 23805, 23807, 23806, 24375, 25269, 25270, 25272, 25273, 25275, 25278	Freehold	Oil Palm Plantation	138.57	99	302,758	Acquired on 24.03.1914 - 16.06.1916 and last revalued on 19.01.2015
	Kajang estate, Mukim of Semenyih, Daerah Ulu Langat, Selangor						
2.	Lot Nos: 540, PT 21625 PT 21630	Freehold	Oil Palm Plantation	61.89	99	110,000	Acquired on 24.03.1914 - 16.06.1916 and last revalued on 19.01.2015
	Dunedin estate, Mukim of Semenyih, Daerah Ulu Langat, Selangor						
3.	H.S.(D) 1470 PT Lot 354	Leasehold expiring in 2050	Resort Land and Buildings	9.9947	25	40	Acquired on 18.08.1990
	Mukim of Pulau Perhentian, Daerah Besut, Terengganu						
4.	Title No. 9654	Freehold	Factory and Office building	5.18	15	1,092	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	30	19,000	Acquired on 30.10.2009 and last revalued on 11.01.2015
	Mukim of Bukit Besar, Kuala Terengganu						



# LIST OF PROPERTIES REGISTERED UNDER THE GROUP OF COMPANIES (cont'd)

AS AT 31 DECEMBER 2014

	<b>Leasehold/ Title Nos</b>	<b>Tenure</b>	<b>Existing Use</b>	<b>Land Area (Hectare)</b>	<b>Age of Property (Year)</b>	<b>Net Book Value 31/12/2014 (RM'000)</b>	<b>Date of Acquisition/ Last Revaluation</b>
6.	15-06A Amber Tower Seri Mas Condominium Batu 3 ½ Cheras 56000 Kuala Lumpur	Leasehold expiring in 2085	Apartment	91sq. m.	20	72	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.	18	20,332	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.	2.5	8,863	Acquired on 23.08.2012
	Mukim of Kuala Lumpur, Wilayah Persekutuan						
9.	H.S.(D) 22923 Bandar Port Swettenham	Leasehold expiring in 2088	Leasehold Land	902.4195sq. m.	25.5	2,418	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 Fifth Annual General Meeting of the Company will be held at Bilik Perdana, Dewan Perdana Felda, Jalan Maktab, Off Jalan Semarak, 50400 Kuala Lumpur on Tuesday, 16 June 2015 at 10.00 a.m. for the following purposes:

- |    |  |              |
|----|--|--------------|
| 1. | To receive and adopt the financial statements for the year ended 31 December 2014 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 2014.   | Resolution 2 |
| 3. | To re-elect Dato' Tik bin Mustaffa 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 and Recommendations 3.2 and 3.3 of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"): |              |
|    | (a) Dato' Adnan bin Maaruf   | Resolution 5 |
|    | (b) Dato' Haji Muda bin Mohamed  | Resolution 6 |
|    | (c) Dr. Radzuan bin A. Rahman  | Resolution 7 |
| 6. | <b>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</b>  | 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.

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

### 7. **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 Malaysia Securities Berhad (“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 30 April 2015);
- (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 2014 of RM154,931,424 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 17 December 2016 (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  
25 May 2015

# NOTICE OF ANNUAL GENERAL MEETING (cont'd)

## NOTES:

### Appointment of Proxy

1. A member of the Company entitled to attend and vote is entitled to appoint a proxy or proxies, with a maximum of two (2), 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 105th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors ("ROD") as at 10 June 2015. Only a depositor whose name appears on the 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

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

The re-election of Dato' Tik bin Mustafa is pursuant to Article 86 of the Articles of Association of the Company.

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

## AS SPECIAL BUSINESS

### 8. Resolutions 5, 6 and 7 – Re-appointment of Directors Pursuant to Section 129(6) of the Malaysian Companies Act 1965

The Board of Directors has vide the Nomination Committee recommendations, and decided that the Directors who retire pursuant to Section 129(6) of the Malaysian Companies Act 1965 at the 105th AGM are eligible to stand for re-appointment based on their assessment. Their profiles are referred to on pages 5 to 7 of the Annual Report.

Dato' Adnan bin Maaruf, Dato' Haji Muda bin Mohamed and Dr. Radzuan bin A. Rahman had abstained from deliberations and decisions of the Board on their respective re-appointment. The Board felt that they have satisfactorily demonstrated their independence and free from any business which could interfere with 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 seventy (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-fourths (3/4) of such members as being entitled to vote in person or by proxies at the 105th AGM.
- (ii) The re-appointment of Dato' Haji Muda bin Mohamed, a person over the age of seventy (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 105th AGM.

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

- (iii) The re-appointment of Dr. Radzuan bin A. Rahman, a person over the age of seventy (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 7 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 105th AGM.

Although 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, the justifications for the retention of Dato' Adnan bin Maaruf, Dato' Haji Muda bin Mohamed, and Dr. Radzuan bin A. Rahman to continue serving the Company as Independent Directors are:

- (a) They have met the independence guidelines as set out in Chapter 1 of Bursa Securities Listing Requirements and are therefore able to give independent opinion to the Board.
- (b) Being Directors for more than nine (9) years have enabled them to contribute positively during deliberations or discussions at meetings as they are familiar with the operations of the Company and possess tremendous insight and knowledge of the Company's activities.
- (c) They have contributed sufficient time and exercised due care during their tenure as Independent Non-Executive Directors.
- (d) They have discharged their duties professionally with reasonable skill and competence, bringing independent judgements into the Board's decision.
- (e) They have vigilantly safeguarded the interests of the minority shareholders of the Company.
- (f) They have the calibre, qualifications, experiences and personal qualities to challenge management in an effective and constructive manner.
- (g) They have never compromised on their independent judgement.

### 9. **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 104th AGM held on 29 May 2014 and which will lapse at the conclusion of the 105th 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.

### 10. **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 25 May 2015 which is enclosed together with the Annual Report.

**INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (990261M)****PROXY FORM**

CDS Account 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 105th Annual General Meeting of the Company to be held at Bilik Perdana, Dewan Perdana Felda, Jalan Maktab, Off Jalan Semarak, 50400 Kuala Lumpur on Tuesday, 16 June 2015 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 Dato' Tik bin Mustafa		
4.	Re-appoint Messrs UHY Hacker Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration		
5(a).	<b>SPECIAL BUSINESS – ORDINARY RESOLUTION 5</b> To re-appoint Dato' Adnan bin Maaruf		
5(b).	<b>SPECIAL BUSINESS – ORDINARY RESOLUTION 6</b> To re-appoint Dato' Haji Muda bin Mohamed		
5(c).	<b>SPECIAL BUSINESS – ORDINARY RESOLUTION 7</b> To re-appoint Dr. Radzuan bin A. Rahman		
6.	<b>SPECIAL BUSINESS – ORDINARY RESOLUTION 8</b> 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		
7.	<b>SPECIAL BUSINESS – ORDINARY RESOLUTION 9</b> 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.

\_\_\_\_\_  
 Signature/Seal of Shareholder(s)

Dated this day \_\_\_\_\_ of \_\_\_\_\_ 2015

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, with a maximum of two(2), 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 (KH)

Jalan Sultan Ismail

50250 Kuala Lumpur

Malaysia

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