

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY

(990261M)

Incorporated in Scotland

108

**YEARS OF
ESTABLISHMENT**



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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 Mustafa
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 Mustafa
Member

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Tik bin Mustafa
Independent Non-Executive
Director

COMPANY SECRETARY

Lee Thai Thye
(LS 0000737)

REGISTERED OFFICE IN UNITED KINGDOM

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

PRINCIPAL OFFICE IN MALAYSIA

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Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia
Tel : 603-2144 4446
Fax : 603-2141 8463

BUSINESS OFFICE

26th Floor Menara Promet (KH)
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50250 Kuala Lumpur
Malaysia
Tel : 603-2144 4446
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PRINCIPAL REGISTRAR IN UNITED KINGDOM

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Bristol BS99 7NH
United Kingdom
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Fax : 44 0870 703 6101

REGISTRAR IN MALAYSIA

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Fax : 603-2141 9650

UNITED KINGDOM COMPANY NUMBER

SC007574

MALAYSIA COMPANY NUMBER

990261M

WEBSITE

www.ikkr.com.my

AUDITORS

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Quadrant House
4 Thomas More Square
London E1W 1YW
United Kingdom

PRINCIPAL BANKERS

Bank Islam Malaysia Berhad
AmFunds Management Berhad
Agrobank Berhad
CIMB Bank Berhad
Affin Hwang Asset Management
Berhad

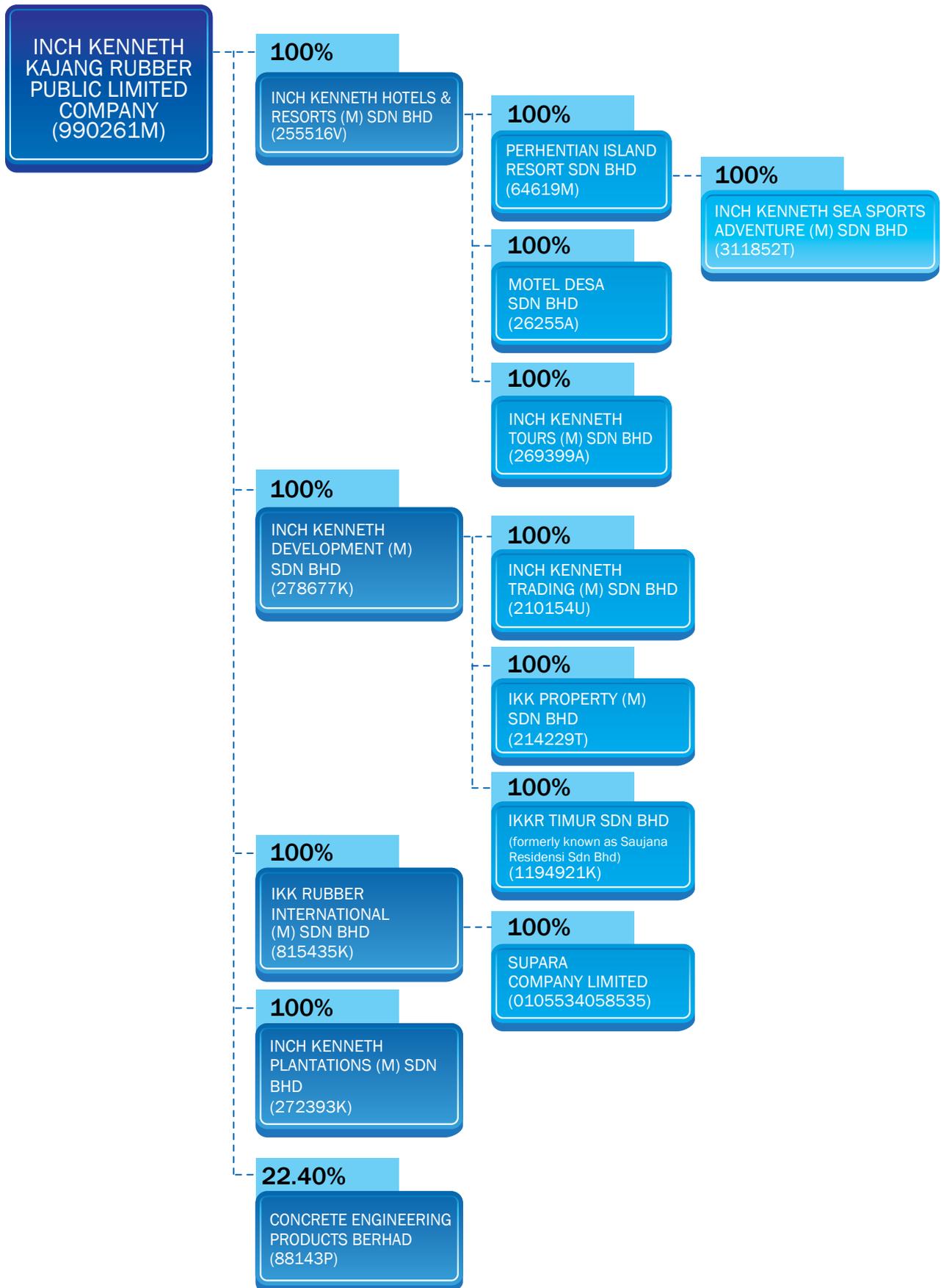
STOCK EXCHANGE LISTINGS

Bursa Malaysia Securities Berhad
Main Market
Stock Code : 2607
Stock Name : IncKen

Singapore Exchange Securities
Trading Limited

CORPORATE STRUCTURE

As at 31 December 2017



HUSSAIN AHMAD BIN ABDUL KADER
(Group Chief Operating Officer)

DATO' TIK BIN MUSTAFFA

LEE THAI THYE
(Company Secretary)

DATO' ADNAN BIN MAARUF

DATO' HAJI MUDA BIN MOHAMED

DR. RADZUAN BIN A. RAHMAN

DATUK KAMARUDDIN BIN AWANG



BOARD OF DIRECTORS' PROFILES

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 2017.

He has had no convictions for any offences within the past five (5) years.



DATO' ADNAN BIN MAARUF

Independent Non-Executive Director
Chairman
Malaysian, aged 74

BOARD COMMITTEE MEMBERSHIP

- Member of Nominating Committee

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- None

Datuk Kamaruddin bin Awang was appointed to the Board on 17 July 2009.

He obtained his Bachelor of Commerce and Administration from Victoria University of Wellington, New Zealand, in 1973. He is a member of the Institute of the Chartered Accountants of New Zealand and Institute of Chartered Secretaries & Administrators, United Kingdom, since 1977. 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 2017.

He has had no convictions for any offences within the past five (5) years.



DATUK KAMARUDDIN BIN AWANG

Independent Non-Executive Director
Malaysian, aged 69

BOARD COMMITTEE MEMBERSHIP

- Chairman of Audit Committee
- Member of Remuneration Committee

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- None

BOARD OF DIRECTORS' PROFILES

(cont'd)



DATO' HAJI MUDA BIN MOHAMED

Independent Non-Executive Director
Malaysian, aged 73

BOARD COMMITTEE MEMBERSHIP

- Chairman of Remuneration Committee
- Member of Audit Committee

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- None

Dato' Haji Muda bin Mohamed was appointed to the Board on 15 February 2000.

He graduated with a Diploma in Civil Engineering and subsequently a Bachelor of Science, Civil Engineering Degree from University of Westminster, United Kingdom. A Fellow in the Institution of Engineers Malaysia, he started his career as an engineer in two Government agencies and an international oil company. After thirteen (13) years, he joined Sime UEP Properties Bhd and left ten (10) years later after becoming its Operation Director. He then went on to TTDI Development Sdn Bhd, and left seven (7) years later 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 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 2017

He has had no convictions for any offences within the past five (5) years.



DATO' TIK BIN MUSTAFFA

Independent Non-Executive Director
Malaysian, aged 72

BOARD COMMITTEE MEMBERSHIP

- Chairman of Nominating Committee
- Member of Audit Committee

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- None

Dato' Tik bin Mustaffa was appointed to the Board on 6 July 2012.

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

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 2017.

He has had no convictions for any offences within the past five (5) years.

BOARD OF DIRECTORS' PROFILES

(cont'd)

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 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 2017.

He has had no convictions for any offences within the past five (5) years.



DR. RADZUAN BIN A. RAHMAN

Independent Non-Executive Director
Malaysian, aged 74

BOARD COMMITTEE MEMBERSHIP

- Member of Nominating Committee
- Member of Remuneration Committee

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- Idaman Unggul Berhad
- Kulim (Malaysia) Berhad

PROFILE OF KEY MANAGEMENT PERSON

Encik Hussain Ahmad bin Abdul Kader was appointed to the current position in 2004.

He graduated from University Utara Malaysia (UUM) with a Bachelor of Accounting (Honours) Degree. He was an apprentice at Lim, Ali & Co (Arthur Young), Ipoh, and Azwan, Wong, Salleh & Co, Kuala Lumpur. He started his career with Ernst & Whinney, Kuala Lumpur, in 1989 (now known as Ernst & Young) for five (5) years until 1994. Thereafter he joined Inch Kenneth Kajang Rubber Public Limited Company as the Investment Development Manager. He is also a Member of the Malaysia Institute of Accountants since 1992 and the Malaysia Institute of Taxation since 1994.

He does not have any family relationship with any Director and/or major shareholder of the Company and except for the transaction mentioned in Note 20 where he is the Independent Director, there is no business arrangement with the Company in which he has a personal interest.

He has had no convictions for any offences within the past five (5) years



HUSSAIN AHMAD BIN ABDUL KADER

Group Chief Operating Officer
Malaysian, aged 54

DIRECTORSHIPS IN PUBLIC COMPANIES

- None



CHAIRMAN'S STATEMENT

On behalf of the Board of Inch Kenneth Kajang Rubber Public Limited Company, I present herewith the One Hundred and Eighth Annual Report and Financial Statements of the Company and the Group for the financial year ended 31 December 2017.

DIVIDENDS

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

PERFORMANCE REVIEW

During the financial year under review, the Group recorded a revenue of RM15.839 million and a loss after tax of RM14.748 million compared to a revenue of RM10.834 million and a post-tax loss of RM3.741 million for the previous year. The increase in Group's turnover by RM5.0 million is mainly due to the higher bookings received from the travel agents and online travel agents by the tourism division and from the higher sales of the rubber blocks during the financial year under review.

The plantation division recorded a lower revenue at RM0.181 million (2016: RM0.266 million) due to the decline in production of fresh fruit bunches ("FFB") by 34% to 315 tonnes (2016: 481 tonnes). Revenue from the Group's tourism division increased by 26.4% to RM10.611 million from RM8.395 million in 2016 due to higher bookings received.

Included in the above results for the financial year under review was a share of loss after taxation of RM0.73 million versus share of loss after taxation of RM0.17 million in 2016 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 slower offtake in the overseas projects. As such, there was an impairment of RM9.595 million to reflect the lacklustre performance of Cepco.

Overall, the total performance of the Group was mainly affected by the impairment in Cepco.

CORPORATE DEVELOPMENT

The shareholders of the Company had approved an ordinary resolution at the One Hundred and Seventh Annual General Meeting ("107th AGM") held on 23 May 2017 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 2017, 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.

During the year, the Company delisted its shares from the London Stock Exchange on 6 November 2017.

FUTURE OUTLOOK

The Master Plan to develop the land bank in Kajang, totalling approximately 140 hectares has been submitted to Jabatan Alam Sekitar, Lembaga Lebuhraya Malaysia and Jabatan Kerja Raya. We have obtained their conditional approval and comments.

We are certain that this township will impact positively to the socio-economic condition of the South Greater Klang Valley region.

On the tourism division, as expected, revenue increased in 2017. Based on this, at operating level, we expect the performance of the Group to be at least as satisfactory as in 2017. We anticipate that 2018 will see even more tourists coming to the resort.

APPRECIATION

On behalf of the Board, I wish to express my appreciation to all our customers, shareholders, business partners, bankers and government authorities for their continued support and encouragement during the year.

Special thanks also go to the management and staff. Your invaluable efforts and firm dedication to the Group are truly appreciated. We are confident that greater success is in the pipeline.

I would also like to take this opportunity to offer my personal gratitude to my fellow Board members for their continuous commitment and guidance.

DATO' ADNAN BIN MAARUF
Chairman

30 April 2018

STRATEGIC REPORT

REVIEW AND PERFORMANCE OF THE BUSINESS

The Group's principle activities remain unchanged throughout the year 2017. 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 2017 is as follows:

	Hectares	
	2017	2016
Oil Palm (Mature)	190	177
Roads, buildings, gardens, nurseries and wasteland	12	12
Total	202	189

The yields from the plantation activity for the year ended 31 December 2017 are as follows:

Harvested crops	Fresh fruit bunches
2017 (tonnes)	315
2016 (tonnes)	481

TOURISM

In Terengganu, the hotels within the Group recorded higher revenue due to more bookings received during the year, consequent to the marketing efforts done during the year.

MANUFACTURING

During the year, the sales from our rubber manufacturing subsidiary in Thailand were much higher at RM4.917 million (2016: RM2.049 million). This was mainly due to the higher demand from our customers in Europe.

OVERALL

Overall, the Group's revenue was RM15.839 million for the year ended 31 December 2017 as compared to RM10.834 million in the preceding year, increase of 46.1%, mainly due to the higher bookings received by the tourism division and higher sales of the rubber blocks during the financial year under review.

The Group's results after tax decreased from a loss of RM3.741 million to a loss of RM14.748 million, or a loss per share of RM0.037 (2016: loss per share of RM0.0093). The higher loss was due principally to the impairment provided for our investment in Cepco of RM9.595 million.

With this result, the Group's Net Tangible Assets is now RM637.235 million (2016: RM636.441 million) or RM1.58 (2016: RM1.58) per share, which is calculated after deducting the shares that were bought back. During the financial year ended 31 December 2017, 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 2017.

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 2017 financial year was RM36.919 million (2016: RM27.130 million).

At 31 December 2017, the Group had total assets of RM725.556 million compared to RM720.124 million in 2016. The Group's total liabilities stood higher at RM88.321 million compared to RM83.683 million at the prior year end. The resulting net assets were RM637.235 million at 31 December 2017 (2016: RM636.441 million). The current ratio is now at 31.4 (2016: 17.3).

Thus as a going concern, the Group is in quite a healthy position.

RESULTS AND DIVIDENDS

The Group's results for the year are set out on page 44. The Group's loss attributable to shareholders of the Company for the financial year ended 31 December 2017 amounted to RM14.748 million (2016: loss of RM3.741 million).

On 16 May 2017, the Directors approved and declared a 2% interim dividend for the financial year ended 31 December 2016. The total amount of RM4.476 million was paid on 16 June 2017. The interim dividend was under the single tier system of RM0.0111 per share, on 403,209,200 ordinary shares. A dividend of 2% is proposed for the financial year ended 31 December 2017.

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 PROJECTS

The Master Plan to develop the land bank in Kajang, totalling approximately 140 hectares is completed and has been submitted to Jabatan Alam Sekitar, Lembaga Lebuhraya Malaysia and Jabatan Kerja Raya. We have received their conditional approval and comments. We are certain that this township will impact positively to the socio-economic condition of the South Greater Klang Valley region.

On the tourism division, as expected, revenue increased in 2017. We anticipate that 2018 will see even more tourists coming to the resort.

The statements above comply with Practice 1.1 of the Malaysian Code on Corporate Governance 2017.

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.

STRATEGIC REPORT

(cont'd)

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 general global and regional economic downturns, uncertainties from terrorism activities and war, socio-political instability, a decrease in demand or an oversupply of hotel and resort rooms, an increase in the operating costs due to inflation and other factors such as energy and labour costs, labour supply shortages, changes in credit conditions, changes in customers' preferences and the collectability of debts.

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

Kuala Lumpur, Malaysia
30 April 2018

DATUK KAMARUDDIN BIN AWANG
Director

CORPORATE SOCIAL RESPONSIBILITIES

The Group's performances are also measured by its contribution to people and environment. We have therefore integrated our business activities to benefit our employees and the surrounding society.



At Perhentian Island Resort ("PIR"), we place high importance in sustaining good environmental care aspects in order to preserve the natural beauty of the corals and protect all marine life. The cleanliness of the beach and sea water has always been of serious concern. Efforts have also been made to best retain the surrounding rainforest and its inhabitants.



Guests' overall satisfaction is also our main priority. We provide interesting holiday packages with newly refurbished rooms, delicious cuisine choices and fun land and water activities.



In July 2017, PIR supported the event of planting corals in the waters around the island organised by the Society of People Support People Malaysia (PSP) - a charitable non-governmental organisation. The participants included thirty handicapped divers, and thirty-five volunteer divers from several countries around the world. The event, held annually at different states aims to offer people with special needs to experience the freedom of movement underwater. PIR is proud of its abundance of refreshing choices for relaxation and recreation which most of them are disabled friendly.

CORPORATE SOCIAL RESPONSIBILITIES

(cont'd)

At Supara Company Limited (“Supara”), we have been consistent in our efforts to establish a conducive working environment for the employees and make initiatives towards the surrounding social responsibilities.

The health of Supara’s employees in both physical and spiritual aspects is always a great concern. We prohibit smoking and drinking at the factory premises and carry out Internal Quality Audit and practice the procedures set by the authorities. We take steps to reduce wastage and pollution and ensure that no contamination occurs during the discharge of our waste products. As dengue fever has been a public health problem in Thailand, the control process of eliminating the breeding sites of Aedes Aegypti mosquitoes has to be continuously carried out in our grounds and the surrounding communities.



Mosquito larvae removal with the Takua Pa Public Health Office



Cleaning programme at the Thai Tsunami Victim Repatriation Centre and Cemetery



Supara also makes a constant practice of participating with other organisations such as Bang Muang Subdistrict Administrative Organisation, Takuapa Municipalities and several hotels in Khao Lak on Children’s Day activities. Some of these children are of our descendants who in future would become good contributors and entitled to have a good quality of life. We have also been involved in school development projects such as the general upkeep and providing meals for students.



Providing gifts on Children’s Day



Tree planting and general cleaning of school



At the Group level, employees are viewed as the key assets for its growth and also the main drivers of strength to each respective company. We provide a favourable working environment, accommodations and necessary facilities for resort, factory and estate employees. They are given adequate medical and health insurance benefits. The Group also encourages good social interactions among employees by organising outdoor activities for them.



Head office staff outdoor activities



Estate workers residences

CORPORATE SUSTAINABILITY STATEMENT



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

a) Reduces 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 at Supara and using solar heaters at PIR.



b) Maintains 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. At PIR, we use underground water supply to nurture plants and clean the surroundings.

c) Encourages paperless operations within the Group. All staffs are advised to use electronic mails and keeping documents in softcopies.



d) Uses more energy saving LED lights.

e) Develops our resort based on the original environment and enhances the landscape by planting lush tropical vegetation where appropriate.

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

g) Ensures that all water discharged from the business activities are properly filtered before it goes to the main drainage system.



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 practices and complied with the Malaysian Code on Corporate Governance 2017 (“MCCG 2017”) except where stated otherwise.

BOARD OF DIRECTORS

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 Practice 2.1 of the MCCG 2017. The following paragraphs detail out the charter. The Board recognises the importance of the Board Charter and will adhere to it and will take steps to enhance the Board Charter from time to time.

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. Four of them have experiences relating to the plantation, tourism and property sectors which are the main business drivers of the Group. 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 a 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 Practice 1.3 of the MCCG 2017, the positions of Chairman and Chief Operating Officer are held by different individuals. In accordance with Practice 4.1 of the MCCG 2017, the Board must comprise a majority of Independent Directors. The Chairman of the Board is Dato’ Adnan bin Maaruf.

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. Thus, the Board is still looking for a female Director who will be able to complement the current representation.

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

Company Secretary

The Company Secretary plays an advisory role to the Board in relation to the Company’s constitution, the Board’s policies and procedures, and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretary is suitably qualified, competent and capable of carrying out the duties required and has attended trainings and seminars conducted by relevant regulatory to keep abreast with the relevant updates on statutory and regulatory requirements and updates on the Main LR of Bursa Securities and the Malaysian Companies Act 2016 (“the Act”).

Deliberations during the Board and Committee Meetings were properly minuted and documented by the Company Secretary.

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 is required to commit their time in order to have an effective working partnership with the management in establishing the strategic direction and goals and in monitoring its achievement. This complies with Practice 1.1 of the MCCG 2017.

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.

The Board delegates specific powers and responsibilities to three (3) Board Committees namely, Audit, Nominating and Remuneration Committees, and the day to day operation matters to the management headed by the Group Chief Operating Officer.

Whistle-Blower Policy

The Board has also adopted Whistle-Blowing Policies and Procedures, which outline when, how and to whom a concern may be properly raised about the actual or potential corporate fraud or breach of regulatory requirements involving employees, Management or Director in the Group. The Board is aware of the need for adherence to the Company's policies and employees in the Group respectively and will take measures to put in place a process to ensure its compliance.

Appointments to the Board

Appointment to the Board is based on the recommendations of the Nominating Committee established by the Board. This includes subsidiary companies. The Nominating Committee considers the required mix of skills and experience the Directors should bring to the Board in making these recommendations. The Nominating 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 Nominating Committee also reviews 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.

Re-election

All Directors appointment to the Board are subject to the rules and regulations of the Act 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 Annual General Meeting ("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.

The names of the Directors of the Company who are seeking re-election or re-appointment at the 108th AGM of the Company to be held on 7 June 2018 as per set out in the Notice of AGM are as follows:

DIRECTORS STANDING FOR RE-ELECTION AT THE ONE HUNDRED AND EIGHTH ANNUAL GENERAL MEETING ("108th AGM")

Pursuant to Article 86:
Dato' Tik bin Mustaffa
Dr. Radzuan bin A. Rahman

CORPORATE GOVERNANCE

(cont'd)

Special Business

Pursuant to Practice 4.2 of the MCCG 2017:

Dato' Adnan bin Maaruf

Dato' Haji Muda bin Mohamed

Dr. Radzuan bin A. Rahman

Tenure of Independent Directors

In accordance with Practice 4.2 of the MCCG 2017, Directors will remain independent for a period of up to nine (9) years. As such, the Board will recommend to retain those Directors who have exceeded nine (9) years and shall seek shareholders' approval at the forthcoming AGM. The recommendation for the extension is detailed out in the Notice of AGM on page 89.

Supply of Information

The Board meets on a quarterly basis with additional meetings held whenever necessary. There were six (6) Board of Directors meetings held during the financial year ended 31 December 2017 and the details of attendance are set out as follows:

Name of Directors	No. of Meetings Attended
Dato' Adnan bin Maaruf	6/6
Datuk Kamaruddin bin Awang	6/6
Dato' Haji Muda bin Mohamed	6/6
Dato' Tik bin Mustafa	6/6
Dr. Radzuan bin A. Rahman	6/6

All meetings were held at 26th Floor Menara Promet (KH), Jalan Sultan Ismail, 50250 Kuala Lumpur.

The Company Secretary was present at all Board meetings stated above, in accordance with Practice 1.4 of the MCCG 2017.

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

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

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

Directors' Training

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

The Board receives 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.

CORPORATE GOVERNANCE

(cont'd)

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:

Directors	Seminar Title	Date
Dato' Adnan bin Maaruf	CG Breakfast Series for Directors Leading Change @ The Brain	5 December 2017
Datuk Kamaruddin bin Awang	Conversation with Audit Committee	14 November 2017
Dato' Haji Muda bin Mohamed	Implementing the Companies Act 2016 & The Malaysian Code of Corporate Governance 2017 – What Every Director Need to Know	5 December 2017
Dato' Tik bin Mustaffa	Key Offences under Companies Act 2016	20 November 2017
Dr. Radzuan bin A. Rahman	CG Breakfast Series for Directors Leading Change @ The Brain	5 December 2017

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 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 reports 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:

- a) Reviewed the Group's quarterly and annual financial statements before announcing to Bursa Securities and Singapore Stock Exchange Securities Trading Limited ("SGX-ST");
- b) 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;
- c) 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
- d) 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 Practice 9.1 of the MCCG 2017.

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

Nominating Committee

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

Dato' Tik bin Mustafa
Chairman, Independent Non-Executive Director

Dato' Adnan bin Maaruf
Member, Independent Non-Executive Director

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

The functions of the Nominating Committee include:

- a) Assesses the effectiveness of the Board and the contribution of each individual Director;
- b) Assesses the size of the Board and reviews the mix of skills and experience and other qualities required by the Board to function completely and efficiently;
- c) Assesses and recommends new nominees for appointment to the Board and to the Boards of the Group's subsidiary companies;
- d) Assesses the independence of Independent Directors for recommendation to the shareholders for approval at the Company's general meeting.

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

The Nominating Committee has met six (6) times during the financial year ended 31 December 2017 to review all the Directors who are due for re-election and re-appointment at the Company's AGM, and to deliberate and nominate Directors to attend seminars.

Remuneration Committee

The Remuneration Committee was established on 20 February 2003.

The members of the Remuneration Committee are:

Dato' Haji Muda bin Mohamed
Chairman, Independent Non-Executive Director

Datuk Kamaruddin bin Awang
Member, Independent Non-Executive Director

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

The Remuneration Committee has met once (1) during the financial year ended 31 December 2017.

CORPORATE GOVERNANCE

(cont'd)

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 Practice 7.1 of the MCCG 2017.

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

There were no performance-related bonuses or other benefits given to any of the Directors during the 2017 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. During the 107th AGM, except for 0.03% of the total attendees, all other shareholders unanimously voted "FOR" and approved the payment for Directors' fees in respect of the year ended 31 December 2016.

The Committee has not set any policy on the Directors' Remuneration until the Group's Business Plan has been fully implemented.

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 Fund, in 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 2017.

DISCLOSURE – INFORMATION SUBJECT TO AUDIT

During the year ended 31 December 2017, none of the Directors had any interests in the shares of the Company or Group undertakings.

The Directors' total remuneration comprises the following:

	Basic Salary & Fees (RM)	Meeting Allowances (RM)	Total 2017 (RM)	Total 2016 (RM)
Non-Executive Directors				
Dato' Adnan bin Maaruf	40,000	6,000	46,000	46,000
Datuk Kamaruddin bin Awang	30,000	8,250	38,250	36,750
Dato' Haji Muda bin Mohamed	30,000	7,000	37,000	37,000
Dato' Tik bin Mustafa	30,000	7,000	37,000	37,000
Dr. Radzuan bin A. Rahman	30,000	4,500	34,500	34,500
	160,000	32,750	192,750	191,250
Staff cost (Note 10)			6.4 million	6.1 million
Directors' fees (%)			3.0%	3.1%
Dividend paid (page 48)			4.5 million	4.7 million
Directors' fees (%)			4.3%	4.1%

CORPORATE GOVERNANCE

(cont'd)

Senior Management Remuneration

Practice 7.2 of MCCG 2017 states that the Company should disclose on a named basis the top five (5) Senior Management's remuneration component including salary, bonus, benefit-in-kind and other emoluments in bands of RM50,000. The Board is of the view that such disclosure will give rise to recruitment and talent retention issues and hence will not apply this Practice.

The Company has identified five (5) senior management personnels as its key senior management and their aggregated remuneration totalled to RM520,000 in the financial year ended 31 December 2017.

Pension Entitlements

The Company does not have a pension scheme in place.

Long-Term Incentive Plans

The Company does not have a long-term incentive plan in place.

Interest in Share Options

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

Excess Retirement Benefits of Directors and Past Directors

The Company does not have a retirement benefit scheme in place.

Compensation for Past Directors

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

PERFORMANCE GRAPH

The Company's performance graphs required to be included in the Directors' Remuneration Report are shown 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. This complies with Practices 11.1 and 11.2 of the MCCG 2017. 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 or contact the Principal Office in Malaysia.

The Annual General Meeting

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 Practice 12.2 of the MCCG 2017. On any matter that requires the members present to decide, as per Practice 12.3 of the MCCG 2017, poll voting is used.

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 of information to ensure completeness, accuracy and validity. This complies with Practice 8.5 of the MCCG 2017.

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 Chief Operating Officer has given his assurance that the Group's exposure to risk is limited to those mentioned in note 26.3. 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.

COMPLIANCE STATEMENT

The Board is satisfied that the Company had in 2017 complied with the best practices of MCCG 2017.

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 Group's external auditors amounted to RM7,718 for the financial year under review.

CORPORATE GOVERNANCE

(cont'd)

Profit Estimate, Forecast, Projections and Variation in Results

The Company did not make any release on profit estimates, forecasts or projections for the financial year and there were no variation of 10% or more between the audited results for the financial year ended 31 December 2017 and the unaudited results previously announced.

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 Freehold Land

The Group revalues its freehold lands whenever the market value of the assets has changed materially from the prior year and/or in at least every five (5) years.

Employee Share Option Scheme ("ESOS")

There were no ESOS offered during the financial year ended 31 December 2017.

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 13 to 14.

Recurrent Related Party Transactions

There were no transactions with related parties undertaken by the Group during the period under review except as disclosed in notes 20 and 27 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 2017 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 30 April 2018.

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 2017.

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)

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 is 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 2017 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

All meetings were held at 26th Floor Menara Promet (KH), Jalan Sultan Ismail, 50250 Kuala Lumpur.

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) Reviews the audit plan with the external auditors.
- b) Reviews with the external auditors, the adequacy and effectiveness of the accounting and internal control systems.
- c) Acts upon problems and reservations arising from interim and final audits.
- d) Reviews 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 Practice 8.5 of the MCCG 2017.
- e) Assists in establishing an internal audit function and other appropriate control procedures, as required by Practice 10.1 of the MCCG 2017.
- f) Reviews internal audit reports and highlights to the Board on any significant issues.
- g) Assists in conducting of management audits or other sensitive matters.
- h) Assesses the suitability and independence of the external auditors, in accordance with Practice 8.3 of the MCCG 2017.
- i) Makes recommendations to retain or replace the firm of external auditors and the agreement of the audit fee for the ensuing year.
- j) To make available at least one (1) member to attend the Head Office at least once in two (2) weeks.

6. Summary of Activities

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

- a) Reviewed the Group's quarterly and annual financial statements before recommending to the Board to approve for announcement to Bursa Securities and SGX-ST.
- b) 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.
- c) 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 counter check to see if Internal Audit report also indicated these findings.
- d) Deliberated on the implications and effects of the relevant International Financial Reporting Standards which came into effect during the year.
- e) Met with the external consultants on ongoing projects to get updates on the status and any issues faced by them due to external parties or management related.
- f) Met with the Heads of Business Units to enquire about the overall business operations.
- g) Attended all sub-committee meetings on new business ventures.

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 of 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 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.
- c) The tourism and plantation units are the main business units being subjected for the internal audit scope as they include some subjective variables. As for the manufacturing unit, it is audited yearly under the ISO 9001 audit.

After each audit, the findings and recommendations for improvement were communicated to the respective management for their response and corrective actions. Any findings would be looked into and responded accordingly to avoid any financial impact. All reports would also be checked later against the external audit progress report. In this respect, the Internal Audit has added value by improving the control processes within the Group.

The total costs incurred for the Internal Audit in discharging its functions and responsibilities in 2017 amounted to RM5,385 compared to RM50,202 in 2016.

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 Practice 1.1 of the MCCG 2017, 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 its internal control system, which forms part of the internal audit function. Currently the functions are focused on the most active subsidiaries. An external consultant has also been contracted to conduct certain system checks on the operational activities at Perhentian Island Resort Sdn Bhd and for the new property division.

The reports are presented to the Audit Committee. Being an independent function, the reports must be presented 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 system. The Board reviews matters pertaining to internal control which among others, includes the adequacy and integrity of the internal control systems of the Group. Reviews are carried out annually to provide independent assessments on the adequacy, efficiency and effectiveness of the Group’s internal control systems in anticipating potential risk exposures over key business systems and processes and in controlling the proper conduct of businesses within the Group.

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

OTHER CONTROL PROCEDURES

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

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

STATEMENT ON INTERNAL CONTROL

(cont'd)

Internal control procedures are set out in the 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 2017 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 30 April 2018.

DATUK KAMARUDDIN BIN AWANG
Director

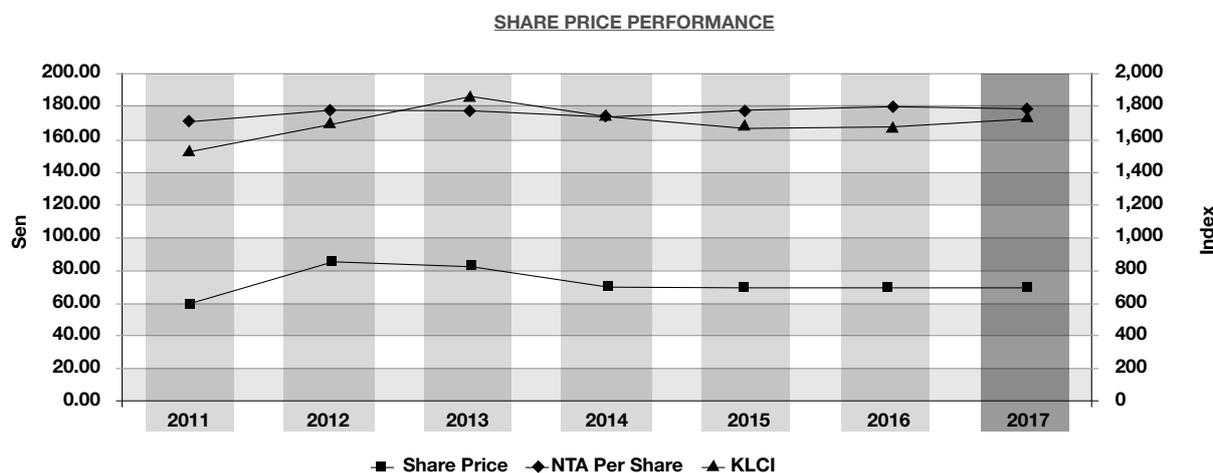
GROUP FINANCIAL HIGHLIGHTS

		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Financial Performance											
Revenue	RM'000	15,839	10,834	10,289	23,639	14,073	16,408	20,173	28,165	17,582	17,550
(Loss)/Profit Before Taxation	RM'000	(14,347)	(3,389)	(1,898)	(6,988)	(28,189)	4,757	(3,973)	(4,223)	1,483	(1,459)
(Loss)/Profit for the Year	RM'000	(14,748)	(3,741)	(1,941)	(7,127)	(28,497)	4,430	(4,164)	(4,918)	982	(1,540)
(Loss)/Earnings Per Share	Sen	(3.7)	(0.93)	(0.48)	(1.77)	(7.05)	1.06	(0.99)	(1.17)	0.23	(0.37)
Dividend Per Share (proposed/paid)	Sen	1.111	1.116	1.118	1.090	1.099	1.455	-	-	-	-
Total Assets	RM'000	725,556	725,474	719,934	706,621	718,832	742,308	726,207	701,696	516,412	513,774
Share Capital	Shares'000	420,750	420,750	420,750	420,750	420,750	420,750	420,750	420,750	420,750	420,750
Treasury Shares	Shares'000	17,541	17,541	17,541	17,541	17,541	3,265	-	-	-	-
Shareholders' Equity	RM'000	637,235	636,441	638,309	630,951	713,807	737,855	719,023	653,182	486,826	486,017
Total Liabilities	RM'000	88,321	89,033	81,625	75,670	5,025	4,453	7,184	48,514	29,586	27,757
Borrowings	RM'000	-	-	-	-	-	24	94	15,455	22,727	20,030
Current Ratios	Times	31.40	17.30	41.66	64.15	44.65	55.90	36.77	8.24	3.36	0.60
Quick Ratios	Times	30.90	17.21	41.38	63.26	41.06	51.51	34.75	8.15	3.11	0.60
Debt-Equity Ratios	Times	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.05	0.04
Net Assets Per Share	RM	1.58	1.58	1.58	1.56	1.78	1.77	1.71	1.55	1.16	1.15

All figures are in RM thousands unless otherwise stated.

SHARE PRICE PERFORMANCE GRAPH

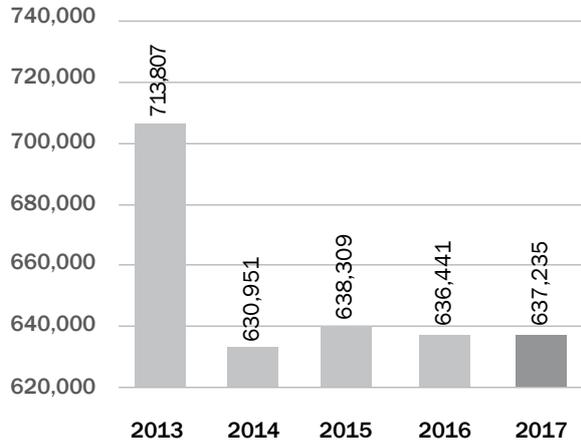
The graph below shows the movement of the Company's share price on Bursa Securities against the corresponding change in the Kuala Lumpur Composite Index ("KLCI") and the Group's Net Tangible Assets per share ("NTA per share"). The KLCI was selected as it represents a broad equity market index in which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



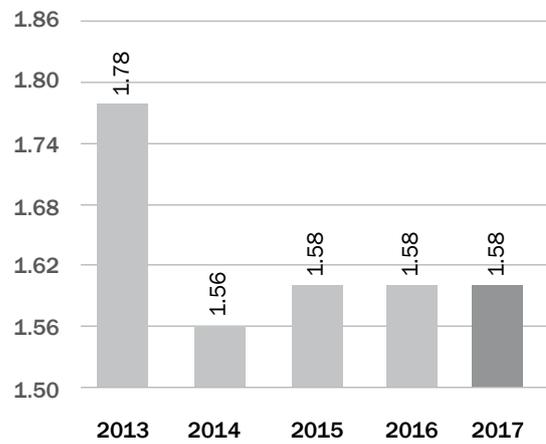
GROUP FINANCIAL HIGHLIGHTS

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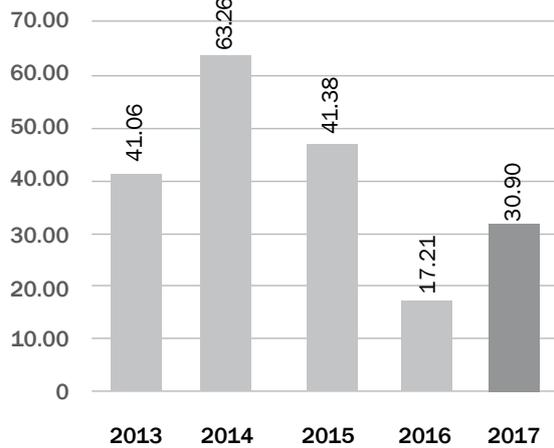
Shareholders' Equity (RM'000)



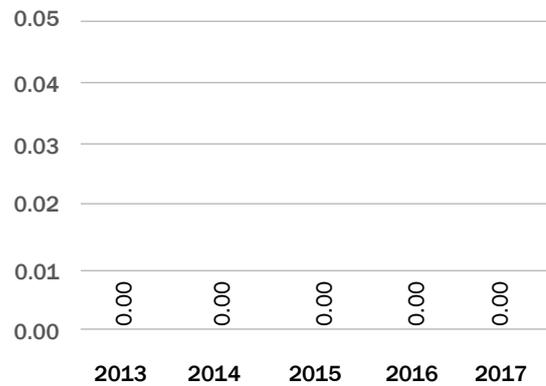
Net Assets Per Share (RM)



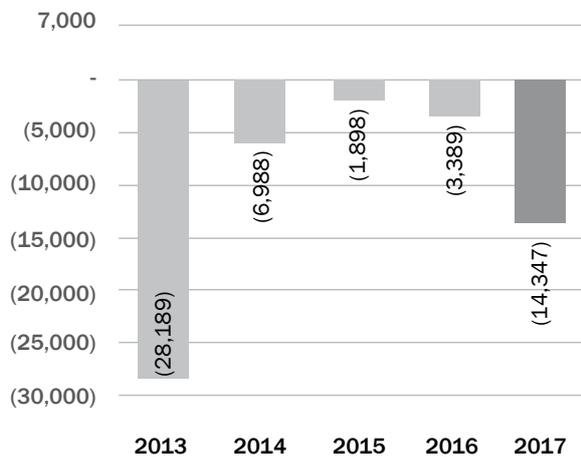
Quick Ratios (Times)



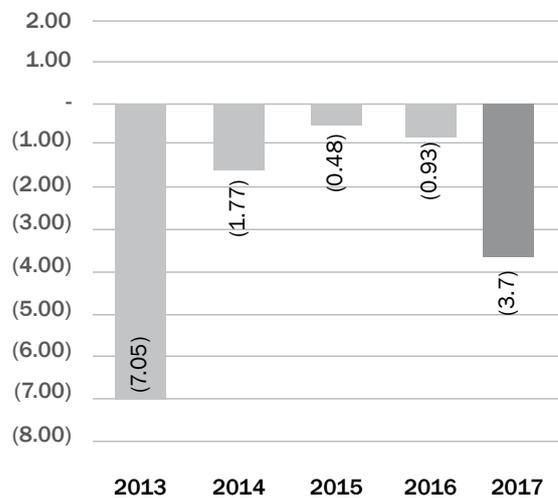
Debt-Equity Ratios (Times)

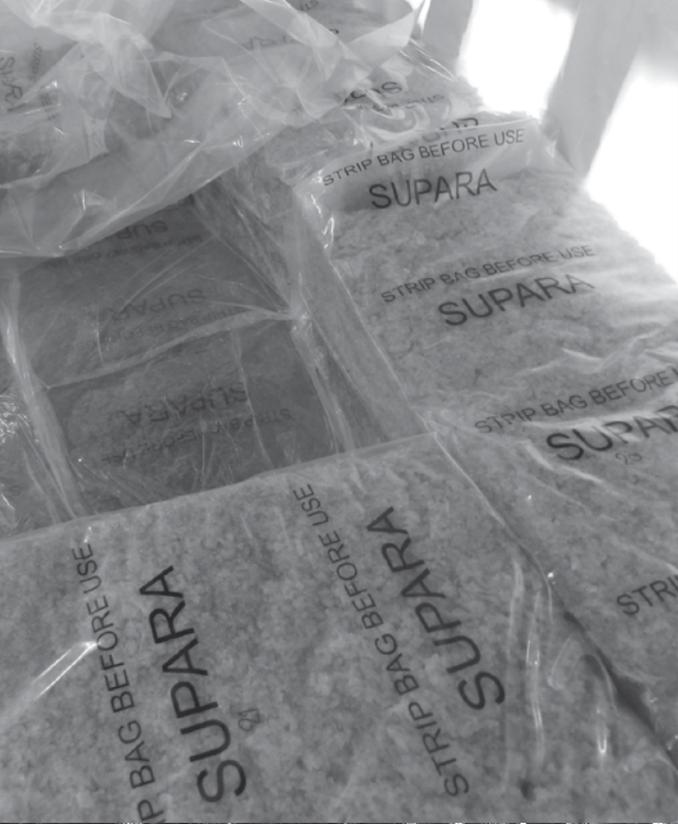


(Loss)/Profit Before Tax (RM'000)



(Loss)/Earnings Per Share (Sen)





FINANCIAL STATEMENTS

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017.

Principal activities

The Company was 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 on page 8.

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 44. The Group's loss attributable to shareholders of the Company for the financial year ended 31 December 2017 amounted to RM14.748 million (2016: loss of RM3.741 million).

On 16 May 2017, the Directors approved and declared a 2% interim dividend for the financial year ended 31 December 2016. The total amount of RM4.476 million was paid on 16 June 2017. The interim dividend was under the single tier system of 1.111 sen per share, on 403,209,200 ordinary shares. A dividend of 2% is proposed for the financial year ended 31 December 2017.

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 2017

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

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

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

Directors' interests

Neither at the end of the financial year ended 31 December 2017, 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.

DIRECTORS' REPORT (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017, the Group had an average of 17 days (2016: 17 days) purchase outstanding in trade payables.

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 188 (2016: 172). At the resort, factory and estates, we provide employees with full quarters and required facilities, to provide a conducive environment, both for work and entertainment.

Political and charitable donations

There were no political or charitable donations made by the Group during the year ended 31 December 2017 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 26.

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.

DIRECTORS' REPORT (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

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's 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
30 April 2018

STATEMENT OF RESPONSIBILITIES OF THOSE CHARGED WITH GOVERNANCE

FOR THE YEAR ENDED 31 DECEMBER 2017

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 judgments 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 IFRS 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 IFRS, 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’s 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.

Disclosures in respect of the Malaysian Code on Corporate Governance 2017

As required by the Main LR of Bursa Securities, the Annual Report contains a Corporate Governance Statement pursuant to the MCCG 2017.

STATUTORY DECLARATION

PURSUANT TO SECTION 251 (1) (b) OF THE MALAYSIAN COMPANIES ACT 2016

I, **HUSSAIN AHMAD BIN ABDUL KADER (MIA : 7439)**, 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 44 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 (MIA : 7439)
at Kuala Lumpur in the Federal Territory
on 30 April 2018

Before me

HJ. WAN AZMAN B. HJ. WAN ABDULLAH (W728)
Commissioner for Oaths

Kuala Lumpur, Malaysia
30 April 2018

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY FOR THE YEAR ENDED 31 DECEMBER 2017

Opinion

We have audited the financial statements of Inch Kenneth Kajang Rubber Public Limited Company for the year ended 31 December 2017 which comprise the Group and Company Statement of Profit or Loss and other Income, the Group and Company Statement of Financial Position, the Group and Company Statements of Changes in Equity, the Group and Statements of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group and Parent Company's affairs as at 31 December 2017 and of the Group and Parent company's loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with part 3 of Chapter 16 of the 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 auditor's 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (cont'd) FOR THE YEAR ENDED 31 DECEMBER 2017

Our assessment of risks of material misstatements

We identified the following risks of material misstatement that we believe had the greatest impact on our overall audit strategy and scope, the allocation of resources in the audit and directing the efforts of the engagement team. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p><i>Recoverability of receivables</i></p> <p>The Group has a significant debtor balance of RM72 million related to a land transaction. The title of the land is currently being transferred to the Group. This is expected to be completed in 2018.</p> <p>The Group has a debtor balance of RM20 million related to a land and building transaction (a detached factory with double storey office building).</p> <p>A Sale and Purchase Agreement (“SPA”) was entered into on 29 December 2016 to purchase the land. Title had not formally passed, however it was ascertained that in substance the Group gained control and risks and rewards of the land, and therefore the land was capitalised in the 2016 financial statements.</p> <p>The nature of transaction has now changed and the Group intends to purchase the shares of the company, and not the land directly. This is expected to be completed in the first half of 2018. The total consideration of RM20 million has been paid but the ownership title and the risks and rewards have not yet been transferred.</p> <p>As stated in note 32 in the financial statements, a prior year adjustment has been made in respect of this land.</p>	<p>A land valuation was performed on 15 February 2018 by an external valuer. We reviewed the valuation together with the assumptions made and assessed the competence, objectivity and independence of the valuer. The land value as at 15 February 2018 was more than the book value. We also assessed the position with regards to the transfer process. The debtor balance is considered to be recoverable.</p> <p>A land valuation was performed on 9 March 2018 by an external valuer. We reviewed the valuation together with the assumptions made and assessed the competence, objectivity and independence of the valuer. The land value as at 9 March 2018 was more than the book value. We also assessed the position with regards to the transfer process.</p> <p>Furthermore, we discussed with the management and understood the rationale of the above transactions. The debtor balance is considered to be recoverable.</p>
<p><i>Valuation of Investment in Associate (Cepco)</i></p> <p>The Group has a 22.4% investment in Cepco. The carrying value of investment was RM24 million as at 31 December 2016. Given the performance of Cepco over recent years, the continued declining revenue levels and the current share price, there was a risk that the carrying value of the associate is not supported by the underlying business and future prospects.</p> <p>Cepco’s audited account for the year ended 31 August 2017 has reported a further drop in revenue from the previous year.</p>	<p>In accordance with IAS 36 – Impairment of assets recoverable amount of the investment is the higher of its ‘fair value less costs to sell’ and its ‘value in use’ based on a Discounted Cashflow Model (“DCF”).</p> <p>The Directors assessed the carrying value of investment in Cepco and provided an impairment charge based on the fair value. We reviewed their assessment to ensure it is in accordance with IAS 36.</p>

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (cont'd) FOR THE YEAR ENDED 31 DECEMBER 2017

Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements.

We define financial statement materiality as the magnitude by which misstatements, including omissions, could reasonably be expected to influence the economic decisions taken on the basis of the financial statements by reasonable users.

We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Overall materiality We determined materiality for the financial statements as a whole to be RM10,000,000.

How we determine it Based on the Group's average of 1% of turnover, 5% profit before tax, 4% net assets and 2% gross assets of the Group.

Rationale for benchmarks applied We believe the average of the above percentages of turnover, profit before tax, net assets and gross assets is the most appropriate benchmark due to the size and trading nature of the Company and Group.

Performance materiality On the basis of our risk assessment, together with our assessment of the Group's control environment, our judgement is that performance materiality for the financial statements should be 75% of materiality.

We agreed with the Audit Committee that we would report to them all misstatements over RM50,000 identified during the audit, as well as differences below that threshold that, in our view, warrant reporting on qualitative grounds.

We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of 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 2017

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account an understanding of the structure of the Company and the Group, their activities, the accounting processes and controls, and the industry in which they operate. Our planned audit testing was directed accordingly and was focused on areas where we assessed there to be the highest risk of material misstatement.

Our Group audit scope includes all of the Group's companies. At the Parent Company level, we also tested the consolidation procedures. The audit team met and communicated regularly throughout the audit with the Chief Financial Officer in order to ensure we had a good knowledge of the business of the Group. During the audit we reassessed and re-evaluated audit risks and tailored our approach accordingly.

The audit testing included substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls and the management of specific risk.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during the audit.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (cont'd) FOR THE YEAR ENDED 31 DECEMBER 2017

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and Parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the 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 financial statements 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.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditors' report.

Colin Wright (Senior Statutory Auditor)

For and on behalf of **UHY Hacker Young**
Chartered Accountants
Statutory Auditor

Quadrant House, 4 Thomas More Square, London E1W 1YW

30 April 2018

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 2017

	Notes	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	4	15,839	10,834	182	266
Cost of sales		(6,633)	(3,829)	(202)	(255)
Gross profit		9,206	7,005	(20)	11
Other income	5	580	1,410	638	670
Administrative expenses		(17,220)	(16,009)	(8,735)	(8,799)
Selling and marketing expenses		(324)	(383)	-	-
Operating loss	6	(7,758)	(7,977)	(8,117)	(8,118)
Finance income	7	3,473	4,761	3,390	4,676
Other gains and losses	5	263	68	-	36
Share of results of associate	16	(730)	(170)	-	-
Impairment of investment	16	(9,595)	-	(9,595)	-
Impairment of goodwill	18	-	(71)	-	-
Loss before taxation		(14,347)	(3,389)	(14,322)	(3,406)
Taxation	8	(401)	(352)	-	-
Loss for the year		(14,748)	(3,741)	(14,322)	(3,406)
Attributable to:					
Equity holders of the Company		(14,748)	(3,741)	(14,322)	(3,406)
Loss per share (Sen):	9				
Basic		(3.7)	(0.93)		
Diluted		(3.7)	(0.93)		
Net dividend per share (Sen)		1.111	1.116		

The results for 2017 and 2016 entirely relate to continuing operations.

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

FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Loss for the year	(14,748)	(3,741)	(14,322)	(3,406)
Other comprehensive income:				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Revaluation of properties, net of tax	19,872	5,700	3,800	-
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation of available-for-sale investments and short term investments	293	712	326	844
Reclassification adjustments on short term investments	-	(9)	-	(28)
Exchange differences on translating foreign operations	(147)	(161)	-	-
Other comprehensive income, net of tax	20,018	6,242	4,126	816
Total comprehensive income/(loss) for the year	5,270	2,501	(10,196)	(2,590)

GROUP AND COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	512,092	482,728	129,091	122,951
Investment property	13	330	69	-	-
Intangible assets	14	84	121	31	29
Investments in subsidiaries	15	-	-	257,100	241,570
Investment in associate	16	14,244	24,570	8,551	18,146
Available-for-sale investments	17	66	66	11	12
Goodwill	18	-	-	-	-
		526,816	507,554	394,784	382,708
Current assets					
Inventories	19	3,438	1,036	-	-
Trade and other receivables	20	96,079	90,529	966	1,850
Short term investments	21	62,304	93,875	61,732	91,819
Cash and cash equivalents	22	36,919	27,130	31,010	25,182
		198,741	212,570	93,708	118,851
TOTAL ASSETS		725,556	720,124	488,492	501,559
EQUITY AND LIABILITIES					
Equity attributable to shareholders of the Company					
Share capital	23	287,343	287,343	287,343	287,343
Share premium		8	8	8	8
Property revaluation reserve		253,906	234,034	72,500	68,700
Investment revaluation reserve		16,285	15,992	726	400
Foreign currency translation reserve		(498)	(351)	-	-
Retained earnings		96,171	115,395	117,859	136,657
		653,215	652,421	478,436	493,108
Less : Treasury shares	24	(15,980)	(15,980)	(15,980)	(15,980)
Total Equity		637,235	636,441	462,456	477,128
Current liabilities					
Trade and other payables	25	6,253	6,015	1,921	1,516
Taxation payable		75	75	-	-
		6,328	6,090	1,921	1,516
Non-current liabilities					
Employee entitlements	25	15	15	15	15
Deferred tax liabilities	8	81,978	77,578	24,100	22,900
		81,995	77,593	24,115	22,915
Total Liabilities		88,321	83,693	26,036	24,431
TOTAL EQUITY AND LIABILITIES		722,566	720,124	488,492	501,559

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

AS AT 31 DECEMBER 2017

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 30 April 2018 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 2017

	Share Capital RM'000	Share Premium RM'000	Property Revaluation Reserve RM'000	Investment Revaluation Reserve RM'000	Foreign Currency Translation RM'000	Retained Earnings RM'000	Treasury Shares RM'000	Total Equity RM'000
Year ended 31 December 2017								
At 1 January 2017	287,343	8	234,034	15,992	(351)	115,395	(15,980)	636,441
Total comprehensive income for year	-	-	19,872	293	(327)	(14,748)	-	5,270
Dividends paid	-	-	-	-	-	(4,476)	-	(4,476)
At 31 December 2017	287,343	8	253,906	16,285	(498)	96,171	(15,980)	637,235
Year ended 31 December 2016								
At 1 January 2016	287,343	8	228,085	15,222	(190)	123,821	(15,980)	638,309
Total comprehensive loss for year	-	-	5,949	770	(161)	(3,741)	-	2,817
Dividends paid	-	-	-	-	-	(4,685)	-	(4,685)
At 31 December 2016	287,343	8	234,034	15,992	(351)	115,395	(15,980)	636,441

GROUP STATEMENT OF CHANGES IN EQUITY (cont'd) FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017

	Share Capital	Share Premium	Property Revaluation Reserve	Investment Revaluation Reserve	Retained Earnings	Treasury Shares	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Year ended 31 December 2017							
At 1 January 2017	287,343	8	68,700	400	136,657	(15,980)	477,128
Total comprehensive income for year	-	-	3,800	326	(14,322)	-	(10,196)
Dividends paid	-	-	-	-	(4,476)	-	(4,476)
At 31 December 2017	287,343	8	72,500	726	117,859	(15,980)	462,456
Year ended 31 December 2016							
At 1 January 2016	287,343	8	68,700	(417)	144,747	(15,980)	484,401
Total comprehensive loss for year	-	-	-	817	(3,405)	-	(2,588)
Dividends paid	-	-	-	-	(4,685)	-	(4,685)
At 31 December 2016	287,343	8	68,700	400	136,657	(15,980)	477,128

GROUP AND COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 RM'000	2016 RM'000 Restated	2017 RM'000	2016 RM'000
Cash flows from operating activities				
Operating loss	(7,758)	(7,977)	(8,117)	(8,118)
Adjustments for items not requiring an outflow of funds:				
Depreciation and amortisation	1,338	1,517	53	45
Operating loss before changes in working capital	(6,420)	(6,460)	(8,064)	(8,073)
Changes in working capital:				
(Increase)/decrease in inventories	(2,402)	519	-	-
(Increase)/decrease in trade and other receivables	(5,550)	3,291	884	(551)
Increase/(decrease) in trade and other payables	239	508	392	278
Taxation paid	(683)	(270)	-	-
Net cash used in operating activities	(14,816)	(2,412)	(6,788)	(8,346)
Investing activities				
Proceeds from disposal of investments	38,159	22,725	35,604	20,725
Interest and dividends received	3,473	4,761	3,390	4,676
Loans granted to subsidiaries	-	-	(15,530)	(4,495)
Payments to acquire investments	(6,068)	(6,000)	(5,177)	(3,749)
Payments to acquire intangible assets	(13)	(55)	(12)	(9)
Payments to acquire property, plant and equipment	(6,470)	(13,959)	(1,183)	(3,210)
Net cash generated from investing activities	29,081	7,472	17,092	13,938
Financing activities				
Dividends paid	(4,476)	(4,685)	(4,476)	(4,685)
Net cash used in financing activities	(4,476)	(4,685)	(4,476)	(4,685)
Increase in cash and cash equivalents	9,789	375	5,828	907
Cash and cash equivalents at 1 January	27,130	26,755	25,182	24,275
Cash and cash equivalents at 31 December	36,919	27,130	31,010	25,182
Cash and cash equivalents comprise of:				
Short term deposits	24,113	23,407	24,073	23,362
Cash and bank balances	12,806	3,723	6,937	1,820
	36,919	27,130	31,010	25,182

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017 were authorised for issue by the Directors on 30 April 2018. Inch Kenneth Kajang Rubber Public Limited Company is a public limited company incorporated in Scotland. Its shares are publicly traded on Bursa Securities and SGX-ST. The Company’s shares were delisted from the London Stock Exchange in 2017. 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’s 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 2017 was £1: RM5.4660 (RM1: £0.1829) and 31 December 2016 was £1: RM5.5108 (RM1: £0.1815).

Going concern

During the year ended 31 December 2017, the Group made a loss of RM14.748 million (2016: loss of RM3.741 million) and at the year end date the Group had net current assets of RM192.41 million (2016: RM206.48 million) and net assets of RM637.24 million (2016: RM636.44 million). The operations of the Group are currently being financed by funds raised from the Group’s operations and proceeds from disposal of land in year 2011. The Group has adequate resources to continue its operations for the foreseeable future as there are assets available that could be converted to cash or cash equivalents, should the need arise. The financial statements have, therefore, been prepared on the going concern basis.

2.2 New IFRS Standards and Interpretations

The Group has adopted all relevant standards effective for accounting periods beginning on or after 1 January 2017 from the beginning of the reporting period.

As at end of the reporting period, the Group has not adopted the following standards as they are either not effective or not applicable to the Group’s business.

Standards, amendments and interpretations

- IFRS 9 Financial Instruments (July 2014) – EU effective date 1 January 2018;
- IFRS 15 Revenue from Contracts with Customers (May 2014) including amendments to IFRS 15 – EU effective date 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting Policies (cont'd)

2.2 New IFRS Standards and Interpretations (cont'd)

Standards, amendments and interpretations (not yet endorsed by EU)

- IFRS 16 Leases (January 2016) - EU effective date 1 January 2019;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (September 2014);
- Classifications to IFRS 15: Revenue from Contracts with Customers (April 2016);
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (June 2016);
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (September 2016);
- Annual Improvements to IFRS Standards 2014-2016 Cycle (December 2016);
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (December 2016);
- Amendments to IAS 40: Transfers of Investment Property (December 2016);
- Amendments to IFRS 9: Prepayment features with negative compensation;
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatments;
- Amendments to IAS 28: Long term interest in associates and Joint Ventures
- IFRS 17: Insurance contracts.

There are no other standards and interpretations in issue but not yet adopted that the Directors anticipate will have a 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting Policies (cont'd)

2.3 Basis of consolidation and goodwill (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting Policies (cont'd)

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 based on management decision. 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.

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 2017 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting Policies (cont'd)

2.8 Investment property

Investment properties are held to earn rentals and for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the current use basis. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

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.

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 investment revaluation reserve until the investment is derecognised or until the investment is determined to be impaired at which time the accumulated 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting Policies (cont'd)

2.10 Financial assets (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting Policies (cont'd)

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.

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 from manufacturing activities is recognised as 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 on page 59.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting Policies (cont'd)

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 2017

2. Accounting Policies (cont'd)

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.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of freehold lands measured at fair value is presumed to be recovered through sale after implementation of the Group business plan.

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 judgments and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom exactly equal the related actual results. The estimates and assumptions that have a risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Carrying value of associate

The Directors assess the fair value of the Group's investment in its associated undertaking, Cepco, and compares it to the carrying value. An impairment of RM9.595 million was charged in 2017. The assessment was made by reference to the fair value.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

3. Significant Accounting Judgements and Estimates (cont'd)

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 judgment 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 2017 is RM Nil (2016: RM Nil) and the unrecognised tax losses as at 31 December 2017 is approximately RM8.15 million (2016: RM6.8 million) in respect of which the future economic benefit is uncertain. Further details are shown in note 8.

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 2017, 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;
- Property development - development and sale of land and properties and leasing of buildings (new segment in 2017);
- Others being:
 - i) Trading – trading of building materials; and
 - ii) Investment – holding of equity interests in quoted shares.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

4. Segmental Information (cont'd)

The segment results for the year ended 31 December 2017 are as follows:

	Plantation RM'000	Tourism RM'000	Manufacturing RM'000	Property RM'000	Others RM'000	Total RM'000
Segment revenue						
From external customers	181	10,611	4,918	129	-	15,839
Finance income	-	76	7	-	3,390	3,473
Other gains and losses	-	3	-	260	-	263
Share of profit / (loss) of Cepco	-	-	-	-	(730)	(730)
Impairment in investment	-	-	-	-	(9,595)	(9,595)
Depreciation and amortisation	-	(1,075)	(111)	(61)	(38)	(1,338)
Tax expenses	-	(401)	-	-	-	(401)
Other expenses (net of other income)	(201)	(7,848)	(5,470)	(758)	(7,982)	(22,259)
Segment profit/(loss)	(20)	1,366	(656)	(430)	(14,955)	(14,748)
Segment assets	130,088	37,063	9,596	444,538	104,271	725,556
Segment liabilities	26,037	2,079	898	59,307	-	88,321
Other disclosures						
Investment in Cepco	-	-	-	-	14,244	14,244
Capital expenditure						
Tangible	-	4,980	-	200	30	5,210
Assets under construction	983	-	-	277	-	1,260
Intangible	12	1	-	-	-	13

Segment revenue reported above represents revenue generated from external customers. Inter-segment sales within the Group amounted to approximate RM4.76 million (2016: RM1.52 million).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

4. Segmental Information (cont'd)

The segmented results for the year ended 31 December 2016 are as follows:

	Plantation RM'000	Tourism RM'000	Manufacturing RM'000	Others RM'000	Total RM'000
Revenue					
From external customers	266	8,395	2,049	124	10,834
Segment revenues	266	8,395	2,049	124	10,834
Finance income-	81	4	4,676	4,761	
Other gains and losses	28	32	-	8	68
Share of profit/(loss) of Cepco	-	-	-	(170)	(170)
Depreciation and amortisation	(45)	(959)	(453)	(60)	(1,517)
Tax expenses	-	(352)	-	-	(352)
Other expenses (net of other income)	(241)	(6,093)	(2,336)	(8,695)	17,365)
Segment profit/(loss)	8	1,104	(736)	(4,117)	(3,741)
Segment assets	150,024	29,933	4,673	540,844	725,474
Segment liabilities (restated)	24,431	1,907	154	62,541	89,033
Other disclosures					
Investment in Cepco	-	-	-	24,570	24,570
Capital expenditure					
Tangible	1,489	3,768	32	26,948	32,237
Assets under construction	1,722	-	-	-	1,722
Intangible	9	47	-	-	56

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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Malaysia	10,921	8,785	522,086	480,587
Thailand	4,918	2,049	4,730	2,141
	15,839	10,834	526,816	482,728

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

Information about major customers

Included in revenues arising from manufacturing are revenues of approximately RM2.08 million (2016: RM0.9 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 2017 and 2016.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

5. Other Income and Other Gains and Losses

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Other income				
Rebates from investment in unit trust	338	341	338	342
Sundry income	3	12	-	-
Other rental income	209	236	-	28
Management fee to subsidiary	-	-	300	300
Gain on foreign exchange	25	10	-	-
Insurance claim	5	-	-	-
Interest for compensation received	-	811*	-	-
	580	1,410	638	670

* Interest for compensation received on compulsory acquisition of the Company's land.

Other gains and losses				
Gain on revaluation of assets	260	-	-	-
Gain on sale of investment	-	3	-	-
Cumulative gain reclassified from equity on redemption of short term investment	3	65	-	36
	263	68	-	36

6. Operating Loss

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
The operating loss is stated after charging/(crediting):				
Auditors' remuneration:				
- Parent Company auditor	240	240	240	240
- Subsidiaries' auditor	54	54	-	-
Depreciation	1,289	1,463	43	33
Amortisation of intangible assets	50	54	10	12
Operating leases	540	766	329	329
Staff costs (note 10)	6,444	6,086	3,042	3,201
Gain on foreign exchange	(24)	(10)	-	-
Impairment in investment	(9,595)	-	(9,595)	-

The non-audit fees paid to the Company's external auditors amounted to RM7,718 for the financial year 2017 (2016: RM2,202).

Direct operating expenses from investment property that generated rental income for the Group during the financial year amounted to RM3,785 (2016: RM3,125).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

7. Finance Income and Costs

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Finance income				
Short term deposits	720	1,785	712	1,780
Short term investments	2,753	2,976	2,678	2,896
	3,473	4,761	3,390	4,676

8. Taxation

8.1 Income taxes recognised in profit and loss

The tax charge is made up as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
In Malaysia				
- Current taxation	603	352	-	-
- Under/(over) provision in respect of prior years	(202)	-	-	-
	401	352	-	-

Other than the subsidiary in Thailand which is a tax resident there, the Company and the Group are tax residents 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 24% (2016 : 24%) as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Loss before taxation	(14,347)	(3,389)	(4,322)	(3,406)
Tax credit at standard corporation tax rate in Malaysia of 24% (2016: 24%)	(3,443)	(813)	(3,437)	(818)
<i>Tax effects of:</i>				
Expenses not deductible for tax purposes	3,637	951	2,985	689
Income not subject to tax	(658)	(733)	(643)	(704)
Utilisation of business losses	(208)	1,084	-	857
Temporary timing differences not recognised	1,275	(137)	1,095	(24)
Under/(over) provision in respect of prior years	(202)	-	-	-
Total tax charge for year	401	352	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

8. Taxation (cont'd)

8.2 Income taxes recognised in other comprehensive income

The tax charge relating to components of other comprehensive income is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<i>Fair value gain on freehold land</i>				
Before tax	26,147	7,500	5,000	-
Tax charge	(6,275)	(1,800)	(1,200)	-
After tax	19,872	5,700	3,800	-
Other comprehensive income	19,872	5,700	3,800	-
Deferred tax liabilities	6,275	1,800	1,200	-

8.3 Deferred tax balances

The estimated deferred tax assets at 24% (2016: 24%) not recognised in these financial statements are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Arising from:				
Unused tax losses	8,146	6,842	7,723	6,501
Unutilised capital allowances	331	210	121	73
	8,477	7,052	7,844	6,574

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 RM35.3 million (2016: RM28.5 million) 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 for the subsidiary in Thailand, the unutilised tax losses is estimated to be THB69.4 million (approximate RM8.8 million) (2016: THB68.6 million (approximate RM8.2 million)) which may be carried forward for a maximum of five (5) years.

The revaluation of available-for-sale investments and short term investments that has been reported as part of other comprehensive income on page 45 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.

As disclosed in note 12, freehold lands have been revalued, and a revaluation surplus arises. Deferred tax has been provided in respect of the revaluation surplus where the carrying amount of freehold lands is presumed to be recovered through sale after implementation of the Group business plan.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

8. Taxation (cont'd)

8.3 Deferred tax balances (cont'd)

The analysis of deferred tax liabilities is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deferred tax liabilities due more than 12 months	81,978	77,578	24,100	22,900
Deferred tax liabilities due within 12 months	-	-	-	-
	81,978	77,578	24,100	22,900

The movement in deferred tax liabilities during the year, without taking consideration the offsetting of balances within same jurisdiction, is as follow:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 January	77,578	76,028	22,900	22,900
Adjustment	(1,875)	(250)	-	-
Charge to other comprehensive income	6,275	1,800	1,200	-
At 31 December	81,978	77,578	24,100	22,900

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.

	2017	2016
Net loss attributable to the owners of the Company (RM'000)	(14,748)	(3,741)
Weighted average number of ordinary shares in issue after adjusting for movement in treasury shares [Number of shares ('000)]	403,209	403,209
Basic and diluted loss per share (Sen)	(3.7)	(0.93)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

10. Employee Information

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Staff costs comprises:				
Wages and salaries	6,077	5,738	2,904	3,050
Contribution to a statutory employees' provident fund	367	348	138	151
	6,444	6,086	3,042	3,201

The increase of Group wages and salaries in 2017 is due to more number of staff employed.

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	
	2017 Number	2016 Number	2017 Number	2016 Number
Plantation	20	20	20	20
Tourism	130	113	-	-
Manufacturing	30	31	-	-
Property development and leasing	6	6	-	-
Investment	2	2	2	2
	188	172	22	22

11. Directors' Emoluments

	Group		Company	
	2017 Number	2016 Number	2017 Number	2016 Number
Directors' fees & allowances	232	220	193	191
Highest paid Director	51	46	46	46

The above emoluments are made up as follows:

	Basic Salary & Fees (RM)	Meeting Allowances (RM)	Total 2017 (RM)	Total 2016 (RM)
Non-Executive Directors				
Dato' Adnan bin Maaruf	40,000	6,000	46,000	46,000
Datuk Kamaruddin bin Awang	30,000	8,250	38,250	36,750
Dato' Haji Muda bin Mohamed	30,000	7,000	37,000	37,000
Dato' Tik bin Mustafa	30,000	7,000	37,000	37,000
Dr. Radzuan bin A. Rahman	30,000	4,500	34,500	34,500
	160,000	32,750	192,750	191,250

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

12. Property, Plant and Equipment

Group	Freehold lands RM'000	Prepaid land and improvements RM'000	land Buildings RM'000	Assets under construction RM'000	Others RM'000	Total RM'000
Cost or valuation						
At 1 January 2016	449,623	3,639	21,518	4,729	9,772	489,281
Additions (restated)	-	6,948	3,359	3,075	577	13,959
Revaluations	7,500	-	-	-	-	7,500
Disposals	-	-	-	-	(20)	(20)
Exchange differences	14	23	117	-	174	328
At 1 January 2017	457,137	10,610	24,994	7,804	10,503	511,048
Additions/Adjustments	-	-	4,607	1,260	603	6,470
Revaluations	22,680	-	1,597	-	-	24,277
Exchange differences	(6)	(9)	(53)	-	(61)	(129)
At 31 December 2017	479,811	10,601	31,145	9,064	11,045	541,666
Accumulated depreciation						
At 1 January 2016	-	1,216	17,639	-	8,045	26,900
Charge for the year	-	36	562	-	865	1,463
On disposals	-	-	-	-	(20)	(20)
Exchange differences	-	23	115	-	(161)	(23)
At 1 January 2017	-	1,275	18,316	-	8,729	28,320
Charge for the year	-	34	703	-	552	1,289
Exchange differences	-	(3)	(55)	-	23	(35)
At 31 December 2017	-	1,306	18,964	-	9,304	29,574
Carrying amount						
At 31 December 2017	479,811	9,295	12,181	9,064	1,741	512,092
At 31 December 2016	457,137	9,335	6,678	7,804	1,774	482,728

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 2017 valuation of the Group's freehold lands, valuations were obtained.

The fair value measurement of the Group's freehold lands in Kajang and Bangi as at 31 December 2017 and 31 December 2016 were performed by Nilai Properties Consultants Sdn Bhd (V(1) 0065), an independent valuer not related to the Group, using the open market basis method. These 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.

In the opinion of the Directors, there is no indication of any significant difference between the carrying amount and market values of the other freehold lands of the Group at 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

12. Property, Plant and Equipment (cont'd)

Fair value measurement of the Group's and Company's freehold lands (cont'd)

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 RM8.9 million. The construction is completed pending the issuance of certificate of occupancy which was supposed to be obtained late 2017, now expected in first half of year 2018.

Company	Freehold lands RM'000	Buildings RM'000	Assets under construction RM'000	Others RM'000	Total RM'000
Cost or valuation					
At 1 January 2016	115,000	477	4,729	441	120,647
Additions	-	-	3,075	135	3,210
Revaluations	-	-	-	(20)	(20)
At 1 January 2017	115,000	477	7,804	556	123,837
Additions	-	-	983	200	1,183
Revaluations	5,000	-	-	-	5,000
At 31 December 2017	120,000	477	8,787	756	130,020
Accumulated depreciation					
At 1 January 2016	-	477	-	396	873
Charge for the year	-	-	-	33	33
On disposals	-	-	-	(20)	(20)
At 1 January 2017	-	477	-	409	886
Charge for the year	-	-	-	43	43
At 31 December 2017	-	477	-	452	929
Carrying amount					
At 31 December 2017	120,000	-	8,787	304	129,091
At 31 December 2016	115,000	-	7,804	147	122,951

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

13. Investment Property

Group	31 December 2017 RM'000	31 December 2016 RM'000
Cost		
At 1 January	100	100
Revaluation	230	-
At 31 December	330	100
Accumulated depreciation		
At 1 January	31	29
Adjustments	(31)	-
Charge for the year	-	2
At 31 December	-	31
Carrying amount		
At 31 December	330	69

Included in investment property is an apartment in Cheras, Kuala Lumpur.

The fair value of the investment property at 31 December 2017 has been arrived at on the basis of a valuation carried out at that date by the Directors. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

14. Intangible Assets

Computer software and corporate website creation

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cost				
At 1 January	255	200	108	99
Additions	13	55	12	9
At 31 December	268	255	120	108
Accumulated amortisation				
At 1 January	134	80	79	67
Amortisation for the year	50	54	10	12
At 31 December	184	134	89	79
Carrying amount				
At 31 December	84	121	31	29

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

15. Investments In Subsidiaries

	Company	
	2017 RM'000	2016 RM'000
Cost		
Shares in subsidiary undertakings	6,338	6,338
Provision for impairment loss on investment in subsidiary	(5,338)	(5,338)
Loans to subsidiary undertakings	263,069	247,539
Allowance for doubtful debts	(6,969)	(6,969)
	257,100	241,570

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	
				2017	2016
Inch Kenneth Hotels & Resorts (M) Sdn Bhd	Malaysia	Investment holding	Ordinary shares	100	100
Perhentian Island Resort Sdn Bhd #	Malaysia	Operation of tourist resort	Ordinary shares	100	100
Inch Kenneth Development (M) Sdn Bhd	Malaysia	Property development and leasing	Ordinary shares	100	100
IKKR Timur Sdn Bhd (formerly known as Saujana Residensi Sdn Bhd) #	Malaysia	Dormant	Ordinary shares	100	100
Inch Kenneth Trading (M) Sdn Bhd #	Malaysia	Dormant	Ordinary shares	100	100
IKK Property (M) Sdn Bhd#	Malaysia	Dormant	Ordinary shares	100	100
Inch Kenneth Plantations (M) Sdn Bhd	Malaysia	Dormant	Ordinary shares	100	100
Inch Kenneth Sea Sports Adventure (M) Sdn Bhd #	Malaysia	Dormant	Ordinary shares	100	100
IKK Rubber International (M) Sdn Bhd	Malaysia	Trading of rubber blocks	Ordinary Shares	100	100
Supara Company Limited #	Thailand	Manufacturing of rubber blocks	Ordinary Shares	100	100
Motel Desa Sdn Bhd #	Malaysia	Operation of a motel	Ordinary shares	100	100
Inch Kenneth Tours (M) Sdn Bhd #	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 2017

16. Investment In Associated Undertaking

Group

The Group's investment in its associated undertaking represents a 22.40% (2016: 22.40%) interest in Concrete Engineering Products Berhad ("Cepco"), a public company incorporated in Malaysia. The principal activity of Cepco is manufacturing and distributing of prestressed spun concrete piles and poles. The Group's investment in Cepco is accounted for under the equity accounting method as follows:

	2017 RM'000	2016 RM'000
Shares		
At 1 January and 31 December	40,914	40,914
Share of retained profits		
At 1 January	15,271	15,441
Share of loss	(730)	(170)
At 31 December	14,541	15,271
Share of dividend		
At 1 January	(1,104)	(1,104)
Share of dividend	-	-
At 31 December	(1,104)	(1,104)
Accumulated impairment		
At 1 January	(30,511)	(30,511)
Impairment charge	(9,595)	-
At 31 December	(40,106)	(30,511)
Carrying amount	14,244	24,570
The Group's share of the net assets of Cepco is as follow:		
	2017 RM'000	2016 RM'000
Share of assets		
Share of non-current assets	20,374	19,907
Share of current assets	35,811	33,952
	56,185	53,859
Share of liabilities		
Share of non-current liabilities	(2,848)	(3,076)
Share of current liabilities	(27,990)	(24,706)
	(30,838)	(27,782)
Share of net assets	25,347	26,077
Goodwill (net of impairment) arising on the acquisition of Cepco	(11,103)	(1,507)
Carrying value of Cepco	14,244	24,570

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

16. Investment In Associated Undertaking (cont'd)

Group (cont'd)

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

	2017 RM'000	2016 RM'000
Share of revenue	38,719	40,796
Share of operating (loss)/profit	(1,544)	771
Share of finance costs	766	(700)
Share of taxation	48	(241)
Share of loss which included in Group statement of profit or loss	(730)	(170)

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 RM14.244 million (2016: RM15.548 million).

The financial year end for 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 results from 1 September to 31 December is added to the results for the year ended 31 August 2017 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:

	2017 RM'000	2016 RM'000
Cost		
At 1 January and 31 December	40,236	40,236
Accumulated impairment		
At 1 January	22,090	22,090
Impairment charge	9,595	-
	31,685	22,090
Carrying amount	8,551	18,146

17. Available-For-Sale Investments

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Quoted shares:				
At 1 January	66	66	12	7
Disposal of investments	-	1	-	-
Fair value adjustments	-	(1)	(1)	5
At 31 December	66	66	11	12

The above available-for-sale investments are stated at their fair values. The historical cost of the above investments of the Group is RM182,000 and of the Company is RM92,000.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

18. Goodwill

Group	2017 RM'000	2016 RM'000
At cost		
At 1 January and 31 December	4,573	4,573
Accumulated impairment		
At 1 January and 31 December	(4,573)	(4,502)
Impairment charge	-	(71)
	(4,573)	(4,573)
Carrying amount	-	-

The Group has tested goodwill for impairment in accordance with IAS 36.

19. Inventories

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Resort stores	90	86	-	-
Rubber blocks	3,348	950	-	-
	3,438	1,036	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

20. Trade and Other Receivables

	Group		Company	
	2017 RM'000	2016 RM'000 Restated	2017 RM'000	2016 RM'000
Trade receivables	630	372	12	8
Other receivables and prepayments	95,089	89,107	614	812
Corporation tax recoverable	360	1,050	340	1,030
	96,079	90,529	966	1,850

At 31 December 2017, included in other receivables was approximately RM72 million relating to a settlement signed to acquire a leasehold industrial land with an area approximate 8.75 acres (Plot 64006 of Parent Lot PT 16708) in Mukim Petaling, whose title is expected to be registered to the Group in 2018. This land has been valued to ensure that the amount is recoverable by the fair value of the land to be transferred.

Also included in other receivables is RM20 million for the acquisition of land and building, where a key management personnel of the Group is an Independent Director of the company that currently owns the land. The land title is expected to be registered to the Group in 2018. This land has been valued to ensure that the amount is recoverable by the fair value of the land to be transferred.

At 31 December 2017 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:

	Group		Company	
	2017 RM'000	2016 RM'000 Restated	2017 RM'000	2016 RM'000
Within credit terms	92,553	86,854	12	8
Outside credit terms but not impaired:				
0-1 month	-	-	-	-
1-2 months	-	-	-	-
More than 2 months	3,166	2,625	614	812
	95,719	84,479	626	820

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.

21. Short Term Investments

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Investments on unit trusts with:				
At 1 January	93,875	110,422	91,819	107,940
Investment/(Redemption)	(34,917)	(20,294)	(33,370)	(19,828)
Income Distribution	3,028	2,976	2,956	2,896
Fair Value Adjustments	318	771	327	811
At 31 December	62,304	93,875	61,732	91,819

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 3.0% and 4.4% (2016: 2.6% to 4.6%).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

22. Cash and Cash Equivalents

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash at bank	11,275	2,377	5,626	711
Cash in hand	45	67	1	1
Deposits with licensed banks	24,113	23,407	24,073	23,362
Investments with licensed banks	1,486	1,279	1,310	1,108
	36,919	27,130	31,010	25,182

The effective interest rates of deposits at the reporting date was 3% (2016: 1.9% to 3.6%). Included in deposits with licensed banks is the short term deposits totalling to RM39,914 (2016: RM38,755) 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.

23. Share Capital

Group and Company

	2017 GBP'000	2016 GBP'000
Authorised 1,000,000,000 ordinary shares of 10p each	100,000	100,000

	2017 RM'000	2016 RM'000	2017 GBP'000	2016 GBP'000
Allotted, called up and fully paid 420,750,000 ordinary shares of 10p each	287,343	287,343	42,075	42,075

No ordinary shares were allotted during the year and the Company does not have any share options or share warrants in issue at 31 December 2017.

24. Treasury Shares

Group and Company

	2017		2016	
	Number of shares	Amount RM	Number of shares	Amount RM
At 1 January and 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 Seventh AGM held on 23 May 2017 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

24. Treasury Shares (cont'd)

During the financial year, the Company did not repurchase any of its issued share capital. Pursuant to the provisions of Section 127(1) of the Companies Act 2016 (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.

25. Trade and Other Payables

	Group		Company	
	2017 RM'000	2016 RM'000 Restated	2017 RM'000	2016 RM'000
Trade payables	50	168	-	-
Other payables	6,203	5,847	1,921	1,516
	6,253	6,015	1,921	1,516

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

Employee entitlements

Group and Company

	Provision for employee entitlements RM'000
At 1 January and 31 December 2017	15

26. Financial Instruments

26.1 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. The Group is not subjected to any externally imposed capital requirement.

26.2 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

26. Financial Instruments (cont'd)

26.2 Classification of financial instruments (cont'd)

Group

31 December 2017	Loans and receivables RM'000	Available- for-sale investments RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Financial Assets				
Available-for-sale investments	-	66	-	66
Trade and other receivables	96,079	-	-	96,079
Short term investments	-	62,304	-	62,304
Cash and cash equivalents	36,919	-	-	36,919
	132,998	62,370	-	195,368
Financial Liabilities				
Trade and other payables	-	-	6,253	6,253
	-	-	6,253	6,253
Group (restated)				
31 December 2016				
Financial Assets				
Available-for-sale investments	-	66	-	66
Trade and other receivables	90,529	-	-	90,529
Short term investments	-	93,875	-	93,875
Cash and cash equivalents	27,130	-	-	27,130
	117,659	93,941	-	211,600
Financial Liabilities				
Trade and other payables	-	-	6,015	6,015
	-	-	6,015	6,015

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

26. Financial Instruments (cont'd)

26.2 Classification of financial instruments (cont'd)

Company

	Loans and receivables RM'000	Available- for-sale investments RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
31 December 2017				
Financial Assets				
Available-for-sale investments	-	11	-	11
Trade and other receivables	966	-	-	966
Short term investments	-	61,732	-	61,732
Cash and cash equivalents	31,010	-	-	31,010
	31,976	61,743	-	93,719
Financial Liabilities				
Trade and other payables	-	-	1,921	1,921
	-	-	1,921	1,921
31 December 2016				
Financial Assets				
Available-for-sale investments	-	12	-	12
Trade and other receivables	1,850	-	-	1,850
Short term investments	-	91,819	-	91,819
Cash and cash equivalents	25,182	-	-	25,182
	27,032	91,831	-	118,863
Financial Liabilities				
Trade and other payables	-	-	1,516	1,516
	-	-	1,516	1,516

26.3 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 is not exposed to interest rate risk and liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

26. Financial Instruments (cont'd)

26.3 Financial risk management objectives and policies (cont'd)

Credit risk

The Group has adopted a policy of only dealing with recognised creditworthy third parties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group and the Company manages the exposures to credit risk by performing credit evaluations on all of their major customers requiring credit, and where appropriate, credit guarantee insurance is purchased. The Group's maximum exposure to credit risk is represented by the carrying amount of financial assets in the financial statements which amounts to RM195.4 million.

As the Group trades only with recognised creditworthy third parties, there is no requirement for collateral. The credit risk on liquid funds is limited because counterparties are banks with high credit ratings.

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.

Market price sensitivity analysis

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

	Group RM'000	Company RM'000
31 December 2017		
Investment in Malaysia		
Market price increase by 10 percentage point	13,305	13,259
Market price decrease by 10 percentage point	(13,305)	(13,259)
31 December 2016		
Investment in Malaysia		
Market price increase by 10 percentage point	11,519	11,032
Market price decrease by 10 percentage point	(11,519)	(11,032)

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

26. Financial Instruments (cont'd)

26.4 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 2017.

27. 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. Balances and transactions with other related parties and key personnel are either disclosed under the relevant notes (including note 20) 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:

	Group and Company	
	2017	2016
	RM'000	RM'000
Short-term employment benefits	520	470

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

28. Control

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

29. Commitments

Financial commitment

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

	Land and buildings	
	2017	2016
	RM'000	RM'000
Group		
Operating leases which expire:		
Within one year	694	462
Between two and five years	462	-
	1,156	462
Company		
Operating leases which expire:		
Within one year	329	219
Between two and five years	219	-
	548	219

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

30. Events After the Balance Sheet Date

There were no material subsequent events since 31 December 2017 until 30 April 2018. The Directors proposed that a 2% interim dividend for the financial year ended 31 December 2017 be distributed to the shareholders during the year 2018. The interim dividend is under the single tier system of £0.002 per share, on 403,209,200 ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

31. Realised and Unrealised Profits

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

	As at 31 Dec 2017 RM'000	As at 31 Dec 2016 RM'000
Total Retained Profits of the Company and its subsidiaries:		
- Realised b/f	125,021	133,277
- Realised	(14,748)	(3,741)
- Dividends	(4,476)	(4,685)
- Unrealised	730	170
	106,527	125,021
Total share of Retained Profits from associated company:		
- Realised b/f	(2,319)	(2,149)
- Unrealised	(730)	(170)
Less : Consolidation effects	(3,049)	(2,319)
	(7,307)	(7,307)
Total Group Retained Profit	96,171	115,395

32. Prior Year Adjustments

Comparatives have been restated to take into account the following adjustments:

1. Freehold land has been reduced by RM20 million
2. Other receivables has been increased by RM14.65 million
3. Other payables has been reduced by RM5.35 million

As at the date of 31 December 2016, the transaction above has not been fully completed. As such, the asset in question could not be recognised as yet as the risk and rewards are still not transferred to the subsidiary.

These adjustments are necessary to reflect the true nature of the transaction and are restated in the statement of financial position, statement of cash flow, and also on the relevant notes.

ANALYSIS OF SHAREHOLDINGS

AS AT 6 APRIL 2018

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	0.91	918	0.00
100 - 1,000	363	11.05	262,640	0.07
1,001 - 10,000	1,571	47.82	8,551,759	2.12
10,001 - 100,000	1,040	31.66	33,888,502	8.40
100,001 - less than 5% of issued shares	277	8.43	220,635,615	54.73
5% and above of issued shares	4	0.12	139,869,766	34.69
Total	3,285	100.00	403,209,200	100.00

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

B. SUBSTANTIAL SHAREHOLDERS

Name	No of Shares	%
1. Concrete Engineering Products Berhad	58,088,000	14.41
2. Ng Ah Chai	50,283,200	12.47
3. Hamptons Property Sdn Bhd	49,327,700	12.23
4. FA Securities Sdn Bhd	27,880,000	6.91
5. Euston Technologies Sdn Bhd	22,662,066	5.62

C. THIRTY (30) LARGEST REGISTERED SHAREHOLDERS

Name	No of Shares	%
1. Hamptons Property Sdn Bhd	47,405,700	11.76
2. UOBM Nominees (Tempatan) Sdn Bhd for Concrete Engineering Products Berhad	40,000,000	9.92
3. FA Securities Sdn Bhd - IVT	29,802,000	7.39
4. Euston Technologies Sdn Bhd	22,662,066	5.62
5. Concrete Engineering Products Berhad	15,000,000	3.72
6. Kenanga Nominees (Tempatan) Sdn Bhd for Ng Ah Chai	8,098,200	2.01
7. Kenanga Nominees (Tempatan) Sdn Bhd for Norazlina binti Awang	8,004,000	1.99
8. RHB Nominees (Tempatan) Sdn Bhd for Ng Ah Chai	7,660,100	1.90

ANALYSIS OF SHAREHOLDINGS (cont'd)

AS AT 6 APRIL 2018

C. THIRTY (30) LARGEST REGISTERED SHAREHOLDERS (cont'd)

	Name	No of Shares	%
9.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Ng Ah Chai	7,617,700	1.89
10.	Chee Ah Kuan	7,601,500	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.	Muhammad Firdaus bin Muhamad Fasri	3,990,900	0.99
20.	United Investment Co Sdn Bhd	3,825,000	0.95
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	3,088,000	0.77
24.	Maybank Nominees (Tempatan) Sdn Bhd for Ng Ah Chai	3,000,000	0.74
25.	Che Yam @ Rusnah binti Hussin	2,913,600	0.72
26.	Ambank (M) Berhad for Sumber Berkat Sdn Bhd	2,805,000	0.70
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.	Miss Asura Salaeh	2,238,700	0.56

LIST OF PROPERTIES REGISTERED UNDER THE GROUP OF COMPANIES

AS AT 31 DECEMBER 2017

	Leasehold/ Title Nos	Tenure	Existing Use	Land Area (Hectare)	Age of Property (Year)	Net Book Value 31/12/2017 (RM'000)	Date of Acquisition/ Last Revaluation
1.	Lot Nos: 204, 505, 626, 1005, 1091, 653, 1204, 1874, 1910, 1912, 1880, 1881, 1882, 23802, 23803, 23804, 23805, 23806, 23807, 24375, 25269, 25270, 25275	Freehold	Oil Palm Plantation	140.004	102	340,570	Acquired on 24.03.1914 – 16.06.1916 and last revalued on 22.01.2018
	Kajang estate, Mukim of Semenyih, Daerah Ulu Langat, Selangor						
2.	Lot Nos: 540, PT 21625 PT 21630	Freehold	Oil Palm Plantation	61.944	102	120,000	Acquired on 24.03.1914 – 16.06.1916 and last revalued on 22.01.2018
	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	9.995	28	9,465	Acquired on 18.08.1990
	Mukim of Pulau Perhentian, Daerah Besut, Terengganu						
4.	Title No. 9654	Freehold	Land, Factory and Office Building	5.18	18	4,631	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	33	19,422	Acquired on 30.10.2009 and last revalued on 11.01.2015
	Mukim of Bukit Besar, Kuala Terengganu						
6.	H.S.(D) 22923 Bandar Port Swettenham	Leasehold expiring in 2088	Leasehold Land	902.4195 sq. m.	28.5	2,319	Acquired on 31.12.2012
	District of Klang, State of Selangor						

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

AS AT 31 DECEMBER 2017

	Leasehold/ Title Nos	Tenure	Existing Use	Land Area (Hectare)	Age of Property (Year)	Net Book Value 31/12/2017 (RM'000)	Date of Acquisition/ Last Revaluation
7.	TL077512817 to 862 TL077517170 to 830 TL077525672 to 681 TL 077517358 to 545	Leasehold expiring in 2029 to 2069	Commercial, Residential, and Open Space Land	5,278	48	6,948	Acquired on 12.03.2014
	District of Sandakan, Sabah						
8.	15-06A Amber Tower Seri Mas Condominium Batu 3 ½ Cheras 56000 Kuala Lumpur	Leasehold expiring in 2085	Apartment	91 sq. m.	23	330	Acquired on 30.06.2003
	Lot 51810, Mukim of Kuala Lumpur, Wilayah Persekutuan						

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the One Hundred and Eighth Annual General Meeting (“108th AGM”) of Inch Kenneth Kajang Rubber Public Limited Company (“IKKR or the Company”) will be held at Dewan Murni, Ground Floor Menara Integriti, Institut Integriti Malaysia, Persiaran Tuanku Syed Sirajuddin, Off Jalan Tuanku Abdul Halim, 50480 Kuala Lumpur, Malaysia, on Thursday, 7 June 2018 at 10:00 a.m. for the following purposes:

1. To lay before the meeting the financial statements for the year ended 31 December 2017 and the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors’ fees in respect of the year ended 31 December 2017. **Resolution 1**
3. To re-appoint Dato’ Tik bin Mustaffa who retires pursuant to Article 86 of the Company’s Articles of Association, and being eligible, offers himself for re-appointment. **Resolution 2**
4. To re-appoint Dr. Radzuan bin A. Rahman who retires pursuant to Article 86 of the Company’s Articles of Association, and being eligible, offers himself for re-appointment. **Resolution 3**
5. 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:

6. CONTINUITY AS INDEPENDENT DIRECTORS

That the following Directors who have served as Independent Non-Executive Directors for a cumulative term of more than nine (9) years, continue to act as Independent Non-Executive Directors of the Company pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017 (“MCCG 2017”):

- | | |
|---------------------------------|---------------------|
| 6.1 Dato’ Adnan bin Maaruf | Resolution 5 |
| 6.2 Dato’ Haji Muda bin Mohamed | Resolution 6 |

7. CONTINUITY AS INDEPENDENT DIRECTOR

To re-appoint Dr. Radzuan bin A. Rahman who has served as Independent Non-Executive Director for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Director of the Company pursuant to Practice 4.2 of the MCCG 2017. **Resolution 7**

8. PROPOSED RESOLUTION TO EMPOWER THE DIRECTORS OF THE COMPANY TO ISSUE SHARES PURSUANT TO SECTION 551 OF THE UNITED KINGDOM COMPANIES ACT 2006 (“UK COMPANIES ACT 2006”) **Resolution 8**

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 of business opportunities or other arising circumstances 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)

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

“THAT, subject to the Malaysian Companies Act 2016 (“the Act”), 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 10 pence 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 6 April 2018);
- (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 2017 of RM117,858,127 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 8 December 2019 (the date which is 18 months after the meeting) or the close of the next Annual General Meeting (“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
30 April 2018

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 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 Form of Proxy 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 of Malaysia, the Form of Proxy could be forwarded by fax at +603 2141 9650 or by email to ir@ikkr.com.my.
6. For the purpose of determining a member who shall be entitled to attend the 108th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors ("ROD") as at 1 June 2018. Only a depositor whose name appears on the Register of Members/ROD therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote on his/her behalf.

Audited Financial Statements

7. The Audited Financial Statements laid at this meeting pursuant to Section 340(1)(a) of the Act are meant for discussion only. It does not require shareholders' approval, and therefore, not put forward for voting.

Directors' Fees

8. Section 230(1) of the Act provides that "the fees" of the Directors and "any benefits" payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. The Board agreed that the shareholders' approval shall be sought at the 108th AGM on the Directors' fees.

Re-election of Directors Who Retire Pursuant to Article 86 of the Company's Articles of Association ("the Articles")

9. Article 86 of the Articles provides that an election of 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, the number nearest to but no greater than one-third) shall retire from office provided always that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

With the current Board size of five (5), two (2) Directors, Dato' Tik bin Mustaffa and Dr. Radzuan bin A. Rahman, are to retire in accordance with Article 86 of the Articles, and being eligible, offer themselves for re-appointment.

The Nominating Committee of the Company has accessed the criteria and contributions of the above two (2) Directors and recommended for their re-appointment. The Board has also endorsed the Nominating Committee's recommendation that they be re-appointed as Directors of the Company.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

EXPLANATORY NOTES ON SPECIAL BUSINESS:

Continuity as Independent Directors

10. In line with Practice 4.2 of the MCGG 2017, the Board has vide the Nominating Committee's recommendation that both Dato' Adnan bin Maaruf and Dato' Haji Muda bin Mohamed be retained as Independent Non-Executive Directors.

The Nominating Committee has also recommended that Dr. Radzuan bin A. Rahman be retained as Independent Non-Executive Director. This will subject to the passing of Resolution number 3.

The Committee is of the opinion that the Directors have complied with the independence criteria as prescribed in the Main Market Listing Requirements of Bursa Securities. The Company benefits from their vast experience and expertise which enable them to provide independent judgements and invaluable contributions to the Board in their roles as Independent Non-Executive Directors.

Issue Shares Pursuant to Section 551 of the UK Companies Act 2006

11. 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 107th AGM held on 23 May 2017 which will lapse at the conclusion of the 108th 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.

Proposed Renewal of Authority for the Purchase by the Company of its Own Shares

12. The details on the Proposed Renewal of Authority is included in the Statement to Shareholders dated 30 April 2018 which is enclosed together with the Annual Report.

FORM OF PROXY

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 108th Annual General Meeting of the Company to be held at Dewan Murni, Ground Floor Menara Integriti, Institut Integriti Malaysia, Persiaran Tuanku Syed Sirajuddin, Off Jalan Tuanku Abdul Halim, 50480 Kuala Lumpur, Malaysia, on Thursday, 7 June 2018 at 10:00 a.m. for the following purposes:

NO	RESOLUTION	FOR	AGAINST
1	To approve the payment of Directors' fees		
2	Re-appointment of Dato' Tik bin Mustafa		
3	Re-appointment of Dr. Radzuan bin A. Rahman		
4	Re-appointment of Messrs UHY Hacker Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration		
5	SPECIAL BUSINESS – ORDINARY RESOLUTION 5 To re-appoint Dato' Adnan bin Maaruf		
6	SPECIAL BUSINESS – ORDINARY RESOLUTION 6 To re-appoint Dato' Haji Muda bin Mohamed		
7	SPECIAL BUSINESS – ORDINARY RESOLUTION 7 To re-appoint Dr. Radzuan bin A. Rahman		
8	SPECIAL BUSINESS – ORDINARY RESOLUTION 8 To approve the proposed resolution to empower the Directors of the Company to issue shares pursuant to section 551 of the UK Companies Act 2006		
9	SPECIAL BUSINESS – ORDINARY RESOLUTION 9 To approve the proposed renewal of authority for the purchase by the Company of its own shares		

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

 Signature/Seal of Shareholder(s)

Dated this day _____ of _____ 2018

Tel No: _____

*Delete whichever is not applicable.

Note:

A member of the Company entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints more than one proxy, the appointment shall not be valid unless he specifies the proportion of his holding to be represented by each proxy. Any alteration in the Form of Proxy 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 of Malaysia, the Form of Proxy could be forwarded by fax at +603 2141 9650 or by 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

Then fold here

1st fold here
