

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (990261 M)
(Incorporated in Scotland)

UNAUDITED CONDENSED CONSOLIDATED
STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 30 JUNE 2016

	Current Year Quarter 31.06.2016 RM'000	Preceding Year Corresponding Quarter 30.06.2015 RM'000	Current Year To date 31.06.2016 RM'000	Preceding Year Corresponding Period 30.06.2015 RM'000
Group revenue	3,202	4,422	5,017	6,284
Operating expenses	(5,801)	(6,687)	(11,547)	(12,067)
Other operating income and expenses	306	128	147	(716)
Operating loss	(2,293)	(2,137)	(6,383)	(6,499)
Finance income	1,041	994	2,130	1,906
Finance cost	(50)	-	(64)	-
Realised gain on redemption of short term investments	(1,341)	30	(1,329)	75
Share of results of associate	93	1,054	(659)	1,760
Loss before tax	(2,550)	(59)	(6,305)	(2,758)
Taxation (note 13)	-	(46)	-	(46)
Net Loss	<u>(2,550)</u>	<u>(105)</u>	<u>(6,305)</u>	<u>(2,804)</u>
Earnings/(Loss) Per Share:				
Basic and diluted (sen)	(0.63)	(0.03)	(1.56)	(0.70)

Exchange Rate as at 30 June 2016:

£1 = RM5.3910

IRM = £ 0.1855

(The condensed consolidated statement of profit or loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (990261 M)
(Incorporated in Scotland)

UNAUDITED CONDENSED CONSOLIDATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2016

	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year Corresponding Period
	31.06.2016	30.06.2015	31.06.2016	30.06.2015
	RM'000	RM'000	RM'000	RM'000
Net loss for the period	(2,550)	(105)	(6,305)	(2,804)
Other comprehensive (loss)/income :				
Revaluation of available-for-sale investments and short term investments	381	381	381	839
Reclassification adjustments on short term investments	-	-	-	-
Revaluation of freehold lands	-	-	-	-
Exchange differences on translating foreign operations	69	67	99	1,246
Total comprehensive (loss)/income for the period	<u>(2,100)</u>	<u>343</u>	<u>(5,825)</u>	<u>(719)</u>

(The condensed consolidated statement of comprehensive income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (990261 M)
(Incorporated in Scotland)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	31.06.2016 RM'000 (Unaudited)	31.12.2015 RM'000 (Audited)
ASSETS			
Non-current assets			
Property, plant & equipment	16	463,939	462,381
Intangible assets	17	91	35
Investment properties	18	70	71
Investment in associated undertaking	20	24,081	24,740
Goodwill on consolidation	21	71	71
Available-for-sale investments	22	75	84
		488,327	487,382
Current assets			
Inventories		1,185	1,555
Trade and other receivables		89,628	93,820
Short term investments	23	102,539	110,422
Cash and cash equivalents	24	28,925	26,755
		222,277	232,552
TOTAL ASSETS		710,604	719,934
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital		287,343	287,343
Share premium		8	8
Property revaluation reserve		228,085	228,085
Investment revaluation reserve		15,603	15,222
Foreign currency translation reserve		(92)	(190)
Retained earnings		114,653	123,821
		645,600	654,289
Less : Treasury shares	25	(15,980)	(15,980)
TOTAL EQUITY		629,620	638,309
Current liabilities			
Trade and other payables		4,902	5,507
Taxation payable		39	75
		4,941	5,582
Non-current liabilities			
Employee entitlements		15	15
Deferred tax liabilities		76,028	76,028
		76,043	76,043
TOTAL LIABILITIES		80,984	81,625
TOTAL EQUITY AND LIABILITIES		710,604	719,934
Net assets per share		1.56	1.58

(The condensed consolidated statement of financial position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (990261 M)
(Incorporated in Scotland)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2016**

	Share Capital RM'000	Share Premium RM'000	Property Revaluation Reserve RM'000	Investment Revaluation Reserve RM'000	Foreign Exchange Reserve RM'000	Retained Earnings RM'000	Treasury Shares RM'000	Total Equity RM'000
6 Months ended 30 June 2016								
At 1 January 2016	287,343	8	228,085	15,222	(191)	128,821	(15,980)	638,309
Loss for the period	-	-	-	-	-	(6,305)	-	(6,305)
Other comprehensive (loss)/income:								
Revaluation of freehold lands	-	-	-	-	-	-	-	-
Revaluation of investments	-	-	-	381	-	-	-	381
Foreign currency translation	-	-	-	-	99	-	-	99
Total comprehensive (loss)/income	-	-	-	381	99	(6,305)	-	(5,825)
Other movements:								
Dividends paid	-	-	-	-	-	(4,677)	-	(4,677)
At 30 June 2016	287,343	8	228,085	15,603	(92)	114,653	(15,980)	629,620
6 Months ended 30 June 2015								
At 1 January 2015	287,343	8	287,371	12,312	(1,303)	133,043	(15,980)	702,794
Loss for the period	-	-	-	-	-	(2,804)	-	(2,804)
Other comprehensive income/(loss):								
Revaluation of freehold lands	-	-	-	-	-	-	-	-
Reclassification adjustments on redemption of short term investments	-	-	-	-	-	-	-	-
Revaluation of investments	-	-	-	839	-	-	-	839
Foreign currency translation	-	-	-	-	996	250	-	1,246
Total comprehensive (loss)/income	-	-	-	839	996	(2,554)	-	(719)
Other movements:								
Dividends paid	-	-	-	-	-	(4,395)	-	(4,395)
At 30 June 2015	287,343	8	287,371	13,151	(307)	126,094	(15,980)	697,680

(The condensed consolidated statement of changes in equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (990261 M)
(Incorporated in Scotland)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016

	6 months ended	
	30.06.2016	30.06.2015
	RM'000	RM'000
Cash flows from operating activities		
Group operating loss	(6,383)	(6,499)
Adjustments for :		
Dividend income	-	-
Fixed assets written off	-	6
Depreciation and amortisation	1,432	926
Operating loss before changes in working capital	<u>(4,951)</u>	<u>(5,567)</u>
Changes in working capital:		
Decrease in inventories	370	2,454
Increase/(decrease) in trade and other receivables	4,192	(8,560)
Increase/(decrease) in trade and other payables	(605)	371
Tax paid	<u>(55)</u>	<u>(134)</u>
Net cash used in operating activities	<u>(1,049)</u>	<u>(11,436)</u>
Investing activities		
Proceeds from disposal of investment	-	-
Interest and dividends received	2,130	1,906
Short term investments	7,883	5,905
Assets under construction	(1,708)	(3,172)
Payments to acquire intangible assets	(56)	(28)
Payment to acquire property, plant and equipment	<u>(353)</u>	<u>(396)</u>
Net cash generated from investing activities	<u>7,896</u>	<u>4,215</u>
Financing activities		
Dividend paid	<u>(4,677)</u>	<u>(4,395)</u>
Net cash used in financing activities	<u>(4,677)</u>	<u>(4,395)</u>
Increase/(decrease) in cash and cash equivalents	2,170	(11,616)
Cash and cash equivalents at 1 January	26,755	43,738
Cash and cash equivalents at 31 March	<u>28,925</u>	<u>32,122</u>
Cash and cash equivalents comprise of :		
Cash and bank balances	5,868	8,076
Short term deposits	<u>23,057</u>	<u>24,046</u>
	<u>28,925</u>	<u>32,122</u>

(The condensed consolidated cash flow statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (990261 M)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2016**

1. Basis of preparation and accounting policies

1.1 Reporting entity

Inch Kenneth Kajang Rubber Public Limited Company (“the Company”) is a company incorporated in Scotland with its registered office at 7 Castle Street, Edinburgh EH2 3AP, Scotland. The principal operating office is at 22nd Floor Menara Promet (KH), Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia. All of the operations of the Company and its subsidiaries are located in Malaysia and Thailand.

The consolidated unaudited financial information of the Company as at 31 June 2016 includes the Company, its subsidiaries and its interest in an associated undertaking (together referred to as the “Group”).

1.2 Basis of preparation

The unaudited financial information has been prepared on a going concern basis and in accordance with IAS34 Interim Financial Reporting. The financial information has been prepared under the historical cost convention except for the fair value measurement of available-for-sale investments and freehold estate lands. The financial information is also presented to comply in all material respects of the requirement of the Malaysian FRS 134 Interim Financial Reporting and Chapter 9 of the Bursa Malaysia Listing Requirements.

The unaudited quarterly consolidated financial information to 31 June 2016 included in this Announcement has been prepared by applying accounting policies consistent with those used in the preparation of the most recent audited financial statements of the Group, being for the year ended 31 December 2015. The consolidated financial statements of the Group for the year ended 31 December 2015 are available at Company website, Bursa Malaysia website, the Company’s registered office in Scotland and its operating office in Malaysia.

1.3 Changes in accounting policies

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 “Agriculture” and/or IC Interpretation 15 “Agreements for Construction of Real Estate”, including their parent, significant investor and venturer (herein called “Transitioning Entities”).

Based on the MASB announcement on 2 September 2014, adoption of the MFRS Framework by Transitioning Entities will only be mandatory for annual periods beginning on or after 1 January 2017.

The subsidiaries within the Group fall within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. However the Group financial statements will continue to be prepared using the IFRS Framework for the financial statements for the year ending 31 December 2017. The subsidiaries expect to be in a position to fully comply with these requirements for the financial year ending 31 December 2017.

The Group foresees that there will be no material impact on the financial statements as the real estate business would only be operational after 2016 and the current oil palm plantation has already exceeded its normal economic lifespan.

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (990261 M)

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2016**

1. Basis of preparation and accounting policies (*continued*)

1.4 Non-statutory accounts

The financial information contained in this report does not constitute full statutory accounts within the meaning of Section 434 of the United Kingdom's Companies Act 2006.

1.5 Independent auditors' report of preceding financial year ended 31 December 2015

There was no qualification made on the preceding audited financial statements for the year ended 31 December 2015, further it did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006 and did not include reference to any matters to which the auditor drew attention by way of emphasis.

1.6 Approval by Board of Directors

This consolidated interim financial information was approved by the Board of Directors on 23 August 2016.

2. Review of performance

The Group's turnover was RM5.017 million for the second quarter ended 30 June 2016 as compared to RM6.284 million for the corresponding second quarter in the preceding year. The decrease in Group turnover by RM1.3 million is mainly due to the lower market price of CV (constant viscosity) rubber blocks produced by the subsidiary in Thailand. The tourism division however improved their revenue by RM0.5 million during this financial period under review.

The revenue of the associate company, Concrete Engineering Products Berhad ("CEPCO") for the 6 months ended 30 June 2016 reduced to RM81.39 million (IKKR's share: RM18.23 million) compared to RM122.06 million (IKKR's share: RM27.34 million) in the preceding year, a decrease of RM9.11 million in respect of IKKR's share. The decreased sales volume is mainly due to lower deliveries arising from the deferment of certain projects.

The Group's loss before tax for the second quarter ended 30 June 2016 was RM6.305 million as compared to a loss of RM2.804 million for the corresponding second quarter ended 30 June 2015. The loss incurred was mainly due to the reduction in revenue derived from the manufacturing division and the share of loss from Cepco, as compared to the share of profit last year.

3. Comparison with preceding quarter

The Group recorded a pre-tax loss of RM2.55 million for the current quarter under review compared to a pre-tax loss of RM3.755 million in the preceding quarter ended 31 March 2016. The loss incurred in the 1st quarter ended 31 March 2016 was mainly due to the loss incurred at the tourism division as the resort was only in full operations by second half of February 2016.

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (990261 M)

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2016**

4. Commentary on prospects

We have undertaken a very thorough planning process for the proposed property development project in Kajang, as we have to ensure that the development project will be a success, not only for the Company but also for the town of Kajang. Except for the approval of certain authorities, we are ready to submit the Planning Approval to Majlis Perbandaran Kajang by 4th Quarter this year. We however do not expect to see the returns during the current financial year.

After the refurbishment at our resort, we can see higher revenue generated from our tourism sector, and we expect that our manufacturing sector will at least be at a breakeven level as rubber prices have not been fluctuating aggressively as before. Our associate company, CEPSCO, is expected to be about the same as last year due to the overall slowdown in the construction sector. With that scenario in place, the Board therefore anticipates a better performance by the Group for this financial year.

5. Comparison with profit forecasts

As the Group does not issue profit forecasts, no comparison can be made.

6. Changes in composition of the Group

There were no changes in the composition of the Group during the financial period under review.

7. Status of corporate proposals

There are no corporate proposals that have been announced but not completed as at the date of this announcement.

8. Realised and Unrealised Profits

The breakdown of retained profits of the Group as at 30 June 2016, pursuant to the format prescribed by Bursa, is as follows:

	As at 30 June 2016 RM'000	As at 31 Dec 2015 RM'000
Total Retained Profits of the Company and its subsidiaries:		
- Realised	124,583	133,187
- Unrealised	185	90
	124,768	133,277
Total share of Retained Profits/(Losses) from CEPSCO:		
- Realised	-	-
- Unrealised	(2,808)	(2,149)
	(2,808)	(2,149)
Less : Consolidation effects	(7,307)	(7,307)
Total Group Retained Profit	<u>114,653</u>	<u>123,821</u>

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (990261 M)

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2016**

9. Seasonal or cyclical factors

The performance of the Group was not subject to any material seasonal or cyclical fluctuations. There is however some seasonality fluctuation in the manufacturing and tourism sector.

10. Material changes in estimates

There were no material changes in accounting estimates of amounts, reported in prior interim periods of the current financial year or in prior financial year, that have a material effect in the current quarter.

11. Segmental reporting

Segmental reporting for the period ended 30 June 2016 is as follows:

	Plantation RM'000	Tourism RM'000	Manufacturing RM'000	Others RM'000	Total RM'000
Revenue					
From external customers	161	3,767	1,018	71	5,017
Segment revenues	161	3,767	1,018	71	5,017
Finance income	-	38	-	2,092	2,130
Share of profit of CEPCO	-	-	-	(659)	(659)
Realised gain on redemption of short term investment	-	12	-	(1,341)	(1,329)
Depreciation and amortisation	(15)	(334)	(429)	(31)	(809)
Other expenses	(138)	(3,313)	(1,499)	(5,705)	(10,655)
Segment profit/(loss)	8	170	(910)	(5,099)	(6,305)
Segment assets	115,032	29,774	5,099	560,700	710,605
Segment liabilities	1,441	2,416	24	77,103	80,984
Other disclosures					
Investment in CEPCO	-	-	-	24,081	24,081
Capital expenditure					
Tangible	-	1,791	-	31	1,822
Assets under construction	382	1,326	-	-	1,708
Intangible	-	63	-	-	63

(As at 30 June 2016, the revenue of our associate company, Cepco is RM81.388 million for the 6 months ended 30 June 2016 (IKKR's share: RM18.231 million)

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (990261 M)

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2016**

12. Impairment in value of subsidiaries and associate

There are no impairment to be incurred in investment in subsidiaries and associate during the financial period ended 30 June 2016.

13. Taxation

	Current Quarter Ended 30 June 2016 RM'000	Cumulative Year To-Date 30 June 2016 RM'000
Corporation taxation – credit/(charge)	<u>-</u>	<u>-</u>

Other than the subsidiary in Thailand which is a tax resident there, the Company and the Group are tax resident in Malaysia. The Group is liable to corporation tax in Malaysia and Thailand but is not subject to United Kingdom corporation tax.

The effective tax rate on the Group's loss is higher than the statutory tax rate substantially due to the non-taxability of losses due to impairment in investments and stocks.

14. Loss per share

The basic and diluted loss per share for the current quarter and cumulative year to-date have been computed based on Group's loss for the financial current quarter/cumulative year to-date divided by the weighted average number of ordinary shares of £0.10 each in issue after adjusting for movements in treasury shares during the financial current quarter/cumulative year to-date. The Company does not have any outstanding share options or other potentially dilutive financial instruments currently in issue.

	Current Quarter Ended		Cumulative Year To-date Ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Net loss attributable to the owners of the Company (RM'000)	<u>(2,550)</u>	<u>(105)</u>	<u>(6,305)</u>	<u>(2,804)</u>
Weighted average number of ordinary shares in issue after adjusting for movements in treasury shares (No. of Shares ('000))	<u>403,209</u>	<u>403,209</u>	<u>403,209</u>	<u>403,209</u>
Basic and diluted loss per share (Sen)	<u>(0.63)</u>	<u>(0.03)</u>	<u>(1.56)</u>	<u>(0.70)</u>

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (990261 M)

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2016**

15. Dividends proposed and paid

Detail of the interim dividend proposed and paid by the Board of Directors are as follows:

Interim dividend for financial year ended	31 December 2015
Approved and declared on	28 April 2016
Date paid	30 May 2016
Number of ordinary shares on which dividends were paid ('000)	403,209.2
Dividend per share (single-tier)	£0.002 (RM0.0116)
Net dividend paid (RM'000)	4,677

16. Property, plant & equipment

	Freehold Lands RM'000	Prepaid Land and Land Improvements RM'000	Buildings RM'000	Assets under Construction RM'000	Others RM'000	Total RM'000
Cost						
At 1 January 2016	449,623	3,639	21,518	4,729	9,772	489,281
Additions	-	-	1,822	1,708	311	3,841
Disposal	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-
At 31 March 2016	449,623	3,639	23,340	6,437	10,083	493,122
Accumulated depreciation						
At 1 January 2016	-	1,216	17,639	-	8,045	26,900
Charge for period	-	20	575	-	837	1,432
On disposal	-	-	-	-	-	-
Exchange differences	-	38	193	-	620	851
At 31 March 2016	-	1,274	18,407	-	9,502	29,183
Net book value						
At 31 March 2016	449,623	2,365	4,933	6,437	581	463,939
At 31 December 2015	449,623	2,423	3,879	4,729	1,727	462,381

17. Intangible assets

Computer software and corporate website creation

Group and Company	30 June 2016 RM'000	30 June 2015 RM'000
Cost		
At 1 January	106	75
Additions	63	31
Disposals	-	-
Total	169	106
Accumulated depreciation		
At 1 January	71	55
Charge for period	7	16
On disposals	-	-
Total	78	71
Net book value	91	35

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (990261 M)

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2016**

18. Investment Property

Group	30 June 2016	31 Dec 2015
	RM'000	RM'000
Cost		
At 1 January	100	100
Transfer from property, plant & equipment	-	-
Total	100	100
Accumulated depreciation		
At 1 January	29	28
Charge for the year	1	1
Total	30	29
Net book value		
Total	70	71

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

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

19. Carrying amount of property, plant and equipment

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 2015 valuation of the Group's freehold lands, valuations were obtained.

- On 18 January 2016 by Nilai Properties Consultants Sdn Bhd (V(1) 0065), an independent valuer not related to the Group, using the open market basis method. The total valuation of the land in Kajang and Bangi at 31 December 2015 was at RM431.5 million. The Group's lands are currently being used for the Group's plantation activities for growing of oil palm fresh fruit bunches. The Group has been given consent for the change of use of the lands. Further commentary on the Group's plans for its land is included in the Chairman's Statement.

There is no indication of any significant difference between the carrying amount and market values of land and buildings shown above at 31 December 2015 except freehold lands which are held under Inch Kenneth Kajang Rubber Public Limited Company, Inch Kenneth Development (M) Sdn Bhd and Motel Desa Sdn Bhd. The historical cost of the above freehold lands of the Group is RM107.242 million and of the Company is RM0.407 million. There are no restrictions on the title of the Group's property, plant and equipment.

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (990261 M)

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2016**

19. **Carrying amount of property, plant and equipment (continued)**

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 current quarter under review.

Based on IFRS 13, a three-level fair value hierarchy 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).

Assets under construction

This represents 22 units of low cost terrace houses under construction at Dunedin estate, Mukim of Semenyih. The total contract sum is approximate RM4 million. The construction is expected to be completed in second half of year 2016.

20. **Investment in associated undertaking**

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

	30 June 2016 RM'000
Shares	
At 1 January 2016 and 30 June 2016	40,914
Share of retained profits	
At 1 January 2016	15,441
Share of profit for 2016	(659)
At 30 June 2016	14,782
Share of dividend	
At 1 January 2016	(1,104)
Share of dividend 2016	-
At 30 June 2016	(1,104)
Impairment of goodwill	
At 1 January 2016	(30,511)
Impairment 2016	-
At 30 June 2016	(30,511)
Net book value	
At 30 June 2016	24,081
At 31 December 2015	24,740

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (990261 M)

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2016**

20. **Investment in associated undertaking (continued)**

The Group's share of the net assets of CEPCO as at 30 June 2016 comprised:

	30 June 2016 RM'000
Share of assets	
Share of non-current assets	19,267
Share of current assets	30,886
	<hr/> 50,153 <hr/>
Share of liabilities	
Share of non-current liabilities	(1,266)
Share of current liabilities	(23,299)
	<hr/> (24,565) <hr/>
 Share of net assets	 25,588
Goodwill (net of impairment) arising on the acquisition of CEPCO	(1,507)
	<hr/> 24,081 <hr/>

The Group's share of the results of CEPCO for the financial period ended 30 June 2016 was as follows:

	30 June 2016 RM'000
Share of revenue	<hr/> 18,231 <hr/>
Share of operating profit	315
Share of finance costs	(413)
Share of taxation	(561)
	<hr/> (659) <hr/>
Share of profit for the financial period – included in Group statement of profit or loss	<hr/> (659) <hr/>

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (990261 M)

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2016**

21.	Goodwill on consolidation		
		30 June 2016	31 Dec 2015
		RM'000	RM'000
	At cost		
	At 1 January	4,573	4,573
	Arising from acquisition of new subsidiary	<u>-</u>	<u>-</u>
	Total	<u>4,573</u>	<u>4,573</u>
	Accumulated impairment		
	At 1 January	(4,502)	(4,502)
	Impairment losses	<u>-</u>	<u>-</u>
	Total	<u>(4,502)</u>	<u>(4,502)</u>
	Carrying amount at end of the financial period	<u><u>71</u></u>	<u><u>71</u></u>
22.	Available-for-sale investments		
		30 June 2016	31 Dec 2015
		RM'000	RM'000
	Quoted shares:		
	Balance at 1 January	84	57
	Disposal of investments	-	-
	Fair value adjustments	<u>(9)</u>	<u>27</u>
	Balance at fair values	<u>75</u>	<u>84</u>
23.	Short term investments		
		31 Mar 2016	31 Dec 2015
		RM'000	RM'000
	Investments on unit trusts with:		
	Licensed investment banks	<u>102,539</u>	<u>110,422</u>

Unquoted unit trusts are measured at mark to market based on the net asset value at each reporting date. The time weighted rate of return of these investments at the reporting date were between 2.50% and 3.41% (2015: 1.76% to 3.47%).

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24.	Cash and cash equivalents		
		30 June 2016	31 Dec 2015
		RM'000	RM'000
	Cash at bank	4,610	2,763
	Cash in hand	93	66
	Deposits with Licensed banks	23,086	22,683
	Investments Licensed banks	1,136	1,243
		<hr/>	<hr/>
	Total	<u>28,925</u>	<u>26,755</u>

The effective interest rates of deposits at the reporting date were between 2.75% and 4.15% (2015: 2.64% to 4.08%). Included in Group's 2016 deposits with licensed banks is the short term deposits totalling to RM27,588 (2015 : RM27,588) 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.

25. **Repurchases equity securities - Treasury Shares**

Share buyback by the Company

A total of 17,540,800 shares were bought back and retained as treasury shares as at 30 June 2016 at the total cost of RM15.98 million (average of RM0.9110 per share). However during the current quarter, there was no share buyback and no resale or cancellation of treasury shares.

Subsequent to the financial period ended 30 June 2016, the Company has not repurchased any of its issued ordinary shares. The issued and paid up share capital of the Company remains at 420,750,000 ordinary shares of RM0.10 each.

26. **Profit on sale of unquoted investments and/or properties**

There were no sales of unquoted investments and/or properties outside the ordinary course of business of the Group for the period under review.

27. **Off balance sheet financial instruments**

During the period under review, the Group has not entered into any financial instruments contract involving off "statement of financial position".

28. **Changes in material contingent liabilities or contingent assets**

There have been no changes in material contingent liabilities or contingent assets since the last annual statement of financial position date.

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29. Notes to the statement of profit or loss

Included in the statement of profit or loss for the current quarter and financial year-to-date, are as follows:-

	Current Quarter 30 June 2016 RM'000	Current year-to-date 30 June 2016 RM'000
Interest income	1,041	2,130
Other income including investment income	78	303
Depreciation and amortisation	(361)	(1,432)
Provision for or write-off of receivables	-	-
Provision for or write-off of assets	-	-
Provision for or write-off of inventories	-	-
Gain/(loss) on disposal of quoted/unquoted investments	-	-
Realised gain on redemption of short term investments	(1,341)	(1,329)
Gain on disposal of assets	-	-
Impairment of associate	-	-
Provision for contingent liability	-	-
Foreign exchange loss	466	(156)
Decrease in fair value of quoted investment	(4)	(9)

30. Debt and equity securities

On 24 May 2016 the Company obtained approval from its shareholders for the renewal of the proposed purchase of up to ten percent (10%) of the issued and paid-up share capital of the Company.

During the two quarter's of year 2016, the Company has not repurchased any of its issued ordinary shares from the open market. The Company held a total of 17,540,800 treasury shares as at 30 June 2016.

Apart from the above, there were no other issues or repayments of debt securities or equity securities, share cancellations, shares held as treasury shares or re-sale of treasury shares for the current quarter.

31. Material litigation

There was no material litigation against the Group for the period under review.

32. Significant events during and after the year end

No significant events occurred during or after the period under review.

33. Related party transactions

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

No related party transactions have taken place during the current financial period under review which have materially affected the financial position or the performance of the group. The nature and amounts of related party transactions in the three months period of the current financial year are consistent with those reported in the group's Annual Report and Accounts 2015.