

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 2015

	Current Year Quarter 30.06.2015 RM'000	Preceding Year Corresponding Quarter 30.06.2014 RM'000	Current Year To date 30.06.2015 RM'000	Preceding Year Corresponding Period 30.06.2014 RM'000
Group revenue	4,422	11,768	6,284	16,660
Operating expenses	(6,687)	(14,019)	(12,067)	(21,997)
Other operating income and expenses	128	211	(716)	436
Operating loss	(2,137)	(2,040)	(6,499)	(4,901)
Finance income	994	1,333	1,906	2,578
Gain on disposal of investment	-	7	-	7
Realised gain on redemption of short term investments	30	-	75	-
Impairment of investment in associate	-	(2,500)	-	(2,500)
Share of results of associate	1,054	430	1,760	292
Loss before tax	(59)	(2,770)	(2,758)	(4,524)
Taxation (note 13)	(46)	(102)	(46)	(102)
Net Loss	<u>(105)</u>	<u>(2,872)</u>	<u>(2,804)</u>	<u>(4,626)</u>
Earnings/(Loss) Per Share:				
Basic and diluted (sen)	(0.03)	(0.71)	(0.70)	(1.15)

Exchange Rate as at 30 June 2015:

£1 = RM5.9313

IRM = £ 0.1686

(The condensed consolidated statement of profit or loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 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 2015

	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year Corresponding Period
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Net loss for the period	(105)	(2,872)	(2,804)	(4,626)
Other comprehensive (loss)/income :				
Revaluation of available-for-sale investments and short term investments	381	(7)	839	(505)
Reclassification adjustments on short term investments	-	-	-	-
Revaluation of freehold lands	-	-	-	-
Exchange differences on translating foreign operations	67	(1,092)	1,246	(761)
Total comprehensive (loss)/income for the period	<u>343</u>	<u>(3,971)</u>	<u>(719)</u>	<u>(5,892)</u>

(The condensed consolidated statement of comprehensive income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 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 2015

	Notes	30.06.2015 RM'000 (Unaudited)	31.12.2014 RM'000 (Audited)
ASSETS			
Non-current assets			
Property, plant & equipment	16	444,377	441,712
Intangible assets	17	42	20
Investment properties	18	71	72
Investment in associated undertaking	20	21,902	20,142
Goodwill on consolidation	21	71	71
Available-for-sale investments	22	51	57
		466,514	462,074
Current assets			
Assets held for sale	23	29,654	29,654
Inventories		958	3,410
Trade and other receivables		53,896	44,026
Short term investments	24	118,734	123,719
Cash and cash equivalents	25	32,122	43,738
		235,364	244,547
TOTAL ASSETS		701,878	706,621
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital		287,343	287,343
Share premium		8	8
Property revaluation reserve		287,371	287,371
Investment revaluation reserve		13,151	12,312
Foreign currency translation reserve		(307)	(1,303)
Retained earnings		126,094	133,043
		713,660	718,774
Less : Treasury shares	26	(15,980)	(15,980)
TOTAL EQUITY		697,680	702,794
Current liabilities			
Trade and other payables		4,108	3,737
Taxation payable		75	75
		4,183	3,812
Non-current liabilities			
Employee entitlements		15	15
		15	15
TOTAL LIABILITIES		4,198	3,827
TOTAL EQUITY AND LIABILITIES		701,878	706,621
Net assets per share		1.73	1.74

(The condensed consolidated statement of financial position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 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 2015**

	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 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 (loss)/income:								
Revaluation of freehold lands	-	-	-	-	-	-	-	-
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
6 Months ended 30 June 2014								
At 1 January 2014	287,343	8	286,371	12,709	(1,245)	144,601	(15,980)	713,807
Loss for the period	-	-	-	-	-	(4,626)	-	(4,626)
Other comprehensive income/(loss):								
Revaluation of freehold lands	-	-	-	-	-	-	-	-
Realised gain on redemption of short term investments	-	-	-	(302)	-	302	-	-
Revaluation of investments	-	-	-	(505)	-	-	-	(505)
Foreign currency translation	-	-	-	-	(761)	-	-	(761)
Total comprehensive (loss)/income	-	-	-	(807)	(761)	(4,324)	-	(5,892)
Other movements:								
Dividends paid	-	-	-	-	-	(4,431)	-	(4,431)
At 30 June 2014	287,343	8	286,371	11,902	(2,006)	135,846	(15,980)	703,484

(The condensed consolidated statement of changes in equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 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 2015

	6 months ended	
	30.06.2015	30.06.2014
	RM'000	RM'000
Cash flows from operating activities		
Group operating loss	(6,499)	(4,901)
Adjustments for :		
Dividend income	-	(1)
Fixed assets written off	6	-
Depreciation and amortisation	926	1,018
Operating loss before changes in working capital	<u>(5,567)</u>	<u>(3,884)</u>
Changes in working capital:		
Decrease in inventories	2,454	11,576
Increase in trade and other receivables	(8,560)	(6,804)
Increase/(decrease) in trade and other payables	371	(731)
Tax paid	<u>(134)</u>	<u>(136)</u>
Net cash (used in)/generated from operating activities	<u>(11,436)</u>	<u>21</u>
Investing activities		
Proceeds from disposal of investment	-	25
Interest and dividends received	1,906	2,579
Short term investments	5,905	15,813
Assets under construction	(3,172)	-
Payments to acquire intangible assets	(28)	-
Payment to acquire property, plant and equipment	<u>(396)</u>	<u>(504)</u>
Net cash generated from investing activities	<u>4,215</u>	<u>17,913</u>
Financing activities		
Dividend paid	<u>(4,395)</u>	<u>(4,431)</u>
Net cash used in financing activities	<u>(4,395)</u>	<u>(4,431)</u>
(Decrease)/increase in cash and cash equivalents	(11,616)	13,503
Cash and cash equivalents at 1 January	43,738	28,593
Cash and cash equivalents at 30 June	<u>32,122</u>	<u>42,096</u>
Cash and cash equivalents comprise of :		
Cash and bank balances	8,076	14,949
Short term deposits	24,046	27,147
	<u>32,122</u>	<u>42,096</u>

(The condensed consolidated cash flow statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 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 2015**

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 30 June 2015 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 30 June 2015 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 2014. The consolidated financial statements of the Group for the year ended 31 December 2014 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 2015 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 2015**

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 2014

There was no qualification made on the preceding audited financial statements for the year ended 31 December 2014, 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 26 August 2015.

2. Review of performance

The Group's turnover was RM6.284 million for the second quarter ended 30 June 2015 as compared to RM16.660 million for the corresponding second quarter in the preceding year. The decrease in Group's turnover by RM10.376 million is mainly due to the lower sales on CV (constant viscosity) rubber blocks produced by the subsidiary in Thailand and lower room booking by Travel Agent and Online Travel Agent from tourism division during the financial period under review.

The revenue of the associate company, Concrete Engineering Products Berhad ("CEPCO") for the 6 months ended 30 June 2015 increased to RM122.058 million (IKKR's share: RM27.341 million) compared to RM78.159 million (IKKR's share: RM17.508 million) in the preceding year, an increase of RM9.833 million in respect of IKKR's share. The increased in sales volume is due to more deliveries to overseas projects.

The Group's loss before tax for the second quarter ended 30 June 2015 was RM2.758 million as compared to a loss of RM4.524 million for the corresponding second quarter ended 30 June 2014. The loss incurred during current quarter under review was partly due to the reduction in revenue derived from the plantation, tourism and manufacturing division. The lower loss was also because there was no impairment done in this quarter in regards to the subsidiaries or associate companies, as compared to the second quarter last year.

3. Comparison with preceding quarter

The Group recorded a pre-tax loss of RM0.059 million for the current quarter under review compared to a pre-tax loss of RM2.699 million in the first quarter ended 31 March 2015. The lower loss incurred as compared to the previous quarter was mainly due to the higher share of profit from associate.

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (990261 M)

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2015**

4. Commentary on prospects

Efforts to develop our land bank in Kajang and Bangi are aggressively being pursued as this will be the main income driver for the Group. However, we do not expect to see the returns during the current financial year.

We do look forward to a higher revenue from our associate company – CEPCO, and we expect that our manufacturing sector will at least be at a break even level.

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 2015, pursuant to the format prescribed by Bursa, is as follows:

	As at 30 June 2015 RM'000	As at 31 Dec 2014 RM'000
Total Retained Profits of the Company and its subsidiaries:		
- Realised	138,776	147,279
- Unrealised	(388)	(183)
	138,388	147,096
Total share of Retained Profits/(Losses) from CEPCO:		
- Realised	-	-
- Unrealised	(4,988)	(6,747)
	(4,988)	(6,747)
Less : Consolidation effects	(7,306)	(7,306)
Total Group Retained Profit	126,094	133,043

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (990261 M)

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2015**

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 2015 is as follows:

	Plantation RM'000	Tourism RM'000	Manufacturing RM'000	Others RM'000	Total RM'000
Revenue					
From external customers	208	3,258	2,739	79	6,284
Segment revenues	208	3,258	2,739	79	6,284
Finance income	-	47	-	1,859	1,906
Share of profit of CEPCO	-	-	-	1,760	1,760
Realised gain on redemption of short term investment	-	4	-	71	75
Fixed assets written off	-	(6)	-	-	(6)
Depreciation and amortisation	(13)	(572)	(295)	(46)	(926)
Tax expenses	-	(46)	-	-	(46)
Other expenses	(157)	(3,559)	(4,365)	(3,770)	(11,851)
Segment profit/(loss)	38	(874)	(1,921)	(47)	(2,804)
Segment assets	117,227	25,851	10,129	548,671	701,878
Segment liabilities	1,265	1,636	24	1,273	4,198
Other disclosures					
Investment in CEPCO	-	-	-	21,902	21,902
Capital expenditure					
Tangible	8	289	3	96	396
Assets under construction	2,419	753	-	-	3,172
Intangible	28	-	-	-	28

(As at 30 June 2015, the revenue of our associate company, Cepco is RM122.058 million for the 6 months ended 30 June 2015 (IKKR's share: RM27.341 million)

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (990261 M)

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2015**

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 2015.

13. Taxation

	Current Quarter Ended 30 June 2015 RM'000	Cumulative Year To-Date 30 June 2015 RM'000
Corporation taxation – charge	<u>(46)</u>	<u>(46)</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 2015	30 June 2014	30 June 2015	30 June 2014
Net loss attributable to the owners of the Company (RM'000)	<u>(105)</u>	<u>(2,872)</u>	<u>(2,804)</u>	<u>(4,626)</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>(0.03)</u>	<u>(0.71)</u>	<u>(0.70)</u>	<u>(1.15)</u>

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (990261 M)

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2015**

15. Dividends paid

The following dividend was paid on 9 June 2015:

Interim dividend for financial year ended	31 December 2014
Approved and declared on	6 May 2015
Date paid	9 June 2015
Number of ordinary shares on which dividends were paid ('000)	403,209.2
Dividend per share (single-tier)	£0.002 (RM0.0109)
Net dividend paid (RM'000)	4,395

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 2015	432,852	3,590	19,921	1,054	8,775	466,192
Additions	-	-	56	3,172	340	3,568
Disposal	-	-	-	-	(9)	(9)
Exchange differences	13	22	113	-	169	317
At 30 June 2015	432,865	3,612	20,090	4,226	9,275	470,068
Accumulated depreciation						
At 1 January 2015	-	1,129	16,311	-	7,040	24,480
Charge for period	-	20	593	-	307	920
On disposal	-	-	-	-	(3)	(3)
Exchange differences	-	22	110	-	162	294
At 30 June 2015	-	1,171	17,014	-	7,506	25,691
Net book value						
At 30 June 2015	432,865	2,441	3,076	4,226	1,769	444,377
At 31 December 2014	432,852	2,461	3,610	1,054	1,735	441,712

17. Intangible assets

Computer software and corporate website creation

Group and Company	30 June 2015 RM'000	31 Dec 2014 RM'000
Cost		
At 1 January	75	68
Additions	28	9
Disposals	-	(2)
Total	103	75
Accumulated depreciation		
At 1 January	55	49
Charge for period	6	8
On disposals	-	(2)
Total	61	55
Net book value	42	20

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (990261 M)

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2015**

18. **Investment Property**

Group	30 June 2015 RM'000	31 Dec 2014 RM'000
Cost		
At 1 January	100	-
Transfer from property, plant & equipment	-	100
Total	100	100
Accumulated depreciation		
At 1 January	28	-
Transfer from property, plant & equipment	-	28
Charge for period	1	-
Total	29	28
Net book value		
Total	71	72

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 2014 valuation of the Group's freehold lands, valuations were obtained.

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

There is no indication of any significant difference between the carrying amount and market values of land and buildings shown above at 31 December 2014 except freehold lands which are held under Inch Kenneth Kajang Rubber Public Limited Company, Inch Kenneth Development (M) Sdn Bhd and Motel Desa Sdn Bhd. The historical cost of the above freehold lands of the Group is RM107.242 million and of the Company is RM0.407 million. There are no restrictions on the title of the Group's property, plant and equipment.

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (990261 M)

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2015**

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 third half of year 2015.

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 2015 RM'000
Shares	
At 1 January 2015 and 30 June 2015	40,914
Share of retained profits	
At 1 January 2015	10,843
Share of profit for 2015	1,760
At 30 June 2015	12,603
Share of dividend	
At 1 January 2015	(1,104)
Share of dividend 2015	-
At 30 June 2015	(1,104)
Impairment of goodwill	
At 1 January 2015	(30,511)
Impairment 2015	-
At 30 June 2015	(30,511)
Net book value	
At 30 June 2015	21,902
At 31 December 2014	20,142

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (990261 M)

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2015**

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

The Group's share of the net assets of CEPCO as at 30 June 2015 comprised:

	30 June 2015 RM'000
Share of assets	
Share of non-current assets	19,256
Share of current assets	27,226
	<hr/> 46,482 <hr/>
Share of liabilities	
Share of non-current liabilities	(1,756)
Share of current liabilities	(21,317)
	<hr/> (23,073) <hr/>
Share of net assets	23,409
Goodwill (net of impairment) arising on the acquisition of CEPCO	(1,507)
	<hr/> 21,902 <hr/>

The Group's share of the results of CEPCO for the financial period ended 30 June 2015 was as follows:

	30 June 2015 RM'000
Share of revenue	<hr/> 27,341 <hr/>
Share of operating profit	2,692
Share of finance costs	(337)
Share of taxation	(595)
	<hr/>
Share of profit for the financial period – included in Group statement of profit or loss	<hr/> 1,760 <hr/>

INCH KENNETH KAJANG RUBBER PUBLIC LIMITED COMPANY (990261 M)

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2015**

21.	Goodwill on consolidation		
		30 June 2015	31 Dec 2014
		RM'000	RM'000
	At cost		
	At 1 January	4,573	4,573
	Arising from acquisition of new subsidiary	-	-
	Total	<u>4,573</u>	<u>4,573</u>
	Accumulated impairment		
	At 1 January	(4,502)	(4,502)
	Impairment losses	-	-
	Total	<u>(4,502)</u>	<u>(4,502)</u>
	Carrying amount at end of the financial period	<u>71</u>	<u>71</u>

22.	Available-for-sale investments		
		30 June 2015	31 Dec 2014
		RM'000	RM'000
	Quoted shares:		
	Balance at 1 January	57	61
	Disposal of investments	-	(18)
	Fair value adjustments	(6)	14
	Balance at fair values	<u>51</u>	<u>57</u>

23. **Assets held for sale**

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

24. **Short term investments**

		30 June 2015	31 Dec 2014
		RM'000	RM'000
	Investments on unit trusts with:		
	Licensed investment banks	<u>118,734</u>	<u>123,719</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 3.44% (2014: 2.50% to 3.41%).

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25.	Cash and cash equivalents		
		30 June 2015	31 Dec 2014
		RM'000	RM'000
	Cash at bank	8,006	14,053
	Cash in hand	70	56
	Deposits with Licensed banks	22,822	27,704
	Investments Licensed banks	1,224	1,925
		<hr/>	<hr/>
	Total	<u>32,122</u>	<u>43,738</u>

The effective interest rates of deposits at the reporting date were between 1.5% and 3.25% (2014: 1.5% to 3.25%). Included in Group's 2014 deposits with licensed banks is the short term deposits totalling to RM24,278 which was pledged with commercial banks as collateral for issuing letters of guarantee.

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

26. **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 2015 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 2015, 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.

27. **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.

28. **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".

29. **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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30. 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 2015 RM'000	Current year-to-date 30 June 2015 RM'000
Interest income	994	1,906
Other income including investment income	157	310
Depreciation and amortisation	(599)	(926)
Provision for or write-off of receivables	-	-
Provision for or write-off of assets	(6)	(6)
Provision for or write-off of inventories	-	-
Gain/(loss) on disposal of quoted/unquoted investments	-	-
Realised gain on redemption of short term investments	30	75
Gain on disposal of assets	-	-
Impairment of associate	-	-
Provision for contingent liability	-	-
Foreign exchange loss	(29)	(1,026)
Decrease in fair value of quoted investment	381	839

31. Debt and equity securities

On 16 June 2015 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 second quarter of year 2015, 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 2015.

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.

32. Material litigation

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

33. Significant events during and after the year end

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

34. 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 2014.