CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Innoprise (“Board”) recognises that exercise of good corporate governance in conducting the business and affairs of the Company with integrity, transparency and professionalism are key components for the Company’s continued progress and success. These will not only safeguard and enhance shareholders’ investment and value but will at the same time ensure that the interests of other stakeholders are protected.

The Board is therefore committed to high standard of corporate governance and business practices.

This Corporate Governance Statement provides information about Innoprise’s corporate governance practices for 2014, including the manner in which the Company has applied the principles and the extent of compliance with the recommendation as set out in the Malaysian Code of Corporate Governance 2012 (“Code”) issued by the Securities Commission.

A. BOARD OF DIRECTORS

Board Charter

The Board has adopted a Board Charter which serves as a source of reference and primary induction literature, providing insights to prospective Board members and senior management. The core areas of the Board Charter include the following:

- Board Composition
- Board Meetings
- Principal Responsibilities of the Board
- Chairman
- Board Committees, namely Audit Committee, Remuneration Committee, Nomination Committee, Risk Management Committee and Executives’ Share Option Scheme (“ESOS”) Committee
- Re-election of Directors
- Supply of information
- Publication of the Charter

The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board’s responsibilities. The details of the Board Charter are available for reference in the Company’s website at **www.innoprise.com.my**.

Board Composition

During the financial year, the Board comprised seven (7) members and two (2) alternate directors of which one (1) is Independent Non-Executive Directors, three (3) Non-Independent Non-Executive Directors, one (1) Executive Director, one (1) Managing Director and an Independent Non-Executive Chairman. The Board’s composition represents a mix of knowledge, skills and expertise relevant to the diversified activities of the Group.

Board Meetings

The Board meets regularly at least four (4) times a year. Additional meetings will be convened as and when required. In the intervals between Board meetings, for exceptional matters requiring urgent Board decision, Board approvals are sought via circular resolutions, which are supported with sufficient information required to make an informed decision.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Board Meetings (cont'd)

During the financial year, the Board met four (4) times, whereat it deliberated and considered various matters including the Group's financial results, major investment and strategic decisions, business plan and direction of the Group. Senior management staff were invited to the Board meetings to enlighten the Board on matters tabled to the Board and if required, to advise and provide clarification on matters of concern raised by the Board. Details of attendance of each Board member were as follows:

Name	27/02/14	26/05/14	28/08/14	20/11/14	Total
Datuk Hj. Majin Hj. Ajing	√	√	√	√	**4/4**
Datuk (Dr.) Kelvin Tan Aik Pen	√	√	√	√	**4/4**
Datuk Sam Mannan @ Sham Mannan	√	√	X	√	**3/4**
Datuk Jaswant Singh Kler	√	√	√	√	**4/4**
Datuk Hj. Othman Bin Walat	√	√	√	√	**4/4**
Puan Ainahwati Binti Abdul Sani	√	√	X	√	**3/4**
Lim Fook Hin	√	√	√	√	**4/4**
Datuk Hajah Mary @ Mariati Robert	√	X (Retired on 26/05/14)	N/A	N/A	**1/2**

Principal responsibilities of the Board

The Board takes full responsibility for the overall performance of the Company and the Group. The main responsibilities of the Board comprise the following:

- Setting the objectives, goals and strategic plan for the Company with a view to maximizing shareholder value and promoting sustainability;
- Adopting and monitoring progress of the Company's strategies, budgets, plans and policies;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- To consider and approve reserved matters covering corporate policies, material investment and acquisition/disposal of assets;
- Identifying principal risks and ensure implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Developing and implementing an investor relations programme or shareholder communications policy for the Company; and
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The position of Chairman and Managing Director are individually held by two (2) persons to ensure a balance of power and authority. There is a clear distinction between the roles and responsibilities of the Board, Chairman and Managing Director. The balance of responsibilities between the Board and Managing Director will be reviewed on a regular basis so as to ensure that the division of functions remains appropriate to the need of the Company.

The role of Chairman include, amongst others, overseeing the orderly conduct and effectiveness of the Board by ensuring a cohesive working relationship between members of the Board whilst the Managing Director has overall responsibility for the Group strategies, organizational effectiveness, implementation of Board policies and decisions.

Generally, the Executive Directors are responsible for the day-to-day management of the business in making and implementing operational and corporate decisions as well as developing, coordinating and implementing business and corporate strategies.

Principal responsibilities of the Board (cont'd)

Non-Executive Directors play key supporting roles, contributing knowledge and experience towards the formulation of policies and in the decision-making process. They could provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied. Where a potential conflict of interest may arise, it is mandatory practice for the Director concerned to declare his interest and abstain from the decision-making process.

The Board in carrying out their duties and responsibilities are committed in ensuring that the standards of corporate governance are adhered to in order for the Group to achieve strong financial performance and deliveries long-term sustainable value to stakeholders.

The Board formulates and reviews the Group's strategic plan and key policies as well as an oversight of the management's performance, risk assessments and controls over the Group's business operations.

Directors' Training

All Directors receive full and appropriate briefing on first appointment, with subsequent updating as necessary. All members of the Board have attended the Mandatory Accreditation Programme training as required by the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") ("Bursa Securities Listing Requirements").

The seminars, conferences, dinner speech, workshop, conferences and forum ("Training") attended by the Directors during the year, collectively or individually included the following:

Title of Training	Type of Training	No. of days spent
• Jabatan Perhutanan Sabah - Majlis Malam Inovasi 2014, Sandakan	Dinner Speech	1 day
• The ISP - Tax Memorandum on Reorganisation for ISP & ISPM, Kuantan, Pahang	Seminar	1 day
• The ISP - 11th Natsem 2014 – "Plantation Industry: Sustaining the Competitive Edge", Kuantan, Pahang	Conference	3 days
• Strong Leadership in Crisis Management, Kuala Lumpur	Seminar	1 day
• EMPA Seminar 2014: Pertinent Issues Confronting the Oil Palm Industry in East Malaysia, Sandakan	Seminar	1 day
• The Heart of Borneo Conference: "Enhancing Biodiversity towards No Net Loss and Beyond within the Heart of Borneo Landscape", Kota Kinabalu, Sabah	Meeting / Conference	1 day
• Board Chairman Series by Bursa: The Role of Chairman	Conference	1 day
• Annual Director Duties, Governance and Regulatory Updates Seminar 2014, Kuala Lumpur	Seminar	1 day
• MIA International Accountants Conference, Kuala Lumpur	Conference	2 days
• MPOB / EMPA Forum	Forum	1 day
• Palm & Lauric Oils, Price Outlook Conference & Exhibition (POC 2014)	Conference	3 days
• PLAMEX 2014	Conference	2 days
• PORAM Annual Forum 2014	Forum	1 day
• Royal Society Meeting at Chichely Hall, Buckingham Shire, England	Meeting / Workshop	2 days
• The Forestry Department Centennial Celebration	Dinner Speech	1 day
• The 17th Malaysian Forestry Conference	Meeting / Conference	2 days

During the financial under review, Datuk (Dr.) Kelvin Tan Aik Pen and Lim Fook Hin did not attend any training programme due to last minute postponement of in-house tax briefing on 2015 Malaysian Budget from December 2014 to January 2015.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Supply of Information

All Directors are provided with an agenda and a set of Board papers containing information relevant to the business of the meeting, including information on financial, operational and corporate matters prior to Board meetings. The Board papers are issued in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be properly briefed before the meetings.

The Directors have access to all information within the Company, whether as a full board or in their individual capacity, to the extent that the information required is pertinent to the discharge of their duties as Director and is for the benefit of the Company.

In addition, there are matters reserved specifically for the Board's decision, including the approval of corporate proposals, plans and annual budgets, acquisitions and disposals of undertakings and properties of a substantial value, major investments and financial decisions and changes to the management and control structure within the Group, including key policies and procedures and delegated authority limits.

The Board has also put into place a procedure for Directors, whether as a full Board or in their individual capacity, to take independent professional advice at the Company's expense, if necessary.

All Directors have access to the advice and services of the Company Secretaries in carrying out their duties. The Board is regularly updated by the Company Secretaries on new changes to the legislations and Bursa Securities Listing requirements and resultant implications to the Company and the Board in discharging their duties and responsibilities. The appointment and removal of the Company Secretaries is a matter for the Board as a whole.

Re-election of Directors

The Nomination Committee establish by the Board is responsible for proposing and assessing new nominee(s) to the Board and Board Committee membership and thereupon submitting their recommendation to the Board for decision. As part of the appointment process, the potential candidate must disclose his existing directorship as well as any other commitments so as to determine whether he has adequate time to perform his duties.

In accordance with the Company's Articles of Association, all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election. An election of Directors shall take place each year.

Directors over seventy (70) years are subject to re-appointment annually in accordance to Section 129(6) of the Companies Act, 1965.

Directors appointed by the Board during the financial year shall be subject to retirement and re-election by the shareholders in the next Annual General Meeting held following their appointments.

One of the recommendations of the Code states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, the Nomination Committee and Board have determined at the annual assessment carried out that Datuk Hj. Majin Hj. Ajing, who has served the Board for more than nine (9) years, has fulfilled the criteria under the definition of Independent Director pursuant to the Bursa Securities Listing Requirements. He has ensured check and balance in the proceedings of the Board and Board Committees and actively participated in board deliberations, providing objectivity in decision making and an independent voice to the Board. Indeed he devoted sufficient time and attention to his responsibility as Independent Non-Executive Director and exercise due care in the interest of the Company and shareholders during his tenure as Independent Non-Executive Director. The Board is satisfied with the skills, contribution and independent judgement that Datuk Hj. Majin Hj. Ajing brings to the Board. In view thereof, the Board recommends and supports him to be retained as an Independent Director of the Company which is tabled for shareholders' approval at the forthcoming 21st Annual General Meeting of the Company.

Re-election of Directors (cont'd)

The performance of those Directors who are subject to re-appointment and re-election at the next Annual General Meeting are assessed by the Nomination Committee whereupon recommendations are submitted to the Board for decision on the tabling of the proposed re-appointment and re-election of the Directors concerned for shareholders' approval.

Committees established by the Board

The Board has delegated certain responsibilities and duties to the Board Committees as well as Management Committees which operate within clearly defined terms of reference. These Committees are:-

Audit Committee

The Audit Committee comprises three (3) members. The terms of reference include review of the Group's quarterly results and year-end financial statements, prior to approval by the Board and review of major audit findings and management's response during the year with management, External Auditors and Internal Auditors including the status of previous audit recommendations.

The Audit Committee is authorised by the Board to investigate any matter within its terms of reference and to have the resources in order to perform its duties and responsibilities as set out in its terms of reference.

The Audit Committee Report for the financial year pursuant to Paragraph 15.15 of the Bursa Securities Listing Requirements is set out in the ensuing pages of this Annual Report.

Nomination Committee

In compliance with the Malaysian Code on Corporate Governance 2000, the Board has established a Nomination Committee. The Board has delegated to the Nomination Committee the responsibility for considering the appointment of Directors, for identifying and selecting potential new Directors and for proposing to the Board the appointment of new Directors, reviewing the Board's succession plans and training programs for the Board as well as assessing Directors, Board and Board Committees on an ongoing basis. In making its recommendations, the Nomination Committee will consider the candidates' skills, knowledge, expertise and experience, professionalism, integrity and in the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee will also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

The Nomination Committee comprises the following members:

Datuk Hj. Majin Hj. Ajing	-	Chairman, Independent Non-Executive Director
Datuk Jaswant Singh Kler	-	Member, Independent Non-Executive Director

The Company Secretaries shall ensure that all appointments are properly made and all necessary information is obtained from Directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the Bursa Securities Listing Requirements or other statutory requirements.

The Board has adopted a formal process to be carried out by the Nomination Committee for reviewing its own effectiveness and that of its individual Directors and Board Committees and assessing the independence of its Independent Directors. Each member of the Nomination Committee receives the Board performance evaluation questionnaires and separate Committee performance evaluation forms. The assessment of the Nomination Committee's performance shall be carried out by individual members of the Nomination Committee. All Board members are required to assess their own performance by completing the Director's performance evaluation form. All Independent Directors are required to assess their level of independence by completing the form of annual assessment of independence of independent directors.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Nomination Committee (cont'd)

The Chairman of the Nomination Committee shall then report the findings and/or recommendations to the Board. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its function are properly documented and kept confidential.

During the financial year ended 31 December 2014, the Nomination Committee reviewed the require mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and was of the view that all Non- Executive Directors have extensive experience in managing substantial business entities covering the core business of the Group as well as knowledge and experience in finance and investment decision analysis. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions are properly documented.

The Nomination Committee also evaluated the effectiveness of the Board as a whole, the various Committees and assessing the contribution of each individual Director. Good and effective communications were established among Board members and Board Committee members on official and unofficial basis and major policies and corporate proposals are vigorously debated and scrutinized before putting to a vote.

As boardroom diversity is concerned, presently the Company has one (1) female member on its Board representing 14% in gender diversity. However, the Board does not have a specific policy on setting targets for women candidates and ethnicity as the Board believes that it is of utmost importance that the Company has an effective composition of the Board to discharge their duties effectively in the best interest of the Company and shareholders. Nevertheless, the Nomination Committee will evaluate and match the criteria of future potential nominees to the Board as well as considering the boardroom diversity. The Board also believes in having healthy mix of age and experience and therefore does not prescribe a minimum or maximum age limit for its Board members apart from what is prescribed under Section 129 of the Companies Act, 1965.

Remuneration Committee

In compliance with the Malaysian Code on Corporate Governance 2000, the Board has established a Remuneration Committee, comprising three (3) members, namely:-

Datuk Hj. Majin Hj. Ajing	-	Chairman, Independent Non-Executive Director
Datuk (Dr.) Kelvin Tan Aik Pen	-	Member, Managing Director
Datuk Jaswant Singh Kler	-	Member, Independent Non-Executive Director

The Remuneration Committee's primary responsibility is to recommend to the Board the remuneration of the Executive Directors and senior management staff at director level in all its forms, drawing from outside advice as necessary. The Executive Directors play no part in deciding their own remuneration and the Directors concerned shall abstain from all discussion pertaining to their remuneration. The Board as a whole determines the remuneration package of Non-Executive Directors. Additional allowances are paid to Board committee members in accordance with the number of committee meetings attended during the financial year.

Executives' Share Option Scheme ("ESOS") Committee

The ESOS Committee administers the Company's Executives' Share Option Scheme ("the Scheme") established on 30 October 2009 and will be in force for a period of ten (10) years from the date of implementation on 25 May 2010. The ESOS Committee comprises the following members:-

Datuk Hj. Majin Hj. Ajing	-	Chairman, Independent Non-Executive Director
Datuk (Dr.) Kelvin Tan Aik Pen	-	Member, Managing Director
Datuk Jaswant Singh Kler	-	Member, Independent Non-Executive Director
Lim Fook Hin	-	Member, Executive Director

The ESOS Committee has the power to administer the Scheme and to issue shares in respect of the ESOS at any time upon such terms and conditions in accordance with the provisions of the By-Laws as approved by the relevant authorities and for such purposes as the ESOS Committee may deem fit provided that the aggregated number of shares to be issued does not exceed 5% of the issued share capital of the Company at the time of offer.

The ESOS Committee meets as and when necessary and may make decisions by way of circular resolutions.

Risk Management Committee

The Risk Management Committee was established to oversee the implementation of the risk management system in the Group.

The Committee comprising Lim Fook Hin, Puan Ainahwati Binti Abd Sani and Dalil Pakan reports to the Audit Committee and assists the Audit Committee in overseeing the management of risk issues and reviews the efficacy of internal controls within the Group.

All members of the Board and the Committees have been diligent and exercised due reasonable care in discharging their duties and responsibilities, include inter alia:-

- The Board reviewed the Group's operation in particular comparison of actual results with budget. Where deemed necessary, explanations for variances are sought from management. Proposal submitted by management are extensively reviewed and debated.

- The Audit Committee will give their views on each aspect of the audit findings and recommend further follow-up measure where necessary.

- The Remuneration Committee assists the Board in developing a policy on remuneration of Directors to attract and retain directors and ensure that rewards and remuneration packages are commensurate with each of their expected responsibilities and contribution to growth and profitability of the Company. The Committee makes recommendations to the Board on the appropriate levels and forms of remuneration for Directors.

- Risk Management Committee assists the Audit Committee in ensuring an effective process to continuously identify, assess and manage risks and reviews the efficacy of internal controls within the Group.

B. DIRECTORS' REMUNERATION

The details of the remuneration of the Directors of the Company and the Group for the financial year under review are as follows:-

1. Aggregate remuneration of the Directors categorised into appropriate components:-

	Total per annum for the financial year ended 31 December 2014			
	Company		Group	
Remuneration Packages	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
	RM'000	RM'000	RM'000	RM'000
Directors' Fees	-	130	-	275
Salaries & other emoluments	-	-	537	-
Bonuses	-	-	-	-
Allowance	2	10	2	10
Benefits-in-kind	-	-	-	-
Share option granted under ESOS	-	22	-	39
TOTAL	**2**	**162**	**539**	**324**

B. DIRECTORS' REMUNERATION (cont'd)

2. The number of Directors whose total remuneration fall within the following bands:-

Range of Remuneration	Number of Directors Company	
	Executive Directors	Non-Executive Directors
RM50,000 and below	-	4
RM100,001 – RM150,000	-	1
RM200,001 – RM250,000	1	-
RM300,001 – RM350,000	1	-

The Company does not consider disclosure of details of remuneration of each Director to be appropriate.

C. RELATIONSHIP WITH SHAREHOLDERS

Relationship with Shareholders and Investors

The Company recognises the importance of establishing a direct line of communication with shareholders and investors through timely dissemination of information on the Group's performance and major development via appropriate channels of communication including announcements to Bursa Securities and publications in the corporate's website.

Dissemination of information includes distribution of Annual Report and relevant circulars, issuance of press releases, quarterly financial performance of the Group to Bursa Securities, Securities Commission and the public as well as by press conference.

In addition, the Company maintains a website at **www.innoprise.com.my** for shareholders and the public to access information on among others, the Company's background, business activities, annual reports, social responsibility, shareholders' rights and financial performance.

Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM")

The Chairman and the Board encourage shareholders to attend and participate in the AGM and EGM. The Chairman shall inform shareholders of their right to demand a poll vote at the commencement of the general meeting. The shareholders are given the opportunity to seek clarification on any matters pertaining to the business and financial performance of the Company. Members of the Board as well as the External Auditors and Representatives from the Share Registrar of the Company are present to answer questions raised at the meeting. Resolutions tabled and passed at the meeting are released to the Bursa Securities on the same day to enable the public to know the outcome.

The Board takes note of the recommendation 8.2 of the Code on the adoption of electronic means for poll voting to facilitate greater shareholder participation. However, the Board is of the view that with the current level of shareholders' attendance at AGM, voting by way of a show of hands continues to be efficient.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Company's financial statements are prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia. The Board is responsible to ensure that the financial statements give a true and fair view and balanced and understandable assessment of the state of affairs of the Company and of the Group. The Audit Committee assists the Board to ensure accuracy and adequacy of all information for disclosure.

Relationship with the Auditors

The Board through the establishment of an Audit Committee maintains a formal and transparent arrangement with the Company's external auditors. The external auditors are invited to attend the Audit Committee meetings and Annual General Meetings and are available to answer shareholders' question on the conduct of the statutory audit and the preparation and content of their report.

The Audit committee is responsible to review all the non-audit services provided by the external auditors and the aggregate amount of fees paid to them. The Audit Committee is satisfied that the provision of these non-audit services was not in conflict with the role of the external auditors or their independence. Details of the amount paid to the external auditors for non-audit services performed during the year are set out in the Additional Compliance Information of this Annual Report.

The Audit Committee has obtained a written assurance from the external auditors confirming that they are, and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Internal Control

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the Company's assets. The Company has already effected several systems of internal control covering financial controls, operational and compliance controls and risk management. Some of the systems have been in place over the years and will continue to be reviewed, added on or updated in line with the changes in the operating environment. The Board seeks regular assurance on the continuity and effectiveness of the internal control system through independent appraisals by the internal and external auditors.

Internal Audit Function

The Group's major shareholders performed an internal audit function which reports directly to the Audit Committee. The Group's major shareholders internal audit department communicates regularly with the members of the Audit Committee and attends all meetings of the Audit Committee. Internal audit activities, all of which are risked-based, are performed by a team of appropriate, qualified and experienced employees. Further information on internal audit function is set out in the Audit Committee Report.

E. CODES AND POLICIES

Code of Ethics and Conduct

The Company has adopted a code of conduct and ethics which applies to Directors, officers and employees of the Group and is available on the Company's website at **www.innoprise.com.my**.

The Board of Directors of Innoprise continues to adhere the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia ("Code of Ethics").

The Board is ultimately responsible for the implementation of this Code of Ethics. The board has delegated to the Nomination Committee the responsibility to administer this Code of Ethics. Directors who learn of or suspect that a violation of the Code of Ethics has occured or is likely to occur must immediately report the violation to the Chairman of the Nomination Committee, or to any other member of the Nomination Committee, except in the case of issues regarding the Company's financial statement, financial reporting, accounting, auditing matters or internal accounting controls of which it should be reported to the Chairman of the Audit Committee. If a Director is unsure whether a violations should be reported to the Nomination or the Audit Committee, he or she is encouraged to report to both Committees. Directors who report violations are suspected violation in good faith will not be subject to retaliation of any kind. Reported violations will be treated confidentially to the extent possible.

Alleged violations of the Code of Ethics shall be investigated by the Nomination Committee and may result in discipline and other action at the discretion of the Board upon recommendation of the Nomination Committee, including, where appropriate, removal from the Board. The Board is ultimately responsible for the investigation and resolution of all issues that may arise under this Code of Ethics.

Corporate Disclosure Policy

The Company's Corporate Disclosure Policy is designed to ensure the timely release of material price-sensitive information to the market. This policy establishes procedures to ensure that Directors and employees are aware of the Company's disclosure obligations and procedures, and have accountability for the Company's compliance with those obligations.

CORPORATE GOVERNANCE STATEMENT (cont'd)

ADDITIONAL COMPLIANCE INFORMATION IN ACCORDANCE WITH PARAGRAPH 9.25 OF BURSA SECURITIES LISTING REQUIREMENTS AS SET OUT IN APPENDIX 9C

1. **Utilisation of proceeds**

   No proceeds were raised by the Company from any corporate exercise during the year.

2. **Share Buy-Back**

   During the financial year, the Company did not buy-back any of its own shares.

3. **Options, Warrants or Convertible Securities**

   The Company does not have any warrants or convertible securities in issue.

4. **American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme**

   The Company did not sponsor any ADR or GDR programme during the financial year.

5. **Imposition of Sanctions and/or Penalties**

   There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by any regulatory bodies during the financial year.

6. **Non-Audit Fee**

   Non-audit fees amounting to RM6,600 (Group) and RM5,500 (Company) were paid to External Auditors for the financial year ended 31 December 2014.

7. **Variation in Results**

   There were no material variations between the audited results for the financial year ended 31 December 2014 and the unaudited results for the quarter ended 31 December 2014 of the Group. Explanation and reconciliation are not required for variation of less than 10%.

8. **Profit Guarantee**

   The Company did not give any profit guarantee during the financial year.

9. **Material Contracts**

   During the financial year under review, save as disclosed in the sections under Recurrent Related Party Transactions set out on page 20 of this Annual Report, there were no material contracts entered into by the Company and/or its subsidiaries involving directors' and major shareholders' interests which were still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

10. **Employee Share Scheme**

The Company currently has one (1) Executives' Share Option Scheme ("ESOS") in existence and only directors and executive employees of the Innoprise Group are eligible to participate in the Scheme. The ESOS will expire on 25 May 2020. The details of ESOS are as follows:-

Total ESOS outstanding as at 1 January 2014	Total number of ESOS granted during the financial year	Total number of ESOS exercised/lapsed* during the financial year	Total ESOS outstanding as at 31 December 2014
1,505,000	96,000	476,000	1,125,000

* 358,000 lapsed due to resignation

Aggregate ESOS granted to directors	Aggregate ESOS exercised by directors/lapsed*	Aggregate ESOS outstanding as at 31 December 2014
3,200,000	2,800,000*	400,000

*625,000 lapsed due to resignation

		Actual percentage granted (%)	
	Aggregate maximum allocation (%)	Since commencement of the scheme	During the financial year
Directors and Senior Management	40	31.44	-

11. **Recurrent Related Party Transactions of a Revenue or Trading Nature**

At the last Annual General Meeting of the Company held on 26 May 2014, the Company had obtained a Mandate from its shareholders to allow Innoprise Group to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature ("Recurrent Transactions"). In accordance with Paragraph 10.09(2)(b) of Bursa Securities Listing Requirements, details of the Recurrent Transactions conducted during the financial year ended 31 December 2014 pursuant to the said shareholders' mandate are as follows:

CORPORATE GOVERNANCE STATEMENT (cont'd)

11. Recurrent Related Party Transactions of a Revenue or Trading Nature (cont'd)

Name of Companies	*Related Parties*	*Class of related Party*	*Nature of Recurrent Transactions*	*Aggregate value of transactions made during the financial year (RM)*
Serijaya Industri Sdn. Bhd. (Log Extraction Contractor)	Rakyat Berjaya Sdn. Bhd. ("RBJ") (Concession Owner)	RBJ is a 98.04% owned subsidiary of Innoprise Corporation Sdn. Bhd. ("ICSB"), a major shareholder.	Log extraction contract fees	7,936,625
Serijaya Industri Sdn. Bhd. (Seller)	TSH Plantation Management Sdn. Bhd. ("TSHPM") (Buyer)	TSHPM is 24% owned by TSH Resources Berhad ("TSHR") and 76% owned by TSH Plantation Sdn. Bhd. ("TSHP") which in turn is a wholly-owned subsidiary of TSHR, a major shareholder of the Company.	Sale of oil palm fresh fruit bunches.	36,724,456
Serijaya Industri Sdn. Bhd. (Seller)	TSHPM (Buyer)	Same as disclosed above.	Sale of palm kernel.	Nil
IPB Bio Energy Sdn Bhd ("IPBBE") (Seller)	TSHPM (Buyer)	Same as disclosed above.	Sale of empty fruit bunches, fibre and shell.	Nil
Serijaya Industri Sdn. Bhd. (Buyer)	TSHPM (Seller)	Same as disclosed above.	Purchase of organic fertilizers.	25,921
Serijaya Industri Sdn. Bhd. (Seller)	Sabah Softwoods Berhad ("SSB") (Buyer)	SSB is a 70% owned subsidiary of ICSB, a major shareholder of the Company.	Sale of oil palm fresh fruit bunches.	Nil
Serijaya Industri Sdn. Bhd. (Seller)	Regional Harvest Sdn. Bhd. ("RHSB") (Buyer)	RHSB is 51% owned by SSB, which is in turn a 70% owned subsidiary of ICSB, a major shareholder of the Company. Yayasan Sabah ("YS") is a person connected to the Board of Turstees of YS which owned 97.78% of ICSB.	Sale of oil palm fresh fruit bunches.	Nil
Serijaya Industri Sdn. Bhd. (Seller)	Benta Wawasan Sdn. Bhd. ("BWSB") (Buyer)	BWSB is a wholly owned subsidiary of ICSB, a major shareholder of the Company.	Sale of oil palm fresh fruit bunches.	Nil

11. **Recurrent Related Party Transactions of a Revenue or Trading Nature (cont'd)**

Name of Companies	*Related Parties*	*Class of related Party*	*Nature of Recurrent Transactions*	*Aggregate value of transactions made during the financial year (RM)*
Serijaya Industri Sdn. Bhd. (Seller)	TSH Plantation Sdn. Bhd. ("TSHP") (Buyer)	TSHP is a wholly owned subsidiary of TSHR, a major shareholder of the Company.	Sale of oil palm fresh fruit bunches.	Nil
Serijaya Industri Sdn. Bhd. (Buyer)	TSHP (Seller)	Same as disclosed above.	Purchase of organic fertiliser.	Nil
Serijaya Industri Sdn. Bhd. (Seller)	TSH-Wilmar Sdn. Bhd. ("TSHW") (Buyer)	TSHW is 50% owned by TSHR, a major shareholder of the Company.	Sale of crude palm oil.	3,822,699
Serijaya Industri Sdn. Bhd. (Seller)	Rinukut Plantations Sdn. Bhd. ("RPSB") (Buyer)	RPSB is 60% owned by Rinukut Sdn. Bhd. ("RSB") and 40% owned by RBJ. RSB is 70% owned by TSH Ventures Sdn. Bhd. which is in turn 99.99% owned by Datuk (Dr.) Kelvin Tan Aik Pen, a director and a substantial shareholder of TSHR, a major shareholder of the Company.	Sale of seedlings.	2,174,353
Serijaya Industri Sdn. Bhd. (Seller)	Sg Kalabakan Estate Sdn. Bhd. ("SKE") (Buyer)	SKE is 40% owned by BWSB, which is in turn a wholly owned subsidiary of ICSB, a major shareholder of the Company.	Sale of seedlings.	Nil
Serijaya Industri Sdn. Bhd. (Buyer)	SKE (Seller)	Same as disclosed above.	Purchase of oil palm fresh fruit bunches.	Nil

STATEMENT ON CORPORATE RESPONSIBILITY

Innoprise continues to be committed to Corporate Responsibility ("CR") through various CR initiatives, which has been an integral part of our way of doing business. The Board of Directors strongly believes that social and environment performance will help to create business sustainability and enhance value for all its stakeholders.

Community

The Group steps forward and serves the community in which it operates and strives to make positive contribution to the community particularly in helping the underprivileged and the less fortunate.

The Board of Directors strongly believes that in playing their role as a socially responsible corporate citizen, the Group creates business sustainability and enhances value for all its stakeholders.

Innoprise continues to take care for the community by giving donations throughout the year, to those who have suffered from natural disasters.

Environment

The Group is committed to safeguarding the environment as part of our way of doing business.

(a) Waste Management

The Group continues to ensure that economic and social development is always balanced and in harmony with the environment. It is our obligation to keep the earth as natural and as clean as possible, as a legacy for the future. Taking cognizance of the environmental impact of the palm oil industry, Innoprise continues to take various initiatives to mitigate its impact.

Our palm bio-integration approach taps the huge commercial potential of bio waste of the palm oil industry through a fully integrated bio-integration complex complete with biomass and biogas power plants which are:

- Sources of sustainable energy supply where Bio Energy resources are renewable in nature.
- Environmentally friendly ie conversion of agro industrial wastes into energy as part of the waste management process reduces emission of greenhouse gases, which is a key source of global warming and climate change.

(b) Environment Commitment

Apart from creating value for our Company and shareholders, we are directly contributing towards our environment, the health of our nation and its citizens. Environment are conserved and endangered wildlife species are protected by adopting to responsible policies and procedures in oil plam development operations. Energy from biomass power and biogas power are green energy. The use of green energy contributes to environmental protection for the present and future generations by reducing our carbon footprint.

Our other environmental commitments include the following:-

- Eco-logging using the Reduced Impact Logging System.
- Strict observance of riparian reserve and non-development of land above 20 degree slope.
- Soil conservation measures to prevent soil erosion.
- Silvicultural treatment on degraded forest.
- Integrated Pest Management emphasizing on census and detection and biological control through planting of beneficial plants.
- Hunting is prohibited and to prevent damages, electric fencing and protective collars are set up especially near the jungle fringes.

(b) Environment Commitment (cont'd)

- Land development in a responsible manner to comply with the Environmental conditions and avoid biodiversity impairment.

Sustainability

The Group has taken a step further with the assigning of a senior manager, to focus on management of the sustainability issues concerning our Group's oil palm activities in particular attention to the principles and criteria of the mandatory requirements under the Roundtable on Sustainable Palm Oil ("RSPO").

Workplace

(a) Human Resources Development

In Innoprise Group, our employees' contributions, executions and efforts brought much successes to our operations and business as a whole. We continuously develop our people to the highest level achievable year on year.

We believe in a systematic management where operating procedures and computerized systems will support our manpower and acts as tools to help them excel in their daily work which will result in rapid growth to the Group's business and profitability.

We build and nurture a conducive learning culture for our employees regardless of ethnicity, age or gender and emphasise on imparting knowledge and adaptive skills to equip our employees well to overcome challenges faced in our industry.

We have an all encompassing Group Terms and Condition of Service to guide our employees pertaining to benefits, rules and regulations and policies sanctioned by us. Our employees are our most valuable assets in ensuring our Group's business objectives and operational plans are met successfully. Therefore, we value and measure our people through consistent training and advisory support.

(b) Workforce Diversity

The Company is aware of the diversity in terms of gender, ethnicity and age in the Group. When appointing an employee, the Company through the Board of Directors and/or its management personnel will always evaluate and match the criteria of employees based on experience, expertise, professionalism, technical skills, competency, specialist knowledge, time commitment, character, integrity, potential contribution and perceived ability to work cohesively with other employees.

Equal opportunities are given to all employees and candidates regardless of gender, ethnicity or age and due consideration will also be given for expertise, knowledge and experience diversity in line with the Group's strategy.

(c) Occupational Safety and Health

Innoprise is committed to maintain high safety and health standards at the workplace. To achieve this objective, each operation unit has established or in the process of establishing a Health and Safety Committee, under the guidance of Yayasan Sabah's ("YS") Occupational Safety and Health main committee, which is entrusted with the functions on cultivating safe working practices and behavior at work place. A series of in-house training programs on safety and health have been conducted with the assistance of committee members. Committee members have also participated in safety and health trainings programs organised by the YS Occupational Safety and Health main committee.

Marketplace

We continue to be committed to provide high quality products and services to our customers through our valuable human capital and other resources. Innoprise also aims for continuous improvement towards building long term relationships with all its stakeholders. Innoprise's website provides easy access to the latest information on the Group's financials and operations as well as the direction of the Group. The website also allows the email link for stakeholders to provide feedback or enquiries in order for the Group to satisfy all its stakeholders' needs as well as to improve on its products and services.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors is pleased to provide the following Statement on Risk Management and Internal Control pursuant to paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Main Market Listing Requirements"). The External Auditors have reviewed this Statement as required under Paragraph 15.23 of the Main Market Listing Requirements and have reported to the Board that it appropriately reflects the processes that the Board has adopted in reviewing the adequacy and integrity of the system of internal control.

Set out below is the Board's Statement on Risk Management and Internal Control which outlines the nature and scope on risk management and internal control of the Group during the year.

Board Responsibilities

The Board acknowledges its responsibility to ensure that the Group has a sound system of internal control and risk management practices for good corporate governance. The system of internal control will serve as a framework for identifying, evaluating and managing business risks faced by the Group. A good control system will assist the Company to achieve its corporate objectives. As there are limitations inherent in any system of internal control, the Group's internal control is designed to manage, rather than eliminate the risk of failure to achieve the business objectives. The system can only be relied on to provide reasonable but not absolute assurance against material misstatement of financial information and against any mismanagement or fraud resulting financial losses.

Risk Management Frame Work

The Board recognizes risk management as an integral part of business operation. It is vital to have risk management and control system in place which will identify and analyse the significant risks of the Group. Appropriate controls can then be implemented to analyse and mitigate such risks or other risk facing the Group. The Group has set up a Risk Management Committee which evaluates business risk profile and formulates action plans. Each operating business unit within the Group will evaluate the risks facing them. Regular monitoring reports will be given by operating units to Risk Management Committee who will review and submit recommendations to the Board for action to ensure adequacy of the system of control.

Internal Control System

The Audit Committee was established to review and monitor the effectiveness of the entire Group's system of internal control. The Audit Committee reviews and approves the yearly Audit Plan which outlines the scope of audit activities on the area of concerns. The Audit Committee reports to the Board on the findings and makes recommendations on possible action plans to improve and tighten the internal controls of the Group. The necessary measures are taken to strengthen the control environment after evaluating the changes of the external and internal environment. There were no material losses incurred during the financial year under review as a result of any weakness in the internal control.

The Group's major shareholder performs internal audit function on the Company. The internal auditors will review reports and provide independent report and assessment on the adequacy, efficiency and effectiveness of the internal control. The report will also include suggestions and recommendation on improving the system. The findings and recommendation are discussed with management and Audit Committee for remedial actions.

Other Key Elements of Internal Control

Apart from the above, the other key elements of the Group's system of internal control include the following:

- Formally defined lines of authority limits in management and organization structure;
- Documented tender and purchasing procedures;
- Guidelines for general terms and conditions of services for employees;
- Annual budget and results are compared, monitored and reviewed;
- Meetings to discuss/deliberate on findings and recommendation for improvement;
- Strategic planning on business operation;
- Standard operating procedures that cover the key aspects of the Group's processes are subject to review, assessment and when necessary, changes; and
- Comprehensive financial and management information are provided to the Board.

AUDIT COMMITTEE REPORT

Members

Datuk Hj. Majin Hj. Ajing	-	Chairman, Independent Non-Executive Director
Datuk Jaswant Singh Kler	-	Member, Independent Non-Executive Director
Puan Ainahwati Binti Abd Sani	-	Member, Non-Independent Non-Executive Director

Terms of Reference of the Audit Committee

Objective

The primary objectives of the Audit Committee are to act as a Committee of the full Board to assist in discharging the Board's responsibilities as they relate to the Company's management and internal controls, accounting policies and financial reporting.

Membership

The Committee shall be appointed by the Board. The majority of the Committee must be independent directors of the Company and must be composed of at least three (3) members. All members of the Committee should be non-executive directors.

The Chairman of the Committee shall be appointed by the Board whom must be an independent director. In the absence of the Chairman, the members shall elect one of their members present to be Chairman for that meeting.

All members of the Audit Committee should be financially literate and at least one member of the Audit Committee:-

i. Must be a member of the Malaysian Institute of Accountants; or
ii. If he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-
   a. he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
   b. he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
iii. Fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad ("Bursa Securities").

Authority

1) The Audit Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-
   (a) have explicit authority to investigate any matter within its terms of reference;
   (b) have the resources which are required to perform its duties;
   (c) have full and unrestricted access to any information pertaining to the Company;
   (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
   (e) be able to obtain independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary; and
   (f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of the other directors and employees of the Company, whenever deemed necessary.

2) The Chairman of the Audit Committee shall engage on a continuous basis with senior management and the external auditors in order to be kept informed of matters affecting the Company and its Group.

Notice of Meeting

The Audit Committee should meet regularly, with due notice of issues to be discussed and should record its conclusions in discharging its duties and responsibilities.

At least seven (7) days' notice in writing is required for convening the meeting which shall be held at any place as may be determined by the Audit Committee.

AUDIT COMMITTEE REPORT (cont'd)

Votes of Members

Questions arising at the Committee meeting shall be decided by a simple majority of votes. Where two (2) members of the Audit Committee form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) members are competent to vote in the question at issue, shall not have a casting vote.

Attendance at Meetings

The Executive Director, the representative of internal audit of the Company's major shareholder and a representative of the external auditors should normally attend meetings. Other board members and employees may attend meetings upon the invitation of the Audit Committee, specific to the relevant meeting. However, the Committee should meet with the external auditors without executive board members present at least twice a year.

A quorum shall be two (2) members and the majority of members present must be independent directors.

The Company Secretaries shall be the Secretaries of the Committee, responsible for drawing up the agenda with the concurrence of the Chairman and circulating it, supported by explanatory documentation to the Committee members prior to each meeting.

Frequency of Meetings

Meetings shall be held not less than four (4) times a year. The external auditors may request a meeting if they consider that one is necessary. In the intervals between Audit Committee meetings, for exceptional matters requiring urgent Audit Committee decision, approvals are sought via circular resolutions signed by all members, which are supported with sufficient information required to make an informed decision.

A total of five (5) Audit Committee meetings were held during the financial year ended 31 December 2014. The details of attendance of the Committee members are as follows:-

Name of Committee Member	27/2/14	08/4/14	26/5/14	28/8/14	20/11/14	Total Attended
Datuk Hj. Majin Hj. Ajing	√	X	√	√	√	4/5
Datuk Hajah Mary @ Mariati Robert	√	√	X (Retired on 26/5/14)	N/A	N/A	2/3
Datuk Jaswant Singh Kler	√	√	√	√	√	5/5
Puan Ainahwati Binti Abd Sani	√	√	√	X	√	4/5

Duties

The Audit Committee shall discharge the following duties, among others, include reviewing the following and reporting the same to the Board of Directors of the Company:-

- to review with the external auditors, their audit plan;
- to review with the external auditors, their evaluation of the system of internal controls;
- to review with the external auditors, their audit report;
- to discuss with the external auditors before the audit commences, the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved;
- to review the assistance given by the employees of the Company to the external auditors;
- to review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

AUDIT COMMITTEE REPORT (cont'd)

Duties (cont'd)

- to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- to review any appraisal or assessment of the performance of members of the internal audit function;
- to review any appointment or termination of senior staff members of the internal audit function;
- to take cognizance of resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
- to review any major findings of internal investigations and management's response;
- to review the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-

  (i) any changes in or implementation of major accounting policy and practices;

  (ii) major judgemental areas;

  (iii) significant adjustments resulting from the audit;

  (iv) the going concern assumption;

  (v) significant and unusual events; and

  (vi) compliance with accounting standards and other legal requirements.
- to discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of management, where necessary);
- to review the external auditor's management letter and management's response;
- to review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- to consider the audit fee of the external auditors;
- to consider the appointment of the external auditors and any letter of resignation from the external auditors of the Company and to deal with any questions of resignation or dismissal;
- to review whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment;
- to recommend the nomination of a person or persons as external auditors;
- to promptly report to Bursa Securities if a matter reported by the Audit Committee to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the Bursa Securities Main Market Listing Requirements;
- to ensure financial statements comply with applicable financial reporting standards;
- to review and assess the suitability and independence of external auditors;

AUDIT COMMITTEE REPORT (cont'd)

Duties (cont'd)

- to review the adequacy of the Audit Committee's policies and procedures for the provision of non-audit services by the Group's auditors;

- to obtain a written confirmation from the external auditors on an annual basis or at any time as the Audit Committee may request, confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and

- to consider other topics, as defined by the Board.

Reporting Procedures

The Company Secretaries shall be responsible for keeping the minutes of meeting of the Committee, circulating the minutes of meetings of the Committee to all members of the Board and follow-up on any outstanding matters.

Activities of the Committee

The external auditors were present at two (2) Audit Committee meetings held during the financial year where matters relating to the audit of the statutory accounts were discussed. The Audit Committee also met with the external auditors on one (1) occasion in 2014 without the presence of the Executive Directors, management or internal auditors to discuss the audit findings and any other observations they may have during the audit process. The Chairman of the Audit Committee reports to the Board on matters deliberated at the Audit Committee meetings.

The summary of the activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year ended 31 December 2014 included the following:-

(1) Financial Reporting

- reviewed the draft quarterly and year-end results of the Company and the Group prior to submission to the Board for consideration and approval; and

- reviewed the annual audited financial statements of the Company and the Group prior to submission to the Board for approval.

(2) Internal Audit

- reviewed the annual audit plan proposed by the internal auditors to ensure that adequacy of the scope and coverage of work;

- reviewed the internal audit reports for the Company and the Group prepared by the internal auditors and considered the major findings by the auditors and management's response thereto;

- followed up corrective actions taken by management on audit issues raised by the internal auditors; and

- reviewed the performance appraisal of the members of the internal audit.

(3) External Audit

- reviewed with the external auditors, their audit plan and scope of work prior to commencement of audit;

- reviewed with the external auditors, the audit findings and audit fees for the financial year ended 31 December 2014;

- reviewed with the external auditors, their evaluation of Statement on Risk Management and Internal Control;

- reviewed with the external auditors, their audit report and management's response;

AUDIT COMMITTEE REPORT (cont'd)

Activities of the Committee (cont'd)

(3) External Audit (cont'd)

- reviewed the non-audit services provided by the external auditors and the aggregate amount of fees paid to them and was satisfied that they were not likely to create any conflicts of interest nor impair the independence and objectivity of the external auditors. The external auditors had provided a written confirmation of their independence to the Audit Committee that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. Accordingly, the Audit Committee recommended for Board's approval the re-appointment of the external auditors, Ernst & Young for the financial year ending 31 December 2015.

(4) Recurrent Related Party Transactions

- reviewed the recurrent related party transactions entered into by the Company and/or its subsidiaries and thereafter report to the Board;

- reviewed the reporting system and procedures to ascertain that the established guidelines and procedures have been complied with; and

- reviewed with the internal auditors to ensure that all transactions are conducted on an arm's length commercial term and rate.

(5) Other activities

- reviewed and approved the Audit Committee report.

(6) Training

During the year, all members of the Audit Committee attended the following seminars and conference either individually or collectively:

- Board Chairman series by Bursa – The Role of Chairman.
- Annual Director Duties, Governance and Regulatory Updates Seminar 2014.
- MIA International Accountants Conference.
- The ISP – Tax Memorandum on Reorganisation for ISP & ISPM.
- The ISP – 11th Natsem 2014 – "Plantation Industry: Sustaining the Competitive Edge".
- Strong Leadership in Crisis Management
- EMPA Seminar 2014 – Pertinent Issue Confronting the Oil Palm Industry in East Malaysia.
- The Heart of Borneo Conference : "Enhancing Biodiversity towards No Net Loss and Beyond within the Heart of Borneo Landscape".

Internal Audit Function

Each of the Group's two major shareholders second their internal audit staff to carry out internal audit of the Group's operation in alternate year, at no fee imposed and reports directly to the Audit Committee. During the year, the Internal Audit Division of Yayasan Sabah has carried out an audit of the Company in determining whether the system of internal control for the areas under review was adequate and effective. The internal auditors reviewed reports and provided independent report and assessment on the adequacy, efficiency and effectiveness of the system of internal control. The report also included suggestions and recommendation on improving the system. The findings and recommendations were discussed with the management and Audit Committee for remedial actions.

Statement by Audit Committee on the Company's ESOS

The Audit Committee has reviewed and is of the view that the criteria for allocation of the Company's ESOS for the financial year under review:

(a) has been made known to all eligible employees; and
(b) the allocation of the options is made in compliance with the criteria as set out in the By-laws of the Company's ESOS.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Board of Directors is required under Paragraph 15.26 (a) of the Listing Requirements of Bursa Securities to issue a statement explaining its responsibility for preparing the annual audited financial statements.

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group at the end of the financial year and the results and cash flow of the Company and of the Group for that financial year.

The Directors consider that, in preparing the financial statements of the Company and of the Group for the financial year ended 31 December 2014 set out on pages 38 to 94 of this Annual Report, the Company and the Group have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards in Malaysia have been followed and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company and its subsidiaries keep accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and which enable them to ensure that the financial statements comply with the provision of the Act.

The Directors are also responsible for the assets of the Company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board has also ensured that the quarterly and annual financial statements of the Company and Group are released to the Bursa Securities in a timely manner in order to keep our investing public informed of the Group's latest development.

DIRECTORS' REPORT
31 December 2014

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

Principal activities

The principal activities of the Company are investment holding and provision of management services to subsidiaries. The principal activities of the subsidiaries are stated in Note 16 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM	Company RM
Profit/(loss) net of tax	7,565,757	(141,698)
	============	============

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

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

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Datuk Hj. Majin Hj. Ajing	
Datuk (Dr.) Kelvin Tan Aik Pen	
Datuk Sam Mannan @ Sham Mannan	
Datuk Hajah Mary @ Mariati Robert	(Retired on 26 May 2014)
Datuk Jaswant Singh Kler	
Puan Ainahwati Binti Abd Sani	
Datuk Hj. Othman Bin Walat	
Lim Fook Hin	

Alternate directors

Tan Aik Kiong (Alternate to Datuk (Dr.) Tan Aik Pen)	(Appointed on 16 December 2014)
Hj. Rosely Bin Kusip (Alternate to Lim Fook Hin)	

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from share options granted under the Employee Share Option Plan.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 30 to the financial statements.

DIRECTORS' REPORT (cont'd)
31 December 2014

Directors' interest

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	1.1.2014	**Acquired**	**Sold**	**31.12.2014**
Direct interest:				
Datuk Hj. Majin Hj. Ajing	-	500,000	(350,000)	150,000
Datuk (Dr.) Kelvin Tan Aik Pen	520,000	630,000	-	1,150,000
Datuk Hj. Othman Bin Walat	-	225,000	(51,100)	173,900
Lim Fook Hin	308,000	362,000	-	670,000
Hj. Rosely Bin Kusip (Alternate director to Lim Fook Hin)	195,000	-	(195,000)	-
Tan Aik Kiong (Alternate director to Datuk (Dr.) Kelvin Tan Aik Pen)	-	300,000	-	300,000
	==========	==========	=========	==========

	Number of options over ordinary shares of RM1 each				
	1.1.2014	**Granted**	**Exercised**	**Lapsed**	**31.12.2014**
Datuk Hj. Majin Hj. Ajing	500,000	-	(500,000)	-	-
Datuk (Dr.) Kelvin Tan Aik Pen	280,000	-	(280,000)	-	-
Datuk Hj. Othman Bin Walat	225,000	-	(225,000)	-	-
Datuk Jaswant Singh Kler	225,000	-	-	-	225,000
Lim Fook Hin	167,000	-	(167,000)	-	-
	==========	==========	=========	==========	==========

None of the other directors in office at the end of the financial year had any interest in shares and options over shares in the Company or its related corporations during the financial year.

Issue of shares

During the financial year, the Company increased its issued and paid up ordinary share capital from RM189,634,300 to RM191,237,300 by way of the issuance of 1,603,000 ordinary shares of RM1.00 each for cash pursuant to the Company's Employee Share Option Scheme at an exercise price of RM1.00 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

Employee share option plans

At an Extraordinary General Meeting held on 30 October 2009, shareholders approved the Executive' Share Option Scheme ("ESOS") for the granting of up to five percent (5%) of the issued and paid up share capital, to eligible senior executives.

The salient features and other terms of the ESOS are disclosed in Note 27 to the financial statements.

During the financial year, the Company granted 96,000 share options under the ESOS at an exercise price of RM1.70. These options expire on 25 May 2020.

Employee share option plans (cont'd)

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, other than directors, who have been granted options to subscribe for less than 46,000 ordinary shares of RM1 each. The names of option holders granted options to subscribe for 46,000 or more ordinary shares of RM1 each during the financial year are as follows:

Name	Grant date	Expiry date	Exercise price	Number of share options 1.1.2014	Exercised	Lapsed	31.12.2014
Johar Mansor	13.03.2012	25.05.2020	1.00	87,000	-	-	87,000
Surendra Kumar Munusamy	13.03.2012	25.05.2020	1.00	85,000	(29,000)	(56,000)*	-
Rames A/K Karuppiah	16.07.2012	25.05.2020	1.00	84,000	(12,000)	-	72,000
Hiew Yin Foh	22.11.2012	25.05.2020	1.40	240,000	-	-	240,000
Alwi Bin Cholleng	22.11.2012	25.05.2020	1.40	70,000	-	-	70,000
Tohet Bin Gable	23.05.2013	25.05.2020	1.30	109,000	-	-	109,000
Asri Bin Matta	23.05.2013	25.05.2020	1.30	128,000	-	(128,000)*	-
David Bin Lodiun	21.11.2013	25.05.2020	1.30	46,000	-	-	46,000
Mohd Mustapa Bin Laante	21.11.2013	25.05.2020	1.30	87,000	-	-	87,000
				=======	=======	=======	======

* Lapsed due to resignation

Details of options granted to directors are disclosed in the section on Directors' Interests in this report.

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

DIRECTORS' REPORT (cont'd)
31 December 2014

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 April 2015.

Datuk (Dr.) Kelvin Tan Aik Pen **Lim Fook Hin**

STATEMENT BY DIRECTORS
Pursuant to Section 169(15) of the Companies Act, 1965

We, **Datuk (Dr.) Kelvin Tan Aik Pen** and **Lim Fook Hin**, being two of the directors of **Innoprise Plantations Berhad,** do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 38 to 93 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended.

The information set out in Note 36 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 April 2015.

Datuk (Dr.) Kelvin Tan Aik Pen **Lim Fook Hin**

Statutory Declaration
Pursuant to Section 169(16) of the Companies Act, 1965

I, **Lim Fook Hin**, being the director primarily responsible for the financial management of **Innoprise Plantations Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 38 to 94 are in my opinion correct, and I 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 abovenamed **Lim Fook Hin** at
Kuala Lumpur in the Federal Territory
on 24 April 2015 **Lim Fook Hin**

Before me,

INDEPENDENT AUDITORS' REPORT

to the members of Innoprise Plantations Berhad
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Innoprise Plantations Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 38 to 93.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended 31 December 2014 in accordance with financial reporting standards and the requirements of the Companies Act,1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT (cont'd)

to the members of Innoprise Plantations Berhad
(Incorporated in Malaysia)

Other matters

The supplementary information set out in Note 36 on page 94 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Chong Ket Vui, Dusun
2944/01/17(J)
Chartered Accountant

Tawau, Malaysia
24 April 2015

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

		Group		Company	
	Note	**2014 RM**	**2013 RM**	**2014 RM**	**2013 RM**
Revenue	4	57,816,481	32,540,671	360,000	360,000
Cost of sales	5	(41,800,576)	(26,149,409)	(163,971)	(350,594)
Gross profit		16,015,905	6,391,262	196,029	9,406
Other items of income					
Interest income	6	25,071	3,107	10,495	-
Other income	7	160,506	205,534	-	4,837
Other items of expense					
Selling expenses		(415,405)	-	-	-
Administrative expenses		(1,738,198)	(1,967,596)	(348,222)	(439,519)
Other expenses		(2,834,942)	(354,187)	-	-
Finance costs	8	(995,903)	(127,338)	-	-
Profit/(loss) before tax	9	10,217,034	4,150,782	(141,698)	(425,276)
Income tax expense	12	(2,651,277)	(968,329)	-	-
Profit/(loss) net of tax, representing total comprehensive income/(loss) for the year		7,565,757	3,182,453	(141,698)	(425,276)
Earnings per share attributable to owners of the Company (sen):					
Basic	13	3.97	1,69		
Diluted	13	3.96	1,68		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Assets					
Non-current assets					
Property, plant and equipment	14	148,523,852	96,704,270	118,725	136,505
Biological assets	15	201,653,032	178,341,079	-	-
Investment in subsidiaries	16	-	-	199,484,185	188,857,243
		350,176,884	275,045,349	199,602,910	188,993,748
Current assets					
Inventories	17	12,655,633	13,354,107	-	-
Trade and other receivables	18	3,322,214	5,256,702	437,391	8,855,621
Cash and bank balances	19	2,142,529	1,614,666	509,939	1,047,860
		18,120,376	20,225,475	947,330	9,903,481
Total assets		368,297,260	295,270,824	200,550,240	198,897,229
Equity and liabilities					
Current liabilities					
Loans and borrowings	20	23,181,032	1,477,871	-	-
Trade and other payables	22	35,263,713	26,058,461	218,817	172,169
		58,444,745	27,536,332	218,817	172,169
Net current (liabilities)/assets		(40,324,369)	(7,310,857)	728,513	9,731,312
Non-current liabilities					
Deferred tax liabilities	23	15,641,287	12,990,010	-	-
Loans and borrowings	20	65,312,939	35,160,011	-	-
		80,954,226	48,150,021	-	-
Total liabilities		139,398,971	75,686,353	218,817	172,169
Net assets		228,898,289	219,584,471	200,331,423	198,725,060

STATEMENTS OF FINANCIAL POSITION (cont'd)
as at 31 December 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Equity attributable to owners of the Company					
Share capital	24	191,237,300	189,634,300	191,237,300	189,634,300
Share premium	24	1,097,552	214,722	1,097,552	214,722
Other reserve	25	806,205	1,543,974	806,205	1,543,974
Retained earnings	26	35,757,232	28,191,475	7,190,366	7,332,064
Total equity		228,898,289	219,584,471	200,331,423	198,725,060
Total equity and liabilities		368,297,260	295,270,824	200,550,240	198,897,229

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

	I---------- Attributable to equity holders of the Company ----------I				
		Non-distributable		Distributable	
	Share capital RM	Share premium RM	Other reserves RM	Retained earnings RM	Total equity RM
Group					
At 1 January 2014	189,634,300	214,722	1,543,974	28,191,475	219,584,471
Total comprehensive income	-	-	-	7,565,757	7,565,757
Share options granted under ESOS:					
Recognised in income statement	-	-	21,971	-	21,971
Included in investments in subsidiary	-	-	126,942	-	126,942
Exercise of employee share option	1,603,000	886,682	(886,682)	-	1,603,000
Share issuance expenses	-	(3,852)	-	-	(3,852)
At 31 December 2014	191,237,300	1,097,552	806,205	35,757,232	228,898,289
At 1 January 2013	188,611,300	-	1,112,789	25,009,022	214,733,111
Total comprehensive income	-	-	-	3,182,453	3,182,453
Share options granted under ESOS:					
Recognised in income statement	-	-	193,094	-	193,094
Included in investments in subsidiary	-	-	466,115	-	466,115
Exercise of employee share option	1,023,000	228,024	(228,024)	-	1,023,000
Share issuance expenses	-	(13,302)	-	-	(13,302)
At 31 December 2013	189,634,300	214,722	1,543,974	28,191,475	219,584,471

STATEMENTS OF CHANGES IN EQUITY (cont'd)

For the financial year ended 31 December 2014

	Attributable to equity holders of the Company				
		Non-distributable		Distributable	
	Share capital RM	Share premium RM	Other reserves RM	Retained earnings RM	Total equity RM
Company					
At 1 January 2014	189,634,300	214,722	1,543,974	7,332,064	198,725,060
Total comprehensive income	-	-	-	(141,698)	(141,698)
Share options granted under ESOS:					
Recognised in income statement	-	-	21,971	-	21,971
Included in investment in subsidiary	-	-	126,942	-	126,942
Exercise of employee share option	1,603,000	886,682	(886,682)	-	1,603,000
Share issuance expenses	-	(3,852)	-	-	(3,852)
At 31 December 2014	191,237,300	1,097,552	806,205	7,190,366	200,331,423
At 1 January 2013	188,611,300	-	1,112,789	7,757,340	197,481,429
Total comprehensive income	-	-	-	(425,276)	(425,276)
Share options granted under ESOS:					
Recognised in income statement	-	-	193,094	-	193,094
Included in investment in subsidiary	-	-	466,115	-	466,115
Exercise of employee share option	1,023,000	228,024	(228,024)	-	1,023,000
Share issuance expenses	-	(13,302)	-	-	(13,302)
At 31 December 2013	189,634,300	214,722	1,543,974	7,332,064	198,725,060

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
For the financial year ended 31 December 2014

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Operating activities				
Profit before tax	10,217,034	4,150,782	(141,698)	(425,276)
Adjustments for:				
Depreciation of property, plant and equipment	861,032	275,286	20,329	18,897
Dividend income	-	(2,209)	-	(2,209)
Inventories written off	22,472	-	-	-
Impairment on trade receivables	2,834,942	354,187	-	-
Interest received	(25,071)	(3,107)	(10,495)	-
Interest expense	995,903	127,338	-	-
Property, plant and equipment written off	12,227	-	-	-
Net fair value gain on investment securities	-	(2,628)	-	(2,628)
Share options granted under ESOS	21,971	193,094	21,971	193,094
Total adjustments	4,723,476	941,961	31,805	207,154
Operating cash flows before changes in working capital	14,940,510	5,092,743	(109,893)	(218,122)
Changes in working capital:				
Decrease/(increase) in inventories	676,002	(4,742,109)	-	-
(Increase)/decrease in receivable	(900,454)	21,471	-	-
Increase in payables	9,332,194	11,889,031	46,648	3,806
(Decrease)/increase in amounts due from subsidiaries	-	-	8,418,230	(1,272,431)
Total changes in working capital	9,107,742	7,168,393	8,464,878	(1,268,625)
Cashflow from/(used in) operations	24,048,252	12,261,136	8,354,985	(1,486,747)
Interest received	25,071	3,107	10,495	-
Interest paid	(3,975,346)	(892,309)	-	-
Net cash flows from/(used in) operating activities	20,097,977	11,371,934	8,365,480	(1,486,747)

STATEMENTS OF CASH FLOWS (cont'd)

For the financial year ended 31 December 2014

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Investing activities				
Placement of money market deposits	(507,257)	-	(507,257)	-
Placement of pledge fixed deposits	(13,959)	(450,000)	-	-
Purchase of property, plant and equipment	(52,073,746)	(27,821,800)	(2,549)	-
Plantation development expenditure	(20,473,705)	(21,173,476)	-	-
Proceed from disposal of investment securities	-	1,519,941	-	1,519,941
Additional investment in subsidiaries	-	-	(10,500,000)	-
Dividend received	-	2,209	-	2,209
Net cash (used in)/from investing activities	(73,068,667)	(47,923,126)	(11,009,806)	1,522,150
Financing activities				
Net drawdown of invoice credits	14,000,657	-	-	-
Net drawdown of invoice financing	2,286,732	1,348,893	-	-
Net drawdown of term loans	35,254,570	34,745,440	-	-
Repayment of hire purchase liabilities	(163,770)	(29,781)	-	-
Share issuance expense	(3,852)	(13,302)	(3,852)	(13,302)
Proceeds from exercise of employee share options	1,603,000	1,023,000	1,603,000	1,023,000
Net cash flows from financing activities	52,977,337	37,074,250	1,599,148	1,009,698
Net increase/(decrease) in cash and cash equivalents	6,647	523,058	(1,045,178)	1,045,101
Cash and cash equivalents at beginning of year	1,164,666	641,608	1,047,860	2,759
Cash and cash equivalents at end of year (Note 19)	1,171,313	1,164,666	2,682	1,047,860

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at 6th Floor, Menara Tun Mustapha, Likas Bay, 88000 Kota Kinabalu, Sabah.

The principal activities of the Company are investment holding and provision of management services to subsidiaries. The principal activities of the subsidiaries are stated in Note 16 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2014, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2014.

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	1 January 2014
Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21: Levies	1 January 2014

The nature and impact of the new and amended FRSs and IC Interpretation are described below:

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and "simultaneous realisation and settlement". These amendments are to be applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under FRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under FRS 10.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2014

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets

The amendments to FRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives has been allocated when there has been no impairment or reversal of impairment of the related CGU. In addition, the amendments introduce additional disclosure requirements when the recoverable amount is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by FRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's and the Company's financial statements.

Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measure of hedge effectiveness. Retrospective application is required.

These amendments have no impact on the Group as the Group does not have any derivatives that are subject to novation.

IC Interpretation 21: Levies

IC 21 defines a levy and clarifies that the obligating event which gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. For a levy which is triggered upon reaching a minimum threshold, IC 21 clarifies that no liability should be recognised before the specified minimum threshold is reached. Retrospective application is required. The application of IC 21 has had no material impact on the disclosures or on the amounts recognised in the Group's and the Company's financial statements.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to FRS 2010 - 2012 Cycle	1 July 2014
Annual improvements to FRS 2011 - 2013 Cycle	1 July 2014
Annual improvements to FRS 2012 - 2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 116 and FRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate of Joint Venture	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 101: Disclosure initiatives	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investments Entities: Applying the Consolidation Exception	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 January 2016
FRS 15: Revenue from Contracts with Customers	1 January 2017
FRS 9: Financial Instruments	1 January 2018

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application.

Amendments to FRS 119 Defined Benefit Plans: Employee Contributions

The amendments to FRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to FRS 116 and FRS 141 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of FRS 141. Instead, FRS 116 will apply. After initial recognition, bearer plants will be measured under FRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of FRS 141 and are measured at fair value less costs to sell.

The amendments are effective for annual periods beginning on or after 1 January 2016 and are to be applied retrospectively, with early adoption permitted. The Directors anticipate that the application of these amendments will have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group and the Company are currently assessing the impact of these amendments and plans to adopt the new standard on the required effective date.

Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and
- gains and losses resulting from transactions involving the sale or contribution to an associate of a joint venture of assets that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Amendments to FRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

The amendments to FRS 11 require that a joint operator which acquires an interest in a joint operations which constitute a business to apply the relevant FRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to FRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2014

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Amendments to FRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations (cont'd)

These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

Amendments to FRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying FRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of FRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to FRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

Amendments to FRS 101: Disclosure Initiatives

The amendments to FRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

FRS 14: Regulatory Deferral Accounts

FRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulations, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of FRS. Entities that adopt FRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in the account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing FRS preparer, this standard would not apply.

FRS 15: Revenue from Contracts with Customers

FRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. FRS 15 will supersede the current revenue recognition guidance including FRS 118 Revenue, FRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of FRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

FRS 15: Revenue from Contracts with Customers (cont'd)

Under FRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 15 and plans to adopt the new standard on the required effective date.

FRS 9: Financial Instruments

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

Annual Improvements to FRSs 2010–2012 Cycle

The Annual Improvements to FRSs 2010-2012 Cycle include a number of amendments to various FRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

FRS 2: Share-based Payment

This improvement clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or those of another entity in the same group;
- A performance condition may be a market or non-market condition; and
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

This improvement is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

FRS 3: Business Combinations

The amendments to FRS 3 clarifies that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of FRS 9 or FRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014.

FRS 8: Operating Segments

The amendments are to be applied retrospectively and clarify that:
- an entity must disclose the judgements made by management in applying the aggregation criteria in FRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and
- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

FRS 116: Property, Plant and Equipment and FRS 138: Intangible Assets

The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2014

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Annual Improvements to FRSs 2010–2012 Cycle (cont'd)

FRS 124: Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

Annual Improvements to FRSs 2011–2013 Cycle

The Annual Improvements to FRSs 2011-2013 Cycle include a number of amendments to various FRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

FRS 3: Business Combinations

The amendments to FRS 3 clarify that the standard does not apply to the accounting for formation of all types of joint arrangement in the financial statements of the joint arrangement itself. This amendment is to be applied prospectively.

FRS 13: Fair Value Measurement

The amendments to FRS 13 clarify that the portfolio exception in FRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of FRS 9 (or FRS 139 as applicable).

FRS 140: Investment Property

The amendments to FRS 140 clarify that an entity acquiring investment property must determine whether:

- the property meets the definition of investment property in terms of FRS 140; and
- the transaction meets the definition of a business combination under FRS 3,

to determine if the transaction is a purchase of an asset or is a business combination.

Annual Improvements to FRSs 2012–2014 Cycle

The Annual Improvements to FRSs 2012-2014 Cycle include a number of amendments to various FRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

FRS 5: Non-current Assets Held for Sale and Discontinued Operations

The amendment to FRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in FRS 5.

The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is to be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.

FRS 7: Financial Instruments: Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in FRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Annual Improvements to FRSs 2010–2014 Cycle (cont'd)

FRS 119: Employee Benefits

The amendment to FRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

FRS 134: Interim Financial Reporting

FRS 134 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'.

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

Malaysian Financial Reporting Standards (MFRS Framework)

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 (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Adoption of the MFRS framework by Transitioning Entities will only be mandatory for annual periods beginning on or after 1 January 2017.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2017. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

At the date of this financial statements, the Group has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2014 could be different if prepared under the MFRS Framework.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2017.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2014

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation (cont'd)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

2. **Summary of significant accounting policies (cont'd)**

2.5 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.6 Transactions with non-controlling interest

Non-controlling interest represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interest are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of non-controlling interest, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interest is recognised directly in equity.

2.7 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group 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 also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2014

2. Summary of significant accounting policies (cont'd)

2.8 Property, plant and equipment (cont'd)

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Buildings	2 - 10%
- Plant and machinery	10%
- Motor vehicles	10%
- Equipment, furniture and fittings	10%

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.9 Biological assets

All direct expenses incurred in land preparation, planting, estate administrative and maintenance of plantation up to maturity are capitalised as plantation development expenditure. Maintenance expenditure subsequent to maturity is charged to income statement as and when incurred. General charges are apportioned based on proportion of matured and immature areas.

Plantation development expenditure are not amortised and are measure at cost less accumulated impairment losses. Palm trees are considered mature upon reaching 36 months after planting.

2.10 Impairment of non-financial 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 an annual impairment assessment 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 fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalue amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2. Summary of significant accounting policies (cont'd)

2.11 Current versus non-current classification

The Group presents assets and liabilities in statements of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.12 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by FRS 139. The Group has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2014

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments – initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Financial assets at fair value through profit or loss (cont'd)

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables. For more information on receivables, refer to Note 18.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs. The Group did not have any held-to-maturity investments during the years ended 31 December 2014 and 2013.

Available-for-sale (AFS) financial investments

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments – initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(b) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2014

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments – initial recognition and subsequent measurement (cont'd)

(b) Impairment of financial assets (cont'd)

Available-for-sale (AFS) financial investments

For AFS financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in other comprehensive income.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

(c) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in FRS 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments – initial recognition and subsequent measurement (cont'd)

(c) Financial liabilities (cont'd)

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information refer Note 20.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

As at reporting date, no values are placed on corporate guarantees provided by the Company to secure bank loans and other banking facilities granted to its subsidiaries where such loans and banking facilities are fully collateralised by fixed and floating charges over the property, plant and equipment and other assets of the subsidiaries and where the directors regard the value of the credit enhancement provided by the corporate guarantees as minimal.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Palm oil products: cost of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

- Consumable stores: purchase costs and expenses in bringing them into store on a weighted average cost method.

- Oil palm nurseries: purchase costs and upkeep expenses on a weighted average cost method.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2014

2. Summary of significant accounting policies (cont'd)

2.14 Inventories (cont'd)

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.17 Employee benefits

(a) Short term benefits

`Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(c) Employee share options plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

2. Summary of significant accounting policies (cont'd)

2.18 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2.19 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.

(a) Revenue from log extraction services

Revenue from contract income is recognised when services are performed.

(b) Sale of goods

Revenue from sale of goods is recognised net of sales taxes and upon the transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(c) Interest income

Interest is recognised on an accrual basis using the effective interest method.

(d) Management fees

Management fees are recognised when services are rendered.

(e) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2014

2. Summary of significant accounting policies (cont'd)

2.20 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.21 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment manager report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. Summary of significant accounting policies (cont'd)

2.22 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.23 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

3. Significant accounting judgements and estimates

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of plant and equipment

The cost of plant and machinery is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and machinery to be within 10 years. These are common life expectancies applied in the palm oil industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Company's plant and equipment at the reporting date is disclosed in Note 14.

(b) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The carrying value of deferred tax assets of the Group at 31 December 2014 was RM51,559,170 (2013: RM42,840,569) and recognised tax losses at 31 December 2014 was RM25,098,108 (2013: RM23,217,171) and the unrecognised tax losses at 31 December 2014 was RM3,349,984 (2013: RM3,480,345).

(c) Employee share options

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
31 December 2014

4. Revenue

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Management fees from subsidiary	-	-	360,000	360,000
Log extraction contract fees	7,936,625	3,023,209	-	-
Sales of oil palm fresh fruit bunches	45,623,218	29,517,462	-	-
Sales of crude palm oil	3,822,699	-	-	-
Sales of palm kernel	433,939	-	-	-
	57,816,481	32,540,671	360,000	360,000

5. Cost of sales

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Contract fees	5,670,118	2,163,835	-	-
Cost of fresh fruit bunches sold	32,649,754	23,985,574	-	-
Cost of inventories sold	3,480,704	-	-	-
Cost of services rendered	-	-	163,971	350,594
	41,800,576	26,149,409	163,971	350,594

6. Interest income

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Interest income from money market deposit	11,112	3,107	10,495	-
Interest income from fixed deposit	13,959	-	-	-
	25,071	3,107	10,495	-

7. Other income

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Dividend income	-	2,209	-	2,209
Rental income	-	600	-	-
Miscellaneous	50,406	11,676	-	-
Net profit from sales of oil palm seedlings	110,100	188,421	-	-
Net fair value gain on investment securities	-	2,628	-	2,628
	160,506	205,534	-	4,837

8. Finance costs

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Interest expense on:				
Hire purchase	24,936	5,582	-	-
Trade advances	429,710	295,816	-	-
Term loans	3,145,738	736,146	-	-
Invoice financing	111,872	36,605	-	-
Revolving credits	263,090	-	-	-
	3,975,346	1,074,149	-	-
Less: Interest expense capitalised in				
- work in progress (Note 14)	(1,559,853)	(238,824)	-	-
- biological assets (Note 15)	(1,419,590)	(707,987)	-	-
	(2,979,443)	(946,811)	-	-
	995,903	127,338	-	-

9. Profit before tax

The following amounts have been included in arriving at profit before tax:

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Employee benefits expense (Note 10)	3,774,722	2,542,089	21,971	193,094
Non-executive directors' remuneration (Note 11)	284,500	299,500	140,500	155,500
Auditors' remuneration:				
- Statutory audits:				
- current year	60,500	50,500	30,000	30,000
- underprovision in prior year	7,500	1,500	2,000	2,500
- Other services	6,600	10,100	5,500	3,500
Depreciation of property, plant and equipment (Note 14)	861,032	275,286	20,329	18,897
Inventories written off	22,472	-	-	-
Property, plant and equipment written off (Note 14)	12,227	-	-	-
Impairment on trade receivables (Note 18)	2,834,942	354,187	-	-
Rental of premises	77,128	114,750	5,128	42,750

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
31 December 2014

10. Employee benefits expense

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Wages and salaries	6,109,728	6,082,471	-	-
Contributions to defined contribution plan	720,386	657,046	-	-
Other benefits	51,463	46,717	-	-
Social security contributions	445,929	283,408	-	-
Share options granted under ESOS	21,971	193,094	21,971	193,094
	7,349,477	7,262,736	21,971	193,094
Less: Amount capitalised in plantation development expenditure	(3,574,755)	(4,720,647)	-	-
	3,774,722	2,542,089	21,971	193,094

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM539,100 (2013: RM570,414) as further disclosed in Note 11.

11. Directors' remuneration

Executive directors' remuneration (Note 10):				
- Salaries and other emoluments	539,100	517,200	1,500	2,000
- Share option granted under ESOS	-	53,214	-	53,214
	539,100	570,414	1,500	55,214
Non-executive directors' remuneration (Note 9):				
- Fees	284,500	299,500	140,500	155,500
- Share option granted under ESOS	39,059	227,826	21,971	139,880
	323,559	527,326	162,471	295,380
Total directors' remuneration	862,659	1,097,740	163,971	350,594

11. Directors' remuneration (cont'd)

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Executive:				
- Salaries and other emoluments	539,100	517,200	1,500	2,000
- Share option granted under ESOS	-	53,214	-	53,214
	539,100	570,414	1,500	55,214
Non-executive:				
- Fees	260,500	275,500	140,500	155,500
- Share option granted under ESOS	21,971	139,880	21,971	139,880
	282,471	415,380	162,471	295,380
Total directors' remuneration	821,571	985,794	163,971	350,594

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of directors	
	2014	2013
Executive directors:		
RM200,001 - RM250,000	1	1
RM250,001 - RM300,000	-	-
RM300,001 – RM350,000	1	1
Non-executive directors:		
RM50,000 and below	4	5
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	1	1

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
31 December 2014

12. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2014 and 2013 are:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Statement of comprehensive income				
Deferred tax (Note 23):				
Relating to origination and reversal of temporary differences	2,753,821	1,484,955	-	-
Relating to changes in tax rate	-	(541,249)	-	-
(Over)/underprovision in prior years	(102,544)	24,623	-	-
	2,651,277	968,329	-	-
Income tax expense recognised in profit or loss	2,651,277	968,329	-	-

Reconciliation between tax expense and accounting profit/(loss)

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2014 and 2013 are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Accounting profit before tax	10,217,034	4,150,782	(141,698)	(425,276)
Tax at Malaysian statutory tax rate of 25% (2013: 25%)	2,554,259	1,037,696	(35,425)	(106,319)
Adjustments:				
Effect of expenses not deductible for tax purposes	233,190	448,874	68,015	107,934
Effect of changes in tax rate on deferred tax	-	(541,249)	-	-
Income not subject to tax	-	(317)	-	(317)
Effect of double deduction incentive	(1,038)	-	-	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(32,590)	(1,298)	(32,590)	(1,298)
(Over)/underprovision of deferred tax in prior years	(102,544)	24,623	-	-
Income tax expense recognised in profit or loss	2,651,277	968,329	-	-

12. Income tax expense (cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year. The statutory tax rate will be reduced from the current year's rate of 25% to 24% with effective from the year of assessment 2016. The computation of deferred tax as at 31 December 2014 has reflected these changes.

Taxation is calculated at the rates prevailing in the respective jurisdictions.

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Tax savings during the financial year arising from:				
Utilisation of previously unrecognised tax losses	130,360	5,192	130,360	5,192

13. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2014 RM	2013 RM
Profit net of tax attributable to owners of the parent used in the computation of basic earnings per share	7,565,757	3,182,453
	Number of shares	**Number of shares**
Weighted average number of ordinary shares for basic earnings per share computation	190,565,358	188,625,314
Effects of dilution:		
- Share options	623,738	487,712
Weighted average number of ordinary shares for diluted earnings per share computation	191,189,096	189,113,026

There have been no transactions involving ordinary share or potential ordinary shares since the reporting date and before the completion of those financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2014

14. Property, plant and equipment

Group	Buildings RM	Plantation infrastructure RM	Motor vehicles RM	Equipment, furniture and fittings RM	Plant and machinery RM	Capital work-in-progress RM	Total RM
At 31 December 2014							
Cost							
At 1 January 2014	25,215,815	38,593,172	11,264,478	1,487,016	1,632,480	28,516,028	106,708,989
Additions	1,522,071	5,759,461	190,500	614,940	2,268,590	43,755,937	54,111,499
Reclassifications	33,825,324	-	-	-	33,821,100	(67,646,424)	-
Written off	(45,000)	-	-	-	-	-	(45,000)
At 31 December 2014	60,518,210	44,352,633	11,454,978	2,101,956	37,722,170	4,625,541	160,775,488
Accumulated depreciation							
At 1 January 2014	3,084,916	-	5,535,062	724,566	660,175	-	10,004,719
Depreciation charge for the year:	666,564	-	1,013,171	131,653	468,302	-	2,279,690
Recognised in profit or loss	251,759	-	382,672	49,725	176,876	-	861,032
Capitalised in biological assets	414,805	-	630,499	81,928	291,426	-	1,418,658
Written off	(32,773)	-	-	-	-	-	(32,773)
At 31 December 2014	3,718,707	-	6,548,233	856,219	1,128,477	-	12,251,636
Net carrying amount							
At 31 December 2014	56,799,503	44,352,633	4,906,745	1,245,737	36,593,693	4,625,541	148,523,852
At 31 December 2013							
Cost							
At 1 January 2013	18,281,665	32,880,612	10,589,478	1,260,158	1,614,580	13,448,542	78,075,035
Additions	49,371	5,712,560	675,000	226,858	17,900	21,952,265	28,633,954
Reclassifications	6,884,779	-	-	-	-	(6,884,779)	-
At 31 December 2013	25,215,815	38,593,172	11,264,478	1,487,016	1,632,480	28,516,028	106,708,989
Accumulated depreciation							
At 1 January 2013	2,570,821	-	4,544,627	614,824	498,225	-	8,228,497
Depreciation charge for the year:	514,095	-	990,435	109,742	161,950	-	1,776,222
Recognised in profit or loss	79,677	-	153,502	17,008	25,099	-	275,286
Capitalised in biological assets	434,418	-	836,933	92,734	136,851	-	1,500,936
At 31 December 2013	3,084,916	-	5,535,062	724,566	660,175	-	10,004,719
Net carrying amount							
At 31 December 2013	22,130,899	38,593,172	5,729,416	762,450	972,305	28,516,028	96,704,270

14. Property, plant and equipment (cont'd)

	Motor vehicles RM	Equipment, furniture and fittings RM	Total RM
Company			
At 31 December 2014			
Cost			
At 1 January 2014	327,605	175,022	502,627
Addition	-	2,549	2,549
At 31 December 2014	327,605	177,571	505,176
Accumulated depreciation			
At 1 January 2014	205,412	160,710	366,122
Depreciation charge for the year (Note 9)	17,454	2,875	20,329
At 31 December 2014	222,866	163,585	386,451
Net carrying amount			
At 31 December 2014	104,739	13,986	118,725
At 31 December 2013			
Cost			
At 1 January 2013 / 31 December 2013	327,605	175,022	502,627
Accumulated depreciation			
At 1 January 2013	187,958	159,267	347,225
Depreciation charge for the year (Note 9)	17,454	1,443	18,897
At 31 December 2013	205,412	160,710	366,122
Net carrying amount			
At 31 December 2013	122,193	14,312	136,505

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
31 December 2014

14. Property, plant and equipment (cont'd)

Capitalisation of borrowing costs

The Group's property, plant and equipment include borrowing costs from bank loans borrowed specifically for the purpose of the construction of its palm oil mill. During the financial year, the borrowing costs capitalised as cost of plant and equipment amounted to RM1,559,853 (2013: RM238,824)

Assets held under finance lease

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM477,900 (2013: RM573,330) by means of hire purchase arrangement. The cash outflow on acquisition of property, plant and equipment amounted to RM52,073,746 (2013: RM27,821,800).

The carrying amount of property, plant and equipment held under finance leases at the reporting date were RM1,101,172 (2013: RM642,088).

15. Biological assets

	Group 2014 RM	Group 2013 RM
Plantation development expenditure:		
At 1 January	178,341,079	154,958,680
Additions during the year	23,311,953	23,382,399
At 31 December	201,653,032	178,341,079

Included in plantation development expenditure incurred during the financial year are:

	Group 2014 RM	Group 2013 RM
Interest expense (Note 8)	1,419,590	707,987
Depreciation (Note 14)	1,418,658	1,500,936
Employee benefits expenses	3,574,755	4,720,647

The oil palm plantation of the Group is developed on a parcel of land measuring approximately 22,763 hectares situated in the locality of Gunung Rara/Kalabakan, Sabah, pursuant to the Agreement for Oil Palm Plantation dated 18 November 2005 entered between the subsidiary, Serijaya Industri Sdn. Bhd., and Benta Wawasan Sdn. Bhd., the licensee of the said land.

Pursuant to the agreement, Serijaya Industri Sdn. Bhd. is granted the permission to develop the said land into an oil palm plantation for a period of 30 years. On 29 August 2013, the tenure for the permission to develop the said land into oil palm plantation has been extended to 60 years.

Plantation development expenditure of the Group is pledged to bank for borrowings granted to its subsidiary as stated in Note 20.

16. Investment in subsidiaries

	Company 2014 RM	Company 2013 RM
Unquoted shares, at cost		
- Ordinary shares	2,050,000	2,050,000
- Redeemable convertible non-cumulative preference shares	196,500,000	186,000,000
	198,550,000	188,050,000
ESOS granted to employees of subsidiaries	934,185	807,243
	199,484,185	188,857,243

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %	Proportion of ownership interest 2013 %
Serijaya Industri Sdn. Bhd.	Malaysia	Log extraction contractor, operation of oil palm plantations and palm oil mill	100	100
IPB Bio Energy Sdn. Bhd.	Malaysia	Producer and supplier of renewable energy	100	100

17. Inventories

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Cost				
Oil palm nursery	6,018,561	8,857,017	-	-
Stores and supplies	4,371,764	4,497,090	-	-
Crude palm oil	2,050,033	-	-	-
Palm kernel	215,275	-	-	-
	12,655,633	13,354,107	-	-

There were no inventories stated at net realisable value as at 31 December 2014 and 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
31 December 2014

18. Trade and other receivables

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Trade receivables				
Third parties	3,189,129	3,723,283	-	-
Related parties	507,975	23,267	-	-
	3,697,104	3,946,550	-	-
Less: Allowance for impairment third parties	(3,189,129)	(354,187)	-	-
Trade receivables, net	507,975	3,592,363	-	-
Other receivables				
Amounts due from subsidiaries	-	-	427,124	8,845,354
Amounts due from related parties	866,591	113,454	-	-
Deposits	1,122,604	1,122,604	7,074	7,074
Prepayments	193,244	139,761	-	-
Other receivables	631,800	288,520	3,193	3,193
	2,814,239	1,664,339	437,391	8,855,621
Total trade and other receivables	3,322,214	5,256,702	437,391	8,855,621
Add: Cash and bank balances, and short term deposit	2,142,529	1,614,666	509,939	1,047,860
Less: Prepayments	(193,244)	(139,761)	-	-
Total loans and receivables	5,271,499	6,731,607	947,330	9,903,481

(a) Trade receivables

Trade receivables are non-interest bearing and generally on 30 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Related parties represent amount due from:

	2014 RM	**2013 RM**
Companies related to Innoprise Corporation Sdn. Bhd.	-	223,267
A company related to TSH Resources Berhad	507,975	-
	507,975	223,267

18. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group 2014 RM	2013 RM
Neither past due nor impaired	507,975	757,421
Impaired	3,189,129	3,189,129
	3,697,104	3,946,550

Trade receivables are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are credit worthy debtors with good payment records with the Group.

None of the Group's trade receivables have been renegotiated during the financial year.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired 2014 RM	2013 RM
Trade receivables - nominal amounts	3,189,129	3,189,129
Less: Allowance for impairment	(3,189,129)	(354,187)
	-	2,834,942

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
31 December 2014

18. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Receivables that are impaired (cont'd)

Movement in allowance accounts:

	Group	
	2014	**2013**
	RM	**RM**
At 1 January	354,187	-
Charge for the year	2,834,942	354,187
At 31 December	3,189,129	354,187

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Amounts due from subsidiaries

The amounts due from subsidiaries are non-interest bearing and are repayable on demand. All these amounts are unsecured and are to be settled in cash.

(c) Amounts due from related parties

	Group	
	2014	**2013**
	RM	**RM**
Companies related to TSH Resources Berhad	63,146	113,454
A company in which Tan Aik Kiong is a director	803,445	-
	866,591	113,454

19. Cash and back balances

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash on hand and at banks	1,171,313	1,164,666	2,682	1,047,860
Fixed deposits with a licensed bank	463,959	450,000	-	-
Money market deposits	507,257	-	507,257	-
	2,142,529	1,614,666	509,939	1,047,860
Less: Fixed deposits with maturity more than 3 months	(463,959)	(450,000)	-	-
Money market deposits	(507,257)	-	(507,257)	-
Cash and cash equivalents	1,171,313	1,164,666	2,682	1,047,860

Money market deposits are made for varying periods of between one day to twelve months depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective short-term deposit rates.

The maturity of fixed deposits as at the end of the financial year was 12 months (2013: 12 months).

Deposits with licensed banks of the Group amounting to RM463,959 (2013: RM450,000) are pledged as securities for banking facilities granted.

The effective interest rate of fixed deposit and money market deposit at the reporting date of the Group were 3.10% (2013: 3.10%) and 1.80% (2013: Nil) respectively.

For the purpose of the cash flow statements, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash and cash equivalents	1,171,313	1,164,666	2,682	1,047,860

20. Loans and borrowings

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current				
Secured:				
Hire purchase payables (Note 21)	263,634	128,978	-	-
Invoice financing	3,635,625	1,348,893	-	-
Term loans	5,281,116	-	-	-
Revolving credits	14,000,657	-	-	-
	23,181,032	1,477,871	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2014

20. Loans and borrowings (cont'd)

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Non-current				
Secured:				
Hire purchase payables (Note 21)	594,045	414,571	-	-
Term loans	64,718,894	34,745,440	-	-
	65,312,939	35,160,011	-	-
Total borrowings				
Hire purchase payables (Note 21)	857,679	543,549	-	-
Invoice financing	3,635,625	1,348,893	-	-
Term loans	70,000,010	34,745,440	-	-
Revolving credits	14,000,657	-	-	-
	88,493,971	36,637,882	-	-

The remaining maturities of the loans and borrowings, excluding hire purchase payables as at 31 December 2014 were as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
On demand or within one year	22,917,398	1,348,893	-	-
More than 1 year and less than 2 years	12,233,000	5,713,435	-	-
More than 2 years and less than 5 years	52,485,894	29,032,005	-	-
	87,636,292	36,094,333	-	-

The weighted average effective interest rates at the reporting date for borrowings, excluding hire purchase payables, were as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	%	**%**	**%**	**%**
Invoice financing	5.10	4.95	-	-
Term loans	6.28	5.64	-	-
Revolving credits	5.37	-	-	-

The borrowings of the Group are secured by the following:

(i) Corporate Guarantee given by the Company

(ii) Assignment of rights, title and interest including but not limited to the right to occupy and develop the parcel of land (Note 15)

(iii) All monies debenture and power of attorney over all of the existing and future assets of the Group

(iv) Pledge of deposit with licensed bank (Note 19)

21. Hire purchase liabilities

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Minimum lease payments				
Not later than 1 year	302,460	165,919	-	-
Later than 1 year not later than 2 years	302,460	166,212	-	-
Later than 2 years not later than 5 years	377,545	294,220	-	-
	982,465	626,351	-	-
Less: Future finance charges	(124,786)	(82,802)	-	-
Present value of lease liabilities	857,679	543,549	-	-
Present value of lease liabilities:				
Not later than 1 year	263,634	128,978	-	-
Later than 1 year not later than 2 years	263,634	147,730	-	-
Later than 2 years not later than 5 years	330,411	266,841	-	-
	857,679	543,549	-	-
Analysed as:				
Due within 12 months	263,634	128,978	-	-
Due after 12 months	594,045	414,571	-	-
	857,679	543,549	-	-

The average effective interest rate of hire purchase liabilities of the Group at the reporting date were ranging from 6.49% - 8.10% (2013: 7.21% - 8.10%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
31 December 2014

22. Trade and other payables

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade payables				
Third parties	12,881,947	13,498,925	-	-
Related parties	399,927	349,927	-	-
	13,281,874	13,848,852	-	-
Other payables				
Accruals	2,952,913	1,527,083	163,448	158,863
Accruals interest	-	181,840	-	-
Retention sum for contract work	3,313,793	954,980	-	-
Sundry payables	11,365,406	7,461,937	55,369	13,306
FFB trade advances	4,349,727	2,083,769	-	-
	21,981,839	12,209,609	218,817	172,169
Total trade and other payables	35,263,713	26,058,461	218,817	172,169
Add: Loans and borrowings (Note 20)	88,493,971	36,637,882	-	-
Total financial liabilities carried at amortised cost	123,757,684	62,696,343	218,817	172,169

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from one month to three months.

Related parties represent amounts due to Benta Wawasan Sdn. Bhd., a company related to Innoprise Corporation Sdn. Bhd., a corporate shareholder of the Company.

(b) Sundry payables

These amounts are non-interest bearing. Sundry payables are normally settled on 60 day terms.

Included in other payables is an amount of RM431,635 (2013: RM107,547) due to TSH Resources Berhad, a corporate shareholder of the Company.

(c) FFB trade advances

This represents FFB trade advances received from TSH Plantation Management Sdn. Bhd., a company related to TSH Resources Berhad. These amounts bear interest at BLR+1.5% per annum and is to be offset against future FFB sales proceed.

23. Deferred tax

Deferred income tax as at 31 December relates to the following:

Group	As at 1 January 2013 RM	Recognised in profit or loss RM	As at 31 December 2013 RM	Recognised in profit or loss RM	As at 31 December 2014 RM
Deferred tax liabilities:					
Property, plant and equipment	3,171,229	724,388	3,895,617	4,841,500	8,737,117
Biological assets	46,629,293	5,305,669	51,934,962	6,528,378	58,463,340
	49,800,522	6,030,057	55,830,579	11,369,878	67,200,457
Deferred tax assets:					
Unutilised tax losses	(20,272,033)	(2,945,138)	(23,217,171)	(1,880,937)	(25,098,108)
Unabsorbed capital allowances	(17,506,808)	(2,116,590)	(19,623,398)	(6,837,664)	(26,461,062)
	(37,778,841)	(5,061,728)	(42,840,569)	(8,718,601)	(51,559,170)
	12,021,681	968,329	12,990,010	2,651,277	15,641,287

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Presented as follows:				
Deferred tax liabilities	15,641,287	12,990,010	-	-

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Unutilised tax losses	3,349,984	3,480,345	3,349,984	3,480,345

The unutilised tax losses and unabsorbed capital allowances are available for offsetting against future taxable profits of the Company under the Income Tax Act, 1967 and guidelines issued by the tax authority.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2014

24. Share capital and share premium

	Number of ordinary shares of RM1 each	Amount		
	Share capital (Issued and fully paid)	Share capital (Issued and fully paid) RM	Share premium RM	Total share capital and share premium RM
At 31 December 2013 and 1 January 2014	189,634,300	189,634,300	214,722	189,849,022
Exercise of employee share options	1,603,000	1,603,000	886,682	2,489,682
Share issuance expenses	-	-	(3,852)	(3,852)
At 31 December 2014	191,237,300	191,237,300	1,097,552	192,334,852

	Number of ordinary shares of RM1 each 2014	2013	Amount 2014 RM	2013 RM
Authorised share capital				
At beginning and end of year	500,000,000	500,000,000	500,000,000	500,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share and rank equally with regard to the Company's residual assets.

During the financial year, the Company increased its issued and paid up ordinary shares capital from RM189,634,300 to RM191,237,300 by way of the issuance of 1,603,000 ordinary shares of RM1.00 each for cash pursuant to the Company's Employee Share Options Scheme at an exercise price of RM1.00 per ordinary share. The employee share option reserve of RM886,682 arising from the issuance of ordinary shares and share issue costs of RM3,852 have been included in the share premium account. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

25. Other reserve

	Group and Company 2014 RM	2013 RM
Employee share option reserve		
At 1 January	1,543,974	1,112,789
Transaction with owners		
Grant of equity-settled share option to employees	148,913	659,209
Exercise of employee share options	(886,682)	(228,024)
At 31 December	806,205	1,543,974

Employee share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduces by the expiry of exercise of the share options.

26. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2014 and 31 December 2013 under the single tier system.

27. Employee benefits

Employee share option plans

Executives' Share Options Scheme ("ESOS")

The Innoprise Plantations Berhad ESOS is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 30 October 2009. The ESOS was implemented on 25 May 2010 and is to be in force for a period of 10 years from the date of implementation.

The salient features of the ESOS are as follows:

(i) The ESOS Committee appointed by the Board of Directors to administer the ESOS, may from time to time grant options to eligible Executives of the Group to subscribe for new ordinary shares of RM1 each in the Company.

(ii) Subject to the discretion of the ESOS Committee, any Executives whose employment has been confirmed with at least one (1) year of continuous service before the date of offer and any directors on the date of offer in any company within the Group, shall be eligible to participate in the ESOS.

(iii) The total number of shares to be issued under the ESOS shall not exceed in aggregate 5% of the issued share capital of the Company at any point of time during the tenure of the ESOS.

(iv) The option price for each share shall be the weighted average of the market price as quoted in the Daily Official List issued by Bursa Securities for the 5 market days immediately preceding the date on which the option is granted less, if the ESOS Committee shall so determine at their discretion from time to time, a discount of not more than 10%. Notwithstanding this, the option price per share shall in no event be less than the nominal value of the share.

(v) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2014

27. Employee benefits (cont'd)

Employee share option plans (cont'd)

Movement of share options during the financial year

	Number of share options					
	Outstanding at 1 January '000	**Movement during the year Granted '000**	**Exercised '000**	**Lapsed '000**	**Outstanding at 31 December '000**	**Exercisable at 31 December '000**
2014						
2010 - Option 1	2,008	-	(1,510)	(225)	273	273
2011 - Option 2	67	-	(43)	(6)	18	12
2012 - Option 3	219	-	(38)	(56)	125	44
- Option 4	259	-	(12)	-	247	86
- Option 5	310	-	-	-	310	109
2013 - Option 6	282	-	-	(150)	132	20
- Option 7	332	-	-	-	332	50
2014 - Option 8	-	96	-	(8)	88	-
	3,477	96	(1,603)	(445)	1,525	594
Weighted Average Exercise Price ("WAEP") (RM)	1.09	1.70	1.00	1.22	1.21	1.15
2013						
2010 - Option 1	2,836	-	(828)	-	2,008	1,015
2011 - Option 2	93	-	-	(26)	67	23
2012 - Option 3	236	-	-	(17)	219	33
- Option 4	613	-	(195)	(159)	259	39
- Option 5	374	-	-	(64)	310	-
2013 - Option 6	-	282	-	-	282	-
- Option 7	-	332	-	-	332	-
	4,152	614	(1,023)	(266)	3,477	1,110
Weighted Average Exercise Price ("WAEP") (RM)	1.04	1.30	1.00	1.10	1.09	1.00

27. Employee benefits (cont'd)

Employee share option plans (cont'd)

Movement of share options during the financial year

- The weighted average fair value of options granted during the financial year was RM0.60 (2013: RM0.43)
- The range of exercise price for options outstanding at the end of the year was RM1.00 - RM1.70 (2013: RM1.00 - RM1.40). The weighted average remaining contractual life for these options is 6.00 (2013: 7.00) years.

Fair value of share options granted

The fair value of the share options granted under the ESOS is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the option pricing models for the year ended 31 December 2014 and 2013:

	2014	**2013**
Dividend yield (%)	5.00	5.00
Expected volatility (%)	52.23	41.47
Risk-free interest rate (% p.a.)	3.57	3.10
Expected life of option (years)	6.00	7.00
Weighted average share price (RM)	1.72	1.26

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

28. Capital commitments

	Group	
	2014 RM	**2013 RM**
Capital expenditure:		
Property, plant and equipment:		
Approved and contracted for	2,255,225	32,602,080
Approved but not contracted for	9,514,260	326,192
	11,769,485	32,928,272

29. Material litigation

On 3 June 2014, Serijaya Industri Sdn. Bhd. (SJI), a wholly-owned subsidiary of the Company, filed a notice of arbitration against Asiatic Lumber Industries Sdn. Bhd. (ALISB) for a claim approximately RM11,619,123 arising from a shortfall in guaranteed volume of log production under a Logging Sub-Contract agreement between SJI and ALISB.

Under the Logging Sub-Contract agreement, ALISB has undertaken to extract a minimum of 120,000 m3 of logs per annum. The amount of RM11,619,123 was computed on the loss of profit from production shortfall.

On 1 July 2014, ALISB filed a counterclaim for alleged losses of RM47,638,833. The hearing of the arbitration proceedings has been set to commence on 20 April 2015 to 28 April 2015.

The lawyers acting for SJI had expressed the following opinions:
(i) That overall the claimant (SJI) has a reasonably good case, and
(ii) That on evaluation of evidence currently available, the Respondent does not have a good case for its counterclaim.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
31 December 2014

30. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

Group

	2014 RM	2013 RM
Trade transactions		
Transaction with related parties:		
Log extraction contract fee income from Rakyat Berjaya Sdn. Bhd.+	7,936,625	3,023,209
Rental paid to TSH Resources Bhd.,*	72,000	72,000
Sale of oil palm fresh fruit bunches to Sabah Softwoods Berhad.+	-	118,159
Sale of oil palm fresh fruit bunches to TSH Plantation Management Sdn. Bhd.++	36,724,456	23,892,161
Interest charged by TSH Plantation Management Sdn. Bhd.++	429,710	295,816
Sales of oil palm seedlings to Rinukut Plantations Sdn. Bhd.+++	2,174,353	-
Purchase of organic fertilisers from TSH Plantation Management Sdn. Bhd. ++	25,921	70,401
Sale of crude palm oil to TSH Wilmar Sdn. Bhd. ++	3,822,699	-
Sale of palm kernel to TSH Wilmar Sdn. Bhd. ++	433,939	-

Company

	2014 RM	2013 RM
Trade transaction		
Management fee charged to subsidiary		
- Serijaya Industri Sdn. Bhd.	360,000	360,000

\+ Companies related to Innoprise Corporation Sdn. Bhd., a corporate shareholder of the Company.

++ Companies related to TSH Resources Berhad, a corporate shareholder of the Company, a company in which a director of the Company has an interest.

+++ A company in which Tan Aik Kiong is a director of the Company.

* A corporate shareholder of the Company.

Information regarding outstanding balances arising from related party transactions as at 31 December 2014 are disclosed in Note 18 and 22.

30. Related party transactions (cont'd)

(b) Compensation of key management personnel

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Short-term employee benefits	823,600	816,700	142,000	157,500
Share-based payments	39,059	281,040	21,971	193,094
	862,659	1,097,740	163,971	350,594

31. Fair value of financial instruments

Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The followings are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	18
Trade and other payables	22
Loans and borrowings (current)	20
Loans and borrowings (non-current)	20

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;

- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;

- The estimated loss exposure if the party guaranteed were to default.

The fair value of the financial guarantees is negligible as the probability of the financial guarantees being called is remote as the subsidiary will be able to meet its short term loans and borrowings obligations as and when they are due.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2014

32. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk.

The Board of Directors reviews and agrees on policies and procedures for the management of these risks, which are executed by Executive Committee. The audit committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

<u>Exposure to credit risk</u>

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.
- A nominal amount of RM90,000,000 relating to corporate guarantee provided by the Company to bankers on credit facilities granted to subsidiaries.

<u>Credit risk concentration profile</u>

At the reporting date, 100% (2013: 60%) of the Group's trade receivables were due from two major related parties.

<u>Financial assets that are neither past due nor impaired</u>

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 18. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

<u>Financial assets that are either past due or impaired</u>

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At the reporting date, approximately 26% (2013: 4%) of loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

32. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Group	2014 On demand or within one year RM	2014 One to five years RM	2014 Over five years RM	2014 Total RM	2013 On demand or within one year RM	2013 One to five years RM	2013 Over five years RM	2013 Total RM
Trade and other receivables	3,128,970	-	-	3,128,970	1,927,812	3,189,129	-	5,116,941
Total cash and bank balances	2,142,529	-	-	2,142,529	1,614,666	-	-	1,614,666
Total undiscounted financial assets	5,271,499	-	-	5,271,499	3,542,478	3,189,129	-	6,731,607
Financial liabilities:								
Trade and other payables	35,263,713	-	-	35,263,713	26,058,461	-	-	26,058,461
Loans and borrowings	27,546,872	74,132,547	-	101,679,419	2,309,383	36,526,299	-	38,835,682
Total undiscounted financial liabilities	62,810,585	74,132,547	-	136,943,132	28,367,844	36,526,299	-	64,894,143
Total net undiscounted financial liabilities	(57,539,086)	(74,132,547)	-	(131,671,633)	(24,825,366)	(33,337,170)	-	(58,162,536)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2014

32. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Company	**On demand or within one year 2014 RM**	**2013 RM**
Financial assets:		
Trade and other receivables	437,391	8,855,621
Total cash and bank balances	509,939	1,047,860
Total undiscounted financial assets	947,330	9,903,481
Financial liabilities:		
Trade and other payable	218,817	172,169
Financial guarantee contracts*	90,000,000	90,000,000
Total undiscounted financia liabilities	90,218,817	90,172,169
Total net undiscounted financial liabilities	(89,271,487)	(80,268,688)

*Based on the maximum ammount that can be called for under the financial guarantee contracts.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The investment in financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

<u>Sensitivity analysis for interest rate risk</u>

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM142,960 (2013: RM34,479) higher/lower, arising mainly as a result of lower/higher interest expense on loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is base on the currently observable market environment.

33. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 31 December 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 20% and 40%. The Group includes within net debts, loans and borrowings, trade and other payables, less cash and cash equivalents.

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Loans and borrowings	20	88,493,971	36,637,882	-	-
Trade and other payables	22	35,263,713	26,058,461	218,817	172,169
Less: Cash and bank balances	19	(2,142,529)	(1,614,666)	509,939	1,047,860
Net debt		121,615,155	61,081,677	728,756	1,220,029
Capital:					
Equity attributable to owners of the parent		228,898,289	219,584,471	200,331,423	198,725,060
Capitan and net debt		350,513,444	280,666,148	201,060,179	199,945,089
Gearing ratio		35%	22%	1%	1%

34. Segment information

For management purposes, the Group is organised into business units based on their product and services, and has two reportable operating segments as follows:

(i) Palm and bio-integration - Cultivation of oil palm, manufacture and sale of crude palm oil and palm kernel, and generation and supply of electricity from a biomass plant;
(ii) Timber - Log extraction services
(iii) Corporate - Group level corporate services and treasury functions

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

34. Segment information (cont'd)

	Palm and bio-integration		Timber		Corporate		Adjustment and elimination		Note	Per consolidated financial statements	
	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM		2014 RM	2013 RM
Revenue:											
External customers	54,974,448	29,517,462	7,936,625	3,023,209	-	-	(5,094,592)	-		57,816,481	32,540,671
Results:											
Depreciation and amortisation	820,824	236,325	19,879	20,064	20,329	18,897	-	-		861,032	275,286
Dividend income	-	-	-	-	-	2,209	-	-		-	2,209
Interest income	14,576	3,107	-	-	10,495	-	-	-		25,071	3,107
Fair value gain on investment	-	-	-	-	-	2,628	-	-		-	2,628
Other non-cash expenses	34,699	-	2,834,942	354,187	21,971	193,094	-	-	A	2,891,612	547,281
Segment profit	12,107,988	4,460,191	2,266,507	859,374	(3,645,268)	(373,662)	(512,193)	(795,121)	B	10,217,034	4,150,782
Assets:											
Additions to non-current assets	77,420,903	52,016,353	-	-	2,549	-	-	-	C	77,423,452	52,016,353
Segment assets	366,154,731	291,448,460	-	2,207,698	2,142,529	1,614,666	-	-		368,297,260	295,270,824
Segment liabilities	33,728,871	25,885,292	-	-	1,534,842	173,169	104,135,258	49,627,892	D	139,398,971	75,686,353

34. Segment information (cont'd)

Note — Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A — Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	2014 RM	2013 RM
Property, plant and equipment written off	12,227	-
Impairment on trade receivables	2,834,942	354,187
Share-based payments	21,971	193,094
Inventory written off	22,472	-
	2,891,612	547,281

B — The following items are deducted from segment profit to arrive at profit before tax presented in the consolidated statement of comprehensive income:

	2014 RM	2013 RM
Unallocated corporate expenses	(512,193)	(795,121)

C — Additions to non-current assets consist of:

	2014 RM	2013 RM
Property, plant and equipment	54,111,499	28,633,954
Biological assets	23,311,953	23,382,399
	77,423,452	52,016,353

D — The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2014 RM	2013 RM
Deferred tax liabilities	15,641,287	12,990,010
Loans and borrowings	88,493,971	36,637,882
	104,135,258	49,627,892

35. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 24 April 2015.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
31 December 2014

36. Supplementary information – breakdown of retained earnings into realised and unrealised

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2014 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits of Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Total retained earnings of the Company and its subsidiaries				
- Realised	54,278,519	43,701,485	7,190,366	7,332,064
- Unrealised	(15,641,287)	(12,990,010)	-	-
	38,637,232	30,711,475	7,190,366	7,332,064
Less: Consolidation adjustments	(2,880,000)	(2,520,000)	-	-
Retained earnings as per financial statements	35,757,232	28,191,475	7,190,366	7,332,064

SHAREHOLDINGS STRUCTURE
As at 31 March 2015

Authorised Share Capital	:	RM500,000,000
Issued & Paid-up Capital	:	RM191,237,300
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	One vote per ordinary share

Distribution of Shareholdings

Size of Shareholdings			No. of holders	%	No. of shares	%
1	-	99	22	0.60	818	0.00
100	-	1,000	2,492	68.12	1,585,352	0.83
1,001	-	10,000	986	26.96	3,076,330	1.61
10,001	-	100,000	112	3.06	3,598,550	1.88
100,001	-	9,561,864 (*)	43	1.18	33,236,750	17.38
9,561,865	-	and above (**)	3	0.08	149,739,500	78.30
TOTAL			3,658	100.00	191,237,300	100.00

* - Less than 5% of issued holdings

** - 5% and above of issued holdings

List of Top 30 Securities Account Holders

No.	Name	No. of shares held	%
1.	Innoprise Corporation Sdn Bhd	96,187,763	50.30
2.	TSH Resources Berhad	42,024,237	21.97
3.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt an for UOB Kay Hian Pte Ltd (A/C Clients)	11,527,500	6.03
4.	Mutual Corridor Sdn Bhd	5,002,000	2.62
5.	Embun Yakin Sdn Bhd	4,235,100	2.21
6.	Tunas Lestari Sdn Bhd	4,000,000	2.09
7.	Angeline Wong Yu Ching	2,210,000	1.16
8.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ngai Chee Ping (009)	2,085,850	1.09
9.	Wong Chin Hor	1,403,800	0.73
10.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Salbiah Binti Shuib	1,230,000	0.64
11.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Suresh A/L Thirugnanam	1,207,500	0.63
12.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Pak Leong	1,162,300	0.61
13.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chua Thear Ho (CEB)	850,500	0.44
14.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Tan Aik Pen (SMART)	800,000	0.42
15.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Salbiah Binti Shuib (MM0641)	788,400	0.41
16.	Lim Fook Hin	670,000	0.35
17.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pang Yok Chin	639,000	0.33
18.	Chua Thear Ho	558,750	0.29
19.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Yap Pak Leong (PB)	500,000	0.26

SHAREHOLDINGS STRUCTURE (cont'd)

As at 31 March 2015

List of Top 30 Securities Account Holders (cont'd)

No.	Name	No. of shares held	%
20.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Julie Mae Yeong (8052622)	438,600	0.23
21.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Aik Pen	350,000	0.18
22.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Julie Mae Yeong	347,950	0.18
23.	Simfoni Bernas Sdn Bhd	326,000	0.17
24.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohan A/L Ramalingam (8059306)	300,000	0.16
25.	Tan Aik Kiong	300,000	0.16
26.	Mohd Fazli Bin Mazlan	269,350	0.14
27.	Embun Yakin Sdn Bhd	257,300	0.13
28.	Christopher Lim Foo Vui	241,200	0.13
29.	Ngai Chee Ping	230,250	0.12
30.	Tee Sew Peng	218,400	0.11
	TOTAL	180,361,750	94.31

Substantial Shareholdings

According to the register to be kept under Section 69L of the Companies Act, 1965, the following is the substantial shareholder of the Company having an interest of five percent (5%) or more of the aggregate of the amounts of all the voting shares of the Company:

No.	Name	No. of shares held	%
1.	Innoprise Corporation Sdn Bhd	96,191,763	50.30
2.	TSH Resources Berhad	42,024,237	21.97

Directors' Shareholdings

According to the register to be kept under Section 134 of the Companies Act, 1965, the directors' shareholdings in the Company are as follows:

No.	Name	No. of shares held			
		Direct	%	Indirect	%
1.	Datuk Hj. Majin Hj. Ajing	150,000	0.08	-	-
2.	Datuk (Dr.) Kelvin Tan Aik Pen	1,150,000	0.60	-	-
3.	Datuk Hj. Othman Bin Walat	173,900	0.09	-	-
4.	Lim Fook Hin	670,000	0.35	-	-
5.	Tan Aik Kiong (Alternate Director to Datuk (Dr.) Kelvin Tan Aik Pen)	300,000	0.16	-	-

Except for Datuk Hj. Majin Hj. Ajing, Datuk (Dr.) Kelvin Tan Aik Pen, Datuk Hj. Othman Bin Walat, Lim Fook Hin and Tan Aik Kiong, none of the other directors of the Company has any interest, direct or indirect, in the shares of the Company.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 21st Annual General Meeting of the Company will be held at Belian Room, 7th Floor, Promenade Hotel, Eastern Plaza, Mile 1, Jalan Kuhara, 91000 Tawau, Sabah, on Thursday, 28 May 2015 at 11:30 am to transact the following business:

AGENDA

ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2014 and the Reports of the Directors and Auditors thereon.	Please refer to Explanatory Notes (a)
2.	To approve the payment of Directors' fees of RM130,000 for the financial year ended 31 December 2014.	Resolution 1
3.	To re-elect the following directors, retiring pursuant to Article No. 90 of the Company's Articles of Association:	
	(a) Datuk Hj. Majin Hj. Ajing	Resolution 2
	(b) Puan Ainahwati Binti Abd Sani	Resolution 3
4.	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.	Resolution 4

SPECIAL BUSINESS

5. To consider and if thought fit, to pass the following resolution:

ORDINARY RESOLUTION

Proposed Re-Appointment of Director pursuant to Section 129(6) of the Companies Act, 1965 — Resolution 5

"**THAT** pursuant to Section 129(6) of the Companies Act, 1965, Datuk Jaswant Singh Kler be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."

6. To consider and if thought fit, to pass the following resolution:

ORDINARY RESOLUTION

Proposed Retention of Independent Non-Executive Director — Resolution 6

"**THAT** subject to the passing of Resolution 2, Datuk Hj. Majin Hj. Ajing who had served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company until the next Annual General Meeting."

7. To consider and if thought fit, to pass the following resolution:

ORDINARY RESOLUTION

Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965 — Resolution 7

"**THAT** subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from the relevant statutory and regulatory authorities, where such approvals are necessary, full authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time at such price upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are empowered to obtain the approvals from Bursa Malaysia Securities Berhad for the listing and quotation of the additional new ordinary shares to be issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

8. To consider and if thought fit, to pass the following resolution:

ORDINARY RESOLUTION

Proposed Renewal of the Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature Resolution 8

"**THAT** approval be and is hereby given, for the Renewal of the Existing Shareholders' Mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.4.2 of the Circular to Shareholders dated 30 April 2015 with the related parties described therein provided such transactions are necessary for the day to day operations, carried out in the normal course of business, at arm's length, on normal commercial terms, not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders;

AND THAT a New Shareholders' Mandate be and is hereby granted for the Company and/or its subsidiaries to enter into additional recurrent related party transactions of a revenue or trading nature as set out in Section 2.4.2 of the Circular to the Shareholders dated 30 April 2015 with the related parties described therein provided such transactions are necessary for the day to day operations, carried out in the normal course of business, at arm's length, on normal commercial terms, not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders;

AND THAT such approval shall continue to be in force until:

(a) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or

(b) the expiration of the period within which the next annual general meeting of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of CA); or

(c) revoked or varied by a resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors be and are hereby authorised to complete and do such acts and things as may be required by the relevant authorities (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

9. To transact any other business of the Company of which due notice shall have been given to the Company in accordance with the Company's Articles of Association and the Companies Act, 1965.

GENERAL MEETING RECORD OF DEPOSITORS

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 21st Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Article 62(3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 22 May 2015. Only a depositor whose name appears on the Record of Depositors as at 22 May 2015 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his behalf.

By Order of the Board

Dorothy Luk Wei Kam (MAICSA 7000414)
Chan Ai Hoon (LS 0000393)
Company Secretaries

Kota Kinabalu, Sabah
Dated: 30 April 2015

NOTES

(a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company and there shall be no restriction as to the qualification of the proxy.

(b) A member shall be entitled to appoint one (1) but not more than two (2) proxies to attend and vote at the same meeting and where a member appoints two (2) proxies to attend and vote instead of him at the same meeting, the appointment shall be invalid unless he specified the proportions of his holdings to be represented by each proxy.

(c) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

(d) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

(e) The instrument appointing a proxy shall be deposited at the Registered Office of the Company at 6th Floor, Menara Tun Mustapha, Likas Bay, 88400 Kota Kinabalu, Sabah, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

EXPLANATORY NOTES

(a) Audited Financial Statements for Financial Year Ended 31 December 2014

Agenda 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, it will not be put forward for voting.

(b) Proposed Re-Appointment of Director pursuant to Section 129(6) of the Companies Act, 1965

The proposed Resolution 5 in relation to the re-appointment of Datuk Jaswant Singh Kler, being a person over the age of seventy (70) years, a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company, shall, pursuant to Section 129(6) of the Companies Act 1965, take effect if the proposed Resolution 5 has been passed by a majority of not less than three-fourths (3/4) of such members being entitled to vote in person or, where proxies are allowed, by proxy, at the 21st Annual General Meeting.

(c) Proposed Retention of Independent Non-Executive Director

In relation to the proposed Resolution 6, the Nomination Committee has assessed the independence of Datuk Hj. Majin Hj. Ajing who had served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and recommended that he continues to act as Independent Non-Executive Director of the Company based on the following justifications:

(a) he has fulfilled the criteria under the definition of Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

(b) he has ensured check and balance in the proceedings of the Board and the Board committees;

(c) he has actively participated in Board deliberations, provided objectivity in decision making and an independent voice to the Board;

(d) he has devoted sufficient time and attention to his responsibility as Independent Non-Executive Director of the Company; and

(e) he has exercise due care in the interest of the Company and shareholders during his tenure as Independent Non-Executive Director of the Company.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

EXPLANATORY NOTES (cont'd)

(d) Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965

The proposed Resolution 7, if passed, shall give power to the Directors to issue ordinary shares in the capital of the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting.

The general mandate sought for issue of securities is a renewal of the mandate that was approved by the shareholders on 26 May 2014. The Company did not utilise the mandate that was approved last year. The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

(e) Proposed Renewal of the Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Resolution 8, if passed, will allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the mandated related parties provided that such transactions are necessary for the Group's day to day operations, carried out in the normal course of business, at arm's length, on commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders. Shareholders are directed to refer the Circular to Shareholders dated 30 April 2015 for more information.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. The Directors who are standing for re-election and re-appointment at the 21st Annual General Meeting are:

   (a) Datuk Hj. Majin Hj. Ajing

   (b) Puan Ainahwati Binti Abd Sani

   (c) Datuk Jaswant Singh Kler

   The profiles of the abovementioned Directors who are standing for re-election and re-appointment are disclosed in the Directors' Profiles appearing on Pages 3 to 4 of the Annual Report and the shareholdings of the directors holding shares in the Company are disclosed under "Directors' Shareholdings" on page 96 of the Annual Report

2. A statement on the general mandate for issue of securities has been inserted under item (d) of the Explanatory Notes to the Notice of Annual General Meeting on page 100 of the Annual Report.

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INNOPRISE PLANTATIONS BERHAD **PROXY FORM**

Company No. 285072-M
(Incorporated in Malaysia)

I/We, ...of ....

.... being a Member/Members of INNOPRISE PLANTATIONS BERHAD

hereby appoint ....

of...

or failing him ....

of ....

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 21st Annual General Meeting of the Company, to be held at Belian Room, 7th Floor, Promenade Hotel, Eastern Plaza, Mile 1, Jalan Kuhara, 91000 Tawau, Sabah, on Thursday, 28 May 2015 at 11:30 am or any adjournment thereof.

I/We direct my/our proxy to vote for or against the Resolutions to be proposed at the Meeting as hereinunder indicated.

No.	Agenda	Resolution	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2014 and the Reports of the Directors and Auditors thereon.			
2.	To approve the payment of Directors' fees of RM130,000 for the financial year ended 31 December 2014.	1		
3	(a) To re-elect Datuk Hj. Majin Hj. Ajing as Director.	2		
	(b) To re-elect Puan Ainahwati Binti Abd Sani as Director.	3		
4.	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.	4		
5.	Re-appointment of Datuk Jaswant Singh Kler as Director pursuant to Section 129(6) of the Companies Act, 1965.	5		
6.	To retain Datuk Hj. Majin Hj. Ajing as an Independent Non-Executive Director.	6		
7.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.	7		
8.	Proposed Renewal of the Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	8		

(Please indicate with an "X" in the appropriate box against each resolution how you wish your proxy to vote. If this form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit).

Dated this .... day of 2015

No. of shares held	

....
Signature/Common Seal of Member(s)

NOTES

(a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company and there shall be no restriction as to the qualification of the proxy.

(b) A member shall be entitled to appoint one (1) but not more than two (2) proxies to attend and vote at the same meeting and where a member appoints two (2) proxies to attend and vote instead of him at the same meeting, the appointment shall be invalid unless he specified the proportions of his holdings to be represented by each proxy.

(c) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

(d) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

(e) The instrument appointing a proxy shall be deposited at the Registered Office of the Company at 6th Floor, Menara Tun Mustapha, Likas Bay, 88400 Kota Kinabalu, Sabah, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

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Affix Stamp

The Company Secretary
Innoprise Plantations Berhad
6th Floor, Menara Tun Mustapha, Likas Bay,
88400 Kota Kinabalu, Sabah.
Tel: 088-326415
Fax: 088-432104

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Innoprise Plantations
Innoprise Plantations Berhad
(Company No. 285072-M)

6th Floor, Menara Tun Mustapha,
Likas Bay, 88400 Kota Kinabalu, Sabah.

PO Box 11623, 88817 Kota Kinabalu, Sabah.

Tel: 088 - 326 415
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