All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCK BROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

If you have sold or transferred all your Innoprise Shares, you should at once hand this Abridged Prospectus together with the NPA and the RSF to the agent/ broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Two-Call Rights Issue should be addressed to our Share Registrar, Symphony Share Registrars Sdn Bhd (378993-D) at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/ 46, 47301 Petaling Jaya, Selangor Darul Ehsan. A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Two-Call Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus together with the NPA and the RSF have also been lodged with the Registrar of Companies, who takes no responsibility for the contents.

The approval from our shareholders for the Two-Call Rights Issue was obtained at our EGM held on 23 December 2015. The approval from Bursa Securities has also been obtained vide its letter dated 26 November 2015 for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities. The listing of and quotation for the Rights Shares on the Main Market of Bursa Securities are in no way reflective of the merits of the Two-Call Rights Issue. The listing of and quotation for the Rights Shares will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful Entitled Shareholders and/or their renouncee(s) have been duly credited and notices of allotment have been despatched to them.

Neither the SC nor Bursa Securities takes any responsibility for the correctness of statements made or opinions expressed in this Abridged Prospectus.

Our Board has seen and approved all the documentation relating to the Two-Call Rights Issue, including this Abridged Prospectus, together with the NPA and the RSF. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in these documents false or misleading.

This Abridged Prospectus together with the NPA and the RSF are only despatched to our Entitled Shareholders whose names appear on our Record of Depositors and have provided our Share Registrar with an address in Malaysia not later than 5.00 p.m. on Wednesday, 3 February 2016. This Abridged Prospectus together with the NPA and the RSF are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Two-Call Rights Issue complies with the laws of any countries or jurisdictions other than the laws of Malaysia. The Entitled Shareholders and/ or their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and other professional advisers as to whether the acceptance and/ or renunciation (as the case may be) of all or any part of their entitlements to the Two-Call Rights Issue would result in a contravention of any laws of such countries or jurisdictions. Neither we, RHBIB nor any other professional advisers shall accept any responsibility or liability in the event that any acceptance and/ or renunciation made by the Entitled Shareholders and/ or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such countries or jurisdictions.

RHBIB, being our Principal Adviser for the Two-Call Rights Issue, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Two-Call Rights Issue.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE REFER TO SECTION 6 OF THIS ABRIDGED PROSPECTUS.

Innoprise Plantations

INNOPRISE PLANTATIONS BERHAD

(Company No.: 285072-M)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE TWO-CALL RIGHTS ISSUE OF UP TO 96,230,650 NEW ORDINARY SHARES OF RM0.50 EACH IN INNOPRISE PLANTATIONS BERHAD ("INNOPRISE") AFTER THE SHARE SPLIT ("SPLIT SHARE(S)") ("RIGHTS SHARE(S)") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) SPLIT SHARES HELD AS AT 5.00 P.M. ON WEDNESDAY, 3 FEBRUARY 2016 AT AN ISSUE PRICE OF RM0.50 PER RIGHTS SHARE, OF WHICH THE FIRST CALL OF RM0.38 PER RIGHTS SHARE IS PAYABLE IN CASH ON APPLICATION AND THE SECOND CALL OF RM0.12 IS TO BE CAPITALISED FROM INNOPRISE'S SHARE PREMIUM AND RETAINED EARNINGS ACCOUNT ("TWO-CALL RIGHTS ISSUE")

Principal Adviser

RHB

RHB Investment Bank Berhad

(Company No. 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:-

Entitlement Date	:	Wednesday, 3 February 2016 at 5.00 p.m.
Last date and time for sale of provisional allotment of rights	:	Friday, 12 February 2016 at 5.00 p.m.
Last date and time for transfer of provisional allotment of rights	:	Wednesday, 17 February 2016 at 4.00 p.m.
Last date and time for acceptance and payment	:	Monday, 22 February 2016 at 5.00 p.m.*
Last date and time for excess application and payment	:	Monday, 22 February 2016 at 5.00 p.m.*

* or such later date and time as our Board may determine and announce not less than two (2) Market Days before the stipulated date and time

This Abridged Prospectus is dated 3 February 2016

Company No. 285072-M

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

THIS ABRIDGED PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE REGISTRATION OF THIS ABRIDGED PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE TWO-CALL RIGHTS ISSUE OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS ABRIDGED PROSPECTUS.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

BURSA SECURITIES HAS APPROVED THE LISTING OF AND QUOTATION FOR THE RIGHTS SHARES ON THE MAIN MARKET OF BURSA SECURITIES. HOWEVER, THIS IS NOT AN INDICATION THAT BURSA SECURITIES RECOMMENDS THE TWO-CALL RIGHTS ISSUE.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE TWO-CALL RIGHTS ISSUE AND ANY INVESTMENT IN OUR COMPANY. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCK BROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE TWO-CALL RIGHTS ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, SUCH AS OUR DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE ABRIDGED PROSPECTUS TOGETHER WITH THE NPA AND THE RSF HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE TWO-CALL RIGHTS ISSUE UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THESE DOCUMENTS.

DEFINITION

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus, the NPA and the RSF:-

"Abridged Prospectus"	:	This abridged prospectus dated 3 February 2016
"Act"	:	The Companies Act, 1965 of Malaysia
"Amendment"	:	The amendment to the Memorandum of Association of Innoprise
"ASEAN"	:	The Association of Southeast Asian Nations
"Board"	:	The Board of Directors of Innoprise
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (635998-W)
"CDS"	:	Central Depository System
"CDS Account"	:	A securities account established by Bursa Depository for a depositor pursuant to the Securities Industry (Central Depository) Act, 1991 of Malaysia and the Rules of Bursa Depository for the recording of deposits of securities and for dealings in such securities by the depositor
"CMSA"	:	Capital Markets and Services Act, 2007 of Malaysia
"Code"	:	Malaysian Code on Take-Overs and Mergers, 2010
"Corporate Exercises"	:	The Share Split, the Two-Call Rights Issue and the Amendment, collectively
"CPO"	:	Crude palm oil
"Director(s)"	:	The director(s) of Innoprise and shall have the meaning given in Section 2(1) of the CMSA
"EGM"	:	Extraordinary General Meeting
"Entitled Shareholder(s)"	:	The shareholders of Innoprise who are registered as a member and whose names appear in the Record of Depositors of the Company on the Entitlement Date
"Entitlement Date"	:	At 5.00 p.m. on Wednesday, 3 February 2016, being the time and date on which shareholders of Innoprise's names appear in our Record of Depositors provided by Bursa Depository in order to participate in the Two-Call Rights Issue
"EPS"	:	Earnings per Share
"ESOS"	:	Innoprise's executives' share options scheme of up to five percent (5%) of the issued and paid-up share capital of Innoprise (excluding treasury shares, if any) at any point in time during the existence of the said scheme, which is effective from 25 May 2010 up to a period of 10 years from the effective date of implementation. Each ESOS Option entitles the option holder to exercise into one (1) new ordinary share in Innoprise

DEFINITION (CONT'D)

"ESOS Options"	:	Executives' share options under Innoprise's ESOS. As at the LPD, there are outstanding 1,224,000 ESOS Options granted and yet to be exercised. The Board has agreed to undertake not to grant any additional ESOS Options until the completion of the Corporate Exercises
"Excess Rights Shares"	:	Rights Shares which are not taken up or not validly taken up by the Entitled Shareholders and/ or their renouncee(s) (if applicable) prior to excess application pursuant to the Two-Call Rights Issue
"FFB"	:	Fresh fruit bunches
"First Call"	:	Being the first call of RM0.38 for each Rights Share, which will be payable in cash on application pursuant to the Two-Call Rights Issue
"FPE"	:	Financial period ended
"FYE"	:	Financial year ended/ ending
"Foreign Entitled Shareholder(s)"	:	Entitled Shareholder(s) who have not provided an address in Malaysia for the service of documents to be issued for the purposes of the Two-Call Rights Issue
"GDP"	:	Gross Domestic Product
"GNI"	:	Gross National Income
"ICSB"	:	Innoprise Corporation Sdn Bhd (172964-P), being a major shareholder of our Company
"Innoprise" or the "Company"	:	Innoprise Plantations Berhad (285072-M)
"Innoprise Group" or the "Group"	:	Innoprise and its subsidiary companies, collectively
"Innoprise Share(s) or "Split Share(s)"	:	Ordinary share(s) of RM0.50 each in Innoprise upon completion of the Share Split
"LBT"	:	Loss before taxation
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	6 January 2016, being the latest practicable date prior to the registration of this Abridged Prospectus with the SC
"Market Day(s)"	:	Any day from Mondays to Fridays (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"Maximum Scenario"	:	Assuming all the outstanding 1,224,000 ESOS Options are exercised prior to the implementation of the Corporate Exercises and the Two-Call Rights Issue is undertaken on a maximum subscription level basis
"Minimum Scenario"	:	Assuming none of the outstanding 1,224,000 ESOS Options are exercised prior to the implementation of the Corporate Exercises and the Two-Call Rights Issue is undertaken on a Minimum Subscription Level basis

DEFINITION (CONT'D)

"Minimum Subscription Level"	:	A minimum level of subscription of 69,107,999 Rights Shares pursuant to the Two-Call Rights Issue as determined by the Board. The aforesaid Minimum Subscription Level is based on the entitlement of and the respective undertaking letters from ICSB and TSH, being the major shareholders of Innoprise as at the LPD, to subscribe for a total of 69,107,999 Rights Shares pursuant to their Undertakings
"MT"	:	Metric tonnes
"NPA"	:	Notice of provisional allotment of the Rights Shares pursuant to the Two-Call Rights Issue
"Official List"	:	A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
"PBT"	:	Profit before taxation
"Provisional Allotment"	:	Rights Shares provisionally allotted to the Entitled Shareholders pursuant to the Two-Call Rights Issue
"Record of Depositors"	:	A record of depositors established by Bursa Depository under the Rules of Bursa Depository
"RHBIB" or the "Principal Adviser"	:	RHB Investment Bank Berhad (19663-P), being the Principal Adviser for the Two-Call Rights Issue
"Two-Call Rights Issue"	:	The renounceable two-call rights issue of up to 96,230,650 Rights Shares on the basis of one (1) Rights Share for every four (4) Split Shares held on the Entitlement Date at an issue price of RM0.50 per Rights Share, of which the First Call of RM0.38 will be payable in cash on application and the Second Call of RM0.12 will be capitalised from our Company's share premium and retained earnings account
"Rights Share(s)"	:	Up to 96,230,650 new Innoprise Shares to be issued pursuant to the Two-Call Rights Issue
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RSF"	:	Rights Subscription Form for the Two-Call Rights Issue
"SC"	:	Securities Commission Malaysia
"Second Call"	:	Being the second call of RM0.12 for each Rights Share, which will be capitalised from our Company's share premium and retained earnings account pursuant to the Two-Call Rights Issue
"Share Split"	:	The share split involving the subdivision of every one (1) ordinary share of RM1.00 each in Innoprise into two (2) ordinary shares of RM0.50 each in Innoprise held by the Entitled Shareholders on 29 January 2016 and shall be completed on 2 February 2016
"TSH"	:	TSH Resources Berhad (49548-D), being a major shareholder of our Company

DEFINITION (CONT'D)

"Undertakings"	:	Irrevocable undertakings from ICSB and TSH, being the major shareholders of Innoprise, to fully subscribe for their respective entitlements under the Two-Call Rights Issue based on their respective shareholdings
"Undertaking Shareholders"	:	The major shareholders of Innoprise, namely ICSB and TSH, who have given the Undertakings
"USD"	:	United States of America Dollar
"WAMP"	:	Weighted average market price

All references to "our Company" and "Innoprise" in this Abridged Prospectus are made to Innoprise Plantations Berhad (285072-M) and references to "our Group" are made to our Company and our subsidiary companies. All references to "we", "us", "our" and "ourselves" are made to the Company, or where the context requires, our Group or any of our subsidiary companies. All references to "you" in this Abridged Prospectus are made to our Entitled Shareholders and/ or, where the context otherwise requires, their renouncee(s).

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Nationality	Occupation
Datuk Hj. Majin Hj. Ajing *(Independent Non-Executive Chairman)*	No. 35, Taman Seri Gaya Jalan Maktab Gaya Lorong 1 88300 Kota Kinabalu Sabah	Malaysian	Company Director
Datuk (Dr.) Kelvin Tan Aik Pen *(Managing Director)*	Mile 3½, TB 10448 Jalan Bunga Raya Taman Korintus 91000 Tawau Sabah	Malaysian	Company Director
Lim Fook Hin *(Executive Director)*	13A-06, Fraser Tower East 5/60 Jalan Gasing 46000 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Datuk Sam Mannan @ Sham Mannan *(Non-Independent Non-Executive Director)*	Kampung Tinosa Jalan Airport, Batu 7 Beg Berkunci No.68 90009 Sandakan Sabah	Malaysian	Forester
Datuk Hj. Othman Bin Walat *(Non-Independent Non-Executive Director)*	Unit 23-1-4 Block K Grace Ville Sembulan 88100 Kota Kinabalu Sabah	Malaysian	Company Director
Puan Ainahwati Binti Abd Sani *(Non-Independent Non-Executive Director)*	Lot A-2-12 Seri Kayangan Lok Kawi Heights 88100 Kota Kinabalu Sabah	Malaysian	Group Company Secretary
Datuk Jaswant Singh Kler *(Independent Non-Executive Director)*	Lot 0931, Jalan Aman Tanjong Batu Laut 91000 Tawau Sabah	Malaysian	Company Director
Tan Aik Kiong *(Alternate Director to Datuk (Dr.) Kelvin Tan Aik Pen)*	Mile 3½, TB 10448 Jalan Bunga Raya Taman Korintus 91000 Tawau Sabah	Malaysian	Company Director

CORPORATE DIRECTORY (CONT'D)

AUDIT COMMITTEE

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

COMPANY SECRETARY :

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

Suite 1-10-E1A, 10th Floor
CPS Tower, Centre Point Sabah
No. 1 Jalan Centre Point
88000 Kota Kinabalu
Sabah
Tel. No.: 088 - 249 522
Fax. No.: 088 - 217 286

REGISTERED OFFICE :

6th Floor, Menara Tun Mustapha
Likas Bay
88400 Kota Kinabalu
Sabah
Tel. No.: 088 - 326 415
Fax. No.: 088 - 432 104

HEAD OFFICE :

Level 2, Bangunan TSH
TB 9, KM 7, Jalan Apas
91000 Tawau
Sabah
Tel. No.: 089 - 914 177
Fax. No.: 089 - 913 477
Website: www.innoprise.com.my
Email: admin@innoprise.com.my

SHARE REGISTRAR :

Symphony Share Registrars Sdn Bhd (378993-D)

Level 6, Symphony House
Block D13
Pusat Dagangan Dana 1
Jalan PJU 1A/ 46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel. No.: 03 - 7849 0777
Fax. No.: 03 - 7841 8151/52

AUDITORS :

Messrs Ernst & Young (AF 0039)

MPT 4604, Lot 17-28
3rd Floor, Block B
Bandaran Baru
Jalan Baru
91000 Tawau
Sabah
Tel. No.: 089 - 774 233
Fax. No.: 089 - 762 950

CORPORATE DIRECTORY (CONT'D)

REPORTING ACCOUNTANTS	:	Messrs Crowe Horwath (AF 1018) Level 16 Tower C Megan Avenue II 12 Jalan Yap Kwan Seng 50450 Kuala Lumpur Tel. No.: 03 - 2788 9999 Fax. No.: 03 - 2788 9998
PRINCIPAL BANKERS	:	United Overseas Bank (M) Berhad (271809-K) Level 11, Menara UOB Jalan Raja Laut 50350 Kuala Lumpur Tel. No.: 03 - 2692 7722 Fax. No.: 03 - 2691 6073 Malayan Banking Berhad (3813-K) TB 262-264, Jalan Mahkamah Fajar Complex 91000 Tawau Sabah Tel. No.: 089 - 762 359 Fax. No.: 089 - 763 355 Ambank (M) Berhad (8515-D) Wisma Fook Loi, Level 3D-B No. 38, Jalan Gaya 88000 Kota Kinabalu Sabah Tel. No.: 088 - 215 780 Fax. No.: 088 - 219 390
DUE DILIGENCE SOLICITORS	:	Messrs Zul Rafique & Partners D3-3-8 Solaris Dutamas No. 1 Jalan Dutamas 1 50480 Kuala Lumpur Tel. No.: 03 - 6209 8228 Fax. No.: 03 - 6209 8221
PRINCIPAL ADVISER	:	RHB Investment Bank Berhad (19663-P) Level 9, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel. No.: 03 - 9287 8888 Fax. No.: 03 - 9287 4770
STOCK EXCHANGE LISTED AND LISTING SOUGHT	:	Main Market of Bursa Securities

Innoprise Plantations

INNOPRISE PLANTATIONS BERHAD
(Company No. 285072-M)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office

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

3 February 2016

Board of Directors

Datuk Hj. Majin Hj. Ajing *(Independent Non-Executive Chairman)*
Datuk (Dr.) Kelvin Tan Aik Pen *(Managing Director)*
Lim Fook Hin *(Executive Director)*
Datuk Sam Mannan @ Sham Mannan *(Non-Independent Non-Executive Director)*
Datuk Hj. Othman Bin Walat *(Non-Independent Non-Executive Director)*
Puan Ainahwati Binti Abd Sani *(Non-Independent Non-Executive Director)*
Datuk Jaswant Singh Kler *(Independent Non-Executive Director)*
Tan Aik Kiong *(Alternate Director to Datuk (Dr.) Kelvin Tan Aik Pen)*

To: Our Entitled Shareholders

Dear Sir/ Madam,

RENOUNCEABLE TWO-CALL RIGHTS ISSUE OF UP TO 96,230,650 RIGHTS SHARES ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) SPLIT SHARES HELD AS AT 5.00 P.M. ON WEDNESDAY, 3 FEBRUARY 2016 AT AN ISSUE PRICE OF RM0.50 PER RIGHTS SHARE, OF WHICH THE FIRST CALL OF RM0.38 PER RIGHTS SHARE IS PAYABLE IN CASH ON APPLICATION AND THE SECOND CALL OF RM0.12 IS TO BE CAPITALISED FROM INNOPRISE'S SHARE PREMIUM AND RETAINED EARNINGS ACCOUNT

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1. INTRODUCTION

On 9 October 2015, RHBIB had, on behalf of our Board, announced that we propose to undertake the Corporate Exercises.

On 26 November 2015, RHBIB had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 26 November 2015, resolved to approve the Share Split and the listing of and quotation for up to 96,230,650 Rights Shares pursuant to the Two-Call Rights Issue on the Main Market of Bursa Securities, subject to the following conditions:-

	Conditions	Status of compliance
(i)	Innoprise or RHBIB is required to make the relevant announcement pursuant to Paragraph 13.10 (2) of the Listing Requirements in relation to the Share Split;	To be complied

(ii)	Innoprise and RHBIB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Two-Call Rights Issue;	Noted and to be complied where applicable
(iii)	Innoprise and RHBIB to inform Bursa Securities upon the completion of the Two-Call Rights Issue;	To be complied
(iv)	Innoprise to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Two-Call Rights Issue is completed; and	To be complied
(v)	Innoprise is required to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders in general meeting approving the Corporate Exercises.	Complied. A copy of the certified true copy of the resolutions passed by the shareholders in the general meeting approving the Corporate Exercises has been furnished to Bursa Securities on 12 January 2016

On 23 December 2015, our shareholders had approved the Corporate Exercises at our EGM. A certified true extract of the resolutions pertaining to the Corporate Exercises which were passed at the aforesaid EGM, is set out in Appendix I of this Abridged Prospectus.

On 14 January 2016, RHBIB had, on behalf of our Board, announced that the issue price of the Rights Shares has been fixed at RM0.50 per Rights Share and the First Call has been fixed at RM0.38 per Rights Share. On even date, RHBIB had also, on behalf of our Board, announced the Entitlement Date and other relevant dates pertaining to the Two-Call Rights Issue.

The listing of and quotation for the Rights Shares pursuant to the Two-Call Rights Issue will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to them.

No person is authorised to give any information or to make any representation not contained in this Abridged Prospectus in connection with the Two-Call Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by us or RHBIB.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCK BROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE TWO-CALL RIGHTS ISSUE

2.1 Two-Call Rights Issue

The Two-Call Rights Issue entails an issuance of up to 96,230,650 Rights Shares on a renounceable basis of one (1) Rights Share for every four (4) Split Shares held by the Entitled Shareholders and/ or their renouncees (if applicable) on the Entitlement Date, at an issue price of RM0.50 per Rights Share.

The issue price of RM0.50 per Rights Share shall be payable in two (2) calls. The First Call of RM0.38 per Rights Share shall be payable in cash on application. The Second Call of RM0.12 per Rights Share shall be capitalised from our Company's share premium and retained earnings account.

The issued and paid-up share capital of Innoprise as at the LPD is RM191,237,300 comprising 191,237,300 ordinary shares of RM1.00 each in Innoprise. In addition, based on the issued and paid-up share capital of Innoprise as at the LPD, there are outstanding 1,224,000 ESOS Options. Each ESOS Option entitles the option holder to exercise into one (1) new ordinary share in Innoprise.

Assuming all the 1,224,000 outstanding ESOS Options have been fully exercised prior to the implementation of the Share Split, the enlarged issued and paid-up share capital of Innoprise will be RM192,461,300 comprising 384,922,600 Innoprise Shares after the Share Split. Accordingly, a total of up to 96,230,650 Rights Shares will be issued pursuant to the Two-Call Rights Issue upon completion of the Share Split.

The Two-Call Rights Issue is to be undertaken on a Minimum Subscription Level basis via the issuance of 69,107,999 Rights Shares, details of which are set out in Section 5 of this Abridged Prospectus. The actual number of the Rights Shares to be issued pursuant to the Two-Call Rights Issue would depend on the issued and paid-up share capital of Innoprise as at the Entitlement Date.

The Two-Call Rights Issue is renounceable in full or in part. Any unsubscribed Rights Shares will be made available to the other Entitled Shareholders and/ or their renouncee(s) (if applicable) under the Excess Rights Shares application. It is the intention of our Board to allocate the Excess Rights Shares, if any, on a fair and equitable manner, and on a basis as set out in Section 10.8 of this Abridged Prospectus.

Fractional entitlements of the Rights Shares under the Two-Call Rights Issue, if any, shall be disregarded and dealt with in such manner as the Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of the Company.

As you are an Entitled Shareholder, your CDS Accounts will be duly credited with the number of Provisional Allotment, which you are entitled to subscribe for in full or in part under the terms of the Two-Call Rights Issue. You will find enclosed in this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the Provisional Allotment as well as to apply for the Excess Rights Shares if you choose to do so.

Any dealings in our securities will be subject to the provisions of the Securities Industry (Central Depositories) Act, 1991 of Malaysia, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares will be credited directly into the respective CDS Accounts of the successful applicants. However, no physical share certificates will be issued. Notices of allotment will be despatched to the successful applicants.

We will allot and issue the Rights Shares and despatch notices of allotment to the successful applicants within eight (8) Market Days from the last date for acceptance and payment for the Rights Shares or such period as may be prescribed by Bursa Securities. The Rights Shares will then be quoted on the Main Market of Bursa Securities two (2) Market Days after the despatch notices of allotment to the successful applicants.

2.2 Cash call and capitalisation of reserves

The issue price of RM0.50 per Rights Share is payable in two (2) calls. The First Call of RM0.38 per Rights Share will be payable in cash on application, and the Second Call of RM0.12 per Rights Share will be capitalised from our Company's share premium and retained earnings account.

The details of the capitalisation for the Two-Call Rights Issue based on our latest audited financial statements for the FYE 31 December 2014 at the Company level are set out below:-

Innoprise (Company level)	<--------Minimum Scenario------->			<--------Maximum Scenario-------->		
	Share premium RM'000	Retained earnings RM'000	Total RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000
Audited as at 31 December 2014	1,098	7,190	8,288	1,098	7,190	8,288
Net dividend income declared to Innoprise by Serijaya Industri Sdn Bhd on 25 September 2015	-	10,650	10,650	-	10,650	10,650
Amount to be credited assuming the exercise of all the ESOS Options	-	-	-	885*	-	885
	1,098	17,840	18,938	1,983	17,840	19,823
Amount to be capitalised for the Second Call pursuant to the Two-Call Rights Issue	(1,098)	(7,195)	(8,293)	(1,983)	(9,565)	(11,548)
Estimated expenses for the Corporate Exercises	-	(630)	(630)	-	(630)	(630)
After the Corporate Exercises	**-**	**10,015**	**10,015**	**-**	**7,645**	**7,645**

The details of the capitalisation for the Two-Call Rights Issue based on our latest unaudited quarterly report for the nine (9)-month FPE 30 September 2015 at the Company level are set out below:-

Innoprise (Company level)	<--------Minimum Scenario-------->			<--------Maximum Scenario-------->		
	Share premium RM'000	Retained earnings RM'000	Total RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000
Unaudited as at 30 September 2015	1,098	17,684	18,782	1,098	17,684	18,782
Amount to be credited assuming the exercise of all the ESOS Options	-	-	-	885*	-	885
	1,098	17,684	18,782	1,983	17,684	19,667
Amount to be capitalised for the Second Call pursuant to the Two-Call Rights Issue	(1,098)	(7,195)	(8,293)	(1,983)	(9,565)	(11,548)
Estimated expenses for the Corporate Exercises	-	(630)	(630)	-	(630)	(630)
After the Corporate Exercises	**-**	**9,859**	**9,859**	**-**	**7,489**	**7,489**

* Inclusive of additional 169,000 ESOS Options granted subsequent to the FYE 31 December 2014 and up to the LPD

Our Board confirms that based on our latest audited consolidated financial statements for the FYE 31 December 2014 and our latest unaudited quarterly report for the nine (9)-month FPE 30 September 2015, the reserves available to be capitalised for the Two-Call Rights Issue are adequate and unimpaired by losses on a consolidated basis in accordance with Paragraphs 6.19 and 6.30(1) of the Listing Requirements.

In respect of the above, our Reporting Accountants for the Two-Call Rights Issue, Messrs Crowe Horwath, had also, vide its letter dated 30 November 2015 confirmed that based on our latest audited consolidated financial statements for the FYE 31 December 2014 and our latest unaudited quarterly report for the nine (9)-month FPE 30 September 2015, we have adequate reserves available to be capitalised for the Second Call of the Two-Call Rights Issue pursuant to Paragraph 6.30(3) of the Listing Requirements.

2.3 Basis of determining and justification for the issue price of the Rights Shares

On 14 January 2016, RHBIB had, on behalf of our Board, announced that our Board has fixed the issue price of the Rights Shares at RM0.50 per Rights Share and the First Call at RM0.38 for each Rights Share.

The ex-share split price based on the five (5)-day WAMP of Innoprise Shares up to and including the LPD of RM1.32, is RM0.66. Based on the issue price of RM0.50 per Rights Share, the First Call of RM0.38 for each Rights Share represents a discount of approximately RM0.22 or 36.67% to the theoretical ex-rights price ("TERP") of RM0.60 based on the proforma five (5)-day WAMP of Innoprise Shares up to and including the LPD of RM0.66 after the Share Split.

The aforementioned discount for the issue price of the Rights Shares and the First Call was determined by our Board after taking into consideration, amongst others, the following:-

i. The issue price of the Rights Shares shall be deemed sufficiently attractive to encourage the subscription of the Rights Shares by the Entitled Shareholders to allow our Company to raise the required funds, details of which are set out in Section 4 of this Abridged Prospectus. Such issue price in any event shall not be lower than the par value of Innoprise Shares after the Share Split;

ii. The TERP of Innoprise Shares based on the proforma five (5)-day WAMP of Innoprise Shares immediately preceding the price-fixing date;

iii. The par value of Innoprise Shares of RM0.50 each after the Share Split;

iv. The adequacy of share premium and retained earnings for capitalisation for the Second Call; and

v. The historical price movement of Innoprise Shares.

It is the intention of our Board to enhance the attractiveness of the Two-Call Rights Issue to entice the Entitled Shareholders to subscribe for their respective entitlements to enable our Company to raise more funds in addition to the amount to be raised under the Minimum Subscription Level and also set the final issue price of the Rights Shares and the First Call with a discount of up to 50% to the then TERP of Innoprise Shares based on the proforma five (5)-day WAMP of Innoprise Shares. As such, our Board is of the view that the issue price of RM0.50 per Rights Share and the First Call of RM0.38 for each Rights Share which represents a discount of 36.67% to the TERP of Innoprise Shares is sufficiently attractive to achieve the aforementioned objective.

2.4 Ranking of the Rights Shares

The Rights Shares will, upon allotment and issuance, rank *pari passu* in all respects with the Innoprise Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid for which the entitlement date for the said distribution precedes the date of allotment and issuance of the Rights Shares.

2.5 Details of other corporate exercises

As at the LPD, save for the Share Split and Two-Call Rights Issue, our Board confirms that there are no other outstanding corporate exercises which have been announced and/ or approved by the regulatory authorities but pending completion.

3. RATIONALE AND JUSTIFICATION FOR THE TWO-CALL RIGHTS ISSUE

Our Board in evaluating its option on fundraising between Two-Call Rights Issue versus the conventional rights issue, has decided to embark on the Two-Call Rights Issue after taking into consideration of the amount to be raised from the proceeds of the Two-Call Rights Issue and the pricing of the Rights Shares at a more attractive price to entice the Entitled Shareholders to subscribe for their respective entitlements to enable our Company to raise capital for purposes as set out in Section 4 of this Abridged Prospectus. The Two-Call Rights Issue allows our Company to capitalise a portion of the issue price for the Rights Shares from our Company's share premium and retained earnings account thus possibly allowing the cash call pursuant to the Two-Call Rights Issue to be priced at a deeper discount. Further justifications for the Two-Call Rights Issue are set out below:-

i. Enable our Company to raise funds without incurring interests expense as compared to bank borrowings;

ii. To improve our capital structure by strengthening our financial position via increasing our NA and reducing our current gearing level as detailed Section 8.2 of this Abridged Prospectus. In addition, upon completion of the Two-Call Rights Issue, our Group expects to raise proceeds of approximately RM26.26 million and up to RM36.57 million under the Minimum Scenario and Maximum Scenario, respectively based on the First Call of RM0.38 per Rights Share; and

iii. Provide our Entitled Shareholders with an opportunity to further increase their equity participation in our Company via the issuance of new Innoprise Shares without diluting their equity interest, assuming all the Entitled Shareholders fully subscribe for their respective entitlements pursuant to the Two-Call Rights Issue.

4. UTILISATION OF PROCEEDS

Based on the First Call of RM0.38 per Rights Share, the Two-Call Rights Issue is expected to raise gross proceeds of approximately RM26.26 million under the Minimum Scenario and a maximum of approximately RM36.57 million under the Maximum Scenario with the intended utilisation set out below:-

	Timeframe for utilisation	Minimum Scenario RM'000	Maximum Scenario RM'000
Repayment of bank borrowings *1	Within 12 months	11,000	18,500
Plantation development expenditure*2	Within 12 months	5,000	5,000
Purchase of machineries and equipment, construction of housing for plantation workers and stores*3	Within 12 months	4,000	4,000

	Timeframe for utilisation	Minimum Scenario RM'000	Maximum Scenario RM'000
Working capital*4	Within 12 months	5,631	8,438
Estimated expenses in relation to the Corporate Exercises*5	Upon completion	630	630
Total		**26,261**	**36,568**

Notes:-

*1 As at the LPD, our Group's total bank borrowings amounted to approximately RM91.02 million, of which are set out below:-

Type of facility	Purpose of facility	Interest rate per annum %	Amount outstanding RM'000
Short term borrowings			
Hire purchase payables	To finance vehicles and equipment	2.80 - 3.85	1,089
Invoice financing	Working capital	Cost of fund + 1.50%	2,765
Term loans	To finance plantation development expenditure and construction of CPO mill and renewable energy plant	Cost of fund + 1.50% - Cost of fund + 2.25%	13,500
Revolving credit	Working capital	Cost of fund + 1.50%	21,000
Long term borrowings			
Hire purchase payables	To finance vehicles and equipment	2.80 - 3.85	2,169
Term loans	To finance plantation development expenditure and construction of CPO mill and renewable energy plant	Cost of fund + 1.50% - Cost of fund + 2.25%	50,500
			91,023

We have identified to partially repay our Group's revolving credit facilities and term loans. The partial repayment of our Group's revolving credit facilities amounting to RM5.00 million and RM12.5 million for the Minimum Scenario and Maximum Scenario, respectively whilst partial repayment of our Group's term loans amounting to RM6.00 million for the Minimum Scenario and Maximum Scenario, are expected to result in an interest cost savings of approximately RM0.61 million per annum for the Minimum Scenario and RM1.02 million per annum for the Maximum Scenario based on the effective interest rate at approximately 5.50% per annum.

*2 Out of the 22,763 hectares within six (6) estates, namely Imbak, Gunung Rara, Labau, Maliau, Lokan and Luasong estates which are all located in the locality of Gunung Rara/ Kalabakan, Sabah ("Gunung Rara/ Kalabakan Land"), the total plantable area is 12,755 hectares and the remaining areas are occupied with plantation amenities such as buildings and roads, nursery, mill and unplantable areas of riparian reserves and steep slopes. As at the LPD, a total of 11,650 hectares have been planted and the remaining plantable area is 1,105 hectares. Our Group will undertake a new planting on the oil palm plantation estates with a total area of 1,105 hectares at Imbak, Gunung Rara, Labau, Maliau, Lokan and Luasong estates.

The plantation development expenditure is anticipated to be at approximately RM11.10 million, of which RM5.00 million will be funded from the gross proceeds from the Two-Call Rights Issue and the remaining balance from internally-generated fund. The gross proceeds from the Two-Call Rights Issue will be used to partially finance the plantation development (including land clearing, cover crop planting, planting and supply of oil palm, weeding, manuring, fertilising, crop management, pest and disease control) on Gunung Rara/ Kalabakan Land.

*3 Our Group intends to acquire machineries and field/ mill equipment such as farm tractors, mini excavators, tipping trailers, rollers and rotor slasher with a total estimated cost of approximately RM1.52 million for our palm oil operation. At the same time, our Group plans to build and construct staff and workers' quarters and stores for fertiliser and chemicals with a total estimated cost of approximately RM3.90 million.

The abovementioned acquisition and construction of housing and stores is estimated to be at approximately RM5.42 million of which RM4.00 million will be partially funded through the proceeds of the Two-Call Rights Issue and the remaining balance from internally-generated fund.

*4 The proceeds earmarked for general working capital will be utilised mainly for our new plantation expenditure on our oil palm plantation estates as mentioned above.

Further breakdown on the intended utilisation of proceeds for working capital is set out in the following manner:-

	Minimum Scenario RM'000	**Maximum Scenario RM'000**
Future payments to trade creditors on the supplies for fertiliser, chemical, diesel and upkeep and maintenance works	5,000	8,000
Staff salary and benefits, other creditor on the supplies of spare parts and general expenses (such as utilities)	631	438
Total	**5,631**	**8,438**

The actual amount to be utilised by each component of working capital may differ subject to the operating requirements at the time of utilisation. The proceeds to be raised are expected to improve our Group's cash flow and fund its operating expenses.

*5 The proceeds earmarked for estimated expenses in relation to the Corporate Exercises shall be utilised as set out below:-

	RM'000
Professional fees (i.e. principal adviser, reporting accountants and solicitors)	420
Regulatory fees	40
Other incidental expenses in relation to the Corporate Exercises	170
Total	**630**

Pending utilisation of the proceeds from the Two-Call Rights Issue for the above purposes, the proceeds will be placed in deposits with financial institutions or short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of our Group.

5. IRREVOCABLE UNDERTAKINGS AND UNDERWRITING ARRANGEMENTS

Our Board has determined to undertake the Two-Call Rights Issue on the Minimum Subscription Level basis via the issuance of up to 69,107,999 Rights Shares. The Minimum Subscription Level has been determined by our Board after taking into consideration the minimum level of funds that we wish to raise from the Two-Call Rights Issue which will be channelled towards the proposed utilisation of proceeds as set out in Section 4 of this Abridged Prospectus. In this regard, our Board intends to raise minimum gross proceeds of RM26.26 million.

Our major shareholders, namely ICSB and TSH, had vide their letters dated 5 October 2015, provided their respective irrevocable undertakings to subscribe in full for their respective entitlements under the Two-Call Rights Issue based on their respective shareholdings as at the LPD.

A summary of the Undertakings is set out below:-

Undertaking Shareholders	Shareholding as at the LPD		Shareholding after the Share Split		Entitlement under the Two-Call Rights Issue		Funding required
	No. of shares	%	No. of Split Shares	%	No. of Shares*1	%*1	RM
ICSB	96,191,763	50.30	192,383,526	50.30	48,095,881	49.98	18,276,435
TSH	42,024,237	21.97	84,048,474	21.97	21,012,118	21.83	7,984,605
	138,216,000	**72.27**	**276,432,000**	**72.27**	**69,107,999**	**71.81**	**26,261,040**

Note:-

*1 Computed based on a total of up to 96,230,650 Rights Shares available for subscription under the Maximum Scenario

Accordingly, based on the issue price of RM0.50 per Rights Share and the First Call of RM0.38 for each Rights Share, the funding requirements for the Undertaking Shareholders pursuant to their Undertakings are approximately RM26.26 million. The Undertaking Shareholders have confirmed that they have sufficient financial resources to fulfil the Undertakings. The said confirmation has been verified by RHBIB, the Principal Adviser for the Two-Call Rights Issue.

As the Two-Call Rights Issue is to be undertaken on the Minimum Subscription Level basis, we will not procure any underwriting arrangement for the remaining Rights Shares not subscribed for by other Entitled Shareholders.

The public shareholding spread of our shares is approximately 26.38% as at the LPD. As the Two-Call Rights Issue is structured based on the Minimum Subscription Level whereby two (2) major shareholders had provided their Undertakings to subscribe for their respective entitlements of 69,107,999 Rights Shares, which would result in the public shareholding spread of our shares upon completion of the Corporate Exercises to fall to 22.34% under the Minimum Scenario, which is below the minimum requirement of shareholdings spread of 25% pursuant to Paragraph 8.02(1) of Listing Requirements. For avoidance of doubt, this is purely on the basis that the Two-Call Rights Issue is implemented under the Minimum Subscription Level basis, whereby only the two (2) Undertaking Shareholders subscribe in full for their respective entitlements pursuant to the Two-Call Rights Issue and no other Entitled Shareholders subscribe for the Rights Shares.

In this respect, we will monitor the public shareholding spread during the implementation of the Two-Call Rights Issue and shall seek an extension of time from Bursa Securities accordingly to rectify the shortfall pursuant to Paragraph 8.02(4) of the Listing Requirements, should the public shareholding spread of our shares fall below the prescribed requirement. As illustrated in Appendix II, Section 3 of this Abridged Prospectus, the proforma effect of the shareholdings of the Undertaking Shareholders as at the LPD under the Minimum Scenario and Maximum Scenario pursuant to the Two-Call Rights Issue are set out below:-

Undertaking Shareholders	**Shareholding as at LPD**	**Shareholding under Minimum Scenario**	**Shareholding under Maximum Scenario**
	%	**%**	**%**
ICSB	50.30	53.25	49.98
TSH	21.97	23.26	21.84

As set out above, based on the aforesaid basis and Undertakings, the subscription of the Rights Shares by the Undertaking Shareholders, are not expected to give rise to any obligation of a mandatory general offer obligation pursuant to the Code under the Minimum Scenario and Maximum Scenario.

6. RISK FACTORS

In addition to other information contained elsewhere in this Abridged Prospectus, you and/ or your renouncees (if applicable) should consider carefully the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group before subscribing for or investing in the Two-Call Rights Issue.

We wish to highlight that our Group has an existing eco-logging contract with Rakyat Berjaya Sdn Bhd to cut, fell, extract round logs and remove commercial timber from an area measuring 30,000 hectares at Kuamut Forest Reserve, Sabah over a period of 10 years since 2006 for our timber segment and the said contract shall not be renewed upon its expiry on 4 June 2016. For avoidance of doubt, the aforesaid eco-logging contract is the only sole logging contract that our Group presently has. Please refer to Sections 6.2.1 and 7.4 of this Abridged Prospectus for further details.

6.1 Risks relating to the palm oil and timber industries in which we operate

6.1.1 Business and operational risks

Our Group is subject to general business risks as well as certain risks inherent in the industries we operate in. In respect of palm oil industry, these business risks include, but are not limited to, external risks such as price fluctuations in CPO and palm kernel prices, changes in world demand and supply for edible oils and fats, adverse weather conditions, natural disasters and accidents which may affect supply of our Group's products, threats of substitutes for palm oil products, availability of seedlings and changes in general economic and business conditions as well as threats such as pests and diseases, constraints of labour supply for our Group's plantations, rising costs of labour supply and raw materials for our plantation operations.

Our Group is also exposed to certain business risks inherent in the timber industry, which include, amongst others, deterioration of timber quality due to natural defects, disease and natural disasters, inability to achieve optimum yield per hectare, lower demand for timber products, fluctuation in the price of timber products, shortage of labour supply, unauthorised logging activities and escalating operating costs resulting from the increase in fuel prices, adverse weather conditions and rough terrain.

Although our Group may seek to mitigate the abovementioned risks through efforts such as effective resource management, cost control policy and prudent business strategies, there is no assurance that changes in any of these factors will not have a material adverse effect on our Group's business and financial performance.

6.1.2 Price fluctuations

As globally traded commodities, the prices of CPO and palm kernel are fundamentally dependent on the supply and demand conditions in the world's oils and fats market and are also based on or affected by global prices, which tend to be cyclical and subject to fluctuations. Global prices are in turn affected by the availability of agricultural commodities, of which supply is affected by unpredictable factors such as weather conditions, while demand is affected by factors such as changes in population growth, changes in standards of living, bio-diesel demand and global production of substitute and competitive crops.

The timber industry is exposed to fluctuations in the selling price based on its species, grade and quality as well as demand for logs and timber products. Any fluctuation in the selling price of timber will have an impact on our financial position.

Prices are also affected by a variety of other factors beyond our control, including environmental and conservation regulations, tariffs and natural disasters. The markets for CPO, palm kernel and timber are also sensitive to changes in industry capacity and output levels. There can be no assurance that any price fluctuations will not have a material adverse effect on our Group's business operations and financial performance.

6.1.3 Adverse weather conditions and natural disasters

The yield of FFB is profoundly influenced by weather and climate conditions. The weather conditions globally, including in Malaysia, have been affected by global warming and other weather phenomena such as El Nino and La Nina. Severe and extreme weather events such as excessive rainfall, heavy flooding or droughts can curtail oil palm yields, which in turn affect the production of FFB and CPO as well as production efficiency. Excessive rainfall will also lead to poor pollination of palms and reduce the effectiveness of fertilisers, while drought may result in oil palm trees forming fewer fruits bunches and could also cause fire outbreaks in the plantations.

The nature of our timber operations that we operate in carries a certain degree of risk in relation to the occurrence of natural catastrophes including, amongst others, forest fires, flood and adverse weather conditions. Accordingly, any of these occurrences may disrupt our operational activities including timber extraction by the sub-contractor, and thus negatively affect the volume of the timber logged.

To mitigate the impact of such factors, our Group has taken several preventive measures such as Fire Prevention Management System and fresh water ponds for mill operation and reasonable steps to ensure that all relevant safety laws and regulations are adhered to and complied with at all times. Notwithstanding this, there can be no assurance that any of these measures will be effective. Any occurrence of any adverse natural disaster or adverse weather conditions, especially for a prolonged period, could adversely affect our Group's business operations and financial performance.

6.1.4 Dependence on labour force including foreign workers

The palm oil industry is a labour-intensive industry and largely dependent on foreign workers as oil palm plantation operations require extensive manpower in the nurturing of seedlings, tree planting, fertilising, harvesting as well as performing other routine maintenance works to ensure optimal yield.

Taking this into consideration, our Group manages its workforce to ensure labour supply adequacy at its plantations by providing attractive incentives, benefits and facilities such as living quarters and sport amenities for our plantations workers and their families. Nevertheless, any shortage of labour could materially and adversely affect our Group's business operation and financial performance. Further, there can be no assurance that there will be no changes in immigration and foreign labour policies by the Malaysian government or the various governments of our foreign workers.

6.1.5 Political, economic and regulatory considerations

Our financial and business prospects, and the industries in which we operate in, will depend on, to some degree, the developments in the political, economic and regulatory front mainly in Malaysia. Amongst the political, economic and regulatory factors are global economic slowdown, changes in currency exchange rates, changes in interest rates, war, terrorism activities, riots, changes in political leadership and unfavourable changes in the governmental policies such as introduction of new regulations, licensing regulation, import duties and tariffs.

Our Group will continue to adopt effective measure such as prudent management and efficient operating procedures and also closely monitor the governmental policy changes. However, no assurance can be given that adverse development or change in political, economic and regulatory front in Malaysia will not materially affect our Group's business and financial position.

6.2 Risks relating to our Group

6.2.1 Non-renewal of logging contract

As at the LPD, our Group has an existing eco-logging contract with Rakyat Berjaya Sdn Bhd to cut, fell, extract round logs and remove commercial timber from an area measuring 30,000 hectares at Kuamut Forest Reserve, Sabah over a period of 10 years since 2006 ("Eco-logging Contract"). For avoidance of doubt, the Eco-logging Contract is the only sole logging contract that our Group presently has. In 2005, our Group was classified as a practice note 17 company ("PN17") and the Eco-logging Contract was awarded to our Group by Rakyat Berjaya Sdn Bhd as part of the regularization plan to uplift the PN17 status. The Eco-logging Contract is valid for 10 years and we have fulfilled our obligation as stipulated in the Eco-logging Contract. The Eco-logging Contract will expire on 4 June 2016 and shall not be renewed upon its expiry. Upon the expiry of the Eco-logging Contract, our Board has decided to solely focus on our palm oil business after our Board's deliberation on our Group's business strategy in consideration of the expertise and experience of our management team in the palm oil industry.

For information purpose, our timber operation has contributed to approximately RM4.94 million or 68.1%, RM0.86 million or 20.7% and RM2.27 million, 22.2%, RM5.82 million or 27.5% to our Group's PBT for the FYE 31 December 2012, 2013, 2014 and the FPE 30 September 2015, respectively. Please refer to Section 7.4 and Appendix II, Section 6 of this Abridged Prospectus for further details.

To mitigate such risk, our Group will utilise the proceeds arising from the Two-Call Rights Issue to enhance the income-generating capacity for our palm oil operation. In addition, there is no assurance that we will be able to secure any new logging contracts to undertake the extraction of timber moving forward to compensate the loss of earnings from the existing logging contract upon its expiry in 2016. As such, our revenue may reduce and may have a material adverse impact on the results of our operations.

6.2.2 Reliance on agreement for palm oil plantation, leases and permits

Pursuant to the agreement for palm oil plantation dated 18 November 2005 entered between one of our subsidiary companies, namely Serijaya Industri Sdn Bhd ("Serijaya") and Benta Wawasan Sdn Bhd ("Benta Wawasan"), the licensee for the Gunung Rara/ Kalabakan Land ("Agreement"), Serijaya is granted the permission to develop the licensed area of the Gunung Rara/ Kalabakan Land into an palm oil plantation for a period of 30 years. The Agreement is subject to legal recourse or risk of early termination arising from contractual breaches including amongst others, non-compliance with the terms and conditions stipulated in the licence agreement dated 24 April 1996 and the supplemental license agreement dated 15 February 1999 entered between the landowner of the Gunung Rara/ Kalabakan Land, namely Chief Minister of the State of Sabah and Benta Wawasan, and the relevant laws and regulations governing our palm oil operations. As such, any legal recourse or early termination arising from such contractual breaches in its existing agreements may adversely affect our Group's palm oil operations and financial performance.

Under the Agreement, our Group has the obligation to procure approvals/ consents/ licenses/ permits from the Director of Sabah Forestry Department and/ or other relevant authorities pursuant to the development for our palm oil plantation. Nevertheless, our Group seeks to strictly adhere to and comply with the terms and conditions stipulated in these licenses and/ or permits. We wish to highlight that the Sabah Forestry Department has extended the permit for Serijaya to use the Gunung Rara/ Kalabakan Land for palm oil operation to 60 years, valid until 2074 from the original term of 30 years on 29 August 2013. For avoidance of doubt, the permit was originally granted for a term of 30 years, with its expiry in 2039. With the extension of an additional period of 30 years which was obtained on 29 August 2013, the permit is due to expire in November 2074. The extension of the term is in recognition of our Company having adopted measures to conserve environment and protect endangered wild life species in its oil palm development operations.

Our Group has not encountered any situation which would give rise to legal recourse or early termination in relation to contractual breaches or non-renewal of such licenses/ permits under the existing agreement which in turn would have a material adverse effect on our palm oil operation and financial performance in the past. Further, we do not envisage that we would encounter early termination of the Agreement and non-renewal of such licenses/ permits as we continuously seek to ensure compliance with the terms and conditions stipulated in the Agreement/ leases/ permits and observe the latest development or change in the regulatory regime of the palm oil operation, as well as, maintain a close working relationship with Benta Wawasan which is the licensee of the Gunung Rara/ Kalabakan Land. However, there is no assurance that any occurrence of early termination and non-renewal of licenses/ permits in respect of our business operations will not materially affect our operations and financial performance.

6.2.3 Dependence on Directors and key personnel

Our continued success will depend significantly on the ability, expertise and continued efforts of our Directors, key management and skilled personnel. The departure of any of these individuals may, to a certain extent, affect our future business operations and financial performance. Our future success also depends on our ability to attract, hire, train and motivate sufficient skilled personnel.

Recognising the importance of our key management and skilled personnel we will continuously consider and take appropriate measures so as to attract and retain our key personnel. To avoid dependence on any key personnel, we strive to attract skilled and experienced personnel as well as devote considerable resources to recruiting, training and offer competitive salary package, training and conducive working environment which should mitigate this risk further and help to ensure continuity and competency of our management team.

6.3 Risks relating to the Two-Call Rights Issue

6.3.1 Market risks for the Rights Shares

The market price of our Shares is influenced by, amongst others, the prevailing market sentiments, volatility of the equity markets, outlook of the industries which we operate in as well as our financial performance. In view of this, there can be no assurance that our Shares will trade above the issue price of the Rights Shares or the TERP of our Shares upon or subsequent to the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

6.3.2 Delay in or abortion of the Two-Call Rights Issue

The Two-Call Rights Issue is exposed to the risk that it may be aborted or delayed on the occurrence of any material adverse change of events/ circumstances such as unfavourable changes in the governments' policies such as licensing regulations and other force majeure events, which are beyond the control of our Company and RHBIB, arising prior to or during the implementation of the Two-Call Rights Issue.

Nevertheless, our Group will endeavour to ensure the successful listing of the Rights Shares. However, there can be no assurance that the above-mentioned events will not occur and cause a delay in or abortion of the Two-Call Rights Issue. In the event the Two-Call Rights Issue is aborted, our Group will repay without interest all monies received in respect of the accepted application for the subscription of the Rights Shares pursuant to the Two-Call Rights Issue and if such monies are not repaid within 14 days after we become liable to repay, we will repay such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

In the event that the Rights Shares is aborted/ terminated, and the Rights Shares have been allotted to the shareholders, a return of monies to all holders of the Rights Shares could only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation requires the sanction of our shareholders by special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be removed within a short period of time or at all in such circumstances.

6.3.3 Non-compliance with public shareholding spread

The public shareholding spread of our shares is approximately 26.38% as at the LPD. As the Two-Call Rights Issue is structured based on the Minimum Subscription Level whereby two (2) major shareholders had provided their Undertakings to subscribe for their respective entitlements of 69,107,999 Rights Shares, which would result in the public shareholding spread of our shares upon completion of the Corporate Exercises to fall to 22.34% under the Minimum Scenario, which is below the minimum requirement of shareholdings spread of 25% pursuant to Paragraph 8.02(1) of Listing Requirements. This is purely on the basis that the Two-Call Rights Issue is implemented under the Minimum Subscription Level basis, whereby only the two (2) Undertaking Shareholders subscribe in full for their respective entitlements pursuant to the Two-Call Rights Issue and no other Entitled Shareholders subscribe for the Rights Shares.

In this respect, we will monitor the public shareholding spread during the implementation of the Two-Call Rights Issue and shall seek an extension of time from Bursa Securities accordingly to rectify the shortfall pursuant to Paragraph 8.02(4) of the Listing Requirements, should the public shareholding spread of our shares fall below the prescribed requirement. In the event that we do not meet the prescribed requirement by Bursa Securities within the extension of time given, Bursa Securities may take action on our Board and the Group. Assuming that our public shareholding spread is 10% or less, Bursa Securities may impose a suspension on the trading of Innoprise shares. The suspension will only be uplifted upon full compliance of the public shareholding spread in accordance with Paragraph 8.02(1) of the Listing Requirements.

6.4 Forward-looking statements

Certain statements in this Abridged Prospectus are based on historical data, which may not be reflective of the future results and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on assumptions made by our management and although believed to be reasonable at that time, are subject to known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, inter-alia, the risk factors as set out in this section. In view of these and other uncertainties, the inclusion of a forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty by us on the achievability of our future plans and objectives.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP

7.1 Overview and outlook of the Malaysian economy

The Malaysian economy grew by 5.3% in the first half of 2015, driven by resilient domestic demand. Private sector expenditure contributed 5.3% to growth. Private investment and consumption remained robust growing by 7.5% and 7.6%, respectively. On the supply side, growth was mainly driven by the services and manufacturing sectors contributing 3.0% and 1.1%, respectively.

On the external front, Malaysia continues to be impacted by slower global growth and regional trade. Hence, the trade performance remained subdued during the first eight (8) months of 2015 with exports and imports contracting by 1.4% and 2.0%, respectively (January – August 2014: 9.5%, 6.1%). Although weighed down by weak commodity prices, the steady demand for electrical and electronic products saw exports of manufactured goods registering positive growth during the period. The current account posted a surplus of RM17.6 billion or 3.2% of GNI in the first half of 2015 (January – June 2014: RM34.5 billion, 6.6%).

With strong economic fundamentals, including resilient domestic demand, diversified sources of growth, low unemployment rate and benign inflation coupled with pro-growth fiscal and accommodative monetary policies, real GDP is projected to grow between 4.5% - 5.5% in 2015 (2014: 6.0%). Nominal GNI is estimated to increase by 5.5% to RM1.13 trillion with income per capita rising by 4.2% to RM36,397 (2014: 8.6%, RM1.07 trillion; 7.2%; RM34,945).

The Malaysian economy is expected to remain steady in 2016, with real GDP growth between 4.0% - 5.0% led by domestic demand. Private sector expenditure will remain the main driver of growth with private consumption and investment expected to grow by 6.4% and 6.7%, respectively. Meanwhile, Government expenditure is forecast to expand, albeit at a moderate pace, in line with efforts to strengthen the fiscal position. On the supply side, growth is expected to be broad-based, with all the sectors registering positive growth. Malaysia's external position is forecast to remain positive supported by better prospects for global growth and trade.

The economy will continue to operate under conditions of full employment with the unemployment rate remaining below 4.0%. Despite a weak Ringgit, inflation is expected to remain benign attributed to low oil prices and the waning impact of Goods and Services Tax. For 2016, inflation is expected to range between 2.0% - 3.0%. The Government remains committed to fiscal consolidation. The fiscal deficit is expected to further decline to 3.1% of GDP in 2016 (2015: 3.2%) while the Federal Government debt level will remain manageable within the prudent limit of 55.0% of GDP.

However, the challenges confronting the economy in 2015 are expected to persist in 2016. In particular, heightened volatility in financial markets; declining commodity prices; strengthening of the USD; and the slowdown in China, are anticipated to have direct and indirect impact on the Malaysian economy, primarily through trade and financial channels. Given these developments, the challenge for Malaysia is to further enhance the resilience of the domestic economy while ensuring the sustainability of public finances.

(Source: Chapter 1 – Economic Performance and Prospects, Economic Report 2015/ 2016, Ministry of Finance, Malaysia)

7.2 Overview and outlook of the palm oil industry

Palm oil and rubber accounting for more than 5.0% of Malaysia's annual exports, the palm oil sector has often been described as one of the key contributors to the national economy, and remains so with the sector moving up the value chain and introducing high-end palm products in food and health-based segments, among others. In the same vein, efforts have been taken to further boost smallholders' productivity amid increasingly limited agricultural land. This two-pronged approach toward a more efficient palm oil supply chain targets to generate RM178 billion in GNI by 2020 through the implementation of eight (8) Entry Point Projects ("EPP").

(Source: Economic Transformation Programme website, Overview of the National Key Economic Areas Palm Oil and Rubber)

Global dependence on palm oil will continue to rise in the coming years, owing to insufficient production of other grains and oilseeds. Therefore, higher investments in major palm oil-producing countries such as Malaysia will be necessary to boost yields to meet future palm oil demand. In addition, continued growth of the middle and upper-middle classes in developing and developed markets will mean an uptick in domestic consumption, and will likely also create demand for health foods and environmentally-friendly products derived from palm oil.

In the Malaysian context, the National Key Economic Area ("NKEA") has formulated key strategies, particularly in the downstream expansion of high value oleo derivatives that will ensure the country remains at the forefront of global palm oil production and exports. The push to increase downstream capacity and move into the high value products segment is crucial to Malaysia's transformation into a high income nation. For palm oil, plantation companies must continue to take steps to expand further downstream in the value chain towards the production of high-value oleo derivatives. Capacity building in this sector will insulate it against a volatile commodity market, while reducing its dependence on the upstream segment.

Severe droughts registered in the first half of 2014 in the world's major palm oil producing areas of Peninsular Malaysia and Indonesia's Sumatra islands are expected to lower palm oil production in 2015. This will lead to a mismatch between palm oil's availability and rising consumption of palm oil in the year ahead. At the same time, Malaysia, which sets export taxes on a monthly basis for crude palm oil shipments, allowed duty free exports of crude palm oil towards to end of 2014. This helped to reduce stockpiles of palm oil, which Indonesia followed shortly after.

The year 2015 will also see the move by the 10 ASEAN countries towards an integrated economic community with the aim of encouraging cross-border trade and investment flows in a region of around 600 million people. While many ASEAN member nations have cultivated strong trade links in key food products with other nations, trade within ASEAN nations however, remains underdeveloped. The integrated economic community could boost economic growth to seven per cent (7.0%), according to the Asian Development Bank, potentially leading to an increase in demand and the trade of key products such as palm oil and rubber.

With Southeast Asian nations moving towards an integrated economic community, it also will be key for Malaysia and Indonesia to form a closer alliance and discuss potential cooperation between the world's two largest palm oil-producing nations.

(Source: Economic Transformation Programme Annual Report 2014, Palm Oil and Rubber)

7.3 Overview and outlook of the timber industry

The timber industry in Sabah was the main economic backbone to the socio-economic development of the State in the past. It has remained significant even at a much reduced log production level as being experienced of late. For many years in the past, contribution from the forestry sector to the State's coffer was more than 50% of the State's total collection of revenue. It has been the policy of the State Government to further develop the wood based industry in Sabah towards more value-added processing as outlined in the Sabah Industrial Action Plan ("SIAP").

(Source: Forest Industry, Sabah Forestry Department)

Since the implementation of the First (1986 - 1995), Second (1996 - 2005) and the current Third (2006 - 2020) Industrial Master Plans (IMP1, IMP2 and IMP3), emphasis has been given to value-added activities related to timber products. This was further emphasised by the implementation of policies that encouraged the development of downstream value-added manufacturing activities. These policies provided tax incentives rebates and financial assistance to attract potential investors to venture into such activities.

During the Third Industrial Master Plan (IMP3) period (2006 - 2020), exports of the timber industry is targeted to grow at an annual rate of 6.4% to reach RM53 billion by 2020. The main contributors to this targeted growth will be furniture and panel products such as medium-density fibreboard and plywood.

The major source of raw materials for the industry has been from the natural forests as well as from state land forests, alienated land and rubber replanting programmes. It is anticipated there will be a shortfall of raw materials due to the reduced opening of state land forests and alienated land for development. This situation must be addressed urgently through the implementation of appropriate policy measures. One solution to this problem is to encourage outward investments in the production of logs and semi-finished components in timber resources-rich countries in order to supplement the insufficient supply of raw materials to the timber industry.

(Source: National Timber Industry Policy 2009-2020, Malaysian Timber Industry Board)

7.4 Future prospects of our Group

Our Group is principally involved in log extraction, operation of oil palm plantations, palm oil mill, producer and supplier of renewable energy for internal consumption.

Out of the 22,763 hectares within six (6) estates, namely Imbak, Gunung Rara, Labau, Maliau, Lokan and Luasong estates which are all located in the locality of Gunung Rara/ Kalabakan, Sabah ("Gunung Rara/ Kalabakan Land"), the total plantable area is 12,755 hectares and the remaining areas are occupied with plantation amenities such as buildings and roads, nursery, mill and unplantable areas of riparian reserves and steep slopes. As at the LPD, a total of 11,650 hectares have been planted of which 8,080 hectares are already matured and another 1,462 are deemed to be matured by 2016. As most of the oil palm plantings are either in young mature or immature phase, FFB production will increase as the young mature areas reach full maturity phase and the immature area comes into maturity and harvesting.

Pursuant to the agreement for palm oil plantation dated 18 November 2005 entered between one of our subsidiary companies, namely Serijaya Industri Sdn Bhd ("Serijaya") and Benta Wawasan Sdn Bhd, the licensee for the Gunung Rara/ Kalabakan Land, Serijaya is granted the permission by Sabah Forestry Department to develop the Gunung Rara/ Kalabakan Land into an palm oil plantation for a period of 30 years. On 29 August 2013, the Sabah Forestry Department also extended the permission for Serijaya to use the Gunung Rara/ Kalabakan Land for oil palm operation to 60 years till 2074 from the original term of 30 years. For avoidance of doubt, the original permit of 30 years and the expiry of which is on 2039. With the extension of another 30 years which was obtained on 29 August 2013, the expiry date is in November 2074. The extension is in recognition of our Company having adopted measures to conserve environment and protect endangered wild life species in its oil palm development operations.

On 17 December 2014, Serijaya commenced palm oil mill commercial operation at a capacity of 60 MT FFB per hour with an aggregate annual capacity of approximately 360,000 MT of FFB as licensed by Lembaga Minyak Sawit Malaysia. Oil Extraction Rate ("OER") has been at 22.03%, being the lowest OER and 25.33%, being the highest OER since commencement of operation in 2014. Profitability of our Group improves as our Group moves into higher value chain from the operation of the palm oil mill with the transportation cost savings and higher OER achieved compared to OER accorded by the mills to which Serijaya was previously selling the FFB.

In addition, our Group has an existing eco-logging contract with Rakyat Berjaya Sdn Bhd, which is a subsidiary of ICSB, a major shareholder of our Company to cut, fell, extract round logs and remove commercial timber from an area measuring 30,000 hectares at Kuamut Forest Reserve, Sabah over a period of 10 years for our timber segment as disclosed in Section 6.2.1 of this Abridged Prospectus. For avoidance of doubt, the aforesaid eco-logging contract is the only sole logging contract that our Group presently has. This operation has been contributing to our Group's profit since commencement of the operation on 5 June 2006 and shall not be renewed upon its expiry on 4 June 2016. The profit contribution from the operation since 2006 to 2014 is set out below:-

FYE	**As at 30 September 2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Revenue (RM'000)	20,330#	7,937	3,023	8,121^	5,737	25,538	28,246	39,362	37,679	3,899
PBT (RM'000)	5,824#	2,267	859	4,949	1,751	7,770	7,797	11,991	10,533	1,114
Our Group's PBT/ LBT (RM'000)	21,209#	10,217	4,150	7,254	4,387	9,338	7,797	11,991	10,533	(1,233)
PBT's contribution to our Group (%)	27.5	22.2	20.7	68.2	39.9	83.2	100.0	100.0	100.0	*

Notes:-

\# Extracted from our latest unaudited quarterly report for the nine (9)-month FPE 30 September 2015

^ Inclusive of a one-off recognition of compensation from our sub-contractor for the timber extraction, namely Asiatic Lumber Industries Sdn Bhd for the previous year's log production shortfall amounting to RM3.69 million. Please refer to Appendix II, Section 6 of this Abridged Prospectus for details

* Not applicable

Upon the expiry of the eco-logging-contract in June 2016, our Group has no plans for our timber business and will be solely focused on our palm oil business. In addition, the commencement of our palm oil mill in December 2014 has improved the earnings of our Group. As at the LPD, a total of 11,650 hectares have been planted and the remaining plantable area is 1,105 hectares in our oil palm plantation estates. As set out in the utilisation of proceeds in Section 4 of this Abridged Prospectus, our Group will utilise the proceeds to enhance the income-generating capacity for our palm oil operation by undertaking a new planting on the oil palm plantation estates with a total area of 1,105 hectares at Imbak, Gunung Rar, Labau, Maliau, Lokan and Luasong estates. Thus, together with the new planting exercise of 1,105 hectares and a total of 12,755 hectares of planted area (inclusive of the new planting area of 1,105 hectares) in our oil palm plantation estates coupled with our palm oil mill at an annual capacity of approximately 360,000 MT of FFB, the earnings from our palm oil operation is expecting to improve and possibly mitigate the loss of income from our timber operation. Our Board, after having considered all the relevant aspects, including the abovementioned prospects as well as the industry overview and outlook for palm oil, is of the opinion that our Group is able to continue to improve our financial performance for the FYE 31 December 2016 as well as deliver greater value to the shareholders of our Company.

8. FINANCIAL EFFECTS OF THE TWO-CALL RIGHTS ISSUE

8.1 Issued and paid-up share capital

The proforma effects of the Corporate Exercises on our issued and paid-up share capital are set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of shares	**RM**	**No. of shares**	**RM**
Existing issued and paid-up share capital as at the LPD	191,237,300	191,237,300	191,237,300	191,237,300
Shares to be issued assuming full exercise of the ESOS Options	-	-	1,224,000	1,224,000
	191,237,300	191,237,300	192,461,300	192,461,300
Issued and paid-up share capital upon completion of the Share Split	382,474,600	191,237,300	384,922,600	192,461,300
Shares to be issued pursuant to the Two-Call Rights Issue	69,107,999	34,554,000	96,230,650	48,115,325
Enlarged issued and paid-up share capital	**451,582,599**	**225,791,300**	**481,153,250**	**240,576,625**

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8.2 NA per Share and gearing

Based on the audited consolidated statements of financial position of our Group as at 31 December 2014, the proforma effects of the Two-Call Rights Issue on the NA per Share and gearing of our Group are set out as follows:-

Minimum Scenario

	Audited as at 31 December 2014 RM'000	I After the Subsequent Events RM'000	II After I and the Share Split RM'000	III After II and the Two-Call Rights Issue RM'000
Share capital	191,237	191,237	191,237	225,791
Share premium	1,098	1,098	1,098	-[*2]
Other reserves	806	885[*1]	885	885
Retained earnings	35,757	35,678[*1]	35,678	27,853[*2*3]
Shareholders' Equity/ NA	**228,898**	**228,898**	**228,898**	**254,529**
Number of Shares in issue ('000)	191,237	191,237	382,474	451,582
Par Value (RM)	1.00	1.00	0.50	0.50
NA per Share (RM)	1.20	1.20	0.60	0.56
Total borrowings(RM'000)	88,494	88,494	88,494	77,494[*4]
Gearing ratio (times)	0.39	0.39	0.39	0.30

Notes:-

*1 After adjusting for additional 169,000 ESOS Options granted subsequent to the FYE 31 December 2014 and up to the LPD with a total fair value of approximately RM0.08 million recognised in the retained earnings account

*2 The Second Call of the Rights Shares of approximately RM8.29 million will be capitalised through the share premium account of approximately RM1.10 million and the remaining balance of approximately RM7.19 million from the retained earnings account

*3 After deducting the total estimated expenses of RM630,000 in relation to the Corporate Exercises

*4 For illustrative purposes, assuming the proceeds for the partial repayment of borrowings amounting to RM11.00 million is utilised at this juncture

Maximum Scenario

	Audited as at 31 December 2014 RM'000	I After the Subsequent Events RM'000	II After I and assuming all the outstanding ESOS Options are exercised RM'000	III After II and the Share Split RM'000	IV After III and the Two-Call Rights Issue RM'000
Share capital	191,237	191,237	192,461	192,461	240,576
Share premium	1,098	1,098	1,983[*2]	1,983	-[*3]
Other reserves	806	885[*1]	-[*2]	-	-
Retained earnings	35,757	35,678[*1]	35,678	35,678	25,483[*3*4]
Shareholders' Equity/ NA	**228,898**	**228,898**	**230,122**	**230,122**	**266,059**
Number of Shares in issue ('000)	191,237	191,237	192,461	384,922	481,153
Par Value (RM)	1.00	1.00	1.00	0.50	0.50
NA per Share (RM)	1.20	1.20	1.20	0.60	0.55
Total borrowings(RM'000)	88,494	88,494	88,494	88,494	69,994[*5]
Gearing ratio (times)	0.39	0.39	0.38	0.38	0.26

Notes:-

*1 After adjusting for additional 169,000 ESOS Options granted subsequent to the FYE 31 December 2014 and up to the LPD with a total fair value of approximately RM0.08 million recognised in the retained earnings account

*2 After adjusting for the outstanding 1,224,000 ESOS Options at an assumed/ indicative exercise price of RM1.00 and reversal of ESOS reserve upon the exercise of 1,224,000 ESOS Options

*3 The Second Call of the Rights Shares of approximately RM11.55 million will be capitalised through the share premium account of approximately RM1.98 million and the remaining balance of approximately RM9.57 million from the retained earnings account

*4 After deducting the total estimated expenses of RM630,000 in relation to the Corporate Exercises

*5 For illustrative purposes, assuming the proceeds for the partial repayment of borrowings amounting to RM18.50 million is utilised at this juncture

8.3 Earnings and EPS

The Two-Call Rights Issue is not expected to have any material effect on the earnings of our Group for the FYE 31 December 2016. However, assuming the net earnings of our Group remain unchanged, the EPS of our Group for the FYE 31 December 2016 will be proportionally diluted as a result of the increase in the number of Innoprise Shares in issue upon the completion of the Share Split and the Two-Call Rights Issue, which is expected to be completed by the first quarter of 2016.

For illustrative purposes only, the proforma dilution effect on the basic EPS of our Group as a result of the increase in number of Innoprise Shares in issue, is set out below:-

Minimum Scenario

	Audited FYE 31 December 2014	I After the Share Split	II After I and the Two-Call Rights Issue
PAT attributable to the equity holders of the Company (RM'000)	7,566	7,566	7,566
Weighted average number of shares in issue (000)	190,565	382,474*1	451,582*1
Basic EPS (sen) *2	3.97	1.98	1.68

Maximum Scenario

	Audited FYE 31 December 2014	I Assuming all the ESOS Options are exercised	II After I and the Share Split	III After II and the Two-Call Rights Issue
PAT attributable to the equity holders of the Company (RM'000)	7,566	7,566	7,566	7,566
Weighted average number of shares in issue (000)	190,565	192,461*1	384,922*1	481,153*1
Basic EPS (sen) *2	3.97	3.93	1.97	1.57

Notes:-

*1 Being the pro forma enlarged issue and paid-up share capital after the Share Split and the Two-Call Rights Issue under the Minimum Scenario and Maximum Scenario, respectively, as set out in Section 8.1 of this Abridged Prospectus

*2 Computed by dividing the PAT attributable to the equity holders of the Company by the weighted average number of Innoprise Share in issue

Notwithstanding the above, the proceeds from the Two-Call Rights Issue as set out in Section 4 of this Abridged Prospectus may contribute positively to the earnings of our Group for the ensuing financial years, when the benefits of the utilisation of proceeds are realised.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that, after taking into consideration our cash flow generated from our operations, current cash in hand and banking facilities available as well as proceeds from the Two-Call Rights Issue, our Group will have sufficient working capital for the next 12 months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM91.02 million. All the borrowings are denominated in local currency, interest-bearing and comprise the following:-

	RM'000
Long term borrowings:-	
Hire purchase payables	2,169
Term loans	50,500
	52,669
Short term borrowings:-	
Hire purchase payables	1,089
Invoice financing	2,765
Term loans	13,500
Revolving credit	21,000
	38,354
Total	**91,023**

There has been no default on payments of either interest and/ or principal sums in respect of any borrowings for the FYE 31 December 2014 and the subsequent financial period up to the LPD.

9.3 Contingent liabilities

As at the LPD, there are no contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a material impact on the financial results/ position of our Company.

9.4 Material commitments

Save as disclosed below, as at the LPD, there are no material commitments for capital expenditure incurred or known to be incurred by our Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of our Group:-

	RM'000
Approved, contracted but not provided for:-	
- Property, plant and equipment*	**9,005**

* Inclusive of the capital expenditure for our palm oil mill which commenced in December 2014 and payment to contractors on construction work for workers' quarters at Maliau and Labau estates

The above commitments will be financed through our internal generated funds.

10. INSTRUCTIONS FOR ACCEPTANCE, SALE OR TRANSFER, EXCESS APPLICATION AND PAYMENT

10.1 General

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotment which you are entitled to subscribe for in full or in part under the terms of the Two-Call Rights Issue. You will find enclosed with this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the Provisional Allotment, as well as to apply for Excess Rights Shares if you choose to do so.

10.2 NPA

The Provisional Allotment are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 of Malaysia and therefore, all dealings in the Provisional Allotment will be by book entries through the CDS Accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991 of Malaysia and the Rules of Bursa Depository. You and/ or your renouncee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

10.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Rights Shares is at **5.00p.m.** on **Monday, 22 February 2016**, or such later date and time as our Board may, at its absolute discretion, determine and announce not less than two (2) Market Days before the stipulated date and time.

10.4 Procedure for full acceptance and payment

Acceptance and payment for the Provisional Allotment must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this Abridged Prospectus, the NPA or the RSF or the notes therein or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENT, APPLICATION FOR THE EXCESS RIGHTS SHARES AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTION CONTAINED THEREIN.

YOU AND/ OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

If you wish to accept all or part of your entitlement, please complete Parts I(a) and II of the RSF in accordance with the notes and instructions provided therein. Thereafter, please send each completed and signed RSF together with the relevant payment by using the envelope provided (at your own risk) to our Share Registrar by **ORDINARY POST, COURIER** or **DELIVERED BY HAND** at the address as set out as follows:-

FOR COURIER AND/ OR DELIVERY BY HAND:-

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Block D13
Pusat Dagangan Dana 1
Jalan PJU 1A/ 46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Tel. No.: 03 - 7849 0777
Fax. No.: 03 - 7841 8151/52

FOR ORDINARY POST:-

Symphony Share Registrars Sdn Bhd
Peti Surat 9150
Pejabat Pos Kelana Jaya
46785 Petaling Jaya
Selangor Darul Ehsan
Malaysia

so as to arrive **not later than 5.00 p.m.** on **Monday, 22 February 2016**, being the last date and time for acceptance and payment for the Rights Shares, or such later date and time as our Board may, at its absolute discretion, determine and announce not less than two (2) Market Days before the stipulated date and time.

One (1) RSF can only be used for acceptance of Provisional Allotment standing to the credit of one (1) CDS Account. Separate RSF(s) must be used for the acceptance of Provisional Allotment standing to the credit of more than one (1) CDS Account(s). If successful, the Rights Shares will be credited into your CDS Account(s) where the Provisional Allotment is standing to the credit.

A reply envelope is enclosed in this Abridged Prospectus. In order to facilitate the processing of the RSF by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

You and/ or your renouncee(s) (if applicable) should take note that a trading board lot for the Rights Shares comprises of 100 Rights Shares. The minimum number of securities that can be subscribed for or accepted is one (1) Rights Share. Fractions of Rights Shares, if any, will be disregarded, and shall be dealt with in such manner as our Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of our Company.

If acceptance and payment for the Provisional Allotment (whether in full or in part, as the case may be) is not received by our Share Registrar by **5.00 p.m.** on **Monday, 22 February 2016**, being the last date and time and for acceptance and payment, or such later date and time as may be determined and announced by our Board at their absolute discretion, not less than two (2) Market Days before the stipulated date and time, you will be deemed to have declined the provisional entitlement made to you and it will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. In the event that the Rights Shares are not fully taken up by such applicants, our Board will then have the right to allot such securities to the applicants who have applied for the Excess Rights Shares in the manner as set out in Section 10.8 of this Abridged Prospectus.

If you or your renouncee(s) (if applicable) lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from Bursa Securities' website at http://www.bursamalaysia.com, our Share Registrar at the address stated above or our Registered Office.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE RIGHTS SHARES ACCEPTED IN THE FORM OF BANKER'S DRAFT(S)/ CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "INNOPRISE RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, ADDRESS AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT AS SET OUT IN THE COVER PAGE OF THIS ABRIDGED PROSPECTUS. CHEQUES OR ANY OTHER MODE(S) OF PAYMENT ARE NOT ACCEPTABLE.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE TWO-CALL RIGHTS ISSUE. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES, AND NOTICES OF ALLOTMENT WILL BE DESPATCHED BY ORDINARY POST TO THEM OR THEIR RENOUNCEES (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND DESPATCHED TO THE APPLICANT WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

10.5 Procedure for part acceptance by Entitled Shareholders

You are entitled to accept part of your Provisional Allotment provided always that the minimum number of Rights Shares that can be subscribed for or accepted is one (1) Rights Share.

You must complete both Parts I(a) and II of the RSF by specifying the number of the Rights Shares which you are accepting and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 10.4 of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

The portion of the Provisional Allotment that have not been accepted shall be allotted to any other persons allowed under the law, regulations or rules to accept the transfer of the Provisional Allotment.

10.6 Procedure for sale or transfer of the Provisional Allotment

As the Provisional Allotment are prescribed securities, you may dispose or transfer all or part of your entitlement to the Provisional Allotment to one (1) or more person(s) through your stock broker without first having to request for a split of the Provisional Allotment standing to the credit of your CDS Account. To dispose or transfer all or part of your entitlement to the Provisional Allotment, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository. If you have disposed or transferred only part of the Provisional Allotment, you may still accept the balance of the Provisional Allotment by completing the RSF. Please refer to Sections 10.4 and 10.5 of this Abridged Prospectus for the procedure for acceptance and payment.

In disposing or transferring all or part of your Provisional Allotment, you need not deliver any document including the RSF, to any stock broker. However, you must ensure that there is sufficient Provisional Allotment standing to the credit of your CDS Account that is available for settlement of the sale or transfer.

Purchaser(s) or transferee(s) of the Provisional Allotment may obtain a copy of this Abridged Prospectus and the RSF from our Share Registrar or at our Registered Office. This Abridged Prospectus and the RSF are also available on the Bursa Securities' website at http://www.bursamalaysia.com.

ENTITLED SHAREHOLDERS WHO DISPOSE OR TRANSFER THEIR PROVISIONAL ALLOTMENT WILL AUTOMATICALLY BE DISPOSING OR TRANSFERRING THEIR ENTITLEMENTS TO THE RIGHTS SHARES.

10.7 Procedure for acceptance by renouncees

Renouncees who wish to accept the Provisional Allotment must obtain a copy of the RSF from our Share Registrar or at our Registered Office or from Bursa Securities' website at http://www.bursamalaysia.com, and complete the RSF and submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in Section 10.4 of this Abridged Prospectus also applies to renouncees who wish to accept the Provisional Allotment.

RENOUNCEES ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF.

10.8 Procedure for application of Excess Rights Shares

You and/ or your renouncee(s) (if applicable) may apply for the Excess Rights Shares in excess of your entitlement by completing Part I(b) of the RSF (in addition to Parts I(a) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the Excess Rights Shares applied for) to our Share Registrar **not later than 5.00 p.m.** on **Monday, 22 February 2016**, being the last date and time for acceptance and payment, or such later date and time as may be determined and announced by our Board at their absolute discretion, not less than two (2) Market Days before the stipulated date and time.

PAYMENT FOR THE EXCESS RIGHTS SHARES APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 10.4 OF THIS ABRIDGED PROSPECTUS, AND IN THE FORM OF BANKER'S DRAFT(S)/ CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "INNOPRISE EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, ADDRESS AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE LAST DATE AND TIME FOR EXCESS APPLICATION AND PAYMENT AS SET OUT IN THE COVER PAGE OF THIS ABRIDGED PROSPECTUS. CHEQUES OR ANY OTHER MODE(S) OF PAYMENT ARE NOT ACCEPTABLE.

It is the intention of our Board to allot the Excess Rights Shares, if any, on a fair and equitable basis and in the following priority:-

i. Firstly, to minimise the incidence of odd lots;

ii. Secondly, for allocation to Entitled Shareholders who have applied for the Excess Rights Shares, on a pro-rata basis and in board lot, calculated based on their respective shareholdings in the Company as at the Entitlement Date;

iii. Thirdly, for allocation to Entitled Shareholders who have applied for the Excess Rights Shares, on a pro-rata basis and in board lot, calculated based on the quantum of Excess Rights Shares applied for; and

iv. Finally, for allocation to renouncee(s) who have applied for the Excess Rights Shares, on a pro-rata basis and in board lot, calculated based on the quantum of Excess Rights Shares applied for.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares applied for under Part I(b) of the RSF in such manner as our Board deem fit and expedient in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis and that the intention of our Board as set out in (i), (ii), (iii) and (iv) above are achieved.

Our Board reserves the right to accept any application in full or in part only without assigning any reasons.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR EXCESS APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES, AND NOTICES OF ALLOTMENT WILL BE DESPATCHED BY ORDINARY POST TO THE APPLICANTS AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES.

WHERE AN APPLICATION FOR THE EXCESS RIGHTS SHARES IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND DESPATCHED TO THE APPLICANT WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.

10.9 Form of issuance

Bursa Securities has already prescribed our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares are prescribed securities and as such, the Securities Industry (Central Depositories) Act, 1991 of Malaysia and the Rules of Bursa Depository shall apply to the dealings in the Rights Shares.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. No physical share certificates shall be issued to you under the Two-Call Rights Issue. Instead, the Rights Shares will be credited directly into your CDS Account.

The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to the address shown in the Record of Depositors provided by Bursa Depository within eight (8) Market Days from the last date for acceptance and payment for the Rights Shares.

10.9.1 Subscription for the Rights Shares by Entitled Shareholders

Where the Rights Shares are provisionally allotted to you as an Entitled Shareholder in respect of your existing Innoprise Shares standing credit to your CDS Account on the Entitlement Date, the acceptance by you of the Provisional Allotment shall mean that you consent to receive such Rights Shares as prescribed or deposited securities which will be credited directly into your CDS Account.

10.9.2 Subscription of Rights Shares by renouncees

Any person who has purchased the Provisional Allotment or to whom the Provisional Allotment has been transferred and intends to subscribe for the Rights Shares must state his CDS Account number in the space provided in the RSF. The Rights Shares will be credited directly as prescribed or deposited securities into his CDS Account upon allotment and issuance.

10.9.3 Application for the Excess Rights Shares by an Entitled Shareholder and/ or his renouncee(s) (if applicable)

The Excess Rights Shares, if allotted to the successful applicant who applies for the Excess Rights Shares, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the Excess Rights Shares will be made on a fair and equitable basis as disclosed in Section 10.8 of this Abridged Prospectus.

10.10 Laws of foreign jurisdiction

This Abridged Prospectus, and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) for subscription of any foreign jurisdiction. The Two-Call Rights Issue will not be made or offered for subscription in any foreign jurisdiction other than Malaysia.

Accordingly, this Abridged Prospectus, and the accompanying NPA and RSF will not be sent to the Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) who do not have a registered address in Malaysia. However, such Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) may collect this Abridged Prospectus, and the accompanying NPA and RSF from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

The Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Two-Call Rights Issue only to the extent that it would be lawful to do so.

RHBIB, our Share Registrar, our Company, our Directors, officers and advisers would not, in connection with the Two-Call Rights Issue, be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) are or may be subject to. Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. RHBIB, our Share Registrar, our Company, our Directors, officers and advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any Foreign Entitled Shareholders and/ or renouncee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

The Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) will be responsible for payment of any issue, transfer or other taxes or other requisite payments due in such jurisdiction and we shall be entitled to be fully indemnified and held harmless by such Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) for any such issue, transfer or other taxes or other requisite payments. They will have no claims whatsoever against us and/ or RHBIB in respect of their rights and entitlements under the Two-Call Rights Issue. Such Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Two-Call Rights Issue.

By signing the RSF, the Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) RHBIB, our Share Registrar, our Company, our Directors, officers and advisers that:-

i. we would not, by acting on the acceptance or renunciation in connection with the Two-Call Rights Issue, be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders and/ or renouncee(s) (if applicable) are or may be subject to;

ii. they have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the Provisional Allotment;

iii. they are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation of the Provisional Allotment, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

iv. they are aware that the Rights Shares can only be transferred, sold or otherwise disposed, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

v. they have respectively received a copy of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to our representatives and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares; and

vi. they have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares.

Persons receiving this Abridged Prospectus, the NPA and the RSF (including without limitation to custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, the NPA and the RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, the NPA and the RSF to any foreign jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares from any such application by Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) in any jurisdiction other than Malaysia.

We reserve the right, in our absolute discretion, to treat any acceptance of the Rights Shares as invalid if we believe that such acceptance may violate any applicable legal or regulatory requirements.

11. TERMS AND CONDITIONS

The issuance of the Rights Shares pursuant to the Two-Call Rights Issue is governed by the terms and conditions set out in this Abridged Prospectus, the NPA and the RSF enclosed herewith.

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12. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Yours faithfully
For and on behalf of the Board of
INNOPRISE PLANTATIONS BERHAD

LIM FOOK HIN
Executive Director

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 23 DECEMBER 2015

INNOPRISE PLANTATIONS BERHAD
Company No. 285072-M
(Incorporated in Malaysia)

EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY HELD ON 23 DECEMBER 2015

7. AGENDA NO. 1

SPECIAL RESOLUTION

PROPOSED AMENDMENT TO THE MEMORANDUM OF ASSOCIATION OF INNOPRISE ("PROPOSED AMENDMENT")

Datuk Chairman informed the Members present that the rationale and justification for the Proposed Amendment have been set out in item 3.3 of the Circular dated 1 December 2015 and that this Proposed Amendment and the Proposed Share Split to be considered in Agenda No. 2 were inter-conditional upon one another.

Datuk Chairman invited the Members to ask questions, if any, relating to the Proposed Amendment. No question was raised.

On the proposal of Encik Ronald Ong, seconded by Puan Hwa Tzay Pey, it was **RESOLVED**:

THAT, subject to the passing of Ordinary Resolution 1, approval be and is hereby given to the Company to alter, modify, vary and delete the Memorandum of Association of Innoprise in the following manner:-

Clause 5 of the Memorandum of Association of Innoprise

Existing	Proposed
The capital of the Company is **Ringgit Malaysia Five Hundred Million (RM500,000,000.00) divided into Five Hundred Million ordinary shares of Ringgit Malaysia One (RM1.00)** each with power from time to time to increase or reduce its capital, to divide the shares in the capital into several classes, and to attach to any class or classes of shares any preferential, deferred, qualified or special rights, privileges or conditions or restrictions to dividends, capital, voting or otherwise.	The capital of the Company is **Ringgit Malaysia Five Hundred Million (RM500,000,000.00) divided into One Billion (1,000,000,000) ordinary shares of Ringgit Malaysia Fifty Sen (RM0.50)** each with power from time to time to increase or reduce its capital, to divide the shares in the capital into several classes, and to attach to any class or classes of shares any preferential, deferred, qualified or special rights, privileges or conditions or restrictions to dividends, capital, voting or otherwise.

AND THAT, the Board of Directors of Innoprise ("Board") be and is hereby authorised to take all such necessary steps to give effect to the Proposed Amendment with full powers to assent to any conditions, variations, modifications, termination and/ or amendments in any manner as may be required by the relevant authorities or deemed necessary by the Board, and to take all steps and to do all such acts and matters as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Amendment.

INNOPRISE PLANTATIONS BERHAD (285072-M)

EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY HELD ON 23 DECEMBER 2015

8. AGENDA NO. 2

ORDINARY RESOLUTION 1

PROPOSED SHARE SPLIT INVOLVING THE SUBDIVISION OF EVERY ONE (1) EXISTING ORDINARY SHARE OF RM1.00 EACH IN INNOPRISE INTO TWO (2) ORDINARY SHARES OF RM0.50 EACH IN INNOPRISE ("SPLIT SHARE(S)") ("INNOPRISE SHARE(S)" OR "SHARE(S)") HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED SHARE SPLIT")

Datuk Chairman informed the Members present that the rationale and justification for the Proposed Share Split have been set out in item 3.1 of the Circular dated 1 December 2015 and this Proposed Share Split and the Proposed Amendment considered in Agenda No. 1 were inter-conditional upon one another.

Datuk Chairman invited the Members to ask questions, if any, relating to the Proposed Share Split. No question was raised.

On the proposal of Encik Sim Puan Yee, seconded by Encik Ronald Ong, it was **RESOLVED**:

THAT, subject to the passing of the Special Resolution, and the approvals of all relevant regulatory authorities being obtained, where required, approval be and is hereby given to the Board to subdivide each of the existing ordinary shares of RM1.00 each in Innoprise, held by the shareholders of Innoprise, whose names appear in the Record of Depositors of the Company as at the close of business on a date to be determined and announced later by the Board ("Share Split Entitlement Date"), into two (2) ordinary shares of RM0.50 each in Innoprise;

AND THAT, any fractional entitlements of the Split Shares pursuant to the Proposed Share Split, if any, shall be disregarded and dealt with in such manner as the Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of the Company;

AND THAT, upon subdivision, the Split Shares shall, upon allotment and issuance, rank *pari passu* in all respects with each other, except that the Split Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid for which the entitlement date for the said distribution precedes the date of allotment and issuance of the Split Shares;

AND THAT, the Board be and is hereby authorised to take all such necessary steps to give effect to the Proposed Share Split with full powers to assent to any conditions, variations, modifications, termination and/ or amendments in any manner as may be required by the relevant authorities or deemed necessary by the Board, and to take all steps and to do all such acts and matters as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Share Split.

INNOPRISE PLANTATIONS BERHAD (285072-M)

EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY HELD ON 23 DECEMBER 2015

9. AGENDA NO. 3

ORDINARY RESOLUTION 2

PROPOSED RENOUNCEABLE TWO-CALL RIGHTS ISSUE OF UP TO 96,230,650 SPLIT SHARES AFTER THE PROPOSED SHARE SPLIT ("RIGHTS SHARE(S)") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) SPLIT SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED TWO-CALL RIGHTS ISSUE")

Datuk Chairman informed the Members present that the rationale and justification for the Proposed Two-Call Rights Issue has been set out in iterm 3.2 of the Circular dated 1 December 2015 and that this Proposed Two-Call Rights Issue was conditional upon the passing of the Proposed Amendment and the Proposed Share Split in Agenda No. 1 and Agenda No. 2 respectively.

Datuk Chairman invited the Members to ask questions, if any, relating to the Proposed Two-Call Rights Issue. No question was raised.

On the proposal of Puan Hwa Tzay Pey, seconded by Encik Sim Puan Yee, it was **RESOLVED**:

THAT, subject to the passing of Special Resolution and the Ordinary Resolution 1, and the approvals of all relevant authorities or parties being obtained, where required, approval be and is hereby given to the Board to provisionally allot and issue by way of a renounceable rights issue of up to 96,230,650 Rights Shares on the basis of one (1) Rights Share for every four (4) Split Shares held, of which the indicative first call of RM0.38 ("First Call") will be payable in cash on application and the indicative second call of RM0.12 ("Second Call") will be capitalised from the Company's share premium and retained earnings accounts, to the entitled shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board ("Two-Call Rights Issue Entitlement Date");

AND THAT any Rights Shares which are not taken up shall be made available for excess applications to the entitled shareholders and/ or their renouncee(s) who have applied for the excess Rights Shares, and is intended to be allocated on a fair and equitable basis, to be set out in the abridged prospectus to be issued;

AND THAT any fractional entitlements of the Rights Shares pursuant to the Proposed Two-Call Rights Issue, if any, shall be disregarded and dealt with in such manner as the Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of the Company;

AND THAT the purpose of the Proposed Two-Call Rights Issue as set out in the circular to shareholders of the Company dated 1 December 2015 be approved;

AND THAT the proceeds of the Proposed Two-Call Rights Issue be utilised as set out in the circular to shareholders of the Company dated 1 December 2015, and the Board be and is hereby authorised with full power to vary the manner and/ or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/ or expedient, subject to (where required) the approval of the relevant authorities;

INNOPRISE PLANTATIONS BERHAD (285072-M)

EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY HELD ON 23 DECEMBER 2015

9. ORDINARY RESOLUTION 2 (Cont'd)

AND THAT, the Rights Shares will, upon allotment and issuance, rank *pari passu* in all respects with the Innoprise Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid for which the entitlement date for the said distribution precedes the date of allotment and issuance of the Rights Shares;

AND THAT, the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the aforesaid Proposed Two-Call Rights Issue with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they may deem fit, necessary and/ or expedient to implement, finalise and give full effect to the Proposed Two-Call Rights Issue.

Certified as true copy

....
Datuk Hj. Majin Hj. Ajing
(Chairman)

....
Dorothy Luk Wei Kam
(Company Secretary)
(MAICSA 7000414)

Dated: 5 January 2016

INFORMATION ON OUR COMPANY

1. HISTORY AND PRINCIPAL ACTIVITIES

Our Company was incorporated in Malaysia on 24 December 1993 under the Act as a public limited company under the name of Sinora Industries Berhad. On 3 July 1996, our Company was listed on the Main Board of Bursa Securities (now known as Main Market of Bursa Securities). On 3 November 2009, our Company assumed its present name.

Our Group is principally involved in log extraction, operation of oil palm plantations, palm oil mill, producer and supplier of renewable energy for internal consumption and operates in Malaysia only. The breakdown of the revenue of our Group by operation for the FYE 31 December 2014 is set out below:-

Operation	Revenue (RM'000)	%
Palm Oil	49,879	86.3
Timber	7,937	13.7
	57,816	**100.0**

Further details on the principal activities of our subsidiary companies are set out in Section 5 of this Appendix II.

2. SHARE CAPITAL

As at the LPD, our authorised and issued and paid-up share capital are set out below:-

	No. of shares	Par value RM	Total RM
Authorised	1,000,000,000	0.50	500,000,000
Issued and paid-up	191,237,300*	1.00*	191,237,300

* The issued and paid up share capital will be increased to 382,474,600 new ordinary shares of RM0.50 after the Share Split, which shall be completed on 2 February 2016

The details of the changes in our authorised share capital for the past three (3) years preceding the LPD are set out below:-

Date of change	No. of shares created	Par value RM	Description	Cumulative authorised share capital RM
23.12.2015	500,000,000	0.50	Change in authorised share capital	500,000,000

The details of the changes in our issued and paid-up share capital for the past three (3) years preceding the LPD are set out below:-

Date of allotment	No. of shares allotted	Par value RM	Consideration/ Type of issue	Cumulative issued and paid-up share capital RM
27.12.2013	1,023,000	1.00	Cash/ Exercise of ESOS Options at RM1.00 per share	189,634,300
03.06.2014	1,603,000	1.00	Cash/ Exercise of ESOS Options at RM1.00 per share	191,237,300

3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The shareholdings of our substantial shareholders as at the LPD and after the Two-Call Rights Issue are set out below:-

Minimum Scenario

Substantial shareholders	Shareholdings as at the LPD				I After the Share Split				II After I and the Two-Call Rights Issue			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
ICSB	96,191,763	50.30	-	-	192,383,526	50.30	-	-	240,479,407	53.25	-	-
TSH	42,024,237	21.97	-	-	84,048,474	21.97	-	-	105,060,592	23.26	-	-

Maximum Scenario

Substantial shareholders	Shareholdings as at the LPD				I Assuming all the outstanding ESOS Options are exercised				II After I and the Share Split				III After II and the Two-Call Rights Issue			
	Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
ICSB	96,191,763	50.30	-	-	96,191,763	49.98	-	-	192,383,526	49.98	-	-	240,479,407	49.98	-	-
TSH	42,024,237	21.97	-	-	42,024,237	21.84	-	-	84,048,474	21.84	-	-	105,060,592	21.84	-	-

4. DIRECTORS

The particulars of our Directors as at the LPD are set out below:-

Name	Address	Age	Nationality	Profession	Designation
Datuk Hj. Majin Hj. Ajing	No. 35 Taman Seri Gaya Jalan Maktab Gaya Lorong 1 88300 Kota Kinabalu Sabah	66	Malaysian	Company Director	Independent Non-Executive Chairman
Datuk (Dr.) Kelvin Tan Aik Pen	Mile 3½, TB 10448 Jalan Bunga Raya Taman Korintus 91000 Tawau Sabah	58	Malaysian	Company Director	Managing Director
Lim Fook Hin	13A-06 Fraser Tower East 5/60 Jalan Gasing 46000 Petaling Jaya Selangor Darul Ehsan	66	Malaysian	Company Director	Executive Director
Datuk Sam Mannan @ Sham Mannan	Kampung Tinosa Jalan Airport, Batu 7 Beg Berkunci No.68 90009 Sandakan Sabah	58	Malaysian	Forester	Non-Independent Non-Executive Director
Datuk Hj. Othman Bin Walat	Unit 23-1-4 Block K Grace Ville Sembulan 88100 Kota Kinabalu Sabah	66	Malaysian	Company Director	Non-Independent Non-Executive Director
Puan Ainahwati Binti Abd Sani	Lot A-2-12 Seri Kayangan Lok Kawi Heights 88100 Kota Kinabalu Sabah	42	Malaysian	Group Company Secretary	Non-Independent Non-Executive Director
Datuk Jaswant Singh Kler	Lot 0931 Jalan Aman Tanjong Batu Laut 91000 Tawau Sabah	75	Malaysian	Company Director	Independent Non-Executive Director
Tan Aik Kiong	Mile 3½, TB 10448 Jalan Bunga Raya Taman Korintus 91000 Tawau Sabah	55	Malaysian	Company Director	Alternate Director to Datuk (Dr.) Kelvin Tan Aik Pen

The shareholdings of our Directors as at the LPD and after the Two-Call Rights Issue are set out below:-

Minimum Scenario

	Shareholdings as at the LPD				I After the Share Split				II After I and the Two-Call Rights Issue			
	<---------Direct--------->		<---------Indirect-------->		<---------Direct-------->		<---------Indirect-------->		<---------Direct-------->		<---------Indirect-------->	
Directors	**No. of shares**	**%**	**No. of shares**	**%**	**No. of shares**	**%**	**No. of shares**	**%**	**No. of shares**	**%**	**No. of shares**	**%**
Datuk Hj. Majin Hj. Ajing	150,000	0.08	-	-	300,000	0.08	-	-	300,000	0.07	-	-
Datuk (Dr.) Kelvin Tan Aik Pen	1,150,000	0.60	-	-	2,300,000	0.60	-	-	2,300,000	0.51	-	-
Lim Fook Hin	670,000	0.35	-	-	1,340,000	0.35	-	-	1,340,000	0.30	-	-
Datuk Sam Mannan @ Sham Mannan	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Hj. Othman Bin Walat	173,900	0.09	-	-	347,800	0.09	-	-	347,800	0.08	-	-
Puan Ainahwati Binti Abd Sani	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Jaswant Singh Kler	-	-	-	-	-	-	-	-	-	-	-	-
Tan Aik Kiong	300,000	0.16	-	-	600,000	0.16	-	-	600,000	0.13	-	-

Maximum Scenario

Directors	Shareholdings as at the LPD				I Assuming all the outstanding ESOS Options are exercised				II After I and the Share Split				III After II and the Two-Call Rights Issue			
	<------Direct------>		<---Indirect--->		<------Direct------->		<---Indirect--->		<------Direct------->		<--Indirect-->		<------Direct------->		<--Indirect-->	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Datuk Hj. Majin Hj. Ajing	150,000	0.08	-	-	150,000	0.08	-	-	300,000	0.08	-	-	375,000	0.08	-	-
Datuk (Dr.) Kelvin Tan Aik Pen	1,150,000	0.60	-	-	1,150,000	0.60	-	-	2,300,000	0.60	-	-	2,875,000	0.60	-	-
Lim Fook Hin	670,000	0.35	-	-	670,000	0.35	-	-	1,340,000	0.35	-	-	1,675,000	0.35	-	-
Datuk Sam Mannan @ Sham Mannan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Hj. Othman Bin Walat	173,900	0.09	-	-	173,900	0.09	-	-	347,800	0.09	-	-	434,750	0.09	-	-
Puan Ainahwati Binti Abd Sani	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Jaswant Singh Kler	-	-	-	-	225,000	0.12	-	-	450,000	0.12	-	-	562,500	0.12	-	-
Tan Aik Kiong	300,000	0.16	-	-	300,000	0.16	-	-	600,000	0.16	-	-	750,000	0.16	-	-

5. SUBSIDIARY AND ASSOCIATE COMPANIES

As at the LPD, our subsidiary companies are set out below:-

Subsidiary companies	Date and place of incorporation	Issued and paid-up share capital RM	Effective equity interest %	Principal activities
Serijaya Industri Sdn Bhd	04.08.2005 Malaysia	3,881,500*	100.0	Log extraction contractor, operation of oil palm plantations and palm oil mill
IPB Bio Energy Sdn Bhd	12.10.2011 Malaysia	50,000	100.0	Producer and supplier of renewable energy

* Divided into 2,000,000 ordinary shares of RM1.00 each and 188,150,000 redeemable convertible non-cumulative preference shares of RM0.01 each

As at the LPD, we do not have any associate companies.

6. PROFIT AND DIVIDEND RECORDS

The following table sets out a summary of our audited consolidated financial statements for the past three (3) financial years up to the FYE 31 December 2014 and our latest unaudited consolidated quarterly results for the nine (9)-month FPE 30 September 2015 together with the corresponding preceding nine (9)-month FPE 30 September 2014:-

	<----Audited		---->	<----Unaudited	---->
	FYE 31 December 2012 RM'000	FYE 31 December 2013 RM'000	FYE 31 December 2014 RM'000	Nine (9)-month FPE 30 September 2014 RM'000	Nine (9)-month FPE 30 September 2015 RM'000
Revenue	25,498	32,540	57,816	43,634	82,526
Cost of sales	(17,587)	(26,149)	(41,800)	(32,146)	(51,031)
Gross profit	**7,911**	**6,391**	**16,016**	**11,488**	**31,495**
Interest income	-	3	25	18	30
Other income	952	205	160	202	267
Administrative expenses	(1,609)	(1,968)	(1,738)	(1,362)	(1,670)
Other operating expenses	-	(354)	(2,835)	-	-
Selling expenses	-	-	(415)	-	(6,171)
Profit from operations	**7,254**	**4,277**	**11,213**	**10,346**	**23,951**
Finance costs	-	(127)	(996)	(86)	(2,742)
Profit before tax	**7,254**	**4,150**	**10,217**	**10,260**	**21,209**
Income tax expense	(1,862)	(968)	(2,651)	(2,567)	(4,777)
Profit after tax, representing total comprehensive income for the year	**5,392**	**3,182**	**7,566**	**7,693**	**16,432**
Net profit for the year	5,392	3,182	7,566	7,693	16,432
Weighted average number of shares in issue ('000)	188,611	188,625	190,565	190,339	191,237
Earnings before interest, taxation, depreciation and amortisation (RM'000)	7,418	4,552	12,074	10,678	27,876
Gross profit margin (%)	31.02	19.64	27.70	26.33	38.16
Profit margin (%)	21.15	9.78	13.09	17.63	19.91

	<---Audited---		--->	<---Unaudited---	--->
	FYE 31 December 2012 RM'000	FYE 31 December 2013 RM'000	FYE 31 December 2014 RM'000	Nine (9)-month FPE 30 September 2014 RM'000	Nine (9)-month FPE 30 September 2015 RM'000
Earnings per Share (sen)					
- Basic	2.86	1.69	3.97	4.04	8.59
- Diluted	2.83	1.68	3.96	4.01	8.54
Dividends paid (RM'000)	-	-	-	-	-

Commentary on past performance:-

Audited FYE 31 December 2012

For the FYE 31 December 2012, our Group recorded revenue of approximately RM25.50 million, representing an increase of approximately RM12.11 million or 90.5% as compared to the revenue for the preceding financial year. The increase in revenue was mainly attributable to the increase in FFB crop production by more than 100.0% to 38,084 MT (2011: 12,218 MT) but partially offset by lower volume of timber logged to 28,778 cubic metre (2011: 36,156 cubic metre) during the financial year under review. However, a one-off recognition of compensation for the previous year's log production shortfall amounting to RM3.69 million have also contributed to higher revenue. For shareholder's information, in relation to our logging contract, the sub-contractor for the timber extraction, namely Asiatic Lumber Industries Sdn Bhd is required to produce a minimum volume of timber log of not less than 120,000 cubic metre per annum and an average monthly volume of timber log of not less than 10,000 cubic metre over any consecutive period of three (3) months ("Sub-Contract"). The log production shortfall was 91,222 cubic metre for year 2012 based on the Sub-Contract, mainly due to shortage of labour supply by the sub-contractor. The increase in FFB crop production was due to a larger area of approximately 1,971 hectares achieving maturity in Gunung Rara/ Kalabakan Land.

The gross profit margin for the financial year under review was approximately 31.0% as compared to the gross profit margin of approximately 29.6% for the preceding financial year. The increase in gross profit margin was mainly due to recognition of compensation for the previous year's log production shortfall and the gross profit recorded for palm oil operation due to lower unit cost arising from higher FFB crop production despite a lower gross profit recorded for timber operation due to higher unit cost arising from lower volume of log extracted. The profit contributions from our timber operation are set out in Section 7.4 of this Abridged Prospectus.

Our Group recorded a higher PBT of approximately RM7.25 million for the financial year under review, representing an increase of approximately RM2.87 million or 65.4% as compared to the PBT for the preceding financial year. The increase in PBT was mainly due to the recognition of compensation for the previous year's log production shortfall as elaborated above and the increase of revenue in our palm oil operation as well as gain from the fair value on investment quoted securities amounting to RM0.82 million recognised in other income.

Audited FYE 31 December 2013

For the FYE 31 December 2013, our Group recorded revenue of approximately RM32.54 million, representing an increase of approximately RM7.04 million or 27.6% as compared to the revenue for the preceding financial year. The increase in revenue was mainly attributable to the increase in FFB crop production by 95.7% to 74,519 MT (2012: 38,084 MT) but partially offset by lower volume of timber logged to 19,631 cubic metre (2012: 28,778 cubic metre) during the financial year under review. The log production shortfall was 100,369 cubic metre for year 2013 based on the Sub-Contract. The increase in FFB crop production was due to a larger area of approximately 3,443 hectares achieving maturity in Gunung Rara/ Kalabakan Land whereas the decrease in total volume logged was mainly attributable to lower extraction rate by the sub-contractor due to shortage of labour supply.

The gross profit margin for the financial year under review was approximately 19.6% as compared to the gross profit margin of approximately 31.0% for the preceding financial year. The decrease in gross profit margin was mainly due to the one off recognition of compensation for the previous year's log production shortfall recorded in year 2012. The profit contributions from our timber operation are set out in Section 7.4 of this Abridged Prospectus. However, it was partially offset by the gross profit recorded for palm oil operation due to lower unit cost arising from higher FFB crop production.

Our Group recorded a lower PBT of RM4.15 million for the financial year under review, representing a decrease of approximately RM3.10 million or 42.8% as compared to the PBT for the preceding financial year. The decrease in PBT is mainly due to the lower gross profit contribution from our timber operation as elaborated above.

Audited FYE 31 December 2014

For the FYE 31 December 2014, our Group recorded revenue of approximately RM57.82 million, representing an increase of approximately RM25.28 million or 77.7% as compared to the revenue for the preceding financial year. The increase in revenue was mainly attributable to the increase in crop production by 54.7% to 115,253 MT (2013: 74,519 MT) and increase in volume of timber logged to 51,537 cubic metre (2013: 19,631 cubic metre). However, the log production shortfall was 68,463 cubic metre for year 2014 based on the Sub-Contract. The increase in FFB crop production was due to a larger area of approximately 5,401 hectares achieving maturity in Gunung Rara/ Kalabakan Land whereas the increase in total volume logged was mainly attributable to higher extraction rate by the sub-contractor due to the increase of labour supply for the timber operation.

The gross profit margin for the financial year under review was approximately 27.7% as compared to the gross profit margin of approximately 19.6% for the preceding financial year. The increase in gross profit margin was mainly due to higher gross profit recorded for our palm oil operation due to lower unit cost arises from higher FFB crop production as well as higher gross profit contribution from timber operation from higher volume of timber logged. The profit contributions from our timber operation are set out in Section 7.4 of this Abridged Prospectus.

Other operating expenses for the financial year under review increased by approximately RM2.48 million as compared to the preceding financial year, due to higher impairment on trade receivables in timber operation which arises from the claims for log production shortfall from the sub-contractor, namely Asiatic Lumber Industries Sdn Bhd in year 2012.

We incurred an amount of approximately RM0.42 million on selling expenses for the financial year under review, mainly attributable to forwarding costs, cess and sales tax on palm oil and kernel subsequent to the commencement of the milling operation in December 2014.

Our Group recorded a higher PBT of RM10.22 million for the financial year under review, representing an increase of RM6.07 million or more than 100.0% as compared to the PBT for the preceding financial year. The increase in PBT was mainly due to higher gross profit contribution from our palm oil and timber operations as elaborated above.

Unaudited nine (9)-month FPE 30 September 2015

For the unaudited nine (9)-month FPE 30 September 2015, our Group recorded revenue of approximately RM82.53 million, representing an increase of approximately RM38.89 million or 89.1% as compared to the corresponding period in the preceding financial year. The increase in revenue was mainly attributable to the increase in FFB crop production by 30.2% to 106,626 MT (FPE 30 September 2014: 81,904 MT) and increase in volume of timber logged to 132,013 cubic metre (FPE 30 September 2014: 39,402 cubic metre). The increase in FFB crop production was due to a larger area of approximately 8,080 hectares achieving maturity in Gunung Rara/ Kalabakan Land whereas the increase in total volume logged was due to increase of labour supply by the sub-contractor.

The gross profit margin for the financial period under review was approximately 38.2% as compared to the gross profit margin of approximately 26.3% for the corresponding period in the preceding financial year. The increase in gross profit margin was mainly due to higher FFB crop production and volume of timber logged. Higher gross profit recorded for our palm oil operation due to the OER achieved since the commencement of the milling operation in December 2014 and higher gross profit recorded for our timber operation due to lower unit cost arising from higher volume of log extracted. The profit contributions from our timber operation are set out in Section 7.4 of this Abridged Prospectus.

We incurred an amount of approximately RM6.17 million on selling expenses for the financial period under review, mainly attributable to forwarding costs, cess and sales tax on palm oil and kernel subsequent to the commencement of the milling operation in December 2014.

Our Group recorded a higher PBT of approximately RM21.21 million for the FPE 30 September 2015, representing an increase of RM10.95 million or more than 100.0% as compared to the corresponding period in the preceding financial year. The increase in PBT was in line with the increase in revenue for the financial period under review with the abovementioned reasons.

We wish to highlight that our Group has an existing eco-logging contract with Rakyat Berjaya Sdn Bhd for our timber segment and the said contract shall not be renewed upon its expiry on 4 June 2016. For avoidance of doubt, the aforesaid eco-logging contract is the only sole logging contract that our Group presently has. Our Group has no plans for our timber business and will be solely focused on our palm oil business at this juncture. Please refer to Sections 6.2.1 and 7.4 of this Abridged Prospectus for further details.

7. HISTORICAL PRICES

The monthly high and low transacted market prices of Innoprise Shares for the past 12 months from January 2015 to December 2015 are as follows:-

	High RM	**Low RM**
2015		
January	1.55	1.35
February	1.55	1.43
March	1.43	1.38
April	1.50	1.36
May	1.50	1.35
June	1.51	1.36
July	1.50	1.35
August	1.40	1.20
September	1.47	1.36
October	1.63	1.30
November	1.53	1.30
December	1.40	1.27

The last transacted price of Innoprise Shares on 8 October 2015, being the day prior to the date of announcement on the Corporate Exercises, was RM1.39.

The last transacted price of Innoprise Shares on 6 January 2016, being the LPD, was RM1.45.

The last transacted price of Innoprise Shares on 28 January 2016, being the day prior to the ex-date of the Two-Call Rights Issue, was RM0.66.

(Source: Bloomberg)

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON

Crowe Horwath™

Crowe Horwath AF 1018
Chartered Accountants
Member Crowe Horwath International

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12 January 2016

The Board of Directors
Innoprise Plantations Berhad
6th Floor, Menara Tun Mustapha
Likas Bay, 88400 Kota Kinabalu
Sabah

Dear Sirs/ Madam,

INNOPRISE PLANTATIONS BERHAD ("INNOPRISE" OR THE "COMPANY")
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of Innoprise and its subsidiaries (collectively known as the "Group") as at 31 December 2014, together with the accompanying notes thereto. The Pro Forma Consolidated Statements of Financial Position (which we have stamped for the purpose of identification), have been compiled by the Board of Directors of the Company in relation to the following:-

(1) share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each in Innoprise into two (2) ordinary shares of RM0.50 each in Innoprise ("Split Share(s)") ("Innoprise Share(s)" or "Share(s)") held on an entitlement date to be determined later ("Share Split");

(2) renounceable two-call rights issue of up to 96,230,650 Split Shares after the Share Split ("Rights Share(s)") on the basis of one (1) Rights Share for every four (4) Split Shares held on an entitlement date to be determined later ("Two-Call Rights Issue");

(3) amendment to the Memorandum of Association of Innoprise ("Amendment");

The above are collectively referred to as the "Corporate Exercises"

The applicable criteria on the basis of which the Board of Directors of the Company have compiled the Pro Forma Consolidated Statements of Financial Position are as specified in the Prospectus Guidelines – Abridged Prospectus issued by the Securities Commission Malaysia and as described in the Notes thereon of the Appendix I of this letter.

The pro forma financial information has been compiled by the Board of Directors of the Company, for illustrative purpose only, to illustrate the effects of events or transactions set out in Appendix I of this letter on the audited consolidated statements of financial position of the Group as at 31 December 2014 had the events or transactions been effected on that date. As part of this process, information about the Group's consolidated statements of financial position has been extracted by the Board of Directors of the Company from the audited consolidated financial statements of the Group for the financial year ended 31 December 2014.

Crowe Horwath™

THE BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors of the Company is responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis as described in Note 1 of Appendix I of this letter.

OUR RESPONSIBILITIES

Our responsibility is to express an opinion about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Board of Directors of the Company on the basis as described in Note 1 of Appendix I of this letter.

We conducted our engagement in accordance with the **International Standard on Assurance Engagements (ISAE) *3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus***, issued and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of the Company has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis of the applicable criteria.

For purpose of this engagement, we are not responsible for updating or issuing any reports or opinion on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

The purpose of Pro Forma Consolidated Statements of Financial Position included in the Abridged Prospectus to Shareholders is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis set out in Note 1 of Appendix I of this letter which involves performing procedures to assess whether the applicable criteria used by the Board of Directors of the Company in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

Crowe Horwath

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

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

OPINION

In our opinion, the Pro Forma Consolidated Statements of Financial Position of the Group have been compiled, in all material respects, on the basis of the applicable criteria.

OTHER MATTER

This letter has been prepared solely for inclusion in the Abridged Prospectus, in connection with the Corporate Exercises. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Chan Kuan Chee
Approval No: 2271/10/17 (J)
Chartered Accountant

Kuala Lumpur

Company No. 285072-M

Initialed For Identification Purposes Only
Crowe Horwath.
AF 1018

INNOPRISE PLANTATIONS BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

Minimum Scenario

	Note	Audited as at 31 December 2014 RM'000	Adjustments RM'000	Pro Forma I After Subsequent Events RM'000	Adjustments RM'000	Pro Forma II After Pro Forma I and Share Split RM'000	Adjustments RM'000	Pro Forma III After Pro Forma II and Two-Call Rights Issue RM'000
ASSETS								
NON-CURRENT ASSETS								
Property, plant and equipment	5	148,524		148,524		148,524	4,000	152,524
Biological assets	6	201,653		201,653		201,653	5,000	206,653
		350,177		350,177		350,177		359,177
CURRENT ASSETS								
Inventories		12,656		12,656		12,656		12,656
Trade and other receivables		3,322		3,322		3,322		3,322
Cash and bank balances	7	2,142		2,142		2,142	631	2,773
		18,120		18,120		18,120		18,751
TOTAL ASSETS		368,297		368,297		368,297		377,928

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INNOPRISE PLANTATIONS BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014 (CONT'D)

Minimum Scenario

	Note	Audited as at 31 December 2014 RM'000	Adjustments RM'000	Pro Forma I After Subsequent Events RM'000	Adjustments RM'000	Pro Forma II After Pro Forma I and Share Split RM'000	Adjustments RM'000	Pro Forma III After Pro Forma II and Two-Call Rights Issue RM'000
EQUITY AND LIABILITIES								
CURRENT LIABILITIES								
Loans and borrowings	8	23,181		23,181		23,181	(11,000)	12,181
Trade and other payables		35,264		35,264		35,264	(5,000)	30,264
		58,445		58,445		58,445		42,445
NET CURRENT LIABILITIES		(40,325)		(40,325)		(40,325)		(23,694)
NON-CURRENT LIABILITIES								
Deferred tax liabilities		15,641		15,641		15,641		15,641
Loans and borrowings	8	65,313		65,313		65,313		65,313
		80,954		80,954		80,954		80,954
TOTAL LIABILITIES		139,399		139,399		139,399		123,399
NET ASSETS		228,898		228,898		228,898		254,529

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INNOPRISE PLANTATIONS BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014 (CONT'D)

Minimum Scenario

	Note	Audited as at 31 December 2014 RM'000	Adjustments RM'000	Pro Forma I After Subsequent Events RM'000	Adjustments RM'000	Pro Forma II After Pro Forma I and Share Split RM'000	Adjustments RM'000	Pro Forma III After Pro Forma II and Two-Call Rights Issue RM'000
EQUITY ATTRIBUTALE TO OWNERS OF THE COMPANY								
Share capital	9	191,237		191,237		191,237	34,554	225,791
Share premium	10	1,098		1,098		1,098	(1,098)	-
Other reserve	11	806	79	885		885		885
Retained earnings	12	35,757	(79)	35,678		35,678	(7,825)	27,853
TOTAL EQUITY		228,898		228,898		228,898		254,529
TOTAL EQUITY AND LIABILITIES		368,297		368,297		368,297		377,928
Number of ordinary shares ('000)	9	191,237		191,237	191,237	382,474	69,108	451,582
Net assets per ordinary share (RM)		1.20		1.20		0.60		0.56
Borrowings		88,494		88,494		88,494	(11,000)	77,494
Gearing ratio (times)		0.39		0.39		0.39		0.30

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INNOPRISE PLANTATIONS BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014 (CONT'D)

Maximum Scenario

	Note	Audited as at 31 December 2014 RM'000	Adjustments RM'000	Pro Forma I After Subsequent Events RM'000	Adjustments RM'000	Pro Forma II After Pro Forma I and Full Exercise of ESOS Options RM'000	Adjustments RM'000	Pro Forma III After Pro Forma II and Share Split RM'000	Adjustments RM'000	Pro Forma IV After Pro Forma III and Two-Call Rights Issue RM'000
ASSETS										
NON-CURRENT ASSETS										
Property, plant and equipment	5	148,524		148,524		148,524		148,524	4,000	152,524
Biological assets	6	201,653		201,653		201,653		201,653	5,000	206,653
		350,177		350,177		350,177		350,177		359,177
CURRENT ASSETS										
Inventories		12,656		12,656		12,656		12,656		12,656
Trade and other receivables		3,322		3,322		3,322		3,322		3,322
Cash and bank balances	7	2,142		2,142	1,224	3,366		3,366	437	3,803
		18,120		18,120		19,344		19,344		19,781
TOTAL ASSETS		368,297		368,297		369,521		369,521		378,958

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INNOPRISE PLANTATIONS BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014 (CONT'D)

Maximum Scenario

	Note	Audited as at 31 December 2014 RM'000	Adjustments RM'000	Pro Forma I After Subsequent Events RM'000	Adjustments RM'000	Pro Forma II After Pro Forma I and Full Exercise of ESOS Options RM'000	Adjustments RM'000	Pro Forma III After Pro Forma II and Share Split RM'000	Adjustments RM'000	Pro Forma IV After Pro Forma III and Two-Call Rights Issue RM'000
EQUITY AND LIABILITIES										
CURRENT LIABILITIES										
Loans and borrowings	8	23,181		23,181		23,181		23,181	(18,500)	4,681
Trade and other payables		35,264		35,264		35,264		35,264	(8,000)	27,264
		58,445		58,445		58,445		58,445		31,945
NET CURRENT LIABILITIES		(40,325)		(40,325)		(39,101)		(39,101)		(12,164)
NON-CURRENT LIABILITIES										
Deferred tax liabilities		15,641		15,641		15,641		15,641		15,641
Loans and borrowings	8	65,313		65,313		65,313		65,313		65,313
		80,954		80,954		80,954		80,954		80,954
TOTAL LIABILITIES		139,399		139,399		139,399		139,399		112,899
NET ASSETS		228,898		228,898		230,122		230,122		266,059

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INNOPRISE PLANTATIONS BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014 (CONT'D)

Maximum Scenario

	Note	Audited as at 31 December 2014 RM'000	Adjustments RM'000	Pro Forma I After Subsequent Events RM'000	Adjustments RM'000	Pro Forma II After Pro Forma I and Full Exercise of ESOS Options RM'000	Adjustments RM'000	Pro Forma III After Pro Forma II and Share Split RM'000	Adjustments RM'000	Pro Forma IV After Pro Forma III and Two-Call Rights Issue RM'000
EQUITY ATTRIBUTALE TO OWNERS OF THE COMPANY										
Share capital	9	191,237		191,237	1,224	192,461		192,461	48,115	240,576
Share premium	10	1,098		1,098	885	1,983		1,983	(1,983)	-
Other reserve	11	806	79	885	(885)	-		-		-
Retained earnings	12	35,757	(79)	35,678		35,678		35,678	(10,195)	25,483
TOTAL EQUITY		228,898		228,898		230,122		230,122		266,059
TOTAL EQUITY AND LIABILITIES		368,297		368,297		369,521		369,521		378,958
Number of ordinary shares ('000)	9	191,237		191,237	1,224	192,461	192,461	384,922	96,231	481,153
Net assets per ordinary share (RM)		1.20		1.20		1.20		0.60		0.55
Borrowings		88,494		88,494		88,494		88,494	(18,500)	69,994
Gearing ratio (times)		0.39		0.39		0.38		0.38		0.26

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INNOPRISE PLANTATIONS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

1. BASIS OF PREPARATION

The Pro Forma Consolidated Statements of Financial Position of Innoprise Plantations Berhad ("Innoprise" or the "Company") and its subsidiaries ("Innoprise Group" or the "Group"), for which the Board of Directors of the Company are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited consolidated statements of financial position of the Group as at 31 December 2014, had the Corporate Exercises as described in Note 2 and the adjustments described in Note 3 been effected on that date, and should be read in conjunction with the notes thereto.

The Pro Forma Consolidated Statements of Financial Position of the Group have been properly compiled using the audited consolidated financial statements of the Group for the financial year ended ("FYE") 31 December 2014, which were prepared in accordance with Financial Reporting Standards ("FRS") and the requirements of the Companies Act, 1965 in Malaysia and in the manner consistent with both the format of the financial statements and the accounting policies of the Group.

1.1 ESOS Options

The executives' share options scheme of Innoprise was implemented on 25 May 2010 and is to be in force for a period of 10 years from the date of implementation ("ESOS Options"). Each ESOS Option entitles the option holder to exercise into one (1) new Innoprise Share.

As at the latest practicable date prior to the printing and despatch of this Abridged Prospectus ("LPD"), there are outstanding 1,224,000 ESOS Options granted which are yet to be exercised. For the preparation of the Pro Forma Consolidated Statements of Financial Position, the fair value of ESOS Options is estimated using the binomial option pricing model based on the following input or key assumptions:-

Indicative exercise price	RM1.00
Weighted average share price	RM1.32
Dividend yield	5.00%
Expected volatility of Innoprise's share price	18.28%
Risk-free interest rate	3.45%
Expected life of the ESOS Options	Five (5) years from the date of issuance of ESOS Options

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.

As the above variables are subject to change upon the ESOS Options being granted, the actual quantum of the components of the ESOS Options' fair value will only be determined upon the ESOS Options are granted. As such, the actual quantum may differ from the amount computed above.

INNOPRISE PLANTATIONS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

2. THE CORPORATE EXERCISES

The Board of Directors of the Company will undertake the following corporate exercises:-

(a) share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each in Innoprise into two (2) ordinary shares of RM0.50 each in Innoprise ("Split Share(s)") ("Innoprise Share(s)" or "Share(s)") held on an entitlement date to be determined later ("Share Split");

(b) renounceable two-call rights issue of up to 96,230,650 Split Shares after the Share Split ("Rights Share(s)") on the basis of one (1) Rights Share for every four (4) Split Shares held on an entitlement date to be determined later ("Two-Call Rights Issue"); and

(c) amendment to the Memorandum of Association of Innoprise ("Amendment").

The above are collectively referred to as the "Corporate Exercises"

3. PRO FORMA ADJUSTMENTS

The Pro Forma Consolidated Statements of Financial Position have been prepared to show the effects of the following:

(a) Additional ESOS Options granted subsequent to the FYE 31 December 2014 and up to the LPD ("Subsequent Events");

(b) Full exercise of the outstanding ESOS Options prior to the implementation of the Corporate Exercises;

(c) Share Split; and

(d) Two-Call Rights Issue.

The Amendment has no effect on the issued and paid-up share capital of the Company, earnings per share, net assets and gearing of the Group.

4. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

For illustration purposes, the effects of the Two-Call Rights Issue shall be illustrated based on the following two (2) scenarios:-

Minimum Scenario: None of the outstanding 1,224,000 ESOS Options are exercised prior to the implementation of the Corporate Exercises.

Minimum subscription of 69,107,999 Rights Shares at an issue price of RM0.50 per Rights Share, of which the first call of RM0.38 per Rights Share will be payable in cash on application and the second call of RM0.12 per Rights Share ("Second Call") is to be capitalised from the Company's share premium and retained earnings accounts.

Maximum Scenario: All of the outstanding 1,224,000 ESOS Options are exercised prior to the implementation of the Corporate Exercises.

Maximum subscription of 96,230,650 Rights Shares at an issue price of RM0.50 per Rights Share, of which the first call of RM0.38 per Rights Share will be payable in cash on application and the second call of RM0.12 per Rights Share is to be capitalised from the Company's share premium and retained earnings accounts.

4.1 Minimum Scenario

4.1.1 Pro Forma I

Pro Forma I incorporates the effects of the Subsequent Events between the date of the last audited consolidated financial statements of the Group used in preparation of this pro forma and up to the LPD. Subsequent to the FYE 31 December 2014 and up to the LPD, additional 169,000 ESOS Options were granted. The ESOS Options granted would give rise to an increase in the ESOS reserve and decrease in retained earnings by RM0.079 million, respectively.

4.1.2 Pro Forma II

Pro Forma II incorporates the cumulative effects of Pro Forma I and the Share Split. The Share Split entails the subdivision of every one (1) existing ordinary share of RM1.00 each in Innoprise into two (2) Split Shares. As at the LPD, the issued and paid-up share capital of Innoprise is RM191,237,300 comprising 191,237,300 ordinary shares of RM1.00 each in Innoprise. Accordingly, the number of shares in Innoprise will increase to 382,474,600 upon completion of the Share Split.

4.1.3 Pro Forma III

Pro Forma III incorporates the cumulative effects of Pro Forma II and the Two-Call Rights Issue and the intended utilisation of proceeds. The minimum subscription of 69,107,999 Rights Shares would give rise to an increase in the issued and paid-up share capital of Innoprise by RM34.55 million and decrease in reserves of Innoprise by RM8.29 million respectively. The minimum subscription of 69,107,999 Rights Shares will generate minimum gross proceeds of RM26.26 million.

4. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

4.1 Minimum Scenario (Cont'd)

4.1.3 Pro Forma III (Cont'd)

The pro forma has taken into consideration the effects of estimated expenses of RM630,000 in relation to the Corporate Exercises.

The gross proceeds arising from the Two-Call Rights Issue will be utilised in the following manners:

	RM'000
Repayment of bank borrowings	11,000
Plantation development expenditure	5,000
Capital expenditure	4,000
Payment to trade creditors	5,000
Working capital	631
Estimated expenses	630
	26,261

4.2 Maximum Scenario

4.2.1 Pro Forma I

Pro Forma I incorporates the effects of the Subsequent Events between the date of the last audited consolidated financial statements of the Group used in preparation of this pro forma and up to the LPD. Subsequent to the FYE 31 December 2014 and up to the LPD, additional 169,000 ESOS options were granted. The ESOS Options granted would give rise to an increase in the ESOS reserve and decrease in retained earnings by RM0.079 million respectively.

4.2.2 Pro Forma II

Pro Forma II incorporates the cumulative effects of Pro Forma I and assuming all of the 1,224,000 outstanding ESOS Options have been fully exercised prior to the Share Split. These ESOS Options are assumed to be exercised in full at an indicative exercise price of RM1.00 per Innoprise Share. Under the Maximum Scenario, the issued and paid-up share capital of Innoprise will increase to RM192,461,300 and the ESOS reserve is transferred to share premium account upon the full exercise of the outstanding 1,224,000 ESOS Options.

The full exercise of 1,224,000 outstanding ESOS Options will generate gross proceeds of RM1.22 million.

4. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

4.2 Maximum Scenario (Cont'd)

4.2.3 Pro Forma III

Pro Forma III incorporates the cumulative effects of Pro Forma II and the Share Split. The Share Split entails the subdivision of every one (1) existing ordinary share of RM1.00 each in Innoprise into two (2) Split Shares. As at the LPD, the issued and paid-up share capital of Innoprise is RM191,237,300 comprising 191,237,300 ordinary shares of RM1.00 each in Innoprise. Accordingly, the issued and paid-up share capital of Innoprise will increase to RM192,461,300 comprising 384,922,600 Split Shares upon completion of the Share Split.

4.2.4 Pro Forma IV

Pro Forma IV incorporates the cumulative effects of Pro Forma III and the Two-Call Rights Issue and the intended utilisation of proceeds. The maximum subscription of 96,230,650 Rights Shares would give rise to an increase in the issued and paid-up share capital of Innoprise by RM48.12 million and decrease in reserves of Innoprise by RM11.55 million, respectively. The maximum subscription of 96,230,650 Rights Shares will generate maximum gross proceeds of RM36.57 million.

The pro forma has taken into consideration the effects of estimated expenses of RM630,000 in relation to the Corporate Exercises.

The proceeds arising from the Two-Call Rights Issue will be utilised in the following manners:

	RM'000
Repayment of bank borrowings	18,500
Plantation development expenditure	5,000
Capital expenditure	4,000
Payment to trade creditors	8,000
Working capital	437
Estimated expenses	630
	36,567

INNOPRISE PLANTATIONS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

5. PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment are as follows:-

Minimum Scenario

	RM'000
At 31 December 2014/Pro Forma I/II	148,524
Additional capital expenditure	4,000
As per Pro Forma III	152,524

Maximum Scenario

	RM'000
At 31 December 2014/Pro Forma I/II/III	148,524
Additional capital expenditure	4,000
As per Pro Forma IV	152,524

6. BIOLOGICAL ASSETS

The movements in biological assets are as follows:-

Minimum Scenario

	RM'000
At 31 December 2014/Pro Forma I/II	201,653
Plantation development expenditure	5,000
As per Pro Forma III	206,653

Maximum Scenario

	RM'000
At 31 December 2014/Pro Forma I/II/III	201,653
Plantation development expenditure	5,000
As per Pro Forma IV	206,653

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INNOPRISE PLANTATIONS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

7. CASH AND BANK BALANCES

The movements in cash and bank balances are as follows:-

Minimum Scenario

	RM'000
At 31 December 2014/Pro Forma I/II	2,142
Arising from Two-Call Rights Issue	26,261
Repayment of bank borrowings	(11,000)
Plantation development expenditure	(5,000)
Capital expenditure	(4,000)
Payment to trade creditors	(5,000)
Estimated expenses	(630)
As per Pro Forma III	2,773

Maximum Scenario

	RM'000
At 31 December 2014/Pro Forma I	2,142
Arising from exercise of ESOS Options	1,224
As per Pro Forma II/III	3,366
Arising from Two-Call Rights Issue	36,567
Repayment of bank borrowings	(18,500)
Plantation development expenditure	(5,000)
Capital expenditure	(4,000)
Payment to trade creditors	(8,000)
Estimated expenses	(630)
As per Pro Forma IV	3,803

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8. LOANS AND BORROWINGS

The movements in loans and borrowings are as follows:-

Minimum Scenario

	RM'000
Loans and borrowings:	
- current liabilities	23,181
- non-current liabilities	65,313
At 31 December 2014/Pro Forma I/II	88,494
Repayment of bank borrowings	(11,000)
As per Pro Forma III	77,494

Maximum Scenario

	RM'000
Loans and borrowings:	
- current liabilities	23,181
- non-current liabilities	65,313
At 31 December 2014/Pro Forma I/II/III	88,494
Repayment of bank borrowings	(18,500)
As per Pro Forma IV	69,994

9. SHARE CAPITAL

The movements in share capital are as follows:-

Minimum Scenario

	No. of Ordinary Share ('000)	RM'000
At 31 December 2014/Pro Forma I	191,237	191,237
Arising from Share Split	191,237	-
As per Pro Forma II	382,474	191,237
Arising from Two-Call Rights Issue	69,108	34,554
As per Pro Forma III	451,582	225,791

Maximum Scenario

	No. of Ordinary Share ('000)	RM'000
At 31 December 2014/Pro Forma I	191,237	191,237
Arising from exercise of ESOS Options	1,224	1,224
As per Pro Forma II	192,461	192,461
Arising from Share Split	192,461	-
As per Pro Forma III	384,922	192,461
Arising from Two-Call Rights Issue	96,231	48,115
As per Pro Forma IV	481,153	240,576

INNOPRISE PLANTATIONS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

10. SHARE PREMIUM

The movements in share premium are as follows:-

Minimum Scenario

	RM'000
At 31 December 2014/Pro Forma I/II	1,098
Arising from Two-Call Rights Issue	(1,098)
As per Pro Forma III	-

Maximum Scenario

	RM'000
At 31 December 2014/Pro Forma I	1,098
Arising from exercise of ESOS Options	885
As per Pro Forma II/III	1,983
Arising from Two-Call Rights Issue	(1,983)
As per Pro Forma IV	-

11. OTHER RESERVE

The movements in other reserve are as follows:-

Minimum Scenario

	RM'000
At 31 December 2014	806
Arising from Subsequent Events	79
As per Pro Forma I/II/III	885

Maximum Scenario

	RM'000
At 31 December 2014	806
Arising from Subsequent Events	79
As per Pro Forma I	885
Arising from exercise of ESOS Options	(885)
As per Pro Forma II/III/IV	-

INNOPRISE PLANTATIONS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

12. RETAINED EARNINGS

The movements in retained earnings are as follows:-

Minimum Scenario

	RM'000
At 31 December 2014	35,757
Arising from Subsequent Events	(79)
As per Pro Forma I/II	35,678
Arising from Two-Call Rights Issue	(7,195)
Estimated expenses	(630)
As per Pro Forma III	27,853

Maximum Scenario

	RM'000
At 31 December 2014	35,757
Arising from Subsequent Events	(79)
As per Pro Forma I/II/III	35,678
Arising from Two-Call Rights Issue	(9,565)
Estimated expenses	(630)
As per Pro Forma IV	25,483

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON

EY
Building a better working world

CERTIFIED TRUE COPY
Ernst & Young (AF: 0039)
Chartered Accountants
CHONG KET VUI, DUSUN
PARTNER
08 JAN 2016

INNOPRISE PLANTATIONS BERHAD
(285072-M)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2014

Ernst & Young
AF : 0039

Company No. 285072-M

Innoprise Plantations Berhad
(Incorporated in Malaysia)

Directors

Datuk Hj. Majin Haji Ajing	- Independent Non-Executive Director/Chairman
Datuk (Dr.) Kelvin Tan Aik Pen	- Managing Director
Datuk Sam Mannan @ Sham Mannan	- Non-Independent Non-Executive Director
Datuk Jaswant Singh Kler	- Independent Non-Executive Director
Puan Ainahwati Binti Abd Sani	- Non-Independent Non-Executive Director
Datuk Hj. Othman Bin Walat	- Non-Independent Non-Executive Director
Lim Fook Hin	- Executive Director

Alternate directors

Tan Aik Kiong	- Alternate to Datuk (Dr.) Tan Aik Pen
Hj. Rosely Bin Kusip	- Alternate to Lim Fook Hin

Secretaries

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

Independent auditors
Ernst & Young

Bankers
Ambank (M) Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad

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Innoprise Plantations Berhad
(Incorporated in Malaysia)

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 the share options granted under the employer 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' 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.

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.

Innoprise Plantations Berhad
(Incorporated in Malaysia)

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.

Innoprise Plantations Berhad
(Incorporated in Malaysia)

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**

Company No. 285072-M

Innoprise Plantations Berhad
(Incorporated in Malaysia)

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 10 to 83 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 10 to 84 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 APR 2015

Lim Fook Hin

Before me,

COMMISSIONER FOR OATHS
W 400
LEONG CHEW KEONG
MALAYSIA

Suite 8-8-2, Menara Mutiara Bangsar
Jalan Liku, Off Jalan Riong
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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 10 to 83.

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.

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Independent auditors' report to the members of
Innoprise Plantations Berhad (cont'd.)
(Incorporated in Malaysia)

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.

Building a better working world

Independent auditors' report to the members of Innoprise Plantations Berhad (cont'd.)
(Incorporated in Malaysia)

Other matters

The supplementary information set out in Note 36 on page 84 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 APR 2015

Innoprise Plantations Berhad
(Incorporated in Malaysia)

Statements of comprehensive income
For the financial year ended 31 December 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 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.

Innoprise Plantations Berhad
(Incorporated in Malaysia)

Statements of financial position as at 31 December 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	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

Innoprise Plantations Berhad
(Incorporated in Malaysia)

Statements of financial position as at 31 December 2014 (continued)

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	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 reserves	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.

Innoprise Plantations Berhad
(Incorporated in Malaysia)

Statements of changes in equity
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
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

Innoprise Plantations Berhad
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 December 2014 (continued)

	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 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	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 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	7,332,064	198,725,060

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

Innoprise Plantations Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 December 2014

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**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 receivables	(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)
Cash flow 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)

Innoprise Plantations Berhad
(Incorporated in Malaysia)

Statements of cash flows (continued)
For the financial year ended 31 December 2014

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**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)	-	-
Proceeds 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 revolving 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.

Innoprise Plantations Berhad
(Incorporated in Malaysia)

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

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

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.

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.

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

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 (continued)

2.3 Standards issued but not yet effective

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.

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

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.

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.

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

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.

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

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.

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.

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

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.

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

Annual Improvements to FRSs 2010–2012 Cycle (continued)

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.

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

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.

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.

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

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. Summary of significant accounting policies (continued)

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.

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.

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation (continued)

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.

2.5 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. Summary of significant accounting policies (continued)

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. Summary of significant accounting policies (continued)

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.

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. Summary of significant accounting policies (continued)

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 (continued)

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.

2. Summary of significant accounting policies (continued)

2.12 Financial instruments – initial recognition and subsequent measurement (continued)

(a) Financial assets (continued)

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.

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.

2. Summary of significant accounting policies (continued)

2.12 Financial instruments – initial recognition and subsequent measurement (continued)

(a) Financial assets (continued)

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.

2. Summary of significant accounting policies (continued)

2.12 Financial instruments – initial recognition and subsequent measurement (continued)

(a) Financial assets (continued)

Available-for-sale (AFS) financial investments (continued)

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.

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.

2. Summary of significant accounting policies (continued)

2.12 Financial instruments – initial recognition and subsequent measurement (continued)

(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.

2. Summary of significant accounting policies (continued)

2.12 Financial instruments – initial recognition and subsequent measurement (continued)

(b) Impairment of financial assets (continued)

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.

2. Summary of significant accounting policies (continued)

2.12 Financial instruments – initial recognition and subsequent measurement (continued)

(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 (continued)

2.12 Financial instruments – initial recognition and subsequent measurement (continued)

(c) Financial liabilities (continued)

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.

2. Summary of significant accounting policies (continued)

2.12 Financial instruments – initial recognition and subsequent measurement (continued)

(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.

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. Summary of significant accounting policies (continued)

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.

2. Summary of significant accounting policies (continued)

2.17 Employee benefits (continued)

(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.

2.18 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.

2. Summary of significant accounting policies (continued)

2.18 Leases (continued)

(a) As lessee (continued)

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.

2. Summary of significant accounting policies (continued)

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.

2. Summary of significant accounting policies (continued)

2.20 Income taxes (continued)

(b) Deferred tax (continued)

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.

2.22 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. Summary of significant accounting policies (continued)

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.

3. Significant accounting judgements and estimates (continued)

Key sources of estimation uncertainty (continued)

(b) Deferred tax assets (continued)

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.

4. Revenue

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**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	-	-
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		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**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

10. Employee benefits expense

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 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

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
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

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

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	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

11. Directors' remuneration (continued)

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

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	-	-

12. Income tax expense (continued)

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	-	-

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	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**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	Group 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.

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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

14. Property, plant and equipment (continued)

Group (continued)	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 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 (continued)

	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

14. Property, plant and equipment (continued)

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	**2013**
	RM	**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	**2013**
	RM	**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 %	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.

18. Trade and other receivables

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Trade receivables				
Third parties	3,189,129	3,723,283	-	-
Related parties	507,975	223,267	-	-
	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 (continued)

(a) Trade receivables (continued)

Ageing analysis of trade receivables

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

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

18. Trade and other receivables (continued)

(a) Trade receivables (continued)

Receivables that are impaired (continued)

Movement in allowance accounts:

	Group 2014 RM	Group 2013 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 RM	Group 2013 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 bank balances

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Cash on hand and at bank	1,171,313	1,164,666	2,682	1,047,860
Fixed deposits with a licensed bank	463,959	450,000	-	-
Money market deposit	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 reporting date 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	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Cash and cash equivalents	1,171,313	1,164,666	2,682	1,047,860

20. Loans and borrowings

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**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	-	-
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	-	-

20. Loans and borrowings (continued)

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	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**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.

22. Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	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:

	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
Group					
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.

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		Amount	
	2014	2013	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	2013
	RM	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.

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(Incorporated in Malaysia)

27. Employee benefits (continued)

Employee share option plans (continued)

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 (continued)

Employee share option plans (continued)

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.

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	-

30. Related party transactions (continued)

(a) Sale and purchase of goods and services (continued)

	2014 RM	2013 RM
Company		
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.

(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.

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.

32. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

Financial assets that are neither past due nor impaired

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.

Financial assets that are either past due or impaired

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 (continued)

(b) Liquidity risk (continued)

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)

32. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

	On demand or within one year	
	2014	2013
	RM	RM
Company		
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 payables	218,817	172,169
Financial guarantee contracts	90,000,000	90,000,000
Total undiscounted financial liabilities	90,218,817	90,172,169
Total net undiscounted financial liabilities	(89,271,487)	(80,268,688)

* Based on the maximum amount that can be called for under the financial guarantee contract.

(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.

Sensitivity analysis for interest rate risk

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	
		2014	2013	2014	2013
	Note	RM	RM	RM	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
Capital 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.

Innoprise Plantations Berhad
(Incorporated in Malaysia)

34. Segment information (continued)

	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	104,201,578	49,627,892	D	139,398,971	75,686,353

34. Segment information (continued)

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.

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 RM	2013 RM	2014 RM	2013 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

Company No. 285072-M

APPENDIX V

UNAUDITED CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS OF OUR GROUP FOR THE NINE (9)-MONTH FPE 30 SEPTEMBER 2015

CERTIFIED TRUE COPY
- 8 JAN 2016
Dorothy Luk Wei Kam
Company Secretary
(MAICSA 7000414)

Innoprise Plantations

INNOPRISE PLANTATIONS BERHAD (285072-M)
(Incorporated in Malaysia)

Condensed Consolidated Income Statement
For The Quarter Ended 30 September 2015
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE YEAR TO DATE	
	Current Year Quarter 30 Sep 2015	Preceding Year Corresponding Quarter 30 Sep 2014	Current Year 9 months ended 30 Sep 2015	Preceding Year Corresponding Period 30 Sep 2014
	RM'000	RM'000	RM'000	RM'000
Revenue	30,919	13,510	82,526	43,634
Cost of sales	(18,842)	(10,911)	(51,031)	(32,146)
Gross profit	12,077	2,599	31,495	11,488
Other operating income	73	(101)	267	202
Selling Expenses	(2,120)	-	(6,171)	-
Other operating expenses	(573)	(397)	(1,670)	(1,362)
Operating profit	9,457	2,101	23,921	10,328
Finance costs	(807)	(40)	(2,742)	(86)
Interest income	15	16	30	18
Profit before tax	8,665	2,077	21,209	10,260
Income tax expense	(1,964)	(529)	(4,777)	(2,567)
Profit for the period attributable to equity holders of the company	6,701	1,548	16,432	7,693
Earnings per share attributable to equity holders of the Company:	Sen	Sen	Sen	Sen
Basic	3.50	0.81	8.59	4.04
Diluted	3.48	0.80	8.54	4.01

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

Innoprise Plantations

INNOPRISE PLANTATIONS BERHAD (285072-M)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Comprehensive Income
For The Quarter Ended 30 September 2015
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE YEAR TO DATE	
	Current Year Quarter 30 Sep 2015	Preceding Year Corresponding Quarter 30 Sep 2014	Current Year 9 months ended 30 Sep 2015	Preceding Year Corresponding Period 30 Sep 2014
	RM'000	RM'000	RM'000	RM'000
Profit for the period	6,701	1,548	16,432	7,693
Other comprehensive income	-	-	-	-
Total comprehensive income for the period attributable to equity holders of the company	**6,701**	**1,548**	**16,432**	**7,693**

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Financial Position
As at 30 September 2015

	(Unaudited) End of Current Quarter 30 Sep 2015	(Audited) Preceding Financial Year Ended 31 Dec 2014
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	151,515	148,524
Biological asset	211,934	201,653
	363,449	350,177
Current Assets		
Inventories	10,122	12,656
Trade receivables	3,732	508
Other receivables	2,819	2,814
Fixed deposits with licensed bank	476	464
Money market deposits	1,000	507
Cash and bank balances	573	1,171
	18,722	18,120
TOTAL ASSETS	382,171	368,297
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	191,237	191,237
Share premium	1,098	1,098
Capital Reserves	886	806
Retained profits	52,189	35,757
Total equity	245,410	228,898

Condensed Consolidated Statement of Financial Position
As at 30 September 2015 (Cont'd)

	(Unaudited) End of Current Quarter 30 Sep 2015	(Audited) Preceding Financial Year Ended 31 Dec 2014
	RM'000	RM'000
EQUITY AND LIABILITIES (CONT'D)		
Non-current liabilities		
Deferred tax liabilities	20,384	15,641
Loans and borrowings	56,602	65,313
	76,986	80,954
Current liabilities		
Trade payables	4,692	13,282
Other payables	17,745	21,982
Loans and borrowings	37,304	23,181
Current tax payable	34	-
	59,775	58,445
Total liabilities	136,761	139,399
TOTAL EQUITY AND LIABILITIES	382,171	368,297

The Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Changes in Equity
For the Financial Quarter ended 30 September 2015

	Share capital	Share premium	Other reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	191,237	1,098	806	35,757	228,898
Share options granted under ESOS					
- Recognised in income statement	-	-	14	-	14
- Included in investments in subsidiary	-	-	66	-	66
Total comprehensive income for the period	-	-	-	16,432	16,432
At 30 September 2015	191,237	1,098	886	52,189	245,410
At 1 January 2014	189,634	215	1,544	28,191	219,584
Exercise of employee share option	1,603	909	(909)	-	1,603
Share options granted under ESOS					
- Recognised in income statement	-	-	56	-	56
- Included in investments in subsidiary	-	-	59	-	59
Total comprehensive income for the period	-	-	-	7,693	7,693
At 30 September 2014	191,237	1,124	750	35,884	228,995

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Cash Flows
For the Quarter ended 30 September 2015

	9 months ended 30 September 2015 RM'000	12 months ended 31 December 2014 RM'000
Operating activities		
Profit before tax	21,209	10,217
Adjustment for :-		
Depreciation of property, plant and equipment	3,925	861
Property, plant and equipment written off	1	12
Inventories written off	-	22
Interest received	(30)	(25)
Interest expense	3,732	996
Share options granted under ESOS	80	22
Impairment on trade receivables	-	2,835
Total adjustments	7,708	4,723
Operating cash flows before changes in working capital	28,917	14,940
Changes in working capital:		
Decrease in inventories	2,534	676
Increase in receivables	(3,229)	(900)
(Decrease)/increase in payables	(12,827)	9,332
Total changes in working capital	(13,522)	9,108
Cash generated from operating activities	15,395	24,048
Interest received	30	25
Interest paid	(4,313)	(3,975)
Net cash generated from operating activities	11,112	20,098
Investing activities		
Placement of money market deposits	(505)	(507)
Placement of pledged fixed deposits	-	(14)
Purchase of property, plant and equipment	(4,762)	(52,074)
Plantation development expenditure	(8,826)	(20,474)
Net cash used in investing activities	(14,093)	(73,069)
Financing activities		
Net (repayment)/drawdown of invoice financing	(1,110)	2,287
Net (repayment)/drawdown of term loans	(3,000)	35,255
Net drawdown of revolving credit	7,000	14,000
Repayment of hire purchase liabilities	(507)	(164)
Share issuance expense	-	(4)
Proceeds from exercise of employee share options	-	1,603
Net cash flows from financing activities	2,383	52,977
Net (decrease)/increase in cash and cash equivalents	(598)	6
Cash and cash equivalents at beginning of year	1,171	1,165
Cash and cash equivalents at end of period	573	1,171

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

A. EXPLANATORY NOTES PURSUANT TO FRS 134

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and should be read in conjunction with the Group's audited financial statement for the financial year ended 31 December 2014.

These explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2014.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2014, except for the adoption of the following new/revised FRSs and amendments to FRSs:

	Effective for annual periods beginning on or after
Amendments to FRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to FRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to FRSs 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

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

	Effective for annual periods beginning on or after
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

The adoption of the above revised FRSs, IC Interpretation and Amendments do not have any significant financial impact on the Group.

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 venture (herein called 'Transitioning Entities').

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

Malaysian Financial Reporting Standards (MFRS Framework) (cont'd)

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 these 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.

Biological assets

All direct expenses incurred in land preparation, planting, estate administrative and maintenance of plantations 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 amortized and are measure at cost less accumulated impairment losses. Palm trees are considered mature upon reaching 36 months after planting.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2014 was not qualified.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

4. SEGMENTAL INFORMATION

Business segments

	Cumulative Quarter ended 30 September 2015		
	Timber	Plantations	Consolidated
	RM'000	RM'000	RM'000
Segment Revenue	20,330	62,196	82,526
Segment Results	5,824	15,516	21,340
Other income			297
Unallocated expenses			(428)
Profit before taxation			21,209
Income tax			(4,777)
Cumulative profit up to 30 Sep 2015			16,432
OTHER INFORMATION			
Segments Assets	1,324	380,584	381,908
Unallocated assets			263
Consolidated Assets			382,171
Segments Liabilities	-	116,377	116,377
Unallocated liabilities			20,384
Consolidated Liabilities			136,761

5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE, OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 30 September 2015.

6. CHANGES IN ESTIMATES

There were no changes in estimates that had a material effect in the current quarter results.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

7. SEASONAL OR CYCLICAL FACTORS
The Group's operations were not materially affected by any seasonal or cyclical factors.

8. DIVIDENDS PAID
No dividends were paid out during the current quarter.

9. CARRYING AMOUNT OF PROPERTY, PLANT AND EQUIPMENT
There were no brought forward valuations of property, plant and equipment from the financial year ended 31 December 2014 and there were no valuations of property, plant and equipment carried out during the financial period ended 30 September 2015.

10. DEBT AND EQUITY SECURITIES
There were no issuances, cancellations, repurchases, resale, and repayments of debt and equity securities during the financial period ended 30 September 2015.

11. CHANGES IN THE COMPOSITION OF THE GROUP
There were no changes in the composition of the Group during the current financial quarter.

12. DISCONTINUED OPERATION
There were no discontinued operations for the Group during the current financial quarter.

13. CAPITAL COMMITMENTS
The commitments for the oil palm plantation development not provided for in the interim financial statements as at 30 September 2015 are as follows:

	2015
Capital expenditure:	RM'000
Property, plant and equipment:	
Approved and contracted for	5,808

14. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets and contingent liabilities at the end of this quarter and as at the date of this report.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

15. 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 continuing losses approximately RM14,631,516 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 RM14,631,516 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 were commenced on 20 April 2015 and completed on 6 June 2015. On 21 July 2015, the respective parties have exchanged the Reply Submission and pending Arbitrator to fix the tentative date to consider the decision and make a ruling.

Arbitration hearings took place in July 2015 and decision of the Arbitrator is expected within the next 3 months.

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.

16. MATERIAL RELATED PARTY TRANSACTIONS

Group	**2015** RM'000
Trade transactions	
Transaction with a related party:	
Log extraction contract fee from Rakyat Berjaya Sdn. Bhd.	20,330
Rental paid to TSH Resources Bhd., a company in which a director of the Company has an interest.	68
Purchase of vehicle from TSH Plantation Management Sdn. Bhd.	158
Sale of oil palm seedlings to Rinukut Sdn. Bhd.	692
Sales of Crude Palm Oil to TSH-Wilmar Sdn. Bhd.	56,760
Sales of Palm Kernel to TSH-Wilmar Sdn. Bhd.	5,427
Company	
Trade transaction	
Management fees charged to subsidiary	
- Serijaya Industri Sdn. Bhd.	270

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

17. MATERIAL EVENTS SUBSEQUENT TO THE END OF PERIOD REPORTED

There were no material events subsequent to the end of the period that have not been reflected in the financial statements for the period.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. PERFORMANCE REVIEW

The Group recorded a turnover of RM30.919 million for the current quarter ended 30 September 2015 representing an increase of 129% as compared to RM13.510 million for the preceding financial year corresponding quarter. The performance was mainly attributable to the increase in production of FFB by 32% and the production of CPO and PK. Palm oil mill has contributed sales of CPO and PK by RM19.256 million and RM1.662 million respectively, which is an increase of 83% compared to the sale of FFB for preceding financial year corresponding quarter. Higher logs extraction volume also contributed to increase in revenue.

Profit before tax for the current quarter ended 30 September 2015 was RM8.665 million as compared to RM2.077 million in the preceding financial year corresponding quarter. The increase was due to higher production of FFB by 32% and profit contribution from sales of CPO and PK. Higher logs extraction volume also contributed to increase in profit before tax.

For the cumulative nine months, the Group recorded turnover of RM82.526 million against RM43.634 million for the preceding year corresponding period. Profit before tax was RM21.209 million compared to RM10.260 million for the corresponding nine months. The improvement was attributed to higher FFB crop and higher log extraction volume of 132,013 cubic meter against 39,402 cubic meter for the preceding year corresponding nine months.

2. MATERIAL CHANGES IN PROFIT BEFORE TAXATION

Profit before tax for the current quarter was RM8.665 million which was lower as compared to profit before tax of RM9.761 million achieved in the immediate preceding quarter. The decrease was due to decrease in FFB production by 5% and lower CPO and PK selling prices of 7% and 11% respectively.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

3. PROSPECT FOR 2015

The Board of Directors is confident of achieving reasonable profitability as oil palm segment is expected to contribute positively in 2015 with higher FFB yield and higher production of CPO and PK in the coming quarter which will reduce unit cost of production.

Logging activities will continue to contribute to group profitability in 2015.

4. PROFIT FORECAST OR PROFIT GUARANTEE

There were no profit forecasts or profit guarantees released to the public.

5. INCOME TAX EXPENSE

	INDIVIDUAL QUARTER		CUMULATIVE YEAR TO DATE	
	Current Year Quarter 30 Sep 2015	Preceding Year Corresponding Quarter 30 Sep 2014	Current Year 9 months ended 30 Sep 2015	Preceding Year Corresponding Period 30 Sep 2014
	RM'000	RM'000	RM'000	RM'000
Current year tax:				
Malaysian income tax	34	-	34	-
Deferred tax	1,930	529	4,743	2,567
	1,964	529	4,777	2,567
(Over)/underprovided in prior years:				
Malaysian income tax	-	-	-	-
Deferred tax	-	-	-	-
Total	1,964	529	4,777	2,567

6. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no sales/disposals of unquoted investments and properties during the current financial quarter and period ended 30 September 2015.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

7. QUOTED SECURITIES

a) There was no purchase and sale of quoted securities for the current financial quarter ended 30 September 2015.

b) There was no investment in quoted shares as at 30 September 2015.

8. STATUS OF CORPORATE PROPOSALS

On 9 October 2015, RHB Investment Bank Berhad announced on behalf of the Company proposals to undertake the followings:-

(i) Proposed share split involving the subdivision of every one (1) existing ordinary share of RM1 each in the Company into two (2) ordinary shares of RM0.50 each in the Company ("Proposed Share Split");

(ii) Proposed renounceable two-call rights issue of up to 96,230,650 Split Shares after the proposed share split ("Right Share(s)") on the basis of one (1) rights share for every four (4) existing shares held on an entitlement date to be determined later; and

(iii) Proposed amendment to the Memorandum of Association of the Company.

The above corporate proposals have yet to be completed.

9. UTILISATION OF PROCEEDS

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

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

10. LOANS AND BORROWINGS

	As at end of current quarter 30 Sep 2015 RM'000	As at 31 Dec 2014 RM'000
Short term borrowings		
Secured;		
- Invoice financing	2,527	3,637
- Revolving credit	21,000	14,000
- Term loans	12,750	5,281
- Hire purchase creditor	1,027	263
	37,304	23,181
Long term borrowings		
Secured		
- Term loans	54,250	64,719
- Hire purchase creditor	2,352	594
	56,602	65,313
Total borrowings		
Secured		
- Invoice financing	2,527	3,637
- Term loans	67,000	70,000
- Revolving credit	21,000	14,000
- Hire purchase creditor	3,379	857
	93,906	88,494

All borrowings are denominated in Ringgit Malaysia.

11. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 30 September 2015.

12. DIVIDEND PAYABLE

No interim ordinary dividend has been declared for the financial period ended 30 September 2015 (30 September 2014: Nil).

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

13. EARNINGS PER SHARE

(a) Basic earning per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the year:

	INDIVIDUAL QUARTER		CUMULATIVE YEAR TO DATE	
	Current Year Quarter 30 Sep 2015	Preceding Year Corresponding Quarter 30 Sep 2014	Current Year 9 months ended 30 Sep 2015	Preceding Year Corresponding Period 30 Sep 2014
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	6,701	1,548	16,432	7,693
Weighted average number of ordinary shares in issue ('000)	191,237	191,725	191,237	190,339
	Sen	Sen	Sen	Sen
Basic earnings per share	3.50	0.81	8.59	4.04

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

13. EARNINGS PER SHARE (Cont'd)

(b) Diluted earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE YEAR TO DATE	
	Current Year Quarter 30 Sep 2015	Preceding Year Corresponding Quarter 30 Sep 2014	Current Year 9 months ended 30 Sep 2015	Preceding Year Corresponding Period 30 Sep 2014
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	6,701	1,548	16,432	7,693
Weighted average number of ordinary shares in issue ('000)	191,237	191,725	191,237	190,339
Effect of ESOS ('000)	1,224	1,547	1,133	1,566
Weighted average number of ordinary shares in issue ('000)	192,461	193,272	192,370	191,905
	Sen	Sen	Sen	Sen
Diluted earnings per share	3.48	0.80	8.54	4.01

The diluted earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

The share options was calculated based on the number of shares which would have been acquired at the market price (average annual share price of the company's share) based on the monetary value of the subscription rights attached to the outstanding share options. No adjustment is made to the net profit attributable to shareholders for the share options calculations.

14. AUTHORISATION FOR ISSUE

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 27 November 2015.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

C. DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES.

Total unappropriated profit as at 30 September 2015 and 31 December 2014 is analysed as follows:

	As at end of current quarter 30 Sep 2015 RM'000	As at end of preceding year 31 Dec 2014 RM'000
Total unappropriated profit of the Company and its subsidiary		
- Realised	75,723	54,278
- Unrealised	(20,384)	(15,641)
	55,339	38,637
Consolidation adjustments	(3,150)	(2,880)
Total Group accumulated profits as per consolidated accounts	52,189	35,757

DIRECTORS' REPORT

Innoprise Plantations

INNOPRISE PLANTATIONS BERHAD
(Company No. 285072 - M)
6th Floor, Menara Tun Mustapha, Teluk Likas, P. O. Box 11623, 88817 Kota Kinabalu, Sabah.
Tel : 088-326415, 088-376413 Fax : 089-432104; E-mail : admin@innoprise.com.my

Registered Office:

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

Date: 13 JAN 2016

To: The Shareholders of Innoprise Plantations Berhad ("Innoprise" or the "Company")

On behalf of the Board of Directors of Innoprise ("Board"), I wish to report that after making due enquiries in relation to Innoprise and its subsidiary companies ("Group") during the period between 31 December 2014, being the date to which the latest audited consolidated financial statements have been made up, and the date of this letter, being a date not earlier than 14 days before the date of this Abridged Prospectus:-

(a) In the opinion of the Board, the business of our Group has been satisfactorily maintained;

(b) In the opinion of the Board, no circumstances have arisen since the latest audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;

(c) The current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) Save as disclosed in this Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;

(e) There has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/ or principal sums in relation to any borrowings in our Group since the latest audited consolidated financial statements of our Group; and

(f) Save as disclosed in this Abridged Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of our Group since the latest audited consolidated financial statements of our Group.

Yours faithfully
For and on behalf of the Board of
INNOPRISE PLANTATIONS BERHAD

LIM FOOK HIN
Executive Director

ADDITIONAL INFORMATION

1. SHARE CAPITAL

i. Save for the Rights Shares, no other securities in our Company will be allotted or issued on the basis of this Abridged Prospectus later than 12 months after the date of this Abridged Prospectus.

ii. As at the LPD, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely the ordinary shares of RM0.50 each.

iii. As at the LPD, save for the Provisional Allotment pursuant to the Two-Call Rights Issue and the ESOS Options to be granted, no person has been or is entitled to be given an option to subscribe for any shares or stocks of our Company or our subsidiary companies. For the avoidance of doubt, as at the LPD, no further ESOS Options have been granted.

iv. All the Rights Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Innoprise Shares, save and except that such Shares will not be entitled to any dividends, rights, allotments and/ or other forms of distribution that may be declared for which the entitlement date precedes the date of allotment and issuance of such Shares.

v. Save for the 1,603,000 ordinary shares of RM1.00 issued pursuant to the ESOS Options exercised on 3 June 2014, as at the LPD, none of the securities of our Group have been issued or agreed to be issued either as fully or partly paid-up in cash or otherwise within two (2) years immediately preceding the date of this Abridged Prospectus.

2. DIRECTORS' REMUNERATION

The provisions in our Articles of Association in relation to the remuneration of our Directors are set out below:-

Article 99

The Directors shall be paid by way of remuneration for their services such fixed sum (if any) as shall from time to time be determined by the Company in general meeting, and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine. PROVIDED always that:-

(a) Fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;

(b) Salaries payable to Directors who do not hold an executive office in the Company may not include a commission on or percentage of turnover;

(c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and

(d) any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 100

(1) The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending board meetings of the Company.

(2) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Company in general meeting and such remuneration may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the Directors. Extra remuneration payable to non-executive Directors(s) shall not include a commission or percentage of turnover or profits.

3. MATERIAL CONTRACTS

As at the LPD, our Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two (2) years preceding the date of this Abridged Prospectus.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, as at the LPD, our Group has not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and there is no proceedings pending or threatened against our Group, or any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of our Group:-

Serijaya Industri Sdn Bhd ("Serijaya"), our wholly-owned subsidiary company, had initiated a claim against Asiatic Lumber Industries Sdn Bhd ("ALISB") for the breach of a Log Extraction Sub-Contract dated 13 January 2006 made between Serijaya and ALISB ("the Sub-Contract") for a total sum of RM14,631,515.96 arising from ALISB's failure to fulfil its obligation under the Sub-Contract. This amount was not disputed by ALISB. However, ALISB had alleged in its defence that its failure to meet the annual target was due to a new or change of government policy, where under the Sub-Contract, ALISB should not be liable for failing to meet its annual target.

Besides its defence to Serijaya's claim, ALISB had made a counterclaim for the sum of RM47,638,833.04.

The Points of Claim have been filed by both parties on 3 June 2014. ALISB had filed its Amended Defence and Counterclaim on 17 February 2015 while Serijaya had filed its Amended Reply and Defence to Counterclaim on 2 March 2015. The arbitration proceedings were held from 20 to 23 April 2015, 28 April 2015 to 29 April 2015, on 8 May 2015 and 10 June 2015. As at the LPD, the parties are currently awaiting the decision from the arbitrator.

Both parties have agreed on the fixed costs of RM230,000.00 which includes the arbitrator's fees, both parties' respective solicitors' fees, hire of the arbitration venue and other disbursements or expenses for the successful party in respect of both the Statement of Claim and Counterclaim. In the event that either party is successful in only one of the claims, there shall be no order as to costs and each party would bear its own costs.

The solicitors for Serijaya are of the opinion that Serijaya has a reasonably good chance of success in the arbitration proceedings because Serijaya had adduced sufficient and adequate evidence to succeed in its claim and that ALISB does not have a good case in its counterclaim and at most, a limited prospect of success for part of its counterclaim.

5. GENERAL

i. As at the LPD, there is no other existing or proposed service contract (contract for services) entered into or to be entered into between our Group and our Directors, other than those which are expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.

ii. Save as disclosed in Sections 6, 7 and 9 of this Abridged Prospectus, and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:-

a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group;

b) material commitments for capital expenditure of our Group, the purpose of such commitments and the source of funding;

c) unusual, infrequent events or transactions or significant economic changes which materially affected the amount of reported income from operations and the extent to which income was so affected;

d) known trends or uncertainties which have had, or will have, a material favourable or unfavourable impact on our Group's revenue or operating income;

e) substantial increase in revenues; and

f) material information, including special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

6. CONSENTS

Our Principal Adviser, Company Secretaries, Share Registrar, Principal Bankers, Due Diligence Solicitors for the Two-Call Rights Issue, Bloomberg Finance LP and Malaysian Timber Industry Board have given and have not subsequently withdrawn their written consents to the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Our Auditors have given and have not subsequently withdrawn their written consent to the inclusion in this Abridged Prospectus of its name, the audited consolidated financial statements of our Group for the FYE 31 December 2014 together with the auditors' report thereon and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Our Reporting Accountants have given and have not subsequently withdrawn their written consent to the inclusion in this Abridged Prospectus of its name, the proforma consolidated statements of financial position of our Group as at 31 December 2014 together with the reporting accountants' report thereon and all references thereto in the form and context in which they appear in this Abridged Prospectus.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at 6th Floor, Menara Tun Mustapha, Likas Bay, 88400 Kota Kinabalu, Sabah, during normal business hours (except public holidays) for a period of 12 months from the date of this Abridged Prospectus:-

i. Memorandum and Articles of Association of our Company;

ii. Audited consolidated financial statements of our Group for the past two (2) financial years up to the FYE 31 December 2014;

iii. Latest unaudited consolidated quarterly financial statements of our Group for the nine (9)-month FPE 30 September 2015;

iv. The Reporting Accountants' letter on the adequacy of reserves pursuant to the Two-Call Rights Issue, as set out in Section 2.2 of this Abridged Prospectus;

v. The proforma consolidated statements of financial position of our Group as at 31 December 2014 together with reporting accountants' report thereon, as set out in Appendix III of this Abridged Prospectus;

vi. The irrevocable undertaking letters referred to in Section 5 of this Abridged Prospectus;

vii. The Directors' Report, as set out in Appendix VI of this Abridged Prospectus;

viii. The letters of consent referred to in Section 6 of this Appendix VII; and

ix. The relevant cause papers in respect of the material litigation referred to in Section 4 above.

8. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with the NPA and the RSF have been seen and approved by our Board. They collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make any statement herein false or misleading.

RHBIB, being the Principal Adviser for the Two-Call Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Two-Call Rights Issue.