

LAPORAN TAHUNAN ANNUAL REPORT

20
06



Far East Holdings Berhad
(14809-W)



kandungan

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notis mesyuarat agung tahunan

DENGAN INI DIBERITAHU BAHAWA Mesyuarat Agung Tahunan pemegang-pemegang saham yang ke 33 FAR EAST HOLDINGS BERHAD ("Syarikat") akan diadakan di Hyatt Regency Kuantan Resort, Kuantan, Pahang Darul Makmur pada hari Rabu, 20 Jun 2007 jam 10.00 pagi untuk menimbang transaksi-transaksi yang berikut:

AGENDA

A Urusan Biasa

1. Menerima dan menimbang Akaun bagi tahun kewangan berakhir 31 Disember 2006 berserta Laporan Pengarah dan Juruaudit mengenainya.

(Resolusi Biasa 1)

2. Meluluskan pembayaran dividen akhir sebanyak 7.0 sen sesaham tolak 27% cukai pendapatan Malaysia dan 3.0 sen sesaham dikecualikan cukai bagi tahun kewangan berakhir 31 Disember 2006, seperti yang disyorkan oleh Lembaga Pengarah.

(Resolusi Biasa 2)

3. Untuk memilih semula Pengarah-Pengarah berikut yang bersara menurut Artikel 97 Tataurusan Syarikat:

- i. Mr Tee Kim Tee @ Tee Ching Tee

(Resolusi Biasa 3)

- ii. Mr Tee Lip Hian

(Resolusi Biasa 4)

4. Meluluskan pembayaran ganjaran Pengarah-Pengarah bagi tahun kewangan berakhir 31 Disember 2006.

(Resolusi Biasa 5)

5. Melantik semula Tetuan Ash'ariCheong, sebagai Juruaudit Syarikat dan memberi kuasa kepada Lembaga Pengarah untuk menetapkan bayaran mereka.

(Resolusi Biasa 6)

B Sebagai Urusan Khas

Bagi tujuan mempertimbangkan dan jika difikirkan wajar meluluskan resolusi-resolusi berikut:

6. Cadangan Pindaan Tataurusan Syarikat.
"Dengan ini cadangan pemansuhan, pindaan,

pengubahsuaian dan penambahan kepada Tataurusan Syarikat seperti yang dinyatakan di dalam Apendiks A, Bahagian B Pekeliling kepada Pemegang Saham bertarikh 28 Mei 2007 diluluskan dan di terimapakai.

Dan dengan ini Lembaga Pengarah dan/atau Setiausaha Syarikat diberi kuasa untuk mengambil tindakan sewajarnya di atas Cadangan Pindaan Tataurusan Syarikat seperti pindaan yang di luluskan"

(Resolusi Khas 7)

7. Kuasa diberi kepada Lembaga Pengarah untuk menerbitkan Saham Berkaitan Skim Opsyen Saham Kakitangan.

"Dengan ini sejajar Skim Opsyen Saham Kakitangan ("ESOS") Far East Holdings Berhad [Skim] yang di luluskan pada Mesyuarat Agung Luarbiasa Syarikat yang diadakan pada 29 Disember 2001 dan selepas itu pada 2 April 2007, kelulusan dan kuasa diberikan kepada Lembaga Pengarah berkaitan Seksyen 132D Akta Syarikat 1965 untuk menerbitkan saham syarikat pada bila-bila masa dan tertakluk kepada syarat dan terma Skim".

(Resolusi Biasa 8)

8. Cadangan Penawaran Opsyen Kepada Mr Tee Lip Hian, Lembaga Pengarah Syarikat.

"Dengan ini Jawatankuasa ESOS yang di lantik oleh Lembaga Pengarah untuk mengendalikan Skim ESOS di beri kuasa untuk menawarkan kepada Mr Tee Lip Hian, sebagai Lembaga Pengarah syarikat, opsyen untuk melanggan sehingga maksimum 150,000 saham baru syarikat, tertakluk kepada terma dan syarat berkaitan Skim ESOS"

(Resolusi Biasa 9)

9. Cadangan Pembaharuan Mandat Pemegang-Pemegang Saham berkenaan Transaksi Berulang dengan Pihak Berkaitan yang bersifat Pendapatan.

"Bahawa mandat yang diberikan oleh pemegang-pemegang saham Syarikat pada 2 Jun 2006 tertakluk kepada perenggan 10.09 Syarat-Syarat Penyenaraian Bursa Malaysia Securities Berhad, memberikuasa kepada Syarikat untuk menyertai transaksi berulang yang bersifat pendapatan seperti yang dinyatakan di perenggan 2.1 Pekeliling kepada pemegang saham yang bertarikh 28 Mei 2007 (Pekeliling) dengan pihak yang berkaitan yang menyatakan di mana perlu untuk operasi seharian Syarikat, dengan ini diperbaharui.

Dengan ini Syarikat diberikuasa untuk menyertai transaksi berulang dengan pihak berkaitan yang disebutkan tertakluk transaksi tersebut dibuat dalam urusan biasa perniagaan dan terma biasa yang tidak memberi keutamaan kepada pihak berkaitan melainkan apa yang ada pada pihak tidak berkaitan dan tidak menyentuh hak pemegang saham minoriti Syarikat; dan

Lembaga Pengarah memohon kelulusan pemegang-pemegang saham untuk memperbaharui Cadangan Mandat Tahunan Pemegang-Pemegang Saham tertakluk kepada penilaian yang memuaskan oleh Jawatankuasa Audit yang menunjukkan aplikasi berterusan kepada pihak yang berminat dengan transaksi tersebut. Dengan ini, jika diluluskan pada Mesyuarat Agung ini, kelulusan itu akan berterusan sehingga:

- a. penamatan Mesyuarat Agung akan datang melainkan resolusi diluluskan di Mesyuarat Agung Tahunan untuk memperbaharui mandat ini;
- b. penamatan tempoh di mana Mesyuarat Agung Tahunan yang akan datang perlu diadakan sejajar dengan Seksyen 143(1) Akta (tetapi tidak dilanjutkan ke suatu tempoh yang mungkin dibenarkan sejajar Seksyen 143(2) Akta); atau
- c. dibatalkan atau diubah melalui resolusi yang diluluskan pada Mesyuarat Agung Tahunan atau Mesyuarat Agung Luarbiasa, mana-mana yang terdahulu.

Dengan ini Lembaga Pengarah Syarikat diberikuasa untuk menyiapkan dan mengambil tindakan sewajarnya di atas Cadangan Memperbaharui

Mandat Transaksi Berulang dengan Pihak Berkaitan."

(Resolusi Biasa 10)

10. Untuk melaksanakan lain-lain urusan biasa perniagaan yang mana notis sewajarnya telahpun diberikan.

KELAYAKAN DAN PEMBAYARAN DIVIDEN

DENGAN INI DIBERITAHU BAHAWA dividen akhir sebanyak 7.0 sen sesaham tolak 27% cukai pendapatan Malaysia dan 3.0 sen dikecualikan cukai bagi tahun kewangan berakhir 31 Disember 2006, jika diluluskan oleh pemegang saham di Mesyuarat Agung Tahunan, akan dibayar pada 27 Julai 2007 kepada para pemegang saham yang nama-nama mereka terdapat di dalam Rekod Pendeposit Syarikat semasa tutup perniagaan pada 6 Julai 2007.

Seorang pendeposit adalah layak untuk menerima dividen hanya berhubung dengan;

- a) Saham-saham yang dipindahmilik kepada Akaun Sekuriti Pendeposit sebelum jam 4.00 petang pada 6 Julai 2007 berkenaan pemindahan; dan
- b) Saham-saham yang dibeli di Bursa selaras dengan kelayakan asas tertakluk kepada syarat-syarat Bursa.

Dengan Perintah Lembaga Pengarah

ASMIN BINTI YAHYA (MIA 10161)
NOOR ANISAH BINTI SABARUDIN (LS 0008153)
Setiausaha-Setiausaha Syarikat

Kuantan, Pahang Darul Makmur
28 Mei 2007

notis mesyuarat agung tahunan

Nota:

1. Proksi berkemungkinan tetapi tidak semestinya seorang ahli syarikat dan Peruntukan Seksyen 149(1)(b) Akta Syarikat 1965 tidak diterimapakai oleh syarikat.
 2. Borang proksi ini mestilah diserahkan kepada Pejabat Berdaftar Syarikat, Suite 5 & 6, Tingkat 8, Kompleks Teruntum, Jalan Mahkota, 25000 Kuantan, Pahang Darul Makmur tidak lewat daripada empat puluh lapan jam (48) sebelum masa yang ditetapkan untuk mengadakan mesyuarat.
 3. Seorang ahli yang berhak menghadiri dan mengundi dalam mesyuarat ini adalah berhak melantik seorang proksi bagi setiap akaun sekuriti yang ada.
 4. Seorang ahli melainkan nominee yang diberikuasa adalah layak melantik tidak lebih dari dua proksi untuk menghadiri dan mengundi pada mesyuarat yang sama.
 5. Jika seorang ahli melantik lebih dari seorang proksi, perlantikan itu tidak sah melainkan dinyatakan setiap proksi mewakili berapa kepentingan sahamnya.
 6. Jika yang melantik sebuah perbadanan borang proksi mestilah dimeteri dengan cop mohor atau ditandatangani oleh peguam atau pegawai perbadanan tersebut.
3. **Resolusi Biasa 9 – Cadangan Penawaran Opsyen**
Resolusi Biasa 9, jika diluluskan memberi kuasa kepada Jawatankuasa ESOS untuk menawarkan opsyen kepada Mr Tee Lip Hian, Lembaga Pengarah Syarikat.
 4. **Resolusi Biasa 10 – Cadangan Mandat untuk Transaksi Berulang dengan pihak berkaitan**
Resolusi Biasa 10 yang dicadangkan, jika diluluskan, membolehkan Syarikat membuat transaksi Berulang dengan pihak Berkaitan untuk operasi seharian Syarikat tertakluk transaksi secara biasa dibuat dan tidak menyentuh hak pemegang saham minoriti Syarikat. Untuk maklumat lanjut, sila rujuk Pekeliling kepada Pemegang Saham bertarikh 28 Mei 2007 yang diedarkan bersama Laporan Tahunan Syarikat untuk tahun kewangan berakhir 31 Disember 2006.

Nota Penjelasan Untuk Urusan Khas:

1. **Resolusi Khas 7 – Pindaan Kepada Tataurusan Syarikat**
Resolusi Khas 7, jika diluluskan, akan menerimapakai pindaan yang terkini Syarat Penyenaraian Bursa Malaysia Securities Berhad. Pindaan ini juga untuk mengemaskini dan menerimapakai praktik terkini Tataurusan syarikat. Maklumat lanjut dinyatakan dalam Pekeliling kepada Pemegang Saham Bertarikh 28 Mei 2007 yang diedarkan bersama Laporan Tahunan ini.
2. **Resolusi Biasa 8 – Kuasa Kepada Pengarah Untuk menerbitkan Saham berkaitan ESOS**
Resolusi Biasa 8 yang dicadangkan, jika diluluskan, memberi kuasa kepada Lembaga Pengarah untuk menerbitkan Saham Syarikat tertakluk kepada syarat dan terma Skim Opsyen Saham Kakitangan yang telah diluluskan pada Mesyuarat Agung Luarbiasa bertarikh 29 Disember 2001 dan 2 April 2007.

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the 33rd Annual General Meeting of FAR EAST HOLDINGS BERHAD ("the Company") will be held at Hyatt Regency Kuantan Resort, Kuantan, Pahang Darul Makmur on Wednesday, 20 June 2007, at 10.00 a.m. to transact the following businesses:

A G E N D A

A Ordinary Business

1. To receive and adopt the Audited Financial Statement for the financial year ended 31 December 2006 together with the Directors and Auditors' Reports thereon.

(Ordinary Resolution 1)

2. To approve the payment of a final dividend of 7.0 sen per share less 27% Malaysian Income Tax and 3.0 sen per share tax exempt for the financial year ended 31 December 2006 as recommended by Directors.

(Ordinary Resolution 2)

3. To re-elect the following Directors retiring under Article 97 of the Company's Articles of Association:

- i. Mr Tee Kim Tee @ Tee Ching Tee

(Ordinary Resolution 3)

- ii. Mr Tee Lip Hian

(Ordinary Resolution 4)

4. To approve the payment of Directors' fees for the financial year ended 31 December 2006.

(Ordinary Resolution 5)

5. To re-appoint Messrs Ash'ariCheong as auditors and to authorise the Directors to fix their remuneration.

(Ordinary Resolution 6)

B As Special Business

To consider and, if thought fit, to pass the following resolutions:

6. Proposed Amendments To The Articles of Association

"That the proposed deletions, alterations, modifications and additions to the Articles of Association of the Company as set out in the Appendix A of Part B in the Circular to Shareholders dated 28 May 2007 be and are hereby approved and adopted.

And That the Directors and/or Secretaries of the Company be and are authorised to do all acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments with full power to assent to any conditions, modifications and/or amendments."

(Special Resolution 7)

7. Authority For The Directors To Issue Shares Pursuant To The Employees' Share Option Scheme

"THAT pursuant to the Far East Holdings Berhad Employees' Share Option Scheme ("the Scheme") as approved at the Extraordinary General Meeting of the Company held on 29 December 2001 and subsequent Extraordinary General Meeting on 2 April 2007, approval be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 to issue shares in the Company at any time and in accordance with the terms and conditions of the Scheme."

(Ordinary Resolution 8)

8. Proposed Grant of Options to Mr Tee Lip Hian, Director of the Company

"That the ESOS Committee appointed by the Board to administer the Scheme be and is hereby authorised to offer and to grant to Mr Tee Lip Hian, being the Director of the Company, options to subscribe for up to a maximum of 150,000 new shares in the Company, subject always to such terms and conditions of and/or any adjustments which may be in accordance with

notice of annual general meeting

the provisions governing and constituting the Scheme."

(Ordinary Resolution 9)

9. Proposed Renewal of Shareholders' Mandate In Respect of Recurrent Related Party Transactions of a Revenue or Trading Nature

"That the mandate granted by the shareholders of the Company on 2 June 2006 pursuant to paragraph 10.09 of the Listing Requirements of the Bursa Malaysia Securities Berhad, authorising the Company to enter into recurrent transactions of a revenue nature as set in paragraph 2.1 of Part A of the Circular to Shareholders dated 28 May 2007 ("Circular") with the related parties mentioned therein which are necessary for the Company's day to day operations, be and is hereby renewed.

That the Company is hereby authorised to enter into the recurrent transactions with the related parties mentioned therein provided that the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company and such mandate shall continue in force until:

- the conclusion of the next AGM of the Company at which time it will lapse, unless by a resolution passed at a general meeting, the authority is renewed;
- the expiration of the period within which the next Annual General Meeting after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- revoked or varied by resolution passed by the shareholders in a general meeting, whichever is earlier and

That the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

(Ordinary Resolution 10)

10. To transact any other ordinary business for which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a final dividend of 7.0 sen per share less 27% Malaysian Income Tax and 3.0 sen tax exempt for the financial year ended 31 December 2006 if approved by the shareholders at the Annual General Meeting will be paid on 27 July 2007 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 6 July 2007.

A depositor shall qualify for entitlement to the dividend only in respect of:

- Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 6 July 2007 in respect of transfers; and
- Shares bought on the Exchange on a cum-entitlement basis according to the rules of the Exchange.

By Order of the Board

ASMIN BINTI YAHYA (MIA 10161)
NOOR ANISAH BINTI SABARUDIN (LS 0008153)
Company Secretaries

Kuantan, Pahang Darul Makmur
28 May 2007

Notes

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid, the duly completed form of proxy must be deposited at the registered office of the Company, Suite 5 & 6, Tingkat 8, Kompleks Teruntum, Jalan Mahkota, 25000 Kuantan, Pahang Darul Makmur, not less than 48 hours before the time for holding the meeting.
3. A member who is an authorised nominee may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. A member other than an authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
6. If the appointor is a corporation, the form of proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.

approved at the Extraordinary General Meetings of the Company held on 29 December 2001 and 2 April 2007.

3 Ordinary Resolution 9- Proposed Grant of Options

This proposed resolution 9, if passed will empower the ESOS Committee of the Company to grant options to Mr Tee Lip Hian, the Director of the Company.

4 Ordinary Resolution 10 - Proposed Renewal of Shareholders Mandate For Recurrent Related Party Transactions of A Revenue Nature

This proposed resolution 10, if passed, will enable the Company to enter into recurrent transactions involving related parties which are of a revenue nature and necessary for the Group's day-to-day operations, subject to transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. For further information, please refer to the Circular to Shareholders' dated 28 May 2007 accompanying the Company's Annual Report for the financial year ended 31 December 2006.

Explanatory Notes on Special Businesses:

1 Special Resolution 7 - Amendments to The Articles of Association

The proposed resolution 7, if passed, will incorporate the changes in line with the amendments of the Listing Requirements of Bursa Malaysia Securities Berhad. The proposed resolution is also to update the Company's existing Articles of Association for further clarity and to reflect the current practice. Further information is set out in the Circular To Shareholders dated 28 May 2007 despatched together with this Annual Report.

2 Ordinary Resolution 8 - Authority For The Directors to Issue Shares pursuant to ESOS

The proposed resolution 8, if passed, will empower the Directors to issue shares in the Company pursuant to the terms and conditions of the Employees' Share Option Scheme which was

penyata mengiringi notis mesyuarat agung tahunan

Tertakluk Kepada Perenggan 8.28(2) Syarat-syarat Penyenaraian Bursa Malaysia Securities Berhad

statement accompanying notice of annual general meeting

Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Bursa Malaysia Securities Berhad

1. **Nama-nama para pengarah yang menawarkan diri untuk perlantikan semula:**
Names of Directors who are standing for re-election/re-appointment:

- i) Mr Tee Kim Tee @ Tee Ching Tee
- ii) Mr Tee Lip Hian

Maklumat lanjut Lembaga Pengarah yang bersara dan menawarkan diri untuk dilantik semula dibentangkan pada Profil Lembaga Pengarah mukasurat 10 hingga 18 Laporan Tahunan; manakala jadual pegangan saham mereka dinyatakan pada mukasurat 104 Laporan Tahunan.

The details of the abovenamed Directors who are standing for re-election/re-appointment are set out in the Directors' profiles (pages 10 to 18 of the Annual Report); while their securities holdings (where applicable) are set out in the Analysis of Shareholdings - Directors' Interests in the Company (pages 104 of the Annual Report).

2. **Tempat, tarikh dan masa Mesyuarat Agung Tahunan ke 33**
Place, date and time of the 33rd Annual General Meeting

Mesyuarat Agung Tahunan yang ke 33 Syarikat akan diadakan di Hyatt Regency Kuantan Resort, Kuantan, Pahang Darul Makmur pada hari Rabu, 20 Jun 2007 jam 10.00 pagi.

The 33rd Annual General Meeting of the Company will be held at Hyatt Regency Kuantan Resort, Kuantan, Pahang Darul Makmur on Wednesday, 20 June 2007 at 10.00 a.m.

3. **Senarai Kehadiran para pengarah di Mesyuarat Lembaga Pengarah**
Details of Attendance of Directors at Board Meetings

Mesyuarat Lembaga Pengarah telah diadakan sebanyak tujuh (7) kali bagi tahun kewangan berakhir 31 Disember 2006. Bilangan kehadiran adalah seperti berikut:

A total of seven (7) Board Meetings were held during the financial year ended 31 December 2006. Details of attendance of Directors holding office at the end of financial year are as follows:

Name	Attendance	Appointment
YH Dato' Kamaruddin Bin Mohammed	7/7	16/08/2002
YH Dato' Haji Lias Bin Mohd Noor	6/7	14/01/2002
Mr Tee Kim Tee @ Tee Ching Tee	6/7	16/08/2002
En Nowawi Bin Abdul Rahman	7/7	16/08/2002
Mr Tee Cheng Hua	7/7	16/08/2002
Tuan Dr Haji Amad @ Ahmad Bin Aman	6/7	16/08/2002
Mr Ng Say Pin	7/7	23/08/2002
Cik Sharina Bahrin	7/7	15/01/2004
Mr Tee Lip Hian	7/7	09/09/2004

maklumat korporat

corporate information

LEMBAGA PENGARAH BOARD OF DIRECTORS

1. **YH Dato' Kamaruddin Bin Mohammed**
Pengerusi
Chairman
Pengarah Tidak Bebas Bukan Eksekutif
Non-Independent Non-Executive Director
2. **YH Dato' Haji Lias Bin Mohd Noor**
Pengarah Tidak Bebas Bukan Eksekutif
Non-Independent Non-Executive Director
3. **Mr Tee Kim Tee @ Tee Ching Tee**
Pengarah Tidak Bebas Bukan Eksekutif
Non-Independent Non-Executive Director
4. **En Nowawi Bin Abdul Rahman**
Pengarah Tidak Bebas Eksekutif
Non-Independent Executive Director
5. **Mr Tee Cheng Hua**
Pengarah Tidak Bebas Eksekutif
Non-Independent Executive Director
6. **Tuan Dr. Haji Amad @ Ahmad Bin Aman**
Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director
7. **Mr Ng Say Pin**
Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director
8. **Cik Sharina Bahrin**
Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director
9. **Mr Tee Lip Hian**
Pengarah Tidak Bebas Bukan Eksekutif
Non-Independent Non-Executive Director

JAWATANKUASA LEMBAGA PENGARAH BOARD'S COMMITTEE

Audit Committee

Chairperson
Cik Sharina Bahrin

Members
YH Dato' Kamaruddin Bin Mohammed
Tuan Dr Haji Amad @ Ahmad Bin Aman
Mr Ng Say Pin

Remuneration Committee

Chairman
YH Dato' Kamaruddin Bin Mohammed

Members
Mr Tee Kim Tee @ Tee Ching Tee
YH Dato' Haji Lias Bin Mohd Noor

Nomination Committee

Chairman
Tuan Dr Amad @ Ahmad Bin Aman

Members
Mr Tee Kim Tee @ Tee Ching Tee
Mr Ng Say Pin

Employees Share Option Scheme Committee

Chairman
YH Dato' Haji Lias Bin Mohd Noor

Members
En. Nowawi Bin Abdul Rahman
Mr Tee Cheng Hua
Mr Ng Say Pin

SETIAUSAHA-SETIAUSAHA SECRETARIES

Puan Asmin Binti Yahya, MIA10161
Puan Noor Anisah Binti Sabarudin, LS0008153

PENYENARAIAAN DI PASARAN SAHAM STOCK EXCHANGE LISTING

Papan Utama Bursa Malaysia Securities Berhad
- Sektor Perladangan
Main Board Bursa Malaysia Securities Berhad
- Plantation Sector

ALAMAT BERDAFTAR REGISTERED ADDRESS

Suite 5 & 6, Tingkat 8,
Kompleks Teruntum,
Jalan Mahkota, 25000 Kuantan,
Pahang Darul Makmur.
Tel: 09-514 1936 / 948 / 339
Faks: 09-513 6211
Laman Web: www.fehb.com.my
E-mail: fareast@fareh.po.my

PENDAFTAR SAHAM SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi Purpose,
Capital Square, No 8,
Jalan Munshi Abdullah,
50100 Kuala Lumpur.
Tel: 03-2721 2222
Faks: 03-2721 2530/2721 2531

JURUBANK-JURUBANK UTAMA MAJOR BANKERS

CIMB Bank Berhad
(formerly known as BumiputraCommerce Bank Berhad)
67-69 Jalan Telok Sisek,
25000 Kuantan, Pahang Darul Makmur

CIMB Bank Berhad
(formerly known as BumiputraCommerce Bank Berhad)
Lot G-1, Kompleks Teruntum,
Jalan Mahkota 25000 Kuantan,
Pahang Darul Makmur

Bank Islam (Malaysia) Berhad
Lot 145, Jalan Telok Sisek, P.O. Box 396,
25740 Kuantan, Pahang Darul Makmur

SUBSIDIARI-SUBSIDIARI SUBSIDIARIES

B.S. Oil Palm Plantations Sdn. Bhd.
Dawn Oil Palm Plantations Sdn. Bhd.
Kampong Aur Oil Palm Company (Sdn.) Berhad
Madah Perkasa Sdn. Bhd.
Gem-Asia Sdn. Bhd.
Far East Delima Plantations Sdn. Bhd.
Kilang Kosfarm Sdn. Bhd.
Radiant Apex Sdn. Bhd.
Future Prelude Sdn. Bhd.

SYARIKAT-SYARIKAT SEKUTU ASSOCIATES

Prosper Palm Oil Mill Sdn. Bhd.
Business & Budget Hotels (Kuantan) Sdn. Bhd.

profil pengarah

directors' profile

YH DATO' KAMARUDDIN BIN MOHAMMED

Warganegara Malaysia, Umur 59 tahun, seorang Pengarah tidak bebas dan bukan eksekutif. Pengerusi kepada Ahli Lembaga Pengarah Far East Holdings Berhad. Beliau telah dilantik sebagai ahli Lembaga Pengarah pada 16 Ogos 2002. Beliau juga Pengerusi kepada Jawatankuasa Imbuhan dan ahli kepada Jawatankuasa Audit.

Graduan dalam jurusan Kajian Perniagaan (Business Studies) dari Maktab MARA (UiTM) pada tahun 1969. Beliau telah mengikuti kursus profesional di dalam Analisa Pelaburan di Securities Institute Australia, Sydney, Australia di dalam tahun 1972. Kini beliau seorang Ahli Fellow, The Securities Institute of Australia sejak tahun 1983. Pada tahun 1981, mengikuti kursus Pengurusan di Asian Institute of Management, Manila, Filipina.

Pada November 2005, dilantik sebagai Fellow Kanan Institut Sekuriti yang baru digabungkan dikenali sebagai Financial Services Institute of Australasia.

YH Dato' mula berkhidmat dengan Amanah Saham MARA Berhad pada bulan Julai 1969. Pada Disember 1995 dilantik sebagai Pengarah Urusan Kumpulan, Amanah Saham MARA Berhad. Kini tumpuan bidang tugas beliau termasuk Pengurusan Pelaburan dan Penasihat Korporat (Corporate Advisory).

Beliau kini ialah Pengerusi kepada Pascorp Paper Industries Berhad dan ahli Lembaga Pengarah Amanah Saham MARA Berhad, ASM Investment Service Berhad, Amanah Saham Pahang Berhad dan YTL Cement Berhad.

YH Dato' Kamaruddin Bin Mohammed tidak mempunyai ikatan persaudaraan dengan ahli lembaga yang lain dan pemegang saham utama. Tidak mempunyai konflik kepentingan dengan Syarikat. Tidak pernah disabitkan dengan kesalahan undang-undang dalam tempoh sepuluh tahun yang lepas.

YH Dato' Kamaruddin Bin Mohammed menghadiri kesemua tujuh Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2006.

A Malaysian, aged 59 is a non-independent non executive Director. He is the Chairman of Far East Holdings Berhad's Board of Directors. He was appointed to the Board on 16 August 2002. YH Dato' Kamaruddin Bin Mohammed is also the Chairman of Board's Remuneration Committee and a member of the Audit Committee.

A graduate of Business Studies from MARA College (UiTM) in 1969, he pursued a professional course in Investment Analysis at the Securities Institute of Australia, Sydney, Australia in 1972. He was made a Fellow Member of The Securities Institute of Australia in 1983. In 1981, he pursued a Management course at the Asian Institute of Management, Manila, Philippines.

In November 2005, he was elevated as a Senior Fellow of a newly merged Securities Institute named Financial Services Institute of Australasia.

YH Dato' Kamaruddin Bin Mohammed started his career with Amanah Saham MARA Berhad in July 1969. In December 1995 he was promoted to the position of Group Managing Director, Amanah Saham MARA Berhad. He currently specialise in the areas of Investment Management and Corporate Advisory.

Currently he is also a Chairman of Pascorp Paper Industries Berhad and a Board member of Amanah Saham MARA Berhad, ASM Investment Service Berhad, Amanah Saham Pahang Berhad and YTL Cement Berhad.

YH Dato' Kamaruddin Bin Mohammed does not have any family relationship with any Director and/or other major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten years.

YH Dato' Kamaruddin Bin Mohammed attended all seven Board Meetings of the Company held in the financial year ended 31 December 2006.

YH DATO' HAJI LIAS BIN MOHD NOOR

Warganegara Malaysia, Umur 56 tahun seorang Pengarah Tidak Bebas Bukan Eksekutif. Beliau dilantik sebagai ahli Lembaga Pengarah pada 14 Januari 2002. Beliau juga Pengerusi kepada Jawatankuasa Skim Opsyen Saham Kakitangan dan ahli kepada Jawatankuasa Imbuhan.

Graduan Universiti Kebangsaan Malaysia (B.A. Hons/Econ). Pada 1993, beliau menghadiri Stanford Executive Programme di Stanford University, USA dan pada tahun 2000, mendapat MBA daripada Universiti Kebangsaan Malaysia.

Beliau dilantik sebagai Ketua Eksekutif Perbadanan Kemajuan Negeri Pahang pada 1 Januari 2003. Sebelum itu, beliau telah memegang beberapa jawatan didalam Perbadanan Kemajuan Negeri Pahang. Beliau juga ahli Lembaga Pengarah Astana Golf Resort Berhad, Pasdec Holdings Berhad dan Pascorp Paper Industries Berhad.

YH Dato' Haji Lias tidak mempunyai ikatan persaudaraan dengan ahli lembaga yang lain dan pemegang saham utama. Tidak mempunyai konflik kepentingan dengan Syarikat. Tidak pernah disabitkan dengan kesalahan undang-undang dalam tempoh sepuluh tahun yang lepas. YH Dato' Haji Lias menghadiri enam daripada tujuh Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2006.

A Malaysian, aged 56 is a non-independent non-executive Director. He was appointed to the Board on 14 January 2002. He is the Chairman of FEHB's Employees Share Option Scheme Committee and a member of Remuneration Committee.

He is a graduate of Universiti Kebangsaan Malaysia (B.A Hons/Econ). In 1993, he attended the Stanford Executive Programme at Stanford University, USA and later in year 2000 earned an MBA from Universiti Kebangsaan Malaysia.

He was appointed as the Chief Executive of Pahang State Development Corporation on 1 January 2003. Prior to being promoted as the Chief Executive of Pahang State Development Corporation, he held various post at the Pahang's state agency. He is a Director of Astana Golf Resort Berhad, Pasdec Holdings Berhad and Pascorp Paper Industries Berhad.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten years. YH Dato' Haji Lias attended six of the seven Board Meetings of the Company held in the financial year ended 31 December 2006.

profil pengarah
directors' profile

MR TEE KIM TEE @ TEE CHING TEE

Warganegara Malaysia, Umur 59 tahun seorang Pengarah Tidak Bebas Bukan Eksekutif. Beliau dilantik sebagai ahli Lembaga Pengarah pada 16 Ogos 2002. Beliau ahli kepada Jawatankuasa Imbuan dan Jawatankuasa Pencalonan.

Seorang ahli perniagaan yang mempunyai banyak pengalaman dan kemahiran dalam bidang perladangan. Beliau memulakan kerjaya 36 tahun lalu sebagai seorang kontraktor estet dan peniaga buah tandan segar.

Selepas itu pada tahun 1978, beliau berkecimpung di dalam perniagaan mengilang minyak kelapa sawit sebagai pemilik dan pengendali operasi. Beliau turut melibatkan diri di dalam bidang penapisan kelapa sawit melalui kepentingannya sebagai salah seorang penapis di Kuantan.

Sekarang beliau adalah ahli Lembaga Pengarah bagi beberapa syarikat sendirian berhad yang terlibat dalam industri kelapa sawit.

Mr Tee Kim Tee adalah bapa kepada Mr Tee Lip Hian dan abang kepada Mr Tee Cheng Hua. Beliau adalah merupakan ahli Lembaga Pengarah Prosper Trading Sdn Bhd iaitu salah satu pemegang saham utama Syarikat dan beliau tidak mempunyai konflik kepentingan dengan Syarikat. Tidak pernah disabitkan dengan kesalahan undang-undang dalam sepuluh tahun yang lepas.

Mr Tee Kim Tee menghadiri enam daripada tujuh Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2006.

A Malaysian, aged 59 is a non-independent non-executive Director. He was appointed to the Board on 16 August 2002. He is a member of Remuneration Committee and Nomination Committee.

A businessman possessing vast experience and expertise in the plantation industry. He started his career 36 years ago as an estate contractor and fresh fruit bunches dealer.

Subsequently in 1978, he was involved in palm oil milling business both as an owner and operator. He was also involved in palm oil refinery business through his part ownership of a refinery in Kuantan.

Currently, he sits on the Board of a number of private limited companies involving in oil palm industry.

He is a father of Mr Tee Lip Hian and an elder brother of Mr Tee Cheng Hua. He is a Board member of Prosper Trading Sdn Bhd which is also a substantial shareholder of the Company and he has no conflict of interest with the Company. He has had no convictions for offences within the past ten years.

Mr Tee Kim Tee attended six of seven Board Meetings of the Company held in the financial year ended 31 December 2006.

EN NOWAWI BIN ABDUL RAHMAN

Warganegara Malaysia, Umur 52 tahun. En Nowawi Bin Abdul Rahman adalah Pengarah Eksekutif, Operasi dan dilantik sebagai ahli Lembaga Pengarah pada 16 Ogos 2002. Beliau juga ahli Jawatankuasa Skim Opsyen Saham Kakitangan.

En Nowawi adalah graduan Sarjana Sains dalam Sains Pengurusan dari Universiti Cranfield, England dan Sarjana Muda Sains Perniagaantani, Universiti Putra Malaysia.

Kerjaya lepas En Nowawi merangkumi sebagai Pegawai Pelaburan Perbadanan Kemajuan Negeri Pahang, Pensyarah Universiti Islam Antarabangsa dalam bidang Pengurusan Operasi, Sains Pengurusan dan Pengurusan Kewangan, dan Pengurus Pelaburan Yayasan Pahang. Telah menghadiri beberapa kursus pengurusan, antaranya di Asian Institute of Management, Manila, Filipina.

En Nowawi tidak mempunyai ikatan persaudaraan dengan ahli lembaga yang lain dan pemegang saham utama. Tidak mempunyai konflik kepentingan dengan Syarikat. Tidak pernah disabitkan dengan kesalahan undang-undang dalam tempoh sepuluh tahun yang lepas. En Nowawi Bin Abdul Rahman menghadiri kesemua tujuh Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2006.

A Malaysian, aged 52. He is an Executive Director, Operations. He was appointed to the Board on 16 August 2002. He is a member of Employees' Share Option Scheme Committee.

He graduated with Master of Science in Management Science, Cranfield University, England and Bachelor of Science in Agribusiness, University Putra Malaysia.

En Nowawi's previous post include Perbadanan Kemajuan Negeri Pahang's Investment Officer, International Islamic University Lecturer in Operations Management, Managerial Science and Financial Management, and Investment Manager of Yayasan Pahang. He has attended several management courses, including at the Asian Institute of Management, Manila, Philippines.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten years. En Nowawi Bin Abdul Rahman attended all seven Board Meetings of the Company held in the financial year ended 31 December 2006.

profil pengarah
directors' profile

MR TEE CHENG HUA

Warganegara Malaysia, Umur 53 tahun. Mr Tee Cheng Hua adalah Pengarah Eksekutif, Estet & Perladangan. Beliau dilantik sebagai ahli Lembaga Pengarah pada 16 Ogos 2002. Beliau juga ahli Jawatankuasa Skim Opsyen Saham Kakitangan.

Mr Tee Cheng Hua adalah graduan Sarjana Muda Kejuruteraan Mekanikal daripada Universiti Teknologi Malaysia.

Beliau memulakan kerjaya sebagai Jurutera bersama Highlands and Lowlands Bhd. Kemudian bersama Kulim (M) Bhd. sebagai Pengurus Kilang/ Jurutera. Sekarang beliau adalah Pengarah Eksekutif Kumpulan Syarikat Prosper.

Mr Tee Cheng Hua adalah adik kepada Mr Tee Kim Tee @ Tee Ching Tee dan bapa saudara kepada Mr Tee Lip Hian. Mr Tee Cheng Hua adalah ahli lembaga Pengarah Prosper Trading Sdn Bhd yang merupakan salah satu daripada pemegang saham utama Syarikat. Tidak mempunyai konflik kepentingan dengan Syarikat. Tidak pernah disabitkan dengan kesalahan undangundang dalam sepuluh tahun yang lepas.

Mr Tee Cheng Hua menghadiri kesemua tujuh Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2006.

A Malaysian, aged 53. He is an Executive Director, Estates and Plantations. He was appointed to the Board on 16 August 2002. He is a member of Employees' Share Option Scheme Committee.

He graduated with Bachelor of Mechanical Engineering from University Technology Malaysia.

Mr Tee Cheng Hua started his career as an Engineer with Highlands and Lowlands Bhd. Subsequently he was attached to Kulim (M) Bhd. as Mill Manager/ Engineer. He is at present the Executive Director of Prosper Group of Companies.

He is a younger brother of Mr Tee Kim Tee @ Tee Ching Tee and an uncle to Mr Tee Lip Hian. He is a Board member of Prosper Trading Sdn Bhd which is also a substantial shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten years.

Mr Tee Cheng Hua attended all seven Board Meetings of the Company held in the financial year ended 31 December 2006.

TUAN DR. HAJI AMAD @ AHMAD BIN AMAN

Warganegara Malaysia, Umur 61 tahun. Pengarah Bebas dan Bukan Eksekutif. Dilantik sebagai ahli Lembaga Pengarah pada 16 Ogos 2002. Beliau juga Pengerusi Jawatankuasa Pencalonan dan ahli Jawatankuasa Audit.

Tuan Dr Ahmad memegang Ijazah Kedoktoran Genetik dan Pembiakan Haiwan, University of Arkansas, USA. Sebaik menamatkan pengajian pada tahun 1979, beliau memulakan khidmatnya di MARDI sebagai Pegawai Penyelidik dan seterusnya menjawat pelbagai jawatan sebelum dilantik sebagai Ketua MARDI, Pahang (1984 - 1989). Beliau juga pernah dilantik sebagai Fellow Pelawat (Fulbright Malaysian American Fellowship Program), Cornell University, USA. Berpengalaman menguruskan aktiviti pertanian pelbagai disiplin dalam persekitaran kontang semasa bertugas sebagai Pengarah Stesyen Percubaan Pertanian, University Sultan Qaboos, Kesultanan Oman.

Kini beliau merupakan Profesor Madya/Timbalan Dekan Hal Ehwal Pelajar, Kuliyah Sains, Universiti Islam Antarabangsa Malaysia dan pakar runding di RAH Corporation khusus memberi khidmat nasihat dalam ternakan dan tanaman bersepadu.

Tuan Dr Ahmad tidak mempunyai ikatan persaudaraan dengan ahli lembaga yang lain dan pemegang saham utama. Tidak mempunyai konflik kepentingan dengan Syarikat. Tidak pernah disabitkan dengan kesalahan undang-undang dalam tempoh sepuluh tahun yang lepas. Tuan Dr Ahmad menghadiri enam daripada tujuh Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2006.

A Malaysian, aged 61. He is an independent non-executive Director. He was appointed to the Board on 16 August 2002. He is the Chairman of Nomination Committee and a member of Audit Committee.

He holds a doctorate in Animal Breeding and Genetics, University of Arkansas. Upon completing his study in 1979, he joined MARDI and held various post before appointed as Head of MARDI, Pahang (1984 - 1989). Tuan Dr Ahmad was also a visiting Fellow (Fulbright Malaysian American Fellowship Program) Cornell University, USA. He had an experienced in managing multi-disciplinary agricultural activities in arid environment during his attachment as Director, Agriculture Experiment Station, Sultan Qaboos University, Sultanate of Oman.

At present Tuan Dr. Ahmad is an Associate Professor/ Deputy Dean Student Affairs, Faculty of Science at International Islamic University Malaysia and a consultant at RAH Corporation which managed and giving advise on integrated farming.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten years. Tuan Dr. Ahmad attended six of seven Board Meetings of the Company held in the financial year ended 31 December 2006.

profil pengarah
directors' profile

MR NG SAY PIN

Warganegara Malaysia, Umur 54 tahun. Pengarah Bebas dan Bukan Eksekutif. Dilantik sebagai ahli Lembaga Pengarah pada 23 Ogos 2002. Ahli kepada Jawatankuasa Audit dan Jawatankuasa Pencalonan.

Mr Ng Say Pin adalah graduan Sarjana Muda Kejuruteraan Mekanikal daripada Universiti Teknologi Malaysia dan Sarjana Kejuruteraan daripada Universiti of Florida, USA. Beliau memiliki Diploma Lulusan Ijazah Pentadbiran Perniagaan daripada Swansea Institute of Higher Education, Wales, UK. Beliau seorang Jurutera Profesional yang berdaftar dengan Lembaga Jurutera Malaysia.

Pada tahun 1977, beliau menyertai Jabatan Perikanan Malaysia sebagai Jurutera. Setelah berkhidmat selama lebih 19 tahun, beliau bersara awal pada 1996.

Mr Ng Say Pin tidak mempunyai ikatan persaudaraan dengan ahli lembaga yang lain dan pemegang saham utama. Tidak mempunyai konflik kepentingan dengan Syarikat. Tidak pernah disabitkan dengan kesalahan undang-undang dalam tempoh sepuluh tahun yang lepas.

Mr Ng Say Pin menghadiri kesemua tujuh Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2006.

A Malaysian, aged 54. He is an independent non-executive Director. He was appointed to the Board on 23 August 2002. A member of Audit Committee and Nomination Committee.

Mr Ng Say Pin graduated with Bachelor of Mechanical Engineering from University Technology Malaysia and Master of Engineering from University of Florida, USA. He obtained a Postgraduate Diploma in Business Administration from Swansea Institute of Higher Education, Wales, UK. He is a Professional Engineer registered with the Board of Engineers Malaysia.

In 1977, he joined Department of Fisheries, Malaysia as an Engineer. After serving the Department of Fisheries for more than 19 years, he took optional retirement in 1996.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten years.

Mr Ng Say Pin attended all seven Board Meetings of the Company held in the financial year ended 31 December 2006.

CIK SHARINA BAHRIN

Warganegara Malaysia, Umur 41 tahun. Pengarah Bebas dan Bukan Eksekutif. Pengerusi Jawatankuasa Audit. Menganggotai Lembaga Pengarah pada 15 Januari 2004.

Ahli kepada Institute of Chartered Accountants, Australia semenjak tahun 1991 dan graduan Sarjana Perakaunan dan Sarjana Muda Perdagangan (Kewangan) daripada Universiti of Western Australia. Cik Sharina juga ahli kepada Malaysian Institute of Certified Public Accountants dan Malaysian Institute of Accountants.

Beliau memiliki pengalaman lebih 19 tahun di dalam Kewangan Korporat dan Penasihat Perniagaan di Malaysia dan Australia. Sebelum bertugas di Aftaas Consulting Sdn Bhd, beliau berkhidmat selama beberapa tahun di PricewaterhouseCoopers di bahagian Kewangan Korporat dan Pemulihan sebagai Pengarah Sekutu. Beliau berkhidmat beberapa tahun di Petronas sebagai Pengurus Akaun, Pengurus Kewangan Projek Usahasama dan juga Eksekutif Kanan Kewangan Korporat Kumpulan. Beliau juga pernah menjadi ahli Pasukan Strategi Korporat PETRONAS memfokus kepada globalisasi. Semasa di Australia, beliau memberi khidmat nasihat perniagaan serta penyediaan akaun dan percukaian untuk beberapa syarikat dalam pelbagai industri.

Cik Sharina tidak mempunyai ikatan persaudaraan dengan ahli lembaga yang lain dan pemegang saham utama. Tidak mempunyai konflik kepentingan dengan Syarikat. Tidak pernah disabitkan dengan kesalahan undang-undang dalam tempoh sepuluh tahun yang lepas.

Cik Sharina menghadiri kesemua tujuh Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2006.

A Malaysian, aged 41. She is an independent non-executive Director. She was appointed to the Board on 15 January 2004. She is the Chairman of Audit Committee.

She is a member of the Institute of Chartered Accountants in Australia since 1991 and the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. She graduated with Master of Accounting and Bachelor of Commerce with Honours in Finance from the University of Western Australia.

She has over 19 years experience in corporate finance and business advisory in Malaysia and Australia. Prior to joining Aftaas Consulting Sdn Bhd, she spent several years in PricewaterhouseCoopers' Corporate Finance and Recovery as an Associate Director. She spent many years in PETRONAS as holdings company accounts manager, finance manager of a joint-venture project and as a group corporate finance senior executive. She was also a member of the PETRONAS corporate strategy team focusing on globalisation. In Australia, Sharina provided business advisory services as well as preparing accounts and tax returns of entities in the various industries.

She does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. She has had no convictions for offences within the past ten years.

Cik Sharina attended all seven Board Meetings of the Company held in the financial year ended 31 December 2006.

profil pengarah
directors' profile

MR TEE LIP HIAN

Warganegara Malaysia, Umur 34 tahun. Pengarah Bukan Bebas dan Bukan Eksekutif. Dilantik sebagai ahli Lembaga Pengarah pada 9 September 2004. Beliau merupakan siswazah Curtin University of Technology, Australia di dalam jurusan Pentadbiran Perniagaan.

Sebaik menamatkan ijazahnya pada tahun 1998, beliau berkhidmat di Kumpulan Syarikat-syarikat Prosper sebagai Eksekutif Pentadbiran dan Pemasaran. Kini beliau merupakan Pengarah Eksekutif Ria Gemilang Sdn Bhd bertanggungjawab di dalam operasi perladangan dan perkilangan.

Mr Tee Lip Hian adalah anak kepada Mr Tee Kim Tee @ Tee Ching Tee dan anak saudara Mr Tee Cheng Hua. Tidak mempunyai konflik kepentingan dengan Syarikat. Tidak pernah disabitkan dengan kesalahan undang-undang dalam tempoh sepuluh tahun yang lepas.

Mr Tee Lip Hian menghadiri kesemua tujuh Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2006.

A Malaysian, aged 34. He is a non independent non-executive Director. He was appointed to the Board on 9 September 2004. He is a graduate of Curtin University of Technology, Australia with a Bachelor of Business Administration.

Upon his graduation in 1998, he joined Prosper Group of Companies as an Administrative/ Marketing Executive. He is currently the Executive Director of Ria Gemilang Sdn Bhd in charge of the Company's plantation and milling operations.

He is a son of Mr Tee Kim Tee @ Tee Ching Tee and a nephew of Mr Tee Cheng Hua. He has no conflict of interest with the Company. He has had no convictions for offences within the past ten years.

Mr Tee Lip Hian attended all seven Board Meetings of the Company held in the financial year ended 31 December 2006.

ringkasan kewangan kumpulan

group financial summary

	2006	2005	2004	2003	2002
LEMBARAN IMBANGAN YANG DISATUKAN PADA 31 DISEMBER CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER					
(RM'000)					
Modal Dan Rizab/Capital And Reserves					
Modal Saham/Share Capital	134,861	133,038	65,089	64,190	62,619
Rizab Tidak Diagihkan/Non-Distributable Reserves	183,790	182,365	103,223	102,157	100,685
Keuntungan Terkumpul/Retained Earnings	178,704	157,687	204,721	173,495	153,490
Dana Pemegang Saham/Shareholders' Equity	497,355	473,090	373,033	339,842	316,794
Kepentingan Minoriti/Minority Interest	54,382	33,616	27,041	26,265	24,457
	551,737	506,706	400,074	366,107	341,251
Aset Bukan Semasa/Non Current Assets					
Hartanah, Loji dan Peralatan/Property, Plant and Equipment	408,050	391,013	312,821	265,940	269,123
Tanah untuk pembangunan/Land held for development	40,246	40,246	-	-	-
Syarikat Bersekutu/Associates	72,679	63,335	54,039	46,491	39,502
Pelaburan/Investments	18,299	15,299	2,299	2,299	2,299
Stok Pembiak/Breeding Stocks	92	449	513	760	919
Cukai Aset Tertunda/Deferred Tax Asset	67	25	-	-	-
	539,433	510,367	369,672	315,490	311,843
Aset-Aset Semasa/Current Assets	120,801	85,987	85,766	114,616	83,648
Liabiliti-Liabiliti Semasa/Current Liabilities	24,428	6,800	5,106	16,903	11,016
Aset Semasa Bersih/Net Current Assets	96,373	79,187	80,660	97,713	72,632
Liabiliti Bukan Semasa/Non-Current Liabilities					
Cukai Liabiliti Tertunda/Deferred Tax Liabilities	83,557	82,848	50,258	45,751	40,859
Liabiliti Sewa Beli dan Pinjaman/ Hire Purchase Liability and Borrowing	512	-	-	1,345	2,365
	84,069	82,848	50,258	47,096	43,224
	551,737	506,706	400,074	366,107	341,251
PENYATA PENDAPATAN YANG DISATUKAN PADA 31 DISEMBER CONSOLIDATED INCOME STATEMENT AS AT 31 DECEMBER					
(RM'000)					
Jualan/Sales	169,811	71,315	80,412	70,994	57,903
Keuntungan Sebelum Cukai/Profit Before Taxation	59,179	46,859	63,088	49,244	32,633
Keuntungan Selepas Cukai/Profit After Taxation	43,712	35,249	44,135	33,066	23,682
TUMPUAN PADA 31 DISEMBER HIGHLIGHTS AS AT 31 DECEMBER					
Pendapatan Sesaham (sen)/Earning Per Share (sen)	29.02	24.90	62.99	49.16	35.24
Aset Ketara Bersih Sesaham (RM)/Net Tangible Asset Per Share (RM)	3.69	3.55	5.73	5.29	5.06
Nisbah Semasa/Current Ratio	4.94	12.64	16.80	6.78	7.59
Keuntungan Sebelum Cukai Sebagai Peratus Jualan (%)/ Pre-Tax Profit As a Percentage of Sales (%)	34.85	70.39	78.46	69.36	56.36
Keuntungan Sebelum Cukai Sebagai Peratus Dana Pemegang Saham (%)/ Pre-Tax Profit As a Percentage of Shareholders' Equity (%)	11.90	9.90	16.91	14.49	10.30

Nota/Note:

Angka-angka perbandingan untuk tahun 2002-2004 tidak dipinda berdasarkan kepada peraturan baru Piawaian-Piawaian FRS dan pendapatan sesaham dan aset ketara bersih sesaham untuk angka-angka perbandingan 2002-2006 adalah berdasarkan kepada modal saham untuk tahun-tahun yang berkenaan.

The comparative figures for year 2002-2004 have not been adjusted in accordance to the new FRS Standards and earning per share and net tangible asset per share for the comparative figures for year 2002-2006 are based on the share capital of the respective years.

plantation matrix

		Actual 2006	Actual 2005	Actual 2004	Actual 2003	Actual 2002
Mature Area	Hectare	13,492	12,878	12,213	11,628	11,763
Total Planted Area	Hectare	16,090	14,825	13,989	13,764	13,976
FFB Production	Mt	284,510	270,872	261,069	253,146	240,383
FFB Yield	mt/ha	21.09	21.03	21.38	21.77	20.44
OER	%	18.28	18.45	18.46	18.28	18.14
CPO Yield	mt/ha	3.85	3.88	3.95	3.98	3.71
CPO Price	RM/mt	1,504	1,390	1,658	1,567	1,343
Kernel Recovery Revenue	RM/mt	224	254	268	190	174
CPO Production Cost (Ex-estate)	RM/mt	518	523	474	439	439
CPO Production Cost (Exclude Replanting Cost)	RM/mt	782	768	746	708	710
Profit from CPO & Kernel / Mature Ha	RM/Ha	3,747	3,478	4,599	4,210	3,130

chairman's statement



Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the Annual Report and the Audited Financial Statements of Far East Holdings Berhad ("FEHB" or "Company") for the financial year ended 31 December 2006.

GROUP OVERALL PERFORMANCE

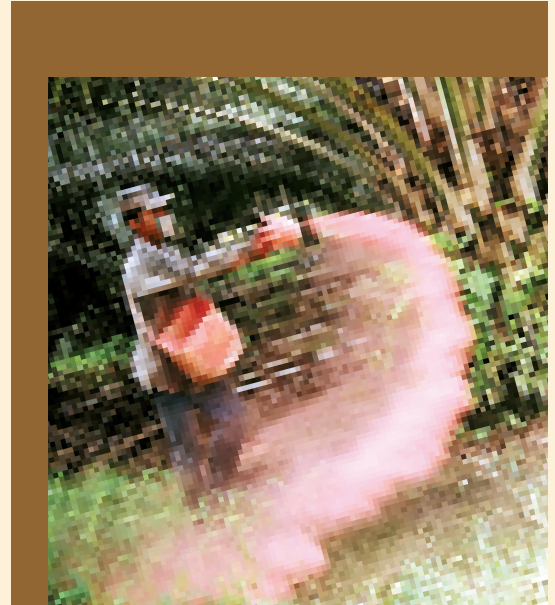
The year 2006 witnessed a record-breaking performance for the Group. The Group managed to record total revenue of RM169.81 million, an increase of 138% as compared to RM71.31 million recorded in 2005. The profit before tax of the Group for the year under review soared by RM12.32 million or 26% to RM59.18 million as compared to RM46.86 million recorded in 2005.

As a result of the Group's excellent financial performance, the Group's basic earnings per share for the year improved by 16.55% to 29.02 sen from 24.90 sen recorded in the preceding year. In addition, the Group's net tangible asset improved convincingly to RM3.69 for the year under review as compared to RM3.55 per share for the previous year.

The Group's stronger performance was largely attributable to the better production of fresh fruit bunches ("FFB") and higher palm oil prices. The Group achieved a higher average CPO price of RM1,504 per metric tonne as compared to RM1,390 for the previous year.

During the year, the Company had also recognised the income from the "negative goodwill" amounting to RM3.20 million because of additional acquisition stake in Kilang Kosfarm Sdn Bhd of which the acquisition price was lower than its net tangible assets. This has resulted in the increase of group profit by RM3.20 million.

chairman's statement



GROUP OPERATION HIGHLIGHTS

The Group recorded higher production of FFB at 284,510 metric tonnes, an increase of 5% as compared to 270,872 metric tonnes for the previous year. The higher production of FFB is mainly driven by a slightly higher mature area and improvement in plantation management practices. FFB yield for the year under review was at 21.09 metric tonnes per hectare against 21.03 metric tonnes per hectare in the previous year.

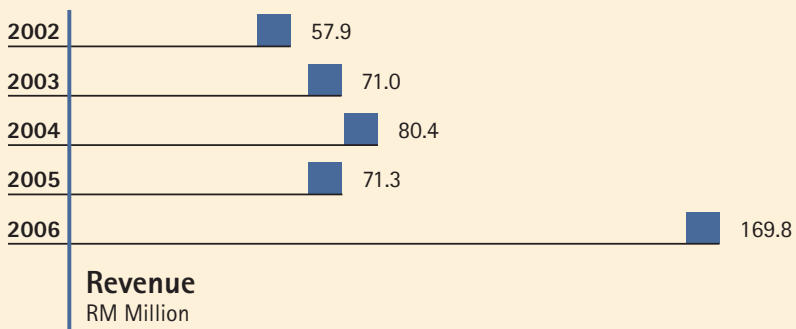
The Group achieved an average oil extraction rate (OER), of 18.28% for the year under review against 18.45% for

the previous year whilst palm kernel extraction rate averaged at 4.60% as compared to 4.62% in 2005.

In terms of the average cost of production per metric tonne crude palm oil, the Group registered an average cost of RM782 for the year under review as compared to RM768 in the previous year.

The Group's total planted area has also increased by 1,265 hectares from a total area of 14,825 hectares in 2005. Whilst the total mature area is 13,492 hectares as compared to 12,878 hectares for the preceding year.

The immature area had also increased from an area of 1,947 hectares in previous year to 2,597 hectares during the year in review



CORPORATE DEVELOPMENT

In May 2006, FEHB completed its acquisition of additional 22% in Kilang Kosfarm Sdn Bhd ("KKS"). The Group's shareholding in KKS increased from 29% to 51%. As a result, KKS which was previously an associate, became a subsidiary of the Company.



For the corporate development subsequent to the financial year, the Company's shareholders in its EGM on 2 April 2007 had also approved the followings:

Proposed acquisition by the Company of 3,625,004 ordinary shares of RM1.00 each representing approximately 14.50% equity interest in Prosper Palm Oil Mill Sdn Bhd ("PPOM") from Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang ("LKPP") for a cash consideration of RM23,345,025.76.

Proposed acquisition by the Company of two (2) parcels of land located in Bukit Batu, Mukim Keratong, Rompin, Pahang Darul Makmur with a total area measuring approximately 5,436.29 acres from LKPP for a total cash consideration of RM31,500,000.00.

On 22 March 2007, the shareholder of Dawn Oil Palm Plantations Sdn Bhd and B.S Oil Palm Plantations Sdn Bhd had approved the proposed disposal of an aggregate 3,701,038 shares in PPOM to the Company representing 14.80% of its equity interest, for a total cash consideration of RM4,547,966.00.

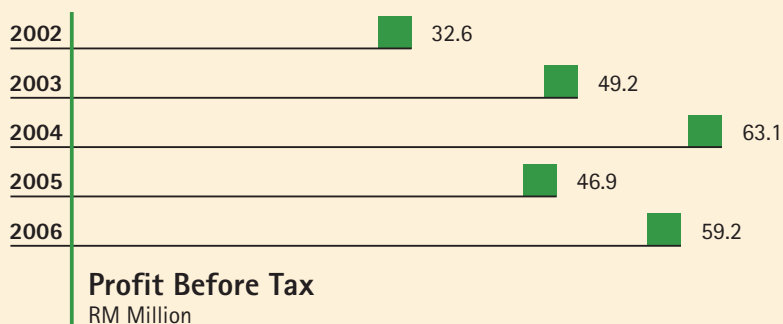
On 22 March 2007, the shareholders of Kampong Aur Oil Palm Company (Sdn.) Berhad had approved the proposed disposal of an aggregate 2,673,958 shares in PPOM to the

Company representing 10.70% of its equity interest, for a total cash consideration of RM17,220,289.52.

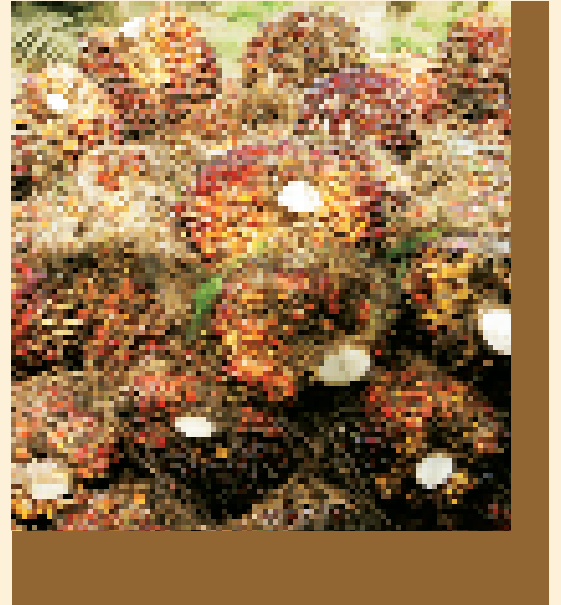
Proposed disposal by FEHB of 900,000 shares representing approximately 3.46% equity interest in Prosper Trading Sdn Bhd to PPOM.

DIVIDEND

The Company is committed to a dividend policy that is to continuously reward fair returns to the shareholders for their continued support and confidence in the Group.



chairman's statement



On the strength of the Group's financial achievements and sustained overall performance, your Board is recommending for shareholders approval a final gross dividend of 7.0 sen per share less income tax of 27% and 3.0 per share tax exempt for the financial year ended 31 December 2006.

An interim dividend of 5.0 sen per share, less income tax of 28% on 134,802,000 ordinary shares was paid on 10 October 2006. A special interim dividend of 5.0 sen per share, less income tax of 27% on 134,861,000 ordinary shares was paid on 29 January 2007.

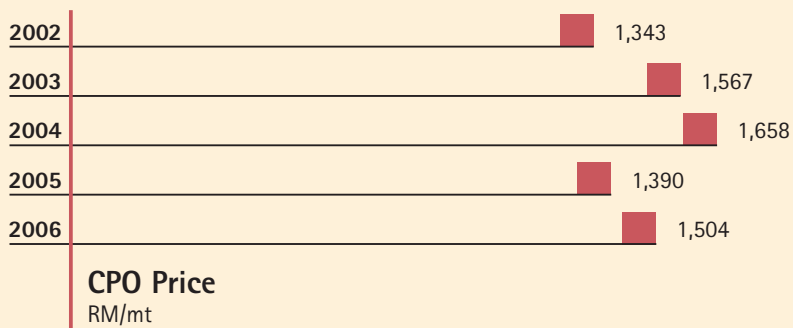
This final dividend, if approved by the shareholders at the Annual General Meeting, will increase the total dividend paid for year 2006 to 20 sen comprising 17 sen less tax and 3.0 sen tax exempt dividend.

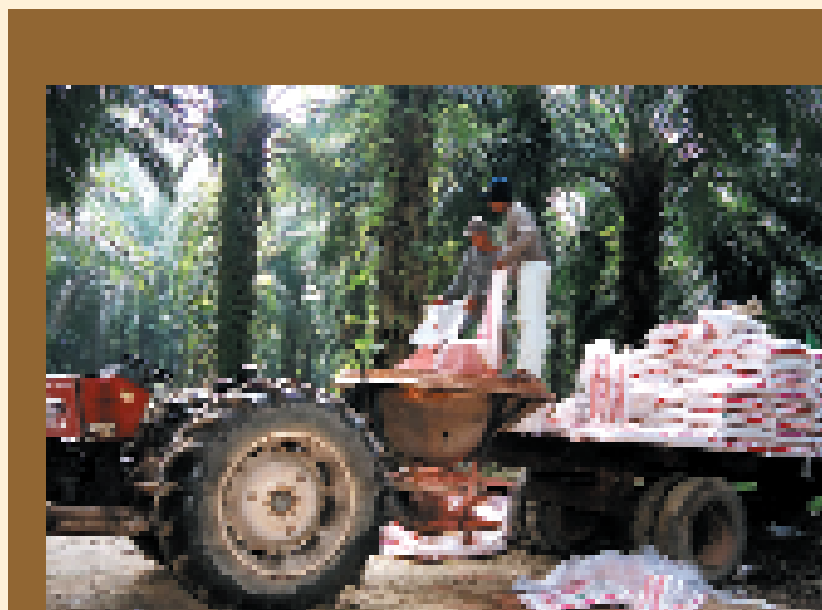
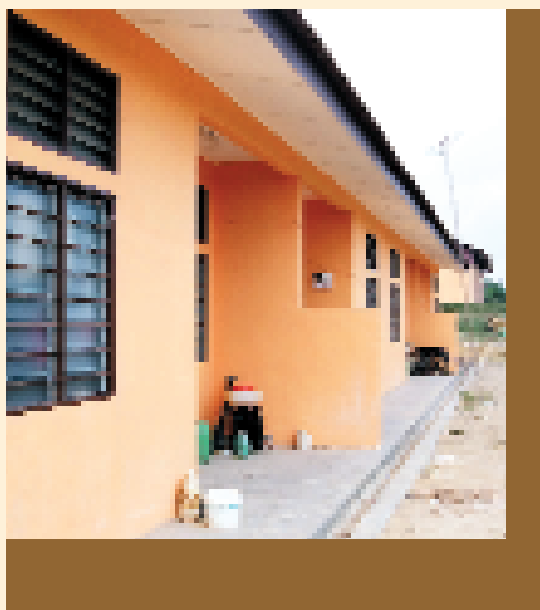
CORPORATE SOCIAL RESPONSIBILITY

As a caring corporate citizen, the Group had extended its support to various charitable organisations as part of its social responsibilities and as well as giving continuous supports to palm oil industry. The Group continued to adopt Zero-Burning techniques in its oil palm new planting and replanting programmes in line with environmental conservation measures.

CORPORATE GOVERNANCE

The statements on Corporate Governance and Internal Control are included in our Annual Report to affirm the Board's Commitment to ensure that the highest standards of Corporate Governance are practiced throughout the Group.





BUSINESS PROSPECTS

The Malaysian oil palm industry recorded an impressive performance in 2006. The Group foresees that demands for palm oil would remain stable in 2007 and the outlook for palm oil prices in 2007 is also expected to be positive.

The Group will continue to focus on oil palm plantation as the core activities and shall be seeking opportunities to expand its land bank. The Group anticipates a long-term potential growth in a palm based biofuel industry and its derivative industry such as glycerine refining and is considering to diversify its business activities into this industry.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere thanks to all government authorities, our contractors, bankers, clients and especially the State Government of Pahang for their assistance and support.

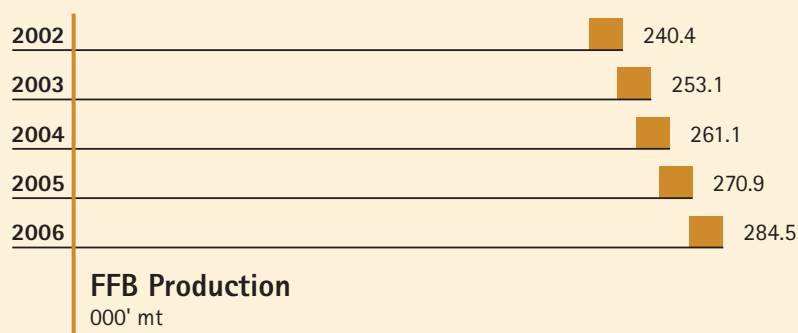
I would like to record a vote of thanks and appreciation from the Board to Tuan Dr Haji Amad @ Ahmad bin Aman who retired from the Board at the conclusion of this forthcoming Annual General Meeting for his invaluable contribution during his tenure with the Group.

My sincere thanks are also directed to the management and staff as well as business associates of FEHB's Group for their invaluable commitment and dedication.

Last but not the least, to my fellow Board Members, I thank you for your support to deliver another great financial year.

Thank you.

Dato' Kamaruddin Bin Mohammed
Chairman



audit committee report

1.0 COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee presently comprises the following Directors:

Cik Sharina Bahrin YH Dato' Kamaruddin bin Mohammed Tuan Dr. Haji Amad @ Ahmad bin Aman Mr Ng Say Pin	Chairperson, Independent Non-Executive Director Member, Non-Independent Non-Executive Director Member, Independent Non-Executive Director Member, Independent Non-Executive Director
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2.0 TERMS OF REFERENCE

The duties and responsibilities of the Audit Committee are as follows:

- To review with the external auditors, the audit plan, scope of the audit and the areas of audits of the Group;
- To review with the external auditors, their evaluation of the system of internal controls and audit findings;
- To discuss problems and reservations arising from the audit, and any other matters the auditors may wish to discuss [in the absence of management where necessary];
- To review the external auditors' management letter and management's response/follow-up actions on the weaknesses of internal accounting procedures and controls;
- To review the audit report with the external auditors;
- To review the suitability of the external auditors for recommendation to the Board for reappointment and the audit fee thereof;
- To make appropriate recommendations to the Board on matters of resignation or dismissal of external auditors;
- To review and report the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its works;
- To review the results of the Group's internal audit procedures and the adequacy of actions taken by management based on the reports;
- To review and appraise the scope, performance of the Head of Internal Audit and to be consulted on his appointment, remuneration and removal.
- To review the annual financial statements of the Group and quarterly results of the Group, and thereafter submit them to the Board for approval, focusing particularly on:
 - Any changes in accounting policies and practices;

- Significant adjustments arising from the audit;
- The going concern assumption;
- Significant and unusual events;
- Compliance with accounting standards, stock exchange and other legal requirements;
- Public announcement of results and dividend payment;
- To review any related party transactions that may arise within the Group;
- To ensure prompt publication of annual accounts;
- To review the Group's Statement of Internal Control systems prior to endorsement by the Board; and
- To perform any other functions as may be agreed by the Audit Committee and the Board.

3.0 AUTHORITY

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee. It is also authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise where it considers necessary, at the Company's expense.

4.0 MEETINGS

- The Audit Committee will hold a minimum of four [4] meetings a year, although additional meetings may be called at any time at the Chairperson's discretion or if requested by any Audit Committee member, the

management, the internal or external auditors.

- The Head of Internal Audit will attend the meetings as required. Representatives of the external auditors are to be in attendance at meetings where matters relating to the audit of the statutory accounts and/or the external auditors are to be discussed.
- At least once a year, the Audit Committee members shall meet with the external auditors without any executive board members present.
- The Executive Directors and/or other appropriate officers may be invited to attend, except for those portions of the meetings where their presence may be considered inappropriate, as determined by the Chairperson.
- The quorum for each meeting shall be at least two thirds of the members with non-executive directors forming the majority.
- The Company Secretary shall be the Secretary to the Audit Committee.
- Minutes of the Audit Committee's meeting shall be circulated and tabled to all members of the Board.

5.0 ATTENDANCE AT MEETINGS

During the financial year ended 31 December 2006, the Audit Committee held a total of five [5] meetings.

Dates:

25 February 2006	17 August 2006
30 March 2006	27 November 2006
17 May 2006	

The details of attendance of the Audit Committee members are as follow:

Name of Audit Committee Member	Total Number of Meetings	Number of Meetings Attended
Cik Sharina Bahrin	5	5
YH Dato' Kamaruddin bin Mohammed	5	5
Tuan Dr. Haji Amad @ Ahmad bin Aman	5	4
Mr Ng Say Pin	5	5

6.0 ACTIVITIES

During the year under review, the Audit Committee has undertaken the following activities :

- Reviewed the external auditors' audit plan, scope and areas of audits of the Group, evaluation of the system of internal controls and audit findings, management letter and management's response and the audit report.
- Reviewed the annual financial statements of the Group, semi annual returns and quarterly results of the Group, and thereafter submitted them to the Board for approval.
- Reviewed the policy on recurrent related party transactions [RRPT] of a revenue or trading nature ["related party transactions"] within the Group and recommended to the Board for approval and adoption.
- Reviewed the recurrent transactions within the Group for inclusion in the circular to shareholders in relation to the proposed renewal of shareholders' mandate for recurrent transactions pursuant to the Bursa Malaysia Listing Requirements.
- Reviewed the suitability of the external auditors and recommended to the Board for reappointment and the audit fee thereof.
- Reviewed the business and financial risk, management objectives and policies of the Group and recommended to the Board for approval and adoption.
- Reviewed and recommended the new clauses in the updated letters of engagement from the external auditors for the Group and recommended to the Board for approval.
- Reviewed the results of the Group's internal audit reports and the adequacy of remedial actions taken by the management as recommended in the reports.
- Reviewed and approved the 2006 Internal Audit Plan.
- Reviewed follow-up actions by management on any weaknesses in internal accounting procedures and controls as highlighted by the external and internal auditors.

7.0 INTERNAL AUDIT FUNCTION

The Audit Committee is assisted by the Internal Audit Unit in maintaining a sound system of internal controls. The Internal Audit Unit

audit committee report

undertakes internal audit functions based on the audit plan that is reviewed and approved by the Audit Committee. The audit plan covers review of adequacy of operational controls, risk management, compliance with laws and regulations, quality of assets and management efficiency amongst others.

The Internal Audit Unit undertakes the audit of the Group's operating units, reviewing the units' compliance to internal control procedures, highlighting weaknesses and making appropriate recommendations for improvements.

The internal audit function is established to carry out audit of the Group's key operations and also to ensure consistency in the control environment and the application of policies and procedures. A systematic audit approach is adopted to add value and improve the Group's operations by providing independent, objective assurance and consulting activities. These are designed to evaluate and enhance risk management, internal control and governance processes to assist Management to achieve its corporate goals.

The internal audit reports prepared by the Unit are deliberated by the Audit Committee and recommendations are duly acted upon by the Management.

8.0 EMPLOYEES SHARE OPTION SCHEME

From 01 January 2006 until 30 April 2007, a total of 1,991,000 new ordinary shares of RM1 each were issued by the Company for cash by virtue of the exercise of options pursuant to the Company's ESOS at various prices as shown below:

Exercise Price (RM)	Number of Shares Exercised
1.020	712,000
1.635	810,000
1.790	62,000
2.125	330,000
2.745	77,000
Total	1,991,000

Those exercises were made in 27 batches with closing paid up at RM135,029,000.

After taking into consideration of lapsed and withdrawn offer, there were 431,000 ordinary shares still not allocated to employees as at 30 April 2007 from the total ESOS granted.

As at 30 April 2007, a balance of 60,000 ordinary shares are still not exercised after the adjustment of bonus issue.

A breakdown of the options offered to and exercised by all directors pursuant to a share scheme for employees and directors for the period ended 30 April 2007 is as follows:

Name of Directors	Number of options over ordinary shares of RM1 each		
	@ 1.1.2006	Exercised	@30.4.2007
YH Dato' Kamaruddin bin Mohammed	100,000	(100,000)	0
YH Dato' Haji Lias bin Mohd Noor	220,000	(160,000)	60,000
Mr Tee Kim Tee @ Tee Ching Tee	40,000	(40,000)	0
En Nowawi bin Abdul Rahman	400,000	(400,000)	0
Mr Tee Cheng Hua	80,000	(80,000)	0
Cik Sharina Bahrin	40,000	(40,000)	0
Tuan Dr. Haji Amad @ Ahmad bin Aman	50,000	(50,000)	0
Mr Ng Say Pin	80,000	(80,000)	0

statement of corporate governance

The Board of Directors is committed to ensure that the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders value and financial performance.

The Board of Far East Holdings Berhad confirms that the Group has applied the principles, and the extent of compliance with the Best Practices of Good Governance as set out in Part 1 and Part 2 respectively of the Malaysian Code on Corporate Governance ("the Code") pursuant to Paragraph 15.26 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("LR"). These principles and best practices have been applied throughout the year ended 31 December 2006.

The Board of Directors further confirms that the Group will continually apply the said principles and practices and where deemed appropriate, enhance the application thereof in pursuit of its commitment to the highest standards of corporate governance.

SECTION A : THE BOARD OF DIRECTORS

1.0 Principal Roles

The Board has the overall responsibility for corporate governance, strategic direction, formulation of policies and overseeing the investment and business of the Company.

The Board meets at least six (6) times a year, with additional meetings convened as and when necessary. During the financial year ended 31 December 2006, seven (7) Board meetings were held. Details on attendance of the Directors at Board meetings are as follow:

Name of Directors`	Attendance
YH Dato' Kamaruddin bin Mohammed	7/7
YH Dato' Haji Lias bin Mohd Noor	6/7
Mr Tee Kim Tee @ Tee Ching Tee	6/7
En Nowawi bin Abdul Rahman	7/7
Mr Tee Cheng Hua	7/7
Tuan Dr. Haji Amad @ Ahmad bin Aman	6/7
Mr Ng Say Pin	7/7
Cik Sharina Bahrin	7/7
Mr Tee Lip Hian	7/7

2.0 Board Balance

The Board consists of seven (7) Non-Executive Directors (including the Chairman) and two (2) Executive Directors, with three (3) of the nine (9) Directors being Independent Directors with a synergistic mixture of businessmen, planters, professionals and technical expertist. This mix of skills and experience is vital for the successful direction of the Group. A brief profile of each Director is presented on page 10 to 18.

The role of the Chairman and the Executive Directors are separated and clearly defined, so as to ensure that there is a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and conduct, whilst the Executive Directors have overall responsibility for the operating units, organisational effectiveness and implementation of Board policies and decisions. The presence of three (3) Independent Non-Executive Directors fulfills a pivotal role in corporate accountability. Although all the Directors have an equal responsibility for the Group's operations, the role of these Independent Non-Executive Directors is particularly important as they provide an unbiased and independent views, advice and judgment.

statement of corporate governance

3.0 Supply Of Information

All Directors are provided with formal schedule of matters and a set of necessary Board papers in advance prior to board meetings. They have direct access to the advice and services of the Company Secretary. The Board reviews quarterly management performance reports. The Board also considers and endorses recommendations of Board Committees. The Board papers include, among others, the followings:

- Minutes of meetings of all Board Committees;
- Management report, which covers the Group financial and estates' performance;
- Recommendation of strategies and review of group strategies, including the review of key performance indicator;
- Current review of the operation of the Group;
- Annual Budget and regular financial reports.

In furtherance of their duties and responsibilities, Directors may obtain independent professional advice, where necessary at the company's expense.

4.0 Appointments To The Board

Pursuant to the best practices promulgated by the Code, the Board has established a Nomination Committee, consisting of three (3) Directors without executive functions, two (2) of whom are independent. The duties and responsibilities of the Committee are to propose new nominees to the Board and to assess the contribution of each individual Director and overall effectiveness of the Board on an on-going basis. The membership and principal duties and responsibilities of the Committee are set out in the following paragraph 5.0 (ii).

5.0 Board Committees

The Board delegates specific responsibilities to the Board Committees, all of which have their written terms of reference. These Committees have the authority to examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision on all matters lies with the Board. The four principal Board Committees are:-

i) Audit Committee

The Audit Committee reviews issues of accounting policies, presentation for external financial reporting, monitors the work of the Internal Audit function and ensures an objective, and professional relationship is maintained with the external auditors. The Audit Committee has full access to the auditors both internally and externally who, in turn, have access at all times to the Chairman of the Audit Committee. The report of the Audit Committee is stated on page 26 to 28.

ii) Nomination Committee

The membership of the Nomination Committee comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, as follows:

Independent Non-Executive Director

- Tuan Dr. Haji Amad @ Ahmad bin Aman (Chairman)
- Mr Ng Say Pin

Non-Independent Non-Executive Director

- Mr Tee Kim Tee @ Tee Ching Tee

The Committee is authorised to propose new nominees of the Board and to assess the contribution of each individual Director and overall effectiveness of the Board and an on-going basis. The actual decision as to who shall be appointed a Director would be the responsibility of the full Board after considering the recommendations of the Committee.

iii) Remuneration Committee

The Remuneration Committee currently consists of three Non-Independent Non-Executive Directors. The Committee is responsible for setting the policy framework and for making recommendations to the Board on remuneration and other terms of employment for member of the Board and senior executives. The members of Remuneration Committee are as follows:

Non-Independent Non-Executive Director

- YH Dato' Kamaruddin bin Mohammed (Chairman)
- YH Dato' Haji Lias bin Mohd Noor
- Mr Tee Kim Tee @ Tee Ching Tee

iv) Employees' Share Option Scheme Committee

The Employees' Share Option Scheme Committee or the Option Committee was established to administer the Far East Holdings Berhad Employees' Share Option Scheme. The Committee ensures that the Scheme is administered in accordance with the By-Laws. The Company Secretary also serves on the Option Committee. The Directors who serve on the Option Committee are as follows:

Non Independent Non-Executive Director

- YH Dato' Haji Lias bin Mohd Noor (Chairman)

Non-Independent Executive Director

- Mr Tee Cheng Hua
- En Nowawi bin Abdul Rahman

Independent Non-Executive Director

- Mr Ng Say Pin

6.0 Re-Election Of Directors

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to re-election by shareholders at the next Annual General Meeting immediately after their appointment.

In accordance with the Articles, one third of the remaining Directors, including the Executive Directors, are required to submit themselves for re-election by rotation at each Annual General Meeting.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act 1965.

7.0 Directors Training

Every Director of the Company undergoes continuous training to equip himself to effectively discharge his duties as a Director and for that purpose he/she ensures that he attends such training programmes as prescribed by the Bursa Malaysia from time to time. All Directors attended the Mandatory Accreditation Programme ("MAP") prescribed by the Bursa Malaysia and have completed their Continuing Education Programme ("CEP") as prescribed by the Bursa Malaysia. For the financial year ended 31 December 2006, all the Directors had participated and attended seminars as recommended and approved by the Board.

statement of corporate governance

SECTION B : DIRECTORS' REMUNERATION

1.0 Directors Remuneration

The aggregate Directors' remuneration paid or payable or otherwise made to all Directors of the Company who served during the financial year are as follows:

Category	Fees (RM'000)	Salaries (RM'000)	Other Emoluments (RM'000)	Total (RM'000)
Executive Directors	70	324	338	732
Non-Executive Directors	265	96	15	376
Total	335	420	353	1,108

The number of Directors whose total remuneration falls within the following bands is as follows:

Range of Remuneration/ Fee	Executive Directors	Non-Executive Directors
Below RM50,000	-	6
RM50,001 – RM500,000	2	1

SECTION C : RELATIONS WITH SHAREHOLDERS AND INVESTORS

1.0 Corporate Communication

The Annual General Meeting ("AGM") is the principal forum for dialogue with individual shareholders and investors. It is a crucial mechanism in shareholder communication for the Company. At the Company's AGM, which is generally well attended, shareholders have direct access to the Board and are given the opportunities to ask question during open question and answer session prior to the motion moving for approval of the Company's Audited Statements and Directors' Report for the financial year. The shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general. Where it is not possible to provide the questions with immediate answer to a significant question, the Chairman will undertake to provide him/her with a written answer after the AGM.

The Company's e-mail fareast@fareh.po.my is one of the means to communicate with the company. The Board has appointed Mr Ng Say Pin as Senior Independent Director to which any queries with regard to the Group may be conveyed. At all times shareholders may contact the Company Secretaries or visit our website www.fehb.com.my.

SECTION D : ACCOUNTABILITY AND AUDIT

1.0 Financial Reporting

The Directors recognise the responsibility for ensuring that accounting records are properly kept and the financial statements are prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The quarterly results announcements to the Bursa Malaysia Securities Berhad ("Bursa Malaysia") reflect the Board's commitment to give regular updated assessments on the Group's performance and prospects. The statement by the Board pursuant to Section 169(15) of the Companies Act, 1965 is presented on page 47.

2.0 Internal Controls

The Group has established internal controls that cover all levels of personnel and business processes that ensure the Group's operations are effective and efficient as well as the safeguarding of the Group's assets and shareholders' interests. The Statement on Internal Control furnished on page 37 and 38 of the Annual Report provides an overview of the state of internal controls within the Group.

3.0 Audit Committee

The Group's financial reporting and internal control system is overseen by the Audit Committee, which comprises of three (3) Independent Non-Executive and one (1) Non-Independent Non-Executive Director. The composition, terms of reference and summary of the activities of the Audit Committee during the financial year are disclosed in the Audit Committee Report. A charter that is approved by the Board governs the activities of the Audit Committee.

The Audit Committee meets quarterly. Additional meetings are held as and when required. During the financial year ended 31 December 2006, a total of five (5) Audit Committee meetings were held.

The Head of Departments in Head Office are invited to attend the Audit Committee meetings when deemed necessary by the Audit Committee for the purpose of briefing the Audit Committee on the activities involving their areas of responsibilities.

The Audit Committee meets with the Group's external auditors annually to review the scope and adequacy of the audit process, the annual financial statements and their audit findings. The Audit Committee also meets with the external auditors whenever it deems necessary.

The Audit Committee Report is presented on page 26 to 28.

4.0 Internal Audit

The Group has an established Internal Audit Unit that assists the Audit Committee in the discharge of its duties and responsibilities. Its role is to provide independent and objective reports on the organisation's management, records, accounting policies and controls to the Board. The Internal Audit function includes evaluation of the processes by which significant risks are identified, assessed and managed. Such audits are carried out to ensure instituted controls are appropriate, effectively applied and within acceptable risk exposures consistent with the Group's risk management policy. The Internal Audit Unit reports directly to the Audit Committee and its findings and recommendations are communicated to the Board.

5.0 External Audit

The Group independent External Auditor fills an essential role for the shareholders by enhancing the reliability of the Group's financial statements and giving assurance of that reliability to users of these financial statements.

The External Auditors have an obligation to bring any significant defects in the Group's system of control and compliance to the attention of the management and, if necessary, to the Audit Committee and the Board. This includes the communication of any fraud detected.

additional compliance statements

1.0 Recurrent Related Party Transactions of A Revenue or Trading Nature

Pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, the company will be seeking the renewal from the shareholders for recurrent related party transactions of a revenue or trading nature, entered into between Far East Holdings Berhad or its subsidiary companies and related parties, at the forthcoming Annual General Meeting of Far East Holdings Berhad scheduled to be held on 20 June 2007. The related party transactions for the group are as follows:

Related Party	Nature of Relationship	Estimated Aggregate Value from the date of the forthcoming AGM** RM'000	Nature of Transaction	Method of Pricing
KKSB	FEHB directly holds 51%* equity interest in KKSB	11,177	Sales of FFB (fresh fruit bunches)	Based on MPOB (Malaysian Palm Oil Board) pricing
PTSB	PTSB is a major shareholder of FEHB that holds 27.16%* equity interest in FEHB	9,489	Sales of CPO (Crude Palm Oil) and palm kernel	Based on MPOB pricing
PPOM	FEHB effectively owns 25.50%* equity interest in PPOM	17,258	Sales of FFB and sales of CPO and palm kernel	Based on MPOB pricing
WWSB	KKSB directly holds 51%* equity interest in WWSB	6,062	Sales of CPO and palm kernel	Based on MPOB pricing
CKPSB	KKSB indirectly holds 30%* equity interest in CKPSB	1,536	Sales of CPO and palm kernel	Based on MPOB pricing
PGC	KKSB directly holds 30%* equity interest in PGC	1,266	Management services	Based on agreed contract agreement
PGC	KKSB directly holds 30%* equity interest in PGC	12,823	Marketing of sales and purchase of CPO	Based on forward sales and purchase of CPO prices
RPOM	PPOM directly holds 30%* equity interest in RPOM	41,027	Sales of FFB and purchases of CPO and palm kernel	Based on MPOB pricing
ERPOM	PTSB directly holds 32%* equity interest in ERPOM	3,048	Purchases of CPO and palm kernel	Based on MPOB pricing

* As at 30 April 2007

** Estimated aggregate value based on amount transacted (net of purchase and sales) for a financial year ended 31 December 2006 and will vary with the fluctuation of oil palm prices and production during the year.

- KKSB - Kilang Kosfarm Sdn Bhd
- PTSB - Prosper Trading Sdn Bhd
- PPOM - Prosper Palm Oil Mill Sdn Bhd
- WWSB - Wujud Wawasan Sdn Bhd
- CKPSB - Cheekah Kemayan Plantations Sdn Bhd
- PGC - PGC Management Services Sdn Bhd
- RPOM - Rompin Palm Oil Mill Sdn Bhd
- ERPOM - Endau Rompin Palm Oil Mills Sdn Bhd

2.0 Share Buy-Back

The Company has not purchased any of its own shares during the financial year under review. As such, there is no treasury share maintained by the Company.

3.0 Options

The Employees' Share Option Scheme ("ESOS") of FEHB came into effect on 18 March 2002 and be continued for another five years. The details of the ESOS exercise is disclosed in page 89 to 93 of the Notes to the Accounts of the Financial Statements.

4.0 Warrant or Convertible Securities

The Company has not issued any warrant or convertible securities in the financial year ended 31 December 2006.

5.0 American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")

The Company has not sponsored any ADR or GDR programme in the financial year ended 31 December 2006.

6.0 Approved Utilisation of Fund

There were no approved utilisations of fund obtained by the company from any relevant bodies.

7.0 Penalties Imposed on FEHB and Its Subsidiaries

There were no sanctions and/or penalties imposed on the company by the relevant regulatory bodies during the financial year ended 31 December 2006.

8.0 Non-Audit Fees

The amount of non-audit fees paid/payable to the external auditors by the Group for the financial year ended 31 December 2006 is RM14,000.00.

9.0 Material Contracts

Except for transactions disclosed in Recurrent Related Party Transactions, none of the directors and major shareholders had any material contracts with the company during the financial year ended 31 December 2006.

10.0 Profit Estimate, Forecast, Projection and Variation in Results

There were no variations of 10% or more between the audited results for the financial year ended 31 December 2006 and the unaudited results for the quarter ended 31 December 2006 of the Group previously announced.

11.0 Profit Guarantee

The Company has not issued any profit guarantees in the financial year ended 31 December 2006.

12.0 Revaluation Policy on Landed Properties

Long-term leasehold land, mature and immature plantations are subsequently shown at revalued amount, based on valuation at regular intervals of once every five (5) years carried out by a firm of independent external valuers, less subsequent depreciation and impairment losses. All other properties, plants and equipments are stated at cost less accumulated depreciation and impairment losses. Surpluses arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluations is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same assets. In all other cases, a decrease in carrying amount is charged to income statement. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

statement of directors' responsibilities in relation to the financial statements

The Companies Act requires the Directors, 1965 to ensure that financial statements prepared for each financial year give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the results and cash flow of the Group for the financial year. The Directors consider that in presenting the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable judgments and estimates.

The Directors have a general responsibility for ensuring that the Company and Group keep proper accounting records and financial statements, which disclose with

reasonable accuracy the financial position of the Company and Group. Efforts are made to ensure that such financial statements comply with the Companies Act, 1965, approved accounting standards in Malaysia and other regulatory provisions.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 16 April 2007.

statement of internal control

BOARD RESPONSIBILITY

The Board of Directors is committed to maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets and to reviewing its adequacy and integrity. The systems of internal control cover not only financial matters but also operational, compliance and risk management.

The Board also recognises that a sound system of internal control can only reduce but not eliminate the possibility of poor judgement in decision making, human error, control process being deliberately circumvented by employees, management overriding controls and the occurrence of unforeseeable circumstances. Accordingly, the system could provide only reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss.

RISK MANAGEMENT FRAMEWORK

The Board with the assistance of the Management undertook to identify the principal business risks in the critical areas of the Group, assessing the likelihood of material exposures and identifying the measures taken and the time frame to mitigate and minimise these risks. This was done through desktop reviews, interviews with the Management and thorough deliberation and discussion among the Directors in the Board meeting.

After the review and taking into consideration the nature of the Group's business, the Directors are of the view that the Group is not materially exposed to legal and environmental risks and therefore have concluded to focus on the operational risks relevant to the business. Although there is exposure to market risk as a result of price fluctuations in the commodity market, the Directors consider these as movement in market forces inherent in the industry in which the Group operates.

As part of risk management framework, the Board has established a Risk Management Committee which is responsible for the ongoing process of identifying, assessing and managing key business, operational and financial risks that are considered likely to affect the profitable operation of the business units in the Group.

In addition, Internal Audit Function also reviews the operational procedures and processes to ensure the Group's effectiveness and integrity of the internal control system.

OTHER KEY ELEMENTS OF INTERNAL CONTROL SYSTEM

The Group has a number of internal controls in place which have been established by the parent holding company. The controls include :

- **Board Meetings**

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Chairperson, together with the Executive Directors, leads the presentation of board papers and provides comprehensive explanation of pertinent issues.

In arriving at any decision, on recommendation by the Management, a thorough deliberation and discussion by the Board is a prerequisite. In addition, the Board is kept updated on the Group's activities and operations on a regular basis.

- **Organisational Structure with Formally Defined Responsibility Lines and Delegation of Authority**

The Board is headed by the Chairperson who ensures the Group operates within its mission and established policies to enable the Group to meet its enhancing shareholders' wealth. The monitoring and managing of the Group operations is delegated to its Executive Directors who are actively involved in day-to-day operations of the Group.

There is a clearly defined organisation structure which outlines the responsibilities lines and authorities to ensure proper and clear delegation of responsibilities to Committees of the Board and to the Management.

- **Performance Management Framework**

Comprehensive management reports covering the estates and financial performance are presented to the Board at its regular meetings. Reports are generated on a regular and consistent basis to facilitate the Board and the Management to perform financial and operating reviews on the various operating units. The reviews encompass areas such as financial and non-financial key performance indicators, variances between budget and operating results and compliance with laws and regulations.

The Group also has a detailed budgeting process with an annual budget approved by the Board. Actual results are reported monthly against budget and major variances are reviewed and corrective action are taken, where necessary.

statement of internal control

Internal Audit visits are systematically organised over a period, to monitor compliance with policies, procedures and assess the integrity of financial information provided.

- **Operational Policies and Procedures**

The documented policies and procedures form an integral part of the internal control system to safeguard the Group's assets against material loss and ensure complete and accurate financial information. The documents consist of circulars, memoranda, manuals and procedures that are continuously being revised and updated to meet operational needs.

- **Audit Committee and Internal Audit**

The Audit Committee was formed with a view to assist the Board in discharging its duties. The Audit Committee comprises of independent non-executive members of the Board and review internal audit findings, discuss risk management plans and ensure that weaknesses in controls highlighted are appropriately addressed by the management. The internal auditor conducts reviews on the systems of internal control and the effectiveness of the processes that are in place and to ensure its independence reports directly to the Audit Committee.

The Internal Audit function has the primary objective to carry out a review of the internal control systems to determine whether the accounting and internal controls have been complied with and also make recommendations to strengthen the accounting and internal control system.

- **Review of Recurrent Related Party Transactions**

All recurrent related party transactions are dealt with in accordance with the Listing Requirements of the Bursa Malaysia Securities Berhad. The Board and the Audit Committee review the recurrent related party transactions annually.

- **Financial and Operating Manuals**

The Financial and Operating Manuals set out the policies and procedures for day-to-day operations and act as a guideline as to proper measures to be undertaken in a given set of circumstances. The Manuals enable tasks to be carried out within a set of flexible rules with minimal supervision.

- **Financial Authority Limits**

The Financial Authority Manual defines the revenue and capital expenditure limits for each level of

management within the Group. This internal control acts as a check and balance before financial expenditure is actually incurred.

- **Tender Committees**

The purchase of goods and services exceeding a prescribed limit is approved by two sets of Committees, namely the Fertiliser Tender Committee and the Replanting Tender Committee at the Head Office. A minimum number of three quotations are called for and tenders are awarded based on factors such as quality, track record, pricing and speed of delivery. The Tender Committees, therefore, ensure transparency in the award of contracts.

- **Plantation Advisory Services**

The Plantation Advisory Service that is outsourced is entrusted with achieving and maintaining performance benchmarks for the Plantation sector. Any departures from the agreed standards and poor performances in the estates are reported to the top management for corrective measures to be taken.

- **Plantation Co-ordination Meeting**

In order to achieve cooperation, discussion and pro-activeness which ultimately will lead to enhancement of oil extraction ratios [OER], the Group has established Mill/Estate Committee meetings which meet regularly. All problems regarding delivery, quality, diversion of fresh fruit bunches [FFB] and other plantation matters are discussed openly and solutions will be recommended by the Committee.

WEAKNESS IN INTERNAL CONTROL

There were no material internal control failures nor have any of the reported weaknesses resulted in material losses or contingencies during the financial year.

This statement is made in accordance with a resolution of the Board of Directors dated 16 April 2007.

financial statements

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directors' report

for the year ended 31 December 2006

The Directors are pleased to submit their Annual Report to the members together with the audited financial statements of the Group and Company for the year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Company are oil palm plantations and investment holding. The principal activities of the subsidiaries of the Group consist of oil palm plantations and palm oil mill. There was no significant change in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the year attributable to equity holders of the Company	38,906,146	25,362,648

DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since 31 December 2005 were as follows:

	RM
In respect of the financial year ended 31 December 2005, final dividend of 10 sen per share, less income tax of 28% and a special tax exempt dividend of 2.5 sen per share on 134,390,000 ordinary shares, paid on 5 July 2006	13,035,830
In respect of the financial year ended 31 December 2006, interim gross dividend of 5 sen per share, less income tax of 28% on 134,802,000 ordinary shares, paid on 10 October 2006	4,852,872
In respect of the financial year ended 31 December 2006, special interim gross dividend of 5 sen per share, less income tax of 27% on 134,861,000 ordinary shares, paid on 29 January 2007	4,922,426
	22,811,128

The Directors now recommend the payment of a final gross dividend of 7 sen per share, less income tax of 27% and 3 sen tax exempt dividend on 134,861,000 ordinary shares amounting to RM6,891,397 and RM4,045,830 respectively for the year ended 31 December 2006. The proposed dividends are subject to the approval of the shareholders at the forthcoming Annual General Meeting.

directors' report
for the year ended 31 December 2006 (continued)

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

SIGNIFICANT EVENTS DURING THE YEAR

On 5 December 2006, the Company had entered into the following conditional agreements:

- (i) Sale and Purchase Agreement ("SPA") with Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang ("LKPP") to acquire 3,625,004 ordinary shares of RM 1.00 each ("Shares") representing approximately 14.50% equity interest in Prosper Palm Oil Mill Sdn Bhd ("PPOM") from LKPP for a cash consideration of RM23,345,025.76;
- (ii) SPA with Dawn Oil Palm Plantations Sdn Bhd ("DOPP") and B.S. Oil Palm Plantations Sdn Bhd ("BSOP") both of which are wholly-owned subsidiaries of the Company, to acquire an aggregate of 3,701,038 shares in PPOM representing approximately 14.80% of its equity interest ("PPOM Transfer 1 Shares"), for a total purchase consideration of RM4,547,966.00;
- (iii) SPA with Kampong Aur Oil Palm Company (Sdn.) Berhad ("KAOP"), a 82.84%-owned subsidiary of the Company, to acquire 2,673,958 shares in PPOM representing approximately 10.70% of its equity interest ("PPOM Transfer 2 Shares"), for a purchase consideration of RM17,220,289.52;
- (iv) SPA with PPOM to dispose of 900,000 Shares in Prosper Trading Sdn Bhd ("PTSB") representing approximately 3.46% of its equity interest ("PTSB Disposal Shares"), for a disposal consideration of RM5,409,000.00 to be satisfied entirely in cash; and
- (v) SPA with LKPP to acquire two (2) parcels of land located in Bukit Batu, Mukim Keratong, Rompin, Pahang Darul Makmur with a total area measuring approximately 5,436.29 acres ("LKPP Land") for a cash consideration of RM31,500,000.00.

The shareholders in the Extraordinary General Meeting (EGM) held on 2 April 2007 had approved the above conditional agreements.

EMPLOYEES' SHARE OPTION SCHEME

The Company's Employees' Share Option Scheme ("ESOS") came into effect on 18 March 2003. The ESOS is governed by the By-Laws, which were approved by the shareholders on 29 December 2002. On 27 July 2005, the shareholders of the Company had approved the amendments to the By-Laws to extend the participation of the ESOS to Non-Executive Directors of the Group.

On 27 November 2006, the Company had announced for a proposal to amend certain clauses in the By-Laws governing the Company's ESOS, particularly that all options and offers shall not exceed an amount equivalent to 15% of the issued and paid up share capital of the Company at any point of time during the existence of the ESOS. The shareholders in the EGM held on 2 April 2007 had approved the amendment.

During the year, 1,823,000 new ordinary shares of RM1 each were issued by the Company for cash by virtue of the exercise of options pursuant to the Company's Employees' Share Option Scheme. Details of the unit and exercise price of the ESOS are as per Note 22(b) to the financial statements.

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

Details of the ESOS are set out in Note 22(b) to the financial statements.

The Companies Commission of Malaysia had exempted to the Company from having to disclose in this report the names of the persons to whom options have been granted during the year and details of their holdings.

directors' report

for the year ended 31 December 2006 (continued)

DIRECTORS

The Directors who have held office during the period since the date of the last report are as follows:

YH Dato' Kamaruddin bin Mohammed

YH Dato' Haji Lias bin Mohd Noor

Encik Nowawi bin Abdul Rahman

Mr Tee Kim Tee @ Tee Ching Tee

Mr Tee Cheng Hua

Tuan Dr Haji Amad @ Ahmad bin Aman

Mr Ng Say Pin

Cik Sharina Bahrin

Mr Tee Lip Hian

In accordance with Article 97 of the Company's Articles of Association, Mr Tee Kim Tee @ Tee Ching Tee, Tuan Dr Haji Amad @ Ahmad bin Aman and Mr Tee Lip Hian retire by rotation at the forthcoming Annual General Meeting. Mr Tee Kim Tee and Mr Tee Lip Hian being eligible offer themselves for re-election. Tuan Dr Haji Amad @ Ahmad bin Aman did not offer himself for re-election.

DIRECTORS' BENEFITS

During and at the end of the year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than the Company's Employees Share Option Scheme (see Note 7 to the financial statements).

Since the end of the previous year, no Director has received or become entitled to receive a benefit (other than Directors' remunerations disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in Note 27 to the financial statements.

directors' report
for the year ended 31 December 2006 (continued)

DIRECTORS' INTERESTS IN SHARES

According to the register of directors' shareholdings, particulars of interests of Directors who held office at the end of the year in shares and options over shares in the Company and its related corporations are as follows:

	Number of ordinary shares of RM1 each			
	1.1.2006	Bought	Sold	31.12.2006
Shareholdings in the name of the Director:				
YH Dato' Kamaruddin bin Mohammed	400,000	150,000	-	550,000
YH Dato' Haji Lias bin Mohd Noor	86,600	100,000	(66,400)	120,200
Mr Tee Kim Tee @ Tee Ching Tee	3,054,600	220,000	-	3,274,600
Encik Nowawi bin Abdul Rahman	300,000	370,000	-	670,000
Mr Tee Cheng Hua	834,000	80,000	-	914,000
Tuan Dr Haji Amad @ Ahmad bin Aman	150,000	50,000	(10,000)	190,000
Mr Ng Say Pin	120,000	80,000	-	200,000
Cik Sharina Bahrin	-	40,000	(40,000)	-
Mr Tee Lip Hian	148,000	-	-	148,000

	Number of options over ordinary shares of RM1 each			
	1.1.2006	Granted	Exercised	31.12.2006
YH Dato' Kamaruddin bin Mohammed	100,000	-	(100,000)	-
YH Dato' Haji Lias bin Mohd Noor	220,000	-	(100,000)	120,000
Mr Tee Kim Tee @ Tee Ching Tee	40,000	-	(40,000)	-
Encik Nowawi bin Abdul Rahman	400,000	-	(370,000)	30,000
Mr Tee Cheng Hua	80,000	-	(80,000)	-
Tuan Dr Haji Amad @ Ahmad bin Aman	50,000	-	(50,000)	-
Mr Ng Say Pin	80,000	-	(80,000)	-
Cik Sharina Bahrin	40,000	-	(40,000)	-

Other than disclosed above, according to the register of directors' shareholdings, the other Director in office at the end of the year did not hold any interest in shares and options over ordinary shares in the Company and its related corporations during the year.

The Directors by virtue of their interest in shares of the Company are also deemed to have interest in shares of the Company's subsidiaries to the extent that the Company has an interest.

directors' report
for the year ended 31 December 2006 (continued)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets were made out, the Directors took reasonable steps:

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and Company inadequate to any substantial extent; or
- which would render the values attributed to current assets in the financial statements of the Group and Company misleading; or
- which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

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 year which, in the opinion of the Directors, will or may affect the ability of the Group or the Company to meet their obligations when they fall due.

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

- any charge on the assets of the Group or Company which has arisen since the end of the year which secures the liability of any other person; or
- any contingent liability of the Group or Company, which has arisen since the end of the year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements misleading other than material litigation as stated in Note 31 to the financial statements.

In the opinion of the Directors:

- the results of the Group's and Company's operations during the year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or Company for the year in which this report is made.

AUDITORS

The auditors, Ash'ariCheong, have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors dated 16 April 2007.

Dato' Kamaruddin bin Mohammed
Chairman

Nowawi bin Abdul Rahman
Executive Director

statement by directors

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

We, Dato' Kamaruddin bin Mohammed and Nowawi bin Abdul Rahman, two of the Directors of Far East Holdings Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 49 to 102 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2006 and of the results and cash flows of the Group and Company for the year ended on that date in accordance with MASB Approved Accounting Standards for Entities Other than Private Entities and the provisions of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors dated 16 April 2007.

Dato' Kamaruddin bin Mohammed
Chairman

Nowawi bin Abdul Rahman
Executive Director

statutory declaration

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

I, Asmin binti Yahya, the Officer primarily responsible for the financial management of Far East Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 49 to 102 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.

Asmin binti Yahya

Subscribed and solemnly declared by the abovenamed Asmin binti Yahya

At: Kuantan

On: 16 April 2007

Before me:

Commissioner for Oaths

report of the auditors

to the members of Far East Holdings Berhad (Company No.: 14809-W)
(Incorporated in Malaysia)

Ash'ariCheong (AF 1534)	Chartered Accountants In association with KT Cheong & Associates (Chartered Accountants)	B42, Abacus Business Centre Lorong Tun Ismail 8 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Malaysia postal address PO Box 211 25720 Kuantan	telephone (609) 5178388 facsimile (609) 5158098
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1. We have audited the financial statements of Far East Holdings Berhad set out on pages 49 to 102. These financial statements are the responsibility of the Company's Directors.
2. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.
3. We conducted our audit in accordance with applicable approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
4. In our opinion:
 - (a) the financial statements have been properly drawn out in accordance with the provisions of the Companies Act, 1965 and MASB Approved Accounting Standards for Entities Other than Private Entities so as to give a true and fair view of:
 - (i) the financial position of the Group and Company as at 31 December 2006 and of the results and cash flows of the Group and Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and Company;and
 - (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.
5. We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements 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.
6. The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Section 174 (3) of the Act.

Ash'ariCheong
[AF : 1534]
Chartered Accountants

Dato' Cheong Keap Tai
[1129/12/07 (J/PH)]
Partner of the firm

Kuantan 16 April 2007

income statements

for the year ended 31 December 2006

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Revenue	5	169,810,161	71,314,576	44,382,594	127,426,062
Other operating income		1,594,255	1,554,556	413,991	760,833
Negative goodwill	13	3,201,860	-	-	-
Staff costs		(5,115,234)	(3,987,398)	(2,141,710)	(2,202,423)
Changes in inventories		4,024,387	-	-	-
Finished goods purchased		(32,993,111)	-	-	-
Raw material purchased		(48,867,263)	-	-	-
Production cess		(751,171)	-	-	-
Carriage outwards		(2,145,435)	-	-	-
Upkeep, repair and maintenance of assets		(3,326,687)	-	-	-
Utilities and fuel		(639,679)	-	-	-
Depreciation		(1,937,448)	(1,436,968)	(439,597)	(435,941)
Amortisation on leasehold land		(2,660,196)	(2,282,304)	(714,374)	(603,280)
Upkeep and cultivation		(13,045,163)	(12,881,852)	(2,574,708)	(2,386,685)
Harvesting		(9,132,985)	(9,042,651)	(1,890,109)	(1,685,296)
Estate general charges		(2,411,222)	(1,918,291)	(673,280)	(454,992)
Replanting expenses		-	(1,348,293)	-	(363,309)
Other operating expenses		(7,782,103)	(4,620,060)	(1,151,121)	(1,273,910)
Finance income		2,066,992	1,893,240	1,198,760	1,017,431
Finance cost		(22,629)	-	-	-
Share of profit after tax of equity accounted associates		9,311,233	9,614,664	-	-
Profit before tax	6	59,178,562	46,859,219	36,410,446	119,798,490
Tax expenses	8	(15,466,529)	(11,610,358)	(11,047,798)	(30,301,000)
Profit for the year		43,712,033	35,248,861	25,362,648	89,497,490

income statements
for the year ended 31 December 2006 (continued)

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Attributable to:					
Equity holders of the Company		38,906,146	32,825,812	25,362,648	89,497,490
Minority interests		4,805,887	2,423,049	-	-
		43,712,033	35,248,861	25,362,648	89,497,490
Earnings per share attributable to equity holders of the Company (sen)					
- basic	9(a)	29.02	24.90		
- diluted	9(b)	29.00	24.67		

The accompanying notes form an integral part of these financial statements.

balance sheets

as at 31 December 2006

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Non current assets					
Property, plant and equipment	11	408,049,901	391,013,267	89,002,295	88,573,457
Land held for development	12	40,245,683	40,245,683	40,245,683	40,245,683
Deferred tax asset	21	66,954	24,864	-	-
Subsidiaries	13	-	-	36,199,352	28,899,350
Associates	14	72,678,796	63,335,466	6,350,000	9,250,000
Investments, at cost	15	18,299,075	15,299,075	17,170,000	14,170,000
Breeding stocks		91,954	448,992	-	-
		539,432,363	510,367,347	188,967,330	181,138,490
Current assets					
Inventories	16	8,045,885	1,458,788	48,094	449,976
Receivables, deposits and prepayments	17	31,407,151	7,139,818	20,232,607	7,371,815
Tax recoverable		1,060,373	2,543,762	385,777	837,175
Deposits, bank and cash balances	18	80,287,525	74,844,164	32,297,029	40,187,518
		120,800,934	85,986,532	52,963,507	48,846,484
Less: Current liabilities					
Payables	19	23,407,298	6,800,091	6,742,256	5,594,534
Hire purchase liabilities	20	431,313	-	-	-
Current tax liabilities		589,184	-	-	-
		24,427,795	6,800,091	6,742,256	5,594,534
Net current assets		96,373,139	79,186,441	46,221,251	43,251,950
Less: Non current liabilities					
Hire purchase liabilities	20	511,591	-	-	-
Deferred tax liabilities	21	83,557,200	82,848,000	15,121,000	14,706,000
		84,068,791	82,848,000	15,121,000	14,706,000
		551,736,711	506,705,788	220,067,581	209,684,440

balance sheets
as at 31 December 2006 (continued)

		Group		Company	
Note		2006 RM	2005 RM	2006 RM	2005 RM
Capital and reserves attributable to equity holders of the Company					
Share capital	22	134,861,000	133,038,000	134,861,000	133,038,000
Share premium	23	10,207,860	9,226,000	7,157,134	6,175,274
Revaluation and other reserves	24	173,581,886	173,139,371	25,493,873	25,389,538
Retained earnings	25	178,704,160	157,686,716	52,555,574	45,081,628
Shareholders' equity		497,354,906	473,090,087	220,067,581	209,684,440
Minority interest		54,381,805	33,615,701	-	-
Total equity		551,736,711	506,705,788	220,067,581	209,684,440

The accompanying notes form an integral part of these financial statements.

statements of changes in equity

for the year ended 31 December 2006

Group	Note	Attributable to equity holders of the Company					Minority interest	Total equity
		Share capital (Note 22) RM	Share premium (Note 23) RM	Revaluation and other reserves (Note 24) RM	Retained earnings RM	Total RM		
At 31 December 2004		65,089,000	6,782,490	96,440,811	204,720,853	373,033,154	27,040,971	400,074,125
Net loss not recognised in the income statement		-	-	(63,535)	-	(63,535)	-	(63,535)
Bonus issue		66,519,000	-	-	(66,519,000)	-	-	-
Employees share option scheme								
- issue of shares		1,430,000	2,443,510	-	-	3,873,510	-	3,873,510
- options granted				28,400	-	28,400	-	28,400
Revaluation surplus net of tax		-	-	76,528,258	-	76,528,258	6,571,800	83,100,058
Transfer from deferred tax		-	-	205,437	-	205,437	-	205,437
Profit for the year		-	-	-	32,825,812	32,825,812	2,423,049	35,248,861
Dividend paid								
- 31 December 2004		-	-	-	(10,946,265)	(10,946,265)	(2,420,119)	(13,366,384)
- 31 December 2005	10	-	-	-	(2,394,684)	(2,394,684)	-	(2,394,684)
At 31 December 2005		133,038,000	9,226,000	173,139,371	157,686,716	473,090,087	33,615,701	506,705,788

statements of changes in equity
for the year ended 31 December 2006 (continued)

Group	Note	Attributable to equity holders of the Company				Minority interest	Total equity
		Share capital (Note 22) RM	Share premium (Note 23) RM	Revaluation and other reserves (Note 24) RM	Retained earnings RM	Total RM	RM
At 31 December 2005							
- as stated		133,038,000	9,226,000	173,110,971	157,715,116	473,090,087	33,615,701
- change in accounting policy	29	-	-	28,400	(28,400)	-	-
- as restated		133,038,000	9,226,000	173,139,371	157,686,716	473,090,087	33,615,701
Charged to income statement		-	-	1,580	-	1,580	-
Employees shares option scheme							
- issue of shares		1,823,000	981,860	-	-	2,804,860	-
- options granted		-	-	27,335	-	27,335	-
Issue for share		-	-	-	-	-	735,000
Transfer from deferred tax		-	-	413,600	-	413,600	-
Business combination		-	-	-	-	-	17,083,719
Profit for the year		-	-	-	38,906,146	38,906,146	4,805,887
Dividend paid							
- 31 December 2005	10	-	-	-	(13,035,830)	(13,035,830)	(1,858,502)
- 31 December 2006	10	-	-	-	(4,852,872)	(4,852,872)	-
At 31 December 2006		134,861,000	10,207,860	173,581,886	178,704,160	497,354,906	54,381,805

statements of changes in equity
for the year ended 31 December 2006 (continued)

Company	Note	Share capital (Note 22) RM	Share premium (Note 23) RM	Revaluation reserves and other (Note 24) RM	Retained earnings (Note 25) RM	Total RM
At 31 December 2004		65,089,000	3,731,764	6,389,049	35,444,087	110,653,900
Bonus issue		66,519,000	-	-	(66,519,000)	-
Employees share option scheme						
- issue of shares		1,430,000	2,443,510	-	-	3,873,510
- options granted		-	-	28,400	-	28,400
Transfer from deferred tax		-	-	27,000	-	27,000
Revaluation surplus		-	-	18,945,089	-	18,945,089
Profit for the year		-	-	-	89,497,490	89,497,490
Dividend paid						
- 31 December 2004		-	-	-	(10,946,265)	(10,946,265)
- 31 December 2005	10	-	-	-	(2,394,684)	(2,394,684)
At 31 December 2005		133,038,000	6,175,274	25,389,538	45,081,628	209,684,440
At 31 December 2005						
As stated		133,038,000	6,175,274	25,361,138	45,110,028	209,684,440
Change in accounting policy	29	-	-	28,400	(28,400)	-
As restated		133,038,000	6,175,274	25,389,538	45,081,628	209,684,440
Employees share option scheme						
- issue of shares		1,823,000	981,860	-	-	2,804,860
- option granted		-	-	27,335	-	27,335
Transfer from deferred tax		-	-	77,000	-	77,000
Profit for the year		-	-	-	25,362,648	25,362,648
Dividend for the year ended:						
- 31 December 2005	10	-	-	-	(13,035,830)	(13,035,830)
- 31 December 2006	10	-	-	-	(4,852,872)	(4,852,872)
At 31 December 2006		134,861,000	7,157,134	25,493,873	52,555,574	220,067,581

The accompanying notes form an integral part of these financial statements.

cash flow statements

for the year ended 31 December 2006

Note	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Operating activities				
Profit for the year attributable to equity holders of the Company	38,906,146	32,825,812	25,362,648	89,497,490
Adjustments for:				
Minority interest	4,805,887	2,423,049	-	-
Property, plant and equipment				
- depreciation and amortisation	4,597,644	3,719,272	1,153,971	1,039,221
- written off	17,213	(2,527)	-	3
- loss on disposal	17,509	-	17,509	-
Share of profit of associates	(9,311,233)	(9,614,664)	-	-
Negative goodwill on business combination	(3,201,860)	-	-	-
Reserve on consolidation written off	(6,468)	-	-	-
Capital reserve written off	8,048	-	-	-
Share options granted	27,335	28,400	27,335	28,400
Dividend income	-	-	(29,560,172)	(114,835,841)
Interest expense	22,629	-	-	-
Interest income	(2,066,992)	(1,893,240)	(1,198,760)	(1,017,431)
Breeding stock	357,038	-	-	-
Tax	15,466,529	11,610,358	11,047,798	30,301,000
Operating profit before working capital	49,639,425	39,096,460	6,850,329	5,012,842
Changes in working capital:				
- inventories	(4,336,974)	(445,920)	401,882	182,302
- receivables, deposits and prepayments	(3,828,708)	2,237,904	(1,963,683)	2,991,025
- subsidiaries	-	-	12,028,280	3,326,008
- payables	7,084,189	1,645,700	(413,350)	1,427,516
Cash from operations	48,557,932	42,534,144	16,903,458	12,939,693
Interest received	2,066,992	1,893,240	1,198,760	1,017,431
Interest paid	(22,629)	-	-	-
Tax refunded	568,570	434,094	-	-
Tax paid	(12,588,257)	(12,369,697)	(1,827,552)	(1,396,680)
Net cash flow from operating activities	38,582,608	32,491,781	16,274,666	12,560,444

cash flow statements

for the year ended 31 December 2006 (Continued)

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Investing activities					
Property, plant and equipment					
- acquisition		(10,692,709)	(6,580,192)	(1,687,311)	(2,493,666)
- proceed from disposal		6,000	-	6,000	-
Acquisitions of subsidiary	13	(3,317,196)	-	(4,400,000)	-
Issue of share in subsidiary		-	-	(2)	-
Purchase of investment		(3,000,000)	(13,000,000)	(3,000,000)	(13,000,000)
Investment in associate		(30,000)	-	-	-
Dividend received from subsidiaries		-	-	-	15,352,495
Dividend received from associates		318,750	318,750	-	-
Net cash used in investing activities		(16,715,155)	(19,261,442)	(9,081,313)	(141,171)
Financing activities					
Proceed from issue of shares under employees share option scheme		2,804,860	3,873,510	2,804,860	3,873,510
Issue of share to minority interest		735,000	-	-	-
Hire purchase paid		(216,748)	-	-	-
Dividend paid		(19,747,204)	(15,761,068)	(17,888,702)	(13,340,949)
Net cash used in financing activities		(16,424,092)	(11,887,558)	(15,083,842)	(9,467,439)
Increase in cash and cash equivalent		5,443,361	1,342,781	(7,890,489)	2,951,834
Cash and cash equivalent					
- at start of year		74,844,164	73,501,383	40,187,518	37,235,684
- at end of year	18	80,287,525	74,844,164	32,297,029	40,187,518

The accompanying notes form an integral part of these financial statements.

notes to the financial statements

for the year ended 31 December 2006

1 GENERAL INFORMATION

The principal activities of the Group and Company are oil palm plantations and investment holding. The principal activities of the subsidiaries consist of oil palm plantations and palm oil mill.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Bursa Malaysia Securities Berhad.

The address of the registered office and principal place of business of the Company is Suite 5 & 6, Tingkat 8, Kompleks Teruntum, Jalan Mahkota, 25000 Kuantan, Pahang Darul Makmur.

The financial statements are presented in Ringgit Malaysia.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and Company have been prepared under the historical cost convention, unless otherwise indicated in the individual policy statements in Note 3 to the financial statements and comply with MASB Approved Accounting Standards for Entities Other than Private Entities and the provisions of the Companies Act, 1965.

The preparation of financial statements in conformity with the provisions of the Companies Act, 1965 and the MASB Approved Accounting Standards for Entities Other than Private Entities requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual result may differ from those estimates.

notes to the financial statements
for the year ended 31 December 2006 (continued)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS CONTINUED)

(a) The new accounting standards adopted by the Company for financial period beginning 1 January 2006 are as follows:

- FRS 2 Share-based Payment
- FRS 3 Business Combination
- FRS 101 Presentation of Financial Statements
- FRS 102 Inventories
- FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
- FRS 110 Events After the Balance Sheet Date
- FRS 116 Property, Plant and Equipment
- FRS 127 Consolidated and Separate Financial Statements
- FRS 128 Investments in Associates
- FRS 132 Financial Instruments: Disclosure and Presentation
- FRS 133 Earnings Per Share
- FRS 136 Impairment of Assets

A summary of the impact of adopting new accounting standards to existing standards on the financial statements of the Group and Company is set out in Note 29.

(b) The new standards, amendments to published standards and interpretations that are mandatory for the Group's financial year beginning on 1 January 2007, but which the Group has not early adopted, are as follows:

- FRS 117 Lease (effective for accounting period beginning on or after 1 October 2006). This Standard requires the classification of leasehold land as prepaid lease payments. The Group will apply this standard from financial year beginning 1 January 2007.
- FRS 124 Related Party Disclosures (effective for accounting period beginning on or after 1 October 2006). This standard will affect the identification of related parties and some other related party disclosures. The Group will apply this standard from financial year beginning 1 January 2007.
- FRS 139 Financial Instruments: Recognition and Measurement (effective date yet to be determined by Malaysian Accounting Standards Board). This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contract to buy and sell non-financial items. The Group will apply this standard when effective.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used in dealing with items, which are considered material in relation to the financial statements.

(a) Property, plant and equipment

Property, plant and equipment are initially stated at cost. Long term leasehold land, mature and immature plantations are subsequently shown at revalued amount, based on valuation at regular interval of once every five years carried out by a firm of independent external valuers, less subsequent depreciation and impairment losses. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when 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. All other repairs and maintenance expenditure are charged to the income statement during the period in which they are incurred.

Surpluses arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to income statement. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

Long term leasehold land is amortised in equal instalments over the period of the leases ranging from 85 to 99 years. Mature and immature plantations are not depreciated. Other property, plant and equipment are depreciated on the straight line basis to allocate the cost of each asset, or its revalued amount, to its residual value over its estimated useful life as follows:

	%
Building	2 - 20
Plant and machinery	10 - 20
Motor vehicles, furniture, fixtures and equipment	10 - 25

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3(g) on impairment of assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operation.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Estate planting expenditure

New planting

Planting expenditure of new oil palm plantations have been capitalised as immature plantation cost and shown as property, plant and equipment. As and when the new oil palm plantation mature the capitalisation of expense will cease.

Replanting

Replanting of oil palm is charged to income statement as replanting expenses as and when incurred.

(c) Land held for property development

Land held for property development consist of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

When an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(g) on impairment of assets.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commission, conversion fees and other relevant levies. Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities can be completed.

(d) Subsidiaries

Subsidiaries are those enterprises in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than half of the voting rights.

Subsidiaries are consolidated using the purchase method of accounting. Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases. The cost of acquisition is measured as fair value of the assets given, equity issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Subsidiaries (Continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition is reflected as goodwill. If the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Minority interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. It is measured at the minorities' share of the fair value of the subsidiaries identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since that date.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies of the Group.

The gain or loss in disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal is recognised in the income statement.

(e) Associates

Associates are enterprises in which the Group exercises significant influence, but it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies.

Investments in associates are accounted for in the consolidated financial statements by using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post acquisition profits or lossess is recognised in the income statement and its share of post-acquisition movement in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates.

notes to the financial statements
for the year ended 31 December 2006 (continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Associates (Continued)

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the assets transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

(f) Investments

Investments in subsidiaries and associates are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See Note 3(g) on impairment of assets.

Investment in other non-current investments are shown at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged/credited to the income statement.

(g) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) **Breeding stocks**

Breeding stocks are stated at the lower of cost and net realisable value. The natural increase resulting from the valuation of breeding stocks at current net selling value is charged to income statement (Note 29).

(i) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

(j) **Trade receivables**

Trade receivables are carried at invoiced amounts less an estimate made for doubtful debts, based on a review of outstanding amounts at the year end. Bad debts are written off in the year in which they are identified.

(k) **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

notes to the financial statements
for the year ended 31 December 2006 (continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for the initial recognition of assets and liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(m) Assets acquired under hire purchase agreements

Assets acquired under hire purchase agreement are included in property, plant and equipment and the capital element of the hire purchase commitments is shown as liability. The capital element of the hire purchase instalment is applied to reduce the outstanding obligations. The interest element is charged to the income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period. Assets acquired under hire purchase agreements are depreciated over the useful lives of equivalent owned assets.

(n) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and bonuses are accrued in the year in which the associated services are rendered by employees of the Group.

(ii) Post-employment benefits

As required by law, companies incorporated in Malaysia make contribution to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) **Share-based compensation**

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in the income statement over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in the assumptions about the number of options that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of share options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transactions costs are credited to share capital (nominal value) and share premium when the options are exercised.

(o) **Financial instruments**

(i) **Financial instruments recognised on the balance sheet**

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual policy statements associated with each item.

(ii) **Fair value estimation for disclosure purposes**

The face values for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

(p) **Revenue recognition**

Revenue is recognised upon delivery of products and customer acceptance net of discounts, if any, and after eliminating sales within the Group.

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

Income from rental and interest are recognised on accrual basis.

notes to the financial statements
for the year ended 31 December 2006 (continued)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is inherently exposed to the following financial risks in its day to day operations:

Interest rate risk

The Group's income and operating cash flows are not substantially affected by the changes in interest rates, as the Group has no significant borrowings for the year in review. Interest rate exposure for the Group's borrowings and deposits is managed through the use of fixed and floating rates negotiated and agreed by the Group and the financial institutions.

Market risk

The Group's exposure to market risk comprises primarily the fluctuations in the palm oil prices and over dependence on foreign workers. To mitigate some of these risks, the Group always keeps abreast with the latest updates on global supply and demand for oils and fats market as well as improving its operations efficiency via cost saving measures and productivity improvement programs. The Group has also implemented an appropriate mechanisation system and is continuously improving the estate infrastructure to encourage locals to work in the estates.

Credit risk

The Group is not exposed to significant credit risk as the Group deals with reputable customers that have good track records.

Liquidity and cash flow risk

The Group manages its liquidity risk by maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities to meet estimated commitments arising from operational expenditures and financial liabilities. The Group also has an effective control of cash flow management to ensure that the Group can pay its targeted dividends to shareholders at an appropriate time.

notes to the financial statements
for the year ended 31 December 2006 (continued)

5 REVENUE

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Sales of fresh fruit bunches	77,493,441	71,314,576	14,822,422	12,590,221
Sales of crude palm oil and palm kernel	92,316,720	-	-	-
Dividend from subsidiaries (gross)	-	-	29,560,172	114,835,841
	169,810,161	71,314,576	44,382,594	127,426,062

6 PROFIT BEFORE TAX

(a) The following items have been charged/(credited) in arriving at profit before tax:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Auditors' remuneration				
- statutory audit	90,500	72,000	20,000	20,000
Property, plant and equipment - written off/(written back)	17,213	(2,527)	-	3
Preliminary expenses written off	4,700	1,700	-	-
Cost of contract workers	150,905	-	-	-
Rental of lorry	14,948	-	-	-

notes to the financial statements
for the year ended 31 December 2006 (continued)

6 PROFIT BEFORE TAX (CONTINUED)

(b) Employee benefits cost

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Salaries and bonus	4,465,654	3,442,846	1,820,335	1,888,995
Defined contribution retirement plan	622,245	516,152	294,040	285,028
Shares options granted	27,335	28,400	27,335	28,400
	5,115,234	3,987,398	2,141,710	2,202,423

7 DIRECTORS' REMUNERATION

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Directors of the Company				
Non-executive Directors:				
- Fees	347,500	224,017	265,000	224,017
- Other emoluments	110,400	69,000	110,400	69,000
	457,900	293,017	375,400	293,017
Executive Directors:				
- Fees	145,000	66,000	70,000	66,000
- Other emoluments	778,589	475,525	662,326	475,525
	923,589	541,525	732,326	541,525
Directors of subsidiaries				
Non-executive Directors:				
- Fees	194,110	135,500	-	-
- Other emoluments	3,450	-	-	-
	197,560	135,500	-	-
Total	1,579,049	970,042	1,107,726	834,542

notes to the financial statements
for the year ended 31 December 2006 (continued)

7 DIRECTORS' REMUNERATION (CONTINUED)

Directors of the Company have been granted options under the Employees' Share Option Scheme on the same terms and conditions as those offered to other employee of the Group (see Note 22(b)) as follows:

	2006		2005	
	Average exercised price RM/share	Options	Average exercised price RM/share	Options
At start of the year	1.020-1.635	1,010,000	2.040-3.270	1,250,000
Exercised	1.020-1.635	(860,000)	2.040-3.270	(745,000)
Bonus issue	-	-	-	505,000
At end of year	1.020-1.635	150,000	1.020-1.635	1,010,000

Out of the outstanding options, 860,000 units (2005: 745,000 units) of options were exercisable. Options exercised during the year resulted in 860,000 units shares being issued at RM1 each. The weighted average share price at the time of exercise ranging from RM2.83 to RM4.08 per share (2005: RM4.21 to RM4.75 per share).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date	Exercise price RM/share	2006	2005
17 March 2007	1.020	-	200,000
17 March 2007	1.635	150,000	810,000
		150,000	1,010,000

notes to the financial statements
for the year ended 31 December 2006 (continued)

8 TAX EXPENSES

(a) Tax charge for the year

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Malaysian income tax	14,431,819	11,097,222	10,555,798	29,973,000
Deferred tax (Note 21)	1,034,710	513,136	492,000	328,000
Share of tax of equity accounted associates	3,414,298	3,314,712	-	-
Total tax expense	18,880,827	14,925,070	11,047,798	30,301,000
Malaysian income tax				
Current year	13,940,869	11,062,258	10,064,848	29,973,000
Under accrual in prior years	490,950	34,964	490,950	-
Deferred tax	14,431,819	11,097,222	10,555,798	29,973,000
Temporary differences	1,034,710	513,136	492,000	328,000
Tax expenses	15,466,529	11,610,358	11,047,798	30,301,000

notes to the financial statements
for the year ended 31 December 2006 (continued)

8 TAX EXPENSES (CONTINUED)

(b) Numerical reconciliation of income tax expense

The explanation on the different in the tax on the Group's and Company's profit and the theoretical amount that would arise using the statutory income tax rate of Malaysia is as follows:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Profit for the year	43,712,033	35,248,861	25,362,648	89,497,490
Total tax expense	18,880,827	14,925,070	11,047,798	30,301,000
	62,592,860	50,173,931	36,410,446	119,798,490
Tax calculated at a tax rate of 28%	17,526,001	14,048,700	10,194,925	33,551,529
Tax effect of:				
- expenses not deductible for tax purposes	1,235,829	841,406	361,923	277,765
- under provision for prior years	490,950	34,964	490,950	-
- benefits from utilisation of reinvestment allowance	(256,115)	-	-	-
- income not taxable	(115,838)	-	-	(3,528,294)
Total tax expense	18,880,827	14,925,070	11,047,798	30,301,000

9 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share of the Group are calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the year.

	2006	2005
Profit attributable to equity holders of the Company (RM)	38,906,146	32,825,812
Weighted average number of ordinary shares in issue	134,045,463	131,815,852
Basic earnings per share (sen)	29.02	24.90

notes to the financial statements
for the year ended 31 December 2006 (continued)

9 EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share

For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares, which is the share option granted to employees and Non-Executive Directors.

In respect of share options granted to employees and Non-Executive Directors, a calculation is done to determine the number of shares that could have been acquired at market price (determined as the average annual share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. This calculation serves to determine the "bonus" element to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to the net profit for the year for the share options calculation.

	2006	2005
Weighted average number of ordinary shares in issue	134,045,463	131,815,852
Adjustment for share options	123,753	1,244,724
Weighted average number of ordinary shares for diluted earnings per share		
	134,169,216	133,060,576
Diluted earnings per share (sen)	29.00	24.67

Comparative earnings per share has been restated to take into account the effect on profit for the year arising from change in accounting policy as set out in Note 29.

notes to the financial statements
for the year ended 31 December 2006 (continued)

10 DIVIDENDS

Dividends declared or proposed for year ended 31 December 2006 are as follows:

	Group and Company			
	31.12.2006		31.12.2005	
	Gross dividend per share Sen	Amount of dividend, net of tax RM	Gross dividend per share Sen	Amount of dividend, net of tax RM
Interim dividend paid	5.0	4,852,872	5.0	2,394,684
Interim dividend declared	5.0	4,922,426	-	-
Proposed				
- Final dividend	-	-	10.0	9,676,080
- Tax exempted special dividend	-	-	2.5	3,359,750
	10.0	9,775,298	17.5	15,430,514
Dividend per share recognised as distribution to ordinary equity holders of the Company	17.5	17,888,702	25.0	13,340,949

Interim dividend of RM4,852,872 paid on 10 October 2006 by the Company was in respect of the year ended 31 December 2006. Interim dividend of RM4,922,426 declared was special dividend in respect of the year ended 31 December 2006 paid on 29 January 2007.

At the forthcoming Annual General Meeting, a final gross dividend of 7 sen per share, less income tax of 27% and 3 sen tax exempt dividend on 134,861,000 ordinary shares amounting to RM6,891,397 and RM4,045,830 respectively will be proposed for shareholders' approval.

notes to the financial statements
for the year ended 31 December 2006 (continued)

11 PROPERTY, PLANT AND EQUIPMENT

Group	Long term leasehold land RM	Immature and mature plantations RM	Buildings RM	Plant and machinery RM	Motor vehicles, furniture, fixtures and equipment RM	Assets under construction RM	Total RM
Net book value at 31 December 2004	192,171,436	116,285,903	1,627,770	964,816	1,436,065	335,356	312,821,346
Additions	5,433	5,551,838	21,883	497,180	503,858	-	6,580,192
Surplus on revaluation	57,530,921	57,826,575	-	-	-	-	115,357,496
Written off	-	-	(3)	-	2,530	-	2,527
Transfer	-	-	-	(3)	(2,033)	-	(2,036)
Reclassification	-	-	335,356	-	-	(335,356)	-
Reclassification to land held for property development (Note 12)	(40,026,986)	-	-	-	-	-	(40,026,986)
Depreciation charge	(2,282,304)	-	(726,425)	(323,426)	(387,117)	-	(3,719,272)
Net book value at 31 December 2005	207,398,500	179,664,316	1,258,581	1,138,567	1,553,303	-	391,013,267
Additions	-	7,905,911	359,737	2,651,049	1,104,948	106,160	12,127,805
Acquisition of subsidiary (Note 13)	501,229	-	6,218,181	2,615,873	317,001	-	9,652,284
Written off	-	-	(6)	(9,169)	(8,038)	-	(17,213)
Transfer	(80,993)	-	-	(24,096)	-	-	(105,089)
Disposal	-	-	(6,846)	(14)	(16,649)	-	(23,509)
Depreciation charge	(2,665,120)	-	(393,032)	(958,610)	(580,882)	-	(4,597,644)
Net book value at 31 December 2006	205,153,616	187,570,227	7,436,615	5,413,600	2,369,683	106,160	408,049,901

notes to the financial statements
for the year ended 31 December 2006 (continued)

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Long term leasehold land RM	Immature and mature plantations RM	Buildings RM	Plant and machinery RM	Motor vehicles, furniture, fixtures and equipment RM	Assets under construction RM	Total RM
At 31 December 2005							
Cost	-	2,858,861	10,537,285	4,023,410	8,721,249	-	26,140,805
Valuation	207,398,500	176,805,455	-	-	-	-	384,203,955
Accumulated depreciation	-	-	(9,278,704)	(2,884,843)	(7,167,946)	-	(19,331,493)
Net book value	207,398,500	179,664,316	1,258,581	1,138,567	1,553,303	-	391,013,267
At 31 December 2006							
Cost	559,329	10,764,772	19,392,182	27,023,904	6,126,213	106,160	63,972,560
Valuation	207,398,500	176,805,455	-	-	-	-	384,203,955
Accumulated depreciation	(2,804,213)	-	(11,955,567)	(21,610,304)	(3,756,530)	-	(40,126,614)
Net book value	205,153,616	187,570,227	7,436,615	5,413,600	2,369,683	106,160	408,049,901

notes to the financial statements
for the year ended 31 December 2006 (continued)

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Long term leasehold land RM	Immature and mature plantations RM	Buildings RM	Plant and machinery RM	Motor vehicles, furniture, fixtures and equipment RM	Total RM
Net book value at 31 December 2004	79,429,404	19,696,361	261,569	308,278	1,140,334	100,835,946
Additions	5,433	2,222,383	-	-	265,850	2,493,666
Reclassification to land held for property development (Note 12)	(40,026,986)	-	-	-	-	(40,026,986)
Surplus on revaluation	16,195,729	10,116,361	-	-	-	26,312,090
Written off	-	-	(3)	-	-	(3)
Transfer	-	-	-	(3)	(2,032)	(2,035)
Depreciation charge	(603,280)	-	(94,567)	(72,074)	(269,300)	(1,039,221)
Net book value at 31 December 2005	55,000,300	32,035,105	166,999	236,201	1,134,852	88,573,457
Additions	-	1,386,789	14,300	58,990	227,232	1,687,311
Transfer	(80,993)	-	-	-	-	(80,993)
Disposal	-	-	(6,846)	(14)	(16,649)	(23,509)
Depreciation charge	(714,374)	-	(62,888)	(79,382)	(297,327)	(1,153,971)
Net book value at 31 December 2006	54,204,933	33,421,894	111,565	215,795	1,048,108	89,002,295
At 31 December 2005						
Cost	-	-	2,569,822	1,086,162	2,940,199	6,596,183
Valuation	55,000,300	32,035,105	-	-	-	87,035,405
Accumulated depreciation	-	-	(2,402,823)	(849,961)	(1,805,347)	(5,058,131)
Net book value	55,000,300	32,035,105	166,999	236,201	1,134,852	88,573,457
At 31 December 2006						
Cost	-	1,386,789	2,528,662	1,096,528	3,045,431	8,057,410
Valuation	55,000,300	32,035,105	-	-	-	87,035,405
Accumulated depreciation	(795,367)	-	(2,417,097)	(880,733)	(1,997,323)	(6,090,520)
Net book value	54,204,933	33,421,894	111,565	215,795	1,048,108	89,002,295

notes to the financial statements
for the year ended 31 December 2006 (continued)

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Details of independent professional valuation of long term leasehold land, mature and immature plantations owned by the Group at 31 December 2006 are as follows :

Year of Valuation	Description of Property	Amount RM	Basis of Valuation
1990	Long term leasehold land, mature and immature plantations	74,995,601	Open market value
1995	Long term leasehold land, mature and immature plantations	102,402,923	Open market value
2000	Long term leasehold land, mature and immature plantations	230,177,024	Open market value
2005	Long term leasehold land, mature and immature plantations	387,880,100	Open market value

Net book value of revalued long term leasehold land, mature and immature plantations, had these assets been carried at cost less accumulated depreciation is not disclosed due to absence of historical records.

12 LAND HELD FOR PROPERTY DEVELOPMENT

	Group and Company	
	2006 RM	2005 RM
At start of the year	40,245,683	-
Reclassification from property, plant and equipment (Note 11)	-	40,026,986
Amount previously amortised	-	218,697
At end of the year	40,245,683	40,245,683

notes to the financial statements
for the year ended 31 December 2006 (continued)

13 SUBSIDIARIES

	Company	
	2006 RM	2005 RM
Unquoted shares, at cost	36,499,351	29,199,349
Allowance for diminution in value	(299,999)	(299,999)
	36,199,352	28,899,350

Details of the subsidiaries are as follows:

Name of Company	Country of incorporation	Effective interest of the Group				Principal activities
		Company		Subsidiary		
		2006 %	2005 %	2006 %	2005 %	
Dawn Oil Palm Plantations Sdn Bhd	Malaysia	100	100	-	-	Oil palm plantations
B.S. Oil Palm Plantations Sdn Bhd	Malaysia	100	100	-	-	Oil palm plantations
Kampong Aur Oil Palm Company (Sdn.) Berhad	Malaysia	83	83	-	-	Oil palm plantations
*Madah Perkasa Sdn Bhd	Malaysia	-	-	83	83	Oil palm plantations
Far East Delima Plantations Sdn Bhd	Malaysia	80	80	-	-	Oil palm plantations
Kilang Kosfarm Sdn Bhd	Malaysia	51	-	-	-	Palm oil mill
Gem Asia Sdn Bhd	Malaysia	100	100	-	-	Ceased operation
Radiant Apex Sdn Bhd	Malaysia	100	100	-	-	Dormant
Future Prelude Sdn Bhd	Malaysia	100	-	-	-	Dormant

* Wholly owned subsidiary of Kampong Aur Oil Palm Company (Sdn.) Berhad.

All subsidiaries are audited by Ash'ariCheong.

notes to the financial statements
for the year ended 31 December 2006 (continued)

13 SUBSIDIARIES (CONTINUED)

In May 2006, the Company completed its acquisition of additional 22% in Kilang Kosfarm Sdn Bhd ("KKSBB"). The Group's shareholding in KKSBB increased from 29% to 51%. As a result, KKSBB interim which was previously, an associate, became a subsidiary of the Company.

	RM
Cash purchase consideration (cash outflow of the Company on acquisition of KKSBB)	4,400,000
Fair value of net assets acquired	(7,601,860)
Negative goodwill	(3,201,860)

Details of net assets acquired are as follows :

	Fair value RM
Property, plant and equipment (Note 11)	9,652,284
Investment in associates	10,500,000
Inventories	2,250,123
Receivables, deposits and prepayment	21,088,625
Tax recoverable	339,559
Bank and cash balances	1,082,804
Payables	(9,604,011)
Hire purchase liabilities	(398,652)
Deferred tax (Note 22)	(46,000)
Net assets	34,864,732
Less : Minority interest	(17,083,719)
Less : Amount accounted for as an associate	(10,179,153)
Net assets acquired	7,601,860
Details of cash flow arising from the acquisition are as follows :	
Purchase consideration settled in cash	4,400,000
Less : Cash and cash equivalent of subsidiary acquired	(1,082,804)
Cash outflow of the Group on acquisition	3,317,196

There was no acquisition in the prior year.

notes to the financial statements
for the year ended 31 December 2006 (continued)

14 ASSOCIATES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
At cost				
Unquoted shares	23,754,374	16,153,124	6,350,000	9,250,000
Share of post acquisition reserv	48,924,422	47,182,342	-	-
	72,678,796	63,335,466	6,350,000	9,250,000

Summary financial information on associates is as follows:

	Group	
	2006 RM	2005 RM
Revenue (100%)	146,172,363	235,241,785
Profit for the year (100%)	34,717,062	25,951,070
Total assets (100%)	300,385,640	278,154,212
Total liabilities (100%)	70,877,914	66,203,268

notes to the financial statements
for the year ended 31 December 2006 (continued)

14 ASSOCIATES (CONTINUED)

The details of the associates are as follows:

Name of company	Country of incorporation	Effective interest of equity held by			
		Company		Subsidiary	
		2006 %	2005 %	2006 %	2005 %
* Prosper Palm Oil Mill Sdn Bhd	Malaysia	-	-	25.5#	25.5#
Kilang Kosfarm Sdn Bhd (Note 13)	Malaysia	-	29.0	-	-
* Business Et Budget Hotels (Kuantan) Sdn Bhd	Malaysia	36.2	36.2	-	-

Equity is held indirectly through the subsidiaries

* Audited by other firms of auditors

notes to the financial statements
for the year ended 31 December 2006 (continued)

15 INVESTMENTS, AT COST

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Unquoted investment	1,170,000	1,170,000	1,170,000	1,170,000
Unquoted structured investments	11,000,000	8,000,000	11,000,000	8,000,000
Unit trust	5,000,000	5,000,000	5,000,000	5,000,000
Unconsolidated subsidiary*	1,129,075	1,129,075	-	-
	18,299,075	15,299,075	17,170,000	14,170,000
Market value of unit trust	6,050,162	5,290,523	6,050,162	5,290,523

* Since the year ended 31 December 2001, the results of the operations and net assets of the subsidiary, Inai Prisma Sdn Bhd (IPSB), had not been consolidated with that of the Company as IPSB had been placed under winding up order by High Court of Malaya, Kuantan, Pahang Darul Makmur.

The Company had lost control over the affairs of IPSB, which was principally involved in plantation advisory. The cost of investment in IPSB was stated at its carrying amount after it ceased operations in 2001.

16 INVENTORIES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
At cost				
Finished goods	6,498,071	-	-	-
Raw material	39,753	-	-	-
Nursery	700,848	589,033	-	-
Consumables	807,213	869,755	48,094	449,976
	8,045,885	1,458,788	48,094	449,976

notes to the financial statements
for the year ended 31 December 2006 (continued)

17 RECEIVABLES, DEPOSITS AND PREPAYMENT'S

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Trade receivables	25,198,822	30,851	53,911	30,851
Other receivables	640,312	577,174	281,702	444,405
Allowance for doubtful debts	(89,543)	(89,543)	(89,543)	(89,543)
	550,769	487,631	192,159	354,862
Deposits	3,530,990	441,400	3,165,590	440,000
Prepayment	1,370,667	1,875,000	1,252,736	1,875,000
Amounts due from associates	755,903	4,304,936	755,903	1,909,480
Amounts due from subsidiaries	-	-	15,247,197	3,196,511
Allowance for doubtful debts	-	-	(434,889)	(434,889)
	-	-	14,812,308	2,761,622
	31,407,151	7,139,818	20,232,607	7,371,815

Credit term of trade receivables to the Group and Company is 30 days (2005 : 30 days).

The amounts due from subsidiaries are advances, which are unsecured, free of interest and with no fixed terms of repayment.

The amounts due from associates are in respect of trading and repayable within the normal credit period.

Prepayments of the Group and Company include advance lease rental of RM1,250,000 (2005: RM1,875,000) paid to the joint venture (JV) partner upon execution of the JV agreement, which will be charged out proportionally over a period of 4 years.

notes to the financial statements
for the year ended 31 December 2006 (continued)

18 CASH AND CASH EQUIVALENTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Deposits with licensed banks	58,199,439	61,827,400	27,296,973	33,924,934
Deposit with licensed finance companies	4,280,000	3,280,000	3,000,000	2,000,000
Deposit with building society	3,500,000	2,015,022	-	-
Bank and cash balances	14,308,086	7,721,742	2,000,056	4,262,584
Deposits, bank and cash balances	80,287,525	74,844,164	32,297,029	40,187,518

The effective weighted average interest rates of the deposits at the end of the year were as follows:

	Group and Company	
	2006 %	2005 %
Deposits with licensed banks	2.9	2.7
Deposits with building society	2.9	3.0
Deposits with licensed finance companies	3.0	3.0

As at 31 December 2006, the deposits of the Group and Company have maturity period of 30 to 90 days (2005: 30 to 90 days). Bank balances are deposits held at call with banks.

notes to the financial statements
for the year ended 31 December 2006 (continued)

19 PAYABLES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Trade payables	17,531,979	2,286,705	954,640	1,535,837
Other payables	2,257,483	1,850,286	802,928	598,702
Amount due to unconsolidated subsidiary	933,333	933,333	141,984	141,984
Accruals	2,684,503	1,729,767	1,277,909	1,284,012
Amounts due to subsidiaries	-	-	3,564,795	2,033,999
	23,407,298	6,800,091	6,742,256	5,594,534

Credit terms of trade payables of the Group and Company ranges from 30 to 90 days (2005 : 30 to 90 days).

The amounts due to subsidiaries and unconsolidated subsidiary are unsecured, interest free and with no fixed terms of repayment.

notes to the financial statements
for the year ended 31 December 2006 (continued)

20 HIRE PURCHASE LIABILITIES

Hire purchase liabilities are effectively secured as the rights to the hired assets revert to the hirer in the event of default.

	Group	
	2006 RM	2005 RM
Current		
Hire purchase liabilities (secured)	431,313	-
Non Current		
Hire purchase liabilities (secured)	511,591	-
Hire purchase		
Minimum hire purchase payments		
- not later than 1 year	480,152	-
- later than 1 year but not later than 5 years	546,401	-
Future finance charges on hire purchase	1,026,553 (83,649)	- -
Present value of hire purchase liabilities	942,904	-
	2006 RM	2005 RM
Representing hire purchase liabilities :		
- current	431,313	-
- non current	511,591	-
	942,904	-
Present value of hire purchase liabilities :		
- not later than 1 year	431,313	-
- later than 1 year and not later than 5 years	511,591	-
	942,904	-

The effective interest rate at year end was 4.98% (2005: NIL).

notes to the financial statements
for the year ended 31 December 2006 (continued)

21 DEFERRED TAX

Deferred tax liabilities are offset when there is a legal enforceable right to set off current tax assets against current tax liabilities that relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Deferred tax assets	66,954	24,864	-	-
Deferred tax liabilities	(83,557,200)	(82,848,000)	(15,121,000)	(14,706,000)
At start of year	(82,823,136)	(50,258,000)	(14,706,000)	(7,038,000)
Charged to income statement (Note 8)				
- property, plant and equipment	(750,710)	(513,136)	(492,000)	(328,000)
- others	(284,000)	-	-	-
Arising from revaluation surplus	-	(32,300,000)	-	(7,367,000)
Acquisition of subsidiary (Note 13)	(46,000)	-	-	-
Transfer to revaluation reserve arising from amortisation of revalued assets	413,600	248,000	77,000	27,000
At end of year	(83,490,246)	(82,823,136)	(15,121,000)	(14,706,000)
Deferred tax assets before offsetting				
- unabsorbed business loss	311,416	199,040	-	-
Offsetting	(244,462)	(174,176)	-	-
Deferred tax assets after offsetting	66,954	24,864	-	-
Deferred tax liabilities before offsetting				
- property, plant and equipment	(83,517,662)	(83,022,176)	(15,121,000)	(14,706,000)
- others	(284,000)	-	-	-
Offsetting	244,462	174,176	-	-
Deferred tax liabilities after offsetting	(83,557,200)	(82,848,000)	(15,121,000)	(14,706,000)

notes to the financial statements
for the year ended 31 December 2006 (continued)

2.2 SHARE CAPITAL

		Group and Company	
		2006 RM	2005 RM
(a)	Authorised ordinary shares of RM1 each		
	At start and end of year	500,000,000	500,000,000
	Issued and fully paid ordinary shares of RM1 each		
	At 1 January	133,038,000	65,089,000
	Issued during the year		
	- bonus issue	-	66,519,000
	- exercise of share option	1,823,000	1,430,000
	At 31 December	134,861,000	133,038,000

(b) Employees' Share Option Scheme

The Company's Employees' Share Option Scheme ("ESOS") came into effect on 18 March 2003. The ESOS is governed by the By-Laws, which were approved by the shareholders on 29 December 2002. On 27 July 2005, the shareholders of the Company had approved the amendments to the By-Laws to extend the participation of the ESOS to Non-Executive Directors of the Group.

On 27 November 2006, the Company had announced for a proposal to amend certain clauses in the By-Laws governing the Company's ESOS, particularly that all options and offers shall not exceed an amount equivalent to 15% of the issued and paid up share capital of the Company at any point of time during the existence of the ESOS. The shareholders in the EGM held on 2 April 2007 had approved the amendment.

The main features of the ESOS are as follows:

- Eligible persons are employees of the Group who have been confirmed in the employment of the Group and have served for at least one year before the date of the offer. The eligible persons also include the Directors of the Group. The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee appointed by the Board of Directors.
- The Option price shall be the weighted average market price of the shares (calculated as the average of the highest and lowest prices of the shares transacted) as shown in the Daily Official List issued by the Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the Date of Offer, subject to a discount of not more than ten per cent (10%) which the Company may at its discretion decide to give, or the par value of the shares of the Company of RM1, whichever is higher.
- No Option shall be granted for less than 1,000 shares nor more than maximum allowable allotment of shares to any eligible employee, provided the number shall be in multiples of 1,000 shares.
- The Option shall immediately become null and void and of no further force and effect on the bankruptcy of the Grantee.

Movements in the number of share options outstanding are as follows:

Grant date Year ended	Expiry date	Exercise price before bonus issue RM/share	Exercise price after bonus issue RM/share	At start of year '000	Granted '000	Exercised '000	Withdrawn /Lapsed '000	Bonus issue '000	At end of year '000
31.12.2006									
30.4.2002	17.3.2007	2.040	1.020	712	-	(677)	-	-	35
8.12.2004	17.3.2007	3.270	1.635	870	-	(710)	-	-	160
1.3.2005	17.3.2007	3.580	1.790	62	-	(62)	-	-	-
5.8.2005	17.3.2007	4.250	2.125	330	-	(297)	-	-	33
27.2.2006	17.3.2007	-	2.745	-	77	(77)	-	-	-
				1,974	77	(1,823)	-	-	228
31.12.2005									
30.4.2002	17.3.2007	2.04	1.020	1,084	-	(648)	(80)	356	712
12.1.2004	17.3.2007	2.89	1.445	35	-	(35)	-	-	-
8.12.2004	17.3.2007	3.27	1.635	1,157	-	(722)	-	435	870
1.3.2005	17.3.2007	3.58	1.790	-	56	(25)	-	31	62
5.8.2005	17.3.2007	4.25	2.125	-	165	-	-	165	330
				2,276	221	(1,430)	(80)	987	1,974
								31.12.2006	31.12.2005
Number of share options vested at the balance sheet date								228,000	894,000

notes to the financial statements
for the year ended 31 December 2006 (continued)

22 SHARE CAPITAL (CONTINUED)

(b) Employees' Share Option Scheme (continued)

Details relating to options exercised during the year are as follows:

Exercise date	Fair value of shares at share issue date RM/share	Number of shares issued		
		Exercise price RM/share	2006 Unit	2005 Unit
March 2006	3.22	1.020	192,000	-
March 2006	3.22	1.635	40,000	-
March 2006	3.22	1.790	8,000	-
March 2006	3.22	2.125	92,000	-
May 2006	3.49	1.635	60,000	-
May 2006	3.49	1.790	14,000	-
May 2006	3.49	2.125	94,000	-
June 2006	3.44	1.020	365,000	-
June 2006	3.44	1.635	399,000	-
June 2006	3.44	1.790	40,000	-
June 2006	3.44	2.125	26,000	-
June 2006	3.44	2.145	22,000	-
July 2006	3.55	1.020	120,000	-
July 2006	3.55	1.635	21,000	-
July 2006	3.55	2.125	19,000	-
August 2006	3.71	2.125	12,000	-
August 2006	3.71	2.745	11,000	-
September 2006	3.78	1.635	140,000	-
September 2006	3.78	2.125	45,000	-
September 2006	3.78	2.745	44,000	-
December 2006	4.14	1.635	50,000	-
December 2006	4.14	2.125	9,000	-
January to March 2005	3.94 - 3.99	2.04	-	115,000
March 2005	3.99	2.89	-	5,000
April 2005	4.04	2.04	-	103,000
April 2005	4.04	2.89	-	25,000
June 2005	4.45	2.04	-	254,000

22 SHARE CAPITAL (CONTINUED)

(b) Employees' Share Option Scheme (continued)

Details relating to options exercised during the year are as follows (Continued):

Exercise date	Fair value of shares at share issue date RM/share	Number of shares issued		
		Exercise price RM/share	2006 Unit	2005 Unit
June 2005	4.45	3.27	-	697,000
June 2005	4.45	3.58	-	23,000
July 2005	4.69	2.04	-	150,000
July 2005	4.69	2.89	-	5,000
July 2005	4.69	3.27	-	12,000
August 2005	4.76	3.27	-	3,000
August 2005	4.76	3.58	-	2,000
September 2005	4.92	2.04	-	26,000
September 2005	4.92	3.27	-	10,000
			1,823,000	1,430,000

notes to the financial statements
for the year ended 31 December 2006 (continued)

2.2 SHARE CAPITAL (CONTINUED)

(b) Employees' Share Option Scheme (continued)

	2006 RM	2005 RM
Ordinary share capital at par	1,823,000	1,430,000
Share premium	981,860	2,443,510
Proceeds received on exercise of share options	2,804,860	3,873,510
Fair value at exercise date of shares issued	6,349,450	6,313,050

The fair value of shares issued on the exercise of options is the monthly average of low and high market price at which the Company's shares were traded on the Bursa Malaysia Securities Berhad.

Share options outstanding at the end of the year have the following expiry date and exercise prices :

Expiry date	Exercise price before bonus issue RM/share	Exercise price after bonus issue RM/share	Units of shares	
			31.12.2006	31.12.2005
17.3.2007	2.040	1.020	35,000	712,000
17.3.2007	3.270	1.635	160,000	870,000
17.3.2007	3.580	1.790	-	62,000
17.3.2007	4.250	2.125	33,000	330,00
			228,000	1,974,000

The Group recognised total expenses of RM27,335 (2005: RM28,400) related to equity settled share-based payment transactions during the year.

In 2006, options were granted on 27 February 2006. The estimated fair value of the options granted on that date is RM0.335. In 2005, options were granted on 1 March 2005 and 5 August 2005. The estimated fair values of the options granted on those dates are RM0.200 and RM0.255 respectively.

These fair values were based on the difference between the market value and the options exercise price on the date of granting the options.

notes to the financial statements
for the year ended 31 December 2006 (continued)

23 SHARE PREMIUM

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
At 1 January	9,226,000	6,782,490	6,175,274	3,731,764
Exercise of share option	981,860	2,443,510	981,860	2,443,510
At 31 December	10,207,860	9,226,000	7,157,134	6,175,274

24 REVALUATION AND OTHER RESERVES

Group	Capital reserve RM	Reserve on consolidation RM	Share option reserve RM	Revaluation reserve RM	Total RM
At 31 December 2004	55,487	6,468	-	96,378,856	96,440,811
Net loss not recognised in the income statement	(63,535)	-	-	-	(63,535)
Employees share option scheme - options granted	-	-	28,400	-	28,400
Revaluation surplus net of tax	-	-	-	76,528,258	76,528,258
Transfer from deferred tax net of minority interest	-	-	-	205,437	205,437
At 31 December 2005	(8,048)	6,468	28,400	173,112,551	173,139,371
At 31 December 2005					
- as stated	(8,048)	6,468	-	173,112,551	173,110,971
- change in accounting policy (Note 29)	-	-	28,400	-	28,400
- as restated	(8,048)	6,468	28,400	173,112,551	173,139,371
Charged to income statement (Note 29)	8,048	(6,468)	-	-	1,580
Employees share option scheme - options granted (Note 22)	-	-	27,335	-	27,335
Transfer from deferred tax (Note 21)	-	-	-	413,600	413,600
At 31 December 2006	-	-	55,735	173,526,151	173,581,886

notes to the financial statements
for the year ended 31 December 2006 (continued)

24 REVALUATION AND OTHER RESERVES (CONTINUED)

Company	Share option reserve RM	Revaluation reserve RM	Total RM
At 31 December 2004	-	6,389,049	6,389,049
Employees share option scheme - options granted	28,400	-	28,400
Revaluation surplus net of tax	-	18,945,089	18,945,089
Transfer from deferred tax	-	27,000	27,000
At 31 December 2005	28,400	25,361,138	25,389,538
At 31 December 2005			
- as stated	-	25,361,138	25,361,138
- change in accounting policy (Note 29)	28,400	-	28,400
- as restated	28,400	25,361,138	25,389,538
Employees share option scheme - options granted (Note 22)	27,335	-	27,335
Transfer from deferred tax (Note 21)	-	77,000	77,000
At 31 December 2006	55,735	25,438,138	25,493,873

Revaluation reserve being surplus arising from revaluation of the Group's and Company's leasehold land and oil palm plantations and not distributable by way of dividend.

25 RETAINED EARNINGS

Subject to confirmation by the Inland Revenue Board, as at 31 December 2006, the Company has tax exempt account of approximately RM16,580,000 (2005: RM19,904,000) for the payment of tax exempt dividends.

The Company also has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividend from the balance of its retained earnings.

26 SEGMENTAL INFORMATION

No segmental reporting has been prepared as the Group activities are predominantly in plantation related activities, which are carried out in Malaysia.

notes to the financial statements
for the year ended 31 December 2006 (continued)

27 SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

In addition to related party disclosure mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on terms and conditions obtainable in transactions with unrelated parties.

Related parties	Relationship
- Prosper Palm Oil Mill Sdn Bhd (PPOM)	Associate of the Group
- Cheekah Kemayan Plantations Sdn Bhd	Associate of Kilang Kosfarm Sdn Bhd (KKSb)
- PGC Management Services Sdn Bhd	Associate of Kilang Kosfarm Sdn Bhd (KKSb)
- Rompin Palm Oil Mill Sdn Bhd (RPOM)	PPOM hold 30% equity in RPOM
- Endau Palm Oil Mills Sdn Bhd (EPOM)	PTSB hold 32% equity in EPOM
- Prosper Trading Sdn Bhd (PTSB)	Substantial shareholder of the Company

The significant related party transactions are as follows:

Related parties	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Dividend income from:				
- Prosper Palm Oil Mill Sdn Bhd	318,750	318,750	-	-
Sales of fresh fruit bunches to:				
- Prosper Palm Oil Mill Sdn Bhd	13,804,842	8,855,050	10,843,039	8,855,050
- Rompin Palm Oil Mill Sdn Bhd	26,652,451	25,857,337	-	-
- Kilang Kosfarm Sdn Bhd	11,176,727	36,146,343	3,508,333	3,279,325
Sales of crude palm oil and palm kernel net purchase:				
Prosper Trading Sdn Bhd	9,488,552	-	-	-
Prosper Palm Oil Mill Sdn Bhd	3,453,280	-	-	-
Cheekah Kemayan Plantations Sdn Bhd	1,535,661	-	-	-
PGC Management Services Sdn Bhd	12,823,243	-	-	-
Purchases of crude palm oil and palm kernel, net of sales				
Endau Palm Oil Mills Sdn Bhd	3,048,221	-	-	-
Rompin Palm Oil Mills Sdn Bhd	14,375,263	-	-	-
Management fee payable to:				
PGC Management Services Sdn Bhd	1,266,375	-	-	-

The above transactions are carried out at arms' length basis in the ordinary course of business of the respective companies.

notes to the financial statements
for the year ended 31 December 2006 (continued)

27 SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

The outstanding balances for related party transactions carried out during the year are as follows:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Related parties				
Receivables:				
- Prosper Palm Oil Mill Sdn Bhd	9,877,183	302,631	755,903	302,631
- Rompin Palm Oil Mill Sdn Bhd	-	1,387,228	-	-
- Kilang Kosfarm Sdn Bhd	246,703	2,778,720	246,703	1,606,849
- Prosper Trading Sdn Bhd	1,411,017	-	-	-
- PGC Management Services Sdn Bhd	2,216,791	-	-	-
Payables:				
- PGC Management Services Sdn Bhd	-	-	243,902	-
- Rompin Palm Oil Mill Sdn Bhd	5,364,207	-	2,322,978	-
- Endau Palm Oil Mill Sdn Bhd	652,374	-	-	-
- Cheekah Kemayan Plantations Sdn Bhd	500,330	-	-	-

28 CAPITAL COMMITMENTS

Capital expenditures not provided for in the financial statements are as follows:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Authorised by the Directors and contracted	53,900,000	3,960,000	51,695,000	3,960,000
Authorised by the Directors and not contracted	38,945,000	56,863,712	26,864,000	44,299,836
	92,845,000	60,823,712	78,559,000	48,259,836
Analysed as follows:				
- property, plant and equipment	5,457,000	2,385,823	1,372,000	608,760
- oil palm plantation development	15,693,000	12,477,889	5,492,000	1,691,076
- acquisition of development of land	28,350,000	42,000,000	28,350,000	42,000,000
- acquisition of shares	23,345,000	3,960,000	23,345,000	3,960,000
- bio diesel and glycerine project	20,000,000	-	20,000,000	-
	92,845,000	60,823,712	78,559,000	48,259,836

29 CHANGES IN ACCOUNTING POLICIES

The list of new accounting standards, amendments to published standards and interpretations on existing standards that are adopted by the Company for accounting period beginning on 1 January 2006 is set out in Note 2(a).

The following describes the impact of the new standards, amendments and interpretations on the financial statements of the Group and Company.

(a) **Immaterial effect on financial statements**

The adoption of FRS 3, 102, 108, 110, 116, 127, 128, 132, 133 and 136 did not have material impact on the financial statements of the Group and Company.

(b) **Reclassification of prior year comparative**

Set out below are changes in accounting policies that resulted in reclassification of prior year comparatives but did not affect the recognition and measurement of the Group and Company's net assets:

- * FRS 101 has affected the presentation of minority interest. In the consolidated balance sheet, minority interest is now presented within equity, separately from parent shareholders' equity. Profit or loss in the consolidated income statement as well as total income and expenses for the year recognised directly in equity are now allocated between minority interest and equity holders of the parent.
- * Under FRS 101, the Group's share of results of associates is now shown net of tax.

The effect of the above standards on the Group and Company's financial statements for the current and prior years are set out in Notes 29(e).

(c) **FRS 2 Share-based payment**

The adoption of FRS 2 has resulted in a change in the accounting policy for share-based payments. In previous years, the provision of share options to employees did not result in a charge to the income statement. Upon adoption of FRS 2, The Company recognise the fair value of such options as an expense in the income statement over the vesting period of the grant with the corresponding increase in equity (Note 29(e)).

The new accounting policy has been applied retrospectively with comparative restated in respect of options granted to employees after 31 December 2004 and which had not vested on 1 January 2006. The effect on the Group and Company's financial statements for the current period and prior years are set out in Note 29(f).

notes to the financial statements
for the year ended 31 December 2006 (continued)

29 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(d) Breeding stocks

Breeding stocks are stated at the lower of cost and net realisable value. Previously, the natural increase/decrease resulting from the valuation of breeding stocks at current net selling value is transferred to capital reserve. Effective 1 January 2006, the natural increase/decrease resulting from the valuation of breeding stocks at current net selling value is transferred to the income statement. The effect of the changes in this accounting policy has been applied prospectively.

The balance in the capital reserve as at 1 January 2006 has been charged to the income statement.

(e) Restatement of the income statements for the year ended 31 December 2005

The followings tables disclose the adjustment that have been made to take into account the changes as highlighted in 29(b) and 29(c) above:

Group	As previously reported RM	FRS 2 Note 29(c) RM	Reclassification RM	As restated RM
Staff costs	(3,958,998)	(28,400)	-	(3,987,398)
Share of profit after tax of equity accounted associates	12,929,376	-	(3,314,712)	9,614,664
Profit before tax	50,202,331	(28,400)	(3,314,712)	46,859,219
Tax expenses	(14,925,070)	-	3,314,712	(11,610,358)
Profit for the year	35,277,261	(28,400)	-	35,248,861

Company	As previously reported RM	FRS 2 Note 29(c) RM	As restated RM
Staff costs	(2,174,023)	(28,400)	(2,202,423)
Profit for the year	89,525,890	(28,400)	89,497,490

notes to the financial statements
for the year ended 31 December 2006 (continued)

29 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(f) Restatement of balance sheets as 31 December 2005

Group	As previously reported RM	FRS 2 Note 29(b) RM	As restated RM
Share options reserve	-	28,400	28,400
Retained earnings	157,715,116	(28,400)	157,686,716

Company	As previously reported RM	FRS 2 Note 29(b) RM	As restated RM
Share options reserve	-	28,400	28,400
Retained earnings	45,110,028	(28,400)	45,081,628

30 EVENT SUBSEQUENT TO BALANCE SHEET DATE

(a) Employees' share option scheme ("ESOS")

The ESOS which was expired on 17 March 2007 has been extended for another five (5) years. The Company's shareholders in its Extraordinary General Meeting ("EGM") on 2 April 2007 had approved the followings :

- * Amendments on certain clauses of the by laws governing and constituting the Company's ESOS.
- * Grant of options to YH Dato' Kamaruddin bin Mohammed, being the Chairman of the Company, options to subscribe for up to a maximum of 2,000,000 new Shares in the Company, subject always to such terms and conditions of and or any adjustments which may be in accordance with the provision governing and constituting the Scheme.

(b) Proposed acquisitions

The Company's shareholders in its EGM on 2 April 2007 had also approved the followings :

- * Proposed acquisition by the Company of 3,625,004 ordinary shares of RM1.00 each representing approximately 14.50% equity interest in Prosper Palm Oil Mills Sdn Bhd ("PPOM") from Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang ("LKPP") for a cash consideration of RM23,345,025.76.
- * Proposed acquisition by the Company of two (2) parcels of land located in Bukit Batu, Mukim Keratong, Rompin, Pahang Darul Makmur with a total area measuring approximately 5,436.29 acres from LKPP for a cash consideration of RM31,500,000.00.

notes to the financial statements
for the year ended 31 December 2006 (continued)

30 EVENT SUBSEQUENT TO BALANCE SHEET DATE (CONTINUED)

(b) Proposed acquisitions (Continued)

On 22 March 2007, the shareholder of Dawn Oil Palm Plantations Sdn Bhd and B.S Oil Plantations Sdn Bhd had approved the proposed disposal of an aggregate 3,701,038 shares in PPOM to the Company representing 14.80% of its equity interest, for a total cash consideration of RM4,547,966.00.

On 22 March 2007, the shareholders of Kampong Aur Oil Palm Company (Sdn.) Berhad had approved the proposed disposal of an aggregate 2,673,958 shares in PPOM to the Company representing 10.70% of its equity interest, for a total cash consideration of RM17,220,289.52.

31 MATERIAL LITIGATION

On 29 September 2006, the Company had received summon from Majlis Ugama Islam dan Adat Resam Pahang (MUIP) against the Company and its subsidiary Kampong Aur Oil Palm Company (Sdn) Berhad ("KAOP").

The claims are as follows:

- (i) The increased in the paid up share capital of KAOP amounting to 22,096,868 units of shares and the allotment of 22,096,868 units of shares to the Company is invalid;
- (ii) Share certificates and all relevant documents pertaining to 22,096,868 shares allotted to the Company to be cancelled and KAOP to return the equity structure of KAOP to the following status:

Name	No. of shares	Percentage
The Company	16,685,099	67%
MUIP	8,218,033	33%
Total	24,903,132	100%

- (iii) A declaration that MUIP had exercised its option to acquire 3,984,501 unit of shares at RM1.33 each in accordance to Clause 2.02(b), (c) and (d) of the joint venture agreement;
- (iv) An order that the Company to transfer 3,984,501 units of KAOP's shares to MUIP at a price of RM1.33 each within 7 days from the date the MUIP pay the sum of RM5,299,386.33;
- (v) In the event the Company fails to transfer the shares as stated in Para (iv) above; the Senior Assistant Registrar of the High Court would act accordingly to transfer the shares to the MUIP;

3.1 MATERIAL LITIGATION (CONTINUED)

- (vi) A declaration that MUIP had exercised its option to purchase 2,739,344 unit of shares in accordance to Clause 2.02(e) and (f) of the JV Agreement;
- (vii) An order that an accountant and/or independent professional valuer be appointed by the Court to assess KAOP and Madah Perkasa Sdn Bhd assets as at 1 September 2004 and to determine the price of each shares of KAOP;
- (viii) In the event the Company fails to transfer the shares as stated in Para (vi) above; the Senior Assistant Registrar of the High Court would act accordingly to transfer the shares to MUIP;
- (ix) The Company to pay all losses, relevant payments and dividends arising from the changed in the equity structure of KAOP to MUIP;
- (x) The cost of this originating summon to be borne by the Company and KAOP;
- (xi) Any other instruction that may deem fit by the Court.

The Company's Summon In Chambers to refer the above dispute to Arbitration has been fixed for Hearing on 16 May 2007 in the High Court at Kuantan.

The Solicitors of the Company are of the view that the Plaintiff's claim is weak, has no merits and base on decided authorities it ought to be dismissed.

3.2 COMPARATIVES

Certain comparative figures have been reclassified to conform with current year's presentation.

3.3 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 16 April 2007.

shareholdings structure

as at 30 April 2007

THIRTY LARGEST REGISTERED SHAREHOLDERS

No.	Names	Holdings No.	%
1.	AMSEC Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Prosper Trading Sdn Bhd)	22,994,400	17.03
2.	Perbadanan Kemajuan Negeri Pahang	22,796,800	16.88
3.	Prosper Trading Sdn Berhad	13,512,900	10.01
4.	Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang	12,793,000	9.47
5.	Fokas Sehati Sdn Bhd	6,730,600	4.98
6.	Hikmat Elit Sdn Bhd	4,948,200	3.66
7.	Hikmat Elit Sdn Bhd	2,469,800	1.83
8.	Merageboom (M) Sdn Bhd	2,204,800	1.63
9.	Affin Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tee Kim Tee @ Tee Ching Tee)	1,536,000	1.14
10.	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tee Kim Tee @ Tee Ching Tee)	1,416,100	1.05
11.	Affin Nominees (Tempatan) Sdn Bhd (Affin Fund Management Sdn Bhd For Majlis Ugama Islam Dan Adat Resam Melayu Pahang)	1,320,000	0.98
12.	Budi-JS Plantation Management Sdn Berhad	1,158,800	0.86
13.	Yeoh Kean Hua	1,016,000	0.75
14.	Phua Chee Eng	960,000	0.71
15.	Tee Cheng Hua	914,000	0.68
16.	Amanah Saham Mara Berhad	849,000	0.63
17.	Amanah Saham Pahang Berhad	760,800	0.56
18.	Man Foh @ Chan Man Foh	728,000	0.54
19.	Perbadanan Kemajuan Negeri Selangor	704,000	0.52
20.	Kamaruddin bin Mohammed	700,000	0.52
21.	Tee Kim Tee @ Tee Ching Tee	684,000	0.51
22.	Ang Kim Seng @ Ang Eng Hock	682,600	0.51
23.	Nowawi bin Abdul Rahman	678,000	0.50
24.	Poo Ah Hai	576,000	0.43
25.	Tee Chain Yee	575,000	0.43
26.	Yew Peng Du	555,000	0.41
27.	Tan Kuang Hwa	487,600	0.36
28.	Liow Boon Seng	478,000	0.35
29.	Ang Leng Leng	442,000	0.33
30.	Han Kee Juan	441,000	0.33

LIST OF SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)

No.	Names of Substantial Shareholders	No. of Shares	Percentage
1.	AMSEC Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Prosper Trading Sdn Berhad)	22,994,400	17.03
2.	Perbadanan Kemajuan Negeri Pahang	22,796,800	16.88
3.	Prosper Trading Sdn Berhad	13,677,700	10.13
4.	Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang	12,804,000	9.48
5.	Hikmat Elit Sdn Bhd	7,418,000	5.49

LIST OF DIRECTORS' SHAREHOLDINGS

No.	Names of Directors	Shareholdings	Percentage
1.	YH Dato' Kamaruddin Bin Mohammed	700,000	0.52
2.	YH Dato' Haji Lias Bin Mohd Noor	170,200	0.13
3.	Mr. Tee Kim Tee @ Tee Ching Tee Shares held through: - Individual Account: 684,000 - Kenanga Nominees (Tempatan) Sdn. Bhd.: 1,416,100 - Affin Nominees (Tempatan) Sdn. Bhd.: 1,536,000	3,636,100	2.69
4.	Tuan Dr. Haji Amad @ Ahmad Bin Aman	190,000	0.14
5.	Cik Sharina Bahrin	-	0.00
6.	En. Nowawi Bin Abdul Rahman	678,000	0.50
7.	Mr. Tee Cheng Hua	914,000	0.68
8.	Mr. Ng Say Pin Shares held through: - AMSEC Nominees (Tempatan) Sdn. Bhd.: 100,000	100,000	0.07
9.	Mr. Tee Lip Hian	148,000	0.11

shareholdings structure
as at 30 April 2007 (continued)

ANALYSIS BY SIZE OF SHAREHOLDINGS

Category	No. of Holders	Percentage	No. of Shares	Percentage
Less than 100	5	0.16	206	0.00
100 – 1,000	344	11.23	204,594	0.15
1,001 – 10,000	2,202	71.89	7,928,768	5.87
10,001 – 100,000	437	14.27	10,865,032	8.05
100,001 to less than 5% of issued shares	71	2.32	43,933,300	32.54
5% and above of issued shares	4	0.13	72,097,100	53.39
Total	3,063	100.00	135,029,000	100.00

ANALYSIS OF EQUITY STRUCTURE

Type of Ownership	Shareholders	Percentage	Shareholdings	Percentage
1. Government Agency	5	0.16	36,307,200	26.89
2. Bumiputra:				
a) Individuals	151	4.93	2,857,500	2.12
b) Companies	36	1.18	9,951,900	7.37
c) Nominees Company	110	3.59	29,149,134	21.59
3. Non-Bumiputra:				
a) Individuals	2,543	83.02	29,092,266	21.54
b) Companies	41	1.34	25,267,900	18.71
c) Nominees Company	110	3.59	1,327,200	0.98
Malaysian Total	2,996	97.81	133,953,100	99.20
4. Foreign:				
a) Individuals	38	1.24	345,300	0.26
b) Companies	2	0.07	9,800	0.01
c) Nominees Company	27	0.88	720,800	0.53
Foreign Total	67	2.19	1,075,900	0.80
Grand Total	3,063	100.00	135,029,000	100.00

harta-harta kumpulan

group properties

Lokasi Location	Title	Tempoh Tenure	Keluasan (hek) Area (hec)	Kegunaan Usage	Nilai Buku Bersih @ 31.12.06 (RM'000) Net Book Value @ 31.12.06 (RM'000)
Far East Holdings Berhad					
i) Ladang Sungai Seraya Daerah Rompin Pahang Darul Makmur	HS(D)61 HS(D)62 HS(D)63 HS(D)64 HS(D)4116 HS(D)4121	Pajakan untuk tempoh sehingga 2079 Pajakan untuk tempoh sehingga 2103	161.87 259.00 230.67 190.20 60.82 10.83	Perladangan kelapa sawit	
ii) Ladang Bukit Jin Daerah Bera Pahang Darul Makmur	HS(D)3171 HS(D)3172 HS(D)3173 HS(D)3174 HS(D)3175 HS(D)3176 HS(D)3177 HS(D)3178 HS(D)3179 HS(D)3180	Pajakan untuk tempoh sehingga 2079	420.87 420.87 190.20 230.67 274.78 8.50 384.45 36.42 68.80 68.80	Perladangan kelapa sawit	
iii) Ladang Sg Rasau Daerah Pekan Pahang Darul Makmur	HS(D)1971	Pajakan untuk tempoh sehingga 2091	118.04	Pertanian	
iv) Ladang Sungai Batu Daerah Kuantan Pahang Darul Makmur	HS(D)23609	Pajakan untuk tempoh sehingga 2103	874.75	Perladangan kelapa sawit	
v) Bandar Indera Mahkota Daerah Kuantan Pahang Darul Makmur	HS(D)16482 HS(D)16483 HS(D)16484	Pajakan untuk tempoh sehingga 2096	8.67 2.65 4.33	Bangunan	
			4,026.20		127,654
Kampong Aur Oil Palm Company (Sdn) Berhad					
Ladang Kampong Aur Daerah Rompin Pahang Darul Makmur	HS(D)3708 HS(D)3709 HS(D)3781 HS(D)3780 HS(D)3886 HS(D)38 HS(D)74 HS(D)75 HS(D)4084	Pajakan untuk tempoh sehingga 2070 2070 2073 2073 2074 2077 2079 2079 2100	118.98 242.41 64.75 260.62 419.26 407.11 283.28 137.60 35.59	Perladangan kelapa sawit	
			1,969.60		54,981

harta-harta kumpulan (sambungan)
group properties (continued)

Lokasi Location	Title	Tempoh Tenure	Keluasan (hek) Area (hec)	Kegunaan Usage	Nilai Buku Bersih @ 31.12.06 (RM'000) Net Book Value @ 31.12.06 (RM'000)
Madah Perkasa Sdn Bhd					
i) Ladang Sungai Gayung	HS(D)3514	Pajakan untuk tempoh	876.20	Perladangan	
ii) Ladang Sungai Marung	HS(D)3513	sehingga 2095	666.60	kelapa sawit	
Daerah Rompin	HS(D)3512		1,039.70		
Pahang Darul Makmur	HS(D)3511		1,898.80		
			4,481.30		134,263
Dawn Oil Palm Plantations Sdn Bhd					
i) Ladang Dawn	HS(D)11	Pajakan untuk tempoh	297.85	Perladangan	
Daerah Rompin	HS(D)18	sehingga 2075	133.14	kelapa sawit	
Pahang Darul Makmur	HS(D)57	2076	242.81		
	HS(D)58	1979	178.06		
	HS(D)3719	2079	11.33		
	HS(D)3772	2071	236.34		
	HS(D)3773	2072	14.57		
	HS(D)4115	2103	114.18		
	HS(D)4118	2103	218.53		
	HS(D)3718	2071	235.12		
	HS(D)4120	2103	23.69		
ii) Ladang Cempaka	HS(D)988	Pajakan untuk tempoh	452.60	Perladangan	
Daerah Bera		sehingga 2096		kelapa sawit	
Pahang Darul Makmur					
			2,158.22		56,598
B.S. Oil Palm Plantations Sdn Bhd					
Ladang Bukit Serok	HS(D)3716	Pajakan untuk tempoh	136.38	Perladangan	
Daerah Rompin	HS(D)3717	sehingga 2071	137.19	kelapa sawit	
Pahang Darul Makmur	HS(D)3741	2071	290.16		
	HS(D)4117	2071	27.89		
	HS(D)8	2075	350.46		
	HS(D)16	2076	346.82		
	HS(D)59	2079	171.99		
	HS(D)60	2079	248.88		
	HS(D)50	2085	357.80		
			2,067.56		49,676
Kilang Kosfarm Sdn Bhd	HS(D)3869	Pajakan kecil sehingga 2050 [dari Kampung Aur Oil Palm Company (Sdn) Berhad]	123.84	Bangunan kilang dan ladang kelapa sawit	497
			14,826.72		423,669



Far East Holdings Berhad
(14809-W)

borang proksi

Saya / Kami _____
(Nama Penuh Dengan Huruf Besar)

No. KP / Syarikat _____

yang beralamat di _____
(Alamat Penuh)

sebagai pemegang saham / pemegang-pemegang saham FAR EAST HOLDINGS BERHAD.

Dengan ini melantik _____
(Nama Penuh Dengan Huruf Besar)

yang beralamat di _____
(Alamat Penuh)

atau pengerusi mesyuarat sebagai proksi saya / kami yang akan mengundi bagi pihak saya / kami di Mesyuarat Agung Tahunan Syarikat yang ke 33 yang akan diadakan pada hari Rabu, 20 Jun 2007 jam 10.00 pagi di Hyatt Regency Kuantan Resort, Kuantan, Pahang Darul Makmur dan pada sebarang hari penangguhannya.

Proksi saya / kami hendaklah mengundi ke atas resolusi-resolusi seperti yang telah ditentukan dengan tanda (X) di ruang yang berkenaan di bawah ini. Sekiranya ruang ini dikembalikan tanpa apa-apa penentuan mengenai cara-cara pengundian, proksi akan mengambil tindakan yang sewajarnya untuk mengundi ataupun tidak.

	Nombor Resolusi									
	1	2	3	4	5	6	7	8	9	10
Bersetuju										
Menentang										

Ditandatangani pada _____ haribulan _____ 2007.

Jumlah Saham Dipegang

Tandatangan / Meterai _____

Di hadapan* _____

* Tandatangan di Borang Proksi yang dilaksanakan di luar Malaysia mestilah disahkan oleh seorang notari awam atau konsul.

NOTA

1. Proksi berkemungkinan tetapi tidak semestinya seorang ahli syarikat dan Peruntukan Seksyen 149(1)(b) Akta Syarikat 1965 tidak diterimapakai oleh syarikat.
2. Borang proksi ini mestilah diserahkan kepada Pejabat Berdaftar Syarikat, Suite 5 & 6, Tingkat 8, Kompleks Teruntum, Jalan Mahkota, 25000 Kuantan, Pahang Darul Makmur tidak lewat daripada empat puluh lapan jam (48) sebelum masa yang ditetapkan untuk mengadakan mesyuarat.
3. Seorang ahli yang berhak menghadiri dan mengundi dalam mesyuarat ini adalah berhak melantik seorang proksi bagi setiap akaun sekuriti yang ada.
4. Seorang ahli melainkan nominee yang diberikuasa adalah layak melantik tidak lebih dari dua proksi untuk menghadiri dan mengundi pada mesyuarat yang sama.
5. Jika seorang ahli melantik lebih dari seorang proksi, perlantikan itu tidak sah melainkan dinyatakan setiap proksi mewakili berapa kepentingan sahamnya.
6. Jika yang melantik sebuah perbadanan borang proksi mestilah dimeteri dengan cop mohor atau ditandatangani oleh peguam atau pegawai perbadanan tersebut.

Setiausaha Syarikat
FAR EAST HOLDINGS BERHAD
Suite 5 & 6, Tingkat 8
Kompleks Teruntum
Jalan Mahkota, 25000 Kuantan
Pahang Darul Makmur





Far East Holdings Berhad

(14809-W)

proxy form

I / We _____
(Full Name In Block Letters)

NRIC / Company No. _____

of _____
(Full Address)

being a member / members of FAR EAST HOLDINGS BERHAD, hereby appoint

(Full Name In Block Letters)

of _____
(Full Address)

or failing him the chairman of the meeting as my / our proxy to vote for me / us and on behalf at the 33 Annual General Meeting of Far East Holdings Berhad to be held on Wednesday, 20 June 2007 at 10.00 a.m, Hyatt Regency Kuantan Resort, Kuantan, Pahang Darul Makmur and at any adjournment thereof.

My / Our proxy to vote on the resolution as indicated with (X) in the space provided. If the form is returned in the absence of specific directions as to the manner the vote is to be cast, My / our proxy will vote or abstain as he thinks fit.

	Resolution Number									
	1	2	3	4	5	6	7	8	9	10
For										
Against										

Signed this _____ day of _____ 2007.

Total Share Held

Signature(s) / Company Seal _____

Witness* _____

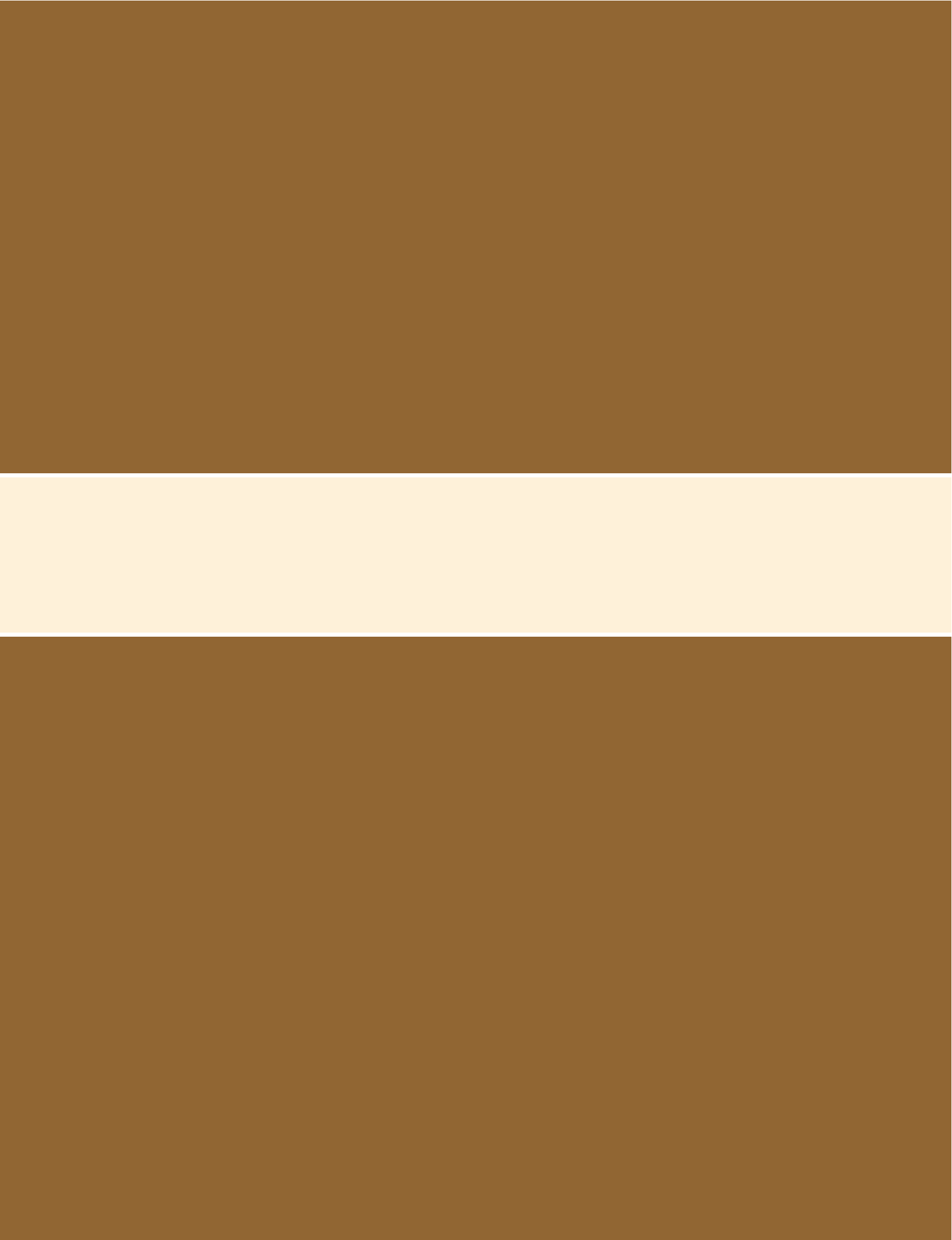
* This signature on Proxy Form executed outside Malaysia must be attested by notary or consul.

NOTE

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid, the duly completed form of proxy must be deposited at the registered office of the Company, Suite 5 & 6, Tingkat 8, Kompleks Teruntum, Jalan Mahkota, 25000 Kuantan, Pahang Darul Makmur, not less than 48 hours before the time for holding the meeting.
3. A member who is an authorised nominee may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. A member other than an authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
6. If the appointor is a corporation, the form of proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.

The Company Secretary
FAR EAST HOLDINGS BERHAD
Suite 5 & 6, Tingkat 8
Kompleks Teruntum
Jalan Mahkota, 25000 Kuantan
Pahang Darul Makmur

STAMP





Far East Holdings Berhad (14809-W)

Suite 5, Tingkat 8, Kompleks Teruntum

Jalan Mahkota, 25000 Kuantan

Pahang Darul Makmur

Tel: 09-514 1936 / 1948 / 1339

Fax: 09-513 6211

Email: fareast@fareh.po.my

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