



ANNUAL
REPORT 2005



FAR EAST HOLDINGS BERHAD



1	RINGKASAN KEWANGAN KUMPULAN GROUP FINANCIAL SUMMARY
2	NOTIS MESYUARAT AGUNG TAHUNAN
4	NOTICE OF ANNUAL GENERAL MEETING
6	PENYATA MENGIKIRINGI NOTIS MESYUARAT AGUNG TAHUNAN STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
7	MAKLUMAT KORPORAT CORPORATE INFORMATION
8	PROFIL PENGARAH DIRECTOR'S PROFILE
13	PENYATA Pengerusi CHAIRMAN'S STATEMENT
18	AUDIT COMMITTEE REPORT
21	STATEMENT OF CORPORATE GOVERNANCE
25	STATEMENT OF INTERNAL CONTROL
27	FINANCIAL STATEMENTS
58	HARTA-HARTA KUMPULAN GROUP PROPERTIES
59	SHAREHOLDINGS STRUCTURE
62	PLANTATION MATRIX
63	BORANG PROKSI
65	PROXY FORM



RINGKASAN KEWANGAN KUMPULAN

GROUP FINANCIAL SUMMARY

LAPORAN TAHUNAN 2005 ANNUAL REPORT

	2005	2004	2003	2002	2001
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	133,038	65,089	64,190	62,619	61,600
Rizab Tidak Diagihkan/Non-Distributable Reserves	182,337	103,223	102,157	100,685	127,951
Keuntungan Terkumpul/Retained Earnings	157,715	204,721	173,495	153,490	141,040
Dana Pemegang Saham/Shareholders' Equity	473,090	373,033	339,842	316,794	330,591
Kepentingan Minoriti/Minority Interest	33,616	27,041	26,265	24,457	25,201
	506,706	400,074	366,107	341,251	355,792
Aset Bukan Semasa/Non Current Assets					
Hartanah, Loji dan Peralatan/Property, Plant and Equipment	391,013	312,821	265,940	269,123	272,480
Tanah untuk pembangunan/Land held for development	40,246	-	-	-	-
Syarikat Bersekutu/Associates	63,335	54,039	46,491	39,502	34,343
Pelaburan/Investments	15,299	2,200	2,299	2,299	2,299
Stok Pembiak/Breeding Stocks	449	513	760	919	939
Cukai Aset Tertunda/Deferred Tax Asset	25	-	-	-	-
	510,367	369,672	315,490	311,843	310,061
Aset Semasa/Current Assets	85,987	85,766	114,616	83,648	68,708
Liabiliti Semasa/Current Liabilities	6,800	5,106	16,903	11,016	19,592
Aset Semasa Bersih/Net Current Assets	79,187	80,660	97,713	72,632	49,116
Liabiliti Bukan Semasa/Non-Current Liabilities					
Cukai Liabiliti Tertunda/Deferred Tax Liabilities	82,848	50,258	45,751	40,859	-
Pinjaman/Borrowings	-	-	1,345	2,365	3,385
	82,848	50,258	47,096	43,224	3,385
	506,706	400,074	366,107	341,251	355,792

PENYATA PENDAPATAN YANG DISATUKAN PADA 31 DISEMBER

CONSOLIDATED INCOME STATEMENT AS AT 31 DECEMBER

(RM'000)

Jualan/Sales	71,315	80,412	70,994	57,903	41,242
Keuntungan Sebelum Cukai/Profit Before Taxation	50,202	63,088	49,244	32,633	12,625
Keuntungan Selepas Cukai/Profit After Taxation	35,277	44,135	33,066	23,682	7,857
Kepentingan Minoriti/Minority Interest	(2,423)	(3,463)	(1,807)	(1,883)	(999)
Keuntungan Bersih Bagi Tahun/Net Profit For The Year	32,854	40,672	31,259	21,799	6,858

TUMPUAN PADA 31 DISEMBER

HIGHLIGHTS AS AT 31 DECEMBER

Pendapatan Sesaham (sen)/Earning Per Share (sen)	24.90	62.99	49.16	35.24	11.13
Aset Ketara Bersih Sesaham (RM)/Net Tangible Assets Per Share (RM)	3.55	5.73	5.29	5.06	5.37
Nisbah Semasa/Current Ratio	12.64	16.80	6.78	7.59	3.51
Keuntungan Sebelum Cukai Sebagai Peratus Jualan (%) Pre-Tax Profit As a Percentage of Sales (%)	70.39	78.46	69.36	56.36	30.61
Keuntungan Sebelum Cukai Sebagai Peratus Dana Pemegang Saham (%) Pre-Tax Profit As a Percentage of Shareholders' Equity (%)	10.61	16.91	14.49	10.30	3.81

Nota/Note:

Angka-angka perbandingan untuk tahun 2001 tidak dipinda berdasarkan kepada peraturan baru Piawaian-Piawaian MASB dan pendapatan sesaham dan aset ketara.

The comparative figures for year 2001 has not been adjusted in accordance to the new MASB Standards and earning per share and net tangible asset per share for the comparative figures for year 2001 to 2005 are based on the share capital of the respective years.

NOTIS MESYUARAT AGUNG TAHUNAN

LAPORAN TAHUNAN 2005 ANNUAL REPORT

DENGAN INI DIBERITAHU BAHAWA Mesyuarat Agung Tahunan pemegang-pemegang saham yang ke 32 FAR EAST HOLDINGS BERHAD ("Syarikat") akan diadakan di Hotel Vistana, Kuantan, Pahang Darul Makmur pada hari Jumaat, 2 Jun 2006 jam 9.30 pagi untuk menguruskan transaksi-transaksi berikut:-

AGENDA

A: Urusan Biasa

1. Menerima dan menimbang Akaun bagi tahun kewangan berakhir 31 Disember 2005 berserta Laporan Pengarah dan Juruaudit mengenainya. **(Resolusi 1)**
2. Meluluskan pembayaran dividen akhir sebanyak 10.0 sen kasar sesaham tolak 28% cukai pendapatan dan 2.5 sen dikecualikan cukai bagi tahun kewangan berakhir 31 Disember 2005, seperti yang disyorkan oleh Lembaga Pengarah. **(Resolusi 2)**
3. Untuk memilih semula Pengarah-Pengarah berikut yang bersara menurut Artikel 97 Tataurusan Syarikat. Oleh kerana layak telah menawarkan diri untuk dilantik semula :-
 - i. YH Dato' Haji Lias Bin Mohd Noor **(Resolusi 3)**
 - ii. En Nowawi Bin Abdul Rahman **(Resolusi 4)**
 - iii. Cik Sharina Bahrin **(Resolusi 5)**
4. Meluluskan pembayaran ganjaran Pengarah-Pengarah bagi tahun kewangan berakhir 31 Disember 2005. **(Resolusi 6)**
5. Melantik semula Tetuan Ash'ariCheong, sebagai Juruaudit Syarikat dan memberi kuasa kepada Lembaga Pengarah untuk menetapkan bayaran mereka. **(Resolusi 7)**

B: Sebagai Urusan Khas

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

6. Kuasa diberi kepada Lembaga Pengarah untuk menerbitkan Saham Berkaitan Skim Opsyen Saham Kakitangan .
"Dengan ini sejajar Skim Opsyen Saham Kakitangan Far East Holdings Berhad ("Skim") yang di luluskan pada Mesyuarat Agung Tahunan Syarikat yang diadakan pada 29 Disember 2001, 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 8)**
7. Kuasa kepada Lembaga Pengarah untuk menerbitkan saham
"Dengan ini tertakluk kepada Akta Syarikat 1965 dan kelulusan pihak berkuasa kerajaan dan/ atau badan pengawasan berkaitan, Lembaga Pengarah dengan ini diberi kuasa tertakluk Seksyen 132 D, untuk menerbitkan

saham syarikat dari semasa ke semasa pada harga yang tertentu, tertakluk syarat dan terma tertentu, untuk tujuan tertentu dan kepada pihak-pihak tertentu yang Lembaga Pengarah berpendapat bersesuaian dengan agregat keseluruhan saham yang diterbitkan berkaitan resolusi ini tidak melebihi 10% dari modal saham yang diterbitkan syarikat. Dan juga Lembaga Pengarah diberi kuasa untuk mendapatkan kelulusan daripada Bursa Malaysia Securities Berhad untuk penyenaraian saham berkaitan yang diterbitkan dan juga kuasa ini terus berkuatkuasa kelulusannya sehingga tamatnya Mesyuarat Agung Tahunan yang akan datang".

(Resolusi 9)

8. 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 22 Jun 2005 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 10 Mei 2006 (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:

- a. 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
- b. pernyataan berkenaan mengikut nilai agregat yang dilakukan bagi sesuatu tahun kewangan termasuk jenis transaksi berulang dengan pihak berkaitan yang bersifat pendapatan, nama pihak berkaitan yang terlibat didalam setiap jenis transaksi berulang dengan pihak berkaitan yang bersifat pendapatan dan hubungan dengan syarikat yang dinyatakan di dalam Laporan Tahunan untuk tahun kewangan berikutnya.

Lembaga Pengarah memohon kelulusan pemegang-pemegang saham untuk memperbaharui Cadangan Mandat Tahunan Pemegang-Pemegang Saham tertakluk kepada nilai-nilai yang memuaskannya 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 selepas Mesyuarat Agung yang ke 32 di mana Cadangan Memperbaharui Mandat diluluskan, dengan ini ia dibatalkan, melainkan resolusi diluluskan di Mesyuarat Agung Tahunan, kuasa ini diperbaharui;
- 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 10)**

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

KELAYAKAN DAN PEMBAYARAN DIVIDEN

DENGAN INI DIBERITAHU BAHAWA dividen akhir sebanyak 10.0 sen kasar sesaham tolak 28% cukai pendapatan dan 2.5 sen dikecualikan cukai bagi tahun kewangan berakhir 31 Disember 2005, jika diluluskan oleh pemegang saham di Mesyuarat Agung Tahunan, akan dibayar pada 5 Julai 2006 kepada para pemegang saham yang nama-nama mereka terdapat di dalam Rekod Pendeposit Syarikat semasa tutup perniagaan pada 14 Jun 2006.

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 14 Jun 2006 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
 10 Mei 2006

Nota:-

1. Seorang ahli yang berhak menghadiri dan mengundi dalam mesyuarat ini adalah berhak melantik proksi atau proksi-proksi untuk hadir dan mengundi bagi pihaknya. Proksi tidak semestinya seorang ahli syarikat.
2. Jika yang melantik sebuah perbadanan borang proksi mestilah dimeteri dengan cop mohor atau ditandatangani oleh peguam atau pegawai perbadanan tersebut.
3. Borang proksi ini mestilah diserahkan kepada Pendaftar Saham, Symphony Share Registrars Sdn Bhd, Level 26, Menara Multi Purpose, Capital Square, No 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur tidak lewat daripada empat puluh lapan jam (48) sebelum masa yang ditetapkan untuk mengadakan mesyuarat.

Nota Penjelasan Untuk Urusan Khas:-

1. Resolusi Biasa yang dicadangkan pada Agenda B6, 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.
2. Resolusi Biasa yang dicadangkan pada Agenda B7 jika diluluskan, akan membenarkan Lembaga Pengarah Syarikat, selepas Mesyuarat Agung Tahunan ini, kuasa untuk menerbitkan saham biasa daripada modal saham syarikat yang belum diterbitkan bagi tujuan yang pada pandangan Lembaga Pengarah untuk kebaikan syarikat. Kuasa ini akan tamat tempoh kelulusan pada Mesyuarat Agung akan datang atau tamat tempoh dimana undang-undang memutuskan Mesyuarat Agung diadakan, melainkan dibatalkan atau diubah oleh pihak syarikat pada Mesyuarat Agung akan datang atau mana-mana terdahulu berlaku.
3. Agenda B8 [Transaksi Berulang Dengan Pihak Berkaitan]
 Untuk maklumat lanjut, sila rujuk Pekeliling kepada Pemegang Saham bertarikh 10 Mei 2006 yang diedarkan bersama Laporan Tahunan Syarikat untuk tahun kewangan berakhir 31 Disember 2005.

NOTICE OF ANNUAL GENERAL MEETING

LAPORAN TAHUNAN 2005 ANNUAL REPORT

NOTICE IS HEREBY GIVEN that the 32nd Annual General Meeting of FAR EAST HOLDINGS BERHAD ("the Company") will be held at Vistana Hotel, Kuantan, Pahang Darul Makmur on Friday, 2 June 2006 at 9.30 a.m. to transact the following businesses:-

AGENDA

A: Ordinary Business

1. To receive and adopt the Audited Financial Statement for the financial year ended 31 December 2005 together with the Directors and Auditors' Reports thereon.
(Resolution 1)
2. To approve the payment of a final dividend of 10.0 sen less 28% Malaysian Income Tax and 2.5 sen tax exempt for the financial year ended 31 December 2005 as recommended by Directors.
(Resolution 2)
3. To re-elect the following Directors who retire pursuant to Article 97 of the Company's Articles of Association and being eligible offer themselves for re-election:-
 - i. YH Dato' Haji Lias Bin Mohd Noor **(Resolution 3)**
 - ii. En Nowawi Bin Abdul Rahman **(Resolution 4)**
 - iii. Cik Sharina Bahrin **(Resolution 5)**
4. To approve the payment of Directors' fees for the financial year ended 31 December 2005.
(Resolution 6)
5. To re-appoint Messrs Ash'ariCheong as auditors and to authorise the Directors to fix their remuneration.
(Resolution 7)

B: As Special Business

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

6. 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, 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."
(Resolution 8)
7. General Authority For Directors To Issue Shares.

"THAT subject always to the Companies Act, 1965 and the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided

that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."
(Resolution 9)

8. 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 22 June 2005 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 the Circular to Shareholders dated 10 May 2006 ("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:

- a. 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
- b. a disclosure of the aggregate value of the transactions conducted during a financial year including the type of the recurrent related party transactions of a revenue nature made, the names of the related parties involved in each type of the recurrent related party transactions of a revenue nature made and their relationship with the Company will be disclosed in the Annual Report for the said financial year.

The Board will seek shareholders' approval for the renewal of the proposed Shareholders' Mandate annually subject to satisfactory review by the Audit Committee of its continued application to the interested parties' transactions. In this respect, if approved at the forthcoming AGM, such approval shall continue to be in force until:

- a. the conclusion of the next AGM of the Company following the forthcoming 32nd AGM at which such Proposed Renewal of Shareholders' Mandate is passed, at which

NOTICE OF ANNUAL GENERAL MEETING

LAPORAN TAHUNAN 2005 ANNUAL REPORT

time it will lapse, unless by a resolution passed at an AGM, the authority is renewed;

- b. the expiration of the period within which the next AGM 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
- c. revoked or varied by resolution passed by the shareholders in an AGM or EGM,

whichever is earlier.

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 Proposed Renewal of the Recurrent Related Party Transactions Mandate.” **(Resolution 10)**

- 9. 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 10.0 sen per share less 28% Malaysian Income Tax and 2.5 sen tax exempt per share for the financial year ended 31 December 2005 if approved by the shareholders at the Annual General Meeting will be paid on 5 July 2006 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 14 June 2006.

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

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 14 June 2006 in respect of transfers; and
- b) 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

10 May 2006.

Notes:-

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where the appointment is executed by a corporation it must be either under seal or under the hand of any attorney or officer duly authorised.
3. The instrument appointing the proxy must be deposited at the Share Registrar's Office, Symphony Share Registrars Sdn Bhd, Level 26, Menara Multi Purpose, Capital Square, No 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur at least forty eight (48) hours before the time set for holding this meeting or any adjournment thereof.

Explanatory Notes on Special Businesses:-

1. The Ordinary Resolution proposed under Agenda B6, 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 approved at the Extraordinary General Meeting of the Company held on 29 December 2001.
2. The Ordinary Resolution proposed under Agenda B7, if passed, will give the Directors of the Company, from the date of the forthcoming Annual General Meeting, authority to issue ordinary shares from the unissued capital of the Company being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in a general Meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.
3. Agenda B8 [Recurrent Related Party Transactions]
For further information, please refer to the Circular to Shareholders' dated 10 May 2006 accompanying the Company's Annual Report for the financial year ended 31 December 2005.

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

LAPORAN TAHUNAN 2005 ANNUAL REPORT

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

- i.) YH Dato' Haji Lias Bin Mohd Noor
- ii.) Encik Nowawi Bin Abdul Rahman
- iii.) Cik Sharina Bahrin

Maklumat lanjut Lembaga Pengarah yang bersara dan menawarkan diri untuk dilantik semula dibentangkan pada Profil Lembaga Pengarah mukasurat 8 hingga 12 Lapuran Tahunan; manakala jadual pegangan saham mereka dinyatakan pada mukasurat 61 Lapuran Tahunan.

The details of the abovenamed Directors who are standing for re-election/re-appointment are set out in the Directors' profiles (pages 8 to 12 of the Annual Report); while their securities holdings (where applicable) are set out in the Analysis of Shareholdings – Directors' Interests in the Company (pages 61 of the Annual Report).

2. Tempat, tarikh dan masa Mesyuarat Agung Tahunan ke 32
Place, date and time of the 32nd Annual General Meeting

Mesyuarat Agung Tahunan yang ke 32 Syarikat akan diadakan di Hotel Vistana, Kuantan, Pahang Darul Makmur pada hari Jumaat, 2 Jun 2006 jam 9.30 pagi.

The 32nd Annual General Meeting of the Company will be held at Vistana Hotel, Kuantan, Pahang Darul Makmur on Friday, 2 June 2006 at 9.30 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 enam(6) kali bagi tahun kewangan berakhir 31 Disember 2005. Bilangan kehadiran adalah seperti berikut:-

A total of six(6) Board Meetings were held during the financial year ended 31 December 2005. Details of attendance of Directors holding office at the end of financial year are as follows:-

Name	Attendance	Appointment
YH Dato' Kamaruddin Bin Mohammed	6/6	16/08/2002
YH Dato' Haji Lias Bin Mohd Noor	4/6	14/01/2002
Mr Tee Kim Tee @ Tee Ching Tee	6/6	16/08/2002
En Nowawi Bin Abdul Rahman	6/6	16/08/2002
Mr Tee Cheng Hua	6/6	16/08/2002
Tuan Dr Haji Amad @ Ahmad Bin Aman	6/6	16/08/2002
Mr Ng Say Pin	6/6	23/08/2002
Cik Sharina Bahrin	6/6	15/01/2004
Mr Tee Lip Hian	6/6	09/09/2004

**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 Mohamed

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
SIRIM QAS ISO 9002 Certificate
Registration: AR1789

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 UTAMA / MAJOR BANKERS

Bank Bumiputra-Commerce Berhad

67-69 Jalan Telok Sisek,
25000 Kuantan, Pahang Darul Makmur.

Bank Bumiputra-Commerce 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.
Radiant Apex Sdn Bhd

SYARIKAT SEKUTU / ASSOCIATES

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

PROFIL PENGARAH DIRECTOR'S PROFILE

LAPORAN TAHUNAN 2005 ANNUAL REPORT

YH Dato' Kamaruddin Bin Mohammed

A Malaysian, aged 58 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 specialised in the areas of Investment and Financial Management and Corporate Advisory.

He currently is a Chairman of Pascorp Paper Industries Berhad and ASM MARA Unit Trust Management Berhad and a Board member of Amanah Saham MARA 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 six Board Meetings of the Company held in the financial year ended 31 December 2005.

YH Dato' Kamaruddin Bin Mohammed

Warganegara Malaysia, Umur 58 tahun, seorang Pengarah tidak bebas dan bukan eksekutif. Pengerusi kepada Ahli Lembaga Pengarah Far East Holdings Berhad. 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. 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 termasuk Pengurusan Kewangan dan Pelaburan dan Penasihat Korporat (Corporate Advisory).

Beliau kini ialah Pengerusi kepada Pascorp Paper Industries Berhad dan ASM MARA Unit Trust Management Berhad dan ahli Lembaga Pengarah Amanah Saham MARA 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 enam Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2005.

YH Dato' Haji Lias Bin Mohd Noor

A Malaysian, aged 55 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 four of the six Board Meetings of the Company held in the financial year ended 31 December 2005.

Warganegara Malaysia, Umur 55 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 empat daripada enam Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2005.

Mr Tee Kim Tee @ Tee Ching Tee

A Malaysian, aged 58 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 35 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 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 all six Board Meetings of the Company held in the financial year ended 31 December 2005.

Warganegara Malaysia, Umur 58 tahun seorang Pengarah Tidak Bebas Bukan Eksekutif. Beliau dilantik sebagai ahli Lembaga Pengarah pada 16 Ogos 2002. Beliau ahli kepada Jawatankuasa Imbuhan dan Jawatankuasa Pencalonan.

Seorang ahli perniagaan yang mempunyai banyak pengalaman dan kemahiran dalam bidang perladangan. Beliau memulakan kerjaya 35 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. Tidak mempunyai konflik kepentingan dengan Syarikat. Tidak pernah disabitkan dengan kesalahan undang-undang dalam sepuluh tahun yang lepas.

Mr Tee Kim Tee menghadiri kesemua enam Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2005.

PROFIL PENGARAH DIRECTOR'S PROFILE

LAPORAN TAHUNAN 2005 ANNUAL REPORT

En Nowawi Bin Abdul Rahman

A Malaysian, aged 51. 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, 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 six Board Meetings of the Company held in the financial year ended 31 December 2005.

Warganegara Malaysia, Umur 51 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 Cranfield Universiti, England dan Sarjana Muda Sains Perniagaan, 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 enam Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2005.

Mr Tee Cheng Hua

A Malaysian, aged 52. 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 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 six Board Meetings of the Company held in the financial year ended 31 December 2005.

Warganegara Malaysia, Umur 52 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 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 FEHB. Tidak mempunyai konflik kepentingan dengan Syarikat. Tidak pernah disabitkan dengan kesalahan undang-undang dalam sepuluh tahun yang lepas.

Mr Tee Cheng Hua menghadiri kesemua enam Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2005.

PROFIL PENGARAH DIRECTOR'S PROFILE

LAPORAN TAHUNAN 2005 ANNUAL REPORT

Tuan Dr. Amad @ Ahmad Bin Aman

A Malaysian, aged 60. 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 Assistant Professor 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 all six Board Meetings of the Company held in the financial year ended 31 December 2005.

Warganegara Malaysia, Umur 60 tahun. Pengarah Bebas dan Bukan Eksekutif. Dilantik sebagai ahli Lembaga Pengarah pada 16 Ogos 2002. Beliau juga Pengerusi Jawatankuasa Pencalonan dan Jawatankuasa Audit.

Tuan Dr Ahmad memegang Ijazah Kedoktoran Genetik dan Pembiakan Haiwan, University of Arkansas, USA. Sejak 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 Penolong Profesor di 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 kesemua enam Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2005.

Mr Ng Say Pin

A Malaysian, aged 53. 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 also 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 six Board Meetings of the Company held in the financial year ended 31 December 2005.

Warganegara Malaysia, Umur 53 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 juga memiliki Diploma Lulusan Ijazah Pentadbiran Perniagaan daripada Swansea Institute of Higher Education, Wales, UK. Beliau seorang Jurutera Profesional yang berdaftar dengan Lembaga Jurutera Malaysia.

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 enam Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2005.

PROFIL PENGARAH DIRECTOR'S PROFILE

LAPORAN TAHUNAN 2005 ANNUAL REPORT

Cik Sharina Bahrin

A Malaysian, aged 40. 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 17 years experience in corporate finance and business advisory in Malaysia and Australia. Prior to joining Aftas 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 six Board Meetings of the Company held in the financial year ended 31 December 2005.

Warganegara Malaysia, Umur 40 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 17 tahun di dalam Kewangan Korporat dan Penasihat Perniagaan di Malaysia dan Australia. Sebelum bertugas di Aftas 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 enam Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2005.

Mr Tee Lip Hian

A Malaysian, aged 33. 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 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 six Board Meetings of the Company held in the financial year ended 31 December 2005.

Warganegara Malaysia, Umur 33 tahun. Pengarah Bukan Bebas dan Bukan Eksekutif. Dilantik sebagai ahli Lembaga Pengarah pada 9 September 2004. Beliau merupakan siswazah Curtin University of Technology, Australia didalam 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 didalam operasi perladangan dan perkilangan.

Mr Tee Lip Hian adalah anak kepada Mr Tee Kim 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 enam Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2005.

Dear Shareholders,

On behalf of the Board of Directors of Far East Holdings Berhad, I am pleased to present the Annual Report and the Audited Financial statements of Far East Holdings Berhad for the financial year ended 31st December 2005.



PENYATA Pengerusi Chairman's Statement

LAPORAN TAHUNAN 2005 ANNUAL REPORT



GROUP OVERALL PERFORMANCE

During the year in review, the Group registered revenue of RM71.31 million compared to RM80.41 million in 2004, which represents a reduction by 11.32%. As a result, the Group's profit before tax was RM50.20 million, a decrease of RM12.89 million or 20.4% from RM63.09 million recorded in 2004. The slide in revenue and profit before tax were largely attributable to lower selling prices realized for crude palm oil (CPO) which averaged at RM1,390 per metric tonne as compared to RM1,658 per metric tonne for the previous year. However, the average prices of palm kernel (PK) remained relatively steady at RM1,018 per metric tonne, easing off by 5.04% from previous year's high of RM1,072 per metric tonne.

After adjusting for the one to one Bonus Issue completed in November 2005 in which the paid-up share capital was increased from RM66,519,000 to RM133,038,000, the earnings per share for the year 2004 was adjusted to 31.03 sen per share. Comparatively the earnings per share for the year in review showed a slight reduction of 19.8% to 24.90

sen per share. The Group's adjusted net tangible assets per share increase from RM2.87 per share to RM3.55 per share during the year in review.

GROUP OPERATION HIGHLIGHTS

During the year under review, the Group's operation recorded higher production of fresh fruit bunches (FFB) at 270,872 metric tonnes, an increase of 4% as compared to 261,069 metric tonnes for the previous year. The higher FFB production was attributable to increased matured area by 5.4% or 664.64 hectares totaling 12,878.04 hectares as compared to 12,213.40 hectares during the previous year due to maturity of replanting areas.

The Group productivity measured in FFB yield per mature hectare was slightly lower by 1.63% from that of the previous year. FFB yield for the year under review was at 21.03 tonnes per hectare against 21.38 tonnes per hectare for 2004. This was mainly due to the increase of new mature hectareage.



PENYATA PENERUS CHAIRMAN'S STATEMENT

LAPORAN TAHUNAN 2005 ANNUAL REPORT



In terms of oil extraction rate (OER), the Group sustained its quality standards when it achieved an average OER of 18.45% for the year under review against 18.46% during the previous year while palm kernel extraction holding steady at 4.62% for the year 2005.

The immature area had also increased to 1,947.29 hectares during the year in review. The increase is due to a joint-venture project entered into between your company and Rangkaian Delima Sdn Bhd to develop 2,833 hectares of oil palm plantation land. The Group anticipated the land would be fully planted by middle of 2007.

CORPORATE DEVELOPMENT

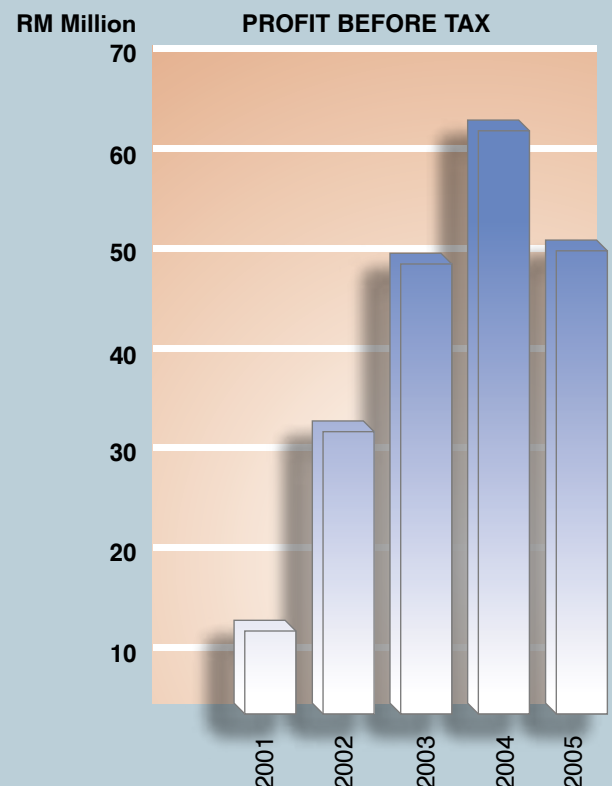
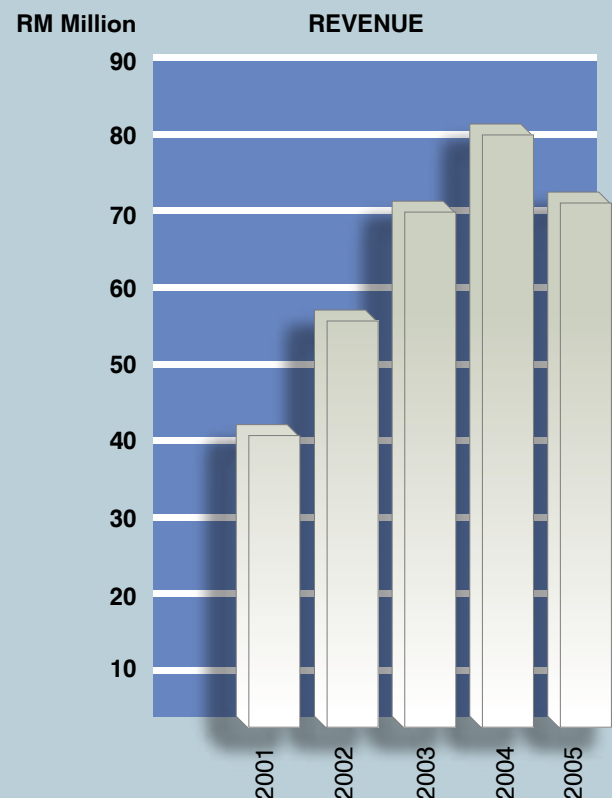
On 25 November 2005, the Company entered into Memorandum of Understanding ("MOU") with Koperasi Serbausaha Makmur Berhad ("KOSMA"), Kilang Kosfarm Sdn Bhd ("KOSFARM") and Prosper Palm Oil Mill Sdn Bhd ("PPOM") with the objective of enhancing the company's present in the milling business:

Upon completion of the whole exercise, your company would increase its shareholdings in Kilang Kosfarm Sdn Bhd from 29% to 51%. Kilang Kosfarm Sdn Bhd has also entered into a 51%:49% joint-venture agreement to manage another palm oil mill namely Kilang KOSMA.

DIVIDEND

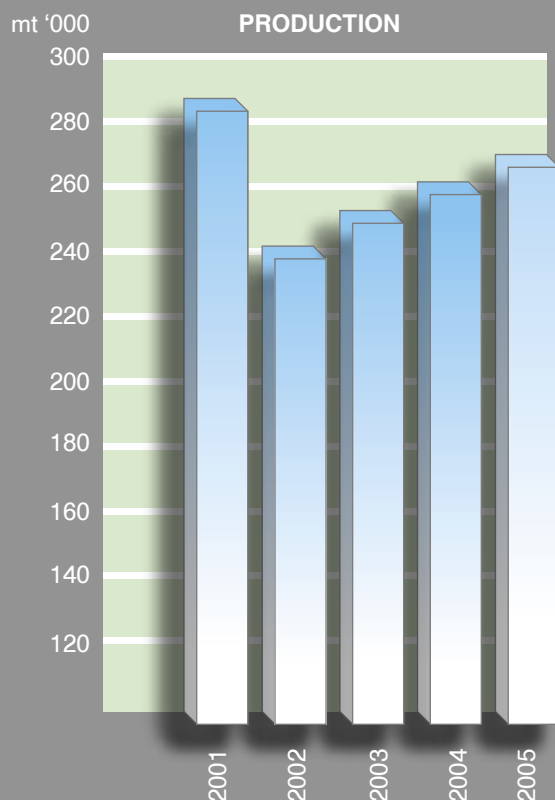
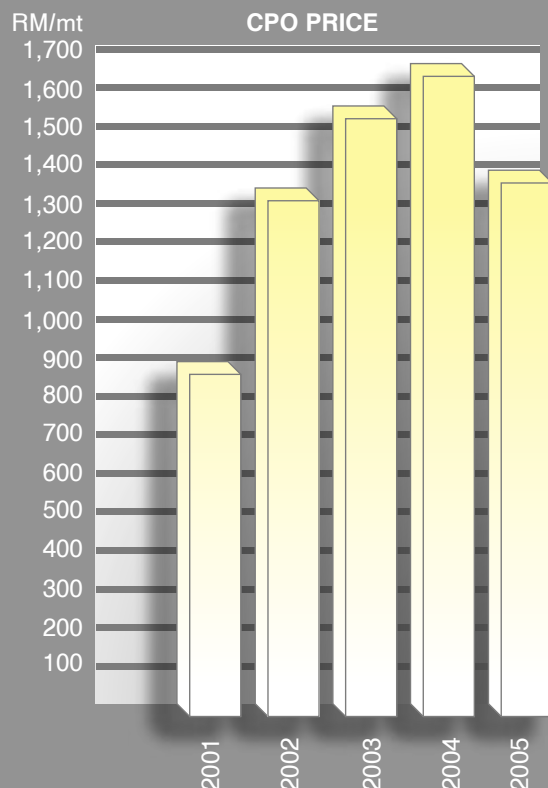
The Company is committed with its dividend policy to reward shareholders for your continued support and confidence in the Group.

On the strength of the Group's financial achievements and sustained overall performance, your Board is recommending



PENYATA PENERUS CHAIRMAN'S STATEMENT

LAPORAN TAHUNAN 2005 ANNUAL REPORT



for shareholders approval a final gross dividend of 10.0 sen per share less income tax of 28% and 2.5 per share tax exempt for the financial year ended 31 December 2005.

An interim dividend of 5 sen per share, less income tax of 28% on 66,519,000 ordinary shares was paid on 25 October 2005.

This final dividend, if approved by the shareholders at the Annual General Meeting, will increase the total dividend paid for year 2005 to 17.5 sen comprising of 15.0 sen less 28% tax and 2.5 sen tax exempt dividend.

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 practised throughout the Group.

BUSINESS PROSPECTS

For the year 2006 and the future, the Group's business prospects will largely depends on the Group's ability to sustain



PENYATA PENERUS CHAIRMAN'S STATEMENT

LAPORAN TAHUNAN 2005 ANNUAL REPORT



and improve its FFB yield. Thus, leveraging on 12.3% prime palms and 45.3% young palms, we believe that a sustainable yield uptrend is achievable in coming years as more younger mature palms attain their prime production phase and old palms are being replanted in phases.

The Group will continue to identify opportunities to increase its landbank in order to expand its plantation operations and thus continue the Group's business viability and profitability in the long run. In the meantime, the Group will continue to pursue and evaluate horizontal and vertical business expansion opportunities deemed strategic to the Group's direction and to add stakeholders' values.

At the operational level, the Group will continue to leverage on its human capital strengths and competitiveness, efficiency and productivity. This is vital in ensuring the Group's efforts to sustain a rising performance trend taking advantage of Malaysia's positive economic outlook for 2006. Government initiatives in science and technology especially in the areas of biofuel would further enhance the Group's business prospects spurred by positive externality factors. In addition, with CPO prices forecasted to be strong hovering at RM1,400 – RM1,500 per metric tonne, we believe that the Group's prospects for the year 2006 are good and therefore, we can

expect another strong finish in financial year 2006.

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 and clients for their assistance and support.

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

Lastly, to the Board of Directors, I thank you for your wise counsel and support in delivering another great financial year.

Dato' Kamaruddin Bin Mohammed
Chairman

AUDIT COMMITTEE REPORT

LAPORAN TAHUNAN 2005 ANNUAL REPORT

1.0 COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee presently comprises the following members:

Cik Sharina Bahrin	Chairperson, Independent Non-Executive Director
YH. Dato' Kamaruddin Bin Mohammed	Member, Non-Independent Non-Executive Director
Tuan Dr. Haji Amad @ Ahmad Bin Aman	Member, Independent Non-Executive Director
Mr. Ng Say Pin (Appointed on 26 February 2005)	Member, Independent Non-Executive Director

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 absent 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;

- 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 2005, the Audit Committee held a total of five (5) meetings.

Dates :

25 February 2005	4 August 2005
18 April 2005	28 November 2005
16 May 2005	

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

Name of Audit Committee Member	Total Number of Meetings	Number of Meetings Attended
Cik Sharina Bahrin	5	4
YH Dato' Kamaruddin Bin Mohammed	5	5
Tuan Dr. Haji Amad @ Ahmad Bin Aman	5	5
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 2005 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 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.

AUDIT COMMITTEE REPORT

LAPORAN TAHUNAN 2005 ANNUAL REPORT

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 Internal Audit Unit are deliberated by the Audit Committee and recommendations are duly acted upon by the management.

8.0 EMPLOYEES SHARE OPTION SCHEME

Since its inception in March 2002, a total of 5,906,000 shares were offered to employees and directors from which about 83% (4,919,000) have been exercised until December 2005.

During the year of 2005, a total of 1,430,000 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 :

Exercise Price (RM)	Number of Shares Exercised
2.04	648,000
2.89	35,000
3.27	722,000
3.58	25,000
Total	1,430,000

Those exercises were made in 25 batches with closing paid up prior to Bonus Issue Exercise at RM66,519,000.

After taking into consideration of lapsed and withdrawn offer, there were 508,000 ordinary shares still not allocated to employees as at 31 December 2005 from the total ESOS granted.

As of December 2005, a balance of 1,974,000 ordinary shares are still not exercised after the adjustment of bonus issue.

Subsequent to the Bonus Issue exercise in November 2005, the closing paid-up was doubled to 133,038,000 units of ordinary shares.

The Audit Committee verified the ESOS allocation granted to the eligible staff as per ESOS By-Laws. A breakdown of the options offered to and exercised by all directors pursuant to a share scheme for employees and directors in the financial year ended 31 December 2005 is as follows:

	Name of Directors	Number of Shares Offered	Number of Shares Exercised	Balance Unexercised	Balance Unexercised After Bonus Issue
1.	YH Dato' Kamaruddin Bin Mohammed	250,000	200,000	50,000	100,000
2.	YH Dato' Haji Lias Bin Mohd Noor	150,000	40,000	110,000	220,000
3.	Mr Tee Kim Tee @ Tee Ching Tee	100,000	80,000	20,000	40,000
4.	Mr Tee Cheng Hua *	200,000	160,000	40,000	80,000
5.	En Nowawi Bin Abdul Rahman *	350,000	150,000	200,000	400,000
6.	Tuan Dr. Haji Amad @ Ahmad Bin Aman	100,000	75,000	25,000	50,000
7.	Mr Ng Say Pin	100,000	60,000	40,000	80,000
8.	Cik Sharina Bahrin	100,000	80,000	20,000	40,000

* Executive Directors

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 ("Bursa Malaysia LR"). These principles and best practices have been applied throughout the year ended 31 December 2005.

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 The Board of Directors

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 2005, six (6) Board meetings were held. Details on attendance of the Directors at Board meetings are disclosed on page 6.

2.0 Board Balance

As at the date of this statement, 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. Together, the Directors have a wide range of business, financial and technical experience. 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 8 to 12.

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.

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 index;
- 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(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;
- ii) Nomination Committee;
- iii) Remuneration Committee;
- iv) Employees' Share Option Scheme Committee.

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

STATEMENT OF CORPORATE GOVERNANCE

LAPORAN TAHUNAN 2005 ANNUAL REPORT

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 18 to 20.

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 2005, all the Directors had participated and attended seminars as recommended and approved by the Board.

SECTION B : 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	66	324	152	542
Non-Executive Directors	224	60	9	293
Total	290	384	161	835

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

Range of Remuneration	Executive Director	Non-Executive Director
Below RM50,000	-	6
RM50,001 - RM100,000	2	1

SECTION C : RELATIONS WITH SHAREHOLDERS AND INVESTORS

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 for information.

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 56.

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 25 to 26 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 2005, 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 in page 18 to 20.

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.

STATEMENT OF CORPORATE GOVERNANCE

ADDITIONAL COMPLIANCE STATEMENTS:

LAPORAN TAHUNAN 2005 ANNUAL REPORT

SECTION E : 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 2 June 2006. The related party transactions for the group are as follows:

Related Party	Nature of Relationship	Principal Activity	Estimated Aggregate Value During Validity Period of Mandate RM'000	Nature of Transaction	Method of Pricing
PPOM	PPOM directly holds 41.21% interest in PTSB, which in turn holds 26.97% ^a interest in FEHB	Palm Oil Mill, Operating of Oil Palm Plantation and Investment Holding Company.	8,843	Selling of FFB	Based on MPOB pricing
RPOM	PPOM directly holds 30% interest in RPOM. PPOM directly holds 41.21% interest in PTSB, which in turn holds 26.97% ^a interest in FEHB	Palm Oil Mill, Operating of Oil Palm Plantation and Investment Holding.	25,201	Selling of FFB	Based on MPOB pricing
KK	KK is a 51% directly owned subsidiary of PPOM, which directly holds 41.21% in PTSB. PTSB holds 26.97% ^a interest in FEHB	Palm Oil Mill, Operating of Oil Palm Plantation and Investment Holding Company.	36,436	Selling of FFB	Based on MPOB pricing

Note:

^a As at 14 April 2006
PPOM - Prosper Palm Oil Mill Sdn Bhd, RPOM - Rompin Palm Oil Mill Sdn Bhd, KK - Kilang Kosfarm Sdn Bhd, PTSB - Prosper Trading Sdn Bhd, MPOB - Malaysian Palm Oil Board, FFB - Fresh Fruit Bunches

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. The details of the ESOS exercise is disclosed in page 50 - 52 of the Directors' Report.

4.0 Warrant or Convertible Securities

The Company has not issued any warrant or convertible securities in the financial year ended 31 December 2005.

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

The Company has not sponsored any ADR or GDR programme in the financial year ended 31 December 2005.

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 2005.

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 2005 is RM29,000.

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 2005.

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 2005 and the unaudited results for the quarter ended 31 December 2005 of the Group previously announced.

11.0 Profit Guarantee

The Company has not issued any profit guarantees in the financial year ended 31 December 2005.

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.

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.

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 faced by 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 Chairman, 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 Chairman who ensures the Group operates within its mission and established policies to enable the Group to meet its objective in 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 meeting. 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.

Internal Audit visits are systematically organized 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

STATEMENT OF INTERNAL CONTROL

LAPORAN TAHUNAN 2005 ANNUAL REPORT

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.

This statement is made in accordance with a resolution of the Board of Directors dated 30 March 2006.

Directors' report	28
Income statements	32
Balance sheets	33
Statements of changes in equity	34
Cash flow statements	36
Notes to the financial statements	38
Statement by Directors	56
Statutory declaration	56
Report of the Auditors	57

FINANCIAL STATEMENTS 2005



DIRECTORS' REPORT

for the year ended 31 December 2005

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 2005.

Principal activities

The principal activities of the Company are oil palm plantations and investment holding. The principal activities of the subsidiaries are set out in Note 14 to the financial statements. There was no significant change in the nature of these activities during the financial year.

Financial results

	Group RM	Company RM
Profit after tax	35,277,261	89,525,890
Minority interests	(2,423,049)	-
Net profit for the year	32,854,212	89,525,890

Dividends

The dividends paid or declared by the Company since 31 December 2004 were as follows:

	RM
In respect of the financial year ended 31 December 2004, final dividend of 12.5 sen per share, less income tax of 28% and a special tax exempt dividend of 7.5 sen per share on 66,341,000 ordinary shares, paid on 18 July 2005	10,946,265
In respect of the financial year ended 31 December 2005, interim gross dividend of 5 sen per share, less income tax of 28% on 66,519,000 ordinary shares, paid on 25 October 2005	2,394,684
	13,340,949

The Board of Directors has proposed a final dividend of 10.0 sen per share, less income tax of 28% and 2.5 sen tax exempt dividend on 133,038,000 ordinary shares amounting to RM9,578,736 and RM3,325,950 respectively for the year ended 31 December 2005. The proposed dividends are subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Reserves and provisions

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

Bonus issue

During the year, the Company had a bonus issue of 66,519,000 new ordinary shares of RM1.00 each on the basis of one bonus share for every one existing ordinary share of RM1.00 each.

Significant event during the year

Proposed Acquisition

On 25 November 2005, the Company had entered into Memorandum of Understanding ("MOU") between Koperasi Serbausaha Makmur Berhad ("KOSMA"), Kilang Kosfarm Sdn Bhd ("KOSFARM") and Prosper Palm Oil Mill Sdn Bhd ("PPOM") with the objective of the following:

- (i) KOSMA would sell to the Company 20% of its shares equivalent to 2,000,000 units of shares held in KOSFARM at RM2 each;
- (ii) PPOM would sell to the Company 2% of its shares equivalent to 200,000 units of shares in KOSFARM at RM2 each;
- (iii) The parties would co-operate and negotiate in good faith to enable KOSMA and KOSFARM to enter into a Joint Venture Agreement to establish a Joint Venture Company to manage Kilang Sawit KOSMA.

On 25 November 2005, pursuant to the signing of MOU, the Company had entered into separate share sale agreements with KOSMA and PPOM for the purchase of the followings shares:

- (iv) 20% shares equivalent to 2,000,000 unit of shares of KOSMA in KOSFARM at RM2 each and
- (v) 2% of shares which is equivalent to 200,000 units of shares of PPOM in KOSFARM at RM2 each.

Collectively referred to as the "Proposed Acquisition".

On 7 February 2006 the Company had obtained approval from the Foreign Investment Committee ("FIC") for the "Proposed Acquisition" subject to the condition that the 30% Bumiputera equity shall be maintained by KOSFARM at all times.

Employees' Share Option Scheme

The Company's Employees' Share Option Scheme ("ESOS") came into effect on 18 March 2002. The ESOS is governed by the By-Laws, which were approved by the shareholders on 29 December 2001. On 27 July 2004, 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.

During the year, 1,430,000 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 21(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 21(b) to the financial statements.

The Companies Commission of Malaysia had granted exemption 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

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, YH Dato' Haji Lias bin Mohd Noor, Encik Nowawi bin Abdul Rahman and Cik Sharina Bahrin retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves 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 8 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 2005

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					
	1.1.2005	Bought	Sold	Bonus issue	31.12.2005
Shareholdings in the name of the Director:					
YH Dato' Kamaruddin bin Mohammed	-	200,000	-	200,000	400,000
YH Dato' Haji Lias bin Mohd Noor	3,300	40,000	-	43,300	86,600
Mr Tee Kim Tee @ Tee Ching Tee	1,383,100	144,200	-	1,527,300	3,054,600
Encik Nowawi bin Abdul Rahman	100,000	50,000	-	150,000	300,000
Mr Tee Cheng Hua	257,000	160,000	-	417,000	834,000
Tuan Dr Haji Amad @ Ahmad bin Aman	-	75,000	-	75,000	150,000
Mr Ng Say Pin	-	60,000	-	60,000	120,000
Cik Sharina Bahrin	-	80,000	(80,000)	-	-
Mr Tee Lip Hian	74,000	-	-	74,000	148,000

Number of options over ordinary shares of RM1 each					
	1.1.2005	Granted	Exercised	Bonus issue	31.12.2005
YH Dato' Kamaruddin bin Mohammed	250,000	-	(200,000)	50,000	100,000
YH Dato' Haji Lias bin Mohd Noor	150,000	-	(40,000)	110,000	220,000
Mr Tee Kim Tee @ Tee Ching Tee	100,000	-	(80,000)	20,000	40,000
Encik Nowawi bin Abdul Rahman	250,000	-	(50,000)	200,000	400,000
Mr Tee Cheng Hua	200,000	-	(160,000)	40,000	80,000
Tuan Dr Haji Amad @ Ahmad bin Aman	100,000	-	(75,000)	25,000	50,000
Mr Ng Say Pin	100,000	-	(60,000)	40,000	80,000
Cik Sharina Bahrin	100,000	-	(80,000)	20,000	40,000

Other than disclosed above, according to the register of directors' shareholdings, the Directors in office at the end of the year did not hold any interest in 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.

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.

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.

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

Dato' Kamaruddin bin Mohammed
Chairman

Nowawi bin Abdul Rahman
Executive Director

INCOME STATEMENTS

for the year ended 31 December 2005

		GROUP		COMPANY	
	Note	2005	2004	2005	2004
		RM	RM	RM	RM
Revenue	5	71,314,576	80,412,492	127,426,062	33,692,548
Other operating income		1,554,556	1,532,809	760,833	772,647
Staff costs		(3,894,126)	(3,922,963)	(1,080,537)	(937,027)
Depreciation		(1,436,968)	(2,018,840)	(435,941)	(407,258)
Amortisation on leasehold land		(2,282,304)	(2,068,909)	(603,280)	(651,706)
Upkeep and cultivation		(12,881,852)	(10,253,473)	(2,386,685)	(2,065,329)
Harvesting		(9,042,651)	(8,620,285)	(1,685,296)	(1,738,354)
Estate general charges		(1,918,291)	(1,779,519)	(454,992)	(445,170)
Replanting expenses		(1,348,293)	(2,709,002)	(363,309)	(799,547)
Other operating expenses		(4,684,932)	(4,320,160)	(2,367,396)	(2,358,647)
Profit from operations	6	35,379,715	46,252,150	118,809,459	25,062,157
Finance income	7	1,893,240	5,488,532	1,017,431	4,758,209
Share of results of associates		12,929,376	11,347,168	-	-
Profit from operating activities before tax		50,202,331	63,087,850	119,826,890	29,820,366
Tax :					
- Company and subsidiaries		(11,610,358)	(15,472,956)	(30,301,000)	(8,641,129)
- Associates		(3,314,712)	(3,480,315)	-	-
	9	(14,925,070)	(18,953,271)	(30,301,000)	(8,641,129)
Profit after tax		35,277,261	44,134,579	89,525,890	21,179,237
Minority interests		(2,423,049)	(3,462,575)	-	-
Net profit for the year		32,854,212	40,672,004	89,525,890	21,179,237
Earnings per share (sen)					
- basic	10(a)	24.90	31.03		
- diluted	10(b)	24.80	30.90		
Dividend per share (sen)	11	17.5	27.5	17.5	27.5

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

BALANCE SHEETS
for the year ended 31 December 2005

		GROUP		COMPANY	
	Note	2005	2004	2005	2004
		RM	RM	RM	RM
Non current assets					
Property, plant and equipment	12	391,013,267	312,821,346	88,573,457	100,835,946
Land held for development	13	40,245,683	-	40,245,683	-
Subsidiaries	14	-	-	28,899,350	28,899,348
Associates	15	63,335,466	54,039,552	9,250,000	9,250,000
Investments	16	15,299,075	2,299,075	14,170,000	1,170,000
Breeding stocks		448,992	512,527	-	-
Deferred tax assets	20	24,864	-	-	-
		<u>510,367,347</u>	<u>369,672,500</u>	<u>181,138,490</u>	<u>140,155,294</u>
Current assets					
Inventories		1,458,788	1,012,868	449,976	632,278
Receivables, deposits and prepayments	17	7,139,818	9,377,723	7,371,815	6,890,753
Tax recoverable		2,543,762	1,873,523	837,175	787,753
Deposits, bank and cash balances	18	74,844,164	73,501,383	40,187,518	37,235,684
		<u>85,986,532</u>	<u>85,765,497</u>	<u>48,846,484</u>	<u>45,546,468</u>
Less: Current liabilities					
Payables	19	6,800,091	4,937,730	5,594,534	68,009,862
Current tax liabilities		-	168,142	-	-
		<u>6,800,091</u>	<u>5,105,872</u>	<u>5,594,534</u>	<u>68,009,862</u>
Net current assets/(liabilities)		<u>79,186,441</u>	<u>80,659,625</u>	<u>43,251,950</u>	<u>(22,463,394)</u>
Less: Non current liabilities					
Deferred tax liabilities	20	82,848,000	50,258,000	14,706,000	7,038,000
		<u>506,705,788</u>	<u>400,074,125</u>	<u>209,684,440</u>	<u>110,653,900</u>
Capital and reserves					
Share capital	21	133,038,000	65,089,000	133,038,000	65,089,000
Share premium	22	9,226,000	6,782,490	6,175,274	3,731,764
Capital reserve	23	(8,048)	55,487	-	-
Reserve on consolidation		6,468	6,468	-	-
Revaluation reserve	24	173,112,551	96,378,856	25,361,138	6,389,049
Retained earnings	25	157,715,116	204,720,853	45,110,028	35,444,087
Shareholders' equity		<u>473,090,087</u>	<u>373,033,154</u>	<u>209,684,440</u>	<u>110,653,900</u>
Minority interest		33,615,701	27,040,971	-	-
		<u>506,705,788</u>	<u>400,074,125</u>	<u>209,684,440</u>	<u>110,653,900</u>

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

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2005

Group	Note	NON-DISTRIBUTABLE			DISTRIBUTABLE			Total
		Share capital (Note 21) RM	Share premium (Note 22) RM	Capital reserve (Note 23) RM	Reserve on consolidation RM	Revaluation reserve (Note 24) RM	Retained earnings (Note 25) RM	
At 31 December 2003		64,190,000	5,823,730	141,809	6,468	96,185,062	173,495,263	339,842,332
Net loss not recognised in the income statement		-	-	(86,322)	-	-	-	(86,322)
Issue of shares – share options		899,000	958,760	-	-	-	-	1,857,760
Transfer from deferred tax		-	-	-	-	193,794	-	193,794
Net profit for the year		-	-	-	-	-	40,672,004	40,672,004
Dividend paid for the year ended								
- 31 December 2003	11	-	-	-	-	-	(5,931,608)	(5,931,608)
- 31 December 2004	11	-	-	-	-	-	(3,514,806)	(3,514,806)
At 31 December 2004		65,089,000	6,782,490	55,487	6,468	96,378,856	204,720,853	373,033,154
At 31 December 2004		65,089,000	6,782,490	55,487	6,468	96,378,856	204,720,853	373,033,154
Net loss not recognised in the income statement		-	-	(63,535)	-	-	-	(63,535)
Bonus issue	21	66,519,000	-	-	-	-	(66,519,000)	-
Issue of shares – share options	21	1,430,000	2,443,510	-	-	-	-	3,873,510
Revaluation surplus net of tax and minority interest		-	-	-	-	76,528,258	-	76,528,258
Transfer from deferred tax		-	-	-	-	205,437	-	205,437
Net profit for the year		-	-	-	-	-	32,854,212	32,854,212
Dividend paid for the year ended								
- 31 December 2004	11	-	-	-	-	-	(10,946,265)	(10,946,265)
- 31 December 2005	11	-	-	-	-	-	(2,394,684)	(2,394,684)
At 31 December 2005		133,038,000	9,226,000	(8,048)	6,468	173,112,551	157,715,116	473,090,087

The accompanying notes form an integral part of these Financial Statement.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2005

Company	Note	NON-DISTRIBUTABLE		DISTRIBUTABLE		
		Share premium (Note 22) RM	Capital reserve (Note 23) RM	Revaluation reserve (Note 24) RM	Retained earnings (Note 25) RM	Total RM
At 31 December 2003		2,773,004	1,151	6,369,749	23,711,264	97,045,168
Net loss not recognised in the income statement		-	(1,151)	-	-	(1,151)
Issue of shares – share options		958,760	-	-	-	1,857,760
Transfer from deferred tax		-	-	19,300	-	19,300
Net profit for the year		-	-	-	21,179,237	21,179,237
Dividend paid for the year ended		-	-	-	-	-
- 31 December 2003	11	-	-	-	(5,931,608)	(5,931,608)
- 31 December 2004	11	-	-	-	(3,514,806)	(3,514,806)
At 31 December 2004		3,731,764	-	6,389,049	35,444,087	110,653,900
At 31 December 2004		3,731,764	-	6,389,049	35,444,087	110,653,900
Net loss not recognised in the income statement		-	-	-	-	-
Bonus issue	21	66,519,000	-	-	(66,519,000)	-
Issue of shares – share options	21	2,443,510	-	-	-	3,873,510
Transfer from deferred tax		-	-	27,000	-	27,000
Revaluation surplus		-	-	18,945,089	-	18,945,089
Net profit for the year		-	-	-	89,525,890	89,525,890
Dividend for the year ended:		-	-	-	-	-
- 31 December 2004	11	-	-	-	(10,946,265)	(10,946,265)
- 31 December 2005	11	-	-	-	(2,394,684)	(2,394,684)
At 31 December 2005		6,175,274	-	25,361,138	45,110,028	209,684,440

The accompanying notes form an integral part of these Financial Statement.

CASH FLOW STATEMENTS

for the year ended 31 December 2005

		GROUP		COMPANY	
	Note	2005	2004	2005	2004
		RM	RM	RM	RM
Operating activities					
Net profit for the year		32,854,212	40,672,004	89,525,890	21,179,237
Adjustments to reconcile net profit for the year to cash from operations:					
Minority interest		2,423,049	3,462,575	-	-
Property, plant and equipment					
- depreciation and amortisation		3,719,272	4,087,749	1,039,221	1,058,964
- written off		(2,527)	26,751	3	6,901
- gain on disposal		-	(146,924)	-	(133,895)
Goodwill written off		-	200,000	-	-
Share of profit of associates		(9,614,664)	(11,347,168)	-	-
Interest expenses		-	200,284	-	200,284
Dividend income		-	-	(114,835,841)	(19,466,792)
Interest income		(1,893,240)	(5,688,816)	(1,017,431)	(4,958,493)
Realised loss on breeding stocks		-	167,311	-	167,311
Tax		11,610,358	18,953,271	30,301,000	8,641,129
		39,096,460	50,587,037	5,012,842	6,694,646
Changes in working capital:					
- inventories		(445,920)	110,757	182,302	33,022
- receivables, deposits and prepayments		2,237,904	21,753,020	2,991,025	18,704,067
- subsidiaries		-	-	3,326,008	9,690,798
- payables		1,645,700	(908,653)	1,427,516	399,110
Cash from operations		42,534,144	71,542,161	12,939,693	35,521,643
Interest paid		-	(200,284)	-	(200,284)
Interest received		1,893,240	5,688,816	1,017,431	4,958,493
Tax refunded		434,094	489,460	-	-
Tax paid		(12,369,697)	(11,141,791)	(1,396,680)	(3,434,976)
Net cash flow from operating activities		32,491,781	66,378,362	12,560,444	36,844,876

CASH FLOW STATEMENTS

for the year ended 31 December 2005

		GROUP		COMPANY	
	Note	2005	2004	2005	2004
		RM	RM	RM	RM
Investing activities					
Property, plant and equipment					
- purchase		(6,580,192)	(4,620,416)	(2,493,666)	(3,081,898)
- proceed from disposal		-	153,898	-	133,898
Investment in subsidiary		-	-	-	(1,000,000)
Purchase of investment		(13,000,000)	-	(13,000,000)	-
Dividend received from subsidiaries		-	-	15,352,495	14,016,090
Purchase of breeding stocks		-	(5,721)	-	-
Dividend received from associate		318,750	318,750	-	-
Net cash flow (used in)/from investing activities		<u>(19,261,442)</u>	<u>(4,153,489)</u>	<u>(141,171)</u>	<u>10,068,090</u>
Financing activities					
Exercise of share options					
- issue of shares		1,430,000	899,000	1,430,000	899,000
- share premium		2,443,510	958,760	2,443,510	958,760
Repayment of borrowings		-	(12,365,000)	-	(12,365,000)
Dividend paid		(15,761,068)	(12,350,324)	(13,340,949)	(9,446,414)
Net cash flow used in financing activities		<u>(11,887,558)</u>	<u>(22,857,564)</u>	<u>(9,467,439)</u>	<u>(19,953,654)</u>
Increase in cash and cash equivalents		1,342,781	39,367,309	2,951,834	26,959,312
Cash and cash equivalents					
- at start of year		<u>73,501,383</u>	<u>34,134,074</u>	<u>37,235,684</u>	<u>10,276,372</u>
- at end of year	18	<u>74,844,164</u>	<u>73,501,383</u>	<u>40,187,518</u>	<u>37,235,684</u>

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

1 General information

The principal activities of the Group and Company are oil palm plantations and investment holding. The principal activities of the subsidiaries are set out in Note 14 to the financial statements.

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.

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.

The financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

3 Summary of significant accounting policies

The following accounting policies have been used consistently 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. The cost of property, plant and equipment comprises their purchase cost and any incidental cost of acquisition.

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 write off the cost of the assets, or their revalued amounts, to their residual values over their estimated useful lives at the following annual rates:

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

Deprecation on assets under construction commences when the assets are ready for their intended use.

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

(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 planting expenditure will be taken to the income statement as revenue expenditure.

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.

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. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Subsidiaries are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of are included from the date of acquisition up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The excess of the cost of acquisition over the fair value of the Group's share of the subsidiaries identifiable net assets at the date of acquisition

is reflected as goodwill on consolidation.

Investments in subsidiaries 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.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of the minority interest.

(e) Associates

Associates are enterprises in which the Group exercises significant influence. 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 the equity method of accounting based on the audited or management financial statements of the associates.

Equity accounting involves recognising the Group's share of the post acquisition results of associates in the income statement and its share of post acquisition movements within reserves in reserves. The cumulative post acquisition movements are adjusted against the cost of the investment and include goodwill on acquisition (net of accumulated amortisation). Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or made payments on behalf of the associate.

Investments in 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.

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) Other investments

Investments 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 assets

Property, plant and equipment and land held for property development are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flow. The impairment loss is charged to the income statement.

(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 transferred to capital reserve.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out method. In arriving at net realisable value, due allowance is made for all obsolete and slow moving items.

(j) Trade receivables

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

(k) Cash and cash equivalents

For the purposes of the cash flow statement, 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.

(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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

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) 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

The Group has defined contribution plan in accordance with local conditions in Malaysia.

The Group's contributions to defined contribution plan are charged to the income statement in the year to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

(iii) Equity compensation benefits

Details of the Group's Employees' Share Option Scheme are set out in Note 21(b) to the financial statements. The Group does not make any charge to the income statement in connection with share options granted. When the share options are exercised, the proceeds received, net of any transactions costs, are credited to share capital and share premium.

(n) 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 statement associated with each item.

(ii) Fair value estimation for disclosure purposes

The carrying amounts of cash approximate fair values because of the short maturity periods of those instruments.

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

(iii) Currency exposure profile

The currency exposure profile of financial assets and liabilities is in Ringgit Malaysia.

(o) 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.

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 2005

5 Revenue

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Sales of fresh fruit bunches	71,314,576	80,412,492	12,590,221	14,225,756
Dividend from subsidiaries (gross)	-	-	114,835,841	19,466,792
	<u>71,314,576</u>	<u>80,412,492</u>	<u>127,426,062</u>	<u>33,692,548</u>

6 Profit from operations

The following items have been charged/(credited) in arriving at profit from operations:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Auditors' remuneration				
- statutory audit	72,000	65,500	20,000	20,000
Property, plant and equipment				
- written off	(2,527)	26,751	3	6,901
- gain on disposal	-	(146,924)	-	(133,895)
Preliminary expenses written off	1,700	-	-	-
Rental income	-	(18,605)	-	-
The number of employees at end of the year	<u>107</u>	<u>103</u>	<u>53</u>	<u>56</u>

7 Finance income

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Interest expense	-	200,284	-	200,284
Interest income	(1,893,240)	(5,688,816)	(1,017,431)	(4,958,493)
	<u>(1,893,240)</u>	<u>(5,488,532)</u>	<u>(1,017,431)</u>	<u>(4,758,209)</u>

8 Directors' remuneration

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Directors of the Company				
Non-executive Directors:				
- Fees	224,017	224,000	224,017	224,000
- Other emoluments	69,000	69,000	69,000	69,000
	<u>293,017</u>	<u>293,000</u>	<u>293,017</u>	<u>293,000</u>
Executive Directors:				
- Fees	66,000	66,000	66,000	66,000
- Other emoluments	475,525	492,000	475,525	492,000
	<u>541,525</u>	<u>558,000</u>	<u>541,525</u>	<u>558,000</u>
Directors of subsidiaries:				
Non-executive Directors:				
- Fees	135,500	103,000	-	-
Total	<u>970,042</u>	<u>954,000</u>	<u>834,542</u>	<u>851,000</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

9 Tax

(a) Tax charge for the year

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Malaysian income tax	14,411,934	14,234,893	29,973,000	8,473,718
Deferred tax (Note 20)	513,136	4,718,378	328,000	167,411
	<u>14,925,070</u>	<u>18,953,271</u>	<u>30,301,000</u>	<u>8,641,129</u>
Malaysian income tax				
Current year	14,376,970	13,538,478	29,973,000	8,473,718
Under accrual in prior year	34,964	696,415	-	-
	<u>14,411,934</u>	<u>14,234,893</u>	<u>29,973,000</u>	<u>8,473,718</u>
Deferred tax				
Reversal of temporary differences	513,136	4,718,378	328,000	167,411
	<u>14,925,070</u>	<u>18,953,271</u>	<u>30,301,000</u>	<u>8,641,129</u>

(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	
	2005 RM	2004 RM	2005 RM	2004 RM
Profit before tax	50,202,331	63,087,850	119,826,890	29,820,366
Tax calculated at a tax rate of 28%/20%	13,755,164	17,815,498	33,551,529	8,349,702
Tax effect of :				
- expenses not deductible for tax purposes	1,134,942	865,585	277,765	291,427
- under provision for prior year	34,964	361,439	-	-
- income not taxable	-	(89,251)	(3,528,294)	-
Tax expense	<u>14,925,070</u>	<u>18,953,271</u>	<u>30,301,000</u>	<u>8,641,129</u>

10 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.

	2005	2004
Net profit for the year (RM)	32,854,212	40,672,004
Weighted average number of ordinary shares in issue	131,942,844	131,091,000
Basic earnings per share (sen)	<u>24.90</u>	<u>31.03</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

(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.

	2005	2004
Weighted average number of ordinary shares in issue	131,942,844	131,091,000
Adjustment for share options	515,448	549,000
Weighted average number of ordinary shares for diluted earnings per share	<u>132,458,292</u>	<u>131,640,000</u>
Diluted earnings per share (sen)	<u>24.80</u>	<u>30.90</u>

11 Dividends

Dividends paid, declared or proposed for year ended 31 December 2005 are as follows :

	Group & Company			
	31.12.2005		31.12.2004	
	Gross dividend per share	Amount of dividend, net of tax	Gross dividend per share	Amount of dividend, net of tax
	Sen	RM	Sen	RM
Interim dividend paid	5.0	2,394,684	7.5	3,514,806
Proposed				
- Final dividend	10.0	9,578,736	12.5	5,970,690
- Tax exempt dividend	2.5	3,325,950	7.5	4,975,575
	<u>17.5</u>	<u>15,299,370</u>	<u>27.5</u>	<u>14,461,071</u>

Interim dividend paid on 25 October 2005 by the Company was in respect of the year ended 31 December 2005.

The Board of Directors has proposed a final dividend of 10.0 sen per share, less income tax of 28% and 2.5 sen tax exempt dividend on 133,038,000 ordinary shares amounting to RM9,578,736 and RM3,325,950 respectively for the year ended 31 December 2005. The proposed dividends are subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements do not reflect these final dividends, which will be accrued as a liability in the year ending 31 December 2006 upon approval by the shareholders.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

12 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 1 January 2004							
Additions	146,125,095	115,084,586	2,146,578	880,230	1,542,865	160,295	265,939,649
Disposals	48,115,250	1,201,317	185,171	368,279	816,164	316,990	51,003,171
Written off	-	-	(6,971)	-	(3)	-	(6,974)
Transfer	-	-	(5,121)	(12,278)	(9,352)	-	(26,751)
Depreciation charge	-	-	150,108	-	(8,179)	(141,929)	-
	(2,068,909)	-	(841,995)	(271,415)	(905,430)	-	(4,087,749)
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 13)	(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
At 31 December 2004							
Cost	48,115,250	4,922,042	10,207,739	3,537,730	8,409,339	335,356	75,527,456
Valuation	172,357,000	111,363,861	-	-	-	-	283,720,861
Accumulated depreciation	(28,300,814)	-	(8,579,969)	(2,572,914)	(6,973,274)	-	(46,426,971)
Net book value	192,171,436	116,285,903	1,627,770	964,816	1,436,065	335,356	312,821,346
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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

12 Property, plant and equipment (continued)

Company	Long term leasehold land	Immature and mature plantations	Buildings	Plant and machinery	Motor vehicles, furniture, fixtures and equipment	Total
	RM	RM	RM	RM	RM	RM
Net book value at 1 January 2004						
Additions	31,965,860	19,133,028	356,963	309,070	672,240	52,437,161
Disposals	48,115,250	563,333	967	73,828	711,275	49,464,653
Written off	-	-	-	-	(3)	(3)
Transfer	-	-	(1,020)	(3,372)	(2,509)	(6,901)
Depreciation charge	-	-	8,179	-	(8,179)	-
	(651,706)	-	(103,520)	(71,248)	(232,490)	(1,058,964)
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 13)	(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
At 31 December 2004						
Cost	48,115,250	5,401,524	2,597,515	1,097,662	2,806,993	60,018,944
Valuation	39,249,000	14,294,837	-	-	-	53,543,837
Accumulated depreciation	(7,934,846)	-	(2,335,946)	(789,384)	(1,666,659)	(12,726,835)
Net book value	79,429,404	19,696,361	261,569	308,278	1,140,334	100,835,946
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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

12 Property, plant and equipment (continued)

On 31 December 2005, the Group leasehold land and oil palm plantation have been revalued, to their open market value using the comparison method, by independent valuer. Details of the valuer are as follows:

Name of firm : J.M Group Consultants – VE (3) 0146

Name of valuer : Jamaliah bte Mokhtar – V – 350

Qualification of valuer : B.Sur (Hons) Property Management

Details of independent professional valuation of long term leasehold land, mature and immature plantations owned by the Group at 31 December 2005 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.

13 Land held for property development

	Group & Company	
	2005 RM	2004 RM
At start of the year	-	-
Reclassification from property, plant and equipment (Note 12)	40,026,986	-
Amount previously amortised	218,697	-
At end of the year	<u>40,245,683</u>	<u>-</u>

Amount previously amortised had been written back to restate the land to its original cost following the reclassification.

14 Subsidiaries

	Company	
	2005 RM	2004 RM
Unquoted shares, at cost	29,199,349	29,199,347
Allowance for diminution in value	(299,999)	(299,999)
	<u>28,899,350</u>	<u>28,899,348</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

The Company holds the shares of all subsidiaries directly and indirectly. Details of the subsidiaries are as follows:

Name of Company	Country of incorporation	Effective interest of equity held by				Principal activities
		Company		Subsidiary		
		2005 %	2004 %	2005 %	2004 %	
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
Gem Asia Sdn Bhd	Malaysia	100	100	-	-	Ceased operation
Radiant Apex Sdn Bhd	Malaysia	100	-	-	-	Dormant

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

15 Associates

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Unquoted shares, at cost	16,153,124	16,471,874	9,250,000	9,250,000
Group's share of post acquisition reserves	47,182,342	37,567,678	-	-
	<u>63,335,466</u>	<u>54,039,552</u>	<u>9,250,000</u>	<u>9,250,000</u>
Represented by :				
Share of net assets	62,168,507	52,872,593		
Goodwill on acquisition	1,166,959	1,166,959		
	<u>63,335,466</u>	<u>54,039,552</u>		

The details of the associates are as follows:

Name of company	Country of incorporation	Effective interest of equity held by				Principal activities
		Company		Subsidiary		
		2005 %	2004 %	2005 %	2004 %	
* Prosper Palm Oil Mill Sdn Bhd	Malaysia	-	-	25.5#	25.5#	Palm oil mill
Kilang Kosfarm Sdn Bhd	Malaysia	29.0	29.0	-	-	Palm oil mill
* Business & Budget Hotels (Kuantan) Sdn Bhd	Malaysia	36.2	36.2	-	-	Hotelier

Equity is held indirectly through the subsidiaries

* Audited by other firms of auditors

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

16 Investments, at cost

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Unquoted investment	1,170,000	1,170,000	1,170,000	1,170,000
Unquoted structured investments	8,000,000	-	8,000,000	-
Unit trust	5,000,000	-	5,000,000	-
Unconsolidated subsidiary*	1,129,075	1,129,075	-	-
	<u>15,299,075</u>	<u>2,299,075</u>	<u>14,170,000</u>	<u>1,170,000</u>
Market value of unit trust	<u>5,290,523</u>	-	<u>5,290,523</u>	-

* 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.

17 Receivables, deposits and prepayments

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Trade receivables	30,851	31,781	30,851	30,626
Other receivables	577,174	694,970	444,405	486,209
Allowance for doubtful debts	(89,543)	(89,543)	(89,543)	(89,543)
	<u>487,631</u>	<u>605,427</u>	<u>354,862</u>	<u>396,666</u>
Deposit	441,400	-	440,000	-
Prepayment	1,875,000	2,500,000	1,875,000	2,500,000
Amounts due from associates	4,304,936	6,240,515	1,909,480	2,764,448
Amounts due from subsidiaries	-	-	3,196,511	1,633,901
Allowance for doubtful debts	-	-	(434,889)	(434,888)
	<u>-</u>	<u>-</u>	<u>2,761,622</u>	<u>1,199,013</u>
	<u>7,139,818</u>	<u>9,377,723</u>	<u>7,371,815</u>	<u>6,890,753</u>

Credit term of trade receivables to the Group and Company is 30 days (2004 : 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 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.

18 Cash and cash equivalents

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Deposits with licensed banks	61,827,400	61,934,326	33,924,934	31,631,860
Deposit with licensed finance companies	3,280,000	4,580,000	2,000,000	3,800,000
Deposit with building society	2,015,022	-	-	-
Bank and cash balances	7,721,742	6,987,057	4,262,584	1,803,824
Deposits, bank and cash balances	<u>74,844,164</u>	<u>73,501,383</u>	<u>40,187,518</u>	<u>37,235,684</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

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

	Group & Company	
	2005	2004
	%	%
Deposits with licensed banks	2.7	2.7
Deposits with building society	3.0	-
Deposits with licensed finance companies	3.0	3.0

As at 31 December 2005, the deposits of the Group and Company have maturity period of 30 to 90 days (2004: 30 to 365 days). Bank balances are deposits held at call with banks.

19 Payables

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Trade payables	2,286,705	1,681,699	1,535,837	742,935
Other payables	1,850,286	865,715	598,702	134,149
Amount due to unconsolidated subsidiary	933,333	948,479	141,984	141,984
Accruals	1,729,767	1,441,837	1,284,012	1,221,281
Amounts due to subsidiaries	-	-	2,033,999	65,769,513
	<u>6,800,091</u>	<u>4,937,730</u>	<u>5,594,534</u>	<u>68,009,862</u>

Credit terms of trade payables of the Group and Company ranges from 30 to 90 days (2004 : 30 to 90 days).

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

20 Deferred tax liabilities

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	
	2005	2004	2005	2004
	RM	RM	RM	RM
Deferred tax assets	24,864	-	-	-
Deferred tax liabilities	<u>(82,848,000)</u>	<u>(50,258,000)</u>	<u>(14,706,000)</u>	<u>(7,038,000)</u>
At start of year	<u>(50,258,000)</u>	<u>(45,750,922)</u>	<u>(7,038,000)</u>	<u>(6,889,889)</u>
Charged to income statement (Note 9)				
- property, plant and equipment	(513,136)	(4,718,378)	(328,000)	(167,411)
Arising from revaluation surplus	<u>(32,300,000)</u>	-	<u>(7,367,000)</u>	-
Transfer to revaluation reserve (Note 24)	248,000	211,300	27,000	19,300
At end of year	<u>(82,823,136)</u>	<u>(50,258,000)</u>	<u>(14,706,000)</u>	<u>(7,038,000)</u>
Deferred tax assets before offsetting				
- unabsorbed business loss	199,040	-	-	-
Offsetting	<u>(174,176)</u>	-	-	-
Deferred tax assets after offsetting	<u>24,864</u>	-	-	-
Deferred tax liabilities before offsetting				
- property, plant and equipment	<u>(83,022,176)</u>	<u>(50,258,000)</u>	<u>(14,706,000)</u>	<u>(7,038,000)</u>
Offsetting	174,176	-	-	-
Deferred tax liabilities after offsetting	<u>(82,848,000)</u>	<u>(50,258,000)</u>	<u>(14,706,000)</u>	<u>(7,038,000)</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

21 Share capital

	Group & Company	
	2005 RM	2004 RM
(a) Authorised ordinary shares of RM1 each		
At start and end of year	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid ordinary shares of RM1 each		
At 1 January	65,089,000	64,190,000
Issued during the year		
- bonus issue	66,519,000	-
- exercise of share option	1,430,000	899,000
At 31 December	<u>133,038,000</u>	<u>65,089,000</u>

During the year, the Company had a bonus issue of 66,519,000 new ordinary shares of RM1.00 each on the basis of one bonus share for every one existing ordinary share of RM1.00 each.

(b) Employees' Share Option Scheme

The Company's Employees' Share Option Scheme ("ESOS") came into effect on 18 March 2002. The ESOS is governed by the By-Laws, which were approved by the shareholders on 29 December 2001. On 27 July 2004, 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.

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 total number of shares to be offered shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the tenure of the ESOS, which shall be in force for a period of five years from the date of the receipt of the last requisite approvals.
- 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.

(b) Employees' Share Option Scheme (continued)

Set out below are details of options over the ordinary shares of the Company granted under the ESOS:

Grant date Year ended	Expiry date	Exercise price		At start of year	Granted	Exercised	Withdrawn /Lapsed	Resigned	Bonus issue	At end of year
		before bonus	after bonus	RM/000	RM/000	RM/000	RM/000	RM/000	RM/000	RM/000
31.12.2005	17.3.2007									
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
31.12.2004				2,276	221	(1,430)	(80)	-	987	1,974
30.4.2002	17.3.2007	2.04		1,982	-	(871)	(27)	-	-	1,084
12.1.2004	17.3.2007	2.89		-	73	(28)	-	(10)	-	35
8.12.2004	17.3.2007	3.27		-	1,157	-	-	-	-	1,157
				1,982	1,230	(899)	(27)	(10)	-	2,276
Number of share options vested at the balance sheet date										
									31.12.2005	31.12.2004
									894,000	587,000

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

21 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	Exercise price before bonus issue RM/share	Number of shares issued	
			2005 Unit	2004 Unit
January to April 2004	3.26 – 3.57	2.04	-	151,000
May to August 2004	3.44 – 3.49	2.04	-	403,000
September 2004	3.55	2.04	-	100,000
September 2004	3.55	2.89	-	23,000
October 2004	3.66	2.04	-	131,000
November 2004	3.74	2.04	-	86,000
November 2004	3.74	2.89	-	5,000
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	-
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	-
			1,430,000	899,000
			2005	2004
			RM	RM
Ordinary share capital at par			1,430,000	899,000
Share premium			2,443,510	958,760
Proceeds received on exercise of share options			3,873,510	1,857,760
Fair value at exercise date of shares issued			6,313,050	3,170,450

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.

22 Share premium

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
At 1 January	6,782,490	5,823,730	3,731,764	2,773,004
Exercise of share option	2,443,510	958,760	2,443,510	958,760
At 31 December	9,226,000	6,782,490	6,175,274	3,731,764

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

23 Capital reserve

Capital reserve represents the fluctuation in the valuations of its breeding stocks due to the increase and decrease in the quantity of the livestock at its market value.

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
At 1 January	55,487	141,809	-	1,151
Transfer to breeding stocks	(63,535)	(86,322)	-	(1,151)
At 31 December	(8,048)	55,487	-	-

24 Revaluation reserve

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Non distributable				
- leasehold land and oil palm plantations	173,112,551	96,378,856	25,361,138	6,389,049
The movement of reserve was as follows :				
At start of year	96,378,856	96,185,062	6,389,049	6,369,749
Revaluation surplus net of tax and minority interest	76,528,258	-	18,945,089	-
Transfer from deferred tax net of minority interest (Note 20)	205,437	193,794	27,000	19,300
At end of year	173,112,551	96,378,856	25,361,138	6,389,049

25 Retained earnings

Subject to confirmation by the Inland Revenue Board, as at 31 December 2005, the Company has tax exempt account of approximately RM19,904,000 (2004: RM12,280,000) 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 for the balance of its retained earnings.

26 Segmental information

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

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

Related parties

- Dawn Oil Palm Plantations Sdn Bhd
- B.S. Oil Palm Plantations Sdn Bhd
- Kampong Aur Oil Palm Company (Sdn.) Berhad
- Madah Perkasa Sdn Bhd
- Far East Delima Plantation Sdn Bhd
- Kilang Kosfarm Sdn Bhd
- Prosper Palm Oil Mill Sdn Bhd
- Rompin Palm Oil Mill Sdn Bhd
- LKPP Corporation Sendirian Berhad
- Perbadanan Kemajuan Negeri Pahang

Relationship

- Subsidiary
- Subsidiary
- Subsidiary
- Subsidiary
- Subsidiary
- Associate
- Associate
- Related party
- Related party
- Substantial shareholder

The significant related party transactions are as follows:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Substantial shareholder				
- Interest income from Perbadanan Kemajuan Negeri Pahang	-	4,450,669	-	4,450,669
Subsidiaries				
- Dividend income from Kampong Aur Oil Palm Company (Sdn) Berhad	-	-	16,223,624	19,466,792
- Dividend income from B.S Oil Palm Plantations Sdn Bhd	-	-	40,503,375	-
- Dividend income from Dawn Oil Palm Plantations Sdn Bhd	-	-	58,108,842	-
Related Parties				
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	8,855,050	9,911,624	8,855,050	9,911,624
- Rompin Palm Oil Mill Sdn Bhd	25,857,337	32,737,313	-	-
- Kilang Kosfarm Sdn Bhd	36,146,343	36,919,268	3,279,325	3,751,900
- LKPP Corporation Sendirian Berhad	455,846	440,306	455,846	440,306

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

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

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Related parties				
Receivables:				
- Prosper Palm Oil Mill Sdn Bhd	302,631	664,163	302,631	664,163
- Rompin Palm Oil Mill Sdn Bhd	1,387,228	2,690,740	-	-
- Kilang Kosfarm Sdn Bhd	2,778,720	2,885,612	1,606,849	2,100,285
- LKPP Corporation Sendirian Berhad	30,851	30,626	30,851	30,626

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

28 Capital commitments

Capital expenditure not provided for in the financial statements is as follows:

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Property, plant and equipment:				
- approved and contracted for	-	297,000	-	297,000
- approved but not contracted for	56,863,712	60,546,548	44,299,836	59,195,322
	56,863,712	60,843,548	44,299,836	59,492,322
Acquisition of subsidiary				
- approved and contracted for	3,960,000	-	3,960,000	-
	60,823,712	60,843,548	48,259,836	59,492,322

29 Non cash transactions

The principal non-cash transaction during the year is the payments of dividend from its subsidiaries by way of set offs with amounts due from the Company to the subsidiaries totalling RM70,857,604.

30 Event subsequent to balance sheet date

On 7 February 2006 the Company has obtained approval from the Foreign Investment Committee ("FIC") for the "Proposed Acquisition" subject to the condition that the 30% Bumiputera equity shall be maintained by Kosfarm at all times.

31 Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 30 March 2006.

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 32 to 55 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 2005 and of the results and cash flows of the Group and Company for the year ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors dated

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 32 to 55 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:

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 as set out on pages 32 to 55. 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 applicable approved accounting standards in Malaysia so as to give a true and fair view of :
 - (i) the financial position of the Group and Company as at 31 December 2005 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 30 March 2006

GROUP PROPERTIES

HARTA-HARTA KUMPULAN

Lokasi Location	Tempoh Tenure	Keluasan (hektar) Area (hectare)	Kegunaan Usage	Nilai Buku Bersih @ 31.12.2005 (RM'000) Net Book Value @ 31.12.2005 (RM'000)
Far East Holdings Berhad				
i) Ladang Sg. Seraya Daerah Rompin Pahang Darul Makmur	Pajakan untuk tempoh sehingga 2079 2103	841.74 71.65	Perladangan Kelapa Sawit	127,061
ii) Ladang Bukit Jin Daerah Bera Pahang Darul Makmur	Pajakan untuk tempoh sehingga 2079	2,104.36	Perladangan Kelapa Sawit	
iii) Ladang Sg. Rasau Daerah Pekan Pahang Darul Makmur	Pajakan untuk tempoh sehingga 2091	118.04	Pertanian	
iv) Ladang Sungai Batu Daerah Kuantan Pahang Darul Makmur	Pajakan untuk tempoh sehingga 2103	874.75	Pertanian	
V) Bandar Indera Mahkota Daerah Kuantan Pahang Darul Makmur	Pajakan untuk tempoh sehingga 2096	15.64	Bangunan Komersil	
		4,026.18		
Kampung Aur Oil Palm Company (Sdn) Berhad				
Ladang Kampung Aur Daerah Rompin Pahang Darul Makmur	Pajakan untuk tempoh sehingga 2070 2073 2074 2077 2079 2100	481.34 325.37 419.25 407.11 420.87 35.59	Perladangan Kelapa Sawit	55,424
		2,089.53		
Madah Perkasa Sdn Bhd				
i.) Ladang Sg. Gayung ii.) Ladang Sg Marung Daerah Rompin Pahang Darul Makmur	Pajakan untuk tempoh sehingga 2095	4,481.30		134,982
Dawn Oil Palm Plantations Sdn Bhd				
i.) Ladang Dawn Daerah Rompin Pahang Darul Makmur	Pajakan untuk tempoh sehingga 2071 2072 2075 2076 2079 2103 2096	149.55 250.91 297.07 133.14 420.87 356.40 452.60	Perladangan Kelapa Sawit	56,924
ii.) Ladang Cempaka Daerah Bera Pahang Darul Makmur				
		2,060.54		
B.S Oil Palm Plantations Sdn Bhd				
Ladang Bukit Serok Daerah Rompin Pahang Darul Makmur	Pajakan untuk tempoh sehingga 2071 2075 2076 2079 2085	564.42 350.46 346.82 420.87 357.80	Perladangan Kelapa Sawit	49,840
		2,040.37		
Jumlah Total		14,697.93		424,231

SHAREHOLDINGS STRUCTURE AS AT 14 APRIL 2006

THIRTY LARGEST REGISTERED SHAREHOLDERS

Nos	NAMES	HOLDINGS NO.	%
1	Perbadanan Kemajuan Negeri Pahang	22,796,800	17.09
2	AMMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Prosper Trading Sdn Bhd)	22,792,000	17.09
3	Prosper Trading Sdn Berhad	13,183,200	9.88
4	Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang	12,793,000	9.59
5	Fokas Sehati Sdn Bhd	5,263,700	3.95
6	Hikmat Elit Sdn Bhd	4,219,200	3.16
7	Yeoh Kean Hua	2,885,000	2.16
8	Hikmat Elit Sdn Bhd	2,352,800	1.76
9	Mergeboom (M) Sdn Bhd	2,093,800	1.57
10	Affin Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tee Kim Tee @ Tee Ching Tee)	1,526,000	1.14
11	Affin Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Majlis Ugama Islam Dan Adat Resam Melayu Pahang)	1,320,000	0.99
12	Budi-JS Plantation Management Sdn Berhad	1,128,800	0.85
13	Phua Chee Eng	960,000	0.72
14	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tee Kim Tee @ Tee Ching Tee)	884,600	0.66
15	Amanah Saham Mara Berhad	849,000	0.64
16	Tee Cheng Hua	834,000	0.63
17	Amanah Saham Pahang Berhad	755,000	0.57
18	Man Foh @ Chan Man Foh	728,000	0.55
19	Perbadanan Kemajuan Negeri Selangor	704,000	0.53
20	Ang Kim Seng @ Ang Eng Hock	682,600	0.51
21	Tee Kim Tee @ Tee Ching Tee	644,000	0.48
22	Poo Ah Hai	576,000	0.43
23	Yew Peng Du	555,000	0.42
24	Foh Chong & Sons Sdn Bhd	525,800	0.39
25	Tee Chain Yee	500,000	0.37
26	Tan Kuang Hwa	487,600	0.37
27	Liow Boon Seng	478,000	0.36
28	Ang Leng Leng	442,000	0.33
29	Soh Kock Huat	425,600	0.32
30	Yap Chong Boo	420,000	0.31

SHAREHOLDINGS STRUCTURE AS AT 14 APRIL 2006

LIST OF SUBSTANTIAL SHAREHOLDERS (HOLDING 5% OR MORE IN THE SHARE CAPITAL)

NOS	NAMES OF SUBSTANTIAL SHAREHOLDERS	NO. OF SHARES	PERCENTAGE
1	Perbadanan Kemajuan Negeri Pahang	22,796,800	17.09
2	AMMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Prosper Trading Sdn Berhad)	22,792,000	17.09
3	Prosper Trading Sdn Berhad	13,183,200	9.88
4	Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang	12,793,000	9.59

LIST OF DIRECTORS' SHAREHOLDINGS

NOS	NAMES OF DIRECTORS	SHAREHOLDINGS	PERCENTAGE
1	YH Dato' Kamaruddin Bin Mohammed	400,000	0.30
2	YH Dato' Haji Lias Bin Mohd Noor	76,600	0.06
3	Mr. Tee Kim Tee @ Tee Ching Tee <i>Shares held through account</i> 1) Individual a/c: 644,000 2) Affin Nominees (Tempatan) Sdn. Bhd.: 1,526,000 3) Kenanga Nominees (Tempatan) Sdn. Bhd.: 884,600	3,054,600	2.30
4	Tuan Dr. Amad @ Ahmad Bin Aman	150,000	0.11
5	Cik Sharina Bahrin	-	-
6	En. Nowawi Bin Abdul Rahman	400,000	0.30
7	Mr. Tee Cheng Hua	834,000	0.63
8	Mr. Ng Say Pin	160,000	0.12
9	Mr. Tee Lip Hian	148,000	0.11

ANALYSIS BY SIZE OF SHAREHOLDINGS

CATEGORY	NO. OF HOLDERS	NO. OF SHARES	PERCENTAGE
Less than 100	3	108	0.00
100 - 1,000	330	177,292	0.13
1,001 - 10,000	2,585	9,474,568	7.10
10,001 - 100,000	548	12,816,432	9.61
100,001 to less than 5% of issued shares	65	39,336,600	29.50
5% and above of issued shares	4	71,565,000	53.66
TOTAL	3,535	133,370,000	100.00

SHAREHOLDINGS STRUCTURE AS AT 14 APRIL 2006

ANALYSIS OF EQUITY STRUCTURE

TYPE OF OWNERSHIP	SHAREHOLDERS	PERCENTAGE	SHAREHOLDINGS	PERCENTAGE
1) Government Agency	5	0.14	36,307,200	27.23
2) Bumiputra:				
a) Individuals	168	4.75	2,324,300	1.74
b) Companies	38	1.08	8,272,400	6.20
c) Nominees	135	3.82	28,620,800	21.46
3) Non-Bumiputra:				
a) Individuals	2,937	83.08	30,584,166	22.93
b) Companies	41	1.16	24,250,200	18.18
c) Nominees	129	3.65	1,556,234	1.17
Malaysian Total	3,453	97.68	131,915,300	98.91
4) Foreign:				
a) Individuals	47	1.33	737,900	0.55
b) Companies	2	0.06	10,000	0.01
c) Nominees	33	0.93	706,800	0.53
Foreign Total	82	2.32	1,454,700	1.09
Grand Total	3,535	100.00	133,370,000	100.00

PLANTATION MATRIX

		Actual 2005	Actual 2004	Actual 2003	Actual 2002	Actual 2001
Mature Area	Hectare	12,878	12,213	11,628	11,763	12,055
Total Planted Area	Hectare	14,825	13,989	13,764	13,976	14,009
FFB Production	Mt	270,872	261,069	253,146	240,383	289,285
FFB Yield	mt / ha	21.03	21.38	21.77	20.44	24.00
OER	%	18.45	18.46	18.28	18.14	17.94
CPO Yield	mt/ha	3.88	3.95	3.98	3.71	4.30
CPO Price	RM/mt	1,390	1,658	1,567	1,343	896
Kernel Recovery Revenue	RM/mt	254	268	190	174	117
CPO Production Cost (Ex-estate)	RM/mt	523	474	439	439	416
CPO Production Cost (Exclude Replanting Cost)	RM/mt	768	746	708	710	690
Profit from CPO & Kernel / Mature Ha	RM/Ha	3,478	4,599	4,210	3,130	1,423



FAR EAST HOLDINGS BERHAD
(14809 - W)

BORANG PROKSI

Saya / Kami _____ No. KP / Syarikat _____
(Nama Penuh Dengan Huruf Besar)

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 32 yang akan diadakan pada hari Jumaat, jam 9.30 pagi di Hotel Vistana, 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 _____ 2006 _____

Jumlah Saham Dipegang	
-----------------------	--

Tandatangan / Meterai _____

Di hadapan* _____

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

NOTA

- Seorang ahli yang berhak dan mengundi dalam mesyuarat ini adalah berhak melantik proksi untuk hadir dan mengundi bagi pihaknya. Proksi tidak semestinya seorang ahli syarikat.
- Jika yang melantik sebuah perbadanan borang proksi mestilah dimeteri dengan cop mohor atau ditandatangani oleh peguam atau pegawai perbadanan tersebut.
- Borang proksi ini mestilah diserahkan kepada Pendaftar Saham (Symphony Share Registrars Sdn Bhd, Level 26, Menara Multi Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur) tidak lewat daripada empat puluh lapan (48) jam sebelum masa yang ditetapkan untuk mengadakan mesyuarat.

Setiausaha Syarikat
FAR EAST HOLDINGS BERHAD (14809-W)
Suite 5 & 6, Tingkat 8
Kompleks Teruntum
Jalan Mahkota, 25000 Kuantan
Pahang Darul Makmur

SETEM



FAR EAST HOLDINGS BERHAD
(14809 - W)

PROXY FORM

I / We _____ NRIC / Company No. _____
(Full Name In Block Letters)

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 32 Annual General Meeting of Far East Holdings Berhad to be held on Friday, 2 June 2006 at 9.30 a.m, Vistana Hotel, 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 _____ 2006

Total shares held	
-------------------	--

Signature(s) / Company Seal _____

Witness* _____

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

NOTE

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the company.
2. Where the appointment is executed by a corporation, it must be either under seal or under the hand of any attorney or officer duly authorised.
3. The instrument appointing the proxy must be deposited at the Share Registrar's Office (Symphony Share Registrars Sdn Bhd, Level 26, Menara Multi Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur) at least forty eight (48) hours before the time appointed for holding the meeting.

The Company Secretary
FAR EAST HOLDINGS BERHAD (14809-W)
Suite 5 & 6, Tingkat 8
Kompleks Teruntum
Jalan Mahkota, 25000 Kuantan
Pahang Darul Makmur

STAMP



FAR EAST HOLDINGS BERHAD

Suite 5 & 6, Tingkat 8, Kompleks Teruntum, Jalan Mahkota, 25000 Kuantan, Pahang Darul Makmur

Tel: (6)03 - 514 1936 / 948 / 339 Fax: (6)03 - 513 6211

Laman Web: www.fehb.com.my email: fareast@fareh.po.my