



Far East Holdings Berhad
(14809-W)

2007 ANNUAL REPORT

LAPORAN TAHUNAN 2007



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 34th Annual General Meeting of FAR EAST HOLDINGS BERHAD (“the Company”) will be held at Hyatt Regency Kuantan Resort, Kuantan, Pahang Darul Makmur on 4 June 2008 at 10.00 a.m on Wednesday 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 2007 together with the Directors and Auditors’ Reports thereon.
(Ordinary Resolution 1)
2. To approve the payment of a final dividend of 12.5 sen per share less 26% Malaysian Income Tax and a special tax exempt dividend of 7.5 sen for the financial year ended 31 December 2007 as recommended by Directors.
(Ordinary Resolution 2)
3. To re-elect the following Directors retiring under Article 97 of the Company’s Articles of Association:
 - i) YH Dato’ Kamaruddin bin Mohammed
(Ordinary Resolution 3)
 - ii) Mr Tee Cheng Hua
(Ordinary Resolution 4)
4. To re-elect the following Directors retiring under Article 102 of the Company’s Articles of Association:-
 - i) YH Dato’ Md. Adnan bin Sulaiman
(Ordinary Resolution 5)
 - ii) En Khairul Azahar bin Ariffin
(Ordinary Resolution 6)
 - iii) Ms Ng Yee Kim
(Ordinary Resolution 7)
5. To approve the payment of Directors’ fees and remuneration for the financial year ended 31 December 2007.
(Ordinary Resolution 8)
6. To appoint Messrs Parker Randall Thomas as auditors for the coming year and to authorise the Directors to fix their remuneration.
(Ordinary Resolution 9)

B As Special Business

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

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

“THAT pursuant to the Far East Holdings Berhad Employees’ Share Option Scheme (“the Scheme”) as approved at the Extraordinary General Meeting of the Company held on 29 December 2001 and subsequent EGM on 2 April 2007, approval be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 to issue shares in the Company at any time and in accordance with the terms and conditions of the Scheme.”
(Ordinary Resolution 10)
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 20 June 2007 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 of the Circular to Shareholders dated 9 May 2008 (“Circular”) with the related parties mentioned therein which are necessary for the Company’s day to day operations, be and is hereby renewed.

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

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' transaction. In this respect, if approved at the forthcoming Annual General Meeting, such approval shall continue in force until:

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

whichever is earlier and

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

(Ordinary Resolution 11)

- 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 12.5 sen per share less 26% Malaysian Income Tax and a special tax exempt dividend of 7.5 sen per share for the financial year ended 31 December 2007 if approved by the shareholders at the Annual General Meeting will be paid on 4 July 2008 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 16 June 2008.

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

- a) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 12 June 2008 (in respect of shares which are exempted from mandatory deposit);
- b) Shares transferred into Depositor's Securities Account before 4.00 p.m. on 16 June 2008 in respect of ordinary shares; and
- c) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

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

Kuantan, Pahang Darul Makmur
 9 May 2008

NOTICE OF ANNUAL GENERAL MEETING

NOTE:

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

EXPLANATORY NOTES ON SPECIAL BUSINESSES:

- 1 Ordinary Resolution 10 - Authority For The Directors to Issue Shares pursuant to ESOS

The proposed resolution 10, 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 Meetings of the Company held on 29 December 2001 and 2 April 2007.

- 2 Ordinary Resolution 11 - Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transactions of A Revenue Nature

This proposed resolution 11, if passed, will enable the Company to enter into recurrent transactions involving related parties which are of a revenue nature and necessary for the Group's day-to-day operations, subject to transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. For further information, please refer to the Circular to Shareholders' dated 9 May 2008 accompanying the Company's Annual Report for the financial year ended 31 December 2007.

NOTIS MESYUARAT AGUNG TAHUNAN

DENGAN INI DIBERITAHU BAHAWA Mesyuarat Agung Tahunan pemegang-pemegang saham yang ke 34 FAR EAST HOLDINGS BERHAD (“Syarikat”) akan diadakan di Hyatt Regency Kuantan Resort, Kuantan, Pahang Darul Makmur pada hari Rabu, 4 Jun 2008 jam 10.00 pagi untuk menimbang transaksi-transaksi yang berikut:

AGENDA

A Urusan Biasa

1. Menerima dan menimbang Akaun bagi tahun kewangan berakhir 31 Disember 2007 berserta Laporan Pengarah dan Juruaudit mengenainya.
(Resolusi Biasa 1)

2. Meluluskan pembayaran dividen akhir sebanyak 12.5 sen sesaham tolak 26% cukai pendapatan Malaysia dan khas 7.5 sen sesaham dikecualikan cukai bagi tahun kewangan berakhir 31 Disember 2007, seperti yang disyorkan oleh Lembaga Pengarah.
(Resolusi Biasa 2)

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

i) YH Dato' Kamaruddin bin Mohammed
(Resolusi Biasa 3)

ii) Mr Tee Cheng Hua
(Resolusi Biasa 4)

4. Untuk memilih semula Pengarah-Pengarah berikut yang bersara menurut Artikel 102 Tataurusan Syarikat:

i) YH Dato' Md. Adnan bin Sulaiman
(Resolusi Biasa 5)

ii) En Khairul Azahar bin Ariffin
(Resolusi Biasa 6)

iii) Ms Ng Yee Kim
(Resolusi Biasa 7)

5. Meluluskan pembayaran yuran dan ganjaran Pengarah-Pengarah bagi tahun kewangan berakhir 31 Disember 2007.
(Resolusi Biasa 8)

6. Melantik Tetuan Parker Randall Thomas sebagai Juruaudit Syarikat dan memberi kuasa kepada Lembaga Pengarah untuk menetapkan bayaran mereka.
(Resolusi Biasa 9)

B Sebagai Urusan Khas

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

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

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

(Resolusi Biasa 10)

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 20 Jun 2007 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 Pekeliling kepada pemegang saham yang bertarikh 9 Mei 2008 (Pekeliling) dengan pihak yang berkaitan yang menyatakan di mana perlu untuk operasi seharian Syarikat, dengan ini diperbaharui.

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

NOTIS MESYUARAT AGUNG TAHUNAN

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

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

mana-mana yang terdahulu dan

Dengan ini Lembaga Pengarah Syarikat diberikuasa untuk menyiapkan dan mengambil tindakan sewajarnya di atas Cadangan Memperbaharui Mandat Transaksi Berulang dengan Pihak Berkaitan.”

(Resolusi Biasa 11)

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 12.5 sen sesaham tolak 26% cukai pendapatan Malaysia dan khas 7.5 sen dikecualikan cukai bagi tahun kewangan berakhir 31 Disember 2007, jika diluluskan oleh pemegang saham di Mesyuarat Agung Tahunan, akan dibayar pada 4 Julai 2008 kepada para pemegang saham yang nama-nama mereka terdapat di dalam Rekod Pendeposit Syarikat semasa tutup perniagaan pada 16 Jun 2008.

Seorang pendeposit adalah layak untuk menerima dividen hanya berhubung dengan;

- a) Saham-saham yang dideposit kepada Akaun Sekuriti Pendeposit sebelum jam 12.30 tengahari pada 12 Jun 2008 (berkaitan saham yang dikecualikan dari deposit wajib);
- b) Saham-saham yang dipindahmilik kepada Akaun Sekuriti Pendeposit sebelum jam 4.00 petang pada 16 Jun 2008 berkenaan pemindahan; dan
- c) Saham-saham yang dibeli di Bursa Malaysia Securities Berhad selaras dengan kelayakan asas tertakluk kepada syarat-syarat Bursa Malaysia Securities Berhad.

Dengan Perintah Lembaga Pengarah

ASMIN BINTI YAHYA (MIA 10161)

NOOR ANISAH BINTI SABARUDIN (LS 0008153)

Setiausaha-Setiausaha Syarikat

Kuantan, Pahang Darul Makmur
9 Mei 2008

NOTA:

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

NOTA PENJELASAN UNTUK URUSAN KHAS:

1. Resolusi Biasa 10 - Kuasa Kepada Pengarah Untuk menerbitkan Saham berkaitan ESOS

Resolusi Biasa 10 yang dicadangkan, jika diluluskan, memberi kuasa kepada Lembaga Pengarah untuk menerbitkan Saham Syarikat tertakluk kepada syarat dan terma Skim Opsyen Saham Kakitangan yang telah diluluskan pada Mesyuarat Agung Luarbiasa bertarikh 29 Disember 2001 dan 2 April 2007.

2. Resolusi Biasa 11 - Cadangan Mandat untuk Transaksi Berulang dengan pihak berkaitan

Resolusi Biasa 11 yang dicadangkan, jika diluluskan, membolehkan syarikat membuat transaksi Berulang dengan pihak Berkaitan untuk operasi seharian syarikat tertakluk transaksi secara biasa dibuat dan tidak menyentuh hak pemegang saham minoriti syarikat. Untuk maklumat lanjut, sila rujuk Pekeliling kepada Pemegang Saham bertarikh 9 Mei 2008 yang diedarkan bersama Laporan Tahunan Syarikat untuk tahun kewangan berakhir 31 Disember 2007.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant To Paragraph 8.28(2) Of The Listing Requirements Of The Bursa Malaysia Securities Berhad

PENYATA MENGIRINGI NOTIS MESYUARAT AGUNG TAHUNAN

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

1. Names of Directors who are standing for re-election/re-appointment:

Nama-nama para pengarah yang menawarkan diri untuk perlantikan semula:

- i) YH Dato' Kamaruddin bin Mohammed
- ii) Mr Tee Cheng Hua
- iii) YH Dato' Md. Adnan bin Sulaiman
- iv) En Khairul Azahar bin Ariffin
- v) Ms Ng Yee Kim

The details of the abovenamed Directors who are standing for re-election/re-appointment are set out in the Directors' profiles (pages 12 to 20 of the Annual Report); while their securities holdings (where applicable) are set out in the Analysis of Shareholdings - Directors' Interests in the Company and Related Corporations (pages 86 to 87 of the Annual Report).

Maklumat lanjut Lembaga Pengarah yang bersara dan menawarkan diri untuk dilantik semula dibentangkan pada Profil Lembaga Pengarah mukasurat 12 hingga 20 Laporan Tahunan; manakala jadual pegangan saham mereka dinyatakan pada mukasurat 86 hingga 87 Laporan Tahunan.

2. Place, date and time of the 34th Annual General Meeting

Tempat, tarikh dan masa Mesyuarat Agung Tahunan ke 34

The 34th Annual General Meeting of the Company will be held at Hyatt Regency Kuantan Resort, Kuantan, Pahang Darul Makmur on Wednesday, 4 June 2008 at 10.00 a.m.

Mesyuarat Agung Tahunan yang ke 34 Syarikat akan diadakan di Hyatt Regency Kuantan Resort, Kuantan, Pahang Darul Makmur pada hari Rabu, 4 Jun 2008 jam 10.00 pagi.

3. Details of Attendance of Directors at Board Meetings

Senarai Kehadiran para pengarah di Mesyuarat Lembaga Pengarah

A total of eight (8) Board Meetings were held during the financial year ended 31 December 2007. Details of attendance of Directors holding office at the end of financial year are as follows:

Mesyuarat Lembaga Pengarah telah diadakan sebanyak lapan (8) kali bagi tahun kewangan berakhir 31 Disember 2007. Bilangan kehadiran adalah seperti berikut:

Name	Attendance	Appointment	Resignation
YH Dato' Kamaruddin Bin Mohammed	8/8	16/08/2002	
YH Dato' Haji Lias Bin Mohd Noor	7/7	14/01/2002	29/11/2007
YH Dato' Md. Adnan bin Sulaiman	-	16/01/2008	
Mr Tee Kim Tee @ Tee Ching Tee	8/8	16/08/2002	
En Nowawi Bin Abdul Rahman	8/8	16/08/2002	
Mr Tee Cheng Hua	7/8	16/08/2002	
Tuan Dr Haji Amad @ Ahmad Bin Aman	4/4	16/08/2002	20/06/2007
Mr Ng Say Pin	4/4	23/08/2002	21/06/2007
Cik Sharina Bahrin	8/8	15/01/2004	
Mr Tee Lip Hian	7/8	09/09/2004	
En Khairul Azahar bin Ariffin	3/3	23/07/2007	
Ms Ng Yee Kim	3/3	23/07/2007	

CORPORATE INFORMATION MAKLUMAT KORPORAT

BOARD OF DIRECTORS LEMBAGA PENGARAH

1. **YH Dato Kamaruddin Bin Mohammed**
Chairman
Pengerusi
Non-Independent Non-Executive Director
Pengarah Tidak Bebas Bukan Eksekutif
2. **YH Dato' Md. Adnan bin Sulaiman**
Non-Independent Non-Executive Director
Pengarah Tidak Bebas Bukan Eksekutif
3. **Mr Tee Kim Tee @ Tee Ching Tee**
Non-Independent Non-Executive Director
Pengarah Tidak Bebas Bukan Eksekutif
4. **En Nowawi Bin Abdul Rahman**
Non-Independent Executive Director
Pengarah Tidak Bebas Eksekutif
5. **Mr Tee Cheng Hua**
Non-Independent Executive Director
Pengarah Tidak Bebas Eksekutif
6. **Cik Sharina Bahrin**
Independent Non-Executive Director
Pengarah Bebas Bukan Eksekutif
7. **Mr Tee Lip Hian**
Non-Independent Non-Executive Director
Pengarah Tidak Bebas Bukan Eksekutif
8. **En Khairul Azahar bin Ariffin**
Independent Non-Executive Director
Pengarah Bebas Bukan Eksekutif
9. **Ms Ng Yee Kim**
Independent Non-Executive Director
Pengarah Bebas Bukan Eksekutif

BOARD'S COMMITTEE JAWATANKUASA LEMBAGA PENGARAH

Audit Committee
Chairperson
Cik Sharina Bahrin

Members
YH Dato' Kamaruddin Bin Mohammed
En Khairul Azahar bin Ariffin
Ms Ng Yee Kim

Remuneration Committee
Chairman
YH Dato' Kamaruddin Bin Mohammed

Members
Mr Tee Kim Tee @ Tee Ching Tee
En Khairul Azahar bin Ariffin

Nomination Committee
Chairman
YH Dato' Kamaruddin bin Mohammed

Members
Mr Tee Kim Tee @ Tee Ching Tee
Cik Sharina Bahrin
En Khairul Azahar bin Ariffin
Ms Ng Yee Kim

Employees Share Option Scheme Committee
Chairman
YH Dato' Md. Adnan bin Sulaiman

Members
En Nowawi bin Abdul Rahman
Mr Tee Cheng Hua
Mr Tee Lip Hian

SECRETARIES SETIAUSAHA-SETIAUSAHA

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

STOCK EXCHANGE LISTING PENYENARAIAAN DI PASARAN SAHAM

Papan Utama Bursa Malaysia Securities Berhad
- Sektor Perladangan

Main Board Bursa Malaysia Securities Berhad
- Plantation Sector

REGISTERED ADDRESS ALAMAT BERDAFTAR

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

SHARE REGISTRAR PENDAFTAR SAHAM

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

MAJOR BANKERS JURUBANK-JURUBANK UTAMA

CIMB Bank Berhad
Lot G-1, Kompleks Teruntum
Jalan Mahkota
25000 Kuantan
Pahang Darul Makmur

Bank Islam (Malaysia) Berhad
No G-05, G-06 & G-07 (Ground Floor) &
No 1-05, 1-06 & 1-07 (First Floor)
Mahkota Square, Jalan Mahkota
25000 Kuantan
Pahang Darul Makmur

SUBSIDIARIES SUBSIDIARI-SUBSIDIARI

B.S. Oil Palm Plantations Sdn. Bhd.
Dawn Oil Palm Plantations Sdn. Bhd.
Kampong Aur Oil Palm Company
(Sdn.) Berhad
Madah Perkasa Sdn. Bhd.
Kilang Kosfarm Sdn. Bhd.
Far East Delima Plantations Sdn. Bhd.
Radiant Apex Sdn Bhd.
Spectacular Potential Sdn. Bhd.

ASSOCIATES SYARIKAT-SYARIKAT SEKUTU

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

BOARD OF DIRECTORS
LEMBAGA PENGARAH



YH Dato' Kamaruddin bin Mohammed

Chairman
Pengerusi

Non-Independent Non-Executive Director
Pengarah Tidak Bebas Bukan Eksekutif



YH Dato' Md. Adnan
bin Sulaiman

Non-Independent Non-Executive
Director

*Pengarah Tidak Bebas Bukan
Eksekutif*



Cik Sharina Bahrin

Independent
Non-Executive Director

Pengarah Bebas Bukan Eksekutif



**Mr Tee Kim Tee
@ Tee Ching Tee**
Non-Independent
Non-Executive Director
*Pengarah Tidak Bebas
Bukan Eksekutif*



**En Nowawi
bin Abdul Rahman**
Non-Independent Executive
Director
Pengarah Tidak Bebas Eksekutif



Mr Tee Cheng Hua
Non-Independent Executive
Director
Pengarah Tidak Bebas Eksekutif



Mr Tee Lip Hian
Non-Independent
Non-Executive Director
*Pengarah Tidak Bebas
Bukan Eksekutif*



**En Khairul Azahar
bin Ariffin**
Independent
Non-Executive Director
Pengarah Bebas Bukan Eksekutif



Ms Ng Yee Kim
Independent
Non-Executive Director
Pengarah Bebas Bukan Eksekutif

DIRECTORS' PROFILE
PROFIL PENGARAH-PENGARAH

YH DATO' KAMARUDDIN BIN MOHAMMED

A Malaysian, aged 60, 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 the Board's Remuneration Committee as well as the Nomination 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 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. He was the Group Managing Director of Amanah Saham MARA Berhad from December 1995 until April 2008, when he retired from the said post.

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

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

YH Dato' Kamaruddin Bin Mohammed attended all eight Board Meetings of the Company held in the financial year ended 31 December 2007.

YH DATO' KAMARUDDIN BIN MOHAMMED

Warganegara Malaysia, umur 60 tahun, Pengarah tidak bebas bukan eksekutif. Beliau adalah Pengerusi kepada Ahli Lembaga Pengarah Far East Holdings Berhad. Beliau telah dilantik sebagai ahli Lembaga Pengarah pada 16 Ogos 2002. Beliau juga Pengerusi kepada Jawatankuasa Imbuan serta Jawatankuasa Pencalonan dan ahli kepada Jawatankuasa Audit.

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

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

YH Dato' mula berkhidmat dengan Amanah Saham MARA Berhad pada bulan Julai 1969. Beliau adalah Pengarah Urusan Kumpulan Amanah Saham MARA Berhad dari Disember 1995 hingga April 2008, apabila bersara dengan jawatan tersebut.

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

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

YH Dato' Kamaruddin Bin Mohammed menghadiri kesemua lapan Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2007.



**YH Dato'
Kamaruddin bin
Mohammed**

Non-Independent
Non-Executive Director

*Pengarah Tidak Bebas
Bukan Eksekutif*

YH DATO' MD. ADNAN BIN SULAIMAN

A Malaysian, aged 59. He is a non-independent non-executive Director. He was appointed to the Board on 16 January 2008. The Chairman of Employees' Share Option Scheme Committee.

YH Dato' Md. Adnan started his career with the government sector when he was attached to the Department of Agriculture from 1974 to 1990. He was the Principal of the Agriculture Institute in Besut, Terengganu from 1981 to 1982 and in Serdang, Selangor until 1983. He served as Pahang Deputy Director of Agriculture from 1983 to 1990. He joined Lembaga Kemajuan Perusahaan Pertanian Pahang as Deputy General Manager in 1991 and became its General Manager in April 1996.

He graduated from University of Malaya with a Bachelor of Agriculture Science and obtained his Master of Science from University of Wisconsin, USA. He sits on the Board of Astral Asia Berhad and Kurnia Setia Berhad.

YH Dato' Md. Adnan 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' MD. ADNAN BIN SULAIMAN

Warganegara Malaysia, umur 59 tahun, Beliau seorang Pengarah Tidak Bebas dan Bukan Eksekutif. Dilantik sebagai ahli Lembaga Pengarah pada 16 Januari 2008. Pengerusi kepada Jawatankuasa Skim Opsyen Saham Kakitangan.

YH Dato' Md. Adnan memulakan kerjaya dalam perkhidmatan awam semasa berkhidmat di Jabatan Pertanian dari 1974 hingga 1990. Beliau adalah Pengetua Institut Pertanian di Besut, Terengganu dari 1981 hingga 1982 dan di Serdang, Selangor sehingga 1983. Beliau berkhidmat sebagai Timbalan Pengarah Pertanian Pahang dari 1983 hingga 1990. Beliau menyertai Lembaga Kemajuan Perusahaan Pertanian Pahang sebagai Timbalan Pengurus Besar pada tahun 1991 dan menjadi Pengurus Besar pada bulan April 1996.

Beliau memperolehi Ijazah Sarjana Muda Sains Pertanian daripada Universiti Malaya dan Ijazah Sarjana Sains daripada Universiti Wisconsin, Amerika Syarikat. Beliau juga menganggotai Lembaga Pengarah Astral Asia Berhad dan Kurnia Setia Berhad.

YH Dato' Md. Adnan 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' Md. Adnan bin Sulaiman

Non-Independent
Non-Executive Director
*Pengarah Tidak Bebas
Bukan Eksekutif*

DIRECTORS' PROFILE
PROFIL PENGARAH-PENGARAH

MR TEE KIM TEE @ TEE CHING TEE

A Malaysian, aged 60 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 37 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 eight Board Meetings of the Company held in the financial year ended 31 December 2007.

MR TEE KIM TEE @ TEE CHING TEE

Warganegara Malaysia, Umur 60 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 37 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 lapan Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2007.



Mr Tee Kim Tee
@ Tee Ching Tee
Non-Independent
Non-Executive Director
*Pengarah Tidak Bebas
Bukan Eksekutif*

EN NOWAWI BIN ABDUL RAHMAN

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

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

En Nowawi's previous posts 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 eight Board Meetings of the Company held in the financial year ended 31 December 2007.

EN NOWAWI BIN ABDUL RAHMAN

Warganegara Malaysia, umur 53 tahun. En Nowawi bin Abdul Rahman adalah Pengarah Eksekutif, Operasi dan dilantik sebagai ahli Lembaga Pengarah pada 16 Ogos 2002. Beliau juga ahli Jawatankuasa Skim Opsyen Saham Kakitangan.

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

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

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

En Nowawi menghadiri kesemua lapan Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2007.



En Nowawi bin Abdul Rahman

Non-Independent Executive Director

Pengarah Tidak Bebas Eksekutif

DIRECTORS' PROFILE
PROFIL PENGARAH-PENGARAH

MR TEE CHENG HUA

A Malaysian, aged 54. He is an Executive Director, Estates and Plantations. He was appointed to the Board on 16 August 2002. He is a member of Employees' Share Option Scheme Committee.

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

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

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

Mr Tee Cheng Hua attended seven of eight Board Meetings of the Company held in the financial year ended 31 December 2007.

MR TEE CHENG HUA

Warganegara Malaysia, umur 54 tahun. Mr Tee Cheng Hua adalah Pengarah Eksekutif, Estet & Perladangan. Beliau dilantik sebagai ahli Lembaga Pengarah pada 16 Ogos 2002. Beliau juga ahli Jawatankuasa Skim Opsyen Saham Kakitangan.

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

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

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

Mr Tee Cheng Hua menghadiri tujuh daripada lapan Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2007.



Mr Tee Cheng Hua
Non-Independent
Executive Director
*Pengarah Tidak Bebas
Eksekutif*

CIK SHARINA BAHRIN

A Malaysian, aged 42. She is an independent non-executive Director. She was appointed to the Board on 15 January 2004. She is the Chairperson of Audit Committee and a member of Nomination 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 20 years experience in corporate finance and business advisory in Malaysia and Australia. Prior to joining Aftaas Consulting Sdn Bhd, she spent several years in PricewaterhouseCoopers' Corporate Finance and Recovery as an Associate Director. She spent many years in PETRONAS as holdings company accounts manager, finance manager of a joint-venture project and as a group corporate finance senior executive. She was also a member of the PETRONAS corporate strategy team focusing on globalisation. In Australia, Sharina provided business advisory services as well as preparing accounts and tax returns of entities in the various industries.

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

Cik Sharina attended all eight Board Meetings of the Company held in the financial year ended 31 December 2007.

CIK SHARINA BAHRIN

Warganegara Malaysia, umur 42 tahun. Pengarah Bebas dan Bukan Eksekutif. Pengerusi Jawatankuasa Audit dan ahli Jawatankuasa Pencalonan. 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 20 tahun di dalam Kewangan Korporat dan Penasihat Perniagaan di Malaysia dan Australia. Sebelum bertugas di Aftaas Consulting Sdn Bhd, beliau berkhidmat selama beberapa tahun di PricewaterhouseCoopers di bahagian Kewangan Korporat dan Pemulihan sebagai Pengarah Sekutu dan 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 lapan Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2007.



Cik Sharina Bahrin
Independent
Non-Executive Director
*Pengarah Bebas Bukan
Eksekutif*

DIRECTORS' PROFILE
PROFIL PENGARAH-PENGARAH

MR TEE LIP HIAN

A Malaysian, aged 35. He is a non-independent non-executive Director. He was appointed to the Board on 9 September 2004. He is member of Employees' Share Option Scheme Committee.

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

Mr Tee Lip Hian attended seven of eight Board Meetings of the Company held in the financial year ended 31 December 2007.

MR TEE LIP HIAN

Warganegara Malaysia, umur 35 tahun. Pengarah Bukan Bebas dan Bukan Eksekutif. Dilantik sebagai ahli Lembaga Pengarah pada 9 September 2004. Ahli Jawatankuasa Skim Opsyen Saham Kakitangan.

Beliau merupakan siswazah Curtin University of Technology, Australia di dalam jurusan Pentadbiran Perniagaan.

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

Mr Tee Lip Hian adalah anak kepada Mr Tee Kim Tee @ Tee Ching Tee dan anak saudara kepada 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 tujuh daripada lapan Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2007.



Mr Tee Lip Hian
Non-Independent
Non-Executive Director
*Pengarah Tidak Bebas
Bukan Eksekutif*

EN KHAIRUL AZAHAR BIN ARIFFIN

A Malaysian. Aged 45, is an Independent Non-Executive Director. He was appointed to the Board on 23 July 2007. He is also a member of Audit Committee, Nomination Committee and Remuneration Committee.

He is a Chartered Accountant by profession. He graduated with a Bachelor of Accountancy (Hons) from Universiti Kebangsaan Malaysia. He is a member of Malaysian Institute of Accountants and a member of CPA Australia.

He began his career with Abu Bakar Rajudin & Co and Coopers & Lybrand, and currently a Chartered Accountant of his own firm. He also serves as a board member of 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.

En Khairul Azahar bin Ariffin attended three of eight Board Meetings of the Company held in the financial year ended 31 December 2007.

EN KHAIRUL AZAHAR BIN ARIFFIN

Warganegara Malaysia, umur 45, Pengarah Bebas Bukan Eksekutif. Beliau dilantik menganggotai Lembaga Pengarah pada 23 Julai 2007. Beliau juga ahli kepada Jawatankuasa Audit, Jawatankuasa Pencalonan dan Imbuhan.

En Khairul Azahar adalah Akauntan Bertauliah. Graduan Ijazah Perakaunan (Hons) dari Universiti Kebangsaan Malaysia. Beliau juga ahli kepada Malaysian Institute of Accountants dan CPA Australia.

Memulakan karier dengan Abu Bakar Rajudin & Co dan Coopers & Lybrand dan pada masa ini mempunyai firma Akauntan Bertauliahnya sendiri. En Khairul juga menganggotai Lembaga Pengarah Pascorp Paper Industries Berhad.

En Khairul Azahar bin Ariffin 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.

Beliau menghadiri tiga daripada lapan Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2007.



En Khairul Azahar bin Ariffin

Independent
Non-Executive Director
*Pengarah Bebas Bukan
Eksekutif*

DIRECTORS' PROFILE
PROFIL PENGARAH-PENGARAH

MS NG YEE KIM

A Malaysian, aged 39. She is an independent non-executive Director. She was appointed to the Board on 23 July 2007. She is a member of Audit Committee and Nomination Committee.

She is a Chartered Financial Analyst (CFA), a member of CFA Institute, USA since 1999. And she is currently the secretary for Malaysian Chapter of CFA Institute, CFA Malaysia. She is also a Certified Financial Planner (CFP). Ms Ng Yee Kim graduated from The University of Oklahoma, Oklahoma, USA with a Bachelor of Business Administration.

Her past experience as Remisier with Sime Securities Sdn Bhd, CIMB Securities Sdn Bhd and at present she is attached to Kenanga Investment Bank Berhad.

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.

Ms Ng Yee Kim attended three of eight Board Meetings of the Company held in the financial year ended 31 December 2007.

CIK NG YEE KIM

Warganegara Malaysia, umur 39 tahun. Pengarah Bebas Bukan Eksekutif. Dilantik menganggotai Lembaga Pengarah pada 23 Julai 2007. Ahli kepada Jawatankuasa Audit dan Jawatankuasa Pencalonan.

Beliau adalah Penganalisis Kewangan Bertauliah, ahli kepada Institute of Chartered Financial Analyst dari tahun 1999. Pada masa ini beliau adalah Setiausaha kepada Malaysian Chapter of CFA Institute, CFA Malaysia. Dan diperakui sebagai Perancang Kewangan (Certified Financial Planner Association) pada tahun 2003. Cik Ng Yee Kim berkelulusan Ijazah Pengurusan Perniagaan dari Universiti Oklahoma, Oklahoma, USA.

Pengalaman dulu pernah menjadi Remisier di Sime Securities Sdn Bhd, CIMB Securities Sdn Bhd dan pada masa ini sebagai Remisier di Kenanga Investment Berhad.

Cik Ng Yee Kim 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.

Beliau menghadiri tiga daripada lapan Mesyuarat Lembaga Pengarah yang diadakan bagi tahun kewangan berakhir 31 Disember 2007.



Ms Ng Yee Kim
Independent
Non-Executive Director
*Pengarah Bebas Bukan
Eksekutif*

GROUP FINANCIAL SUMMARY
RINGKASAN KEWANGAN KUMPULAN

	2007	2006	2005	2004	2003
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER LEMBARAN IMBANGAN YANG DISATUKAN PADA 31 DISEMBER					
(RM'000)					
Capital And Reserves/Modal Dan Rizab					
Share Capital/Modal Saham	135,089	134,861	133,038	65,089	64,190
Non-Distributable Reserves/Rizab Tidak Diagihkan	186,555	183,790	182,365	103,223	102,157
Retained Earnings/Keuntungan Terkumpul	230,422	178,704	157,687	204,721	173,495
Shareholders' Equity/Dana Pemegang Saham	552,066	497,355	473,090	373,033	339,842
Minority Interest/Kepentingan Minoriti	60,600	54,382	33,616	27,041	26,265
	612,666	551,737	506,706	400,074	366,107
Non Current Assets/Aset Bukan Semasa					
Property, Plant and Equipment and Prepaid Lease Rental/ Hartanah, Loji dan Peralatan dan Sewa Pajak Tanah	450,450	408,050	391,013	312,821	265,940
Land Held for Development/Tanah Untuk Pembangunan	40,285	40,246	40,246	-	-
Deferred Tax Assets/Cukai Aset Tertunda	185	67	25	-	-
Associates/Syarikat-Syarikat Bersekutu	119,751	72,679	63,335	54,039	46,491
Investments/Pelaburan	30,709	18,299	15,299	2,299	2,299
Breeding Stocks/Stok Pembiak	-	92	449	513	760
	641,380	539,433	510,367	369,672	315,490
Current Assets/Aset-Aset Semasa	97,149	120,801	85,987	85,766	114,616
Current Liabilities/Liabiliti-Liabiliti Semasa	44,384	24,428	6,800	5,106	16,903
Net Current Assets/Aset Semasa Bersih	52,765	96,373	79,187	80,660	97,713
Non-Current Liabilities/Liabiliti Bukan Semasa					
Deferred Tax Liabilities/Cukai Liabiliti Tertunda	81,282	83,557	82,848	50,258	45,751
Hire Purchase Liability and Borrowing/Liabiliti Sewa Beli dan Pinjaman	197	512	-	-	1,345
	81,479	84,069	82,848	50,258	47,096
	612,666	551,737	506,706	400,074	366,107
CONSOLIDATED INCOME STATEMENT AS AT 31 DECEMBER PENYATA PENDAPATAN YANG DISATUKAN PADA 31 DISEMBER					
Sales/Jualan	372,066	169,811	71,315	80,412	70,994
Profit Before Taxation/Keuntungan Sebelum Cukai	115,947	59,179	46,859	63,088	49,244
Profit After Taxation/Keuntungan Selepas Cukai	90,595	43,712	35,249	44,135	33,066
HIGHLIGHTS AS AT 31 DECEMBER TUMPUAN PADA 31 DISEMBER					
Earning Per Share (sen)/Pendapatan Sesaham (sen)	57.46	29.02	24.90	62.99	49.16
Net Tangible Asset Per Share (RM)/Aset Ketara Bersih Sesaham (RM)	4.09	3.69	3.55	5.73	5.29
Current Ratio/Nisbah Semasa	2.19	4.94	12.64	16.80	6.78
Pre-Tax Profit As a Percentage of Sales (%)/Keuntungan Sebelum Cukai Sebagai Peratus Jualan (%)	31.16	34.85	70.39	78.46	69.36
Pre-Tax Profit As a Percentage of Shareholders' Equity (%)/ Keuntungan Sebelum Cukai Sebagai Peratus Dana Pemegang Saham (%)	21.00	11.90	9.90	16.91	14.49

Note/Nota:

The comparative figures for year 2003-2004 have not been adjusted in accordance to the new FRS Standards and earning per share and net tangible asset per share for the comparative figures for year 2003-2007 are based on the share capital of the respective years.

Angka-angka perbandingan untuk tahun 2003-2004 tidak dipinda berdasarkan kepada peraturan baru Piawaian-Piawaian FRS dan pendapatan sesaham dan aset ketara bersih sesaham untuk angka-angka perbandingan 2003-2007 adalah berdasarkan kepada modal saham untuk tahun-tahun yang berkenaan.

PLANTATION MATRIX

		Actual 2007	Actual 2006	Actual 2005	Actual 2004	Actual 2003
Mature Area	Hectare	12,973	13,492	12,878	12,213	11,628
Total Planted Area	Hectare	18,497	16,090	14,825	13,989	13,764
FFB Production	mt	307,056	284,510	270,872	261,069	253,146
FFB Yield	mt/ha	23.67	21.09	21.03	21.38	21.77
OER	%	18.15	18.28	18.45	18.46	18.28
CPO Yield	mt/ha	4.30	3.85	3.88	3.95	3.98
CPO Price	RM/mt	2,150	1,504	1,390	1,658	1,567
Kernel Recovery Revenue	RM/mt	370	224	254	268	190
CPO Production Cost (Ex-estate)	RM/mt	545	518	523	474	439
CPO Production Cost (Exclude Replanting Cost)	RM/mt	904	782	768	746	708
Profit from CPO & Kernel / Mature Ha	RM/Ha	7,240	3,747	3,478	4,599	4,210

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the Annual Report and the Audited Financial Statements of Far East Holdings Berhad ("FEHB" or "Company") for the financial year ended 31 December 2007.

GROUP FINANCIAL REVIEW

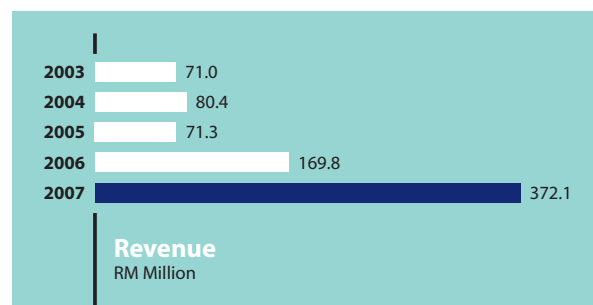
For the year under review, the Group recorded a revenue of RM372.07 million, an increase of 119% or RM202.26 million as compared to RM169.81 million recorded in year 2006. The Group's profit before tax for the year under review was RM115.95 million, an increase of RM56.77 million or 96 % from RM59.18 million recorded in 2006.

The Group's net tangible assets, as at 31 December 2007 was RM4.09 per share as compared to RM3.69 per share as at the end of 2006. As a result of the Group's strong financial performance, the Group's basic earnings per share had almost doubled compared to the preceding year. The Group's basic earnings per share for the year under review was 57.46 sen as compared to 29.02 sen recorded for 2006.

GROUP OPERATION HIGHLIGHTS

The year 2007 also saw a remarkable improvement in the Group FFB production, recording the highest level of total tonnage ever achieved. The Group recorded a total tonnage of 307,056 metric tonnes of FFB compared to 284,510 metric tonnes during the year 2006, an increase of 7.9%.

As a result, FFB yield per hectare increased from 21.09 metric tonnes per hectare in the year 2006 to 23.67 metric tonnes per hectare during the year in review. These commendable results were achieved despite the fact that the Group's matured area was reduced by about 4% due to replanting activities.



**Dato' Kamaruddin
bin Mohammed**
Chairman

The Group's total planted area had also increased by 2,407 hectares from a total area of 16,090 hectares in 2006 to 18,497 hectares for the year under review. The total matured area was 12,973 hectares as compared to 13,492 hectares for the preceding year.

The Group's overall cost per crude palm oil metric tonne recorded an increase from RM782 in the preceding year to RM904 during the year in review. The increase in overall cost was primarily due to the increase in fertilizer and other agrochemicals prices and the COSS cess imposed by Malaysian Palm Oil Board.

For the year in review, the average of CPO prices was RM2,150 per metric tonne as compared to RM1,504 per metric tonne in the previous year. The average prices of crude palm kernel oil (CPKO) were RM1,426 as compared to RM904 achieved for the year 2006.

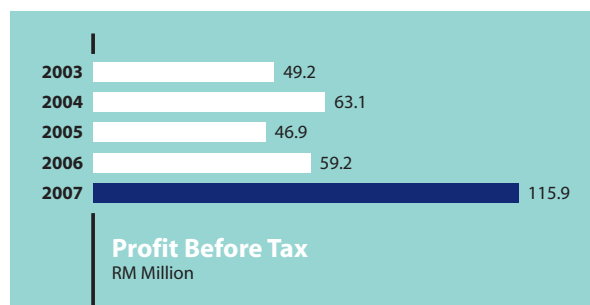
CORPORATE DEVELOPMENT

In November 2007, FEHB completed its acquisition of 3,625,004 ordinary shares of RM1.00 each representing approximately 14.50% equity interest in Prosper Palm Oil Mill Sdn Bhd ("PPOM") from Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang ("LKPP") for a cash consideration of RM23,345,025.76.

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

The Company had also completed acquisition of an aggregate 3,701,038 shares in PPOM from Dawn Oil Palm Plantations Sdn Bhd and B.S. Oil Palm Plantations Sdn Bhd representing 14.80% of its equity interest, for a total cash consideration of RM4,547,966.00.

The Company had also completed an acquisition of an aggregate 2,673,958 shares in PPOM representing 10.70% of its equity interest, for a total cash consideration of RM17,220,289.52 from Kampong Aur Oil Palm Company (Sdn.) Berhad.



With the completion of PPOM's shares acquisition from LKPP, Dawn Oil Palm Plantations Sdn Bhd, B.S. Oil Palm Plantations Sdn Bhd and Kampong Aur Oil Palm Company (Sdn.) Berhad, your company now owned 40% of PPOM's equity.

DIVIDEND

Your Company is committed to a good and sustainable dividend policy so as to reward shareholders for their continuous support and confidence in the Group.

In view of the Group's impressive financial achievements, your Board is recommending for shareholders approval a final dividend of 12.5 sen per share less income tax of 26% and a special 7.5 sen per share tax exempt for the financial year ended 31 December 2007.

An interim dividend of 5.0 sen per share, less income tax of 26% on 135,089,000 ordinary shares and a special interim dividend of 5.0 sen per share, less income tax of 26% on 135,089,000 ordinary shares was paid on 17 January 2008.

This final dividend, if approved by the shareholders at the Annual General Meeting, will increase the total dividend paid for year 2007 to 30 sen, comprising of 22.5 sen less tax and 7.5 sen tax exempt dividend as compared to 20 sen paid for the financial year 2006.



"In view of the Group's impressive financial achievements, your Board is recommending for shareholders approval a final dividend of 12.5 sen per share less income tax of 26% and a special 7.5 sen per share tax exempt for the financial year ended 31 December 2007."

DIVIDEND

This increase in dividend payout is to ensure shareholders received fair returns for their investment.

CORPORATE SOCIAL RESPONSIBILITY

As a caring corporate citizen, the Group is in full cognizance of its role in corporate social responsibility. The Group makes regular contributions to education trust funds and other needy request from society. We also continue to support the plantation industry in its programme towards achieving better efficiency.

The Group continues to adopt Zero-Burning in its Replanting Programme to demonstrate its emphasis on environmental conservation. Towards this objective, the Group continues to sustain its zero-burning and biodiversity conservation practices.

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 utmost standards of Corporate Governance are practiced throughout the Group.

BUSINESS PROSPECTS

The Malaysian oil palm industry recorded an impressive performance in 2007. Your Board is confident that the

Group's outlook remains buoyant as a result of strong demand for edible oil from palm oil importing countries as well as the growing usage of palm oil in the biodiesel energy sector. In relation to other vegetable oil such as rapeseed, corn and soya oil, palm oil remains competitive and is expected to fill some of the potential gaps if there are lower supplies of other vegetable oil.

For the year 2008, the Group will continue to focus on oil palm plantation as the core activities and shall continuously identify opportunities to increase its plantation land bank size.

Barring any unforeseen circumstances, your Board is confident that the Group will continue to enhance its shareholders value and achieve another year of record earnings if palm oil prices remain favorable.



"For the year 2008, the Group will continue to focus on oil palm plantation as the core activities and shall continuously identify opportunities to increase its plantation land bank size."

PROSPECTS



ACKNOWLEDGEMENT AND APPRECIATION

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

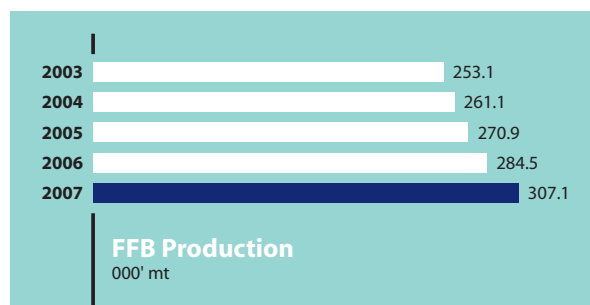
I would like to record our vote of thanks and appreciation from the Board to YH Dato' Haji Lias bin Mohd Noor and Mr Ng Say Pin who resigned from the Board for their invaluable contributions during their tenure with the Group.

My sincere thanks are also directed to all our management and staff for your dedication and hardwork in ensuring delivery of a great productive and good financial performance in the year 2007. To all our

business associates, we thank you for your invaluable support and commitment as well as your understanding.

Last but not the least, to all my fellow Board of Directors, I thank you for your support and advice. I sincerely hope, together we could scale greater heights in producing another bountiful year in 2008.

Dato' Kamaruddin bin Mohammed
Chairman



AUDIT COMMITTEE REPORT

1.0 COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee presently comprises of the following Directors:

Cik Sharina Bahrin	Chairperson, Independent Non-Executive Director
Y.H Dato' Kamaruddin bin Mohammed	Member, Non-Independent Non-Executive Director
Tuan Dr. Haji Amad @ Ahmad bin Aman Resigned on 20 June 2007	Member, Independent Non-Executive Director
Mr Ng Say Pin Resigned on 21 June 2007	Member, Independent Non-Executive Director
Encik Khairul Azahar bin Ariffin Appointed on 23 July 2007	Member, Independent Non-Executive Director
Miss Ng Yee Kim Appointed on 17 December 2007	Member, Independent Non-Executive Director

2.0 TERMS OF REFERENCE

Duties and Responsibilities

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

- To review and reassess the adequacy of the Terms of Reference annually and recommend any proposed changes to the Board for approval.
- To review the quarterly results and year-end financial statements of the Company and the Group, and to recommend the same 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, Bursa and other legal - requirements;
 - Public announcement of results and dividend payment.
- To review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of management integrity.
- To review and verify annually the effectiveness of the Company's Risk Management Program and to review the Company's major risk exposures and the steps management has taken to monitor and control such exposures.
- To review with the external and internal auditors whether the employees of the Group have given them appropriate assistance in discharging their duties.
- To review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
- To review the internal audit plan and processes, the results of the internal audit programme or investigation undertaken and whether or not appropriate action is taken by management on the recommendations of the internal auditors.
- To appraise the performance of the Head of Internal Audit and to review the appraisals of senior staff members of the internal audit function.

AUDIT COMMITTEE REPORT

- To approve any appointment or termination of the Head of Internal Audit and senior staff members of the internal audit function and to review any resignations of internal audit staff members and provide resigning staff members an opportunity to submit reasons for resigning, where necessary.
- To review with the external auditors, the nature and scope of their audit plan, their evaluation of the system of internal controls and their management letter and discuss any matter that the external auditors may wish to raise in the absence of management, where necessary.
- To obtain explanations from Management for unusual variances in the Company's annual financial statements from year to year, and review annually the independent auditors' letter of the recommendations to management and management's response.
- To recommend to the Board on the appointment and the annual reappointment of the external auditors and their audit fee, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit.
- To consider whether the independent auditors provision of non-audit services is compatible with maintaining the independent auditors independence.
- To discuss and review with the external auditors any proposal from them to resign as auditors.
- To review the co-ordination of the audit approaches where more than one audit firm of external auditors is involved and the co-ordination between the external and internal auditors.
- To review the minutes of meetings of other audit committees within the Group and be satisfied that all matters arising there from are being appropriately addressed by these other audit committees.
- To consider and examine such other matters as the Board consider appropriate and beneficial.
- 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 ensure prompt publication of annual accounts.
- To review the Group's Statement of Internal control systems prior to endorsement by the Board.
- To perform any other functions as may be agreed by the Audit Committee and the Board.

Authority

- The Committee is authorised by the Board to investigate any matter within its term of reference, to obtain the resources, which it needs, and to have full and unrestricted access to information. It is also authorised to seek any information it requires from any employee of the Group and all employees are directed to co-operate with any request made by the Committee.
- The Committee shall have direct communication channels with the external and internal auditors.
- The Committee is authorised by the Board to obtain independent professional or other advice at the Company's expense and to invite outsiders with relevant experience and expertise to attend meetings if it considers this necessary.
- Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa"), the Committee shall promptly report such matter to the Bursa.

- Convene meetings with the external auditors, excluding the attendance of the Executive Members of the Committee, whenever deemed necessary.

Meetings

- Meetings shall be held at least four (4) times a year with a minimum quorum of two (2) members and the majority of members present shall be independent non-executive directors. Additional meetings may be called at any time at the discretion of the Chairman of the Committee or if requested by any Audit Committee member, the management, the internal or external auditors.
- The Head of Internal Audit shall be in attendance at meetings of the Committee. The Committee may invite the external auditors, the chief financial officer, any other directors or members of the management and employees of the Group to be in attendance during meetings to assist in its deliberations.
- At least once a year, the Committee shall meet with the external auditors without any executive Board member present. The Chairman of the Committee would be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the listed issuer, whenever deemed necessary.
- The Company Secretary shall be the Secretary of the Committee.
- The minutes of each Committee meeting shall be tabled to the Board by the Chairman of the Committee.

Membership

- The committee shall be appointed by the Board from amongst the non-executive directors of the Company and shall consist of not less than three members, of whom the majority shall be independent.
- At least one member of the Committee:
 - Shall be a member of the Malaysian Institute of Accountants; or
 - If he is not a member of the Malaysian of Accountants, he shall have at least three (3) years' working experience and:
 - He must have passed the examinations specified in part I of the 1st Schedule of the Accountants Act 1967; or
 - He must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
- The term of office and performance of the Committee and each of its members must be reviewed by the board at least once every three (3) years.

Overseeing The Internal Audit Function

- The Committee shall oversee all internal audit functions and is authorised to commission investigations to be conducted by internal audits as it deems fit.
- The committee must ensure that the internal audit function is independent from the activities it audits.
- The internal auditor shall report directly to the Committee and shall have direct access to the Chairman of the Committee.
- All proposals by management regarding the appointment, transfer or dismissal of the internal auditor shall require the approval of the Committee.

AUDIT COMMITTEE REPORT

Reporting Procedures

- The Company Secretary shall be the Secretary of the Committee. He shall record attendance of all members and invitees and take minutes to record the proceedings of every meeting of the Committee. All minutes of the meetings shall be circulated to every member of the Board.
- The Committee shall prepare an annual report to the Board that provides a summary of the activities of the Committee for inclusion in the Company's annual report.
- The Committee shall assist the Board in preparing the following for publication in the Company's annual report.
 - Statement of the Company's application of the principles set out in Part 1 of the Malaysian Code on Corporate Governance;
 - Statement of the extent of compliance with the Best Practices in Corporate Governance set out in Part 2 the Malaysian Code on Corporate Governance specifying reasons for any areas of non-compliance (if any) and the alternatives adopted in such areas;
 - Statement on the Board's responsibility for preparing the annual audited accounts; and
 - Statement about the state of internal control of the Group.
- The Committee may report any breaches of the Listing Requirements, which have not been satisfactorily resolved, to the Bursa Malaysia Securities Berhad.

3.0 ATTENDANCE AT MEETINGS

During the financial year ended 31 December 2007, the Audit Committee held a total of five (5) meetings.

Dates:

26 February 2007	22 August 2007
16 April 2007	21 November 2007
28 May 2007	

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	5
YH Dato' Kamaruddin bin Mohammed	5	5
Tuan Dr. Haji Amad @ Ahmad bin Aman Resigned on 20 June 2007	5	3
Mr Ng Say Pin Resigned on 21 June 2007	5	3
Encik Khairul Azahar bin Ariffin Appointed on 23 July 2007	5	2
Miss Ng Yee Kim Appointed on 17 Dec 2007	5	-

4.0 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 RRPT within the Group for inclusion in the circular to shareholders in relation to the proposed renewal of shareholders' mandate for recurrent related party transactions pursuant to the Bursa Malaysia Listing Requirements.
- Reviewed the suitability of the external auditors and recommended to the Board for appointment 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 2008 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.

5.0 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, which covers review on adequacy of financial and operational controls, risk management, compliance with laws and regulations and management efficiency amongst others.

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

6.0 EMPLOYEES SHARE OPTION SCHEME

The Company' Employees' Share Option Scheme ("ESOS") came into effect on 18 March 2004. The ESOS is governed by the By-Laws, which were approved by the shareholders on 29 December 2002. On 27 July 2006, the shareholders of the Company had approved the amendments to the By-Laws to extend the participant of the ESOS to Non-Executive Directors of the Group.

On 2 April 2007, the shareholders of the Company had approved certain amendment on the clauses in the By-Laws governing the Company's ESOS, particularly that all options and offers shall not exceed an amount equivalent to 15% of the issued and paid up share capital of the Company at any point of time during the existence of the ESOS. The ESOS, which was expired on 17 March 2007, had been extended to 16 March 2012.

AUDIT COMMITTEE REPORT

From 1 January 2007 until 16 April 2008, a total of 228,000 new ordinary shares of RM1 each were issued by the Company for cash by virtue of the exercise of options pursuant to the Company's ESOS at various prices as shown below:

Exercise Price (RM)	Number of Shares Exercised
1.020	35,000
1.635	160,000
2.125	33,000
Total	228,000

Those exercises were made in 4 batches with closing paid up at RM135,089,000.

After taking into consideration of the offered and exercised ESOS, there were 11,384,350 ordinary shares still not allocated to employees as at 16 April 2008 from the total ESOS. As at 16 April 2008, a balance of 1,900,000 ordinary shares are still not exercised.

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 16 April 2008 is as follows:

Name of Directors	Number of options over ordinary shares of RM1 each				
	@ 1.1.2007	Exercised	31.12.2007	Granted During the period	@ 16.4.2008 [unexercised]
YH Dato' Kamaruddin bin Mohammed	-	-	-	1,750,000	1,750,000
Encik Nowawi bin Abdul Rahman	30,000	(30,000)	-	-	-
Mr Tee Lip Hian	-	-	-	150,000	150,000

CORPORATE GOVERNANCE STATEMENT

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

The Board of Far East Holdings Berhad confirms that the Group has applied the principles, and the extent of compliance with the Best Practices of Good Governance as set out in Part 1 and Part 2 respectively of the Malaysian Code on Corporate Governance ("the Code") pursuant to Paragraph 15.26 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("LR"). These principles and best practices have been applied throughout the year ended 31 December 2007.

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

SECTION A : THE BOARD OF DIRECTORS

1.0 PRINCIPAL ROLES

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

The Board meets at least six (6) times a year, with additional meetings convened as and when necessary. During the financial year ended 31 December 2007, eight (8) Board meetings were held. Details on attendance of the Directors at Board meetings are as follow:

Name of Directors	Attendance
YH Dato' Kamaruddin bin Mohammed	8/8
YH Dato' Haji Lias bin Mohd Noor Resigned on 29.11.07	7/7
YH Dato' Md. Adnan bin Sulaiman Appointed on 16.1.08	-
Mr Tee Kim Tee @ Tee Ching Tee	8/8
En Nowawi bin Abdul Rahman	8/8
Mr Tee Cheng Hua	7/8
Tuan Dr Haji Amad @ Ahmad bin Aman Resigned on 20.6.07	4/4
Mr Ng Say Pin Resigned on 21.6.07	4/4
Cik Sharina Bahrin	8/8
Mr Tee Lip Hian	7/8
En Khairul Azahar bin Ariffin Appointed on 23.7.07	3/3
Ms Ng Yee Kim Appointed on 23.7.07	3/3

CORPORATE GOVERNANCE STATEMENT

2.0 BOARD BALANCE

The Board consists of seven (7) Non-Executive Directors (including the Chairman) and two (2) Executive Directors, with three (3) of the nine (9) Directors being Independent Directors with a synergistic mixture of businessmen, planters, professionals and technical expertist. This mix of skills and experience is vital for the successful direction of the Group. A brief profile of each Director is presented on page 12 to 20 of the Annual Report.

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 indicator;
- Current review of the operation of the Group;
- Annual Budget and regular financial reports.

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

4.0 APPOINTMENTS TO THE BOARD

Pursuant to the best practices promulgated by the Code, the Board has established a Nomination Committee, consisting of five (5) Directors without executive functions, three (3) of whom are independent. The duties and responsibilities of the Committee are to propose new nominees to the Board and to assess the contribution of each individual Director and overall effectiveness of the Board on an on-going basis. The membership and principal duties and responsibilities of the Committee are set out in the following paragraph 5.0 (ii).

5.0 BOARD COMMITTEES

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

i) Audit Committee

The Audit Committee reviews issues of accounting policies, presentation for external financial reporting, monitors the work of the Internal Audit function and ensures an objective, and professional relationship is maintained with the external auditors. The Audit Committee has full access to the auditors both internally and externally who, in turn, have access at all times to the Chairman of the Audit Committee. The report of the Audit Committee is stated on page 27 to 32 of the Annual Report.

ii) Nomination Committee

The membership of the Nomination Committee comprises three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Director, as follows:

Non-Independent Non-Executive Director

- YH Dato' Kamaruddin bin Mohammed (Chairman)
- Mr Tee Kim Tee @ Tee Ching Tee

Independent Non-Executive Director

- Cik Sharina Bahrin
- En Khairul Azahar bin Ariffin
- Ms Ng Yee Kim

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 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 two(2) Non-Independent Non-Executive Directors and one(1) Independent Non-Executive Director. 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)
- Mr Tee Kim Tee @ Tee Ching Tee

Independent Non-Executive Director

- En Khairul Azahar bin Ariffin

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' Md. Adnan bin Sulaiman (Chairman)
- Mr Tee Lip Hian

Non-Independent Executive Director

- Mr Tee Cheng Hua
- En Nowawi bin Abdul Rahman

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.

CORPORATE GOVERNANCE STATEMENT

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 2007, all the Directors had participated and attended seminars as recommended and approved by the Board.

SECTION B : DIRECTORS' REMUNERATION

1.0 DIRECTORS REMUNERATION

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

Category	Fees (RM'000)	Salaries (RM'000)	Other Emoluments (RM'000)	Total (RM'000)
Executive	80	324	328	732
Non-Executive	318	96	15	429
Total	398	420	343	1,161

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

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	6
RM50,001-RM200,000	-	1
RM201,001-RM500,000	2	-

SECTION C : RELATIONS WITH SHAREHOLDERS AND INVESTORS

1.0 CORPORATE COMMUNICATION

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

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

SECTION D : ACCOUNTABILITY AND AUDIT

1.0 FINANCIAL REPORTING

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

The quarterly results announcements to the Bursa Malaysia Securities Berhad ("Bursa Malaysia") reflect the Board's commitment to give regular updated assessments on the Group's performance and prospects. The statement by the Board pursuant to Section 169(15) of the Companies Act, 1965 is presented on page 48 of the Annual Report.

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 41 and 42 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 2007, a total of five (5) Audit Committee meetings were held.

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

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

The Audit Committee Report is presented on page 27 to 32 of the Annual Report.

4.0 INTERNAL AUDIT

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

5.0 EXTERNAL AUDIT

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

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

ADDITIONAL COMPLIANCE STATEMENTS

1.0 RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, the company will be seeking the renewal from the shareholders for recurrent related party transactions of a revenue or trading nature, entered into between Far East Holdings Berhad or its subsidiary companies and related parties, at the forthcoming Annual General Meeting of Far East Holdings Berhad scheduled to be held on 4 June 2008. The related party transactions for the group are as follows:

Related Party	Nature of Relationship	Estimated Aggregate Value from the date of the forthcoming AGM to the next AGM** RM'000	Nature of Transaction	Method of Pricing
KKSB	FEHB directly held 51%* equity interest in KKSB	75,255	Sales of FFB between FEHB and KKSB.	Based on forward sales and MPOB pricing
WWSB	KKSB directly held 51%* equity interest in WWSB	1,503	Sales and purchases of CPO, palm kernel and sales of FFB between KKSB and WWSB.	Based on transacted average price of the buyer
PTSB	PTSB is a major shareholder of FEHB that holds 23.89%* equity interest in FEHB	29,620	Sales of palm kernel between KKSB and WWSB with PTSB.	Based on MPOB pricing
PPOM	FEHB directly held 40%* equity interest in PPOM. PPOM in turn holds 41.21% equity interest in PTSB	5,768	Sales of FFB between FEHB and PPOM.	Based on forward sales MPOB pricing
		8,067	Sales and purchases of CPO and sales of FFB between KKSB and PPOM.	Based on transacted average price of the buyer
		1,235	Sales and purchases of CPO and FFB between WWSB and PPOM.	Based on transacted average price of the buyer
CKPSB	KKSB indirectly held 30%* equity interest in CKPSB	20,995	Sales and purchase of CPO and sales of FFB between KKSB and CKPSB.	Based on transacted average price of the buyer
		4,429	Sales and purchases of CPO and sales of palm kernel between WWSB and CKPSB.	Based on transacted average price of the buyer
PGC	KKSB directly held 30%* equity interest in PGC	65,828	Management services in palm oil plantations and marketing of CPO for KKSB and WWSB.	Based on agreed contract agreement for the management services. For the marketing of CPO it is based on forward sales and purchase of CPO prices

ADDITIONAL COMPLIANCE STATEMENTS

Related Party	Nature of Relationship	Estimated Aggregate Value from the date of the forthcoming AGM to the next AGM** RM'000	Nature of Transaction	Method of Pricing
RPOM	PPOM directly held 30%* equity interest in RPOM	47,378	Sales of FFB between FEHB and RPOM.	Based on forward sales and MPOB pricing
		26,891	Sales and purchases of CPO and sales of palm kernel, and purchase of FFB between KKSB and RPOM.	Based on transacted average price of the buyer
		4,550	Sales and purchases of CPO and sales of palm kernel between WWSB and RPOM.	Based on transacted average price of the buyer
EPOM	PTSB directly held 32%* equity interest in EPOM	9,214	Sales and purchase of CPO and purchase of palm kernel between KKSB and EPOM.	Based on transacted average price of the buyer
		3,672	Sales and purchase of CPO between WWSB and EPOM.	Based on transacted average price of the buyer
LKPP Corp.	LKPP Corp. held 6.23% equity interest in FEHB. LKPP Corp is a wholly owned subsidiary of LKPP. LKPP is a major shareholder of FEHB that held 26.35% equity interest in FEHB.	1,160	Sales of FFB between FEHB and LKPP Corp.	Based on MPOB pricing

* As at 14 April 2008

** Estimated aggregate value based on amount transacted (net of purchase and sales) for a financial year ended 31 December 2007 and will vary with the fluctuation of oil palm prices and production during the year.

KKSB - Kilang Kosfarm Sdn Bhd
 WWSB - Wujud Wawasan Sdn Bhd
 PTSB - Prosper Trading Sdn Bhd
 PPOM - Prosper Palm Oil Mill Sdn Bhd
 CKPSB - Cheekah Kemayan Plantations Sdn Bhd
 PGC - PGC Management Services Sdn Bhd
 RPOM - Rompin Palm Oil Mill Sdn Bhd
 EPOM - Endau Palm Oil Mill Sdn Bhd
 LKPP - Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang
 LKPP Corp. - LKPP Corporation Sdn Bhd

ADDITIONAL COMPLIANCE STATEMENTS

2.0 SHARE BUY-BACK

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

3.0 OPTIONS

The Employees' Share Option Scheme ("ESOS") of FEHB came into effect on 18 March 2002 and continued for another five years. The details of the ESOS exercise is disclosed in page 78 to 80 of the Notes to the Accounts of the Financial Statements.

4.0 WARRANT OR CONVERTIBLE SECURITIES

The Company has not issued any warrant or convertible securities in the financial year ended 31 December 2007.

5.0 AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR")

The Company has not sponsored any ADR or GDR programme in the financial year ended 31 December 2007.

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 2007.

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 2007 is RM3,000.

9.0 INTERNAL AUDIT

FEHB's In-House Internal Audit Function had incurred an expenses amounting to RM200,963 for the financial year ended 31 December 2007.

10.0 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 2007.

11.0 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 2007 and the unaudited results for the quarter ended 31 December 2006 of the Group previously announced.

12.0 PROFIT GUARANTEE

The Company has not issued any profit guarantees in the financial year ended 31 December 2007.

13.0 REVALUATION POLICY ON LANDED PROPERTIES

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

STATEMENT OF INTERNAL CONTROL

BOARD RESPONSIBILITY

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

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

RISK MANAGEMENT FRAMEWORK

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

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

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

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

OTHER KEY ELEMENTS OF INTERNAL CONTROL SYSTEM

The other key elements of the Group's internal control system which has been reviewed by the Board are as follow:

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

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

Internal Audit visits are systematically organized over a period, to monitor compliance with policies,

STATEMENT OF INTERNAL CONTROL

procedures and assess the integrity of financial and operational 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. Management is responsible for the periodic review of policies and procedures manuals to accommodate necessary updates.

- **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 non-executive members of the Board and review internal audit findings, discuss risk management plans and ensure that weaknesses in controls highlighted are appropriately addressed by the management. The Internal Audit Function adopts a risk-based approach and is independent of the activities they audit. Their work is based on an annual audit plan approved by the Audit Committee and to ensure independence, the Head of Internal Audit 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 procurement of goods and services exceeding a prescribed limit is approved by the Tender Committees 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**

As a pro-active measure to achieve greater cooperation and coordination to enhance productivity and quality, the Group has established Mill/Estate Committee meetings which meet regularly.

All problems regarding delivery, quality, diversion of fresh fruit bunches [FFB] and other plantation matters are discussed openly and solutions will be recommended by the Committee.

WEAKNESS IN INTERNAL CONTROL

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

This statement is made in accordance with a resolution of the Board of Directors dated 16 April 2008.

FINANCIAL

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DIRECTORS' REPORT
for the year ended 31 December 2007

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 2007.

PRINCIPAL ACTIVITIES

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the year attributable to equity holders of the Company	77,592,592	37,561,246

DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since 31 December 2006 were as follows:

	RM
In respect of the financial year ended 31 December 2006, special interim dividend of 5 sen per share, less income tax of 27% on 134,861,000 ordinary shares, paid on 29 January 2007	4,922,426
In respect of the financial year ended 31 December 2006, final dividend of 7 sen per share, less income tax of 27% and a special tax exempt dividend of 3 sen per share on 135,089,000 ordinary shares, paid on 27 July 2007	10,955,718
In respect of the financial year ended 31 December 2007, interim dividend of 5 sen per share, less income tax of 26% and special interim dividend of 5 sen per share, less income tax of 26% on 135,089,000 ordinary shares, paid on 17 January 2008	9,996,586
	<u>25,874,730</u>

The Directors now recommend the payment of a final dividend of 12.5 sen per share, less income tax of 26% and a special tax exempt dividend of 7.5 sen per share on 135,089,000 ordinary shares amounting to RM12,495,733 and RM10,131,675 respectively for the year ended 31 December 2007. 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 financial year are shown in the financial statements.

EMPLOYEES' SHARE OPTION SCHEME

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

On 2 April 2007 certain clauses in the By-Laws governing the Company's ESOS, were amended particularly that all options and offers shall not exceed an amount equivalent to 15% of the issued and paid up share capital of the Company at any point of time during the existence of the ESOS. The ESOS, which was expired on 17 March 2007, had been extended to 16 March 2012.

DIRECTORS' REPORT

for the year ended 31 December 2007 (continued)

During the year, 228,000 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 23(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 23(b) to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the names of the employees who have been granted options to subscribe for less than 180,000 ordinary shares of RM1 each.

DIRECTORS

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

YH Dato' Kamaruddin bin Mohammed	
Encik Nowawi bin Abdul Rahman	
Mr Tee Kim Tee @ Tee Ching Tee	
Mr Tee Cheng Hua	
Cik Sharina Bahrin	
Mr Tee Lip Hian	
YH Dato' Haji Md. Adnan bin Sulaiman	Appointed on : 16.1.2008
Encik Khairul Azahar bin Ariffin	Appointed on : 23.7.2007
Ms Ng Yee Kim	Appointed on : 23.7.2007
YH Dato' Haji Lias bin Mohd Noor	Resigned on : 29.11.2007
Tuan Dr Haji Amad @ Ahmad bin Aman	Retired on : 20.6.2007
Mr Ng Say Pin	Resigned on : 21.6.2007

In accordance with Article 97 of the Company's Articles of Association, Mr Tee Cheng Hua and Dato' Kamaruddin bin Mohammed retire by rotation at the forthcoming Annual General Meeting. The Directors being eligible offer themselves for re-election.

In accordance with Article 102 of the Company's Articles of Association, Dato' Haji Md. Adnan bin Sulaiman, Encik Khairul Azahar bin Ariffin and Ms Ng Yee Kim retire at the forthcoming Annual General Meeting. The Directors 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 7 to the financial statements).

Since the end of the previous year, no Director has received or become entitled to receive a benefit (other than Directors' remunerations disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in Note 28 to the financial statements.

DIRECTORS' REPORT
for the year ended 31 December 2007 (continued)

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares of RM1 each			
	1.1.2007	Bought	Sold	31.12.2007
Shareholdings in the name of the Director:				
YH Dato' Kamaruddin bin Mohammed	550,000	150,000	-	700,000
Mr Tee Kim Tee @ Tee Ching Tee	3,274,600	384,500	-	3,659,100
Encik Nowawi bin Abdul Rahman	670,000	30,000	(22,000)	678,000
Mr Tee Cheng Hua	914,000	1,210,000	-	2,124,000
Mr Tee Lip Hian	148,000	43,600	-	191,600
	Number of options over ordinary shares of RM1 each			
	1.1.2007	Granted	Exercised	31.12.2007
Encik Nowawi bin Abdul Rahman	30,000	-	(30,000)	-

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

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

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.

DIRECTORS' REPORT

for the year ended 31 December 2007 (continued)

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 other than material litigation as stated in Note 31 to the financial statements.

In the opinion of the Directors:

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

In accordance with a resolution of the Board of Directors dated 16 April 2008.



Dato' Kamaruddin bin Mohammed
Chairman



Nowawi bin Abdul Rahman
Executive Director

STATEMENT BY DIRECTORS

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

We, Dato' Kamaruddin bin Mohammed and Nowawi bin Abdul Rahman, two of the Directors of Far East Holdings Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 50 to 85 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 2007 and of the results and cash flows of the Group and Company for the year ended on that date in accordance with MASB Approved Accounting Standards for Entities Other than Private Entities and the provisions of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors dated 16 April 2008



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 50 to 85 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



Asmin binti Yahya

Subscribed and solemnly declared by the abovenamed Asmin binti Yahya

At: Kuantan

On: 16 April 2008

Before me:

Commissioner for Oaths



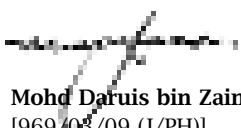
REPORT OF THE AUDITORS

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

Ash'ariCheong (AF 1534)	Chartered Accountants	B42, Abacus Business Centre Lorong Tun Ismail 8 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Malaysia	telephone (609) 5178388
	In association with KT Cheong & Associates (Chartered Accountants)	postal address PO Box 211 25720 Kuantan	facsimile (609) 5158098

1. We have audited the financial statements of Far East Holdings Berhad set out on pages 50 to 85. These financial statements are the responsibility of the Company's Directors.
2. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.
3. We conducted our audit in accordance with applicable approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
4. In our opinion:
 - a) the financial statements have been properly drawn out in accordance with the provisions of the Companies Act, 1965 and MASB Approved Accounting Standards for Entities Other than Private Entities so as to give a true and fair view of :
 - i) the financial position of the Group and Company as at 31 December 2007 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


Mohd Daruis bin Zainuddin
[969/03/09 (J/PH)]
Partner of the firm

Kuantan 16 April 2008

INCOME STATEMENTS
for the year ended 31 December 2007

	Note	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
Revenue	5	372,066,137	169,810,161	52,886,155	44,382,594
Other operating income		5,867,106	1,594,255	4,768,787	413,991
Negative goodwill		-	3,201,860	-	-
Staff costs		(7,184,365)	(5,115,234)	(1,080,687)	(2,141,710)
Changes in inventories		5,455,824	4,024,387	-	-
Finished goods purchased		(92,678,817)	(32,993,111)	-	-
Raw material purchased		(132,951,217)	(48,867,263)	-	-
Production cess		(1,326,249)	(751,171)	-	-
Carriage outwards		(3,983,524)	(2,145,435)	-	-
Upkeep, repair and maintenance of assets		(3,473,095)	(3,326,687)	-	-
Utilities and fuel		(1,663,442)	(639,679)	-	-
Depreciation		(2,636,901)	(1,937,448)	(457,247)	(439,597)
Prepaid lease rental amortised		(2,673,264)	(2,660,196)	(714,374)	(714,374)
Upkeep, cultivation and manuring		(14,596,902)	(13,045,163)	(2,896,826)	(2,574,708)
Harvesting		(11,044,910)	(9,132,985)	(1,967,883)	(1,890,109)
Estate general charges		(2,428,056)	(2,411,222)	(557,139)	(673,280)
Replanting expenses		(1,716,905)	-	(1,073,209)	-
Other operating expenses		(8,861,314)	(7,782,103)	(1,594,274)	(1,151,121)
Finance income		2,269,575	2,066,992	1,013,486	1,198,760
Finance cost		(297,942)	(22,629)	(263,741)	-
Share of profit after tax of equity accounted associates		17,804,885	9,311,233	-	-
Profit before tax	6	115,946,624	59,178,562	48,063,048	36,410,446
Tax expenses	8	(25,351,199)	(15,466,529)	(10,501,802)	(11,047,798)
Profit for the year		90,595,425	43,712,033	37,561,246	25,362,648
Attributable to:					
Equity holders of the Company		77,592,592	38,906,146	37,561,246	25,362,648
Minority interests		13,002,833	4,805,887	-	-
		90,595,425	43,712,033	37,561,246	25,362,648
Earnings per share attributable to equity holders of the Company (sen)					
- basic	9(a)	57.46	29.02		
- diluted	9(b)	57.46	29.00		

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

BALANCE SHEETS

as at 31 December 2007

	Note	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
Non current assets					
Property, plant and equipment	11	216,469,445	202,896,285	38,674,872	34,797,362
Prepaid lease rentals	12	233,980,352	205,153,616	84,990,559	54,204,933
Land held for development	13	40,285,186	40,245,683	40,285,186	40,245,683
Deferred tax asset	22	184,954	66,954	-	-
Subsidiaries	14	-	-	36,199,352	36,199,352
Associates	15	119,750,813	72,678,796	57,463,281	6,350,000
Investments, at cost	16	30,709,393	18,299,075	14,000,000	17,170,000
Breeding stocks		-	91,954	-	-
		641,380,143	539,432,363	271,613,250	188,967,330
Current assets					
Inventories	17	13,796,959	8,045,885	384,637	48,094
Receivables, deposits and prepayments	18	22,013,016	31,407,151	34,691,353	20,232,607
Tax recoverable		1,471,938	1,060,373	626,415	385,777
Deposits, bank and cash balances	19	59,867,561	80,287,525	85,724	32,297,029
		97,149,474	120,800,934	35,788,129	52,963,507
Less: Current liabilities					
Payables	20	28,916,309	23,407,298	49,430,743	6,742,256
Dividend payable		9,996,586	-	9,996,586	-
Current tax liabilities		4,865,753	589,184	-	-
Hire purchase liabilities	21	340,605	431,313	-	-
Overdraft	19	264,528	-	264,528	-
		44,383,781	24,427,795	59,691,857	6,742,256
Net current assets/(liabilities)		52,765,693	96,373,139	(23,903,728)	46,221,251
Less: Non current liabilities					
Hire purchase liabilities	21	196,982	511,591	-	-
Deferred tax liabilities	22	81,282,338	83,557,200	15,184,000	15,121,000
		81,479,320	84,068,791	15,184,000	15,121,000
		612,666,516	551,736,711	232,525,522	220,067,581
Capital and reserves attributable to equity holders of the Company					
Share capital	23	135,089,000	134,861,000	135,089,000	134,861,000
Share premium	24	10,403,020	10,207,860	7,352,294	7,157,134
Revaluation and other reserves	25	176,152,151	173,581,886	25,842,138	25,493,873
Retained earnings	26	230,422,022	178,704,160	64,242,090	52,555,574
Shareholders' equity		552,066,193	497,354,906	232,525,522	220,067,581
Minority interest		60,600,323	54,381,805	-	-
Total equity		612,666,516	551,736,711	232,525,522	220,067,581

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

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2007

Group	Note	Attributable to equity holders of the Company					Minority interest RM	Total equity RM
		Share capital (Note 23) RM	Share premium (Note 24) RM	Revaluation and other reserves (Note 25) RM	Retained earnings RM	Total RM		
At 31 December 2005		133,038,000	9,226,000	173,110,971	157,715,116	473,090,087	33,615,701	506,705,788
- as stated		-	-	28,400	(28,400)	-	-	-
- change in accounting policy								
- as restated		133,038,000	9,226,000	173,139,371	157,686,716	473,090,087	33,615,701	506,705,788
Charged to income statement		-	-	1,580	-	1,580	-	1,580
Employees shares option scheme								
- issue of shares		1,823,000	981,860	-	-	2,804,860	-	2,804,860
- options granted		-	-	27,335	-	27,335	-	27,335
Issue for share		-	-	-	-	-	735,000	735,000
Transfer from deferred tax		-	-	413,600	-	413,600	-	413,600
Business combination		-	-	-	-	-	17,083,719	17,083,719
Profit for the year		-	-	-	38,906,146	38,906,146	4,805,887	43,712,033
Dividends for the year ended								
- 31 December 2005	10	-	-	-	(13,035,830)	(13,035,830)	(1,858,502)	(14,894,332)
- 31 December 2006	10	-	-	-	(4,852,872)	(4,852,872)	-	(4,852,872)
At 31 December 2006		134,861,000	10,207,860	173,581,886	178,704,160	497,354,906	54,381,805	551,736,711
Employees shares option scheme								
- issue of shares		228,000	139,425	-	-	367,425	-	367,425
Share options exercised		-	55,735	(55,735)	-	-	-	-
Transfer from deferred tax		-	-	2,626,000	-	2,626,000	-	2,626,000
Profit for the year		-	-	-	77,592,592	77,592,592	13,002,833	90,595,425
Dividends for the year ended								
- 31 December 2006	10	-	-	-	(15,878,144)	(15,878,144)	(1,884,315)	(17,762,459)
- 31 December 2007	10	-	-	-	(9,996,586)	(9,996,586)	(4,900,000)	(14,896,586)
At 31 December 2007		135,089,000	10,403,020	176,152,151	230,422,022	552,066,193	60,600,323	612,666,516

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2007 (continued)

Company	Note	Share capital (Note 23) RM	Share premium (Note 24) RM	Revaluation and other reserves (Note 25) RM	Retained earnings (Note 26) RM	Total RM
At 31 December 2005						
As stated		133,038,000	6,175,274	25,361,138	45,110,028	209,684,440
Change in accounting policy		-	-	28,400	(28,400)	-
As restated		133,038,000	6,175,274	25,389,538	45,081,628	209,684,440
Employees share option scheme						
- issue of shares		1,823,000	981,860	-	-	2,804,860
- options granted		-	-	27,335	-	27,335
Transfer from deferred tax		-	-	77,000	-	77,000
Profit for the year		-	-	-	25,362,648	25,362,648
Dividends for the year ended						
- 31 December 2005	10	-	-	-	(13,035,830)	(13,035,830)
- 31 December 2006	10	-	-	-	(4,852,872)	(4,852,872)
At 31 December 2006		134,861,000	7,157,134	25,493,873	52,555,574	220,067,581
Employees share option scheme						
- issue of shares		228,000	139,425	-	-	367,425
Share options exercised		-	55,735	(55,735)	-	-
Transfer from deferred tax		-	-	404,000	-	404,000
Profit for the year		-	-	-	37,561,246	37,561,246
Dividends for the year ended						
- 31 December 2006	10	-	-	-	(15,878,144)	(15,878,144)
- 31 December 2007	10	-	-	-	(9,996,586)	(9,996,586)
At 31 December 2007		135,089,000	7,352,294	25,842,138	64,242,090	232,525,522

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

CASH FLOW STATEMENTS

for the year ended 31 December 2007

Note	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Operating activities				
Profit for the year attributable to equity holders of the Company	77,592,592	38,906,146	37,561,246	25,362,648
Adjustments for:				
Minority interest	13,002,833	4,805,887	-	-
Prepaid lease rental amortised	2,673,264	-	714,374	714,374
Property, plant and equipment				
- depreciation	2,636,901	4,597,644	457,247	439,597
- written off	14,787	17,213	11,347	-
- (gain)/loss on disposal	(7,507)	17,509	(9,991)	17,509
Gain on disposal of other investment	(4,339,403)	-	(4,239,000)	-
Share of profit of associates	(17,804,885)	(9,311,233)	-	-
Negative goodwill on business combination	-	(3,201,860)	-	-
Reserve on consolidation written off	-	(6,468)	-	-
Capital reserve written off	-	8,048	-	-
Share options granted	-	27,335	-	27,335
Dividend income	(194,814)	-	(32,961,622)	(29,560,172)
Interest expense	297,942	22,629	263,741	-
Interest income	(2,269,575)	(2,066,992)	(1,013,486)	(1,198,760)
Breeding stock	91,954	357,038	-	-
Tax	25,351,199	15,466,529	10,501,802	11,047,798
Operating profit before working capital	97,045,288	49,639,425	11,285,658	6,850,329
Changes in working capital:				
- inventories	(5,751,074)	(4,336,974)	(336,543)	401,882
- receivables, deposits and prepayments	8,744,134	(3,828,708)	4,318,114	(1,963,683)
- subsidiaries	-	-	21,098,343	12,028,280
- payables	5,473,234	7,084,189	1,270,340	(413,350)
Cash from operations	105,511,582	48,557,932	37,635,912	16,903,458
Lease rental paid in advance	(31,500,000)	-	(31,500,000)	-
Interest received	2,269,575	2,066,992	1,013,486	1,198,760
Interest paid	(297,942)	(22,629)	(263,741)	-
Tax refunded	-	568,570	-	-
Tax paid	(21,200,457)	(12,588,257)	(2,752,802)	(1,827,552)
Net cash flow from operating activities	54,782,758	38,582,608	4,132,855	16,274,666

CASH FLOW STATEMENTS
for the year ended 31 December 2007 (continued)

	Note	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
Investing activities					
Property, plant and equipment					
- acquisition		(15,629,352)	(10,692,709)	(4,346,112)	(1,687,311)
- proceed from disposal		62,011	6,000	10,000	6,000
Acquisitions of subsidiary		-	(3,317,196)	-	(4,400,000)
Issue of share in subsidiary		-	-	-	(2)
Purchase of investment		(18,118,286)	(3,000,000)	-	(3,000,000)
Investment in associate		(29,345,025)	(30,000)	(29,345,025)	-
Proceed from disposal of other investment		10,047,371	-	7,409,000	-
Dividend received		216,382	318,750	5,174,168	-
Net cash used in investing activities		(52,766,899)	(16,715,155)	(21,097,969)	(9,081,313)
Financing activities					
Proceed from issue of shares under employees share option scheme		367,425	2,804,860	367,425	2,804,860
Issue of share to minority interest		-	735,000	-	-
Hire purchase paid		(405,317)	(216,748)	-	-
Dividend paid		(22,662,459)	(19,747,204)	(15,878,144)	(17,888,702)
Net cash used in financing activities		(22,700,351)	(16,424,092)	(15,510,719)	(15,083,842)
(Decrease)/Increase in cash and cash equivalent		(20,684,492)	5,443,361	(32,475,833)	(7,890,489)
Cash and cash equivalent					
- at start of year		80,287,525	74,844,164	32,297,029	40,187,518
- at end of year	19	59,603,033	80,287,525	(178,804)	32,297,029

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

1 GENERAL INFORMATION

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

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

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

The financial statements are presented in Ringgit Malaysia.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

a) Effects Arising from Adoption of New and Revised FRSs

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2006 except for the adoption and early adoption of the following revised FRSs and Amendments to FRS effective from 1 January 2007 :

- FRS 107 Cash Flow Statements
- FRS 111 Construction Contracts
- FRS 112 Income Taxes
- FRS 117 Leases
- FRS 118 Revenue
- FRS 124 Related party disclosures
- FRS 134 Interim Financial Reporting
- FRS 137 Provisions, Contingent Liabilities and Contingent Assets

The MASB has also issued FRS 6 : Exploration for and Evaluation of Mineral Resources which will be effective for annual periods beginning on or after 1 January 2007. This FRS, is however, not applicable to the Group or the Company.

The adoption of the revised FRS 124 give rise to additional disclosures but did not result in significant changes in accounting policies of the Group and of the Company. The adoption of the other revised standards did not have any significant impact on the financial statements of the Group and of the Company.

A summary of the impact of adopting FRS 117 to existing standards on the financial statements of the Group and Company is set out in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

b) Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the followings new FRS and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRSs, Amendments to FRS and Interpretations		Effective for financial periods beginning on or after
FRS 139	Financial Instruments : Recognition and Measurement	Deferred
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5	Right to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6	Liabilities Arising from Participation in a Specific Market - Waste Electrical and Electrical Equipment	1 July 2007
IC Interpretation 7	Applying the Restatement Approach under FRS 129/2004 - Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8	Scope of FRS 2	1 July 2007

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139. The above Interpretations are not applicable to the Group and the Company.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Property, plant and equipment

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

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenditure are charged to the income statement during the period in which they are incurred.

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Property, plant and equipment (continued)

Mature and immature plantations are not depreciated. Other property, plant and equipment are depreciated on the straight line basis to allocate the cost of each asset, or its revalued amount, to its residual value over its estimated useful life as follows:

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

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

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

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

b) Estate planting expenditure

New planting

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

Replanting

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

c) Prepaid lease rental

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the leasee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease rental and are amortised over the respective lease term.

The Group and Company had previously classified leasehold land as property, plant and equipment and were stated at cost/valuation less accumulated amortisation and impairment loss. With the adoption of FRS 117: Leases, the Company treats such leases as operating leases, with the unamortised carrying amount classified as prepaid lease rentals in accordance with the transitional provision provided in FRS 117.

d) Land held for property development

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Land held for property development (continued)

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.

e) Subsidiaries

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

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

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

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

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

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

f) Associates

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Associates (continued)

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

g) Investments

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

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

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

(h) Impairment of non-financial assets

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

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

i) Inventories

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

j) Trade receivables

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

k) Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Taxation

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

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

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

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

m) Assets acquired under hire purchase agreements

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

n) Employee benefits

i) *Short term employee benefits*

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

ii) *Post-employment benefits*

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

iii) *Share-based compensation*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Financial instruments

i) *Financial instruments recognised on the balance sheet*

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

ii) *Fair value estimation for disclosure purposes*

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

p) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised :

i) *Sale of goods*

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

ii) *Interest income*

Interest income is recognised on the accrual basis.

iii) *Dividends*

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

iv) *Rendering of services*

Revenue from courses conducted is recognised upon performance of services.

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. 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 2007 (continued)

5 REVENUE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Sales of fresh fruit bunches	49,259,756	77,493,441	19,924,533	14,822,422
Sales of crude palm oil and palm kernel	322,806,381	92,316,720	-	-
Dividend income (gross)	-	-	32,961,622	29,560,172
	372,066,137	169,810,161	52,886,155	44,382,594

6 PROFIT BEFORE TAX

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Auditors' remuneration				
- statutory audit	91,500	90,500	20,000	20,000
Property, plant and equipment				
- written off	14,787	17,213	11,347	-
- (gain)/loss on disposal	(7,507)	17,509	(9,991)	17,509
Preliminary expenses written off	-	4,700	-	-
Cost of contract workers	168,460	150,905	-	-
Rental of lorry	10,645	14,948	-	-

b) Employee benefits cost

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Salaries, bonus and other benefits	6,533,773	4,465,654	944,832	1,820,335
Defined contribution retirement plan	650,592	622,245	135,855	294,040
Shares options granted	-	27,335	-	27,335
	7,184,365	5,115,234	1,080,687	2,141,710

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

7 DIRECTORS' REMUNERATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Directors of the Company				
Non-executive Directors:				
- Fees	473,466	347,500	318,466	265,000
- Other emoluments	110,400	110,400	110,400	110,400
	583,866	457,900	428,866	375,400
Executive Directors:				
- Fees	262,000	145,000	80,000	70,000
- Other emoluments	992,259	778,589	652,059	662,326
	1,254,259	923,589	732,059	732,326
Directors of subsidiaries				
Non-executive Directors:				
- Fees	260,750	194,110	-	-
- Other emoluments	-	3,450	-	-
	260,750	197,560	-	-
Total	2,098,875	1,579,049	1,160,925	1,107,726

Directors of the Company have been granted options under the Employees' Share Option Scheme on the same terms and conditions as those offered to other employee of the Group (see Note 23(b)) as follows:

	2007		2006	
	Average exercised price RM/share	Options	Average exercised price RM/share	Options
At start of the year	1.635	150,000	1.020-1.635	1,010,000
Exercised	(1.635)	(150,000)	1.020-1.635	(860,000)
At end of year	-	-	1.635	150,000

Options exercised during the year resulted in 228,000 units shares being issued at RM1 each. The weighted average share price at the time of exercise ranging from RM4.79 to RM5.28 per share (2006 : RM2.83 to RM4.08).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

7 DIRECTORS' REMUNERATION (CONTINUED)

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

Expiry date	Exercise price RM/share	2007	2006
17 March 2007	1.635	-	150,000

8 TAX EXPENSES

a) Tax charge for the year

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Malaysian income tax	25,118,061	14,431,819	10,034,802	10,555,798
Deferred tax (Note 22)	233,138	1,034,710	467,000	492,000
Share of tax of equity accounted associates	6,183,836	3,414,298	-	-
Total tax expenses	31,535,035	18,880,827	10,501,802	11,047,798
Malaysian income tax				
Current year	25,158,037	13,940,869	10,070,000	10,064,848
Under accrual in prior years	(39,976)	490,950	(35,198)	490,950
Deferred tax				
Temporary differences	233,138	1,034,710	467,000	492,000
Tax expenses	25,351,199	15,466,529	10,501,802	11,047,798

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

8 TAX EXPENSES (CONTINUED)

b) Numerical reconciliation of income tax expense

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Profit for the year	90,595,425	43,712,033	37,561,246	25,362,648
Total tax expense	31,535,035	18,880,827	10,501,802	11,047,798
	122,130,460	62,592,860	48,063,048	36,410,446
Tax calculated at a tax rate of 27% (2006 : 28%)	32,975,224	17,526,001	12,977,023	10,194,925
Tax effect of :				
- effect of change in tax rate from 28% to 27%	(767,923)	-	(208,000)	-
- expenses not deductible for tax purposes	591,029	1,235,829	289,507	361,923
- under provision for prior years	(39,976)	490,950	(35,198)	490,950
- benefits from utilisation of reinvestment allowance	(58,708)	(256,115)	-	-
- income not taxable	(1,164,611)	(115,838)	(2,521,530)	-
Total tax expense	31,535,035	18,880,827	10,501,802	11,047,798

9 EARNINGS PER SHARE

a) Basic earnings per share

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

	2007	2006
Profit attributable to equity holders of the Company (RM)	77,592,592	38,906,146
Weighted average number of ordinary shares in issue	135,030,973	134,045,463
Basic earnings per share (sen)	57.46	29.02

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

9 EARNINGS PER SHARE (CONTINUED)

b) Diluted earnings per share (continued)

	2007	2006
Weighted average number of ordinary shares in issue	135,030,973	134,045,463
Adjustment for share options	-	123,753
Weighted average number of ordinary shares for diluted earnings per share	135,030,973	134,169,216
Diluted earnings per share (sen)	57.46	29.00

During the year, the Directors share options have been fully exercised.

10 DIVIDENDS

Dividends declared or proposed for year ended 31 December 2007 are as follows:

	Group and Company			
	31.12.2007		31.12.2006	
	Gross dividend per share Sen	Amount of dividend, net of tax RM	Gross dividend per share Sen	Amount of dividend, net of tax RM
Interim dividend paid	-	-	5.0	4,852,872
Interim dividend declared	10.0	9,996,586	5.0	4,922,426
Proposed				
- Final dividend	12.5	12,495,733	-	-
- Tax exempt special dividend	7.5	10,131,675	-	-
	30.0	32,623,994	10.0	9,775,298
Dividend per share recognised as distribution to ordinary equity holders of the Company	25.0	25,874,730	17.5	17,888,702

Interim dividend declared of RM9,996,586 paid on 17 January 2008 by the Company was in respect interim dividend of 5 sen per share, less income tax of 26% and special interim dividend of 5 sen per share, less income tax of 26% on 135,089,000 for the year ended 31 December 2007.

At the forthcoming Annual General Meeting, a final dividend of 12.5 sen per share, less income tax of 26% and a special tax exempt dividend of 7.5 sen per share on 135,089,000 ordinary shares amounting to RM12,495,733 and RM10,131,675 respectively for the year ended 31 December 2007 will be proposed for shareholders' approval.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

11 PROPERTY, PLANT AND EQUIPMENT

Group	Immature and mature plantations RM	Buildings RM	Plant and machinery RM	Motor vehicles, furniture, fixtures and equipment RM	Assets under construction RM	Total RM
Carrying amounts at 31 December 2005	179,664,316	1,258,581	1,138,567	1,553,303	-	183,614,767
Additions	7,905,911	359,737	2,651,049	1,104,948	106,160	12,127,805
Acquisition of subsidiary	-	6,218,181	2,615,873	317,001	-	9,151,055
Written off	-	(6)	(9,169)	(8,038)	-	(17,213)
Transfer	-	-	(24,096)	-	-	(24,096)
Disposal	-	(6,846)	(14)	(16,649)	-	(23,509)
Depreciation charge	-	(393,032)	(958,610)	(580,882)	-	(1,932,524)
Carrying amounts at 31 December 2006	187,570,227	7,436,615	5,413,600	2,369,683	106,160	202,896,285
Additions	9,365,892	1,172,632	5,445,892	294,936	-	16,279,352
Written off	-	(7)	(11)	(14,769)	-	(14,787)
Disposal	-	-	(54,494)	(10)	-	(54,504)
Reclassification	-	315,498	-	(209,338)	(106,160)	-
Depreciation charge	-	(485,402)	(1,538,599)	(612,900)	-	(2,636,901)
Carrying amounts at 31 December 2007	196,936,119	8,439,336	9,266,388	1,827,602	-	216,469,445
At 31 December 2006 (restated)						
Cost	10,764,772	19,392,182	27,023,904	6,126,213	106,160	63,413,231
Valuation	176,805,455	-	-	-	-	176,805,455
Accumulated depreciation	-	(11,955,567)	(21,610,304)	(3,756,530)	-	(37,322,401)
Carrying amounts	187,570,227	7,436,615	5,413,600	2,369,683	106,160	202,896,285
At 31 December 2007						
Cost	20,130,664	20,757,539	32,296,087	5,680,540	-	78,864,830
Valuation	176,805,455	-	-	-	-	176,805,455
Accumulated depreciation	-	(12,318,203)	(23,029,699)	(3,852,938)	-	(39,200,840)
Carrying amounts	196,936,119	8,439,336	9,266,388	1,827,602	-	216,469,445

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Immature and mature plantations RM	Buildings RM	Plant and machinery RM	Motor vehicles, furniture, fixtures and equipment RM	Total RM
Carrying amounts at 31 December 2005 (as restated)	32,035,105	166,999	236,201	1,134,852	33,573,157
Additions	1,386,789	14,300	58,990	227,232	1,687,311
Disposal	-	(6,846)	(14)	(16,649)	(23,509)
Depreciation charge	-	(62,888)	(79,382)	(297,327)	(439,597)
Carrying amounts at 31 December 2006	33,421,894	111,565	215,795	1,048,108	34,797,362
Additions	3,617,021	245,132	298,620	185,340	4,346,113
Reclassifications	-	116,538	-	(116,538)	-
Disposal	-	-	-	(9)	(9)
Written off	-	(5)	(5)	(11,337)	(11,347)
Depreciation charge	-	(71,526)	(86,185)	(299,536)	(457,247)
Carrying amounts at 31 December 2007	37,038,915	401,704	428,225	806,028	38,674,872
At 31 December 2006					
Cost	1,386,789	2,528,662	1,096,528	3,045,431	8,057,410
Valuation	32,035,105	-	-	-	32,035,105
Accumulated depreciation	-	(2,417,097)	(880,733)	(1,997,323)	(5,295,153)
Carrying amounts	33,421,894	111,565	215,795	1,048,108	34,797,362
At 31 December 2007					
Cost	5,003,810	2,817,455	1,371,869	2,737,020	11,930,154
Valuation	32,035,105	-	-	-	32,035,105
Accumulated depreciation	-	(2,415,751)	(943,644)	(1,930,992)	(5,290,387)
Carrying amounts	37,038,915	401,704	428,225	806,028	38,674,872

Details of independent professional valuation of mature and immature plantations owned by the Group at 31 December 2007 are as follows:

Year of Valuation	Description of Property	Amount RM	Basis of Valuation
2000	Mature and immature plantations	111,363,861	Open market value
2005	Mature and immature plantations	180,576,598	Open market value

For prior to year 2000, no disclosure is made on the valuation of mature and immature plantations due to absence of historical records and as permitted by the previous accounting standard on property, plant and equipment, FRS 116, in 2000.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

12 PREPAID LEASE RENTAL

	2007 RM	2006 RM
Group		
At cost/valuation		
At 1 January	207,957,829	207,398,500
Acquisition of subsidiary	-	559,329
Addition	31,500,000	-
At 31 December	239,457,829	207,957,829
Less: Amortisation		
At 1 January	(2,804,213)	-
Acquisition of subsidiary	-	(58,100)
Transfer	-	(80,993)
Amortisation for the year	(2,673,264)	(2,665,120)
At 31 December	(5,477,477)	(2,804,213)
Carrying amounts as at the year-end	233,980,352	205,153,616
Company		
At cost/valuation		
At 1 January	55,000,300	55,000,300
Addition	31,500,000	-
At 31 December	86,500,300	55,000,300
Less: Amortisation		
At 1 January	(795,367)	-
Transfer	-	(80,993)
Amortisation for the year	(714,374)	(714,374)
At 31 December	(1,509,741)	(795,367)
Carrying amounts as at the year-end	84,990,559	54,204,933

Leasehold land of the Group and Company was last revalued on 31 December 2005. Fair value is determined by reference to open market values using comparison method.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

13 LAND HELD FOR PROPERTY DEVELOPMENT

	Group and Company	
	2007 RM	2006 RM
At start of the year	40,245,683	40,245,683
Addition	39,503	-
At end of the year	40,285,186	40,245,683

14 SUBSIDIARIES

	Company	
	2007 RM	2006 RM
Unquoted shares, at cost	36,499,351	36,499,351
Allowance for diminution in value	(299,999)	(299,999)
	36,199,352	36,199,352

Details of the subsidiaries are as follows:

Name of Company	Country of incorporation	Effective interest of the Group				Principal activities
		Company		Subsidiary		
		2007 %	2006 %	2007 %	2006 %	
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
Spectacular Potential Sdn Bhd	Malaysia	100	-	-	-	Investment holding
Kampong Aur Oil Palm Company (Sdn.) Berhad	Malaysia	83	83	-	-	Oil palm plantations
*Madah Perkasa Sdn Bhd	Malaysia	-	-	83	83	Oil palm plantations
Far East Delima Plantations Sdn Bhd	Malaysia	80	80	-	-	Oil palm plantations
Kilang Kosfarm Sdn Bhd	Malaysia	51	51	-	-	Palm oil mill
Gem Asia Sdn Bhd	Malaysia	100	100	-	-	Training and courses
Radiant Apex Sdn Bhd	Malaysia	100	100	-	-	Dormant

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

All subsidiaries are audited by Ash'ariCheong.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

15 ASSOCIATES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At cost				
Unquoted shares	53,025,232	23,754,374	57,463,281	6,350,000
Share of post acquisition reserve	66,725,581	48,924,422	-	-
	119,750,813	72,678,796	57,463,281	6,350,000

Summary financial information on associates is as follows:

	Group	
	2007 RM	2006 RM
Revenue (100%)	209,910,994	146,172,363
Profit for the year (100%)	58,959,298	34,717,062
Total assets (100%)	357,700,554	300,385,640
Total liabilities (100%)	56,689,907	70,877,914

The details of the associates are as follows:

Name of company		Effective interest of equity held by				
		Country of incorporation	Company		Subsidiary	
			2007 %	2006 %	2007 %	2006 %
*	Prosper Palm Oil Mill Sdn Bhd	Malaysia	40.0	-	-	25.5
*	Business & Budget Hotels (Kuantan) Sdn Bhd	Malaysia	36.2	36.2	-	-
#	Future Prelude Sdn Bhd	Malaysia	30.0	-	-	-

Audited by Ash'ariCheong

* Audited by other firms of auditors

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

16 INVESTMENTS, AT COST

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Quoted investment	12,580,318	-	-	-
Unquoted investment	-	1,170,000	-	1,170,000
Unquoted structured investments	12,000,000	11,000,000	9,000,000	11,000,000
Unit trust	5,000,000	5,000,000	5,000,000	5,000,000
Unconsolidated subsidiary*	1,129,075	1,129,075	-	-
	30,709,393	18,299,075	14,000,000	17,170,000
Market value of :				
Unit trust	7,498,857	6,050,162	7,498,857	6,050,162
Quoted shares	13,444,960	-	-	-

* 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 INVENTORIES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At cost				
Finished goods	11,413,112	6,498,071	-	-
Raw material	580,537	39,753	-	-
Nursery	542,769	700,848	-	-
Consumables	1,260,541	807,213	384,637	48,094
	13,796,959	8,045,885	384,637	48,094

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

18 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade receivables	20,251,983	25,198,822	94,689	53,911
Other receivables	1,112,004	640,312	449,998	281,702
Allowance for doubtful debts	(89,543)	(89,543)	(89,543)	(89,543)
Deposits	1,022,461	550,769	360,455	192,159
Prepayment	47,059	3,530,990	14,860	3,165,590
Amounts due from associates	691,513	1,370,667	628,224	1,252,736
	-	755,903	3,957	755,903
Amounts due from subsidiaries	-	-	34,024,057	15,247,197
Allowance for doubtful debts	-	-	(434,889)	(434,889)
	-	-	33,589,168	14,812,308
	22,013,016	31,407,151	34,691,353	20,232,607

Credit term of trade receivables to the Group and Company is 30 days (2006 : 30 days).

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

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

Prepayments of the Group and Company include advance lease rental of RM625,000 (2006: RM1,250,000) paid to the joint venture (JV) partner upon execution of the JV agreement, the amount will be charged out proportionally over a period of 4 years.

19 CASH AND CASH EQUIVALENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Deposits with licensed banks	39,402,466	58,199,439	-	27,296,973
Deposit with licensed finance companies	1,280,000	4,280,000	-	3,000,000
Deposit with building society	2,000,000	3,500,000	-	-
Bank and cash balances	17,185,095	14,308,086	85,724	2,000,056
Bank overdraft (unsecured)	59,867,561 (264,528)	80,287,525 -	85,724 (264,528)	32,297,029 -
Deposits, bank and cash balances	59,603,033	80,287,525	(178,804)	32,297,029

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

19 CASH AND CASH EQUIVALENTS (CONTINUED)

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

	Group and Company	
	2007 %	2006 %
Deposits with licensed banks	3.0	2.9
Deposits with building society	3.2	2.9
Deposits with licensed finance companies	-	3.0
Bank overdraft (unsecured)	8.0	-

As at 31 December 2007, the deposits of the Group and Company have maturity period of 30 to 90 days (2006: 30 to 90 days). Bank balances are deposits held at call with banks.

20 PAYABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade payables	18,608,941	17,531,979	2,095,131	954,640
Other payables	3,183,582	2,257,483	425,537	802,928
Amount due to associate	2,279,690	-	-	-
Amount due to unconsolidated subsidiary	933,333	933,333	141,984	141,984
Accruals	3,910,763	2,684,503	1,824,652	1,277,909
Amounts due to subsidiaries	-	-	44,943,439	3,564,795
	28,916,309	23,407,298	49,430,743	6,742,256

Credit terms of trade payables of the Group and Company ranges from 30 to 90 days (2006 : 30 to 90 days).

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

21 HIRE PURCHASE LIABILITIES

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

	Group	
	2007 RM	2006 RM
Current		
Hire purchase liabilities (secured)	340,605	431,313
Non Current		
Hire purchase liabilities (secured)	196,982	511,591
Hire purchase		
Minimum hire purchase payments		
- not later than 1 year	364,046	480,152
- later than 1 year but not later than 5 years	222,988	546,401
	587,034	1,026,553
Future finance charges on hire purchase	(49,447)	(83,649)
Present value of hire purchase liabilities	537,587	942,904

	2007 RM	2006 RM
Representing hire purchase liabilities:		
- current	340,605	431,313
- non current	196,982	511,591
	537,587	942,904
Present value of hire purchase liabilities:		
- not later than 1 year	340,605	431,313
- later than 1 year and not later than 5 years	196,982	511,591
	537,587	942,904

The effective interest rate at year end was 4.98% (2006: 4.98%).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

22 DEFERRED TAX

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Deferred tax assets	184,954	66,954	-	-
Deferred tax liabilities	(81,282,338)	(83,557,200)	(15,184,000)	(15,121,000)
At start of year	(83,490,246)	(82,823,136)	(15,121,000)	(14,706,000)
Charged to income statement (Note 8)				
- property, plant and equipment	(269,138)	(750,710)	(467,000)	(492,000)
- others	36,000	(284,000)	-	-
Acquisition of subsidiary	-	(46,000)	-	-
Transfer to revaluation reserve (Note 25)	2,626,000	413,600	404,000	77,000
At end of year	(81,097,384)	(83,490,246)	(15,184,000)	(15,121,000)
Deferred tax assets before offsetting				
- unabsorbed business loss	657,416	311,416	-	-
Offsetting	(472,462)	(244,462)	-	-
Deferred tax assets after offsetting	184,954	66,954	-	-
Deferred tax liabilities before offsetting				
- property, plant and equipment	(81,506,800)	(83,517,662)	(15,184,000)	(15,121,000)
- others	(248,000)	(284,000)	-	-
Offsetting	472,462	244,462	-	-
Deferred tax liabilities after offsetting	(81,282,338)	(83,557,200)	(15,184,000)	(15,121,000)

23 SHARE CAPITAL

	Company	
	2007 RM	2006 RM
a) Authorised ordinary shares of RM1 each		
At start and end of year	500,000,000	500,000,000
Issued and fully paid ordinary shares of RM1 each		
At 1 January	134,861,000	133,038,000
Issued during the year		
- exercise of share option	228,000	1,823,000
At 31 December	135,089,000	134,861,000

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

23 SHARE CAPITAL (CONTINUED)

b) Employees' Share Option Scheme

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

On 2 April 2007 the shareholders of the Company had approved certain amendment on the clauses in the By-Laws governing the Company's ESOS, particularly that all options and offers shall not exceed an amount equivalent to 15% of the issued and paid up share capital of the Company at any point of time during the existence of the ESOS. The ESOS, which was expired on 17 March 2007, had been extended to 16 March 2012.

The main features of the ESOS are as follows:

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

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

Grant date Year ended	Expiry date	Exercise price before bonus issue RM/share	Exercise price after bonus issue RM/share	At start of year '000	Granted '000	Exercised '000	At end of year '000
31.12.2007							
30.4.2002	17.3.2007	2.040	1.020	35	-	(35)	-
8.12.2004	17.3.2007	3.270	1.635	160	-	(160)	-
5.8.2005	17.3.2007	4.250	2.125	33	-	(33)	-
				228	-	(228)	-
31.12.2006							
30.4.2002	17.3.2007	2.040	1.020	712	-	(677)	35
8.12.2004	17.3.2007	3.270	1.635	870	-	(710)	160
1.3.2005	17.3.2007	3.580	1.790	62	-	(62)	-
5.8.2005	17.3.2007	4.250	2.125	330	-	(297)	33
27.2.2006	17.3.2007	-	2.745	-	77	(77)	-
				1,974	77	(1,823)	228

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

23 SHARE CAPITAL (CONTINUED)

b) Employees' Share Option Scheme (continued)

	31.12.2007	31.12.2006
Number of share options vested at the balance sheet date	-	228,000

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 RM/share	Number of shares issued	
			2007 Unit	2006 Unit
March 2007	4.76	1.020	35,000	-
March 2007	4.76	1.635	100,000	-
March 2007	4.76	2.125	33,000	-
July 2007	5.30	1.635	60,000	-
March 2006	3.22	1.020	-	192,000
March 2006	3.22	1.635	-	40,000
March 2006	3.22	1.790	-	8,000
March 2006	3.22	2.125	-	92,000
May 2006	3.49	1.635	-	60,000
May 2006	3.49	1.790	-	14,000
May 2006	3.49	2.125	-	94,000
June 2006	3.44	1.020	-	365,000
June 2006	3.44	1.635	-	399,000
June 2006	3.44	1.790	-	40,000
June 2006	3.44	2.125	-	26,000
June 2006	3.44	2.745	-	22,000
July 2006	3.55	1.020	-	120,000
July 2006	3.55	1.635	-	21,000
July 2006	3.55	2.125	-	19,000
August 2006	3.71	2.125	-	12,000
August 2006	3.71	2.745	-	11,000
September 2006	3.78	1.635	-	140,000
September 2006	3.78	2.125	-	45,000
September 2006	3.78	2.745	-	44,000
December 2006	4.14	1.635	-	50,000
December 2006	4.14	2.125	-	9,000
			228,000	1,823,000

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

23 SHARE CAPITAL (CONTINUED)

b) Employees' Share Option Scheme (continued)

	2007 RM	2006 RM
Ordinary share capital at par	228,000	1,823,000
Share premium	139,425	981,860
Proceeds received on exercise of share options	367,425	2,804,860
Fair value at exercise date of shares issued	1,117,680	6,349,450

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.

24 SHARE PREMIUM

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At 1 January	10,207,860	9,226,000	7,157,134	6,175,274
Exercise of share option	139,425	981,860	139,425	981,860
Transfer from share option reserve (Note 25)	55,735	-	55,735	-
At 31 December	10,403,020	10,207,860	7,352,294	7,157,134

25 REVALUATION AND OTHER RESERVES

	Capital reserve RM	Reserve on consolidation RM	Share option reserve RM	Revaluation reserve RM	Total RM
Group					
At 31 December 2005					
- as stated	(8,048)	6,468	-	173,112,551	173,110,971
- change in accounting policy	-	-	28,400	-	28,400
- as restated	(8,048)	6,468	28,400	173,112,551	173,139,371
Charged to income statement	8,048	(6,468)	-	-	1,580
Employees share option scheme					
- options granted	-	-	27,335	-	27,335
Transfer from deferred tax	-	-	-	413,600	413,600
At 31 December 2006	-	-	55,735	173,526,151	173,581,886
At 31 December 2006			55,735	173,526,151	173,581,886
Transfer to share premium (Note 24)			(55,735)	-	(55,735)
Transfer from deferred tax (Note 22)			-	2,626,000	2,626,000
At 31 December 2007			-	176,152,151	176,152,151

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

25 REVALUATION AND OTHER RESERVES (CONTINUED)

	Share option reserve RM	Revaluation reserve RM	Total RM
Company			
At 31 December 2005			
- as stated	-	25,361,138	25,361,138
- change in accounting policy	28,400	-	28,400
- as restated	28,400	25,361,138	25,389,538
Employees share option scheme - options granted	27,335	-	27,335
Transfer from deferred tax (Note 22)	-	77,000	77,000
At 31 December 2006	55,735	25,438,138	25,493,873
Transfer to share premium (Note 24)	(55,735)	-	(55,735)
Transfer from deferred tax (Note 22)	-	404,000	404,000
At 31 December 2007	-	25,842,138	25,842,138

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

26 RETAINED EARNINGS

In the past, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

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

Subject to confirmation by the Inland Revenue Board, as at 31 December 2007, the Company has tax exempt account of approximately RM17,630,000 (2006 : RM16,580,000) for the payment of tax exempt dividends.

27 SEGMENTAL INFORMATION

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

28 SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

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

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

The significant related party transactions are as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Related parties				
Dividend income from:				
- Prosper Palm Oil Mill Sdn Bhd	-	318,750	-	-
- Business & Budget (Hotels) Sdn Bhd	101,600	-	101,600	-
- Kilang Kosfarm Sdn Bhd	-	-	5,100,000	-
Sales of fresh fruit bunches, net of purchases:				
- Prosper Palm Oil Mill Sdn Bhd	12,141,657	13,804,842	5,767,646	10,843,039
- Rompin Palm Oil Mill Sdn Bhd	73,231,222	26,652,451	-	-
- Kilang Kosfarm Sdn Bhd	75,255,101	11,176,727	13,935,203	3,508,333
- LKPP Corporation Sdn Bhd	1,159,701	499,841	1,159,701	499,841
- Cheekah Kemayan Plantation Sdn Bhd	14,184,833	-	-	-
- Wujud Wawasan Sdn Bhd	447,730	-	-	-
Sales of crude palm oil and palm kernel, net of purchases:				
- Prosper Trading Sdn Bhd	29,620,169	9,488,552	-	-
- Prosper Palm Oil Mill Sdn Bhd	1,256,961	3,453,280	-	-
- Cheekah Kemayan Plantations Sdn Bhd	-	1,535,661	-	-
- PGC Management Services Sdn Bhd	63,518,727	12,823,243	-	-
- Endau Palm Oil Mill Sdn Bhd	3,672,174	-	-	-
- Rompin Palm Oil Mill Sdn Bhd	5,587,891	-	-	-
Purchases of crude palm oil and palm kernel, net of sales				
- Endau Palm Oil Mill Sdn Bhd	9,214,339	3,048,221	-	-
- Rompin Palm Oil Mill Sdn Bhd	-	14,375,263	-	-
- Prosper Palm Oil Mill Sdn Bhd	1,715,249	-	-	-
- Cheekah Kemayan Plantations Sdn Bhd	11,240,130	-	-	-
Management fee payable to: PGC Management Services Sdn Bhd	2,309,725	1,266,375	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

28 SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Related parties				
Receivables:				
- Prosper Palm Oil Mill Sdn Bhd	-	9,877,183	-	755,903
- Rompin Palm Oil Mill Sdn Bhd	3,038,457	-	-	-
- Kilang Kosfarm Sdn Bhd	6,195,836	246,703	1,338,104	246,703
- Prosper Trading Sdn Bhd	3,216,385	1,411,017	-	-
- PGC Management Services Sdn Bhd	5,300,077	2,216,791	-	-
- LKPP Corporation Sdn Bhd	94,688	-	94,688	-
- Cheekah Kemayan Plantations Sdn Bhd	2,622,654	-	-	-
- Endau Palm Oil Mills Sdn Bhd	931,180	-	-	-
Payables:				
- PGC Management Services Sdn Bhd	100,250	-	-	243,902
- Rompin Palm Oil Mill Sdn Bhd	3,183,973	5,364,207	-	2,322,978
- Endau Palm Oil Mill Sdn Bhd	-	652,374	-	-
- Cheekah Kemayan Plantations Sdn Bhd	-	500,330	-	-
- Prosper Palm Oil Mill Sdn Bhd	2,266,900	-	-	-

29 CAPITAL COMMITMENTS

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Authorised by the Directors and contracted	-	53,900,000	-	51,695,000
Authorised by the Directors and not contracted	53,386,00	38,945,000	40,675,000	26,864,000
	53,386,000	92,845,000	40,675,000	78,559,000
Analysed as follows:				
- property, plant and equipment	6,478,000	5,457,000	2,544,000	1,372,000
- oil palm plantation development	18,908,000	15,693,000	10,131,000	5,492,000
- acquisition of land	-	28,350,000	-	28,350,000
- acquisition of shares	8,000,000	23,345,000	8,000,000	23,345,000
- bio diesel and glycerine project	20,000,000	20,000,000	20,000,000	20,000,000
	53,386,000	92,845,000	40,675,000	78,559,000

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

30 CHANGES IN ACCOUNTING POLICIES

The list of new accounting standards, amendments to published standards and interpretations on existing standards that are adopted by the Company for accounting period beginning on 1 January 2007 is set out in Note 2(a).

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

a) Restatement of balance sheets as 31 December 2006

	As previously reported RM	FRS 117 RM	As restated RM
Group			
Property, plant and equipment	408,049,901	(205,153,616)	202,896,285
Prepaid lease rental	-	205,153,616	205,153,616
Company			
Property, plant and equipment	89,002,295	(54,204,933)	34,797,362
Prepaid lease rental	-	54,204,933	54,204,933

31 MATERIAL LITIGATION

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

The claims are as follows:

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

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

- iii) A declaration that MUIP had exercised its option to acquire 3,984,501 unit of shares at RM1.33 each in accordance to Clause 2.02(b), (c) and (d) of the joint venture agreement;
- iv) An order that the Company to transfer 3,984,501 units of KAOP's shares to MUIP at a price of RM1.33 each within 7 days from the date the MUIP pay the sum of RM5,299,386.33;
- v) In the event the Company fails to transfer the shares as stated in Para (iv) above; the Senior Assistant Registrar of the High Court would act accordingly to transfer the shares to the MUIP;
- vi) A declaration that MUIP had exercised its option to purchase 2,739,344 unit of shares in accordance to Clause 2.02(e) and (f) of the JV Agreement;

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007 (continued)

31 MATERIAL LITIGATION (CONTINUED)

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

The High Court of Malaya at Kuantan had on the 21.6.2007 ordered that the action be stayed pursuant to Section 10 of the Arbitration Act 2005 and also ordered that the Kuala Lumpur Regional Centre for Arbitration to appoint an arbitrator to conduct the proceedings.

Majlis Ugama Islam dan Adat Resam Melayu Pahang had filed their appeal to the Court Of Appeal and had also referred the matter to the Kuala Lumpur Regional Centre for Arbitration.

Until date of this report, no date for the hearing of the appeal or any hearing in the Kuala Lumpur Regional Centre for Arbitration has been fixed.

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

32 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 16 April 2008.

SHAREHOLDINGS STRUCTURE

as at 14 April 2008

THIRTY LARGEST REGISTERED SHAREHOLDERS

No.	Names	No. of Holdings	%
1.	AMSEC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR PROSPER TRADING SDN BHD)	22,994,400	17.02
2.	LEMBAGA KEMAJUAN PERUSAHAAN PERTANIAN NEGERI PAHANG	22,807,800	16.88
3.	LEMBAGA KEMAJUAN PERUSAHAAN PERTANIAN NEGERI PAHANG	12,793,000	9.47
4.	LKPP CORPORATION SDN BHD	8,300,280	6.14
5.	FOKAS SEHATI SDN BHD	7,612,600	5.64
6.	PROSPER TRADING SDN BHD	6,925,820	5.13
7.	HIKMAT ELIT SDN BHD	5,722,600	4.24
8.	HIKMAT ELIT SDN BHD	2,469,800	1.83
9.	PROSPER TRADING SDN BHD	2,346,600	1.74
10.	TEE CHENG HUA	2,124,000	1.57
11.	AFFIN NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR TEE KIM TEE @ TEE CHING TEE)	1,536,000	1.14
12.	KENANGA NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR TEE KIM TEE @ TEE CHING TEE)	1,439,100	1.07
13.	BUDI-JS PLANTATION MANAGEMENT SDN BERHAD	1,335,000	0.99
14.	AFFIN NOMINEES (TEMPATAN) SDN BHD (AFFIN FUND MANAGEMENT SDN BHD FOR MAJLIS UGAMA ISLAM DAN ADAT RESAM MELAYU PAHANG)	1,320,000	0.98
15.	YEOH KEAN HUA	1,007,000	0.75
16.	MERGEBOOM (M) SDN BHD	893,700	0.66
17.	AMANAH SAHAM MARA BERHAD	849,000	0.63
18.	AMANAH SAHAM PAHANG BERHAD	733,200	0.54
19.	MAN FOH @ CHAN MAN FOH	728,000	0.54
20.	PERBADANAN KEMAJUAN NEGERI SELANGOR	704,000	0.52
21.	KAMARUDDIN BIN MOHAMMED	700,000	0.52
22.	TEE KIM TEE @ TEE CHING TEE	684,000	0.51
23.	ANG KIM SENG @ ANG ENG HOCK	682,600	0.51
24.	NOWAWI BIN ABDUL RAHMAN	678,000	0.50
25.	HAN KEE JUAN	675,000	0.50
26.	PHUA CHEE ENG	600,000	0.44
27.	POO AH HAI	576,000	0.43
28.	TEE CHAIN YEE	575,000	0.43
29.	YEW PENG DU	555,000	0.41
30.	LIOW BOON SENG	478,000	0.35

SHAREHOLDINGS STRUCTURE

as at 14 April 2008 (continued)

INFORMATION ON SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)

As at 14 April 2008

No.	Names of Substantial Shareholders	No. of Shares	%
1	AMSEC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR PROSPER TRADING SDN BHD)	22,994,400	17.02
2	LEMBAGA KEMAJUAN PERUSAHAAN PERTANIAN NEGERI PAHANG	22,807,800	16.88
3	LEMBAGA KEMAJUAN PERUSAHAAN PERTANIAN NEGERI PAHANG	12,793,000	9.47
4	LKPP CORPORATION SDN BHD	8,300,280	6.14
5	FOKAS SEHATI SDN BHD	7,612,600	5.64
6	PROSPER TRADING SDN BHD	6,925,820	5.13

INFORMATION ON DIRECTORS SHAREHOLDING

As at 14 April 2008

No.	Names of Directors	Shareholdings	%
1	YH DATO' KAMARUDDIN BIN MOHAMMED	700,000	0.52
2	YH DATO' MD. ADNAN BIN SULAIMAN	-	-
3	MR TEE KIM TEE @ TEE CHING TEE Share held through:- - Individual Account = 684,000 - Kenanga Nominees (Tempatan) Sdn Bhd = 1,439,100 - Affin Nominees (Tempatan) Sdn Bhd = 1,536,000	3,659,100	2.71
4	CIK SHARINA BHRIN	-	-
5	EN NOWAWI BIN ABDUL RAHMAN	678,000	0.50
6	MR TEE CHENG HUA	2,124,000	1.57
7	MR TEE LIP HIAN	191,600	0.14
8	MS NG YEE KIM Share held through:- - Kenanga Nominees (Tempatan) Sdn Bhd = 40,000	40,000	0.03
9	EN KHAIRUL AZAHAR BIN ARIFFIN	-	-

SHAREHOLDINGS STRUCTURE

as at 14 April 2008 (continued)

DISTRIBUTION TABLE A

As at 14 April 2008

Category	No. of Holders	%	No. of Shares	%
Less than 100	6	0.23	240	0.00
100 - 1,000	336	13.14	194,960	0.14
1,001 - 10,000	1,792	70.09	6,384,100	4.73
10,001 - 100,000	352	13.77	9,126,400	6.76
100,001 to less than 5% of issued shares	65	2.54	37,949,400	28.09
5% and above of issued shares	6	0.23	81,433,900	60.28
TOTAL	2,557	100.00	135,089,000	100.00

ANALYSIS OF EQUITY STRUCTURE

As at 14 April 2008

Type of Ownership	Shareholders	%	Shareholdings	%
1. GOVERNMENT AGENCY	4	0.15	36,307,200	26.88
2. BUMIPUTRA:				
a) Individuals	138	5.40	2,819,800	2.09
b) Companies	33	1.29	18,655,680	13.81
c) Nominees Company	91	3.56	28,892,034	21.39
3. NON-BUMIPUTRA:				
a) Individuals	2,111	82.56	26,214,086	19.40
b) Companies	36	1.41	20,189,720	14.94
c) Nominees Company	88	3.44	1,018,100	0.75
MALAYSIAN TOTAL	2,501	97.81	134,096,620	99.26
4. FOREIGN:				
a) Individuals	30	1.17	292,380	0.22
b) Companies	2	0.08	9,800	0.01
c) Nominees Company	24	0.94	690,200	0.51
FOREIGN TOTAL	56	2.19	992,380	0.74
GRAND TOTAL	2,557	100.00	135,089,000	100.00

HARTA - HARTA KUMPULAN
GROUP PROPERTIES

Lokasi Location	Title	Tempoh Tenure	Keluasan (Hek) Area (Hec)	Kegunaan Usage	Nilai Buku Bersih @ 31.12.07 (RM'000) Net Book Value @ 31.12.07 (RM'000)
Far East Holdings Berhad					
i) Ladang Sungai Seraya Daerah Rompin Pahang Darul Makmur	HS(D)61 HS(D)62 HS(D)63 HS(D)64 HS(D)4116 HS(D)4121	Pajakan untuk tempoh sehingga 2079 Pajakan untuk tempoh sehingga 2103	161.87 259.00 230.67 190.20 60.82 10.83	Perladangan kelapa sawit	
ii) Ladang Bukit Jin Daerah Bera Pahang Darul Makmur	HS(D)3171 HS(D)3172 HS(D)3173 HS(D)3174 HS(D)3175 HS(D)3176 HS(D)3177 HS(D)3178 HS(D)3179 HS(D)3180	Pajakan untuk tempoh sehingga 2079 	420.87 420.87 190.20 230.67 274.78 8.50 384.45 36.42 68.80 68.80	Perladangan kelapa sawit	
iii) Ladang Sg Rasau Daerah Pekan Pahang Darul Makmur	HS(D)1971	Pajakan untuk tempoh sehingga 2091	118.04	Pertanian	
iv) Ladang Sungai Batu Daerah Kuantan Pahang Darul Makmur	HS(D)23609	Pajakan untuk tempoh sehingga 2103	874.75	Perladangan kelapa sawit	
v) Ladang Chengal Daerah Rompin Pahang Darul Makmur	HS(D)4147* HS(D)4148*	Pajakan untuk tempoh sehingga 2106	1,103.01 1,096.99	Perladangan kelapa sawit	
vi) Bandar Indera Mahkota Daerah Kuantan Pahang Darul Makmur	PN 7721 PN 7722 PN 7723	Pajakan untuk tempoh sehingga 2096	8.67 2.65 4.33	Bangunan	
			6,226.19		162,315
Kampong Aur Oil Palm Company (Sdn) Berhad					
Ladang Kampong Aur Daerah Rompin Pahang Darul Makmur	HS(D)3708 HS(D)3709 HS(D)3781 HS(D)3780 HS(D)3886 HS(D)38 HS(D)74 HS(D)75 HS(D)4084	Pajakan untuk tempoh sehingga 2070 2070 2073 2073 2074 2077 2079 2079 2100	118.98 242.41 64.75 260.62 419.26 407.11 283.28 137.60 35.59	Perladangan kelapa sawit	
			1,969.60		54,537

HARTA - HARTA KUMPULAN
GROUP PROPERTIES

Lokasi Location	Title	Tempoh Tenure	Keluasan (Hek) Area (Hec)	Kegunaan Usage	Nilai Buku Bersih @ 31.12.07 (RM'000) Net Book Value @ 31.12.07 (RM'000)
Madah Perkasa Sdn Bhd					
i) Ladang Sungai Marung	HS(D)3514	Pajakan untuk tempoh	876.20	Perladangan	
ii) Ladang Sungai Gayung	HS(D)3513	sehingga 2095	666.60	kelapa sawit	
Daerah Rompin	HS(D)3512		1,039.70		
Pahang Darul Makmur	HS(D)3511		1,898.80		
			4,481.30		133,528
Dawn Oil Palm Plantations Sdn Bhd					
i) Ladang Dawn		Pajakan untuk tempoh			
Daerah Rompin	HS(D)11	sehingga		Perladangan	
Pahang Darul Makmur	HS(D)18	2075	297.85	kelapa sawit	
	HS(D)57	2076	133.14		
	HS(D)58	2079	242.81		
	HS(D)3719	2079	178.06		
	HS(D)3772	2071	11.33		
	HS(D)3773	2072	236.34		
	HS(D)4115	2072	14.57		
	PN 7815	2103	114.18		
	HS(D)3718	2103	218.53		
	HS(D)4120	2071	235.12		
		2103	23.69		
ii) Ladang Cempaka	HS(D)988	Pajakan untuk tempoh	452.60	Perladangan	
Daerah Bera		sehingga 2096		kelapa sawit	
Pahang Darul Makmur					
			2,158.22		56,272
B.S. Oil Palm Plantations Sdn Bhd					
Ladang Bukit Serok		Pajakan untuk tempoh			
Daerah Rompin	HS(D)3716	sehingga		Perladangan	
Pahang Darul Makmur	HS(D)3717	2071	136.38	kelapa sawit	
	HS(D)3741	2071	137.19		
	HS(D)4117	2071	290.16		
	HS(D)8	2071	27.89		
	HS(D)16	2075	350.46		
	HS(D)59	2076	346.82		
	HS(D)60	2079	171.99		
	HS(D)50	2079	248.88		
		2085	357.80		
			2,067.56		49,641
Kilang Kosfarm Sdn Bhd	HS(D)3896	Pajakan untuk tempoh	123.84	Bangunan	
		sehingga 2070		kilang	
		(Pajakan kecil dari		dan ladang	
		Kampung Aur Oil Palm		kelapa sawit	
		Company (Sdn) Berhad			
		sehingga 2050)			
			123.84		483

HARTA - HARTA KUMPULAN
GROUP PROPERTIES

Lokasi Location	Title	Tempoh Tenure	Keluasan (Hek) Area (Hec)	Kegunaan Usage	Nilai Buku Bersih @ 31.12.07 (RM'000) Net Book Value @ 31.12.07 (RM'000)
Far East Delima Plantations Sdn Bhd					
i) Ladang Delima Daerah Rompin Pahang Darul Makmur	PN 5602*	Pajakan untuk tempoh sehingga 2103	2,832.86	Perladangan kelapa sawit	
			2,832.86		14,425
			19,859.58		471,201

Notes

* The titles of the land are yet to be transferred to FEHB and its Group of Companies.

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Far East Holdings Berhad

(14809-W)

PROXY FORM

I / We _____

NRIC/Company No. _____

Of _____

being a member / members of FAR EAST HOLDINGS BERHAD,

hereby appoint _____

of _____

or failing him _____

of _____

or failing him the chairman of the meeting as my/our proxy to vote for me/us and on behalf at the 34 Annual General Meeting of Far East Holdings Berhad to be held on Wednesday, 4 June 2008 at 10.00 a.m, Hyatt Regency Kuantan Resort, Kuantan, Pahang Darul Makmur and at any adjournment thereof.

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

	Resolution Number										
	1	2	3	4	5	6	7	8	9	10	11
For											
Against											

Signed this _____ day of _____ 2008.

Total Share Held

Signature(s)/Company Seal _____

Witness* _____

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

NOTES

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

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

STAMP



Far East Holdings Berhad

(14809-W)

BORANG PROKSI

Saya/Kami _____

No KP/Syarikat _____

yang beralamat di _____

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

dengan ini melantik _____

yang beralamat di _____

atau sebagai penggantinya _____

yang beralamat di _____

atau pengerusi mesyuarat sebagai proksi saya/kami yang akan mengundi bagi pihak saya/kami di Mesyuarat Agung Tahunan Syarikat yang ke 34 yang akan diadakan pada hari Rabu, 4 Jun 2008, Jam 10.00 pagi di Hyatt Regency Kuantan Resort, Kuantan Pahang Darul Makmur dan pada sebarang hari penangguhannya.

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

	Nombor Resolusi										
	1	2	3	4	5	6	7	8	9	10	11
Bersetuju											
Menentang											

Ditandatangani pada _____ haribulan _____ 2008.

Jumlah Saham Dipegang

Tandatangan/Meterai _____

Dihadapan* _____

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

NOTA

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

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





Far East Holdings Berhad (14809-W)

Suite 5, Tingkat 8, Kompleks Teruntum
Jalan Mahkota, 25000 Kuantan
Pahang Darul Makmur
Tel: 09-514 1936 / 1948 / 1339
Fax: 09-513 6211
Email: fareast@fareh.po.my
www.fehb.com.my

