

FAR EAST HOLDINGS BERHAD
(14809-W)



ANNUAL REPORT
2010



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Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 37th Annual General Meeting of FAR EAST HOLDINGS BERHAD (“the Company”) will be held at The Zenith Hotel, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur on 20 June 2011 at 10.00 a.m. on Monday to transact the following businesses:-

AGENDA

As Ordinary Business

1. To receive and adopt the Audited Financial Statement for the financial year ended 31 December 2010 together with the Directors’ and Auditors’ Reports thereon. *(Ordinary Resolution 1)*
2. To approve the payment of 20 sen final single tier dividend per share in respect of the financial year ended 31 December 2010 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)*
 - iii. Ms Ng Yee Kim *(Ordinary Resolution 5)*
4. To approve the payment of Directors’ fees and other remunerations for the financial year ended 31 December 2010. *(Ordinary Resolution 6)*
5. To re-appoint Messrs McMillan Woods Thomas (formerly known as Parker Randall Thomas) as auditors for the coming year and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 7)*

As Special Business

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

6. Authority For The Directors To Allot And Issue Shares Pursuant To The Employees’ Share Option Scheme

“THAT pursuant to the Far East Holdings Berhad Employees’ Share Option Scheme (“Scheme”) as approved at the Extraordinary General Meeting (“EGM”) of the Company held on 29 December 2001 and subsequent EGM on 2 April 2007 and 15 December 2010, approval be and is hereby given to the Directors to allot and issue such number of new ordinary shares of RM1.00 each in the Company (“Shares”), from time to time during the duration of the Scheme, pursuant to the exercise of the options granted under the Scheme provided that the aggregate number of new Shares to be allotted and issued under the Scheme shall not exceed fifteen percent (15%) of the issued and paid-up share capital (excluding treasury shares) of the Company at any one time during the existence of the Scheme and such new Shares shall, upon allotment and issuance, rank pari passu in all respects with the existing Shares of the Company except that the new Shares then issued, shall not be entitled to any dividends, rights, allotments and/or other distributions declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of the said new Shares and will be subject to all the provisions of the Articles of Association of the Company relating to the transfer, transmission and otherwise.” *(Ordinary Resolution 8)*

7. 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 11 June 2010 pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, authorising the Company to enter into recurrent transactions of a revenue nature as set in paragraph 2.1 of the Circular to Shareholders dated 26 May 2011 (“Circular”) with the related parties mentioned therein which are necessary for the Company’s day to day operations, be and is hereby renewed.

Notice Of Annual General Meeting

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 mandate 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 9)

8. 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 single tier dividend of 20 sen per share for the financial year ended 31 December 2010 if approved by the shareholders at the Annual General Meeting will be paid on 14 July 2011 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 30 June 2011.

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 28 June 2011 (in respect of share which are exempted from mandatory deposit);
- b) Shares transferred into Depositor's Securities Account before 4.00 p.m. on 30 June 2011 (in respect of ordinary shares) and
- c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

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

Kuantan, Pahang
Date: 26 May 2011

Notice Of Annual General Meeting

Notes :-

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid, the duly completed form of proxy must be deposited at the registered office of the Company, Suite 5 & 6, Tingkat 8, Kompleks Teruntum, Jalan Mahkota, 25000 Kuantan, Pahang Darul Makmur, not less than 48 hours before the time for holding the meeting.
3. A member who is an authorised nominee may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. A member other than an authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her 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 8 – Authority For The Directors to Issue Shares pursuant to ESOS

The proposed resolution 8 if passed, will empower the Directors to issue shares in the Company pursuant to the terms and conditions of the Employees' Share Option Scheme which was approved at the Extraordinary General Meetings of the Company held on 29 December 2001, 2 April 2007 and 15 December 2010.

2 Ordinary Resolution 9 – Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transactions of A Revenue Nature

This proposed resolution 9, if passed, will enable the Company to enter into recurrent related party 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 26 May 2011 accompanying the Company's Annual Report for the financial year ended 31 December 2010.

Statement Accompanying Notice of Annual General Meeting

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

- i) YH Dato' Kamaruddin bin Mohammed
- ii) Mr Tee Cheng Hua
- iii) 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 8 to 10 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 40 of the Annual Report).

2. Place, date and time of the 37th Annual General Meeting

The 37th Annual General Meeting of the Company will be held at The Zenith Hotel, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur on Monday, 20 June 2011 at 10.00 a.m.

3. Details of Attendance of Directors at Board Meetings

A total of seven (7) Board Meetings were held during the financial year ended 31 December 2010. Details of attendance of Directors holding office at the end of financial year are as follows:-

Name	Attendance	Appointment	Retirement/ Resignation
YH Dato' Kamaruddin bin Mohammed	7/7	16/08/2002	-
YH Dato' Md. Adnan bin Sulaiman	5/7	16/01/2008	-
Mr Tee Kim Tee @ Tee Ching Tee	7/7	16/08/2002	-
Mr Tee Cheng Hua	7/7	16/08/2002	-
Mr Tee Lip Hian	7/7	09/09/2004	-
En Khairul Azahar bin Ariffin	7/7	23/07/2007	-
Ms Ng Yee Kim	7/7	23/07/2007	-
En Hashim Naina Merican bin Yahaya Merican	7/7	13/08/2009	-
En Nowawi bin Abdul Rahman	1/1	16/08/2002	01/03/2010

4. Compliance with Paragraph 6.03 (3) of the Main Market Listing Requirements

Pursuant the Companies Act 1965 under the general authority which was approved at 36th Annual General Meeting held on 11 June 2010 and which will lapse at the conclusion of the 37th Annual General Meeting to be held on 20 June 2011, the Company had issued 280,000 new ordinary shares of RM1 each for cash by virtue of the exercise of option pursuant to the Company's Employees' Share Option Scheme.

Details of the unit and exercise price of the ESOS are as per Note 22(b) on page 78 to the financial statements. A renewal of this authority is being sought at the 37th Annual General Meeting under proposed Resolution 8.

Corporate Information

BOARD OF DIRECTORS

- | | | |
|--|---|--|
| 1. YH Dato' Kamaruddin bin Mohammed
Chairman
Non-Independent Non-Executive Director | 4. Mr Tee Cheng Hua
Non-Independent Executive Director | 7. Ms Ng Yee Kim
Independent Non-Executive Director |
| 2. YH Dato' Md. Adnan bin Sulaiman
Non-Independent Non-Executive Director | 5. Mr Tee Lip Hian
Non-Independent Non-Executive Director | 8. En Hashim Naina Merican bin Yahaya Merican
Independent Non-Executive Director |
| 3. Mr Tee Kim Tee @ Tee Ching Tee
Non-Independent Non-Executive Director | 6. En Khairul Azahar bin Ariffin
Independent Non-Executive Director | |

BOARD'S COMMITTEE

Audit Committee

Chairman
En Khairul Azahar bin Ariffin
Members
YH Dato' Kamaruddin bin Mohammed
Ms Ng Yee Kim
En Hashim Naina Merican bin Yahaya Merican

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
Ms Ng Yee Kim
En Hashim Naina Merican bin Yahaya Merican

Employees' Share Option Scheme Committee

Chairman
YH Dato' Md. Adnan bin Sulaiman
Members
Mr Tee Cheng Hua
Mr Tee Lip Hian
En Hashim Naina Merican bin Yahaya Merican

SECRETARIES

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

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad,
Main Market (31.01.1991)

REGISTERED ADDRESS

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

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-78418000
Fax: 03-78418151/52
URL: www.symphony.com.my

MAJOR BANKERS

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

CIMB Bank Berhad
A1, Lorong Tun Ismail 9,
Sri Dagangan 2,
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

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.
F.E. Rangkaian Sdn. Bhd.
(formerly known as Radiant Apex Sdn Bhd)
Spectacular Potential Sdn. Bhd.

ASSOCIATED COMPANIES

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

FINANCIAL YEAR END**31 December 2010****ANNOUNCEMENT OF RESULTS**

First Quarter	19 May 2010
Second Quarter	25 August 2010
Third Quarter	26 November 2010
Fourth Quarter	25 February 2011

PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS

Notice of Annual General Meeting	26 May 2011
ANNUAL GENERAL MEETING	20 June 2011

DIVIDENDS**Interim**

Announcement	26 November 2010
Entitlement Date	07 January 2011
Payment Date	21 January 2011

Final

Announcement	28 April 2011
Entitlement Date	30 June 2011
Payment Date	14 July 2011

Directors' Profile

YH Dato' Kamaruddin bin Mohammed DSAP, DIMP, SF Fin (Aust)

A Malaysian, aged 63, is a Non-Independent Non-Executive Director. He is the Chairman of the Board of Directors of Far East Holdings Berhad. He was appointed to the Board on 16 August 2002. YH Dato' Kamaruddin bin Mohammed is also Chairman of the Board's Remuneration Committee and Nomination Committee as well as a member of the Audit Committee.

A graduate of Business 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 (SF Fin).

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. In May 2008, he was appointed as Deputy Chairman cum Advisor to the Company. He retired from the Group on 30 April 2010.

Currently he is the Chairman of Pascorp Paper Industries Berhad, a Board member of Amanah Saham Pahang Berhad and YTL Cement Berhad.

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

YH Dato' Kamaruddin bin Mohammed attended all seven Board Meetings of the Company held in the financial year ended 31 December 2010.

YH Dato' Md. Adnan bin Sulaiman

A Malaysian, aged 62. 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 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 attended five of all seven Board Meetings of the Company held in the financial year ended 31 December 2010.

Mr Tee Kim Tee @ Tee Ching Tee

A Malaysian, aged 63 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 40 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 has no conflict of interest with the Company. He has had no convictions for offences within the past ten years.

Mr Tee Kim Tee @ Tee Ching Tee attended all seven Board Meetings of the Company held in the financial year ended 31 December 2010.

Mr Tee Cheng Hua

A Malaysian, aged 57. He is an Executive Director, 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 has no conflict of interest with the Company. He has had no convictions for offences within the past ten years.

Mr Tee Cheng Hua attended all seven Board Meetings of the Company held in the financial year ended 31 December 2010.

Mr Tee Lip Hian

A Malaysian, aged 38. He is a Non-Independent Non-Executive Director. He was appointed to the Board on 9 September 2004. He is a 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 all seven Board Meetings of the Company held in the financial year ended 31 December 2010.

Directors' Profile

En Khairul Azahar bin Ariffin

A Malaysian, aged 48, is an Independent Non-Executive Director. He was appointed to the Board on 23 July 2007. He is the Chairman of the Audit Committee and a member of Remuneration Committee.

He is a Chartered Accountant by profession. He graduated with a Bachelor of Accountancy (Hons), from University 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 all seven Board Meetings of the Company held in the financial year ended 31 December 2010.

Ms Ng Yee Kim

A Malaysian, aged 42. 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. She is currently the Secretary for Malaysian Chapter of CFA Institute, CFA Malaysia. Ms Ng Yee Kim graduated from 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, Kenanga Investment Bank Berhad and at present she is attached to Hwang DBS Investment Berhad as Head of Dealing, Mid Valley Branch.

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 all seven Board Meetings of the Company held in the financial year ended 31 December 2010.

En Hashim Naina Merican bin Yahaya Merican

A Malaysian, aged 60, is an Independent Non-Executive Director. He was appointed to the Board on 13 August 2009. He is a member of Audit Committee, Nomination Committee and ESOS Committee.

A graduate of Institute Tecnology Mara, Shah Alam in 1974. He completed the professional examinations of the Association of Certified Accountant (UK) and also a member of Malaysian Institute of Accountant.

Upon graduation in 1974, he joined Price WaterhouseCoopers as a Senior Audit Assistant. Later in 1977 he worked at Malaysian Oxygen as an Internal Auditor. Following to that in 1979 he served Hewlett Packard Sales Malaysia Sdn Berhad as an Administration Manager. From there in 1987, he joined Rashid Hussein Securities Sdn Berhad as Dealer Representative and later in 2005 he moved to TA Securities Holdings Berhad as Dealer Representative.

En Hashim 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.

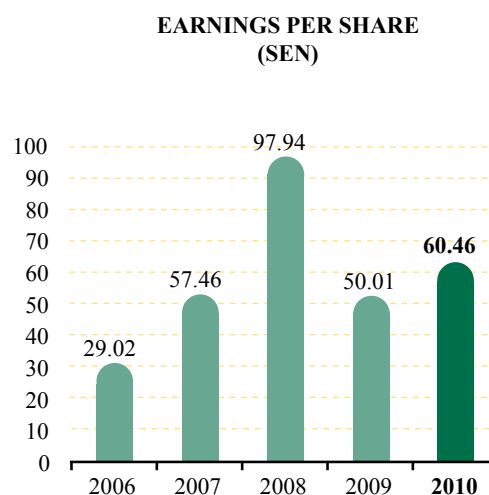
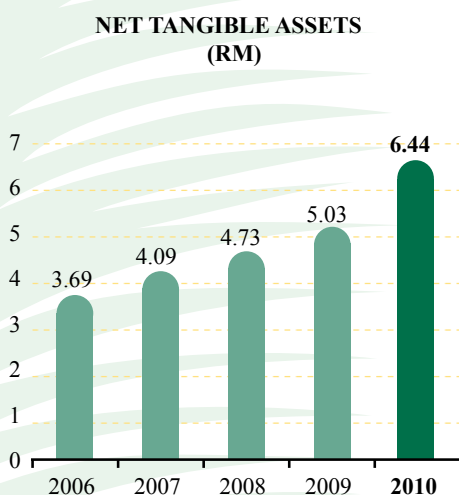
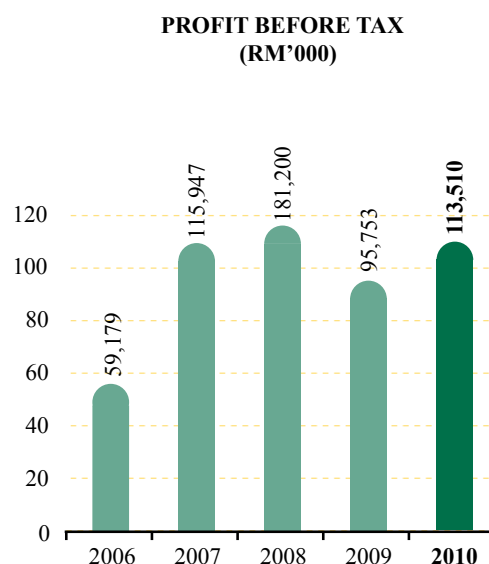
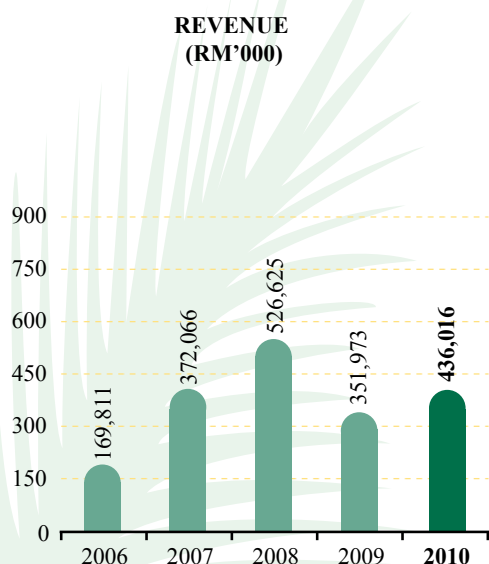
He attended all seven Board Meetings of the Company held in the financial year ended 31 December 2010.

Group Financial Summary

	2010	2009 As Restated	2008 As Restated	2007	2006
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER					
	RM'000	RM'000	RM'000	RM'000	RM'000
Capital And Reserves					
Share Capital	136,509	136,229	135,649	135,089	134,861
Non-Distributable Reserves	329,484	197,550	192,107	186,555	183,790
Retained Earnings	413,196	351,220	313,854	230,422	178,704
Shareholders' Equity	879,189	684,999	641,610	552,066	497,355
Non-Controlling interests	67,202	59,323	59,711	60,600	54,382
	946,391	744,322	701,321	612,666	551,737
Non-Current Assets	RM'000	RM'000	RM'000	RM'000	RM'000
Property, Plant And Equipment	675,079	482,247	470,150	450,450	408,050
Land Held For Development	29,263	29,263	40,379	40,285	40,246
Deferred Tax Assets	-	405	268	185	67
Associates	199,068	175,660	158,884	119,751	72,679
Others Financial Assets	54,454	41,294	32,602	30,709	18,299
Breeding Stocks	-	-	-	-	92
	957,864	728,869	702,283	641,380	539,433
Current Assets	148,928	124,765	117,209	97,149	120,801
Current Liabilities	34,977	30,416	37,995	44,384	24,428
Net Current Assets	113,951	94,349	79,214	52,765	96,373
Non-Current Liabilities					
Deferred Tax Liabilities	125,424	78,868	79,997	81,282	83,557
Hire Purchase Liabilities and Borrowings	-	28	179	197	512
	125,424	78,896	80,176	81,479	84,069
	946,391	744,322	701,321	612,666	551,737
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AS AT 31 DECEMBER					
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	436,016	351,973	526,625	372,066	169,811
Profit Before Taxation	113,510	95,753	181,200	115,947	59,179
Profit After Taxation	92,637	77,109	148,071	90,595	43,712

Group Financial Summary

	2010	2009 As Restated	2008 As Restated	2007	2006
HIGHLIGHTS AS AT 31 DECEMBER					
Earnings Per Share (sen)	60.46	50.01	97.94	57.46	29.02
Net Tangible Asset Per Share (RM)	6.44	5.03	4.73	4.09	3.69
Current Ratio	4.26	4.10	3.08	2.19	4.95
Pre-Tax Profit As a Percentage of Sales (%)	26.03	27.20	34.41	31.16	34.85
Pre-Tax Profit As a Percentage of Shareholders' Equity (%)	12.91	13.98	28.24	21.00	11.90



Plantation Matrix

		Actual 2010	Actual 2009	Actual 2008	Actual 2007	Actual 2006
Mature Area	Hectare	15,219	13,792	12,949	12,973	13,492
Total Planted Area	Hectare	19,648	19,660	19,648	18,497	16,090
FFB Production	mt	257,825	302,454	336,635	307,056	284,510
FFB Yield	mt/ha	16.94	21.93	26.00	23.67	21.09
OER	%	18.89	18.77	18.54	18.15	18.28
CPO Yield	mt/ha	3.20	4.12	4.82	4.30	3.85
CPO Price	RM/mt	2,538	2,223	2,930	2,150	1,504
Kernel Recovery Revenue	RM/mt	437	265	388	370	224
CPO Production Cost (Ex-estate)	RM/mt	847	763	726	545	518
CPO Production Cost (Exclude Replanting Cost)	RM/mt	1,215	1,073	1,219	904	782
Profit from CPO & Kernel/Mature Hectare	RM/ha	5,845	5,899	10,175	7,240	3,747

Chairman's Statement



“

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Financial Statements of Far East Holdings Berhad (FEHB) for the financial year ended 31 December 2010.

”

Financial Review

In 2010, FEHB continued to achieve strong and creditable results in a year of sustained economic recovery and rising commodity prices.

For the year ended 31 December 2010, FEHB registered revenue of RM436.02 million, which is 24% higher compared to RM351.97 of the previous year. The performance enabled FEHB to register a pre-tax profit of RM113.51 million and profit after tax of RM92.64 million representing 19% and 20% growth respectively over the previous year's earnings and profits.

As a result, the Group's earnings per share improved to 60.46 sen from 50.01 sen registered in the previous year while the NTA per share increased by RM1.41 to RM6.44.

Review of Performance

In line with seasonal trend and palm profile, our plantations experienced a lower production of 16.94 metric tonnes per hectare in 2010 compared to 21.93 metric tonnes per hectare in 2009. The Group produced 257,825 metric tonnes of fresh fruit bunches (“FFB”) in 2010, a shortfall of 44,629 metric tonnes or 15% when compared to 2009.

It is anticipated that FFB production will increase in tandem with the increase in yield performance of newly matured areas. The palm profile of the Group's estates is as follows:

Detail	Hectares 2010	Hectares 2009
Matured Area	15,219.47	13,791.91
Immature Area	1,753.44	1,014.49
New Planting	1,856.07	1,256.77
Land Preparation	819.22	3,597.11
Total	19,648.20	19,660.28





The year under review saw an increase in the oil extraction rate (OER). The Group recorded an OER of 18.89% for 2010 compared to 18.77% for 2009, while palm kernel extraction rate remained steady at 4.63% for the year 2010.

Against the backdrop of lower FFB production, the Group's steady financial performance was mainly supported by the CPO average prices for the year under review. The average CPO price for the year 2010 was RM2,538 per metric tonne compared to RM2,223 per metric tonne recorded in the previous year, a 14% increase. On a brighter note, the average price of palm kernel oil rose significantly by 66% when it closed at an average price of RM1,775 per metric tonne in 2010 compared to RM1,071 per metric tonne in 2009.

Dividend

The Group is committed in honouring our dividend policy to enhance shareholders value as well as to reward shareholders for their unwavering support, trust and confidence. This commitment is clearly evidenced by the good dividend payout practiced by the Company.

For the financial year ended 31 December 2010, an interim single tier dividend of 10 sen per share was paid on 21 January 2011. The Board of Directors is pleased to recommend for your approval a final single tier dividend of 20 sen per share at the forthcoming Annual General Meeting. If approved, the total dividend paid for financial year 2010 would be 30 sen per share. This translates into a dividend yield of 4.2% current share price to the shareholders.

Prospects

The world economy is expected to rebound on a soft recovery in the near term. Thus, the plantation industry is again expected to face new challenges in 2011 given that scenario. CPO prices in 2011 are expected to remain buoyant, the overall fundamentals of the plantation industry would remain strong arising from continuous strong demand of palm products. Based on this optimism, the prospect of the Group to achieve good results in 2011 would remain bright.

Corporate Social Responsibility ("CSR")

The Group is committed to uphold the highest standards of operations and conduct. As a socially responsible corporation, we will continue to contribute positively to the sustainable development of the economy and the community.

The Group will continue to place importance on its CSR and remain committed for the care of environment, employees and in fostering strong relationships with business associates.

The Group continues to adopt a "Zero-Burning" practices in its replanting programmes to demonstrate its emphasis on environmental conservation. The "Zero-Burning" policy is a cleaner and greener approach for land clearing activities during replanting programme which at the same time enhance soil fertility by replenishing organic matter and improving the soil's physical properties. To eradicate the rat population in our estates, the eco-friendly system

Chairman's Statement



of using barn owl are preferred as a method of pest management method of barn owls are used.

To further reflect on the Group's commitment to sustainable business practices, we have embarked on getting our operations certified under the Malaysian Palm Oil Board (MPOB) Code of Practices. Currently, the Group's mill, Kilang Kosfarm Sdn Bhd and two of our estates namely Bukit Serok and Kampung Aur estates had been awarded with Certificate of Compliance to the Code of Practice.

The Group recognised the importance of employees with the right skills and competencies as it moves forward. Continuous training programme and refresher courses are given to staff in order to equip themselves with the latest development in the industry.

The Group has in place an Occupational Safety and Health Policy, in order to ensure preventive and safety measures are inculcate in the Company's working environment.

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. The statements had been approved by the Board in the meeting dated 14 April 2011 for disclosure in the Annual Report.

Acknowledgement and Appreciation

On behalf of the Board, I would like to express my sincere and heartfelt thanks to our valued customers, associates and the relevant government authorities especially to the government of the State of Pahang for their assistance, support and guidance that are so essential for the growth of the Group.

My sincere appreciation is also directed to all our employees for their positive efforts in building strong team and to our shareholders for their continued faith and endorsement. Last but not least, my personal thanks to my fellow colleagues on the Board for their astute guidance and wise counsel throughout the year. We will put our efforts and resources together to continue to build the Company in pursuance of excellence and to scale greater height of achievement.

Dato' Kamaruddin bin Mohammed
Chairman

1.0 COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee presently comprises the following Directors:

En Khairul Azahar bin Ariffin	Chairman, Independent Non-Executive Director
YH Dato' Kamaruddin bin Mohammed	Member, Non-Independent Non-Executive Director
Ms Ng Yee Kim	Member, Independent Non-Executive Director
En Hashim Naina Merican bin Yahya Merican	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 therefrom 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 audit 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/She 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 2010, the Audit Committee held a total of five (5) meetings.

Dates:

24 February 2010	18 August 2010
27 April 2010	23 November 2010
18 May 2010	

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
En Khairul Azahar bin Ariffin	5	5
YH Dato' Kamaruddin bin Mohammed	5	5
Ms Ng Yee Kim	5	5
En Hashim Naina Merican bin Yahya Merican	5	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 recurrent related party transactions 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 2011 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's Employees' Share Option Scheme ("ESOS") came into effect on 18 March 2002. The ESOS is governed by the By-Laws, which were approved by the shareholders on 29 November 2001. On 18 August 2004, 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.

Audit Committee Report

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 expired on 17 March 2007, had been extended to 16 March 2012.

From 1 January 2010 until 14 April 2011, a total of 280,000 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 the exercise price of RM5.234. The exercises were made in three batches with closing paid up at RM136,509,000.

A breakdown of the options offered to and exercised by all directors pursuant to a share scheme for employees and directors as at 14 April 2011 is as follows:

Name	Balance @ 1.1.2010	Options Exercised	Balance @ 14.4.2011
YH Dato' Kamaruddin bin Mohammed	700,000	250,000	450,000
Mr Tee Lip Hian	60,000	30,000	30,000
Total	760,000	280,000	480,000

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 2010.

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 2010, seven (7) Board meetings were held. Details on attendance of the Directors at Board meetings are as follow:

Name of Directors	Attendance	Retirement / Resignation
YH Dato' Kamaruddin bin Mohammed	7/7	-
YH Dato' Md. Adnan bin Sulaiman	5/7	-
Mr Tee Kim Tee @ Tee Ching Tee	7/7	-
Mr Tee Cheng Hua	7/7	-
Mr Tee Lip Hian	7/7	-
En Khairul Azahar bin Ariffin	7/7	-
Ms Ng Yee Kim	7/7	-
En Hashim Naina Merican bin Yahaya Merican	7/7	-
En Nowawi bin Abdul Rahman	1/1	01/03/2010

2.0 Board Balance

The current Board consists of seven (7) Non-Executive Directors (including the Chairman) and one (1) Executive Director, with three (3) of the eight (8) 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 8 to 10.

The role of the Chairman and the Executive Director 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 Director has overall responsibility for the operating units, organisational effectiveness and implementation of Board policies and decisions. The current Chairman has never been a Chief Executive Officer of the Company. 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 four (4) Directors without executive functions. 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 17 to 22. The Audit Committee meets once a year with the external auditors without the presence of Executive Officers of the Company.

ii) Nomination Committee

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

- **Non-Independent Non-Executive Director**
YH Dato' Kamaruddin bin Mohammed (Chairman)
Mr Tee Kim Tee @ Tee Ching Tee
- **Independent Non-Executive Director**
Ms Ng Yee Kim
En Hashim Naina Merican bin Yahaya Merican

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

iii) Remuneration Committee

The Remuneration Committee currently consists of 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

Independent Non-Executive Director

- En Hashim Naina Merican bin Yahaya Merican

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 Director, are required to submit themselves for re-election by rotation at each Annual General Meeting.

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

Corporate Governance Statement

7.0 Directors Training

Every Director of the Company undergoes continuous training to equip himself/herself to effectively discharge his/ her duties as a Director and for that purpose he/she ensures that he/she 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 completed their Continuing Education Programme (“CEP”) as prescribed by the Bursa Malaysia. For the financial year ended 31 December 2010, all Directors had participated and attended seminars as recommended and approved by the Board as follows:

No	Name	Coursed Attended	Date
1.	YH Dato’ Kamaruddin bin Mohammed	The 6th Asia Pacific Audit & Governance Summit 2010	29 & 30 June 2010
2.	YH Dato’ Md. Adnan bin Sulaiman	The 6th Asia Pacific Audit & Governance Summit 2010	29 & 30 June 2010
3.	Mr Tee Kim Tee @ Tee Ching Tee	Advance Principles of Deferred Taxation	9 & 10 August 2010
4.	Mr Tee Cheng Hua	Sales & Purchase Agreement For Property & Land Transactions	17 & 18 March 2010
		Strategic For Conducting Due Diligence	12 & 13 May 2010
		Goods & Service Tax in Malaysia (GST)	20 May 2010
		Strategic Thinking, Planning & Execution	16 & 17 August 2010
5.	Mr Tee Lip Hian	International Oil Palm Conference 2010	1, 2 & 3 June 2010
6.	Ms Ng Yee Kim	Strategic For Conducting Due Diligence	12 & 13 May 2010
7.	En Khairul Azahar bin Ariffin	Toward Boardroom Excellence and Corporate Governance Best Practice	13 & 14 January 2010
		The 6th Asia Pacific Audit & Governance Summit 2010	29 & 30 June 2010
8.	En Hashim Naina Merican bin Yahaya Merican	The 6th Asia Pacific Audit & Governance Summit 2010	29 & 30 June 2010
		Strategic For Conducting Due Diligence	12 & 13 May 2010

SECTION B: DIRECTOR REMUNERATION

1.0 Director Remuneration

The aggregate Director remuneration paid or payable or otherwise made to all Directors of the Company who served during the financial year ended 31 December 2010 are as follows:-

Category	Other Fees (RM'000)	Salaries (RM'000)	Emoluments (RM'000)	Total (RM'000)
Executive	58	189	250	497
Non-Executive	380	300	343	1,023
Total	438	489	593	1,520

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

Range of Remuneration	Executive Director	Non-Executive Directors
RM50,001-RM200,000	-	6
RM200,001-RM1,500,000	1	1

SECTION C: RELATIONS WITH SHAREHOLDERS AND INVESTORS

1.0 Corporate Communication

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

The Company's e-mail fareast@fareh.po.my is one of the means to communicate with the Company. The Board has appointed 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 Secretary 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 43.

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 34 to 36 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 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 2010, 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 17 to 22.

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 (“FEHB”) or its subsidiary companies and related parties, at the forthcoming Annual General Meeting of FEHB scheduled to be held on 20 June 2011. The related party transactions for the Group are as follows:

Name	Nature of Relationship	Date and Place of Incorporation	Principal Activities
KKSB	FEHB directly holds 51%* equity interest in KKSB	13.11.1989 Malaysia	Operating of palm oil mill
WWSB	KKSB directly holds 51%* equity interest in WWSB	29.11.2005 Malaysia	Operating of palm oil mill
PTSB	PTSB is a major shareholder of FEHB that holds 24.54%* equity interest in FEHB	09.09.1985 Malaysia	Operating of palm kernel mill
PPOM	FEHB directly holds 40%* equity interest in PPOM	13.01.1978 Malaysia	Operating of palm oil mill and cultivation of oil palm
RPOM	PPOM directly holds 30%* equity interest in RPOM	28.01.1994 Malaysia	Operating of palm oil mill
EPOM	PTSB directly holds 32%* equity interest in EPOM	23.10.1997 Malaysia	Operating of palm oil mill
PGC	KKSB directly holds 30%* equity interest in PGC	10.04.2004 Malaysia	Management Services in palm oil plantations and marketing of sales and purchases of CPO
PPOPM	PPOM directly holds 30%* equity interest in PPOPM	18.08.1994 Malaysia	Trading and Marketing agent
KOSMA	KOSMA is a shareholder of WWSB that holds 49%* equity interest in WWSB	04.12.1967 (Incorporated under) Cooperative Act 1993 Malaysia	Operating of palm oil mill
LKPP Corp.	LKPP Corp. holds 6.17%* equity interest in FEHB. LKPP Corp. is a wholly owned subsidiary of LKPP. LKPP is a major shareholder of FEHB that holds 26.08%* equity interest in FEHB	21.06.1990 Malaysia	Operating of palm oil mill
Kilang Sawira Makmur	KKSB indirectly holds 31.50%* stake in Kilang Sawira Makmur via its associated company i.e. Jaspurna Holdings Sdn Bhd	18.11.1993 Malaysia	Operating of palm oil mill

* As at 29 April 2011

Additional Compliance Statements

<i>EPOM</i>	-	<i>Endau Palm Oil Mill Sdn Bhd</i>
<i>KKSB</i>	-	<i>Kilang Kosfarm Sdn Bhd</i>
<i>Kilang Sawira Makmur</i>	-	<i>Kilang Sawira Makmur Sdn Bhd</i>
<i>LKPP</i>	-	<i>Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang</i>
<i>LKPP Corp.</i>	-	<i>LKPP Corporation Sdn Bhd</i>
<i>KOSMA</i>	-	<i>Koperasi Serbausaha Makmur Berhad</i>
<i>PTSB</i>	-	<i>Prosper Trading Sdn Bhd</i>
<i>PPOM</i>	-	<i>Prosper Palm Oil Mill Sdn Berhad</i>
<i>RPOM</i>	-	<i>Rompin Palm Oil Mill Sdn Bhd</i>
<i>PGC</i>	-	<i>PGC Management Services Sdn Bhd</i>
<i>PPOPM</i>	-	<i>Prosper Palm Oil Product Marketing Sdn Bhd</i>
<i>WWSB</i>	-	<i>Wujud Wawasan Sdn Bhd</i>

Pursuant to paragraph 10.02 of the Listing Requirements, the parties related to the FEHB Group, which have recurrent transactions of a revenue or trading nature with the Group are as follows:

(i) Sales of fresh fruit bunches:

Related Party	Nature of Transaction	Method of Pricing
KKSB	Sales of FFB by FEHB to KKSB and WWSB	Based on forward sales and MPOB pricing
WWSB	Sales of FFB between KKSB and WWSB	Based on forward sales and MPOB pricing
PPOM	Sales of FFB by KKSB to PPOM	Based on forward sales and MPOB pricing
RPOM	Sales of FFB by FEHB to RPOM	Based on forward sales and MPOB pricing
EPOM	Sales of FFB by FEHB to EPOM	Based on forward sales and MPOB pricing
Kilang Sawira Makmur	Sales of FFB by FEHB to Kilang Sawira Makmur	Based on forward sales and MPOB pricing
LKPP Corp.	Sales of FFB by FEHB to LKPP Corp.	Based on MPOB pricing

(ii) Purchases of fresh fruit bunches:

Related Party	Nature of Transaction	Method of Pricing
FEHB	Purchases of FFB by KKSB from FEHB	Based on forward sales and MPOB pricing
KKSB	Purchases of FFB between KKSB and WWSB	Based on forward sales and MPOB pricing
PPOM	Purchases of FFB by KKSB from PPOM	Based on forward sales and MPOB pricing
RPOM	Purchases of FFB by KKSB from RPOM	Based on forward sales and MPOB pricing
KOSMA	Purchases of FFB by WWSB from KOSMA	Based on MPOB pricing

(iii) Sales of CPO

Related Party	Nature of Transaction	Method of Pricing
KKSB	Sales of CPO by KKSB to WWSB	Based on the contract price
WWSB	Sales of CPO by WWSB to KKSB	Based on the contract price
PPOM	Sales of CPO by KKSB and WWSB to PPOM	Based on the contract price
RPOM	Sales of CPO by KKSB and WWSB to RPOM	Based on the contract price
EPOM	Sales of CPO by KKSB and WWSB to EPOM	Based on the contract price
PGC	Sales of CPO by KKSB to PGC	Based on the forward sales and sales contract price
Kilang Sawira Makmur	Sales of CPO by KKSB to Kilang Sawira Makmur	Based on the contract price

(iv) Purchases of CPO

Related Party	Nature of Transaction	Method of Pricing
KKSB	Purchases of CPO by WWSB from KKSB	Based on the contract price
WWSB	Purchases of CPO by KKSB from WWSB	Based on the contract price
PPOM	Purchases of CPO by KKSB and WWSB from PPOM	Based on the contract price
RPOM	Purchases of CPO by KKSB and WWSB from RPOM	Based on the contract price
EPOM	Purchases of CPO by KKSB and WWSB from EPOM	Based on the contract price
PPOPM	Purchases of CPO by KKSB and WWSB from PPOPM	Based on the contract price
Kilang Sawira Makmur	Purchases of CPO by KKSB and WWSB from Kilang Sawira Makmur	Based on the contract price

(v) Sales of Kernel

Related Party	Nature of Transaction	Method of Pricing
PTSB	Sales of kernel by KKSB and WWSB to PTSB	Based on the contract price
EPOM	Sales of kernel by WWSB to EPOM	Based on the contract price
RPOM	Sales of kernel by KKSB and WWSB to RPOM	Based on the contract price

(vi) Purchases of Kernel

Related Party	Nature of Transaction	Method of Pricing
EPOM	Purchases of kernel by WWSB from EPOM	Based on the contract price

Additional Compliance Statements

(vii) Management fee

The management fee charged includes the management services for technical services, marketing services, administration and accounting services.

Related Party	Nature of Transaction	Method of Pricing
PGC	Management fee charged by PGC to KKSB and WWSB	Based on agreed contract for the management services.

(viii) Purchases of Fertilizers

Related Party	Nature of Transaction	Method of Pricing
PTSB	Purchases of fertilizers by FEHB from PTSB	Based on the agreed fertilizer prices negotiated

The aggregate value of the Recurrent Related Party Transactions made during the financial year is shown below:

Related Party	RM'000
FEHB	115,444
KKSB	307,963
WWSB	211,748
PPOM	32,716
RPOM	54,391
EPOM	113,849
Kilang Sawira Makmur	60,634
LKPP Corp.	1,575
KOSMA	102,502
PGC	97,728
PPOPM	1
PTSB	31,739
Total	1,130,290

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 detail of the ESOS exercise is disclosed in page 77 to 78 of the Notes to the Account 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 2010.

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 2010.

6.0 Approved Utilisation of Fund

There were no approved utilisation of fund obtained by the Company from the 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 2010.

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 2010 is RM15,500.

9.0 Internal Audit

The Company’s In-House Internal Audit Function had incurred an expenses amounting to RM357,125 for the financial year ended 31 December 2010 (2009: RM372,777)

10.0 Material Contract

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 2010.

11.0 Profit Estimate, Forecast, Projection and Variation

The were no variations of 10% or more between the audited result for the financial year ended 31 December 2010 and the unaudited results for the quarter ended 31 December 2010 of the Company previously announced.

12.0 Profit Guarantee

The Company has not issued any profit guarantees in the financial year ended 31 December 2010.

13.0 Revaluation Policy on Landed Properties

Property, Plant and Equipment

Land and oil palm 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.

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, amount in revaluation reserve relating to those assets are transferred to retained earnings.

Statement On 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 review 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.

The Internal Audit Function reviews the operational procedures and processes to ensure the effectiveness integrity of the Group's 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 enhancing shareholders' wealth. The monitoring and managing of the Group operations is delegated to its Executive Director who is 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, 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 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.

Statement On Internal Control

- **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 co-operation and co-ordination to enhance productivity and quality, the Group has established plantations operations and management co-ordination meetings, which meet regularly.

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 14 April 2011.

Statement Of Directors' Responsibilities

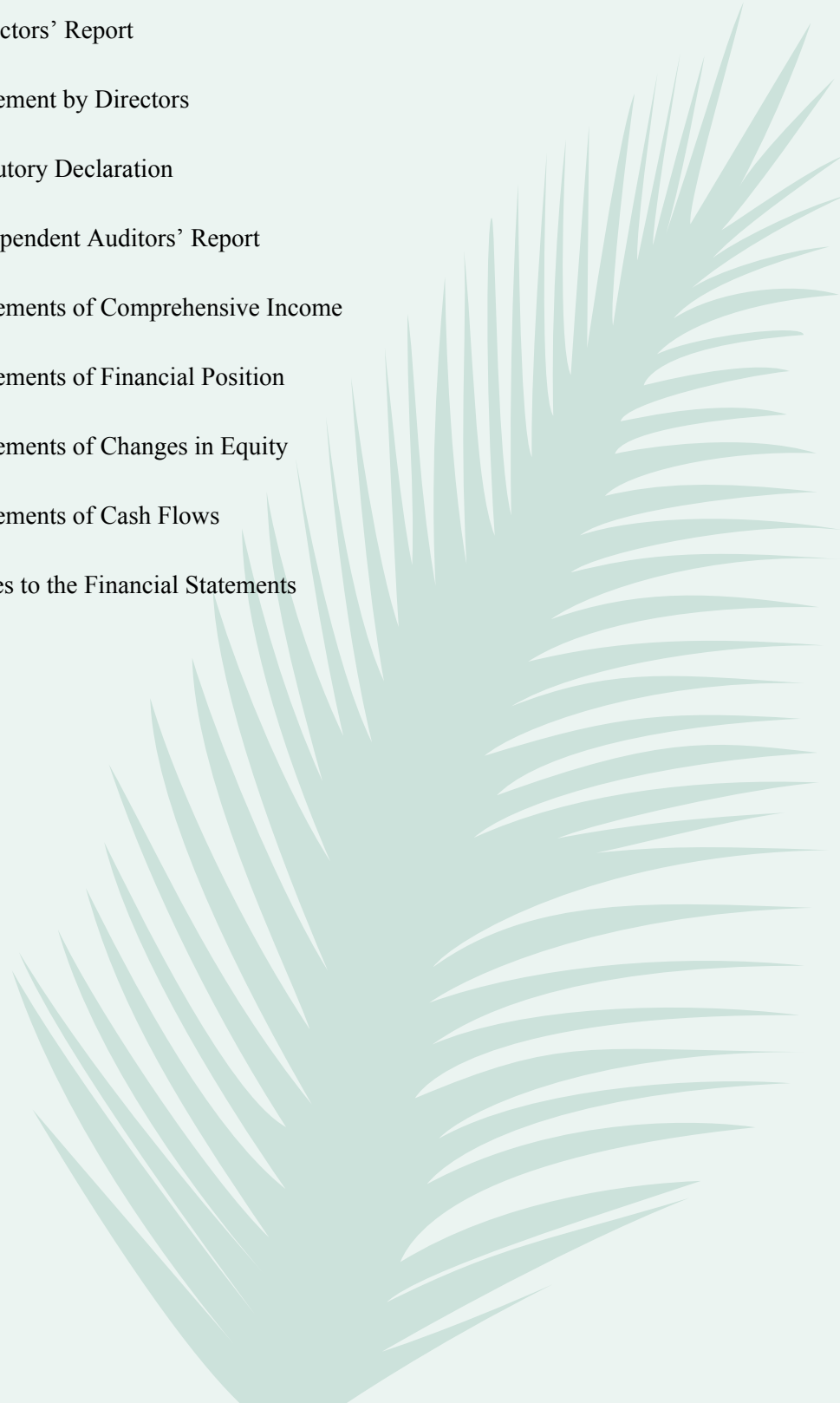
The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year then ended.

The Directors consider that, in preparing the financial statements for the financial year ended 31 December 2010, the Group has used appropriate accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent. The Directors also consider that all applicable approved accounting standards have been followed and confirm that the financial statements have been prepared on going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them ensure that the financial statements comply with the Companies Act 1965 and MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities.

FINANCIAL STATEMENTS

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Directors' Report

for the year ended 31 December 2010

The Directors are pleased to submit their Annual Report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

Principal activities

The principal activities of the Company are cultivation of oil palms, productions and sales of fresh fruit bunches, crude palm oil and palm kernel 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	82,437,962	74,789,953

Dividends

The dividends on ordinary shares paid or declared by the Company since 31 December 2009 were as follows:

	RM
In respect of the financial year ended 31 December 2009, final single tier dividend of 15 sen per share on 136,409,000 ordinary shares, paid on 30 June 2010	20,461,350
In respect of the financial year ended 31 December 2010, interim single tier dividend of 10 sen per share on 136,509,000 ordinary shares, paid on 21 January 2011	13,650,900
	34,112,250

The Directors now recommend the payment of a final single tier dividend of 20 sen per share on 136,509,000 ordinary shares amounting to RM27,301,800 for the financial year ended 31 December 2010. The proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2011.

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 2002. The ESOS is governed by the By-Laws, which were approved by the shareholders on 29 December 2001. On 18 August 2004, the shareholders of the Company had approved the amendments to the By-Laws to extend the participation of the ESOS to Non-Executive Directors of the Group.

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 expired on 17 March 2007, was extended to 16 March 2012.

During the year, 280,000 new ordinary shares of RM1 each were issued by the Company for cash by virtue of the exercise of options pursuant to the Company's Employees' Share Option Scheme. Details of the unit and exercise price of the ESOS are as per Note 22(b) to the financial statements.

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

Directors' Report

for the year ended 31 December 2010

Directors

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

YH Dato' Kamaruddin bin Mohammed
YH Dato' Haji Md Adnan bin Sulaiman
Mr Tee Kim Tee @ Tee Ching Tee
Mr Tee Cheng Hua
Mr Tee Lip Hian
Encik Khairul Azahar bin Ariffin
Ms Ng Yee Kim
Encik Hashim Naina Merican bin Yahaya Merican

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

Directors' benefits

During and at the end of the year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than the Company's Employees Share Option Scheme as disclosed in Note 6(a) 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 Notes 6 and 28 to the financial statements.

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			
	1.1.2010	Bought/ ESOS exercised	Sold	31.12.2010
Direct interest – in the Company				
YH Dato' Kamaruddin bin Mohammed	1,750,000	250,000	-	2,000,000
Mr Tee Kim Tee @ Tee Ching Tee	4,220,400	-	-	4,220,400
Mr Tee Cheng Hua	2,062,000	-	-	2,062,000
Mr Tee Lip Hian	281,600	30,000	-	311,600
Ms Ng Yee Kim	50,000	-	-	50,000
Indirect interest – in the Company				
YH Dato' Kamaruddin bin Mohammed	500,000	-	-	500,000

	Number of options over ordinary shares of RM1 each			
	1.1.2010	Granted	Exercised	31.12.2010
YH Dato' Kamaruddin bin Mohammed	700,000	-	(250,000)	450,000
Mr Tee Lip Hian	60,000	-	(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 statements of comprehensive income and statements of financial position 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 of the 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 of the Company inadequate to any substantial extent; or
- which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or of 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 of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- any contingent liability of the Group or of the 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 disclosed in Note 34 to the financial statements.

Directors' Report

for the year ended 31 December 2010

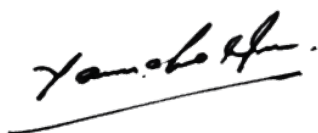
In the opinion of the Directors:

- the profits of the Group's and of the 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 financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the profits of the operations of the Group or of the Company for the year in which this report is made.

Auditors

The auditors, McMillan Woods Thomas (formerly known as Parker Randall Thomas), have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors dated 14 April 2011



Dato' Kamaruddin bin Mohammed
Chairman



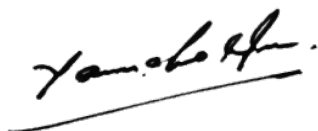
Tee Cheng Hua
Executive Director

Statement by Directors

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

We, Dato' Kamaruddin bin Mohammed and Tee Cheng Hua, two of the Directors of Far East Holdings Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 46 to 96 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010 and of the results and cash flows of the Group and of the 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 14 April 2011



Dato' Kamaruddin bin Mohammed
Chairman



Tee Cheng Hua
Executive Director

Statutory Declaration

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

I, Asmin binti Yahya, being 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 46 to 96 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: 14 April 2011

Before me:

Commissioner for Oaths



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the financial statements of Far East Holdings Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 46 to 96.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with MASB Approved Accounting Standards for Entities Other than Private Entities and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards for Entities Other than Private Entities and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act, to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Independent Auditors' Report

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

Other reporting responsibilities

The supplementary information set out in Note 35 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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



McMillan Woods Thomas
(formerly known as Parker Randall Thomas)
(AF 001879)
Chartered Accountants



Chong Loong Choy
[2589/08/12(J)]
Partner of the firm
Kuantan 14 April 2011

Statements of Comprehensive Income

for the year ended 31 December 2010

		Group		Company	
	Note	2010 RM	As restated 2009 RM	2010 RM	As restated 2009 RM
Continuing operations					
Revenue	4	436,016,498	351,973,189	88,074,752	81,932,545
Other operating income		6,536,218	1,622,498	4,262,161	339,783
Amortisation of investment held to maturity		1,421,631	982,366	1,421,631	982,366
Gain on financial asset “at fair value through profit and loss”		1,738,796	1,509,191	1,738,796	1,509,191
Amortisation of receivable		-	-	388,320	1,507,294
Staff costs		(8,625,091)	(8,277,806)	(1,800,581)	(1,279,757)
Changes in inventories		(5,933,499)	2,983,329	-	-
Finished goods purchased		(128,444,139)	(69,170,421)	-	-
Raw material purchased		(142,433,943)	(131,159,246)	-	-
Production cess		(950,709)	(1,156,505)	-	-
Carriage outwards		(3,726,918)	(4,401,950)	-	-
Upkeep, repair and maintenance of assets		(2,770,932)	(4,470,900)	-	-
Utilities and fuel		(1,857,917)	(1,483,982)	-	-
Depreciation		(7,018,734)	(6,756,357)	(1,985,071)	(1,838,536)
Upkeep and cultivation		(23,083,366)	(24,461,334)	(4,965,842)	(5,207,310)
Harvesting		(11,754,710)	(13,171,251)	(2,456,123)	(2,392,095)
Estate general charges		(3,655,280)	(2,858,549)	(928,719)	(798,078)
Replanting expenses		(7,514,418)	(6,154,851)	(3,308,757)	(3,400,016)
Other operating expenses		(11,607,136)	(11,315,986)	(2,279,094)	(2,978,107)
Finance income		1,416,817	1,309,273	609,480	348,820
Finance cost		(13,135)	(32,684)	-	-
Share of profit after tax of equity accounted associates		25,770,272	20,244,848	-	-
Profit before tax	5	113,510,305	95,752,872	78,770,953	68,726,100
Tax expenses	7	(20,873,315)	(18,644,112)	(3,981,000)	(2,165,751)
Profit for the year		92,636,990	77,108,760	74,789,953	66,560,349

Statements of Comprehensive Income

for the year ended 31 December 2010

	Note	Group		Company	
		2010 RM	As restated 2009 RM	2010 RM	As restated 2009 RM
Profit for the year attributable to:					
Equity holders of the Company		82,437,962	68,017,230	74,789,953	66,560,349
Non-controlling interests		10,199,028	9,091,530	-	-
		92,636,990	77,108,760	74,789,953	66,560,349
Profit for the year		92,636,990	77,108,760	74,789,953	66,560,349
Other comprehensive income					
- Gain on revaluation of leasehold land and oil palm plantation, net of deferred tax		137,111,125	-	58,158,772	-
- Transfer from deferred tax		400,000	2,600,700	99,000	426,000
		137,511,125	2,600,700	58,257,772	426,000
Total comprehensive income for the year		230,148,115	79,709,460	133,047,725	66,986,349
Total comprehensive income attributable to:					
Equity holders of the Company		213,023,087	70,617,930	133,047,725	66,986,349
Non-controlling interests		17,125,028	9,091,530	-	-
		230,148,115	79,709,460	133,047,725	66,986,349
Earnings per share attributable to equity holders of the Company (sen)					
- basic	8(a)	60.46	50.01		
- diluted	8(b)	60.45	50.01		

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

Statements of Financial Position

as at 31 December 2010

		Group			Company		
	Note	31.12.2010 RM	As restated 31.12.2009 RM	As restated 1.1.2009 RM	31.12.2010 RM	As restated 31.12.2009 RM	As restated 1.1.2009 RM
Non current assets							
Property, plant and equipment	10	675,078,571	482,246,713	470,150,273	225,317,273	140,704,108	134,051,077
Land held for development	11	29,262,969	29,262,969	40,378,739	29,262,969	29,262,969	40,378,739
Deferred tax assets	21	-	404,954	267,954	-	-	-
Subsidiaries	12	-	-	-	35,999,351	35,999,351	35,999,351
Associates	13	199,067,891	175,660,476	158,883,935	63,463,281	63,463,281	63,463,281
Other financial assets	14	54,454,377	41,293,950	32,602,393	52,454,377	39,293,950	29,602,393
		957,863,808	728,869,062	702,283,294	406,497,251	308,723,659	303,494,841
Current assets							
Non currents							
assets held for disposal	15	-	11,167,493	-	-	11,167,493	-
Inventories	16	5,735,522	11,359,465	7,166,122	468,325	311,438	645,312
Other financial assets	14	10,386,295	10,137,350	-	-	-	-
Receivables, deposits and prepayments	17	40,313,607	28,182,252	34,798,060	48,749,314	45,348,734	28,862,269
Tax recoverable		3,420,419	6,217,259	2,578,504	830,297	1,696,704	464,309
Deposits, bank and cash balances	18	89,071,969	57,701,179	72,665,881	49,901,106	11,344,873	19,235,905
		148,927,812	124,764,998	117,208,567	99,949,042	69,869,242	49,207,795
Less: Current liabilities							
Payables	19	34,291,690	30,282,361	26,625,337	4,972,718	12,420,901	17,302,785
Dividend payable		-	-	10,173,675	-	-	10,173,675
Current tax liabilities		652,000	-	900,367	-	-	-
Hire purchase liabilities	20	33,056	134,037	295,509	-	-	-
		34,976,746	30,416,398	37,994,888	4,972,718	12,420,901	27,476,460
Net current assets		113,951,066	94,348,600	79,213,679	94,976,324	57,448,341	21,731,335
Less: Non current liabilities							
Hire purchase liabilities	20	-	27,665	178,828	-	-	-
Deferred tax liabilities	21	125,424,184	78,868,138	79,997,338	38,532,000	17,445,000	16,256,000
		125,424,184	78,895,803	80,176,166	38,532,000	17,445,000	16,256,000
Total net assets		946,390,690	744,321,859	701,320,807	462,941,575	348,727,000	308,970,176

Statements of Financial Position

as at 31 December 2010

			Group			Company	
	Note	31.12.2010	As restated	As restated	31.12.2010	As restated	As restated
		RM	31.12.2009	1.1.2009	31.12.2010	31.12.2009	1.1.2009
			RM	RM	RM	RM	RM
Capital and reserves attributable to equity holders of the Company							
Share capital	22	136,509,000	136,229,000	135,649,000	136,509,000	136,229,000	135,649,000
Share premium	23	17,546,420	16,198,220	13,203,020	14,495,694	13,147,494	10,152,294
Share option reserve	24	-	-	153,200	-	-	153,200
Revaluation reserves	25	311,936,976	181,351,851	178,751,151	84,925,910	26,668,138	26,242,138
Retained earnings	26	413,196,142	351,219,530	313,853,825	227,010,971	172,682,368	136,773,544
Shareholders' equity		879,188,538	684,998,601	641,610,196	462,941,575	348,727,000	308,970,176
Non-controlling interests		67,202,152	59,323,258	59,710,611	-	-	-
Total equity		946,390,690	744,321,859	701,320,807	462,941,575	348,727,000	308,970,176

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

Statements of Changes in Equity

for the year ended 31 December 2010

Attributable to equity holders of the Company

Group	Note	Share capital (Note 22) RM	Share premium (Note 23) RM	Share option reserves (Note 24) RM	Revaluation reserves (Note 25) RM	Retained earnings RM	Total RM	Non-controlling interest RM	Total equity RM
At 31 December 2008									
- as previously reported		135,649,000	13,203,020	153,200	178,751,151	316,574,188	644,330,559	58,872,891	703,203,450
- changes in accounting policy		-	-	-	-	(2,720,363)	(2,720,363)	837,720	(1,882,643)
- as restated		135,649,000	13,203,020	153,200	178,751,151	313,853,825	641,610,196	59,710,611	701,320,807
Employees shares option scheme									
- issue of shares		580,000	2,455,720	-	-	-	3,035,720	-	3,035,720
Share options granted		-	-	386,280	-	-	386,280	-	386,280
Share options exercised		-	539,480	(539,480)	-	-	-	-	-
Profit for the year		-	-	-	-	68,017,230	68,017,230	9,091,530	77,108,760
Other comprehensive income		-	-	-	2,600,700	-	2,600,700	-	2,600,700
Total comprehensive income		-	-	-	2,600,700	68,017,230	70,617,930	9,091,530	79,709,460
Dividends for the year ended									
- 31 December 2008	9	-	-	-	-	(20,434,350)	(20,434,350)	(7,865,600)	(28,299,950)
- 31 December 2009	9	-	-	-	-	(10,217,175)	(10,217,175)	(1,613,283)	(11,830,458)
At 31 December 2009		136,229,000	16,198,220	-	181,351,851	351,219,530	684,998,601	59,323,258	744,321,859

Statements of Changes in Equity

for the year ended 31 December 2010

Attributable to equity holders of the Company

Group	Note	Share capital (Note 22) RM	Share premium (Note 23) RM	Share option reserves (Note 24) RM	Revaluation reserves (Note 25) RM	Retained earnings RM	Total RM	Non-controlling interest RM	Total equity RM
At 31 December 2009									
- as previously reported		136,229,000	16,198,220	-	181,351,851	351,975,412	685,754,483	58,485,538	744,240,021
- changes in accounting policy		-	-	-	-	(755,882)	(755,882)	837,720	81,838
- as restated		136,229,000	16,198,220	-	181,351,851	351,219,530	684,998,601	59,323,258	744,321,859
Employees shares option scheme									
- issue of shares		280,000	1,185,520	-	-	-	1,465,520	-	1,465,520
Share options granted		-	-	162,680	-	-	162,680	-	162,680
Share options exercised		-	162,680	(162,680)	-	-	-	-	-
Profit for the year		-	-	-	-	82,437,962	82,437,962	10,199,028	92,636,990
Other comprehensive income		-	-	-	130,585,125	-	130,585,125	6,926,000	137,511,125
Total comprehensive income		-	-	-	130,585,125	82,437,962	213,023,087	17,125,028	230,148,115
Dividends for the year ended		-	-	-	-	(20,461,350)	(20,461,350)	(6,019,567)	(26,480,917)
- 31 December 2009	9	-	-	-	-	-	-	(3,226,567)	(3,226,567)
- 31 December 2010	9	-	-	-	-	-	-	-	-
At 31 December 2010		136,509,000	17,546,420	-	311,936,976	413,196,142	879,188,538	67,202,152	946,390,690

Statements of Changes in Equity

for the year ended 31 December 2010

Company	Note	Share capital (Note 22) RM	Share premium (Note 23) RM	Share option reserves (Note 24) RM	Revaluation reserve (Note 25) RM	Retained earnings (Note 26) RM	Total RM
At 31 December 2008							
- as previously reported		135,649,000	10,152,294	153,200	26,242,138	147,376,198	319,572,830
- changes in accounting policy		-	-	-	-	(10,602,654)	(10,602,654)
- as restated		135,649,000	10,152,294	153,200	26,242,138	136,773,544	308,970,176
Employees share option scheme							
- issue of shares		580,000	2,455,720	-	-	-	3,035,720
Share options granted		-	-	386,280	-	-	386,280
Share options exercised		-	539,480	(539,480)	-	-	-
Profit for the year		-	-	-	-	66,560,349	66,560,349
Other comprehensive income - transfer from deferred tax		-	-	-	426,000	-	426,000
Total comprehensive income		-	-	-	426,000	66,560,349	66,986,349
Dividends for the year ended							
- 31 December 2008	9	-	-	-	-	(20,434,350)	(20,434,350)
- 31 December 2009	9	-	-	-	-	(10,217,175)	(10,217,175)
At 31 December 2009		136,229,000	13,147,494	-	26,668,138	172,682,368	348,727,000

Statements of Changes in Equity

for the year ended 31 December 2010

Company	Note	Share capital (Note 22) RM	Share premium (Note 23) RM	Share option reserves (Note 24) RM	Revaluation reserve (Note 25) RM	Retained earnings (Note 26) RM	Total RM
At 31 December 2009							
- as previously reported		136,229,000	13,147,494	-	26,668,138	179,286,171	355,330,803
- changes in accounting policy		-	-	-	-	(6,603,803)	(6,603,803)
- as restated		136,229,000	13,147,494	-	26,668,138	172,682,368	348,727,000
Employees share option scheme							
- issue of shares		280,000	1,185,520	-	-	-	1,465,520
Share options granted		-	-	162,680	-	-	162,680
Share options exercised		-	162,680	(162,680)	-	-	-
Profit for the year		-	-	-	-	74,789,953	74,789,953
Other comprehensive income		-	-	-	58,257,772	-	58,257,772
Total comprehensive income		-	-	-	58,257,772	74,789,953	133,047,725
Dividends for the year ended		-	-	-	-	(20,461,350)	(20,461,350)
- 31 December 2009	9	-	-	-	-	-	-
At 31 December 2010		136,509,000	14,495,694	-	84,925,910	227,010,971	462,941,575

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

Statements of Cash Flows

for the year ended 31 December 2010

	Group		Company	
	2010	As restated	2010	As restated
	RM	2009	RM	2009
	RM	RM	RM	RM
Operating activities				
Profit for the year	82,437,962	68,017,230	74,789,953	66,560,349
Adjustments for:				
Non-controlling interests	10,199,028	9,091,530	-	-
Property, plant and equipment				
- depreciation	7,018,734	6,756,357	1,985,071	1,838,536
- gain on disposal	(317,998)	(44,523)	(117,998)	(20,523)
- written off	23,566	71,696	9,057	2,205
Share of profit of associates	(25,770,272)	(20,244,848)	-	-
Gain on disposal of non-current asset held for disposal	(2,778,122)	-	(2,778,122)	-
Gain on financial asset "at fair value through profit and loss"	(1,738,796)	(1,509,191)	(1,738,796)	(1,509,191)
Amortisation of investment held to maturity	(1,421,631)	(982,366)	(1,421,631)	(982,366)
Amortisation of receivable	-	-	(388,320)	(1,507,294)
Share options granted	162,680	386,280	162,680	386,280
Dividend income	-	-	(59,511,448)	(58,661,524)
Interest expense	13,135	32,684	-	-
Interest income	(1,416,817)	(1,309,273)	(609,480)	(348,820)
Tax expense	20,873,315	18,644,112	3,981,000	2,165,751
Operating profit before working capital	87,284,784	78,909,688	14,361,966	7,923,403
Changes in working capital:				
- inventories	5,623,943	(4,193,343)	(156,887)	333,874
- receivables, deposits and prepayments	(12,131,355)	6,615,808	(2,943,443)	(1,819,028)
- subsidiaries	-	-	(5,023,985)	(19,254,740)
- payables	4,009,329	3,605,301	(2,493,015)	1,321,768
Cash from/(used in) operations	84,786,701	84,937,454	3,744,636	(11,494,723)
Interest received	1,416,817	1,309,273	609,480	348,820
Interest paid	(13,135)	(32,684)	-	-
Tax paid	(15,765,475)	(21,848,734)	(906,593)	(1,464,396)
Net cash flow from/(used in) operating activities	70,424,908	64,365,309	3,447,523	(12,610,299)

Statements of Cash Flows

for the year ended 31 December 2010

	Note	Group		Company	
		2010	As restated 2009	2010	As restated 2009
		RM	RM	RM	RM
Investing activities					
Property, plant and equipment					
- purchase		(16,776,035)	(19,147,420)	(9,062,523)	(8,741,477)
- proceed from disposal		318,000	267,450	118,000	107,450
Purchase of investments		(10,248,945)	(20,337,350)	(10,000,000)	(10,200,000)
Investment in associate		-	(44,550)	-	-
Proceed from disposal of investments		-	4,000,000	-	3,000,000
Proceed from disposal of non-current asset held for disposal		13,945,615	-	13,945,615	-
Dividend received		2,362,857	3,512,857	59,103,448	58,342,774
Net cash (used in)/from investing activities		(10,398,508)	(31,749,013)	54,104,540	42,508,747
Financing activities					
Exercise of share options					
- issue of shares		280,000	580,000	280,000	580,000
- share premium		1,185,520	2,455,720	1,185,520	2,455,720
Hire purchase paid		(413,646)	(312,635)	-	-
Dividend paid		(29,707,484)	(50,304,083)	(20,461,350)	(40,825,200)
Net cash used in financing activities		(28,655,610)	(47,580,998)	(18,995,830)	(37,789,480)
Net increase/(decrease) in cash and cash equivalents		31,370,790	(14,964,702)	38,556,233	(7,891,032)
Cash and cash equivalents					
- at start of the year		57,701,179	72,665,881	11,344,873	19,235,905
- at end of the year	18	89,071,969	57,701,179	49,901,106	11,344,873

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

Notes to the financial statements

for the year ended 31 December 2010

1 General information

The principal activities of the Company are cultivation of oil palms, productions and sales of fresh fruit bunches, crude palm oil and palm kernel and investment holding. The principal activities of the subsidiaries of the Group 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 of the 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 Financial Reporting Standards 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.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 32 to the financial statements.

3 Summary of significant accounting policies

(a) Property, plant and equipment

Property, plant and equipment are initially stated at cost. Land and oil palm 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.

3 Summary of significant accounting policies (continued)

(a) Property, plant and equipment (continued)

Long-term leasehold land is amortised in equal installments over the period of the leases ranging from 73 to 96 years. Oil palm 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:

	%
Buildings	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 year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

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

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

During the year, the Group adopted the amendments to FRS 117. This amendment has resulted to the amount previously disclosed as prepaid lease rental to be reclassified to property, plant and equipment as leasehold land. The impact to the financial statements is as disclosed in Note 31.

(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 costs incurred will be charged to income statement.

Replanting

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

(c) Land held for property development

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

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

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commission, conversion fees and other relevant levies/premium. 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.

3 Summary of significant accounting policies (continued)

(d) Subsidiaries and basis consolidation

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 are eliminated; unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies of the Group.

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

(e) Associates

In the Company's separate financial statements, investments in associates are stated at cost less accumulated impairment losses.

Associates are entities in which the Group is in the position to exercise 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.

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.

3 Summary of significant accounting policies (continued)

(f) Investments

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

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

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

(g) Impairment of non-financial assets

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

(h) 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.

(i) Trade and other receivables

Trade and other 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.

(j) 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 2010

3 Summary of significant accounting policies (continued)

(k) 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.

(l) 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) Defined contribution plans

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.

3 Summary of significant accounting policies (continued)

(m) Financial instruments

(i) Financial assets

Financial assets are recognised in the statements of financial position when the Group and Company become a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised and derecognised using trade date accounting.

On initial recognition, financial assets are measured at fair value, plus transaction costs for financial assets not at 'fair value through profit or loss'.

Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or a shorter period to the net carrying amount of the financial assets.

After initial recognition, financial assets are classified into one of four categories: financial assets at 'fair value through profit or loss', 'held-to-maturity' investments, loans and receivables and 'available-for-sale' financial assets.

Financial Assets at "Fair Value Through Profit or Loss"

Financial assets are classified as at "fair value through profit or loss" when the financial assets are either 'held for trading', or upon initial recognition, financial assets are designated as at "fair value through profit or loss".

A financial asset is classified as 'held for trading' if:

- it is acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective hedging instrument.

After initial recognition, financial assets at "fair value through profit or loss" are measured at fair value. Gains or losses on the financial assets at 'fair value through profit or loss' are recognised in profit or loss.

'Held-to-Maturity' Investments

'Held-to-maturity' investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group and the Company have the positive intention and ability to hold to maturity.

After initial recognition, 'held-to-maturity' investments are measured at amortised cost using the effective interest method less any accumulated impairment losses. Gains or losses are recognised in profit or loss when 'held-to-maturity' investments are derecognised or impaired.

Loans and Receivables

Loans and receivables are non-derivative financial assets (such as trade receivables, loans assets, unquoted debt instruments and deposits held in banks) with fixed or determinable payments that are not quoted in an active market.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any accumulated impairment losses. Gains or losses are recognised in profit or loss when loans and receivables are derecognised or impaired.

Notes to the financial statements

for the year ended 31 December 2010

3 Summary of significant accounting policies (continued)

(m) Financial instruments (continued)

(i) Financial assets (continued)

Derecognition of Financial Assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the Group and Company transfer the financial assets and the transfers qualify for derecognition.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses that have been recognised in other comprehensive income are recognised in profit or loss.

(ii) Financial liabilities

Financial liabilities are recognised on the statement of financial position when the Group and Company become a party to the contractual provisions of the instrument.

On initial recognition, financial liabilities are measured at fair value, plus transaction costs for financial liabilities not at “fair value through profit or loss”.

After initial recognition, financial liabilities are either classified as at “fair value through profit or loss” or amortised cost using the effective interest method.

Derecognition of Financial Liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expire.

Any difference between the carrying amounts of financial liabilities derecognised and the consideration paid is recognised in profit or loss.

(n) Share capital

Ordinary shares are classified as equity. Dividends to shareholders are recognised in equity in the period in which they are paid.

(o) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

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

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

Income from rental and interest are recognised on accrual basis.

Notes to the financial statements

for the year ended 31 December 2010

4 Revenue

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Sales of fresh fruit bunches	72,709,821	65,771,766	28,563,304	23,271,021
Sales of crude palm oil and palm kernel	363,306,677	286,201,423	-	-
Dividend income (gross)	-	-	59,511,448	58,661,524
	436,016,498	351,973,189	88,074,752	81,932,545

5 Profit before tax

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Auditors' remuneration				
- statutory audit	112,000	93,000	25,000	20,000
Property, plant and equipment				
- written off	23,566	71,696	9,057	2,205
- gain on disposal	(317,998)	(44,523)	(117,998)	(20,523)
Gain on disposal of non current asset held for disposal	(2,778,122)	-	(2,778,122)	-
Cost of contract workers	103,389	103,389	-	-
Rental of lorry	42,065	42,065	-	-

(b) Employee benefits cost

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Salaries, bonus and other benefits	7,865,152	7,567,168	1,591,337	1,132,974
Defined contribution retirement plan	759,939	710,638	209,244	146,784
	8,625,091	8,277,806	1,800,581	1,279,758

Notes to the financial statements

for the year ended 31 December 2010

6 Key management personnel compensation

(a) Directors

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Directors of the Company				
Non-executive Directors				
- Fees	695,000	668,000	380,000	380,000
- Other emoluments	643,500	976,550	643,500	976,550
	1,338,500	1,644,550	1,023,500	1,356,550
Executive Directors				
- Fees	239,880	359,000	58,000	100,000
- Other emoluments	730,262	898,800	438,662	607,200
	970,142	1,257,800	496,662	707,200
Directors of subsidiaries				
Non-executive Directors				
- Fees	464,570	354,000	-	-
Total	2,773,212	3,256,350	1,520,162	2,063,750

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

	2010		2009	
	Average exercised price RM/share	Options	Average exercised price RM/share	Options
At start of the year	5.234	760,000	5.234	1,340,000
Exercised	5.234	(280,000)	5.234	(580,000)
At end of the year	5.234	480,000	5.234	760,000

Options exercised during the year resulted in 280,000 units shares being issued at RM1 each. The weighted average share price at the time of exercise was ranging from RM6.85 to RM6.90 per share (2009: RM5.88).

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

Expiry date	Exercise price RM/share	2010	2009
16 March 2012	5.234	480,000	760,000

Notes to the financial statements
for the year ended 31 December 2010

6 Key management personnel compensation (continued)

(b) Other key management personnel

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Salaries, bonus and other benefits	1,050,127	301,125	645,952	301,125
Defined contribution retirement plan	127,428	44,982	92,724	44,982
Total	1,177,555	346,107	738,676	346,107

7 Tax expenses

(a) Tax charge for the year

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Malaysian income tax	19,214,315	17,309,612	2,181,000	550,751
Deferred tax (Note 21)	1,659,000	1,334,500	1,800,000	1,615,000
Tax expenses	20,873,315	18,644,112	3,981,000	2,165,751
Share of tax of equity accounted associates	9,730,724	6,247,409	-	-
Total tax expense	30,604,039	24,891,521	3,981,000	2,165,751
Malaysian income tax				
Current year	19,263,380	16,909,893	2,181,000	405,012
(Over)/Under accrual in prior years	(49,065)	399,719	-	145,739
	19,214,315	17,309,612	2,181,000	550,751
Deferred tax				
Temporary differences	1,659,000	1,334,500	1,800,000	1,615,000
Tax expenses	20,873,315	18,644,112	3,981,000	2,165,751

Notes to the financial statements

for the year ended 31 December 2010

7 Tax expenses (continued)

(b) Numerical reconciliation of income tax expense

The explanation on the difference 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	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit for the year	92,636,990	77,108,760	74,789,953	66,560,349
Total tax expenses	30,604,039	24,891,521	3,981,000	2,165,751
	123,241,029	102,000,281	78,770,953	68,726,100
Tax calculated at the tax rate of 25% (2009: 25%)	30,810,258	25,500,070	19,692,738	17,181,525
Tax effect of:				
- effect of change in tax rate in 2009 from 26% to 25%	-	(763,500)	-	(310,000)
- expenses not deductible for tax purposes	1,924,573	1,118,415	364,488	494,831
- (over)/under accrued in prior years	(49,065)	399,719	-	145,739
- benefits from utilisation of reinvestment allowance	(250,490)	(364,640)	-	-
- income not taxable	(1,707,611)	(998,543)	(16,076,226)	(15,346,344)
- deferred tax liabilities over accrued	(129,000)	-	-	-
- deferred tax asset not recognised	5,374	-	-	-
Total tax expenses	30,604,039	24,891,521	3,981,000	2,165,751

8 Earnings per share

(a) Basic earnings per share

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

	2010	As restated 2009
Profit attributable to equity holders of the Company (RM)	82,437,962	68,017,230
Weighted average number of ordinary shares in issue	136,345,822	135,997,000
Basic earnings per share (sen)	60.46	50.01

Notes to the financial statements

for the year ended 31 December 2010

8 Earnings per share (continued)

(b) Diluted earnings per share

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

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

	2010	2009
Weighted average number of ordinary shares in issue	136,345,822	135,997,000
Adjustment for share options	22,523	-
Weighted average number of ordinary shares for diluted earnings per share	136,368,345	135,997,000
Diluted earnings per share (sen)	60.45	50.01

9 Dividends

Dividends declared or proposed for year ended 31 December 2010 are as follows:

	Group and Company			
	31.12.2010		31.12.2009	
	Gross dividend per share Sen	Amount of single tier dividend RM	Gross dividend per share Sen	Amount of single tier dividend RM
Interim single tier dividend paid	-	-	7.5	10,217,175
Declared				
- interim single tier dividend	10.0	13,650,900	-	-
Proposed				
- Final single tier dividend	20.0	27,301,800	15.0	20,461,350
	30.0	40,952,700	22.5	30,678,525
Dividend per share recognised as distribution to ordinary equity holders of the Company				
31 December 2008				
- paid during the year	-	-	15.0	20,434,350
31 December 2009				
- paid during the year	15.0	20,461,350	7.5	10,217,175
	15.0	20,461,350	22.5	30,651,525

Interim single tier dividend of 10 sen per share on 136,509,000 ordinary shares totalling RM13,650,900 for the financial year ended 31 December 2010 was paid on 21 January 2011.

Notes to the financial statements

for the year ended 31 December 2010

9 Dividends (continued)

At the forthcoming Annual General Meeting, a final single tier dividend of 20 sen per share on 136,509,000 ordinary shares amounting to RM27,301,800 will be proposed for shareholders' approval.

The proposed dividends are subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2011.

10 Property, plant and equipment

Group	Long term leasehold land RM	Oil palm 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 2008							
- as previously reported	-	215,935,862	8,518,763	9,419,069	3,433,716	398,185	237,705,595
- effects of adopting the amendments to FRS 117	232,444,678	-	-	-	-	-	232,444,678
- as restated	232,444,678	215,935,862	8,518,763	9,419,069	3,433,716	398,185	470,150,273
Additions	-	13,843,495	1,230,256	3,052,056	991,326	30,287	19,147,420
Written off	-	-	(6)	(8,422)	(63,268)	-	(71,696)
Disposal	-	-	-	-	(222,927)	-	(222,927)
Reclassification	-	-	603,472	-	(175,000)	(428,472)	-
Depreciation charge	(2,970,400)	(156,301)	(672,924)	(1,980,400)	(976,332)	-	(6,756,357)
Carrying amounts at 31 December 2009	229,474,278	229,623,056	9,679,561	10,482,303	2,987,515	-	482,246,713
Additions	-	7,319,358	2,204,348	2,801,640	1,056,961	3,678,728	17,061,035
Revaluation surplus	105,147,595	77,665,530	-	-	-	-	182,813,125
Reclassification	-	(4)	306,000	-	4	(306,000)	-
Written off	-	-	(2,838)	(4,038)	(16,690)	-	(23,566)
Disposal	-	-	-	-	(2)	-	(2)
Depreciation charge	(2,989,871)	(156,302)	(763,530)	(2,109,520)	(999,511)	-	(7,018,734)
Carrying amounts at 31 December 2010	331,632,002	314,451,638	11,423,541	11,170,385	3,028,277	3,372,728	675,078,571
At 31 December 2009							
Cost	33,198,105	53,039,026	22,731,211	36,904,649	7,492,868	-	153,365,859
Valuation	207,398,500	176,805,455	-	-	-	-	384,203,955
Accumulated depreciation	(11,122,327)	(221,425)	(13,051,650)	(26,422,346)	(4,505,353)	-	(55,323,101)
Carrying amounts	229,474,278	229,623,056	9,679,561	10,482,303	2,987,515	-	482,246,713
At 31 December 2010							
Cost	472,672	1,256,912	25,018,213	39,612,757	7,802,256	3,372,728	77,535,538
Valuation	331,159,330	313,572,453	-	-	-	-	644,731,783
Accumulated depreciation	-	(377,727)	(13,594,672)	(28,442,372)	(4,773,979)	-	(47,188,750)
Carrying amounts	331,632,002	314,451,638	11,423,541	11,170,385	3,028,277	3,372,728	675,078,571

Notes to the financial statements

for the year ended 31 December 2010

10 Property, plant and equipment (continued)

Company	Long term leasehold land RM	Oil palm 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 2008							
- as previously reported	-	46,155,308	361,283	450,881	1,760,726	-	48,728,198
- effects of adopting the amendments to FRS 117	85,322,879	-	-	-	-	-	85,322,879
- as restated	85,322,879	46,155,308	361,283	450,881	1,760,726	-	134,051,077
Additions	-	7,708,414	487,000	281,051	265,012	-	8,741,477
Disposal	-	-	-	-	(86,927)	-	(86,927)
Written off	-	-	(1)	(989)	(1,215)	-	(2,205)
Reclassification	-	-	175,000	-	(335,778)	-	(160,778)
Depreciation charge	(1,035,805)	(156,301)	(106,127)	(101,291)	(439,012)	-	(1,838,536)
Carrying amounts at 31 December 2009	84,287,074	53,707,421	917,155	629,652	1,162,806	-	140,704,108
Additions	-	4,652,599	666,035	354,585	600,576	2,788,728	9,062,523
Revaluation surplus	38,867,379	38,677,393	-	-	-	-	77,544,772
Reclassification	-	-	306,000	-	-	(306,000)	-
Written off	-	-	(430)	(28)	(8,599)	-	(9,057)
Disposal	-	-	-	-	(2)	-	(2)
Depreciation charge	(1,035,803)	(156,302)	(191,168)	(150,907)	(450,891)	-	(1,985,071)
Carrying amounts at 31 December 2010	122,118,650	96,881,111	1,697,592	833,302	1,303,890	2,482,728	225,317,273
At 31 December 2009							
Cost	32,546,694	21,893,741	3,349,628	1,699,227	3,565,536	-	63,054,826
Valuation	55,000,300	32,035,105	-	-	-	-	87,035,405
Accumulated depreciation	(3,259,920)	(221,425)	(2,432,473)	(1,069,575)	(2,402,730)	-	(9,386,123)
Carrying amounts	84,287,074	53,707,421	917,155	629,652	1,162,806	-	140,704,108
At 31 December 2010							
Cost	-	781,488	4,106,817	2,051,562	3,542,037	2,482,728	12,964,632
Valuation	122,118,650	96,477,350	-	-	-	-	218,596,000
Accumulated depreciation	-	(377,727)	(2,409,225)	(1,218,260)	(2,238,147)	-	(6,243,359)
Carrying amounts	122,118,650	96,881,111	1,697,592	833,302	1,303,890	2,482,728	225,317,273

Notes to the financial statements

for the year ended 31 December 2010

10 Property, plant and equipment (continued)

On 31 December 2010, independent qualified valuer had revalued the leasehold land and oil palm plantations to their open market value using the comparison method. Details of the independent qualified valuer is as follows:

Name of the firm: J.M. Group Consultants

Name of the valuer: Jamaliah bte Mokhtar, V-350 E-1087

Qualification of the valuer: Bachelor Survey (Hons) Property Management

Details of independent professional valuation of leasehold land and oil palm plantations owned by the Group at 31 December 2010 are as follows:

Year of Valuation	Description of Property	Amount RM	Basis of Valuation
2000	Leasehold land and oil palm plantations	230,177,024	Open market value
2005	Leasehold land and oil palm plantations	387,880,100	Open market value
2010	Leasehold land and oil palm plantations	649,234,672	Open market value

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

11 Land held for development

	Group and Company	
	2010 RM	2009 RM
Long term leasehold land		
At start of the year	29,262,969	40,378,739
Addition	-	51,723
Reclassified to non-current assets held for disposal	-	(11,167,493)
At end of the year	29,262,969	29,262,969

12 Subsidiaries

	Company	
	2010 RM	2009 RM
Unquoted shares, at cost:		
- at start and end of the year	35,999,351	35,999,351

Notes to the financial statements

for the year ended 31 December 2010

12 Subsidiaries (continued)

Details of the subsidiaries are as follows:

Name of Company	Country of incorporation	Effective interest of the Group				Principal activities
		Group		Subsidiary		
		2010 %	2009 %	2010 %	2009 %	
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	100	-	-	Investment holding
F.E. Rangkaian Sdn Bhd (formerly known as Radiant Apex Sdn Bhd)	Malaysia	100	100	-	-	Oil palm plantations
Kampong Aur Oil Palm Company (Sdn.) Berhad	Malaysia	83	83	-	-	Oil palm plantations
Madah Perkasa Sdn Bhd *	Malaysia	-	-	83	83	Oil palm plantations
Far East Delima Plantations Sdn Bhd	Malaysia	80	80	-	-	Oil palm plantations
Kilang Kosfarm Sdn Bhd	Malaysia	51	51	-	-	Palm oil mill

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

All subsidiaries are audited by McMillan Woods Thomas (formerly known as Parker Randall Thomas).

13 Associates

	Group		Company	
	2010 RM	As restated 2009 RM	2010 RM	As restated 2009 RM
At cost				
Unquoted shares	41,747,871	44,110,728	63,463,281	63,463,281
Share of post acquisition reserve	157,320,020	131,549,748	-	-
	199,067,891	175,660,476	63,463,281	63,463,281

Notes to the financial statements

for the year ended 31 December 2010

13 Associates (continued)

Summary of financial information on associates are as follows:

	Group	
	2010 RM	2009 RM
Revenue (100%)	430,642,821	361,849,709
Profit for the year (100%)	54,122,067	52,527,237
Total assets (100%)	647,233,540	584,405,155
Total liabilities (100%)	140,202,671	136,833,895

The details of the associates are as follows:

Name of Company	Country of incorporation	Effective interest of equity held by			
		Group		Subsidiary	
		2010 %	2009 %	2010 %	2009 %
* Prosper Palm Oil Mill Sdn Berhad (PPOM)	Malaysia	40.0	40.0	-	-
* Business & Budget Hotels (Kuantan) Sdn Bhd	Malaysia	36.2	36.2	-	-
# Future Prelude Sdn Bhd	Malaysia	30.0	30.0	-	-
* Jaspurna Holdings Sdn Bhd	Malaysia	-	-	22.9	22.9

Audited by McMillan Woods Thomas (formerly known as Parker Randall Thomas)

* Audited by other firms of auditors

14 Other financial assets

	Group		Company	
	2010 RM	As restated 2009 RM	2010 RM	As restated 2009 RM
Non-current				
Financial assets at "fair value through profit and loss"				
Unit trust	12,881,642	11,142,846	12,881,642	11,142,846
Held to maturity investments				
Unquoted structured investments	12,000,000	2,000,000	10,000,000	-
Redeemable Cumulative Preference Shares	29,572,735	28,151,104	29,572,735	28,151,104
	41,572,735	30,151,104	39,572,735	28,151,104
	54,454,377	41,293,950	52,454,377	39,293,950
Current				
Financial assets at "fair value through profit and loss"				
Unit trust	10,386,295	10,137,350	-	-
	64,840,672	51,431,300	52,454,377	39,293,950

Notes to the financial statements

for the year ended 31 December 2010

15 Non current assets held for disposal

	Group and Company 2010 RM	2009 RM
Long term leasehold land		
At start of the year	11,167,493	-
Reclassified from land held for development	-	11,167,493
Disposed during the year	(11,167,493)	-
At end of the year	-	11,167,493

The disposal of the land and the gain arising thereon has been fully recognised during the year upon completion of the terms and condition of the Sale and Purchase Agreement (“SPA”) dated on 12 October 2009.

16 Inventories

	Group 2010 RM	2009 RM	Company 2010 RM	2009 RM
At cost				
Finished goods	2,287,815	8,242,992	-	-
Raw material	26,669	4,990	-	-
Nurseries	1,663,936	1,079,960	-	-
Consumables	1,757,102	2,031,523	468,325	311,438
	5,735,522	11,359,465	468,325	311,438

17 Receivables, deposits and prepayments

	Group 2010 RM	2009 RM	Company 2010 RM	2009 RM
Trade receivables	31,407,088	20,445,432	2,335,736	1,986,732
Other receivables	8,417,968	3,726,538	3,425,889	840,737
Deposits	50,340	50,545	33,900	28,220
Prepayments	18,582	106,462	10,379	4,092
Amounts due from associates	419,629	3,853,275	-	2,680
Amounts due from subsidiaries	-	-	42,943,410	42,486,273
	40,313,607	28,182,252	48,749,314	45,348,734

Credit term of trade receivables to the Group and of the Company is 30 days (2009:30 days).

The amounts due from subsidiaries are advances, which are unsecured, free of interest and repayable within the normal terms except for RM33,898,200 (2009:RM28,665,738) repayable in 3 years period.

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

Notes to the financial statements

for the year ended 31 December 2010

18 Cash and cash equivalents

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Deposits with licensed banks	61,947,000	35,309,500	47,500,000	10,500,000
Deposit with building society	3,000,000	3,000,000	-	-
Bank and cash balances	24,124,969	19,391,679	2,401,106	844,873
	89,071,969	57,701,179	49,901,106	11,344,873

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

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Deposits with licensed banks	2.6	2.0	2.8	2.0
Deposits with building society	2.9	2.2	-	2.2

As at 31 December 2010, the deposits of the Group and of the Company have maturity period between 30 to 90 days (2009: 30 to 90 days). Bank balances are deposits held at call with banks.

19 Payables

	Group		Company	
	2010 RM	As restated 2009 RM	2010 RM	As restated 2009 RM
Trade payables	27,059,192	21,882,208	2,035,160	2,273,643
Other payables	3,536,415	3,286,424	491,808	1,155,594
Deposits	32,180	1,399,600	32,180	1,399,600
Accruals	3,663,903	3,714,129	1,270,926	1,494,252
Amounts due to subsidiaries	-	-	1,142,644	6,097,812
	34,291,690	30,282,361	4,972,718	12,420,901

Credit terms of trade payables of the Group and of the Company ranges from 30 to 90 days (2009:30 to 90 days).

The amounts due to subsidiaries are unsecured, interest free and repayable within the normal terms.

20 Hire purchase liabilities

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

	Group	
	2010 RM	2009 RM
Current		
Hire purchase liabilities (secured)	33,056	134,037
Non Current		
Hire purchase liabilities (secured)	-	27,665
Hire purchase		
Minimum hire purchase payments		
- not later than 1 year	36,071	144,912
- later than 1 year but not later than 5 years	-	32,931
	36,071	177,843
Future finance charges on hire purchase	(3,015)	(16,141)
Present value of hire purchase liabilities	33,056	161,702
	2010 RM	2009 RM
Representing hire purchase liabilities :		
- current	33,056	134,037
- non current	-	27,665
	33,056	161,702
Present value of hire purchase liabilities :		
- not later than 1 year	33,056	134,037
- later than 1 year and not later than 5 years	-	27,665
	33,056	161,702

The effective interest rate at year end was 3.23% (2009:3.29%) per annum.

Notes to the financial statements

for the year ended 31 December 2010

21 Deferred tax

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Deferred tax assets	-	404,954	-	-
Deferred tax liabilities	(125,424,184)	(78,868,138)	(38,532,000)	(17,445,000)
	(125,424,184)	(78,463,184)	(38,532,000)	(17,445,000)
At start of the year	(78,463,184)	(79,729,384)	(17,445,000)	(16,256,000)
(Charged)/Credited to income statement (Note 7)				
- property, plant and equipment	(1,883,000)	(1,494,500)	(1,800,000)	(1,615,000)
- business loss	210,000	137,000	-	-
- others	14,000	23,000	-	-
	(1,659,000)	(1,334,500)	(1,800,000)	(1,615,000)
Arising from revaluation (Note 25)	(45,702,000)	-	(19,386,000)	-
Transfer to revaluation reserve (Note 25)	400,000	2,600,700	99,000	426,000
At end of the year	(125,424,184)	(78,463,184)	(38,532,000)	(17,445,000)
Deferred tax assets before offsetting				
- unabsorbed business loss	1,220,416	1,010,416	-	-
Offsetting	(1,220,416)	(605,462)	-	-
Deferred tax assets after offsetting	-	404,954	-	-
Deferred tax liabilities before offsetting				
- property, plant and equipment	(126,448,600)	(79,263,600)	(38,532,000)	(17,445,000)
- others	(196,000)	(210,000)	-	-
Offsetting	1,220,416	605,462	-	-
Deferred tax liabilities after offsetting	(125,424,184)	(78,868,138)	(38,532,000)	(17,445,000)

22 Share capital

(a) Authorised and issued and fully paid ordinary shares

	Company	
	2010 RM	2009 RM
Authorised ordinary shares of RM1 each		
At start and end of the year	500,000,000	500,000,000
Issued and fully paid ordinary shares of RM1 each		
At start of the year	136,229,000	135,649,000
Issued during the year		
- exercise of share option	280,000	580,000
At end of the year	136,509,000	136,229,000

(b) Employees' Share Option Scheme

The Company's Employees' Share Option Scheme ("ESOS") came into effect on 18 March 2002. The ESOS is governed by the By-Laws, which were approved by the shareholders on 29 December 2001. On 18 August 2004, the shareholders of the Company had approved the amendments to the By-Laws to extend the participation of the ESOS to Non-Executive Directors of the Group.

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 expired on 17 March 2007, was extended to 16 March 2012.

On 30 November 2010, the shareholders of the Company had approved certain amendments and deletion of certain clauses of the ESOS By-Laws of the Company and had approved to grant ESOS to eligible Directors.

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.

Notes to the financial statements

for the year ended 31 December 2010

22 Share capital (continued)

(b) Employees' Share Option Scheme (continued)

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

Grant date Year ended	Expiry date	Exercise price after bonus issue RM/share	At start of the year '000	Exercised '000	At end of the year '000
31.12.2010					
2.1.2008	16.3.2012	5.234	700	(250)	450
8.1.2008	16.3.2012	5.234	60	(30)	30
			760	(280)	480
31.12.2009					
2.1.2008	16.3.2012	5.234	1,250	(550)	700
8.1.2008	16.3.2012	5.234	90	(30)	60
			1,340	(580)	760
				31.12.2010	31.12.2009
Number of share options vested at the balance sheet date				100,000	-

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

Exercise date	Fair value of shares at share issue date RM/share	Exercise price RM/share	Number of shares issued	
			2010 Unit	2009 Unit
May 2010	6.88 - 6.90	5.234	180,000	-
October 2010	6.85	5.234	100,000	-
May 2009	5.88	5.234	-	580,000
			280,000	580,000
			2010 RM	2009 RM
Ordinary share capital at par			280,000	580,000
Share premium			1,185,520	2,455,720
Proceeds received on exercise of share options			1,465,520	3,035,720
Fair value at exercise date of shares issued			1,924,000	3,410,400

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.

Notes to the financial statements

for the year ended 31 December 2010

23 Share premium

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At 1 January	16,198,220	13,203,020	13,147,494	10,152,294
Exercise of share option	1,185,520	2,455,720	1,185,520	2,455,720
Transfer from share option reserve (Note 24)	162,680	539,480	162,680	539,480
At 31 December	17,546,420	16,198,220	14,495,694	13,147,494

24 Share option reserve

	Group and Company	
	2010 RM	2009 RM
At start of the year	-	153,200
Share option granted	162,680	386,280
Transfer to share premium (Note 23)	(162,680)	(539,480)
At end of the year	-	-

25 Revaluation reserves

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At 1 January	181,351,851	178,751,151	26,668,138	26,242,138
Surplus arising during the year	182,813,125	-	77,544,772	-
Deferred tax thereon (Note 21)	(45,702,000)	-	(19,386,000)	-
	137,111,125	-	58,158,772	-
Non-controlling interest share on revaluation during the year	(6,926,000)	-	-	-
Transfer from deferred tax (Note 21)	400,000	2,600,700	99,000	426,000
At 31 December	311,936,976	181,351,851	84,925,910	26,668,138

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

26 Retained earnings

The Company had moved to the single tier dividend system. Therefore all its retained earnings as at 31 December 2010 can be paid out as single tier exempt dividend.

Notes to the financial statements

for the year ended 31 December 2010

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.

28 Related parties

(a) Identity of related parties

For the purpose of these financial statements, parties are considered related to the Group if the Group has the ability, directly or indirectly to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has a related party relationship with its subsidiaries (see Note 12), associates (see Note 13), key management personnel and other related parties.

Other related parties and their relationship are as follows:

Related parties	Relationship
- PGC Management Services Sdn Bhd	Associate of Kilang Kosfarm Sdn Bhd
- Kilang Sawira Makmur Sdn Bhd	Associate of Kilang Kosfarm Sdn Bhd
- Rompin Palm Oil Mill Sdn Bhd (RPOM)	PPOM holds 30% equity in RPOM
- Endau Palm Oil Mills Sdn Bhd (EPOM)	PTSB holds 32% equity in EPOM
- Prosper Trading Sdn Bhd (PTSB)	Substantial shareholder of the Company
- Prosper Palm Oil Product Marketing Sdn Bhd (PPOPM)	PPOM holds 30% equity interest in PPOPM
- Wujud Wawasan Sdn Bhd	51% subsidiary of Kilang Kosfarm Sdn Bhd
- Koperasi Serbausaha Makmur Berhad	Shareholder of Wujud Wawasan Sdn Bhd
- LKPP Corporation Sendirian Berhad	Shareholder of the Company

(b) Transactions with key management personnel

Key management personnel compensation is disclosed in Note 6.

There are no other transactions with key management personnel other than compensation.

(c) Transactions with subsidiaries

	Company	
	2010 RM	2009 RM
Dividend income		
- Kampong Aur Oil Palm Plantation (Sdn.) Berhad	31,146,866	31,146,867
- Dawn Oil Palm Plantations Sdn Bhd	16,201,350	14,401,200
- B.S. Oil Palm Plantations Sdn Bhd	4,500,375	7,200,600
- Kilang Kosfarm Sdn Bhd	2,550,000	2,550,000
- Spectacular Potential Sdn Bhd	2,750,000	-
Sales of fresh fruit bunches		
- Kilang Kosfarm Sdn Bhd	2,337,060	4,625,439

Notes to the financial statements
for the year ended 31 December 2010

28 Related parties (continued)

(d) Transactions with associates

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Dividend income				
- Prosper Palm Oil Mill Sdn Berhad	-	-	2,000,000	3,000,000
- Business & Budget (Hotels) Sdn Bhd	-	-	362,857	362,857
Sales of fresh fruit bunches				
- Prosper Palm Oil Mill Sdn Berhad	-	143,054	-	-
Purchase of fresh fruit bunches				
- Prosper Palm Oil Mill Sdn Berhad	-	269,488	-	-
Sales of crude palm oil and palm kernel				
- Prosper Palm Oil Mill Sdn Berhad	20,077,642	31,249,421	-	-
Purchases of crude palm oil and palm kernel				
- Prosper Palm Oil Mill Sdn Berhad	12,636,690	13,283,860	-	-

(e) Other related parties transactions

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Sales of fresh fruit bunches				
- Rompin Palm Oil Mill Sdn Bhd	1,607,538	4,733,836	-	-
- LKPP Corporation Sendirian Berhad	1,575,103	1,095,539	1,575,103	1,095,539
- Kilang Sawira Makmur Sdn Bhd	46,007,714	41,583,221	358,434	1,691,398
- Endau Palm Oil Mill Sdn Bhd	6,697,849	2,815,268	-	-
Purchase of fresh fruit bunches				
- Rompin Palm Oil Mill Sdn Bhd	2,591,754	3,951,903	-	-
- Koperasi Serbausaha Makmur Berhad	102,501,576	86,722,580	-	-
Sales of crude palm oil and palm kernel				
- Prosper Trading Sdn Bhd	29,607,199	23,828,665	-	-
- PGC Management Services Sdn Bhd	95,900,044	18,226,538	-	-
- Endau Palm Oil Mill Sdn Bhd	34,411,835	21,315,760	-	-
- Rompin Palm Oil Mill Sdn Bhd	23,527,883	20,813,452	-	-
- Kilang Sawira Makmur Sdn Bhd	3,242,817	216,218	-	-
Purchases of crude palm oil and palm kernel				
- Endau Palm Oil Mill Sdn Bhd	72,739,276	18,151,450	-	-
- Rompin Palm Oil Mill Sdn Bhd	26,664,117	15,129,752	-	-
- Prosper Palm Oil Product Marketing Sdn Bhd	1,364	691,089	-	-
- Kilang Sawira Makmur Sdn Bhd	11,383,224	11,675,284	-	-
Management fee payable to				
- PGC Management Services Sdn Bhd	1,828,300	2,247,350	-	-
Purchase of fertiliser				
- Prosper Trading Sdn Bhd	2,131,570	2,577,926	1,212,402	687,640

Notes to the financial statements

for the year ended 31 December 2010

28 Related parties (continued)

(f) Outstanding balances for related party transactions carried out during the year

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Related parties				
Receivables:				
- Prosper Palm Oil Mill Sdn Berhad	438,061	3,853,275	-	-
- Rompin Palm Oil Mill Sdn Bhd	1,047,829	3,161,177	-	-
- Kilang Kosfarm Sdn Bhd	-	-	2,990,350	2,933,261
- Prosper Trading Sdn Bhd	746,572	2,647,705	-	-
- PGC Management Services Sdn Bhd	10,514,149	509,832	-	-
- LKPP Corporation Sendirian Berhad	147,790	96,826	147,790	96,826
- Kilang Sawira Makmur Sdn Bhd	5,028,336	2,002,737	358,434	168,417
- Endau Palm Oil Mills Sdn Bhd	-	-	579,764	280,348
Related parties				
Payables:				
- Endau Palm Oil Mills Sdn Bhd	4,897,531	167,551	-	-
- Prosper Trading Sdn Bhd	-	-	123,052	127,600
- Koperasi Serbausaha Makmur Berhad	11,573,301	8,108,298	-	-

29 Capital commitments

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Authorised by the Directors and not contracted	97,281,244	52,701,000	82,934,361	39,695,000
Analysed as follows:				
- property, plant and equipment	9,596,650	13,027,000	3,186,200	3,951,000
- oil palm plantation development	17,684,594	9,674,000	9,748,161	5,744,000
- acquisition of land	70,000,000	30,000,000	70,000,000	30,000,000
	97,281,244	52,701,000	82,934,361	39,695,000

30 Financial instruments

(a) Classification of financial instruments

Group 31.12.2010	Financial assets "at fair value through profit and loss" RM	Held to maturity investment RM	Loan and receivables RM	Financial liabilities, at amortised cost RM	Total RM
Financial assets					
Unit trust – non current	12,881,642	-	-	-	12,881,642
Unit trust – current	10,386,295	-	-	-	10,386,295
Unquoted structured investments	-	12,000,000	-	-	12,000,000
Redeemable Cumulative Preference Shares	-	29,572,735	-	-	29,572,735
Trade and other receivables	-	-	39,825,056	-	39,825,056
Amounts due from associates	-	-	419,629	-	419,629
Deposits, cash and bank balances	-	-	89,071,969	-	89,071,969
Total financial assets	23,267,937	41,572,735	129,316,654	-	194,157,326
Financial liabilities					
Trade and other payables	-	-	-	30,595,607	30,595,607
Accruals	-	-	-	3,663,903	3,663,903
Hire purchase liabilities	-	-	-	33,056	33,056
Total financial liabilities	-	-	-	34,292,566	34,292,566

Notes to the financial statements

for the year ended 31 December 2010

30 Financial instruments (continued)

(a) Classification of financial instruments (continued)

Group 31.12.2009	Financial assets "at fair value through profit and loss" RM	Held to maturity investment RM	Loan and receivables RM	Financial liabilities, at amortised cost RM	Total RM
Financial assets					
Unit trust – non current	11,142,846	-	-	-	11,142,846
Unit trust – current	10,137,350	-	-	-	10,137,350
Unquoted structured investments	-	2,000,000	-	-	2,000,000
Redeemable Cumulative Preference Shares	-	28,151,104	-	-	28,151,104
Trade and other receivables	-	-	24,171,970	-	24,171,970
Amounts due from associates	-	-	3,853,275	-	3,853,275
Deposits, cash and bank balances	-	-	57,701,179	-	57,701,179
Total financial assets	21,280,196	30,151,104	85,726,424	-	137,157,724
Financial liabilities					
Trade and other payables	-	-	-	25,168,632	25,168,632
Accruals	-	-	-	3,714,129	3,714,129
Hire purchase liabilities	-	-	-	161,702	161,702
Total financial liabilities	-	-	-	29,044,463	29,044,463

Notes to the financial statements

for the year ended 31 December 2010

30 Financial instruments (continued)

(a) Classification of financial instruments (continued)

Company 31.12.2010	Financial assets "at fair value through profit and loss" RM	Held to maturity investment RM	Loan and receivables RM	Financial liabilities, at amortised cost RM	Total RM
Financial assets					
Unit trust	12,881,642	-	-	-	12,881,642
Unquoted structured investments	-	10,000,000	-	-	10,000,000
Redeemable Cumulative Preference Shares	-	29,572,735	-	-	29,572,735
Trade and other receivables	-	-	5,761,625	-	5,761,625
Amounts due from subsidiaries	-	-	42,943,410	-	42,943,410
Deposits, cash and bank balances	-	-	49,901,106	-	49,901,106
Total financial assets	12,881,642	39,572,735	98,606,141	-	151,060,518
Financial liabilities					
Trade and other payables	-	-	-	2,526,968	2,526,968
Amounts due to subsidiaries	-	-	-	1,142,644	1,142,644
Accruals	-	-	-	1,270,926	1,270,926
Total financial liabilities	-	-	-	4,940,538	4,940,538

Notes to the financial statements

for the year ended 31 December 2010

30 Financial instruments (continued)

(a) Classification of financial instruments (continued)

Company 31.12.2009	Financial assets "at fair value through profit and loss" RM	Held to maturity investment RM	Loan and receivables RM	Financial liabilities, at amortised cost RM	Total RM
Financial assets					
Unit trust	11,142,846	-	-	-	11,142,846
Redeemable Cumulative Preference Shares	-	28,151,104	-	-	28,151,104
Trade and other receivables	-	-	2,827,469	-	2,827,469
Amounts due from subsidiaries	-	-	42,486,273	-	42,486,273
Amounts due from associates	-	-	2,680	-	2,680
Deposits, cash and bank balances	-	-	11,344,873	-	11,344,873
Total financial assets	11,142,846	28,151,104	56,661,295	-	95,955,245
Financial liabilities					
Trade and other payables	-	-	-	3,429,237	3,429,237
Amounts due to subsidiaries	-	-	-	6,097,812	6,097,812
Accruals	-	-	-	1,494,252	1,494,252
Total financial liabilities	-	-	-	11,021,301	11,021,301

30 Financial instruments (continued)

(b) Financial risk management objectives and policies

The Group's operations are subject to a variety of financial risks, including interest rate risk, credit risk, market risk, liquidity risk and cash flow risk.

The Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders. The Board regularly reviews these risks and approves treasury policies, which cover the management of these risks. It is not the Group's policy to engage in speculative transactions.

Interest rate risk

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

Market risk

The Group's exposure to market risk comprises primarily the fluctuations in the palm oil prices. 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.

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.

(c) Fair values of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities, as reported in the financial statements, approximate their respective fair values.

Notes to the financial statements

for the year ended 31 December 2010

30 Financial instruments (continued)

(d) Fair value of financial instruments carried at amortised cost and cost

The carrying amounts of the financial assets and financial liabilities are recognised at their fair values, except for the following financial assets and financial liabilities, which are recognised at cost and amortised cost after initial recognition. However, the Directors are of the opinion that the carrying amounts do not materially differ from their fair values:

Group	2010 Carrying amounts RM	Fair values RM	2009 Carrying amounts RM	Fair values RM
Financial assets				
<i>Financial assets "at fair value through profit and loss"</i>				
Unit trust	23,267,937	23,267,937	21,280,196	21,280,196
<i>Held to maturity investments</i>				
Unquoted structured investments	12,000,000	11,995,000	2,000,000	2,000,000
Redeemable Cumulative Preference Shares	29,572,735	29,572,735	28,151,104	28,151,104
<i>Loan and receivables</i>				
Trade and other receivables	39,825,056	39,825,056	24,171,970	24,171,970
Amounts due from associates	419,629	419,629	3,853,275	3,853,275
Deposits, cash and bank balances	89,071,969	89,071,969	57,701,179	57,701,179
Total financial assets	194,157,326	194,152,326	137,157,724	137,157,724
Financial liabilities				
<i>Financial liabilities at amortised cost</i>				
Trade and other payables	30,595,607	30,595,607	25,168,632	25,168,632
Accruals	3,663,903	3,663,903	3,714,129	3,714,129
Hire purchase liabilities	33,056	33,056	161,702	161,702
Total financial liabilities	34,292,566	34,292,566	29,044,463	29,044,463
Company				
Financial assets				
<i>Financial assets "at fair value through profit and loss"</i>				
Unit trust	12,881,642	12,881,642	11,142,846	11,142,846
<i>Held to maturity investments</i>				
Unquoted structured investments	10,000,000	10,000,000	-	-
Redeemable Cumulative Preference Shares	29,572,735	29,572,735	28,151,104	28,151,104
<i>Loan and receivables</i>				
Trade and other receivables	5,761,625	5,761,625	2,827,469	2,827,469
Amounts due from subsidiaries	9,045,210	9,045,210	13,820,535	13,820,535
Amount due from a subsidiary	33,898,200	33,898,200	28,665,738	28,665,738
Amounts due from associates	-	-	2,680	2,680
Deposits, cash and bank balances	49,901,106	49,901,106	11,344,873	11,344,873
Total financial assets	151,060,518	151,060,518	95,955,245	95,955,245
Financial liabilities				
<i>Financial liabilities at amortised cost</i>				
Trade and other payables	2,526,968	2,526,968	3,429,237	3,429,237
Amounts due to subsidiaries	1,142,644	1,142,644	6,097,812	6,097,812
Accruals	1,270,926	1,270,926	1,494,252	1,494,252
Total financial liabilities	4,940,538	4,940,538	11,021,301	11,021,301

30 Financial instruments (continued)

(d) Fair value of financial instruments carried at amortised cost and cost (continued)

Valuation technique and significant assumptions used in determining fair value of financial assets and financial liabilities recognised at amortised cost or cost after initial recognition are as follows:

Financial assets without published price in active market

The fair values of financial assets not traded on active markets are determined by using generally accepted valuation technique.

Financial assets with published price in active market

The fair values of financial assets traded on active markets are determined with reference to their quoted market price.

Trade and other receivables, amounts due from associates/subsidiaries, deposits, cash and bank balances, trade and other payables, amounts due to subsidiaries and accruals

The carrying amounts approximate the fair value due to their short-term nature except for RM33,898,200 (2009: RM28,665,738) due from one of the subsidiaries. The fair value is estimated by discounting the future cash flow at the rate of 5.425%.

31 Change in accounting policies

The accounting policies used in the preparation of the financial statements are set out in Note 3. The changes in the accounting policies arising from the adoptions of the new and revised FRSs are summarised below:

(a) Amendments to FRS 117 - Leases

During the year, the Group adopted the amendments to FRS 117. This amendment has resulted to the amount previously disclosed as prepaid lease rental to be reclassified to property, plant and equipment as leasehold land. This change has been accounted for on retrospective basis and the effects are as follows:

(i) Statements of comprehensive income for the year ended 31 December 2009

	As previously reported RM	Change in accounting policy RM	As restated RM
Group			
Depreciation	3,785,957	2,970,400	6,756,357
Amortisation of prepaid lease rental	2,970,400	(2,970,400)	-
Company			
Depreciation	802,731	1,035,805	1,838,536
Amortisation of prepaid lease rental	1,035,805	(1,035,805)	-

Notes to the financial statements

for the year ended 31 December 2010

31 Change in accounting policies (continued)

(a) Amendments to FRS 117 - Leases (continued)

(ii) Statements of financial position as at 31 December 2009

	As previously reported RM	Change in accounting policy RM	As restated RM
Group			
Property, plant and equipment	252,772,435	229,474,278	482,246,713
Prepaid lease rental	229,474,278	(229,474,278)	-
Company			
Property, plant and equipment	56,417,034	84,287,074	140,704,108
Prepaid lease rental	84,287,074	(84,287,074)	-

(b) FRS 139 Financial Instruments: Recognition and Measurement

During the financial year, FRS 139 has been adopted. The adoption of FRS 139 results in the Company measuring financial assets and financial liabilities at amortised cost. Previously, financial assets and liabilities were stated at cost.

In accordance with the transitional provision, the Company have applied the FRS 139 prospectively for annual periods beginning on or after 1 January 2010. On 1 January 2010, the Company applied the requirements of FRS 139 and identified and re-measured financial assets and financial liabilities that shall be measured at fair value and those that shall be measured at amortised costs. Any adjustment of the previous carrying amount is recognised as an adjustment of the balance of retained earnings and other categories of equity.

The impact of the change in accounting policy is summarised as follows:

(i) Statements of financial position as at 31 December 2009

	As previously reported RM	Change in accounting policy RM	As restated RM
Group			
Associates	172,476,846	3,183,630	175,660,476
Investments	45,329,075	(4,035,125)	41,293,950
Payables	(31,215,694)	933,333	(30,282,361)
Non-controlling interests	(58,485,538)	(837,720)	(59,323,258)
Retained earnings	(351,975,412)	755,882	(351,219,530)
Company			
Subsidiaries	36,199,351	(200,000)	35,999,351
Investments	42,200,000	(2,906,050)	39,293,950
Receivables	48,988,471	(3,639,737)	45,348,734
Payables	(12,562,885)	141,984	(12,420,901)
Retained earnings	(179,286,171)	6,603,803	(172,682,368)

31 Change in accounting policies (continued)

(b) FRS 139 Financial Instruments: Recognition and Measurement (continued)

(ii) Statements of comprehensive income for the year ended 31 December 2009

	As previously reported RM	Change in accounting policy RM	As restated RM
Group			
Amortisation of investment held to maturity	-	982,366	982,366
Gain on financial asset “at fair value through profit and loss”	-	1,509,191	1,509,191
Depreciation	(3,785,957)	(2,970,400)	(6,756,357)
Prepaid land lease payments amortised	(2,970,400)	2,970,400	-
Share of profit after tax of equity accounted associates	20,771,924	(527,076)	20,244,848
Company	RM	RM	RM
Amortisation of investment held to maturity	-	982,366	982,366
Gain on financial asset “at fair value through profit and loss”	-	1,509,191	1,509,191
Amortisation of receivable	-	1,507,294	1,507,294
Depreciation	(802,731)	(1,035,805)	(1,838,536)
Prepaid land lease payments amortised	(1,035,805)	1,035,805	-

32 Critical accounting estimates and assumptions

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group and Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Estimated impairment of property, plant and equipment

Determining whether the property, plant and equipment are impaired requires an estimation of value in use of the property, plant and equipment. The value in use calculation requires the management to estimate the future cash flows and an appropriate discount rate in order to calculate the present value of future cash flows. The management has evaluated such estimates and is confident that no allowance for impairment is necessary.

(b) Estimated useful life of property, plant and equipment

The residual value and the useful life of the property, plant and equipment are reviewed at each year-end. The review is based on factors such as business plans and strategies, expected level of usage and future regulatory changes. The estimation of the residual values and useful life involve significant judgment.

32 Critical accounting estimates and assumptions (continued)

(c) Allowance for doubtful debts

The Group assesses at each balance sheet date whether there is objective evidence that trade receivables have been impaired. Impairment loss is calculated based on a review of the current assets of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual and anticipated impairment.

(d) Income tax expense

The Group is subject to income tax in Malaysian jurisdiction. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax matters based on estimates of whether additional taxes will be due. If the final outcome of these tax matters result in a difference in the amounts initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made.

(e) Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts internal and external to the Group for matters in the ordinary course of business. Please refer to Note 34 of the financial statements for details.

33 The new and revised financial reporting standards

During the financial year, the Company has adopted the following new and revised Financial Reporting Standards and Interpretations (collectively referred to as 'FRSs'), issued by the Malaysian Accounting Standards Board ('MASB') and effective for the financial periods beginning on or after 1 January 2010:

FRSs that affect the presentation and disclosure of financial statements

FRS 7 Financial Instruments: Disclosures

FRS 7 requires the Group to provide disclosures of financial instruments for readers to access the Group's financial position and performance, and the nature and extent of risks arising from various categories of financial instruments to which the Group is exposed both during and at the end of the reporting period, and how the Group manages those risks.

FRS 101 Presentation of Financial Statements

FRS 101 (revised in 2009) has introduced changes in terminology used, format and contents of financial statements. The Group has presented its respective statements of financial position as at 1 January 2009 as the Group has reclassified items in its financial statements and adopted FRSs which required the retrospective application of revised accounting policies.

FRSs that affect the reported results and/or financial position

The impact of the changes in accounting policy FRS 117 - leases and FRS 139 Financial Instruments: Recognition and Measurements is discussed in Note 31.

33 The new and revised financial reporting standards (continued)

FRSs that do not have significant impacts on these financial statements

The following new and revised FRSs issued by the MASB, effective for financial periods beginning on or after 1 January 2010, have also been adopted, but the adoptions do not have a significant impact on the financial statements:

FRS 123	Borrowings Costs
Amendments to FRS 2	Share-based Payment
Amendments to FRS 8	Operating Segments
Amendments to FRS 107	Statement of Cash Flows
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 110	Events After the Reporting Period
Amendments to FRS 116	Property, Plant and Equipment
Amendments to FRS 118	Revenue
Amendments to FRS 119	Employee Benefits
Amendments to FRS 123	Borrowing Costs
Amendments to FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 1 and 127	First Time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 128	Investments in Associates
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 136	Impairment of Assets
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Financial Instruments: Recognition and Measurement, Financial Instruments: Disclosures, Reassessment of Embedded Derivatives

FRSs that are not relevant to these financial statements

The following new and revised FRSs issued by the MASB, effective for financial periods beginning on or after 1 January 2010, are not relevant to these financial statements:

FRS 4	Insurance Contracts
Amendments to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendments to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 138	Intangible Assets
Amendments to FRS 140	Investment Property
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Notes to the financial statements

for the year ended 31 December 2010

33 The new and revised financial reporting standards (continued)

FRSs that have been issued but are not yet effective

The Group and Company has not adopted the following FRSs that have been issued by the MASB but are not yet effective:

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 124	Related Party Disclosures
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards (Improvements to FRSs 2010)
Amendments to FRS 2	Share-based Payment
Amendments to FRS 3	Business Combinations (Improvements to FRSs 2010)
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Financial Instruments: Disclosures (Improvements to FRSs 2010)
Amendments to FRS 101	Presentation of Financial Statements (Improvements to FRSs 2010)
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates (Improvements to FRSs 2010)
Amendments to FRS 128	Investments in Associates (Improvements to FRSs 2010)
Amendments to FRS 131	Interests in Joint Ventures (Improvements to FRSs 2010)
Amendments to FRS 132	Financial Instruments: Presentation (Improvements to FRSs 2010)
Amendments to FRS 134	Interim Financial Reporting (Improvements to FRSs 2010)
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement (Improvements to FRSs 2010)
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
Amendments to IC Interpretation 13	Customer Loyalty Programmes
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement
Amendments to IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

The above FRSs are not relevant or have no significant impacts on the Group and Company.

34 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;

34 Material litigation (continued)

- (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;
- (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 110 of the Arbitration Act 2005 and also ordered that the Kuala Lumpur Regional Centre for Arbitration to appoint an arbitrator to conduct the proceedings.

MUIP had filed their appeal to the Court of Appeal and had also referred the matter to the Kuala Lumpur Regional Centre for Arbitration. The Arbitration Proceedings commenced on the 16, 17 and 18 March 2011 with the Claimant's first witness. The Proceedings was adjourned to 22, 23 and 24 June 2011 for continue hearing.

Notes to the financial statements

for the year ended 31 December 2010

35 Supplementary information on the breakdown of realised and unrealised profits and losses

On 25 March 2010, Bursa Malaysia Securities Berhad (“Bursa Malaysia”) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2010, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Realised	438,816,691	378,341,506	241,251,027	188,671,171
Unrealised	(25,620,549)	(27,121,976)	(14,240,056)	(15,988,803)
	413,196,142	351,219,530	227,010,971	172,682,368

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

36 Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 14 April 2011.

Shareholdings Structure

As At 29 April 2011

AUTHORISED SHARE CAPITAL : RM500,000,000
 ISSUED AND PAID-UP SHARE CAPITAL : RM136,509,000
 CLASS OF SHARES : ORDINARY SHARE OF RM1.00 EACH

LIST OF TOP THIRTY (30) SECURITIES ACCOUNT HOLDERS

NOS	NAMES / ADDRESS	IC / REG.NO	SHAREHOLDINGS	%
1	AMSEC NOMINEES (TEMPATAN) SDN BHD A/C FOR PROSPER TRADING SDN BHD	102918T	22,994,400	16.84
2	LEMBAGA KEMAJUAN PERUSAHAAN PERTANIAN NEGERI PAHANG	LKPPNPECT71971	22,807,800	16.71
3	LEMBAGA KEMAJUAN PERUSAHAAN PERTANIAN NEGERI PAHANG	LKPPNPECT71971	12,793,000	9.37
4	LKPP CORPORATION SDN BHD	199769V	8,300,280	6.08
5	PROSPER TRADING SDN BERHAD	TEM144561U	7,894,920	5.78
6	HIKMAT ELIT SDN BHD	562277U	7,052,500	5.17
7	FOKAS SEHATI SDN. BHD.	649034D	6,675,600	4.89
8	PROSPER TRADING SDN BERHAD	TEM144561U	2,603,600	1.91
9	HIKMAT ELIT SDN BHD	562277U	2,469,800	1.81
10	TEE CHENG HUA	540601-10-5949	2,062,000	1.51
11	KAMARUDDIN BIN MOHAMMED	481124-06-5173	2,000,000	1.47
12	HDM NOMINEES (TEMPATAN) SDN BHD A/C FOR TEE KIM TEE @ TEE CHING TEE	41117T	1,794,700	1.31
13	AFFIN NOMINEES (TEMPATAN) SDN BHD A/C FOR TEE KIM TEE @ TEE CHING TEE	457450U	1,536,000	1.13
14	BUDI-JS PLANTATION MANAGEMENT SDN. BERHAD	248375P	1,461,000	1.07
15	DELUXE ERA SDN BHD	845421X	1,393,800	1.02
16	AFFIN NOMINEES (TEMPATAN) SDN BHD A/C FOR MAJLIS UGAMA ISLAM DAN ADAT RESAM MELAYU PAHANG	457450U	1,320,000	0.97
17	MERGEBOOM (M) SDN BHD	261276X	878,300	0.64
18	HAN KEE JUAN	510913-01-6067	827,000	0.61
19	AMANAH SAHAM PAHANG BERHAD	017251P	779,100	0.57

Shareholdings Structure

As At 29 April 2011

NOS	NAMES / ADDRESS	IC / REG.NO	SHAREHOLDINGS	%
20	TEE KIM TEE @ TEE CHING TEE	480727-10-5379	770,300	0.56
21	YEOH KEAN HUA	381021-08-5229	730,400	0.54
22	MAN FOH @ CHAN MAN FOH	570306-06-5099	728,000	0.53
23	ANG KIM SENG @ ANG ENG HOCK	511009-10-5437	682,600	0.50
24	NOWAWI BIN ABDUL RAHMAN	551126-06-5207	678,000	0.50
25	PHUA CHEE ENG	500504-10-5473	600,000	0.44
26	TEE CHAIN YEE	770810-10-5420	575,000	0.42
27	YEW PENG DU	730117-10-5477	555,000	0.41
28	KALSOM BINTI AHMAD	510629-10-5740	500,000	0.37
29	AMANAHAH SAHAM MARA BERHAD	7240P	495,400	0.36
30	PERBADANAN KEMAJUAN NEGERI SELANGOR	ENAKMEN41964	492,300	0.36

INFORMATION ON SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)

NOS.	NAMES OF SUBSTANTIAL SHAREHOLDERS	NO OF SHARES	%
1	LEMBAGA KEMAJUAN PERUSAHAAN PERTANIAN NEGERI PAHANG <i>Share held through:-</i> <i>Own Account - 22,807,800</i> <i>Own Account - 12,793,000</i>	35,600,800	26.08
2	PROSPER TRADING SDN BERHAD <i>Share held through:-</i> <i>Own Account - 7,894,920</i> <i>Own Account - 2,603,600</i> <i>AMSEC Nominees (Tempatan) Sdn Bhd - 22,994,400</i>	33,492,920	24.54
3	HIKMAT ELIT SDN BHD <i>Share held through:-</i> <i>Own Account - 7,052,500</i> <i>Own Account - 2,469,800</i>	9,522,300	6.98
4	LKPP CORPORATION SDN BHD <i>Share held through:-</i> <i>Own Account - 8,300,280</i> <i>TA Nominees (Tempatan) Sdn Bhd - 121,000</i>	8,421,280	6.17

INFORMATION ON DIRECTORS SHAREHOLDING

NOS.	NAMES OF DIRECTORS	SHAREHOLDINGS	%
1	YH DATO' KAMARUDDIN BIN MOHAMMED	2,000,000	1.47
2	YH DATO' MD. ADNAN BIN SULAIMAN	-	-
3	MR TEE KIM TEE @ TEE CHING TEE <i>Share held through:-</i> <i>Individual Account - 119,400</i> <i>Individual Account - 770,300</i> <i>Kenanga Nominees (Tempatan) Sdn Bhd - 1,794,700</i> <i>Affin Nominees (Tempatan) Sdn Bhd - 1,536,000</i>	4,220,400	3.09
4	MR TEE CHENG HUA <i>Share held through:-</i> <i>Individual Account - 2,062,000</i>	2,062,000	1.51
5	MR TEE LIP HIAN <i>Share held through:-</i> <i>Individual Account - 311,600</i>	311,600	0.23
6	MS NG YEE KIM <i>Share held through:-</i> <i>HDM Nominees (Tempatan) Sdn Bhd - 50,000</i>	50,000	0.04
7	EN KHAIRUL AZAHAR BIN ARIFFIN	-	-
8	EN HASHIM NAINA MERICAN BIN YAHAYA MERICAN	-	-

Shareholdings Structure

As At 29 April 2011

DISTRIBUTION TABLE A

CATEGORY	NO. OF HOLDERS	%	NO. OF SHARES	%
Less than 100	8	0.39	240	0.00
100 - 1,000	302	14.76	165,460	0.12
1,001 - 10,000	1,401	68.44	4,875,100	3.57
10,001 - 100,000	262	12.80	6,896,500	5.05
100,001 to less than 5% of issued shares	68	3.32	42,728,800	31.30
5% and above of issued shares	6	0.29	81,842,900	59.96
TOTAL	2,047	100.00	136,509,000	100.00

ANALYSIS OF EQUITY STRUCTURE

TYPE OF OWNERSHIP	NO. OF HOLDERS	%	NO. OF SHARES	%
1) GOVERNMENT AGENCY	3	0.15	36,093,100	26.44
2) BUMIPUTRA :				
a) Individuals	118	5.76	4,338,200	3.18
b) Companies	26	1.27	16,924,080	12.40
c) Nominees Company	74	3.62	26,692,000	19.55
3) NON-BUMIPUTRA :				
a) Individuals	1,670	81.58	24,645,934	18.05
b) Companies	36	1.76	24,216,020	17.74
c) Nominees Company	71	3.47	2,668,600	1.96
MALAYSIAN TOTAL	1,998	97.61	135,577,934	99.32
4) FOREIGN :				
a) Individuals	25	1.22	210,266	0.15
b) Companies	2	0.10	9,800	0.01
c) Nominees Company	22	1.07	711,000	0.52
FOREIGN TOTAL	49	2.39	931,066	0.68
GRAND TOTAL	2,047	100.00	136,509,000	100.00

Location	Title	Tenure	Area (Hec)	Usage	Net Book Value @ 31.12.2010 (RM'000)
Far East Holdings Berhad					
i. Ladang Sg. Seraya Daerah Rompin Pahang Darul Makmur	H.S (D)61 H.S (D)62 H.S (D)63 H.S (D)64 PN 16273 H.S (D)4121	Leasehold period till 2079 2079 2079 2079 2103 2103	161.87 259.00 230.67 190.20 60.82 10.83	Oil Palm Plantation	
ii. Ladang Bukit Jin Daerah Bera Pahang Darul Makmur	H.S (D)3171 H.S (D)3172 H.S (D)3173 H.S (D)3174 H.S (D)3175 H.S (D)3176 H.S (D)3177 H.S (D)3178 H.S (D)3179 H.S (D)3180 H.S (D)2384 H.S (D)2385	Leasehold period till 2079	420.87 420.87 190.20 230.67 274.78 8.50 384.45 36.42 68.80 68.80 274.79 8.49	Oil Palm Plantation	
iii. Ladang Sg. Rasau Daerah Pekan Pahang Darul Makmur	H.S (D)1971	Leasehold period till 2091	118.04	Agriculture	
iv. Ladang Sungai Batu Daerah Kuantan Pahang Darul Makmur	H.S.(D)23609	Leasehold period till 2103	874.75	Oil Palm Plantation	
v. Ladang Chengal Daerah Rompin Pahang Darul Makmur	H.S.(D)4147 H.S.(D)4148	Leasehold period till 2106	1,103.01 1,096.99	Oil Palm Plantation	
vi. Bandar Indera Mahkota Daerah Kuantan Pahang Darul Makmur	PN 7721 PN 7722	Leasehold period till 2096	8.82 2.65	Building	
			6,505.30		248,263

Group Properties

Location	Title	Tenure	Area (Hec)	Usage	Net Book Value @ 31.12.2010 (RM'000)
Kampong Aur Oil Palm Company (Sdn.) Berhad					
i. Ladang Kg. Aur Daerah Rompin Pahang Darul Makmur		Leasehold period till			
	H.S(D)3708	2070	118.98	Oil Palm Plantation	
	H.S(D)3709	2070	242.41		
	H.S(D)3781	2073	64.75		
	H.S(D)3780	2073	260.62		
	H.S(D)3886	2074	419.26		
	H.S(D)38	2077	407.12		
	H.S(D)74	2079	283.29		
	H.S(D)75	2079	137.59		
	H.S(D)4084	2100	35.59		
			1,969.61		66,943
Madah Perkasa Sdn Bhd					
i. Ladang Sungai Marung	H.S(D)3514	Leasehold period till 2095	876.20	Oil Palm Plantation	
	H.S(D)3513		666.60		
ii. Ladang Sungai Gayung	H.S(D)3512		1,039.70		
Daerah Rompin Pahang Darul Makmur	H.S(D)3511		1,898.80		
			4,481.30		171,232
Dawn Oil Palm Plantations Sdn. Bhd.					
i. Ladang Dawn Daerah Rompin Pahang Darul Makmur		Leasehold period till			
	H.S(D)3718	2071	138.36	Oil Palm Plantation	
	H.S(D)3719	2071	11.33		
	H.S (D)3772	2072	236.34		
	H.S(D)3773	2072	14.57		
	H.S(D)11	2075	297.85		
	H.S(D)18	2076	133.14		
	H.S(D)57	2079	242.81		
	H.S(D)58	2079	178.06		
	H.S(D)4115	2103	114.18		
	PN 7815	2103	218.53		
	H.S(D)4120	2103	23.69		
ii. Ladang Cempaka Daerah Bera Pahang Darul Makmur	H.S(D)988	Leasehold period till 2096	452.60	Oil Palm Plantation	
			2,061.46		72,575

Location	Title	Tenure	Area (Hec)	Usage	Net Book Value @ 31.12.2010 (RM'000)
B.S. Oil Palm Plantations Sdn. Bhd.					
i. Ladang Bukit Serok Daerah Rompin Pahang Darul Makmur	H.S(D)8 H.S(D)16 H.S(D)50 H.S(D)59 H.S(D)60 H.S(D)3716 H.S(D)3717 H.S(D)3741 PN 17048	Leasehold period till 2075 2076 2085 2079 2079 2071 2071 2071 2103	350.46 346.82 357.80 171.99 248.88 136.38 137.19 290.16 27.89	Oil Palm Plantation	
			2,067.57		66,418
Kilang Kosfarm Sdn. Bhd	H.S(D)3896	Leasehold period till 2070 (Sublease from Kampong Aur Oil Palm Company (Sdn.) Berhad up to 2050)	123.83	Building and Oil Palm Plantation	
			123.83		473
Far East Delima Plantations Sdn. Bhd.					
i. Ladang Delima Daerah Rompin Pahang Darul Makmur	H.S(D)4568*	Leasehold period till 2103	2,830.85	Oil Plam Plantation	
			2,830.85		48,967
Grand Total			20,039.92		674,871

Notes:

* The land is subleased from Rangkaian Delima Sdn Bhd.

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FAR EAST HOLDINGS BERHAD
(14809 – W)

FORM OF PROXY

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 37th Annual General Meeting of Far East Holdings Berhad to be held at The Zenith Hotel, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur on 20 June 2011 at 10.00 a.m. on Monday, 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
For									
Against									

Signed this _____ day of _____ 2011.

Total Shares 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 is an authorised nominee may appoint one (1) proxy in respect of each securities account he/she 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/she specifies the proportions of his/her 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.

STAMP

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



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