

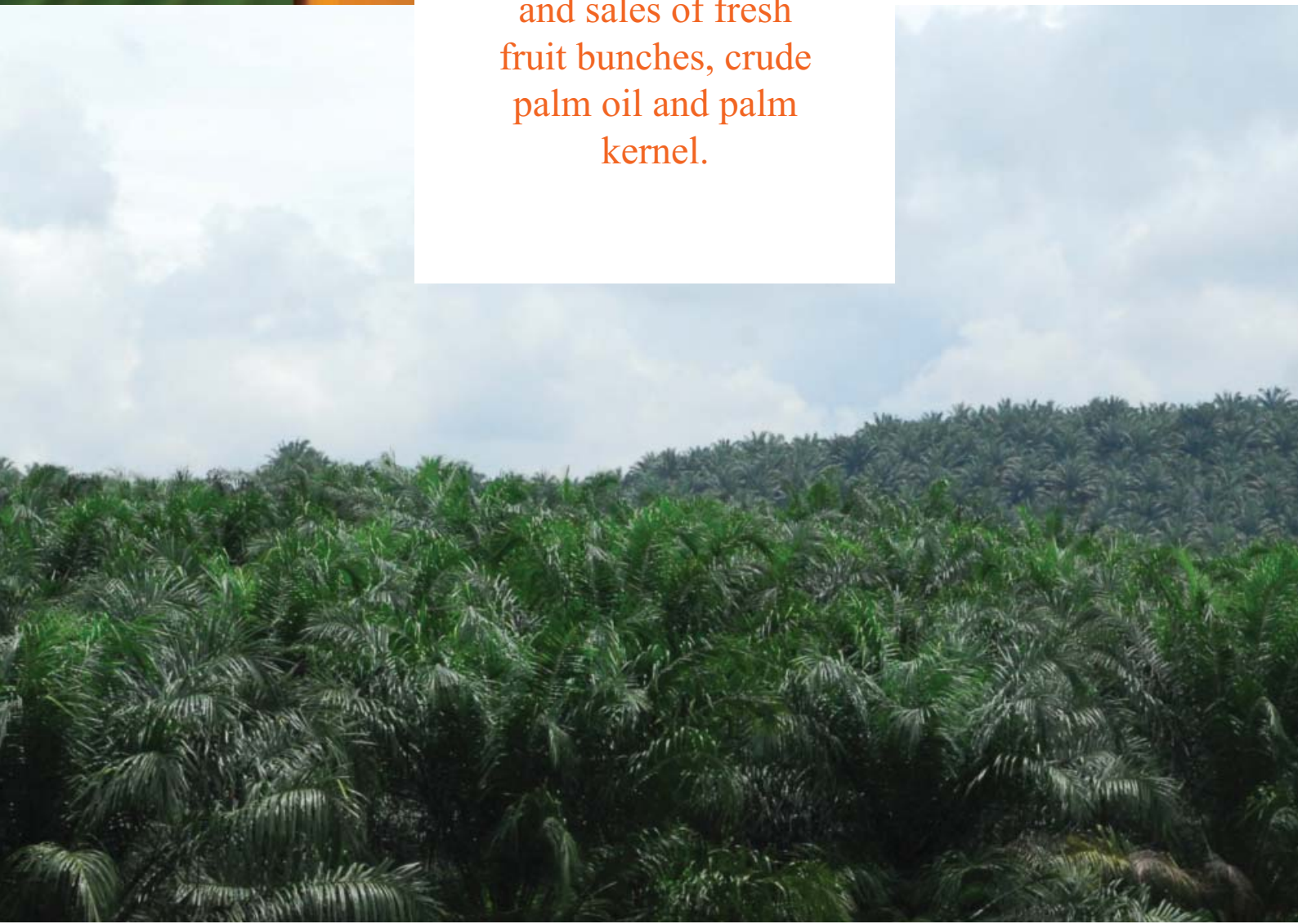
**FAR EAST HOLDINGS BERHAD**  
(14809-W)



Annual Report 2012



FEHB's main activities are cultivation of oil palm, productions and sales of fresh fruit bunches, crude palm oil and palm kernel.







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# Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 39th 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 Wednesday, 19 June 2013 at 10.00 a.m. to transact the following businesses:-

## AGENDA

### As Ordinary Business

1. To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2012 together with the Directors' and Auditors' Reports thereon. (Please refer to Note A)
2. To approve the payment of a final single tier dividend of 17.50 sen per share in respect of the financial year ended 31 December 2012 as recommended by Directors. (Ordinary Resolution 1)
3. To re-elect the following Directors who retire pursuant to Article 97 of the Company's Articles of Association:-
  - i. Mr Tee Kim Tee @ Tee Ching Tee (Ordinary Resolution 2)
  - ii. Encik Khairul Azahar bin Ariffin (Ordinary Resolution 3)
4. To re-elect the following Directors who retire pursuant to Article 102 of the Company's Articles of Association:-
  - i. YH Dato' Tan Bing Hua (Ordinary Resolution 4)
  - ii. Mr Tee Lip Teng (Ordinary Resolution 5)
5. To approve the payment of Directors' fees for the financial year ended 31 December 2012. (Ordinary Resolution 6)
6. To re-appoint Messrs McMillan Woods 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:-

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 20 June 2012 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 24 May 2013 ("Circular") with the related parties mentioned therein which are necessary for the Company's day to day operations, be and is hereby renewed.

That the Company is hereby authorised to enter into the recurrent transactions with the related parties mentioned therein provided that the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company and the Board will seek shareholders' approval for the renewal of the proposed Shareholders' Mandate annually subject to satisfactory review by the Audit Committee of its continued application to the interested parties transaction. In this respect, if approved at the forthcoming Annual General Meeting such 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 8)

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

8. Proposed Amendments to the Articles of Association of the Company

"That the alterations, additions or deletion to the Company's Articles of Association contained as follows:

- (i) Inclusion of the following new definitions under Articles 2:

Word	Meanings
"Omnibus account"	- An account in which securities are held for two or more beneficial owners
"Exempt Authorised Nominees"	- An authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act

- (ii) Insertion of a new Articles 73B immediately after Articles 73 to read as follows:

Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

Exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.

Where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

- (iii) Articles 71 to be amended and read as follows:

A member of a Company entitled to attend and vote at a meeting of a Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy.

A proxy appointed to attend and vote at a meeting of a Company shall have the same rights as the member to speak at the meeting". (Special Resolution 1)

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

## NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a final single tier dividend of 17.50 sen per share for the financial year ended 31 December 2012 if approved by the shareholders at the Annual General Meeting will be paid on 8 July 2013 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 26 June 2013.

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 24 June 2013 (in respect of share which are exempted from mandatory deposit);
- b) Shares transferred into Depositor's Securities Account before 4.00 p.m. on 26 June 2013 (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

Dated: 24 May 2013

### Notes :-

1. Depositor who appear in the Record of Depositors as at 13 June 2013 (which is not less than three (3) market days before the date of this meeting) shall be regarded as member of the Company entitled to attend the 39th General Meeting or appoint a proxy or proxies to attend and vote on his behalf.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiples beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
9. Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

### Explanatory Notes on Ordinary Business and Special Businesses:-

#### 1 Note A

This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval by the members and hence, is not put forward for voting.

#### 2 Ordinary Resolution 8 – Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transactions of A Revenue Nature

This proposed resolution 8, 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 24 May 2013 accompanying the Company's Annual Report for the financial year ended 31 December 2012.

#### 3 Special Resolution 1

The proposed Amendments would align the Articles of Association of the Company to be consistent with the amendments to the Main Market Listing Requirements of Bursa Malaysia.

# Statement Accompanying Notice Of Annual General Meeting

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

- i) Mr Tee Kim Tee @ Tee Ching Tee
- ii) Encik Khairul Azahar bin Ariffin

The details of the abovenamed Directors who are standing for re-election/re-appointment are set out in the Directors' profiles (page 11 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 (page 102 of the Annual Report).

## 2. Place, date and time of the 39th Annual General Meeting

The 39th Annual General Meeting of the Company will be held at The Zenith Hotel, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur on Wednesday, 19 June 2013 at 10.00 a.m.

## 3. Details of Attendance of Directors at Board Meetings

A total of eight (8) Board Meetings were held during the financial year ended 31 December 2012. Details of attendance of Directors holding office at the end of financial year are as follows:-

Name	Meeting Attendance	Date Appointed	Date Resigned/Retired
YH Dato' Kamaruddin bin Mohammed	8/8	16/08/2002	-
YH Dato' Md. Adnan bin Sulaiman	8/8	16/01/2008	-
Mr Tee Kim Tee @ Tee Ching Tee	7/8	16/08/2002	-
Mr Tee Cheng Hua	8/8	16/08/2002	-
En Khairul Azahar bin Ariffin	8/8	23/07/2007	-
En Hashim Naina Merican bin Yahaya Merican	8/8	13/08/2009	-
YH Dato' Tan Bing Hua	4/8	23/07/2012	-
Mr Tee Lip Teng	4/8	23/07/2012	-
Mr Tee Lip Hian	4/8	09/09/2004	20/06/2012
Ms Ng Yee Kim	4/8	23/07/2007	11/07/2012

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

Pursuant to the Companies Act 1965 under the general authority which was approved at 38th Annual General Meeting held on 20 June 2012 and which will lapse at the conclusion of the 39th Annual General Meeting to be held on 19 June 2013, the Company had issued 1,611,000 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 stated in Note 20(b) on page 78 to the financial statements. The ESOS of FEHB had expired on 16 March 2012.



# Corporate Information

## BOARD OF DIRECTORS

- YH Dato' Kamaruddin bin Mohammed**  
Chairman  
Non-Independent Non-Executive Director
- YH Dato' Md. Adnan bin Sulaiman**  
Non-Independent Non-Executive Director
- Mr Tee Kim Tee @ Tee Ching Tee**  
Non-Independent Non-Executive Director
- Mr Tee Cheng Hua**  
Non-Independent Executive Director
- En Khairul Azahar bin Ariffin**  
Independent Non-Executive Director
- En Hashim Naina Merican bin Yahaya Merican**  
Independent Non-Executive Director
- Mr Tee Lip Teng**  
Non-Independent Non-Executive Director
- YH Dato' Tan Bing Hua**  
Independent Non-Executive Director

## BOARD'S COMMITTEE

### Audit Committee

Chairman  
**En Khairul Azahar bin Ariffin**  
Members  
**YH Dato' Kamaruddin bin Mohammed**  
**En Hashim Naina Merican bin Yahaya Merican**  
**YH Dato' Tan Bing Hua**

### 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**  
**En Hashim Naina Merican bin Yahaya Merican**

## Employees' Share Option Scheme Committee (Dissolved on 11 July 2012)

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

## Independent Non-Executive Director (Responsible For Investor Relations)

**En Hashim Naina Merican bin Yahaya Merican**  
Tel: 09-514 1936 / 948 / 339  
Fax: 09-513 6211  
Email: hashimmerican@fareh.po.my

## SECRETARIES

Puan Asmin binti Yahya - MIA10161  
Puan Noor Anisah binti Sabarudin - LS0008153  
Tel: 09-514 1936 / 948 / 339  
Fax: 09-513 6211  
Website: www.fehb.com.my  
E-mail: fareast@fareh.po.my

## 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: 03-7841 8000  
Faks: 03-7841 8151 / 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.  
Spectacular Potential Sdn. Bhd.  
Inai Prisma Sdn. Bhd.

## ASSOCIATED COMPANIES

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



<b>FINANCIAL YEAR END</b>	<b>31 December 2012</b>
<b>ANNOUNCEMENT OF RESULTS</b>	
First Quarter	24 May 2012
Second Quarter	14 August 2012
Third Quarter	21 November 2012
Fourth Quarter	22 February 2013
<b>PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS</b>	
Notice of Annual General Meeting	24 May 2013
ANNUAL GENERAL MEETING	19 June 2013
<b>DIVIDENDS</b>	
<b>Interim</b>	
Announcement	21 November 2012
Entitlement Date	3 January 2013
Payment Date	16 January 2013
<b>Final</b>	
Announcement	30 April 2013
Entitlement Date	26 June 2013
Payment Date	8 July 2013

## Board Of Directors

*Left To Right:*

**MR TEE CHENG HUA** Non-Independent Executive Director

**YH DATO' MD. ADNAN BIN SULAIMAN** Non-Independent Non-Executive Director

**YH DATO' KAMARUDDIN BIN MOHAMMED** Chairman, Non-Independent Non-Executive Director

**MR TEE KIM TEE @ TEE CHING TEE** Non-Independent Non-Executive Director



*Left To Right:*

**MR TEE LIP TENG** Non-Independent Non-Executive Director

**EN KHAIRUL AZAHAR BIN ARIFFIN** Independent Non-Executive Director

**YH DATO' TAN BING HUA** Independent Non-Executive Director

**EN HASHIM NAINA MERICAN BIN YAHAYA MERICAN** Independent Non-Executive Director



## Directors' Profile

### **YH Dato' Kamaruddin bin Mohammed**

DSAP, DIMP, SF Fin (Aust)

A Malaysian, aged 65, 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 eight Board Meetings of the Company held in the financial year ended 31 December 2012.

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

A Malaysian, aged 64. He is a Non-Independent Non-Executive Director. He was appointed to the Board on 16 January 2008 and was 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 was appointed as 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 all eight Board Meetings of the Company held in the financial year ended 31 December 2012.



### **Mr Tee Kim Tee @ Tee Ching Tee**

A Malaysian, aged 65 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 42 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 few private limited companies involving in oil palm industry.

He is an elder brother of Mr Tee Cheng Hua and an uncle to Mr Tee Lip Teng. 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 seven of all eight Board Meetings of the Company held in the financial year ended 31 December 2012.

### **Mr Tee Cheng Hua**

A Malaysian, aged 59. He is an Executive Director, Plantations. He was appointed to the Board on 16 August 2002. He was 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 a father of Mr Tee Lip Teng. 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 eight Board Meetings of the Company held in the financial year ended 31 December 2012.

### **En Khairul Azahar bin Ariffin**

A Malaysian, aged 50, 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 eight Board Meetings of the Company held in the financial year ended 31 December 2012.

### **En Hashim Naina Merican bin Yahaya Merican**

A Malaysian, aged 62, is an Independent Non-Executive Director. He was appointed to the Board on 13 August 2009. He is a member of Audit Committee and Nomination Committee. He was also a member of Employees' Share Option Scheme Committee.

He graduated from Mara Institute of Technology after successfully completing the professional examinations of the Association of Certified Accountants (UK) in 1974. He is also a member of Malaysian Institute of Accountants.

He started his career as an auditor at Price WaterhouseCoopers (PWC) in 1974. He joined Malaysian Oxygen Berhad in 1977 as Internal Auditor. Following

that, he served as the Administrative Manager in Hewlett Packard Sales Malaysia Sdn. Bhd. from 1979 to 1987.

He left to join Rashid Hussein Securities Sdn. Bhd. as a Dealer Representative. Since 2005, he is with TA Securities Holdings Berhad in the similar role.

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 eight Board Meetings of the Company held in the financial year ended 31 December 2012.

### **Mr Tee Lip Teng**

A Malaysian, aged 29. He is a Non-Independent Non-Executive Director. He was appointed to the Board on 23 July 2012.

He graduated with First Class Honours in Masters of Electronic and Electrical Engineering from University College London, United Kingdom in 2007.

Upon his graduation in 2007, he worked for two years in Hoare Lea, United Kingdom with a team of Mechanical and Electrical Engineers in the design of building services for major projects in the airport, commercial, retail and residential sector.

In 2009, he was appointed as Marketing Executive of Future Prelude Sdn. Bhd., an associate of Prosper Group of Companies. He was appointed as Director (Marketing & Business Development) of Prosper Group in 2011.

He was subsequently appointed as an Executive Director (Commercial) of Future Prelude Sdn. Bhd. in 2012.

Currently, he is responsible for the sales and marketing of all palm and lauric oil products and by-products, exploring new business opportunities for the Group, as well as supervising the logistics of all products sold to the Domestic and International markets.

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

Mr Tee Lip Teng attended four of all eight Board Meetings of the Company held in the financial year ended 31 December 2012.

### **YH Dato' Tan Bing Hua**

A Malaysian, aged 68. YH Dato' Tan Bing Hua was appointed to the Board on 23 July 2012 as an Independent Non-Executive Director. He is also a member of Audit Committee.

He graduated with a B.A (Hons) degree from the University of Malaya in 1967. In 1982, he decided to further his studies in law, graduating with a LL.B (Hons) degree from the University of London in 1985 and a Barrister-at-Law from Lincoln' Inn, England in 1986

He worked in Bank Negara Malaysia from 1969 to 1982 and thereafter, upon obtaining his law qualification, he practised law in the firm of Amin-Tan & Co in Kuala

Lumpur from 1987 to 2012. He is now an advocate and solicitor in the firm of Choong & Partners.

YH Dato' Tan Bing Hua 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 also sits on the Board of Directors of Hua Yang Berhad, a public listed company. He has never been charged or convicted of any offences.

YH Dato' Tan Bing Hua attended four of all eight Board Meetings of the Company held in the financial year ended 31 December 2012.

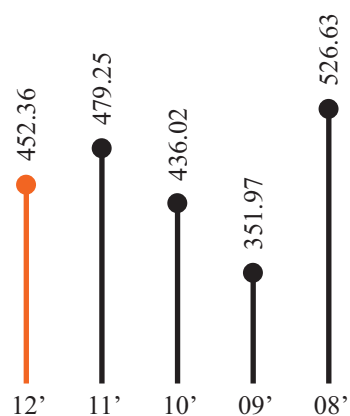
## Group Financial Summary

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER					
	2012	2011	2010	2009	2008
	RM'000	RM'000	RM'000	As restated RM'000	As restated RM'000
<b>Capital And Reserves</b>					
Share Capital	141,390	139,779	136,509	136,229	135,649
Non-Distributable reserves	357,684	351,357	329,484	197,550	192,107
Retained earnings	514,288	470,656	413,196	351,220	313,854
<b>Shareholders' equity</b>	<b>1,013,362</b>	<b>961,792</b>	<b>879,189</b>	<b>684,999</b>	<b>641,610</b>
Non-Controlling interests	67,909	66,636	67,202	59,323	59,711
	<b>1,081,271</b>	<b>1,028,428</b>	<b>946,391</b>	<b>744,322</b>	<b>701,321</b>
<b>Non Current Assets</b>					
Property, plant and equipment	682,739	679,919	675,079	482,247	470,150
Land Held For Development	-	-	29,263	29,263	40,379
Land Held For Disposal	29,263	29,263	-	-	-
Deferred Tax Assets	-	-	-	405	268
Associates	276,292	226,717	199,068	175,660	158,884
Others financial Assets	-	41,481	54,454	41,294	32,602
	<b>988,294</b>	<b>977,380</b>	<b>957,864</b>	<b>728,869</b>	<b>702,283</b>
Current Assets	272,096	227,352	148,928	124,765	117,209
Current liabilities	51,246	49,711	34,977	30,416	37,995
<b>Net Current Assets</b>	<b>220,850</b>	<b>177,641</b>	<b>113,951</b>	<b>94,349</b>	<b>79,214</b>
<b>Non-Current Liabilities</b>					
Deferred Tax liabilities	127,873	126,593	125,424	78,868	79,997
Hire Purchase Liabilities and Borrowings	-	-	-	28	179
	<b>127,873</b>	<b>126,593</b>	<b>125,424</b>	<b>78,896</b>	<b>80,176</b>
	<b>1,081,271</b>	<b>1,028,428</b>	<b>946,391</b>	<b>744,322</b>	<b>701,321</b>
<b>CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER</b>					
	2012	2011	2010	2009	2008
				As restated	As restated
Revenue	452,362	479,254	436,016	351,973	526,625
Profit Before Taxation	121,702	156,162	113,510	95,753	181,200
Profit After Taxation	93,307	129,740	92,637	77,109	148,071

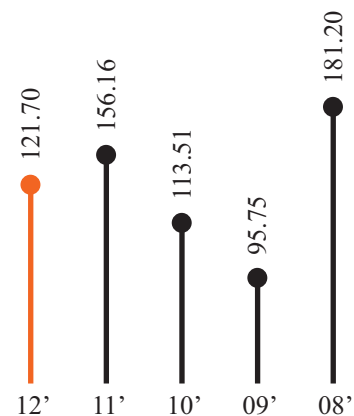
## HIGHLIGHTS AS AT 31 DECEMBER

	2012	2011	2010	2009 As restated	2008 As restated
Earnings Per Share (Sen)	59.69	86.95	60.46	50.01	97.94
Net Tangible Asset Per Share (RM)	7.17	6.88	6.44	5.03	4.73
Current Ratio Times	5.31	4.57	4.26	4.10	3.08
Pre-Tax Profit As a Percentage of Sales (%)	26.90	32.58	26.03	27.20	34.41
Pre-Tax Profit As a Percentage of Shareholders' equity (%)	12.01	16.24	12.91	13.98	28.24

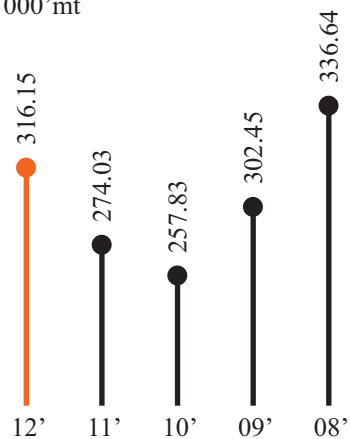
**Revenue**  
(RM Million)



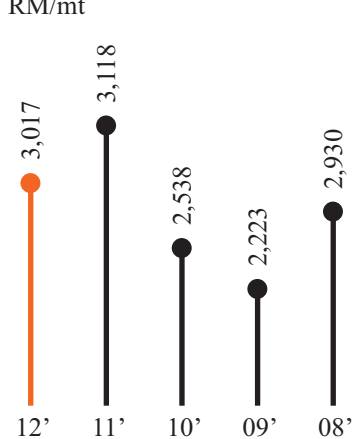
**Profit Before Tax**  
(RM Million)



**FFB Production**  
000' mt



**CPO Price**  
RM/mt





		Actual 2012	Actual 2011	Actual 2010	Actual 2009	Actual 2008
Mature Area	Hectare	16,218	15,049	15,219	13,792	12,949
Total Planted Area	Hectare	19,593	19,592	19,648	19,660	19,648
FFB Production	Mt	316,153	274,032	257,825	302,454	336,635
FFB Yield	mt/ha	19.49	18.21	16.94	21.93	26.00
OER	%	18.89	18.78	18.89	18.77	18.54
CPO Yield	mt/ha	3.68	3.42	3.20	4.12	4.82
CPO Price	RM/mt	3,017	3,118	2,538	2,223	2,930
Kernel Recovery Revenue	RM/mt	398	546	437	265	388
CPO Production Cost (Ex-estate)	RM/mt	1,077	950	847	763	726
CPO Production Cost (Exclude Replanting Cost)	RM/mt	1,487	1,410	1,215	1,073	1,219
Profit from CPO & Kernel/Mature Hectare	RM/ha	7,065	7,812	5,845	5,899	10,175

## Dividends Declared and Dividend Payout

For The Financial Year Ended 31 December	2012*	2011	2010	2009	2008
Gross dividend (Sen)	25.00	40.00	30.00	22.50	32.50
Dividend payout	42%	46%	50%	46%	33%

Notes:

\*The figure is based on the total dividend of 25 sen.



## Chairman's Statement

ON BEHALF OF THE BOARD OF DIRECTORS, IT IS MY PLEASURE TO PRESENT THE ANNUAL REPORT AND THE AUDITED FINANCIAL STATEMENTS OF FAR EAST HOLDINGS BERHAD ("FEHB" OR "GROUP") FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012.





## FINANCIAL REVIEW

I would like to announce that the Group performed fairly well in the year under review despite the fluctuations in the crude palm oil (CPO) prices. FEHB recorded a total revenue of RM452.36 million as compared to RM479.25 million posted in the preceding year, a decrease of 5.61%. The profit before tax of the Group for the year under review decreased by 22.07% to RM121.70 million from RM156.16 million registered in the preceding financial year ended 31 December 2011.

As a result, the Group's earnings per share for the year under review shrunk by 31% to 59.69 sen from 86.95 sen registered in the previous year while the net tangible asset per share increased by 29 sen to RM7.17.

The revenue and profit before tax declined due mainly to the decreased in CPO price of 3%. The CPO price for 2012 was recorded at RM3,017 per metric tonne when compared to RM3,118 per metric tonne for the previous year.

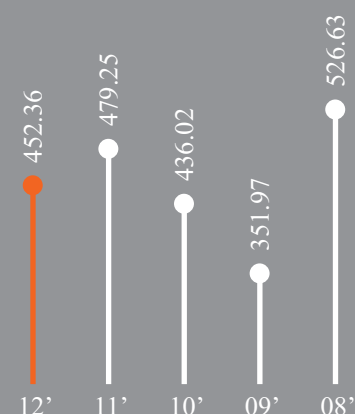
## GROUP OPERATION HIGHLIGHTS

The Group recorded higher production of FFB at 316,153 metric tonnes, an increase of 15% when compared to 274,032 metric tonnes produced in 2011. The higher production of FFB recorded was due mainly to better palms productivity, improved labour management and increase in mature area from the replanting programme. The total area planted for the year under review was 19,593 hectares, whilst the matured area for the year under review was 16,218 hectares against the previous year of 15,049 hectares.

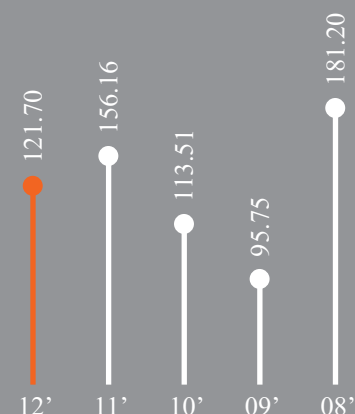
In tandem with higher production, the Group achieved a higher FFB yield of 19.49 metric tonnes per hectare in 2012 compared to 18.21 metric tonnes per hectare in 2011.

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:

**Revenue**  
(RM Million)



**Profit Before Tax**  
(RM Million)



<b>Area Profile</b>	<b>Hectares 2012</b>	<b>Hectares 2011</b>
Matured Area	16,218	15,049
Immature Area (Replanting)	2,648	2,528
New Planting (New Area)	458	1,411
Land Preparation	269	604
<b>Total Planted Area</b>	<b>19,593</b>	<b>19,592</b>

The year under review saw an increase in the oil extraction rate (OER). The Group recorded an OER of 18.89% for 2012 compared to 18.78% for 2011, while palm kernel extraction rate remained steady at 4.87% for the year 2012.

In regard to the average cost of production per metric tonne of crude palm oil, the Group registered an average cost of RM1,077 for the year under review as compared to RM950 in the previous year. The Group is making all concerted efforts to keep the cost pressure down in the face of rising costs in the operations of the activities of the Group which include items such as labour and fertilizer.

## **DIVIDEND**

The Group is committed to 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 practised by the Company.

For the financial year ended 31 December 2012, an interim single tier dividend of 7.50 sen per share was paid on 16 January 2013. The Board of Directors is pleased to recommend for your approval a final single tier dividend of 17.50 sen per share at the forthcoming Annual General Meeting. If approved, the total dividend paid for financial year ended 2012 would be 25 sen per share. This translates into a dividend yield of 4% at current share price to the shareholders.

## **PROSPECTS**

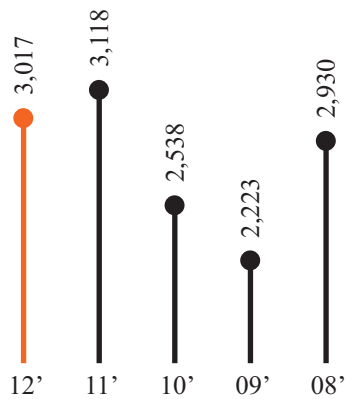
The Group will continue to reinforce its standing in the oil palm industry and is confident that the industry would remain stable despite the declining trend as compared to the previous year. In the first quarter of 2013, the average CPO prices was in the region of RM2,300 – RM2,400 per metric tonne. CPO prices in 2013 are expected to be buoyant. The overall fundamentals of the plantation industry would remain strong arising from continuous strong demand of palm products. It is envisaged that the average CPO price for year 2013 would be in the range of RM2,300 to RM2,500 per metric tonne. Based on this optimism, the prospect of the Group performing satisfactorily in 2013 is 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 will remain committed in its efforts to institute programmes that will protect the environment and care for the welfares of its employees and the society at large besides fostering strong relationships with its business associates.



**CPO Price**  
RM/mt



The Group continues to adopt “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 will 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 of using barn owls are preferred as a method of pest management.

As evidence of 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 and our oil palm nursery 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 to keep them abreast of the latest development in the industry.

The Group at the estate level has in place an Occupational Safety and Health Policy to inculcate in the employees the values of preventive and safety measures in the Group working environment.

## **CORPORATE GOVERNANCE AND STATEMENT OF INTERNAL CONTROL**

The Statements on Corporate Governance and Internal Control are included in our Annual Report to affirm the Board’s commitment to ensure that the best possible standards of Corporate Governance are practiced throughout the Group. The statements had been approved by the Board in the meeting dated 8 April 2013 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.

I would also like to extend the Board’s gratitude and heartfelt thanks to Miss Ng Yee Kim who resigned on 11 July 2012 after serving the Board for nearly five years.

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 invaluable views, insights and resolute support. We will put our efforts and resources together to continue to steer the Group in pursuit of excellence and to scale greater heights of achievement.

**DATO’ KAMARUDDIN BIN MOHAMMED**  
Chairman

# Audit Committee Report

## 1.0 COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee presently comprises the following Directors:

Encik Khairul Azahar bin Ariffin	Chairman, Independent Non-Executive Director
YH Dato' Kamaruddin bin Mohammed	Member, Non-Independent Non-Executive Director
Encik Hashim Naina Merican bin Yahaya Merican	Member, Independent Non-Executive Director
YH Dato' Tan Bing Hua (Appointed on 23 July 2012)	Member, Independent Non-Executive Director
Miss Ng Yee Kim (Resigned on 11 July 2012)	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 undertake annual review as well as reassess the adequacy of the Terms of Reference annually.
- To review the quarterly results and year-end financial statements of the Company and the Group.
- To review all related party transactions and any conflict of interest situation that may arise.
- To review and verify annually the effectiveness of the Company's Risk Management Program.
- To ensure that the employees of the Group have given external and internal auditors appropriate assistance in discharging their duties.
- To ensure the adequacy of the scope, functions, competency and resources of the internal audit function.
- To review the internal audit plan, processes, results and implementation of recommendations.
- To appraise the performance of the Head of Internal Audit and to review his function as well as appraisals of senior staff members of the internal audit team.
- To approve appointment, resignation or termination of the Head of Internal Audit and senior staff members of the internal audit.
- To review the scope of external auditors' audit plan, their evaluation on internal control systems, their management letter and discuss any matter that the external auditors may wish to raise without the presence of management.
- To obtain explanations from management for unusual variances in the Company's annual financial statements, review annually the independent auditors' letter of 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.
- To consider whether the independent auditors provision of non-audit services is compatible.

# Audit Committee Report

- To discuss and review with the external auditors any proposal from them to resign as auditors.
- To review and co-ordinate 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 others audit committees meetings within the Group to ensure all matters arising are being appropriately addressed.
- To consider and examine such other matters as the Board consider appropriate and beneficial.
- 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 upon by the Audit Committee and the Board.

## Authority

The Committee has the following authority:

- To investigate any matter within its term of reference, to obtain the resources, and to have full and unrestricted access to information.
- Direct communication channels with the external and internal auditors.
- Obtain independent professional or other advice at the Company's expense.
- The Committee shall report to the Bursa whenever if there is 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.
- 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 when deemed necessary. The Committee may also invite the external auditors, the chief financial officer, any other directors or members of the management and employees of the Group.
- At least once a year, the Committee shall meet with the external auditors without the presence of any executive Board members. The Chairman of the Committee can hold 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.

# Audit Committee Report

## 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 Institute 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 1<sup>st</sup> 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 1<sup>st</sup> 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.
- 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.

## Reporting Procedures

- The Committee shall provide a summary of their activities to the Board for inclusion in the Company's annual report.
- The Committee shall assist the Board in preparing the statement of corporate governance, statement on internal control and statement on the Board's responsibility for preparing the annual audited accounts for publication.
- The Committee may report any breaches of the Listing Requirements to the Bursa Malaysia Securities Berhad.

## 3.0 ATTENDANCE AT MEETINGS

During the financial year ended 31 December 2012, the Audit Committee held a total of six (6) meetings.

### Dates:

21 February 2012  
11 June 2012

15 April 2012  
8 August 2012

17 May 2012  
7 November 2012

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
Encik Khairul Azahar bin Ariffin	6	6
YH Dato' Kamaruddin bin Mohammed	6	6
Encik Hashim Naina Merican bin Yahaya Merican	6	6
YH Dato' Tan Bing Hua	2	2
Miss Ng Yee Kim	4	4



## 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, evaluation of the system of internal controls, audit findings, management letter, management's response and the audit report.
- Reviewed the annual financial statements, semi annual returns and quarterly results of the Group for the Board approval.
- Reviewed the policy on recurrent related party transactions (RRPT) of a revenue or trading nature ("related party transactions") and recommended to the Board for approval, adoption and inclusion in the circular to shareholders in relation to the proposed renewal of shareholders' mandate for RRPT 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 to the Board for approval on the new clauses in the updated letters of engagement from the external auditors for the Group.
- 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 2013 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 in-house Internal Audit Department in maintaining a sound system of internal controls. The Internal Audit Department 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 Department 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 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 and expired on 16 March 2012.

From 1 January 2012 until 16 March 2012, a total of 1,611,000 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 RM6.50, RM6.52 and RM6.55. The exercises were made in five batches with closing paid up at RM141,390,000.

## Audit Committee Report

A breakdown of the status of options offered to and exercised by all directors pursuant to a share scheme as at 16 March 2012 is as follows:

Name	Directorship	Option Offered & Exercised (Unit)
YH Dato' Kamaruddin bin Mohammed	Non-Independent Non-Executive Director	2,300,000
YH Dato' Md. Adnan bin Sulaiman	Non-Independent Non-Executive Director	150,000
Mr. Tee Kim Tee @ Tee Ching Tee	Non-Independent Non-Executive Director	370,000
Mr. Tee Cheng Hua	Non-Independent Executive Director	540,000
Mr Tee Lip Hian	Non-Independent Non-Executive Director	150,000
En. Khairul Azhar bin Ariffin	Independent Non-Executive Director	150,000
Ms. Ng Yee Kim	Independent Non-Executive Director	150,000
En. Hashim Naina Merican bin Yahaya Merican	Independent Non-Executive Director	150,000
<b>Total</b>		<b>3,960,000</b>

The directors had completely exercised their options prior expiry date of ESOS.

During the financial year, there was only one Employees' Share Option Scheme in existence. Details of the Scheme, as required by the Appendix 9C of the Bursa Listing Requirements are as follow:

	No. of Shares Granted	No. Of Options Exercised/Lapsed	No. of Shares Outstanding
Total	13,271,000	13,271,000	-
Directors & Chief Executive	5,155,000	5,155,000	-

# Corporate Governance Statement

The Board of Directors is committed to ensure that the best possible 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 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 2012.

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.

Set out below are descriptions of how the Group applied the Principles of the Code and how the Board has complied with the Best Practices set out in the code.

## 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 2012, eight (8) Board meetings were held. Details on attendance of the Directors at Board meetings are as follow:

Name of Directors	Meeting Attendance
YH Dato' Kamaruddin bin Mohammed	8/8
YH Dato' Md. Adnan bin Sulaiman	8/8
Mr Tee Kim Tee @ Tee Ching Tee	7/8
Mr Tee Cheng Hua	8/8
En Khairul Azahar bin Ariffin	8/8
En Hashim Naina Merican bin Yahaya Merican	8/8
YH Dato' Tan Bing Hua	4/8
Mr Tee Lip Teng	4/8
Ms Ng Yee Kim	4/8
Mr Tee Lip Hian	4/8

### 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 10 to 12.

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.

# Corporate Governance Statement

## 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 estate's performance;
- Recommendation of strategies and review of group strategies, including the review of key performance indicator;
- Current review of the operation of the Group;
- Annual Budget and regular financial reports.

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

## 4.0 Appointments To The Board

Pursuant to the best practices promulgated by the Code, the Board has established a Nomination Committee, consisting of three (3) Directors without executive functions. 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 of 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 22 to 23. 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 one (1) 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**  
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 management.

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 Committee. The Directors who serve on the Committee are as follows:-

#### **Non Independent Non-Executive Director**

- YH Dato' Md. Adnan bin Sulaiman (Chairman)

#### **Non-Independent Executive Director**

- Mr Tee Cheng Hua

#### **Independent Non-Executive Director**

- En Hashim Naina Merican bin Yahaya Merican

The Committee was dissolved on 11 July 2012.

## **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 to effectively discharge his duties as a Director and for that purpose he ensures that he attends such training programmes as prescribed by the Bursa Malaysia from time to time. All Directors attended the Mandatory Accreditation Programme (“MAP”) prescribed by the Bursa Malaysia and completed their Continuing Education Programme (“CEP”) as prescribed by the Bursa Malaysia. For the financial year ended 31 December 2012, all Directors had participated and attended seminars as recommended and approved by the Board as follows:

No	Name	Course Attended	Date Attended
1.	YH Dato’ Kamaruddin bin Mohammed	Independent Directors, Audit And Risk Committees	12 September 2012
2.	YH Dato’ Md. Adnan bin Sulaiman	Fraud Detection & Prevention – A Necessity Not A Choice	12 December 2012
3.	Mr Tee Kim Tee @ Tee Ching Tee	Seminar on “Practical Contract Law – For Company Directors”	29 November 2012
4.	Mr Tee Cheng Hua	Seminar on “Evaluation Capital Investment & Project – For Company Directors”	17 October 2012
		Seminar on “Practical Contract Law – For Company Directors”	29 November 2012
5.	En Khairul Azahar bin Ariffin	National Tax Conference 2012	17&18 July 2012
		Seminar Percukaian Kebangsaan 2012	3 October 2012
		MIA Conference	27 & 28 November 2012
6.	En Hashim Naina Merican bin Yahaya Merican	Independent Directors, Audit And Risk Committees	12 September 2012
7.	YH Dato’ Tan Bing Hua	Managing Board, Committee and Shareholders	3 October 2012
8.	Mr Tee Lip Teng	Mandatory Accreditation Programme (MAP) For Directors Of Public Listed Companies	10 October 2012
		Seminar on “Evaluation Capital Investment & Project – For Company Directors”	17 October 2012

# Corporate Governance Statement

## SECTION B: DIRECTORS' REMUNERATION

### 1.0 Directors' Remuneration

The aggregate Directors' remuneration paid or payable or otherwise made to all Directors of the Company who served during the financial year ended 31 December 2012 are as follows:-

Category	Other Fees (RM'000)	Salaries (RM'000)	Emoluments (RM'000)	Total (RM'000)
Executive	60	311	-	371
Non-Executive	503	643	504	1,650
Total	563	954	504	2,021

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 address [fareast@fareh.po.my](mailto:fareast@fareh.po.my) is one of the means to communicate with the Company. The Board has appointed En Hashim Naina Merican bin Yahaya Merican, an Independent Non-Executive Director as a Director responsible for Investor Relationship. Any queries with regard to the Group may be communicated to him. His e-mail address is [hashimmerican@fareh.po.my](mailto:hashimmerican@fareh.po.my). Shareholders may also contact the Company Secretary or visit our website [www.fehb.com.my](http://www.fehb.com.my) for further information.

## SECTION D: ACCOUNTABILITY AND AUDIT

### 1.0 Financial Reporting

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

The quarterly results announcements to 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 44.

# Corporate Governance Statement

## 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 36 to 38 of the Annual Report provides an overview of the state of internal controls within the Group.

## 3.0 Audit Committee

The Group's financial reporting and internal control system is overseen by the Audit Committee, which comprises 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 2012, a total of six (6) 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 20 to 24.

## 4.0 Internal Audit

The Group has an established Internal Audit Department 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 Department 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 19 June 2013. 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 23.73%* 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 and palm kernel 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 and cultivation of oil palm
LKPP Corp.	LKPP Corp. holds 5.96%* equity interest in FEHB. LKPP Corp. is a wholly owned subsidiary of LKPP. LKPP is a major shareholder of FEHB that holds 25.18%* equity interest in FEHB	21.06.1990 Malaysia	Operating of palm oil mill and cultivation of oil palm
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
FPSB	FEHB and PPOM directly hold 47.17%* and 35.17%* equity interest in FPSB respectively	24.10.2005 Malaysia	Manufacturing and exporting palm oil, fatty acids and chemicals compounds or derivatives

\* As at 30 April 2013

## Additional Compliance Statements

<i>EPOM</i>	-	<i>Endau Palm Oil Mill Sdn. Bhd.</i>
<i>FPSB</i>	-	<i>Future Prelude 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. Bhd.</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



## Additional Compliance Statements

### (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
FPSB	Sales of CPO by KKSB and WWSB to FPSB	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	Purchasers of CPO by KKSB and WWSB from PPOPM	Based on the contract price
Kilang Sawira Makmur	Purchasers of CPO by KKSB and WWSB from Kilang Sawira Makmur	Based on the contract price

## Additional Compliance Statements

### (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

### (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, WWSB and Kilang Sawira Makmur	Based on agreed contract agreement 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 ended 31 December 2012 is shown below:

Related Party	RM'000
FEHB	73,239
KKSB	90,363
WWSB	16,870
PPOM	33,584
RPOM	70,620
EPOM	70,818
Kilang Sawira Makmur	97,370
LKPP Corp.	1,563
KOSMA	95,188
PGC	90,181
PPOPM	1,475
PTSB	23,481
<b>Total</b>	<b>664,752</b>

## Additional Compliance Statements

### 2.0 Share Buy-Back

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

### 3.0 Options

The Employees' Share Option Scheme ("ESOS") of FEHB came into effect on 18 March 2002 and had expired on 16 March 2012. The detail of the ESOS exercise is disclosed in page 76 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 2012.

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

The Company has not sponsored any ADR or GDR programme in the financial year ended 31 December 2012.

### 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 2012.

### 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 2012 is RM13,000.

### 9.0 Internal Audit

The Company's In-House Internal Audit Department had incurred an expenses amounting to RM294,971 for the financial year ended 31 December 2012 (2011: RM363,297).

### 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 2012.

### 11.0 Profit Estimate, Forecast, Projection and Variation

There was no variations of 10% or more between the audited result for the financial year ended 31 December 2012 and the unaudited results for the quarter ended 31 December 2012 of the Company previously announced.

### 12.0 Profit Guarantee

The Company has not issued any profit guarantees in the financial year ended 31 December 2012.

# 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 and 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 Director, 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.

## Statement On Internal Control

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

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

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

- **Performance Management Framework**

Comprehensive management reports covering the estates and financial performance are presented to the Board at its regular meetings. Reports are generated on a regular and consistent basis to facilitate the Board and the management to perform financial and operational 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 actions 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.



## Statement On Internal Control

- **Financial Authority Limits**

The Financial Authority Manual defines the revenue and capital expenditure limits for each level of management within the Group. This internal control acts as a check and balance before financial expenditure is actually incurred.

- **Tender Committees**

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

- **Plantation Advisory Services**

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

- **Plantation Coordination 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 8 April 2013.

## 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 2012, 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 to ensure that the financial statements comply with the Companies Act 1965 and Financial Reporting Standards in Malaysia.



## Financial Statements

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# Directors' Report

## For The Year Ended 31 December 2012

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 2012.

### 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 owners of the Company	84,163,426	56,123,207

### Dividends

The dividends on ordinary shares paid or declared by the Company since 31 December 2011 were as follows:

	RM
In respect of the financial year ended 31 December 2011:	
Final single tier dividend of 15 sen per share and special single tier dividend of 10 sen per share on 141,390,000 ordinary shares paid on 18 July 2012	35,347,500
In respect of the financial year ended 31 December 2012:	
Interim single tier dividend of 7.5 sen per share on 141,390,000 ordinary shares paid on 16 January 2013	10,604,250
	45,951,750

The Directors now recommend the payment of a final single tier dividend of 17.5 sen per share on 141,390,000 ordinary shares amounting to RM24,743,250 for the financial year ended 31 December 2012. 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 2013.

### Reserves and provisions

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



# Directors' Report

For The Year Ended 31 December 2012

## 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 and expired on 16 March 2012.

During the year, 1,611,000 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 20(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

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

YH Dato' Tan Bing Hua

*Appointed on: 23.7.2012*

Mr Tee Kim Tee @ Tee Ching Tee

Mr Tee Cheng Hua

Mr Tee Lip Teng

*Appointed on: 23.7.2012*

Encik Khairul Azahar bin Ariffin

Encik Hashim Naina Merican bin Yahaya Merican

Mr Tee Lip Hian

*Retired on: 20.6.2012*

Ms Ng Yee Kim

*Resigned on: 11.7.2012*

In accordance with Article 97 of the Company's Articles of Association, Mr Tee Kim Tee @ Tee Ching Tee and Encik Khairul Azahar bin Ariffin retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-election.

In accordance with Article 102 of the Company's Articles of Association, YH Dato' Tan Bing Hua and Mr Tee Lip Teng retire 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 26 to the financial statements.



# Directors' Report

For The Year Ended 31 December 2012

## 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			
	1.1.2012	Bought/ ESOS exercised	Sold	31.12.2012
<b>Direct interest - in the Company</b>				
YH Dato' Kamaruddin bin Mohammed	2,450,000	250,000	-	2,700,000
YH Dato' Haji Md. Adnan bin Sulaiman	-	150,000	(150,000)	-
Mr Tee Kim Tee @ Tee Ching Tee	4,798,400	401,000	-	5,199,400
Mr Tee Cheng Hua	2,362,000	-	(138,000)	2,224,000
Encik Khairul Azahar bin Ariffin	-	150,000	(140,000)	10,000
Encik Hashim Naina Merican bin Yahaya Merican	-	150,000	(140,000)	10,000
Mr Tee Lip Teng	*200,000	-	-	200,000

\* shareholding recorded as at the date of appointment 23.7.2012.

	1.1.2012	Bought/ ESOS exercised	Sold	31.12.2012
<b>Indirect interest – in the Company</b>				
YH Dato' Kamaruddin bin Mohammed	500,000	40,000	-	540,000
YH Dato' Tan Bing Hua	-	44,000	-	44,000

	Number of options over ordinary shares of RM1 each			
	1.1.2012	Granted	Exercised	31.12.2012
YH Dato' Kamaruddin bin Mohammed	250,000	-	(250,000)	-
YH Dato' Haji Md. Adnan bin Sulaiman	150,000	-	(150,000)	-
Encik Khairul Azahar bin Ariffin	150,000	-	(150,000)	-
Encik Hashim Naina Merican bin Yahaya Merican	150,000	-	(150,000)	-

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.

# Directors' Report

For The Year Ended 31 December 2012

## Statutory information on the financial statements (continued)

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 the material litigation as disclosed in Note 31 to the financial statements.

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, have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors dated 8 April 2013.



**Dato' Kamaruddin bin Mohammed**  
Chairman



**Tee Cheng Hua**  
Executive Director

# Statements Of Comprehensive Income

For The Year Ended 31 December 2012

		Group		Company	
	Note	2012 RM	2011 RM	2012 RM	2011 RM
<b>Continuing operations</b>					
Revenue	4	452,361,796	479,254,327	88,359,970	118,971,174
Other operating income		3,240,636	3,370,042	1,523,343	908,705
Interest on Redeemable Cumulative Preference Shares		-	-	5,695,500	-
Amortisation of investment held to maturity		713,662	1,493,423	713,662	1,493,423
Gain on financial asset “at fair value through profit and loss”		847,815	445,672	847,815	445,672
Effect on consolidating subsidiary previously under winding petition		230,400	-	-	-
Amortisation of amount due from subsidiary		-	-	1,888,719	1,949,733
Loss on initial recognition of amount due from subsidiary		-	-	(1,936,426)	(1,366,498)
Staff costs		(10,288,034)	(11,821,891)	(2,477,442)	(4,298,207)
Changes in inventories		1,140,617	6,610,882	-	-
Finished goods purchased		(122,829,140)	(128,959,645)	-	-
Raw material purchased		(125,773,019)	(161,952,105)	-	-
Production cess		(875,164)	(889,216)	-	-
Carriage outwards		(3,555,883)	(3,344,632)	-	-
Upkeep, repair and maintenance of assets		(2,690,697)	(2,502,887)	-	-
Utilities and fuel		(889,062)	(1,420,499)	-	-
Depreciation		(10,811,124)	(9,583,868)	(3,467,942)	(3,048,133)
Upkeep and cultivation		(36,615,836)	(26,871,289)	(10,422,457)	(6,172,481)
Harvesting		(17,162,085)	(13,341,667)	(4,178,527)	(3,186,207)
Estate general charges		(6,484,750)	(5,094,382)	(1,986,726)	(1,345,095)
Replanting expenses		(9,415,250)	(9,495,518)	(2,798,587)	(3,310,688)
Impairment on investment in associate		-	-	(5,739,920)	(7,943,693)
Impairment loss for other receivable		-	(859,480)	-	-
Other operating expenses		(13,613,061)	(14,071,959)	(3,552,551)	(4,879,258)
Finance income		3,795,911	2,717,090	2,848,833	1,759,725
Finance cost		-	(3,071)	-	-
Share of profit after tax of equity accounted associates		20,374,728	52,482,212	-	-
Profit before tax	5	121,702,460	156,161,539	65,317,264	89,978,172
Tax expenses	7	(28,394,995)	(26,421,958)	(9,194,057)	(5,344,046)
Profit for the year		93,307,465	129,739,581	56,123,207	84,634,126

# Statements Of Comprehensive Income

For The Year Ended 31 December 2012

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
<b>Profit for the year attributable to:</b>					
Owners of the Company		84,163,426	119,685,884	56,123,207	84,634,126
Non-controlling interests		9,144,039	10,053,697	-	-
		<b>93,307,465</b>	<b>129,739,581</b>	<b>56,123,207</b>	<b>84,634,126</b>
Profit for the year		93,307,465	129,739,581	56,123,207	84,634,126
Other comprehensive income					
- Transfer from revaluation reserve		2,999,685	-	914,817	-
- Transfer to retained earnings		(2,999,685)	-	(914,817)	-
- Effect upon conversion of Redeemable Cumulative Preference Shares		2,420,181	-	2,420,181	-
- Transfer from deferred tax		-	749,000	-	229,000
		<b>2,420,181</b>	<b>749,000</b>	<b>2,420,181</b>	<b>229,000</b>
Total comprehensive income for the year		<b>95,727,646</b>	<b>130,488,581</b>	<b>58,543,388</b>	<b>84,863,126</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		86,583,607	120,434,884	58,543,388	84,863,126
Non-controlling interests		9,144,039	10,053,697	-	-
		<b>95,727,646</b>	<b>130,488,581</b>	<b>58,543,388</b>	<b>84,863,126</b>
Earnings per share attributable to equity holders of the Company (sen)					
- basic	8(a)	59.69	86.95		
- diluted	8(b)	59.69	86.88		

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

# Statements Of Financial Position

as at 31 December 2012

		Group		Company	
	Note	2012 RM	2011 RM	2012 RM	2011 RM
<b>Non current assets</b>					
Property, plant and equipment	10	682,739,142	679,918,918	228,346,807	228,221,188
Land held for disposal	11	29,262,969	29,262,969	29,262,969	29,262,969
Subsidiaries	12	-	-	37,999,349	35,999,351
Associates	13	276,291,974	226,717,246	89,675,168	55,519,588
Other financial assets	14	-	41,481,129	-	41,481,129
		<b>988,294,085</b>	<b>977,380,262</b>	<b>385,284,293</b>	<b>390,484,225</b>
<b>Current assets</b>					
Other financial assets	14	11,849,729	10,680,563	10,847,815	-
Inventories	15	11,806,276	10,984,974	197,253	426,524
Receivables, deposits and prepayments	16	82,102,009	60,021,406	76,693,654	75,232,573
Tax recoverable		3,854,846	6,485,127	-	2,434,297
Deposits, cash and bank balances	17	162,482,939	139,179,621	116,002,320	108,243,154
		<b>272,095,799</b>	<b>227,351,691</b>	<b>203,741,042</b>	<b>186,336,548</b>
<b>Less: Current liabilities</b>					
Payables	18	39,514,268	28,744,310	4,137,946	6,477,892
Dividend payable		10,604,250	20,966,850	10,604,250	20,966,850
Current tax liabilities		1,127,382	-	1,016,000	-
		<b>51,245,900</b>	<b>49,711,160</b>	<b>15,758,196</b>	<b>27,444,742</b>
Net current assets		<b>220,849,899</b>	<b>177,640,531</b>	<b>187,982,846</b>	<b>158,891,806</b>
<b>Less: Non current liabilities</b>					
Deferred tax liabilities	19	127,873,184	126,593,184	39,764,000	39,403,000
<b>Total net assets</b>		<b>1,081,270,800</b>	<b>1,028,427,609</b>	<b>533,503,139</b>	<b>509,973,031</b>
<b>Capital and reserves attributable to owners of the Company</b>					
Share capital	20	141,390,000	139,779,000	141,390,000	139,779,000
Share premium	21	47,997,970	37,719,120	44,947,244	34,668,394
Share option reserve	22	-	951,380	-	951,380
Revaluation reserves	23	309,686,291	312,685,976	84,240,093	85,154,910
Retained earnings	24	514,287,818	470,656,276	262,925,802	249,419,347
Shareholders' equity		<b>1,013,362,079</b>	<b>961,791,752</b>	<b>533,503,139</b>	<b>509,973,031</b>
<b>Non-controlling interests</b>		<b>67,908,721</b>	<b>66,635,857</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>1,081,270,800</b>	<b>1,028,427,609</b>	<b>533,503,139</b>	<b>509,973,031</b>

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

# Statements Of Changes In Equity

For The Year Ended 31 December 2012

Group	Note	Attributable to owners of the Company					Non-controlling interests	Total equity
		Share capital (Note 20) RM	Share premium (Note 21) RM	Share option reserve (Note 22) RM	Revaluation reserves (Note 23) RM	Retained earnings RM		
<b>At 31 December 2010</b>		136,509,000	17,546,420	-	311,936,976	413,196,142	67,202,152	946,390,690
Employees shares option scheme								
- issue of shares		3,270,000	17,436,420	-	-	-	-	20,706,420
Share options granted		-	-	3,687,660	-	-	-	3,687,660
Share options exercised		-	2,736,280	(2,736,280)	-	-	-	-
Profit for the year		-	-	-	-	119,685,884	10,053,697	129,739,581
Other comprehensive income		-	-	-	749,000	-	-	749,000
Total comprehensive income		-	-	-	749,000	119,685,884	10,053,697	130,488,581
Dividends for the year ended								
- 31 December 2010	9	-	-	-	-	(41,258,900)	(10,619,992)	(51,878,892)
- 31 December 2011	9	-	-	-	-	(20,966,850)	-	(20,966,850)
<b>At 31 December 2011</b>		139,779,000	37,719,120	951,380	312,685,976	470,656,276	66,635,857	1,028,427,609



# Statements Of Changes In Equity

For The Year Ended 31 December 2012

Group	Note	Attributable to owners of the Company						Non-controlling interests	Total equity
		Share capital (Note 20) RM	Share premium (Note 21) RM	Share option reserve (Note 22) RM	Revaluation reserves (Note 23) RM	Retained earnings RM	Total RM		
<b>At 31 December 2011</b>		139,779,000	37,719,120	951,380	312,685,976	470,656,276	961,791,752	66,635,857	1,028,427,609
Employees shares option scheme - issue of shares		1,611,000	8,882,270	-	-	-	10,493,270	-	10,493,270
Share options granted		-	-	445,200	-	-	445,200	-	445,200
Share options exercised		-	1,396,580	(1,396,580)	-	-	-	-	-
Profit for the year		-	-	-	-	84,163,426	84,163,426	9,144,039	93,307,465
Other comprehensive income		-	-	-	(2,999,685)	5,419,866	2,420,181	-	2,420,181
Total comprehensive income		-	-	-	(2,999,685)	89,583,292	86,583,607	9,144,039	95,727,646
Dividends for the year ended	9	-	-	-	-	(35,347,500)	(35,347,500)	(7,871,175)	(43,218,675)
- 31 December 2011	9	-	-	-	-	(10,604,250)	(10,604,250)	-	(10,604,250)
<b>At 31 December 2012</b>		141,390,000	47,997,970	-	309,686,291	514,287,818	1,013,362,079	67,908,721	1,081,270,800

# Statements Of Changes In Equity

For The Year Ended 31 December 2012

Company	Note	Share capital (Note 20) RM	Share premium (Note 21) RM	Share option reserve (Note 22) RM	Revaluation reserves (Note 23) RM	Retained earnings (Note 24) RM	Total RM
<b>At 31 December 2010</b>		136,509,000	14,495,694	-	84,925,910	227,010,971	462,941,575
Employees share option scheme - issue of shares		3,270,000	17,436,420	-	-	-	20,706,420
Share options granted		-	-	3,687,660	-	-	3,687,660
Share options exercised		-	2,736,280	(2,736,280)	-	-	-
Profit for the year		-	-	-	-	84,634,126	84,634,126
Other comprehensive income		-	-	-	229,000	-	229,000
Total comprehensive income		-	-	-	229,000	84,634,126	84,863,126
Dividends for the year ended - 31 December 2010	9	-	-	-	-	(41,258,900)	(41,258,900)
- 31 December 2011	9	-	-	-	-	(20,966,850)	(20,966,850)
<b>At 31 December 2011</b>		139,779,000	34,668,394	951,380	85,154,910	249,419,347	509,973,031

# Statements Of Changes In Equity

For The Year Ended 31 December 2012

Company	Note	Share capital (Note 20) RM	Share premium (Note 21) RM	Share option reserve (Note 22) RM	Revaluation reserves (Note 23) RM	Retained earnings (Note 24) RM	Total RM
<b>At 31 December 2011</b>		139,779,000	34,668,394	951,380	85,154,910	249,419,347	509,973,031
Employees share option scheme - issue of shares		1,611,000	8,882,270	-	-	-	10,493,270
Share options granted		-	-	445,200	-	-	445,200
Share options exercised		-	1,396,580	(1,396,580)	-	-	-
Profit for the year		-	-	-	-	56,123,207	56,123,207
Other comprehensive income		-	-	-	(914,817)	3,334,998	2,420,181
Total comprehensive income		-	-	-	(914,817)	59,458,205	58,543,388
Dividends for the year ended - 31 December 2011	9	-	-	-	-	(35,347,500)	(35,347,500)
- 31 December 2012	9	-	-	-	-	(10,604,250)	(10,604,250)
<b>At 31 December 2012</b>		141,390,000	44,947,244	-	84,240,093	262,925,802	533,503,139

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

# Statements Of Cash Flows

For The Year Ended 31 December 2012

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>Operating activities</b>				
Profit for the year attributable to owners of the Company	84,163,426	119,685,884	56,123,207	84,634,126
Adjustments for:				
Non-controlling interests	9,144,039	10,053,697	-	-
Property, plant and equipment				
- depreciation	10,811,124	9,583,868	3,467,942	3,048,133
- gain on disposal	-	(26,599)	-	(26,599)
- written off	10,698	10,015	7,650	3,599
- other adjustment	-	(1,659)	-	4,200
Impairment on investment in associate	-	-	5,739,920	7,943,693
Share of profit of associates	(20,374,728)	(52,482,212)	-	-
Impairment loss - other receivable	(230,400)	859,480	-	-
Gain on financial asset				
“at fair value through profit and loss”	(847,815)	(445,672)	(847,815)	(445,672)
Loss on initial recognition	-	-	1,936,426	1,366,498
Amortisation of investment held to maturity	(713,662)	(1,493,423)	(713,662)	(1,493,423)
Amortisation of receivable	-	-	(1,888,719)	(1,949,733)
Share options granted	445,200	3,687,660	445,200	3,687,660
Dividend income	-	-	(43,681,950)	(78,128,165)
Interest expense	-	3,071	-	-
Interest income	(3,795,911)	(2,717,090)	(8,544,333)	(1,759,725)
Tax expense	28,394,995	26,421,958	9,194,057	5,344,046
Operating profit before working capital	107,006,966	113,138,978	21,237,923	22,228,638
Changes in working capital:				
- inventories	(821,302)	(5,249,452)	229,271	41,801
- receivables, deposits and prepayments	(22,080,603)	(20,567,279)	797,190	(25,212,732)
- subsidiaries	-	-	(3,338,275)	402,183
- payables	10,768,958	(5,547,380)	(1,276,677)	392,894
Cash from/(used in) operations	94,874,019	81,774,867	17,649,432	(2,147,216)
Interest received	3,637,006	2,717,090	2,848,833	1,759,725
Tax refunded	2,123,916	1,024,405	-	-
Interest paid	-	(3,071)	-	-
Tax paid	(25,249,848)	(29,245,071)	(4,426,510)	(4,904,546)
Net cash flow from/(used in) operating activities	75,385,093	56,268,220	16,071,755	(5,292,037)

# Statements Of Cash Flows

For The Year Ended 31 December 2012

Note	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>Investing activities</b>				
Property, plant and equipment				
- purchase	(13,642,046)	(14,432,572)	(3,632,183)	(5,937,043)
- proceed from disposal	-	26,600	-	26,600
Purchase of investments	(1,000,000)	(294,268)	-	-
Subscription of paid up capital in subsidiary	-	-	(1,999,998)	-
Proceed from disposal of investments	11,252,526	14,912,343	414,972	12,912,343
Dividend received	5,000,000	24,832,857	42,725,700	77,184,665
Net cash flow from investing activities	1,610,480	25,044,960	37,508,491	84,186,565
<b>Financing activities</b>				
Exercise of share options				
- issue of shares	1,611,000	3,270,000	1,611,000	3,270,000
- share premium	8,882,270	17,436,420	8,882,270	17,436,420
Hire purchase paid	-	(33,056)	-	-
Dividend paid	(64,185,525)	(51,878,892)	(56,314,350)	(41,258,900)
Net cash flow used in financing activities	(53,692,255)	(31,205,528)	(45,821,080)	(20,552,480)
<b>Net increase in cash and cash equivalents</b>	<b>23,303,318</b>	<b>50,107,652</b>	<b>7,759,166</b>	<b>58,342,048</b>
Cash and cash equivalents				
- at start of the year	139,179,621	89,071,969	108,243,154	49,901,106
- at end of the year	17 162,482,939	139,179,621	116,002,320	108,243,154

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

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 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, which is its functional currency.

## 2 Basis of preparation of financial statements

The financial statements of the Group and of the Company have been prepared under the historical cost basis unless otherwise indicated in the individual policy statements in Note 3 to the financial statements and comply with Financial Reporting Standards and the requirements of the Companies Act, 1965.

The preparation of financial statements in conformity with the requirements 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 29 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.



# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 3 Summary of significant accounting policies (continued)

### (a) Property, plant and equipment (continued)

Long-term leasehold land is amortised in equal instalments 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	10
Plant and machinery	20
Motor vehicles, furniture, fixtures and equipment	20 – 33.33

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 in the income statement.

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

### (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 plantations mature the capitalisation of planting expenditure will cease.

#### Replanting

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

### (c) Non-current assets held for sale

Non-current assets are classified as held for sale if there has been a change in management intentions in respect of the future use of the asset or disposal group, and hence the carrying amount will be recovered principally through a sale transaction rather than through continuing use.

On initial classification as held for sale, non-current assets are measured at the lower of their carrying amount and fair value less costs to sell. Immediately before the initial classification as held for sale, the carrying amount of non-current assets is measured in accordance with the applicable FRSs.

An impairment loss is recognised for any initial or subsequent write-down of the assets to fair value less costs to sell. Any subsequent increase in fair value less costs to sell is recognised as a gain in profit or loss, to the extent of the cumulative impairment loss that had previously been recognised.

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 3 Summary of significant accounting policies (continued)

### (d) Subsidiaries and basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities over which the Group has the power to exercise control over their financial and operating policies so as to obtain benefits therefrom.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss in the income statement.

#### (ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries made up to the end of the financial year. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same financial period as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisition of subsidiaries is accounted for by applying the purchase method. 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 non-controlling interests. 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.

#### (iii) Non-controlling interests

Non-controlling interests represents the portion of profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Group are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from owner shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and the book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal of non-controlling interests is recognised directly in equity.

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 3 Summary of significant accounting policies (continued)

### (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 shares of its associates' post acquisition profits or losses are 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.

### (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 impairment 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflect market assessments of the time value of money and the risks specific to the asset. 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.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 3 Summary of significant accounting policies (continued)

### (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 impairment loss.

### (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.

### (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 outside profit or loss, either in other comprehensive income or directly 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.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

### (l) Employee benefits

#### (i) Short term employee benefits

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

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 3 Summary of significant accounting policies (continued)

### (l) Employee benefits (continued)

#### (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.

### (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".

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 3 Summary of significant accounting policies (continued)

### (m) Financial instruments (continued)

#### (i) Financial assets (continued)

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 in the income statement.

#### *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.

#### *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 in the income statement.

#### *Impairment of Financial Assets*

At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that financial assets held, other than financial assets at ‘fair value through profit or loss’, are impaired. Financial assets are impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial assets which have an impact on the estimated future cash flows of the financial assets that can be reliably measured.

For other financial assets, objective evidence could include:

- significant financial difficulty of the issuer; or
- a breach of contract; or
- the lender granting to the borrower a concession that the lender would not otherwise consider; or
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

For certain categories of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment.



# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 3 Summary of significant accounting policies (continued)

### (m) Financial instruments (continued)

#### (i) Financial assets (continued)

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade receivables which are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, in later periods, the amount of any impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

#### (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 expires.

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 or right to receive payment is established.

### (o) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and Company and the revenue can be reliably measured.

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 2012

## 4 Revenue

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Sales of fresh fruit bunches	108,116,332	99,075,794	44,678,020	40,843,009
Sales of crude palm oil and palm kernel	344,245,464	380,178,533	-	-
Dividend income (gross)	-	-	43,681,950	78,128,165
	<b>452,361,796</b>	<b>479,254,327</b>	<b>88,359,970</b>	<b>118,971,174</b>

## 5 Profit before tax

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Auditors' remuneration				
- statutory audit (current year)	138,000	113,500	40,000	25,000
- statutory audit (previous year)	-	1,000	-	-
Property, plant and equipment				
- written off	10,698	10,015	7,650	3,599
- gain on disposal	-	(26,599)	-	(26,599)
Cost of contract workers	52,581	41,390	-	-
Rental of land	490,000	422,624	-	-
Rental of lorry	9,430	11,070	-	-
Rental income	(96,180)	(35,220)	(40,350)	(22,450)

(b) Employee benefits cost

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Salaries, bonus and other benefits	8,833,633	8,387,574	1,779,395	1,615,974
Defined contribution retirement plan	1,009,201	973,057	252,847	220,973
ESOS granted	445,200	2,461,260	445,200	2,461,260
	<b>10,288,034</b>	<b>11,821,891</b>	<b>2,477,442</b>	<b>4,298,207</b>

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 6 Key management personnel compensation

### (a) Directors

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>Directors of the Company</b>				
Non-executive Directors				
- Fees	927,960	845,000	502,960	510,000
- Other emoluments	1,147,500	1,210,380	1,147,500	1,210,380
	<b>2,075,460</b>	<b>2,055,380</b>	<b>1,650,460</b>	<b>1,720,380</b>
Executive Directors				
- Fees	275,000	233,000	60,000	60,000
- Other emoluments	654,853	870,334	310,500	505,514
	<b>929,853</b>	<b>1,103,334</b>	<b>370,500</b>	<b>565,514</b>
<b>Directors of subsidiaries</b>				
Non-executive Directors				
- Fees	552,900	411,920	-	-
<b>Total</b>	<b>3,558,213</b>	<b>3,570,634</b>	<b>2,020,960</b>	<b>2,285,894</b>

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 20(b)) as follows:

	2012		2011	
	Average exercised price RM/share	Options	Average exercised price RM/share	Options
At start of the year	6.520	700,000	5.234	480,000
Granted	-	-	6.520	1,400,000
Exercised	-	-	5.234	(480,000)
Exercised	6.520	(700,000)	6.520	(700,000)
		<b>(700,000)</b>		<b>(1,180,000)</b>
At end of the year		-	6.520	700,000

Options exercised during the year resulted in 700,000 units shares being issued at RM1 each. The weighted average share price at the time of exercise ranging from RM7.25 to RM7.30 per share (2011: RM7.00 to RM7.55).

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 6 Key management personnel compensation (continued)

### (b) Other key management personnel

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Salaries, bonus and other benefits	1,296,220	1,313,503	862,860	859,848
Defined contribution plan	160,820	164,579	125,895	124,772
ESOS granted	79,250	325,130	79,250	325,130
<b>Total</b>	<b>1,536,290</b>	<b>1,803,212</b>	<b>1,068,005</b>	<b>1,309,750</b>

## 7 Tax expenses

### (a) Tax charge for the year

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Malaysian income tax	27,114,995	24,503,958	8,833,057	4,244,046
Deferred tax (Note 19)	1,280,000	1,918,000	361,000	1,100,000
<b>Tax expenses</b>	<b>28,394,995</b>	<b>26,421,958</b>	<b>9,194,057</b>	<b>5,344,046</b>
Share of tax of equity accounted associates	14,357,712	12,568,445	-	-
<b>Total tax expense</b>	<b>42,752,707</b>	<b>38,990,403</b>	<b>9,194,057</b>	<b>5,344,046</b>
<b>Malaysian income tax</b>				
Current year	25,781,400	24,869,380	7,472,250	4,620,500
Over accrued in prior years	1,333,595	(365,422)	1,360,807	(376,454)
	27,114,995	24,503,958	8,833,057	4,244,046
<b>Deferred tax</b>				
Temporary differences	1,280,000	1,918,000	361,000	1,100,000
<b>Tax expenses</b>	<b>28,394,995</b>	<b>26,421,958</b>	<b>9,194,057</b>	<b>5,344,046</b>

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 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	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit for the year	93,307,465	129,739,581	56,123,207	84,634,126
Total tax expenses	42,752,707	38,990,403	9,194,057	5,344,046
	136,060,172	168,729,984	65,317,264	89,978,172
Tax calculated at the tax rate of 25% (2011: 25%)	34,015,043	42,182,496	16,329,316	22,494,543
Tax effect of:				
- expenses not deductible for tax purposes	3,743,908	2,259,059	1,977,664	2,453,606
- under/(over) accrued in prior years	5,722,689	(365,422)	1,360,807	(376,454)
- benefits from utilisation of reinvestment allowance	(335,864)	(257,001)	-	-
- income not taxable	(393,069)	(4,828,729)	(10,473,730)	(19,227,649)
- deferred tax liabilities over accrued	-	-	-	-
Total tax expenses	42,752,707	38,990,403	9,194,057	5,344,046

## 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.

	2012	2011
Profit attributable to equity holders of the Company (RM)	84,163,426	119,685,884
Weighted average number of ordinary shares in issue	141,007,827	137,651,016
Basic earnings per share (sen)	59.69	86.95

### (b) Diluted earnings per share

There was no diluting factor to earnings per share for the current financial year and the figure is the same as basic earnings per share.

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 9 Dividends

Dividends declared or proposed for year ended 31 December 2012 are as follows:

	Group and Company			
	31.12.2012		31.12.2011	
	Gross dividend per share Sen	Amount of single tier dividend RM	Gross dividend per share Sen	Amount of single tier dividend RM
Declared				
- interim single tier dividend	7.5	10,604,250	15.0	20,966,850
Proposed				
- final single tier dividend	17.5	24,743,250	15.0	20,966,850
- special single tier dividend	-	-	10.0	13,977,900
	<b>25.0</b>	<b>35,347,500</b>	<b>40.0</b>	<b>55,911,600</b>
Dividend per share recognised as distribution to ordinary equity holders of the Company				
31 December 2011				
- paid during the year	25.0	35,347,500	-	-
31 December 2012				
- declared during the year	7.5	10,604,250	-	-
31 December 2010				
- paid during the year	-	-	30.0	41,258,900
31 December 2011				
- declared during the year	-	-	15.0	20,966,850
	<b>32.5</b>	<b>45,951,750</b>	<b>45.0</b>	<b>62,225,750</b>

Interim single tier dividend of 7.5 sen per share on 141,390,000 ordinary shares totalling RM10,604,250 for the financial year ended 31 December 2012 was paid on 16 January 2013.

At the forthcoming Annual General Meeting, a final single tier dividend of 17.5 sen per share on 141,390,000 ordinary shares amounting to RM24,743,250 will be proposed for shareholders' approval.

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 2013.



# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 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
<b>Carrying amounts at 31 December 2010</b>	331,632,002	314,451,638	11,423,541	11,170,385	3,028,277	3,372,728	675,078,571
Additions	-	4,514,547	868,233	3,200,643	2,016,756	3,842,967	14,443,146
Reclassification	-	-	3,140,424	350,828	(197,925)	(3,293,327)	-
Other adjustment	-	-	(4,200)	-	5,859	-	1,659
Written off	-	-	-	(2,286)	(7,729)	-	(10,015)
Transfer	-	-	-	-	(10,574)	-	(10,574)
Disposal	-	-	-	-	(1)	-	(1)
Depreciation charge	(4,387,221)	(156,302)	(1,101,964)	(2,732,502)	(1,205,879)	-	(9,583,868)
<b>Carrying amounts at 31 December 2011</b>	327,244,781	318,809,883	14,326,034	11,987,068	3,628,784	3,922,368	679,918,918
Additions	-	5,872,392	705,100	2,355,959	1,846,710	2,856,211	13,636,372
Reclassification	-	-	2,599,428	1,941,029	197,926	(4,738,383)	-
Written off	-	-	(3,485)	(1,607)	(5,606)	-	(10,698)
Transfer	-	-	-	931	4,743	-	5,674
Depreciation charge	(4,387,221)	(156,302)	(1,410,075)	(3,234,737)	(1,622,789)	-	(10,811,124)
<b>Carrying amounts at 31 December 2012</b>	322,857,560	324,525,973	16,217,002	13,048,643	4,049,768	2,040,196	682,739,142
<b>At 31 December 2011</b>							
Cost	472,672	5,771,459	29,022,670	43,341,085	9,116,400	3,922,368	91,646,654
Valuation	331,159,330	313,572,453	-	-	-	-	644,731,783
Accumulated depreciation	(4,387,221)	(534,029)	(14,696,636)	(31,354,017)	(5,487,616)	-	(56,459,519)
Carrying amounts	327,244,781	318,809,883	14,326,034	11,987,068	3,628,784	3,922,368	679,918,918
<b>At 31 December 2012</b>							
Cost	472,672	11,643,851	32,032,761	47,231,816	11,250,778	2,040,196	104,672,074
Valuation	331,159,330	313,572,453	-	-	-	-	644,731,783
Accumulated depreciation	(8,774,442)	(690,331)	(15,815,759)	(34,183,173)	(7,201,010)	-	(66,664,715)
Carrying amounts	322,857,560	324,525,973	16,217,002	13,048,643	4,049,768	2,040,196	682,739,142

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 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
<b>Carrying amounts at 31 December 2010</b>	122,118,650	96,881,111	1,697,592	833,302	1,303,890	2,482,728	225,317,273
Additions	-	3,449,963	43,878	303,000	1,401,994	738,208	5,937,043
Other adjustment	-	-	(4,200)	-	-	-	(4,200)
Reclassification	-	-	3,039,576	181,360	-	(3,220,936)	-
Written off	-	-	-	(809)	(2,790)	-	(3,599)
Transfer	-	-	-	-	22,805	-	22,805
Disposal	-	-	-	-	(1)	-	(1)
Depreciation charge	(1,553,532)	(156,302)	(416,016)	(315,597)	(606,686)	-	(3,048,133)
<b>Carrying amounts at 31 December 2011</b>	120,565,118	100,174,772	4,360,830	1,001,256	2,119,212	-	228,221,188
Additions	-	1,923,986	513,364	52,577	994,047	148,209	3,632,183
Transfer	-	-	25,422	-	(56,394)	-	(30,972)
Written off	-	-	(3,474)	(1,205)	(2,971)	-	(7,650)
Depreciation charge	(1,553,532)	(156,302)	(531,228)	(341,469)	(885,411)	-	(3,467,942)
<b>Carrying amounts at 31 December 2012</b>	119,011,586	101,942,456	4,364,914	711,159	2,168,483	148,209	228,346,807
<b>At 31 December 2011</b>							
Cost	-	4,231,451	7,186,071	2,527,832	4,823,365	-	18,768,719
Valuation	122,118,650	96,477,350	-	-	-	-	218,596,000
Accumulated depreciation	(1,553,532)	(534,029)	(2,825,241)	(1,526,576)	(2,704,153)	-	(9,143,531)
Carrying amounts	120,565,118	100,174,772	4,360,830	1,001,256	2,119,212	-	228,221,188
<b>At 31 December 2012</b>							
Cost	-	6,155,437	7,679,406	2,550,142	5,573,696	148,209	22,106,890
Valuation	122,118,650	96,477,350	-	-	-	-	218,596,000
Accumulated depreciation	(3,107,064)	(690,331)	(3,314,492)	(1,838,983)	(3,405,213)	-	(12,356,083)
Carrying amounts	119,011,586	101,942,456	4,364,914	711,159	2,168,483	148,209	228,346,807

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 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 independent professional valuation of leasehold land and oil palm plantations owned by the Group at 31 December 2012 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 disposal

These land are presented as non-current assets even though their recovery are by way of sale since the Company has yet to enter into any formal sale and purchase agreement for their disposal.

## 12 Subsidiaries

	Company	
	2012 RM	2011 RM
Unquoted shares, at cost:		
- at start of the year	35,999,351	35,999,351
- addition during the year	1,999,998	-
- at end of the year	37,999,349	35,999,351

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 12 Subsidiaries (continued)

Name of Company	Country of incorporation	Effective interest of the Group				Principal activities
		Company 2012 %	2011 %	Subsidiary 2012 %	2011 %	
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
Inai Prisma Sdn. Bhd. @	Malaysia	100	-	-	-	Dormant company
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
F.E. Rangkaian Sdn. Bhd.	Malaysia	70	100	-	-	Oil palm plantations
Kilang Kosfarm Sdn. Bhd.	Malaysia	51	51	-	-	Palm oil mill

@ Previously the Company was under winding up petition of its creditors under the control of High Court, of Kuantan. The control was subsequently transferred to the Group upon successful application for stay of the winding up notice. The subsidiary has been consolidated effective 1 January 2012.

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

All subsidiaries are audited by McMillan Woods Thomas.

## 13 Associates

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
At cost				
Unquoted shares	66,464,400	32,264,400	103,358,781	63,463,281
Accumulated impairment loss	-	-	(13,683,613)	(7,943,693)
	66,464,400	32,264,400	89,675,168	55,519,588
Share of post acquisition reserve	209,827,574	194,452,846	-	-
	276,291,974	226,717,246	89,675,168	55,519,588

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 13 Associates (continued)

Summary of financial information on associates are as follows:

	Company	
	2012 RM	2011 RM
<b>Results</b>		
Revenue (100%)	363,649,560	592,718,939
Profit for the year (100%)	51,817,342	133,357,262
Group's share of associates profit for the year	20,374,728	52,482,212
<b>Assets and liabilities</b>		
Total assets (100%)	735,955,245	736,838,440
Total liabilities (100%)	76,016,052	161,538,290
Group's share of associates net assets	268,616,281	226,654,338

The details of the associates are as follows:

Name of Company	Country of incorporation	Interest of the Equity held by			
		Company	Subsidiary		
		2012 %	2011 %	2012 %	2011 %
* 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	47.2	30.0	-	-
* Jaspurna Holdings Sdn. Bhd.	Malaysia	-	-	@45.0	45.0
* PGC Management Services Sdn. Bhd.	Malaysia	-	-	@30.0	30.0

# Audited by McMillan Woods Thomas

\* Audited by other firms of auditors

@ Share held by Kilang Kosfarm Sdn. Bhd.

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 14 Other financial assets

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<b><u>Non-current</u></b>				
<b>Financial assets at “fair value through profit and loss”</b>				
Investment in fund management	-	10,414,971	-	10,414,971
<b>Held to maturity investments</b>				
Redeemable Cumulative Preference Shares	-	31,066,158	-	31,066,158
	-	41,481,129	-	41,481,129
<b><u>Current</u></b>				
<b>Financial assets at “fair value through profit and loss”</b>				
Investment in fund management	11,849,729	10,680,563	10,847,815	-

## 15 Inventories

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>At cost</b>				
Finished goods	6,483,393	8,588,790	-	-
Raw material	37,656	336,575	-	-
Nurseries	977,374	630,884	-	-
Consumables	762,920	1,428,725	197,253	426,524
	8,261,343	10,984,974	197,253	426,524
<b>At net realisable value</b>				
Finished goods	3,544,933	-	-	-
	11,806,276	10,984,974	197,253	426,524



# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 16 Receivables, deposits and prepayments

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Trade receivables	34,744,949	25,180,640	4,260,226	3,167,787
Other receivables	2,041,615	6,895,105	499,409	2,348,968
Less: Impairment loss				
At start of the year	(859,480)	-	-	-
Current year	-	(859,480)	-	-
At end of the year	(859,480)	(859,480)	-	-
	1,182,135	6,035,625	499,409	2,348,968
Deposits	25,476,996	25,506,482	25,444,183	25,494,292
Prepayments	24,836	5,059	17,628	3,089
Amounts due from associates	20,673,093	3,293,600	-	4,500
Amounts due from subsidiaries	-	-	46,472,208	44,213,937
	82,102,009	60,021,406	76,693,654	75,232,573

Credit term of trade receivables to the Group and of the Company is 30 days (2011: 30 days).

The amounts due from subsidiaries are advances, which are unsecured, free of interest and repayable within 30 days except for RM14,399,738 (2011: RM38,884,469) repayable in 2 to 4 years (2011: 2 years) period.

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

Included in deposits is RM25,343,897 (2011: RM25,343,897) paid to Pengarah Tanah dan Galian Pahang for the alienation of 3,899.061 acres of land. The amount will be reflected as land and oil palm plantation once the Company obtained the land title deed from the relevant authority.

## 17 Cash and cash equivalents

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Deposits with licensed banks	145,479,331	110,558,364	115,132,331	93,711,364
Deposit with building society	3,000,000	3,000,000	-	-
Cash and bank balances	14,003,608	25,621,257	869,989	14,531,790
	162,482,939	139,179,621	116,002,320	108,243,154

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 17 Cash and cash equivalents (continued)

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

	Group		Company	
	2012 %	2011 %	2012 %	2011 %
Deposits with licensed banks	3.02	3.04	3.03	3.03
Deposit with building society	3.02	3.04	-	-

As at 31 December 2012, the deposits of the Group and of the Company have maturity period between 30 to 90 days (2011: 30 to 90 days). Bank balances are deposits held at call with banks.

## 18 Payables

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Trade payables	30,517,094	18,841,357	670,885	1,585,529
Other payables	2,833,346	3,078,136	278,123	537,652
Deposits	28,178	67,883	28,178	49,080
Accruals	5,263,015	4,945,772	1,969,105	2,050,707
Amounts due to associates	872,635	1,811,162	-	-
Amounts due to subsidiaries	-	-	1,191,655	2,254,924
	39,514,268	28,744,310	4,137,946	6,477,892

Credit terms of trade payables of the Group and of the Company ranges from 30 to 90 days (2011: 30 to 90 days).

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

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 19 Deferred tax liabilities

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
At start of the year	126,593,184	125,424,184	39,403,000	38,532,000
(Charged)/Credited to income statement (Note 7)				
- property, plant and equipment	1,302,000	1,944,000	361,000	1,100,000
- others	(22,000)	(26,000)	-	-
Transfer to revaluation reserves (Note 23)	1,280,000	1,918,000	361,000	1,100,000
	-	(749,000)	-	(229,000)
At end of the year	127,873,184	126,593,184	39,764,000	39,403,000
Deferred tax assets before offsetting				
- unabsorbed business loss	(1,224,416)	(1,224,416)	-	-
Offsetting	1,224,416	1,224,416	-	-
Deferred tax assets after offsetting	-	-	-	-
Deferred tax liabilities before offsetting				
- property, plant and equipment	128,945,600	127,643,600	39,764,000	39,403,000
- others	152,000	174,000	-	-
Offsetting	(1,224,416)	(1,224,416)	-	-
Deferred tax liabilities after offsetting	127,873,184	126,593,184	39,764,000	39,403,000

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 20 Share capital

### (a) Authorised and issued and fully paid ordinary shares

	Company	
	2012 RM	2011 RM
<b>Authorised ordinary shares of RM1 each</b>		
At start and end of the year	500,000,000	500,000,000
<b>Issued and fully paid ordinary shares of RM1 each</b>		
At start of the year	139,779,000	136,509,000
Issued during the year		
- exercise of share option	1,611,000	3,270,000
At end of the year	141,390,000	139,779,000

### (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 and expired on 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 2012

## 20 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 RM/share	At start of the year '000	Granted '000	Exercised '000	Resigned '000	At end of the year '000
<b>31.12.2012</b>							
24.2.2012	16.3.2012	6.520	-	530	(530)	-	-
1.4.2011	16.3.2012	6.520	1,076	-	(1,076)	-	-
6.6.2011	16.3.2012	6.550	5	-	(5)	-	-
			<b>1,081</b>	<b>530</b>	<b>(1,611)</b>	<b>-</b>	<b>-</b>
<b>31.12.2011</b>							
1.4.2011	16.3.2012	6.520	-	3,791	(2,680)	(35)	1,076
6.6.2011	16.3.2012	6.550	-	115	(110)	-	5
2.1.2008	16.3.2012	5.234	450	-	(450)	-	-
8.1.2008	16.3.2012	5.234	30	-	(30)	-	-
			<b>480</b>	<b>3,906</b>	<b>(3,270)</b>	<b>(35)</b>	<b>1,081</b>

	<b>31.12.2012</b>	31.12.2011
Number of share options vested at the balance sheet date	-	1,081,000

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 20 Share capital (continued)

### (b) Employees' Share Option Scheme (continued)

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	
			2012 Unit	2011 Unit
February 2012	7.30	6.520	564,000	-
	7.30	6.550	5,000	-
	7.30	6.500	410,000	-
March 2012	7.25	6.520	512,000	-
	7.25	6.500	120,000	-
May 2011	7.55	5.234	-	380,000
	7.40 – 7.55	6.520	-	1,090,000
June 2011	7.45	6.520	-	61,000
July 2011	7.25	6.520	-	335,000
August 2011	7.05	6.520	-	212,000
	7.05	6.550	-	20,000
October 2011	6.90	6.520	-	282,000
	6.90	6.550	-	30,000
November 2011	7.00	5.234	-	100,000
December 2011	7.18	6.520	-	700,000
	7.18	6.550	-	60,000
			<b>1,611,000</b>	<b>3,270,000</b>
			<b>2012 RM</b>	<b>2011 RM</b>
Ordinary share capital at par			<b>1,611,000</b>	3,270,000
Share premium			<b>8,882,270</b>	17,436,420
Proceeds received on exercise of share options			<b>10,493,270</b>	20,706,420
Fair value at exercise date of shares issued			<b>11,889,850</b>	23,914,000

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 2012

## 21 Share premium

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>At 1 January</b>	<b>37,719,120</b>	17,546,420	<b>34,668,394</b>	14,495,694
Exercise of share option	<b>8,882,270</b>	17,436,420	<b>8,882,270</b>	17,436,420
Transfer from share option reserve (Note 22)	<b>1,396,580</b>	2,736,280	<b>1,396,580</b>	2,736,280
<b>At 31 December</b>	<b>47,997,970</b>	37,719,120	<b>44,947,244</b>	34,668,394

## 22 Share option reserve

	Group and Company	
	2012 RM	2011 RM
<b>At start of the year</b>	<b>951,380</b>	-
Share option granted	<b>445,200</b>	3,687,660
Transfer to share premium (Note 21)	<b>(1,396,580)</b>	(2,736,280)
<b>At end of the year</b>	<b>-</b>	951,380

## 23 Revaluation reserves

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>At 1 January</b>	<b>312,685,976</b>	311,936,976	<b>85,154,910</b>	84,925,910
Transfer to retained earnings	<b>(2,999,685)</b>	-	<b>(914,817)</b>	-
Transfer from deferred tax (Note 19)	-	749,000	-	229,000
<b>At 31 December</b>	<b>309,686,291</b>	312,685,976	<b>84,240,093</b>	85,154,910

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.

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 24 Retained earnings

The Company had moved to the single tier dividend system. Therefore all its retained earnings as at 31 December 2012 can be paid out as single tier exempt dividend.

## 25 Segmental information

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

## 26 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:

<u>Related parties</u>	<u>Relationship</u>
- 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.

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 26 Related parties (continued)

### (c) Transactions with subsidiaries

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>Dividend income</b>				
- Kampong Aur Oil Palm Company (Sdn.) Berhad	-	-	11,680,075	27,253,508
- Dawn Oil Palm Plantations Sdn. Bhd.	-	-	14,401,200	12,601,050
- B.S. Oil Palm Plantations Sdn. Bhd.	-	-	8,100,675	9,000,750
- Kilang Kosfarm Sdn. Bhd.	-	-	5,100,000	4,590,000
<b>Sales of fresh fruit bunches</b>				
- Kilang Kosfarm Sdn. Bhd.	-	-	5,459,431	3,681,157

### (d) Transactions with associates

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>Dividend income</b>				
- Prosper Palm Oil Mill Sdn Berhad	-	-	4,400,000	4,000,000
- Business & Budget (Hotels) Sdn. Bhd.	-	-	-	20,682,857
<b>Purchase of fresh fruit bunches</b>				
- Prosper Palm Oil Mill Sdn Berhad	652,452	357,250	-	-
<b>Sales of crude palm oil and palm kernel</b>				
- Future Prelude Sdn. Bhd.	21,189,961	-	-	-
- Prosper Palm Oil Mill Sdn Berhad	21,813,061	22,315,389	-	-
<b>Purchases of crude palm oil and palm kernel</b>				
- Prosper Palm Oil Mill Sdn Berhad	11,118,421	28,039,020	-	-

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 26 Related parties (continued)

### (e) Other related parties transactions

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>Sales of fresh fruit bunches</b>				
- Rompin Palm Oil Mill Sdn. Bhd.	9,257,963	5,992,391	-	-
- LKPP Corporation Sendirian Berhad	1,562,655	2,132,664	1,562,655	2,132,664
- Kilang Sawira Makmur Sdn. Bhd.	68,888,976	61,307,081	14,018,173	8,366,213
- Endau Palm Oil Mill Sdn. Bhd.	10,532,637	9,380,906	-	-
<b>Purchase of fresh fruit bunches</b>				
- Rompin Palm Oil Mill Sdn. Bhd.	4,827,407	1,894,649	-	-
- Koperasi Serbausaha Makmur Berhad	95,187,815	119,857,598	-	-
<b>Sales of crude palm oil and palm kernel</b>				
- Prosper Trading Sdn. Bhd.	23,154,192	31,524,874	-	-
- PGC Management Services Sdn. Bhd.	88,477,099	105,420,129	-	-
- Endau Palm Oil Mill Sdn. Bhd.	25,908,990	30,822,353	-	-
- Rompin Palm Oil Mill Sdn. Bhd.	27,332,707	37,052,049	-	-
- Kilang Sawira Makmur Sdn. Bhd.	1,175,235	2,498,949	-	-
<b>Purchases of crude palm oil and palm kernel</b>				
- Endau Palm Oil Mill Sdn. Bhd.	34,376,318	43,165,110	-	-
- Rompin Palm Oil Mill Sdn. Bhd.	29,201,832	17,187,329	-	-
- Prosper Palm Oil Product Marketing Sdn. Bhd.	1,472,367	-	-	-
- Kilang Sawira Makmur Sdn. Bhd.	27,305,897	26,657,765	-	-
<b>Management fee payable to</b> PGC Management Services Sdn. Bhd.	1,703,600	1,726,650	-	-
<b>Purchase of fertiliser</b> Prosper Trading Sdn. Bhd.	-	3,422,756	-	1,467,376

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 26 Related parties (continued)

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>Related parties</b>				
Receivables:				
- Rompin Palm Oil Mill Sdn. Bhd.	2,221,118	6,267,085	303,747	705,608
- Kilang Kosfarm Sdn. Bhd.	-	-	4,845,832	3,176,973
- Prosper Trading Sdn. Bhd.	2,810,805	1,399,530	-	-
- PGC Management Services Sdn. Bhd.	18,132,573	5,906,654	-	-
- LKPP Corporation Sendirian Berhad	111,909	149,915	111,909	149,915
- Kilang Sawira Makmur Sdn. Bhd.	-	2,281,954	1,061,797	501,557
- Endau Palm Oil Mills Sdn. Bhd.	-	-	1,119,025	196,182
<b>Related parties</b>				
Payables:				
- Endau Palm Oil Mills Sdn. Bhd.	6,871,860	822,412	-	-
- Prosper Trading Sdn. Bhd.	-	-	-	624,817
- Kilang Sawira Makmur Sdn. Bhd.	411,002	-	-	-
- Prosper Palm Oil Mill Sdn Berhad	872,635	-	-	-
- Koperasi Serbausaha Makmur Berhad	7,062,095	7,948,896	-	-

## 27 Capital commitments

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>Authorised by the Directors and not contracted</b>	62,899,352	62,223,690	43,795,316	45,744,986
<b>Analysed as follows:</b>				
- property, plant and equipment	9,812,050	8,523,950	1,792,650	1,859,500
- oil palm plantation development	13,087,302	13,699,740	2,002,666	3,885,486
- acquisition of land	40,000,000	40,000,000	40,000,000	40,000,000
	62,899,352	62,223,690	43,795,316	45,744,986

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 28 Financial instruments

### (a) Classification of financial instruments

Group 31.12.2012	Financial assets “at fair value through profit and loss” RM	Loan and receivables RM	Financial liabilities, at amortised cost RM	Total RM
<b>Financial assets</b>				
Investment in fund management - current	11,849,729	-	-	11,849,729
Trade and other receivables	-	35,927,084	-	35,927,084
Amounts due from associates	-	20,673,093	-	20,673,093
Deposits, cash and bank balances	-	162,482,939	-	162,482,939
Total financial assets	11,849,729	219,083,116	-	230,932,845
<b>Financial liabilities</b>				
Trade and other payables	-	-	33,350,440	33,350,440
Accruals	-	-	5,263,015	5,263,015
Amounts due to associates	-	-	872,635	872,635
Total financial liabilities	-	-	39,486,090	39,486,090

Group 31.12.2011	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
<b>Financial assets</b>					
Investment in fund management - non current	10,414,971	-	-	-	10,414,971
Investment in fund management - current	10,680,563	-	-	-	10,680,563
Redeemable Cumulative Preference Shares	-	31,066,158	-	-	31,066,158
Trade and other receivables	-	-	31,216,265	-	31,216,265
Amounts due from associates	-	-	3,293,600	-	3,293,600
Deposits, cash and bank balances	-	-	139,179,621	-	139,179,621
Total financial assets	21,095,534	31,066,158	173,689,486	-	225,851,178
<b>Financial liabilities</b>					
Trade and other payables	-	-	-	21,919,493	21,919,493
Accruals	-	-	-	4,945,772	4,945,772
Hire purchase liabilities	-	-	-	1,811,162	1,811,162
Total financial liabilities	-	-	-	28,676,427	28,676,427



# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 28 Financial instruments (continued)

### (a) Classification of financial instruments (continued)

Company 31.12.2012	Financial assets “at fair value through profit and loss” RM	Loan and receivables RM	Financial liabilities, at amortised cost RM	Total RM
Investment in fund management – current	10,847,815	-	-	10,847,815
Trade and other receivables	-	4,759,635	-	4,759,635
Amounts due from subsidiaries	-	46,472,208	-	46,472,208
Deposits, cash and bank balances	-	116,002,320	-	116,002,320
Total financial assets	10,847,815	167,234,163	-	178,081,978
<b>Financial liabilities</b>				
Trade and other payables	-	-	949,008	949,008
Amounts due to subsidiaries	-	-	1,191,655	1,191,655
Accruals	-	-	1,969,105	1,969,105
Total financial liabilities	-	-	4,109,768	4,109,768

Company 31.12.2011	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
Investment in fund management – non current	10,414,971	-	-	-	10,414,971
Redeemable Cumulative Preference Shares	-	31,066,158	-	-	31,066,158
Trade and other receivables	-	-	5,516,755	-	5,516,755
Amounts due from subsidiaries	-	-	44,213,937	-	44,213,937
Amount due from associate	-	-	4,500	-	4,500
Deposits, cash and bank balances	-	-	108,243,154	-	108,243,154
Total financial assets	10,414,971	31,066,158	157,978,346	-	199,459,475
<b>Financial liabilities</b>					
Trade and other payables	-	-	-	2,123,181	2,123,181
Amounts due to subsidiaries	-	-	-	2,254,924	2,254,924
Accruals	-	-	-	2,050,707	2,050,707
Total financial liabilities	-	-	-	6,428,812	6,428,812

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 28 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 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

Credit risk is the risk of loss that may arise from the outstanding financial instruments should a counterparty default on its obligations. The Group and Company are exposed to credit risk primarily from trade receivables, other receivables and deposits, cash and bank balances with financial institutions.

As at the current and previous financial year-end, the Group and Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position. Receivables are continuously being monitored to ensure that exposure to bad debts are minimised.

The ageing of trade receivables of the Group and Company are as follows:

<b>Group 2012</b>	<b>Gross RM</b>	<b>Impairment loss RM</b>	<b>Net RM</b>
Not past due	34,694,028	-	34,694,028
1 to 120 days past due	-	-	-
More than 120 days past due	50,921	-	50,921
	<b>34,744,949</b>	<b>-</b>	<b>34,744,949</b>

<b>2011</b>	<b>Gross RM</b>	<b>Impairment loss RM</b>	<b>Net RM</b>
Not past due	25,129,719	-	25,129,719
1 to 120 days past due	-	-	-
More than 120 days past due	50,921	-	50,921
	<b>25,180,640</b>	<b>-</b>	<b>25,180,640</b>

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 28 Financial instruments (continued)

### (b) Financial risk management objectives and policies (continued)

Company 2012	Gross RM	Impairment loss RM	Net RM
Not past due	4,260,226	-	4,260,226

2011	Gross RM	Impairment loss RM	Net RM
Not past due	3,167,787	-	3,167,787

#### Receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and Company. None of the Group and Company's receivables that are neither past due nor impaired have been renegotiated during the current and previous year.

The Group and Company have no significant concentration of credit risk that may arise from exposures to a single debtor or counterparty.

#### 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.

The following tables analysed the remaining maturity for non-derivatives financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on earliest date on which the Group can be required to pay.

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 28 Financial instruments (continued)

### (b) Financial risk management objectives and policies (continued)

<b>Group 2012</b>	<b>Not later than 1 month RM</b>	<b>1 month to 3 months RM</b>	<b>3 months to 1 year RM</b>	<b>Total RM</b>
Trade and other payables	20,357,924	12,763,459	229,057	<b>33,350,440</b>
Accruals	2,789,655	-	2,473,360	<b>5,263,015</b>
Amount due to associate	872,635	-	-	<b>872,635</b>
	<b>24,020,214</b>	<b>12,763,459</b>	<b>2,702,417</b>	<b>39,486,090</b>
<b>2011</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Trade and other payables	21,783,306	-	136,187	21,919,493
Accruals	3,127,632	-	1,818,140	4,945,772
Amount due to associate	1,811,162	-	-	1,811,162
	<b>26,722,100</b>	<b>-</b>	<b>1,954,327</b>	<b>28,676,427</b>
<b>Company 2012</b>	<b>Not later than 1 month RM</b>	<b>1 month to 3 months RM</b>	<b>3 months to 1 year RM</b>	<b>Total RM</b>
Trade and other payables	949,008	-	-	<b>949,008</b>
Amounts due to subsidiaries	1,191,655	-	-	<b>1,191,655</b>
Accruals	1,004,145	-	964,960	<b>1,969,105</b>
	<b>3,144,808</b>	<b>-</b>	<b>964,960</b>	<b>4,109,768</b>
<b>2011</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Trade and other payables	2,123,181	-	-	2,123,181
Amounts due to subsidiaries	2,254,924	-	-	2,254,924
Accruals	1,341,707	-	709,000	2,050,707
	<b>5,719,812</b>	<b>-</b>	<b>709,000</b>	<b>6,428,812</b>

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 28 Financial instruments (continued)

### (c) 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	2012		2011	
	Carrying amounts RM	Fair values RM	Carrying amounts RM	Fair values RM
<b>Financial assets</b>				
<i>Financial assets “at fair value through profit and loss”</i>				
Investment in fund management	11,849,729	11,849,729	21,095,534	21,095,534
<i>Held to maturity investments</i>				
Redeemable Cumulative Preference Shares	-	-	31,066,158	31,066,158
<i>Loan and receivables</i>				
Trade and other receivables	35,927,084	35,927,084	31,216,265	31,216,265
Amounts due from associates	20,673,093	20,673,093	3,293,600	3,293,600
Deposits, cash and bank balances	162,482,939	162,482,939	139,179,621	139,179,621
Total financial assets	230,932,845	230,932,845	225,851,178	225,851,178
<b>Financial liabilities</b>				
<i>Financial liabilities at amortised cost</i>				
Trade and other payables	33,350,440	33,350,440	21,919,493	21,919,493
Accruals	5,263,015	5,263,015	4,945,772	4,945,772
Amount due to associate	872,635	872,635	1,811,162	1,811,162
Total financial liabilities	39,486,090	39,486,090	28,676,427	28,676,427

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 28 Financial instruments (continued)

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

Company	2012		2011	
	Carrying amounts RM	Fair values RM	Carrying amounts RM	Fair values RM
<b>Financial assets</b>				
<i>Financial assets “at fair value through profit and loss”</i>				
Investment in fund management	10,847,815	10,847,815	10,414,971	10,414,971
<i>Held to maturity investments</i>				
Redeemable Cumulative Preference Shares	-	-	31,066,158	31,066,158
<i>Loan and receivables</i>				
Trade and other receivables	4,759,635	4,759,635	5,516,755	5,516,755
Amounts due from subsidiaries	13,072,470	13,072,470	10,329,468	10,329,468
Amounts due from subsidiaries	33,399,738	33,399,738	33,884,469	33,884,469
Amount due from associate	-	-	4,500	4,500
Deposits, cash and bank balances	116,002,320	116,002,320	108,243,154	108,243,154
Total financial assets	178,081,978	178,081,978	199,459,475	199,459,475
<b>Financial liabilities</b>				
<i>Financial liabilities at amortised cost</i>				
Trade and other payables	949,008	949,008	2,123,181	2,123,181
Amounts due to subsidiaries	1,191,655	1,191,655	2,254,924	2,254,924
Accruals	1,969,105	1,969,105	2,050,707	2,050,707
Total financial liabilities	4,109,768	4,109,768	6,428,812	6,428,812

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 RM33,399,738 (2011: RM33,884,469) due from two of the subsidiaries. The fair value is estimated by discounting the future cash flow at the rate of 5.425%, based on estimated borrowing cost of the companies.

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 29 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.

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.

(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 31 of the financial statements for details.



# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 30 Adoption of new and revised Financial Reporting Standards and Interpretations

During the financial year, the Group 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 2012:

### **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 2012, have been adopted, but the adoptions do not have a significant impact on the financial statements:

Amendments to FRS 7 Financial Instruments: Disclosures  
Amendments to FRS 112 Income Taxes  
FRS 124 Related Party Disclosures

### **FRSs that have been issued but are not yet effective**

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

FRS 9 Financial Instruments  
FRS 10 Consolidated Financial Statements  
FRS 11 Joint Arrangements  
FRS 12 Disclosure of Interests in Other Entities  
FRS 13 Fair Value Measurement  
FRS 119 (as revised in 2011) Employee Benefits  
FRS 127 (as revised in 2011) Separate Financial Statements  
FRS 128 (as revised in 2011) Investment in Associates and Joint Ventures

The new FRSs will take effect on 1 January 2013, and the Group will adopt these FRSs during the financial year beginning on 1 January 2013.

The following revised FRS will take effect on 1 July 2012, and the Group will adopt these FRSs during the financial year beginning on 1 January 2013:

Amendment to FRS 101 Presentation of Financial Statements

The following FRSs are not relevant or have no significant impacts on the Group:

Amendment to FRS 1 First-time Adoption of Financial Reporting Standards  
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 30 Adoption of new and revised Financial Reporting Standards and Interpretations (continued)

### Malaysian Financial Reporting Standards ('MFRS Framework')

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the MFRS Framework. The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture ('MFRS 141') and IC Interpretation 15 Agreements for Construction of Real Estate ('IC 15'), including its parent, significant investor and venture (herein called 'Transitioning Entities'). Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, the adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Group falls within the scope of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 31 December 2014. In presenting its first MFRS financial statements, the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group is reviewing its accounting policies to assess its financial effects of the differences between the current FRS and the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2012 could be different if they are prepared under the MFRS Framework.

## 31 Material litigation

FEHB had received the Final Award (Grounds of Judgement) dated 19 September 2012 and Corrective Award dated 11 October 2012 from the Arbitrator for the following Arbitration Proceedings between:

**Majlis Ugama Islam dan Adat Resam Melayu Pahang** - **Claimant**

**And**

**1. Far East Holdings Berhad** - **1<sup>st</sup> Respondent**  
**2. Kampong Aur Oil Palm (Co.) Sdn Berhad** - **2<sup>nd</sup> Respondent**

The Arbitrator had made the following Final Award:

- (1) a declaration that the additional allotment of 22,096,868 shares in the 2<sup>nd</sup> Respondent and the registration of 22,096,868 shares in the name of the 1<sup>st</sup> Respondent is unlawful and contrary to the terms and spirit of the Agreement dated 16<sup>th</sup> January 1992;
- (2) the share certificate/s and other documents relating to 22,096,868 shares in the 2<sup>nd</sup> Respondent which are registered under the name of the 1<sup>st</sup> Respondent is to be returned by the 1<sup>st</sup> Respondent to the Company Secretary of the 2<sup>nd</sup> Respondent for cancellation and the Company Secretary of the 2<sup>nd</sup> Respondent is to take the necessary steps to reinstate the status of the shareholding of the 2<sup>nd</sup> Respondent to:

### Party Shares Percentage

1 <sup>st</sup> Respondent	16,836,715	67.61%
Claimant	8,066,417	32.39%

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 31 Material litigation (continued)

- (3) a declaration that the Claimant had exercised the 1<sup>st</sup> Option to purchase 16% of the shares amounting to 3,984,501 shares in the 2<sup>nd</sup> Respondent from the 1<sup>st</sup> Respondent in accordance with Clause 2.02(b), (c) and (d) of the Agreement dated 16th January 1992;
- (4) an award that the 1<sup>st</sup> Respondent transfers 16% of the shares (3,984,501 shares) in the 2<sup>nd</sup> Respondent which is registered under the name of the 1<sup>st</sup> Respondent to the Claimant within fourteen (14) days from the date of this Award and the stamp duty, if any, for the transfer is payable by the Claimant;
- (5) a declaration that the Claimant had exercised the 2<sup>nd</sup> Option to purchase 11% of the shares (2,739,344 shares) in the 2<sup>nd</sup> Respondent in accordance with Clause 2.02(e) and (f) of the Agreement dated 16<sup>th</sup> January 1992;
- (6) the shares price to be paid by the Claimant for the exercise of the 2<sup>nd</sup> Option in accordance with Clause 2.02(e) of the Agreement dated 16 January 1992 is fixed at RM5.3244 per share;
- (7) an award that the 1<sup>st</sup> Respondent transfers 11% of the shares (2,739,344 shares) in the 2<sup>nd</sup> Respondent which is registered under the name of the 1<sup>st</sup> Respondent to the Claimant within fourteen (14) days from the date of this Award and that the stamp duty, if any, for the transfer is payable by the Claimant;
- (8) an award that the 1<sup>st</sup> Respondent pays to the Claimant the damages and losses in respect of the dividends for the dilution of the Claimant's interest in the 2<sup>nd</sup> Respondent to 17.16% and for the failure on the part of the 1<sup>st</sup> Respondent to transfer 16% and 11% of the shares, respectively, in the 2<sup>nd</sup> Respondent to the Claimant amounting to RM97,692,957 for the period up to 2010;
  - (i) that the consideration amount for the exercise of the 1<sup>st</sup> and 2<sup>nd</sup> Options as per Final Award amounting to RM19,884,749.20 be deducted from the amount due and payable to the Claimant under paragraph 33(8) hereof;
  - (ii) that the net amount of RM77,808,207.80 be paid by the 1<sup>st</sup> Respondent to the Claimant.

The Arbitrator had awarded the Claimant interest at 4% per annum to be paid by the 1<sup>st</sup> Respondent, on the amount of RM77,808,207.80, using the same basis of the calculation as stated by the Arbitrator, until payment.

- (9) that the 1<sup>st</sup> Respondent pays to the Claimant for the loss of dividends for the year 2011 and from 1<sup>st</sup> January 2012 to the date of the Final Award on the same basis as if the shares owned by the 1<sup>st</sup> Respondent and the Claimant in the 2<sup>nd</sup> Respondent is 10,112,870 shares and 14,790,262 shares, respectively.

The Arbitrator also awarded the Claimant interest at 4% per annum to be paid by the 1<sup>st</sup> Respondent, using the same basis of the calculation as stated by the Arbitrator; for the loss of dividends for the year 2011 and from 1<sup>st</sup> January 2012 to the date of the Final Award on the basis as if the shares owned by the 1<sup>st</sup> Respondent and the Claimant in the 2<sup>nd</sup> Respondent is 10,112,870 shares and 14,790,262 shares, respectively and thereafter at 4% per annum till payment.

- (10) to award costs RM150,000.00 to be paid by the Respondents to the Claimant for the cost of arbitration (which includes all out of pocket expenses and the fees paid to the Arbitrator);

# Notes To The Financial Statements

For The Year Ended 31 December 2012

## 31 Material litigation (continued)

The amount of Final Award has not been crystallised in the financial statements of Far East Holdings Berhad (“FEHB”) and Kampong Aur Oil Palm Company (Sdn.) Berhad (“KAOP”) for the financial year ended 31 December 2012 as the financial impact on the Final Award could not be finalised as the Board of FEHB is disputing the decision and the amount awarded by the Arbitrator.

FEHB and KAOP had referred the Final Award to the High Court under Section 42, 37 and 30 of the Arbitration Act 2005.

The Originating Summons No. 24NCC(ARB)-46-11/2012 had been filed by FEHB and KAOP on 6 November 2012 in the High Court Kuala Lumpur against Majlis Ugama Islam dan Adat Resam Melayu Pahang (MUIP).

MUIP had filed an Originating Summons No. 24NCC(ARB)-54-11/2012 (formerly 47-11/2012) on 12 November 2012 in the High Court Kuala Lumpur against FEHB and KAOP.

The above cases are fixed for hearing on the 15 May 2013 and 16 May 2013.

## 32 Supplementary information on the breakdown of realised and unrealised profits and losses

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2012, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Realised	532,504,685	494,665,549	270,205,032	264,752,414
Unrealised	(18,216,867)	(24,009,273)	(7,279,230)	(15,333,067)
	<b>514,287,818</b>	<b>470,656,276</b>	<b>262,925,802</b>	<b>249,419,347</b>

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.

## 33 Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 8 April 2013.

## 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 45 to 95 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 2012 and of the results and cash flows of the Group and of the Company for the year ended on that date in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors dated 8 April 2013.



**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 45 to 95 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**

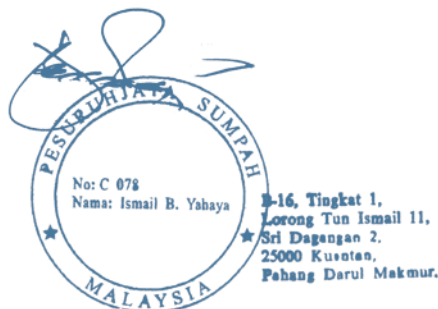
Subscribed and solemnly declared by the abovenamed Asmin binti Yahya

At: Kuantan

On: 8 April 2013

Before me:

Commissioner for Oaths



# Independent Auditors' Report

## To The Members Of Far East Holdings Berhad

### 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 2012 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 45 to 95.

#### *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 Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material 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 Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 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

### Other reporting responsibilities

The supplementary information set out in Note 32 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**  
(AF 001879)  
Chartered Accountants



**Chong Loong Choy**  
[2589/08/14(J)]  
Partner of the firm  
Kuantan 8 April 2013



# Shareholdings Structure

As At 30 April 2013

## LIST OF TOP THIRTY (30) SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities account belonging to the same Depositor)

NAMES	NRIC/ REGISTRATION NO.	HOLDINGS	
		No. of shares	%
1 AMSEC NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR PROSPER TRADING SDN BHD>	102918T	23,054,400	16.31
2 LEMBAGA KEMAJUAN PERUSAHAAN PERTANIAN NEGERI PAHANG	LKPPNPECT71971	22,807,800	16.13
3 LEMBAGA KEMAJUAN PERUSAHAAN PERTANIAN NEGERI PAHANG	LKPPNPECT71971	12,793,000	9.05
4 HIKMAT ELIT SDN BHD	562277U	8,866,200	6.27
5 LKPP CORPORATION SDN BHD	199769V	8,300,280	5.87
6 PROSPER TRADING SDN BERHAD	144561U	7,894,920	5.58
7 FOKAS SEHATI SDN BHD	649034D	7,078,000	5.01
8 KAMARUDDIN BIN MOHAMMED	481124-06-5173	2,700,000	1.91
9 PROSPER TRADING SDN BERHAD	TEM144561	2,603,600	1.84
10 HDM NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR TEE KIM TEE @ TEE CHING TEE (M09)>	41117T	2,523,700	1.78
11 HIKMAT ELIT SDN BHD	562277U	2,469,800	1.75
12 DELUXE ERA SDN BHD	845421X	2,175,200	1.54
13 TEE CHENG HUA	540601-10-5749	2,124,000	1.50
14 BUDI-JS PLANTATION MANAGEMENT SDN BERHAD	248375P	1,627,200	1.15
15 AFFIN NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR TEE KIM TEE @ TEE CHING TEE (TEE0063C)	457450U	1,536,000	1.09

# Shareholdings Structure

As At 30 April 2013

	NAMES	NRIC/ REGISTRATION NO.	HOLDINGS	
			No. of shares	%
16	TEE KIM TEE @ TEE CHING TEE	480727-10-5379	1,020,300	0.72
17	HAN KEE JUAN	510913-01-6067	921,500	0.65
18	MERGEBOOM (M) SDN BHD	261276X	861,200	0.61
19	AMANAH SAHAM PAHANG BERHAD	017251P	779,100	0.55
20	MAN FOH @ CHAN MAN FOH	570306-06-5099	728,000	0.51
21	TEE CHENG HU	631115-10-5197	723,400	0.51
22	TEE LIP HIAN	730303-10-5171	686,600	0.49
23	ANG KIM SENG @ ANG ENG HOCK	511009-10-5437	682,600	0.48
24	YEOH KEAN HUA	381021-08-5229	679,400	0.48
25	NOWAWI BIN ABDUL RAHMAN	551126-06-5207	678,000	0.48
26	TEE CHAIN YEE	770810-10-5420	675,000	0.48
27	YEW PENG DU	730117-10-5477	555,000	0.39
28	TEE LIP SIN	710501-10-6089	550,900	0.39
29	TEE LIP JEN	830525-10-5407	512,900	0.37
30	TEE LIP CHUAN	841119-10-5827	507,700	0.36

# Shareholdings Structure

As At 30 April 2013

## INFORMATION ON SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)

Nos.	Names Of Substantial Shreholders	Direct Holdings	
		No	%
1	LEMBAGA KEMAJUAN PERUSAHAAN PERTANIAN NEGERI PAHANG <i>Share held through:-</i> <i>Own Account</i> <i>Own Account</i>	22,807,800	16.13
		12,793,000	9.05
		<b>35,600,800</b>	<b>25.18</b>
2	PROSPER TRADING SDN BERHAD <i>Share held through:-</i> <i>Own Account</i> <i>Own Account</i> <i>AMSEC Nominees (Tempatan) Sdn Bhd</i>	7,894,920	5.58
		2,603,600	1.84
		23,054,400	16.31
		<b>33,552,920</b>	<b>23.73</b>
3	HIKMAT ELIT SDN BHD <i>Share held through:-</i> <i>Own Account</i> <i>Own Account</i>	8,866,200	6.27
		2,469,800	1.75
		<b>11,336,000</b>	<b>8.02</b>
4	LKPP CORPORATION SDN BHD <i>Share held through:-</i> <i>Own Account</i> <i>TA Nominees (Tempatan) Sdn Bhd</i>	8,300,280	5.87
		121,000	0.09
		<b>8,421,280</b>	<b>5.96</b>
4	FOKAS SEHATI SDN BHD <i>Share held through:-</i> <i>Own Account</i>	7,078,000	5.01
		<b>7,078,000</b>	<b>5.01</b>

# Shareholdings Structure

As At 30 April 2013

## INFORMATION ON DIRECTORS SHAREHOLDING

Nos.	Names Of Directors	Direct Holdings		Indirect Holdings	
		No	%	No	%
1	DATO' KAMARUDDIN BIN MOHAMMED <i>Share held through:- Individual Account - Notes: (a) By Virtue of YBhg Datin Kalsom bt Ahmad is his spouse  (b) By Virtue of Khairatun Amirah bt Kamaruddin is his daughter</i>	2,700,000	1.91	(a) 500,000	0.35
				(b) 40,000	0.03
		<b>2,700,000</b>	1.91	540,000	0.38
2	YH DATO' MD. ADNAN BIN SULAIMAN	-	-	-	-
3	TEE KIM TEE @ TEE CHING TEE <i>Share held through:- Individual Account Individual Account HDM Nominees (Tempatan) Sdn Bhd Affin Nominees (Tempatan) Sdn Bhd</i>			-	-
		119,400	0.08		
		1,020,300	0.72		
		2,523,700	1.78		
		1,536,000	1.09		
		<b>5,199,400</b>	3.67		
4	TEE CHENG HUA <i>Share held through:- Individual Account</i>			-	-
		2,124,000	1.50		
		<b>2,124,000</b>	1.50		
5	KHAIRUL AZAHAR BIN ARIFFIN <i>Share held through:- Individual Account</i>	10,000	0.01	-	-
		<b>10,000</b>	0.01		
6	HASHIM NAINA MERICAN BIN YAHAYA MERICAN <i>Share held through:- Individual Account</i>			-	-
		10,000	0.01		
		<b>10,000</b>	0.01		
7	TEE LIP TENG <i>Share held through:- Individual Account Individual Account</i>			-	-
		100,000	0.07		
		200,000	0.14		
		<b>300,000</b>	0.21		
8	DATO' TAN BING HUA <i>Share held through:- (a) By Virtue of YBhg Datin Cho Kwai Lin is his spouse</i>	-	-	(a) 44,000	0.03
		-	-	44,000	0.03

# Shareholdings Structure

As At 30 April 2013

## DISTRIBUTION TABLE A

CATEGORY	NO. OF SHAREHOLDERS	%	NO. OF SHAREHOLDING	%
Less than 100	11	0.56	300	0.00
100 - 1,000	311	15.90	180,600	0.13
1,001 - 10,000	1,316	67.28	4,615,000	3.26
10,001 - 100,000	244	12.47	6,395,200	4.52
100,001 to less than 5% of issued shares	67	3.43	39,404,300	27.87
5% and above of issued shares	7	0.36	90,794,600	64.22
<b>TOTAL</b>	<b>1,956</b>	<b>100.00</b>	<b>141,390,000</b>	<b>100.00</b>

## ANALYSIS OF EQUITY STRUCTURE

TYPE OF OWNERSHIP	NO. OF SHAREHOLDERS	%	NO. OF SHAREHOLDING	%
1) GOVERNMENT AGENCY	3	0.15	36,093,100	25.53
2) BUMIPUTRA :				
a) Individuals	115	5.88	5,058,400	3.58
b) Companies	25	1.28	16,831,080	11.90
c) Nominees Company	84	4.30	25,190,010	17.81
3) NON-BUMIPUTRA :				
a) Individuals	1,586	81.08	6,975,024	19.08
b) Companies	35	1.79	27,117,620	19.18
c) Nominees Company	62	3.17	3,306,100	2.34
	<b>1,910</b>	<b>97.65</b>	<b>140,571,334</b>	<b>99.42</b>
4) FOREIGN :				
a) Individuals	26	1.33	208,866	0.15
b) Companies	1	0.05	8800	0.01
c) Nominees Company	19	0.97	601,000	0.42
<b>FOREIGN TOTAL</b>	<b>46</b>	<b>2.35</b>	<b>818,666</b>	<b>0.58</b>
<b>GRAND TOTAL</b>	<b>1,956</b>	<b>100.00</b>	<b>141,390,000</b>	<b>100.00</b>

## Group Properties

Location		Title	Tenure	Area (Hectare)	Usage	Date of Revaluation	Net Book Value @ 31.12.2012 (RM'000)
Far East Holdings Berhad			Leasehold period till				
i.	Ladang Sg. Seraya	H.S (D)61	2079	161.87	Oil Palm Plantation	31.12.2010	
	Daerah Rompin	H.S (D)62	2079	259.00			
	Pahang Darul Makmur	H.S (D)63	2079	230.67			
		H.S (D)64	2079	190.20			
		PN 16273	2103	60.57			
		PN 16839	2103	10.22			
ii.	Ladang Bukit Jin	H.S (D)3171	Leasehold period till 2079	420.87	Oil Palm Plantation	31.12.2010	
	Daerah Bera	H.S (D)3172		420.87			
	Pahang Darul Makmur	H.S (D)3173		190.20			
		H.S (D)3174		230.67			
		H.S (D)3175		274.78			
		H.S (D)3176		8.50			
		H.S (D)3177		384.45			
		H.S (D)3178		36.42			
		H.S (D)3179		68.80			
		H.S (D)3180		68.80			
iii.	Ladang Sg. Rasau	H.S (D)1971	Leasehold period till 2091	118.04	Agriculture	31.12.2010	
	Daerah Pekan						
	Pahang Darul Makmur						
iv.	Ladang Sungai Batu	H.S.(D)23609	Leasehold period till 2103	874.75	Oil Palm Plantation	31.12.2010	
	Daerah Kuantan						
	Pahang Darul Makmur						
		H.S.(D)42974	Leasehold period period till 2112	33.26	Oil Palm Plantation		
v.	Ladang Chengal	H.S.(D)4147	Leasehold period till 2106	1,103.01	Oil Palm Plantation	31.12.2010	
	Daerah Rompin	H.S.(D)4148		1,096.99			
	Pahang Darul Makmur						
vi.	Bandar Indera Mahkota	PN 7721	Leasehold period till 2096	8.82	Building	31.12.2010	
	Daerah Kuantan	PN 7722		2.65			
				6,254.41	250,217		

## Group Properties

Location	Title	Tenure	Area (Hectare)	Usage	Date of Revaluation	Net Book Value @ 31.12.2012 (RM'000)
<b>Kampong Aur Oil Palm Company (Sdn.) Berhad</b>						
i.	Ladang Kg. Aur	H.S(D)3708	Leasehold period till 2070	118.98	Oil Palm	31.12.2010
	Daerah Rompin	H.S(D)3709	2070	242.41	Plantation	
	Pahang Darul Makmur	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		
		PN 16917	2100	35.57		
<b>1,969.59</b>						<b>65,806</b>
<b>Madah Perkasa Sdn. Bhd.</b>						
i.	Ladang Sungai Marung	H.S(D)3514	Leasehold period till 2095	876.20	Oil Palm	31.12.2010
		H.S(D)3513	2095	666.60	Plantation	
ii.	Ladang Sungai Gayung	H.S(D)3512	Leasehold period till 2095	1,039.70		
	Daerah Rompin	H.S(D)3511	2095	1,898.80		
	Pahang Darul Makmur					
<b>4,481.30</b>						<b>168,860</b>
<b>Dawn Oil Palm Plantations Sdn. Bhd.</b>						
i.	Ladang Dawn	H.S(D)3718	Leasehold period till 2071	138.36	Oil Palm	31.12.2010
	Daerah Rompin	H.S(D)3719	2071	11.33	Plantation	
	Pahang Darul Makmur	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		
		PN 17098	2103	23.77		
ii.	Ladang Cempaka	H.S(D)988	Leasehold period till 2096	452.60	Oil Palm	31.12.2010
	Daerah Bera				Plantation	
	Pahang Darul Makmur					
<b>2,061.54</b>						<b>71,525</b>



## Group Properties

Location	Title	Tenure	Area (Hectare)	Usage	Date of Revaluation	Net Book Value @ 31.12.2012 (RM'000)
<b>B.S. Oil Palm Plantations Sdn. Bhd.</b>						
i. Ladang Bukit Serok	H.S(D)8	Leasehold period till 2075	350.46	Oil Palm Plantation	31.12.2010	
Daerah Rompin	H.S(D)16	2076	346.82			
Pahang Darul Makmur	H.S(D)50	2085	357.80			
	H.S(D)59	2079	171.99			
	H.S(D)60	2079	248.88			
	H.S(D)3716	2071	136.38			
	H.S(D)3717	2071	137.19			
	H.S(D)3741	2071	290.16			
	PN 17048	2103	27.79			
<b>2,067.47</b>						<b>65,327</b>
<b>Kilang Kosfarm Sdn. Bhd.</b>	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		
<b>123.83</b>						<b>457</b>
<b>Far East Delima Plantations Sdn. Bhd.</b>						
i. Ladang Delima	H.S(D)4568*	Leasehold period till 2103	2,830.85	Oil Palm Plantation	31.12.2010	
Daerah Rompin						
Pahang Darul Makmur						
<b>2,830.85</b>						<b>49,928</b>
<b>19,788.99</b>						<b>672,120</b>

Notes:

\* The land is subleased from Rangkaian Delima Sdn. Bhd.



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 39<sup>th</sup> 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 Wednesday, 19 June 2013 at 10.00 a.m. 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	Special Resolution 1
For									
Against									

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

**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. Depositor who appear in the Record of Depositors as at 13 June 2013 (which is not less than three (3) market days before the date of this meeting) shall be regarded as member of the Company entitled to attend the 39<sup>th</sup> General Meeting or appoint a proxy or proxies to attend and vote on his behalf.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiples beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
9. Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

STAMP

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



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