



Annual Report 2011

FAR EAST HOLDINGS BERHAD
(14809-W)





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



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Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 38th 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, 20 June 2012 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 2011 together with the Directors' and Auditors' Reports thereon. (Ordinary Resolution 1)
2. To approve the payment of a final single tier dividend of 15 sen per share and a special single tier dividend of 10 sen per share in respect of the financial year ended 31 December 2011 as recommended by Directors. (Ordinary Resolution 2)
3. To re-elect the following Directors who retire pursuant to Article 97 of the Company's Articles of Association:-
 - i. YH Dato' Md. Adnan bin Sulaiman (Ordinary Resolution 3)
 - ii. En Hashim Naina Merican bin Yahaya Merican (Ordinary Resolution 4)
4. To approve the payment of Directors' fees for the financial year ended 31 December 2011. (Ordinary Resolution 5)
5. To re-appoint Messrs McMillan Woods Thomas as auditors for the coming year and to authorise the Directors to fix their remuneration. (Ordinary Resolution 6)

As Special Business

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

6. 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 2011 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 25 May 2012 ("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 7)

7. 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 15 sen per share and a special single tier dividend of 10 sen per share for the financial year ended 31 December 2011 if approved by the shareholders at the Annual General Meeting will be paid on 18 July 2012 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 4 July 2012.

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 2 July 2012 (in respect of shares which are exempted from mandatory deposit);
- b) Shares transferred into Depositor's Securities Account before 4.00 p.m. on 4 July 2012 (in respect of ordinary shares) and
- c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

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

Date: 25 May 2012

Notes :-

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

Explanatory Notes on Special Businesses:-**1 Ordinary Resolution 7 – Proposed Renewal of Shareholders’ Mandate For Recurrent Related Party Transactions of A Revenue Nature**

This proposed resolution 7, 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 25 May 2012 accompanying the Company’s Annual Report for the financial year ended 31 December 2011.

Statement Accompanying Notice Of Annual General Meeting

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

- i) YH Dato' Md. Adnan bin Sulaiman
- ii) En Hashim Naina Merican bin Yahaya Merican

The details of the abovenamed Directors who are standing for re-election/re-appointment are set out in the Directors' profiles (pages 10 to 12 of the Annual Report); while their securities holdings (where applicable) are set out in the Analysis of Shareholdings - Directors' Interests in the Company and Related Corporations (pages 45 of the Annual Report).

2. Place, date and time of the 38th Annual General Meeting

The 38th Annual General Meeting of the Company will be held at The Zenith Hotel, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur on Wednesday, 20 June 2012 at 10.00 a.m.

3. Details of Attendance of Directors at Board Meetings

A total of seven (7) Board Meetings were held during the financial year ended 31 December 2011. Details of attendance of Directors holding office at the end of financial year are as follows:-

Name	Meeting Attendance	Date Appointed
YH Dato' Kamaruddin bin Mohammed	7/7	16/08/2002
YH Dato' Md. Adnan bin Sulaiman	6/7	16/01/2008
Mr Tee Kim Tee @ Tee Ching Tee	6/7	16/08/2002
Mr Tee Cheng Hua	7/7	16/08/2002
Mr Tee Lip Hian	5/7	09/09/2004
En Khairul Azahar bin Ariffin	7/7	23/07/2007
Ms Ng Yee Kim	7/7	23/07/2007
En Hashim Naina Merican bin Yahaya Merican	7/7	13/08/2009

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 37th Annual General Meeting held on 20 June 2011 and which will lapse at the conclusion of the 38th Annual General Meeting to be held on 20 June 2012, the Company had issued 3,350,000 new ordinary shares of RM1 each for cash by virtue of the exercises of options pursuant to the Company's Employees' Share Option Scheme.

Details of the unit and exercise price of the ESOS are as per Note 21(b) on page 78 to the financial statements. The ESOS of FEHB had expired on 16 March 2012.

Corporate Information

BOARD OF DIRECTORS

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

BOARD'S COMMITTEE

Audit Committee

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

Remuneration Committee

Chairman
YH Dato' Kamaruddin bin Mohammed
Members
Mr Tee Kim Tee @ Tee Ching Tee
En Khairul Azahar bin Ariffin

Nomination Committee

Chairman
YH Dato' Kamaruddin bin Mohammed
Members
Mr Tee Kim Tee @ Tee Ching Tee
Ms Ng Yee Kim
En Hashim Naina Merican bin Yahaya Merican

Employees' Share Option Scheme Committee

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

Independent Non- Executive Director (Responsible For Investor Relations)

Ms Ng Yee Kim
Tel: 09-514 1936 / 948 / 339
Fax: 09-513 6211
E-mail: ngyeekim@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
Fax: 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.

ASSOCIATED COMPANIES

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

Financial Calendar

FINANCIAL YEAR END

31 December 2011

ANNOUNCEMENT OF RESULTS

First Quarter	24 May 2011
Second Quarter	10 August 2011
Third Quarter	25 November 2011
Fourth Quarter	22 February 2012

PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS

Notice of Annual General Meeting	25 May 2012
ANNUAL GENERAL MEETING	20 June 2012

DIVIDENDS

Interim

Announcement	25 November 2011
Entitlement Date	21 December 2011
Payment Date	9 January 2012

Final

Announcement	20 April 2012
Entitlement Date	4 July 2012
Payment Date	18 July 2012

Board Of Directors

Left To Right:

YH Dato' Kamaruddin bin Mohammed

YH Dato' Md. Adnan bin Sulaiman

Mr Tee Kim Tee @ Tee Ching Tee

Mr Tee Cheng Hua



Left To Right:

Mr Tee Lip Hian

En Khairul Azahar bin Ariffin

Ms Ng Yee Kim

En Hashim Naina Merican bin Yahaya Merican



Directors' Profile

YH Dato' Kamaruddin bin Mohammed

DSAP, DIMP, SF Fin (Aust)

A Malaysian, aged 64, 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 shareholders of the Company and has no conflict of interest with the Company. He has had no conviction for offences within the past ten years.

YH Dato' Kamaruddin bin Mohammed attended all seven Board Meetings of the Company held in the financial year ended 31 December 2011.

YH Dato' Md. Adnan bin Sulaiman

A Malaysian, aged 63. He is a Non-Independent Non-Executive Director. He was appointed to the Board on 16 January 2008. The Chairman of Employees' Share Option Scheme Committee.

YH Dato' Md. Adnan started his career with the government sector when he was attached to the Department of Agriculture from 1974 to 1990. He was the Principal of the Agriculture Institute in Besut, Terengganu from 1981 to 1982 and in Serdang, Selangor until 1983. He served as Pahang Deputy Director of Agriculture from 1983 to 1990. He joined Lembaga Kemajuan Perusahaan Pertanian Pahang as Deputy General Manager in 1991 and 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 shareholders of the Company and has no conflict of interest with the Company. He has had no conviction for offences within the past ten years.

YH Dato' Md. Adnan bin Sulaiman attended six of all seven Board Meetings of the Company held in the financial year ended 31 December 2011.

Mr Tee Kim Tee @ Tee Ching Tee

A Malaysian, aged 64 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 41 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 the father of Mr Tee Lip Hian and an elder brother of Mr Tee Cheng Hua. He has no conflict of interest with the Company. He has had no conviction for offences within the past ten years.

Mr Tee Kim Tee @ Tee Ching Tee attended six of all seven Board Meetings of the Company held in the financial year ended 31 December 2011.

Mr Tee Cheng Hua

A Malaysian, aged 58. He is an Executive Director, Plantations. He was appointed to the Board on 16 August 2002. He is a member of Employees' Share Option Scheme Committee.

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

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

He is a younger brother of Mr Tee Kim Tee @ Tee Ching Tee and an uncle to Mr Tee Lip Hian. He has no conflict of interest with the Company. He has had no conviction for offences within the past ten years.

Mr Tee Cheng Hua attended all seven Board Meetings of the Company held in the financial year ended 31 December 2011.

Mr Tee Lip Hian

A Malaysian, aged 39. He is a Non-Independent Non-Executive Director. He was appointed to the Board on 9 September 2004. He is a member of Employees' Share Option Scheme Committee.

He is a graduate of Curtin University of Technology, Australia with a Bachelor of Business Administration.

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

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

Mr Tee Lip Hian attended five of all Board Meetings of the Company held in the financial year ended 31 December 2011.

En Khairul Azahar bin Ariffin

A Malaysian, aged 49, 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 Universiti Kebangsaan Malaysia. He is a member of Malaysian Institute of Accountants and a member of CPA Australia.

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

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

En Khairul Azahar bin Ariffin attended all seven Board Meetings of the Company held in the financial year ended 31 December 2011.

Ms Ng Yee Kim

A Malaysian, aged 43. She is an Independent Non-Executive Director. She was appointed to the Board on 23 July 2007. She is a member of Audit Committee and Nomination Committee.

She is a Chartered Financial Analyst (CFA), a member of CFA Institute, USA since 1999. She is currently the Secretary for Malaysian Chapter of CFA Institute, CFA Malaysia. Ms Ng Yee Kim graduated from University of Oklahoma, Oklahoma, USA with a Bachelor of Business Administration.

Her past experiences were as Remisier with Sime Securities Sdn Bhd, CIMB Securities Sdn Bhd, Kenanga Investment Bank Berhad and at present she is attached to HwangDBS Investment Berhad as Head of Dealing, Mid Valley Branch.

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

Ms Ng Yee Kim attended all seven Board Meetings of the Company held in the financial year ended 31 December 2011.

En Hashim Naina Merican bin Yahaya Merican

A Malaysian, aged 61, is an Independent Non-Executive Director. He was appointed to the Board on 13 August 2009. He is a member of Audit Committee, Nomination Committee and 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 shareholders of the Company, and has no conflict of interest with the Company. He has had no conviction for offences within the past ten years.

He attended all seven Board Meetings of the Company held in the financial year ended 31 December 2011.

Group Financial Summary

	2011	2010	2009 As restated	2008 As restated	2007
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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER

	RM'000	RM'000	RM'000	RM'000	RM'000
Capital And Reserves					
Share Capital	139,779	136,509	136,229	135,649	135,089
Non-Distributable Reserves	351,357	329,484	197,550	192,107	186,555
Retained Earnings	470,656	413,196	351,220	313,854	230,422
Shareholders' Equity	961,792	879,189	684,999	641,610	552,066
Non-Controlling interests	66,636	67,202	59,323	59,711	60,600
	1,028,428	946,391	744,322	701,321	612,666
Property, Plant And Equipment	679,919	675,079	482,247	470,150	450,450
Land Held For Development	-	29,263	29,263	40,379	40,285
Land Held For Disposal	29,263	-	-	-	-
Deferred Tax Assets	-	-	405	268	185
Associates	226,717	199,068	175,660	158,884	119,751
Others Financial Assets	41,481	54,454	41,294	32,602	30,709
	977,380	957,864	728,869	702,283	641,380
Current Assets	227,352	148,928	124,765	117,209	97,149
Current Liabilities	49,711	34,977	30,416	37,995	44,384
Net Current Assets	177,641	113,951	94,349	79,214	52,765
Non-Current Liabilities					
Deferred Tax Liabilities	126,593	125,424	78,868	79,997	81,282
Hire Purchase Liabilities and Borrowings	-	-	28	179	197
	126,593	125,424	78,896	80,176	81,479
	1,028,428	946,391	744,322	701,321	612,666

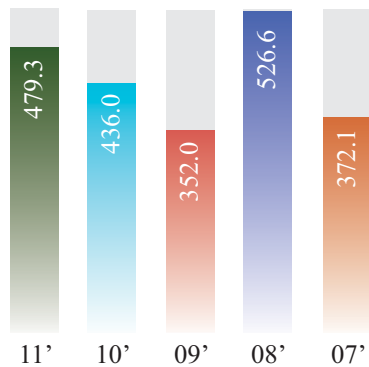
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AS AT 31 DECEMBER

Revenue	479,254	436,016	351,973	526,625	372,066
Profit Before Taxation	156,162	113,510	95,753	181,200	115,947
Profit After Taxation	129,740	92,637	77,109	148,071	90,595

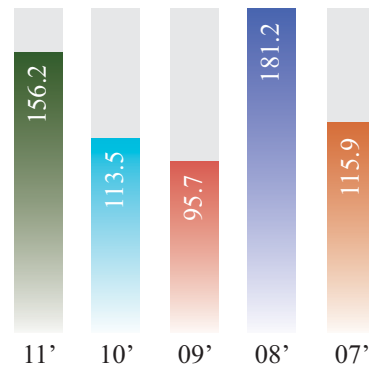
HIGHLIGHTS AS AT 31 DECEMBER

	2011	2010	2009 As restated	2008 As restated	2007
Earnings Per Share (sen)	86.95	60.46	50.01	97.94	57.46
Net Tangible Asset Per Share (RM)	6.88	6.44	5.03	4.73	4.09
Current Ratio (Times)	4.57	4.26	4.10	3.08	2.19
Pre-Tax Profit As a Percentage of Sales (%)	32.58	26.03	27.20	34.41	31.16
Pre-Tax Profit As a Percentage of Shareholders' Equity (%)	16.24	12.91	13.98	28.24	21.00

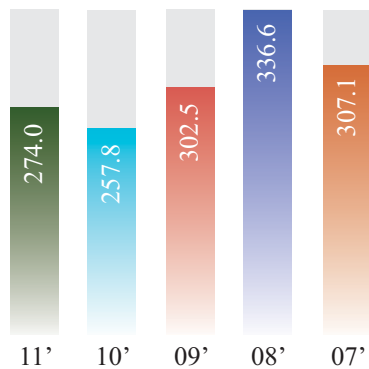
Revenue
(RM Million)



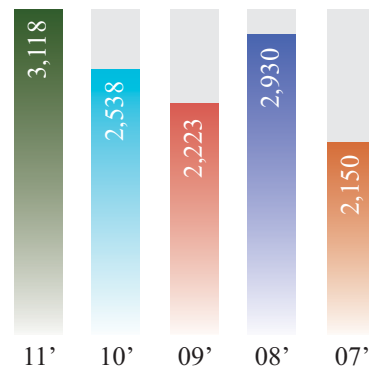
Profit Before Tax
(RM Million)



FFB Production
000'mt



CPO Price
RM/mt



Plantation Matrix

		2011	2010	2009	2008	2007
Mature Area	Hectare	15,049	15,219	13,792	12,949	12,973
Total Planted Area	Hectare	19,592	19,648	19,660	19,648	18,497
FFB Production	mt	274,032	257,825	302,454	336,635	307,056
FFB Yield	mt/ha	18.21	16.94	21.93	26.00	23.67
OER	%	18.78	18.89	18.77	18.54	18.15
CPO Yield	mt/ha	3.42	3.20	4.12	4.82	4.30
CPO Price	RM/mt	3,118	2,538	2,223	2,930	2,150
Kernel Recovery Revenue	RM/mt	546	437	265	388	370
CPO Production Cost (Ex-estate)	RM/mt	950	847	763	726	545
CPO Production Cost (Exclude Replanting Cost)	RM/mt	1,410	1,215	1,073	1,219	904
Profit from CPO & Kernel/ Mature Hectare	RM/ha	7,812	5,845	5,899	10,175	7,240

Dividends Declared and Dividend Payout

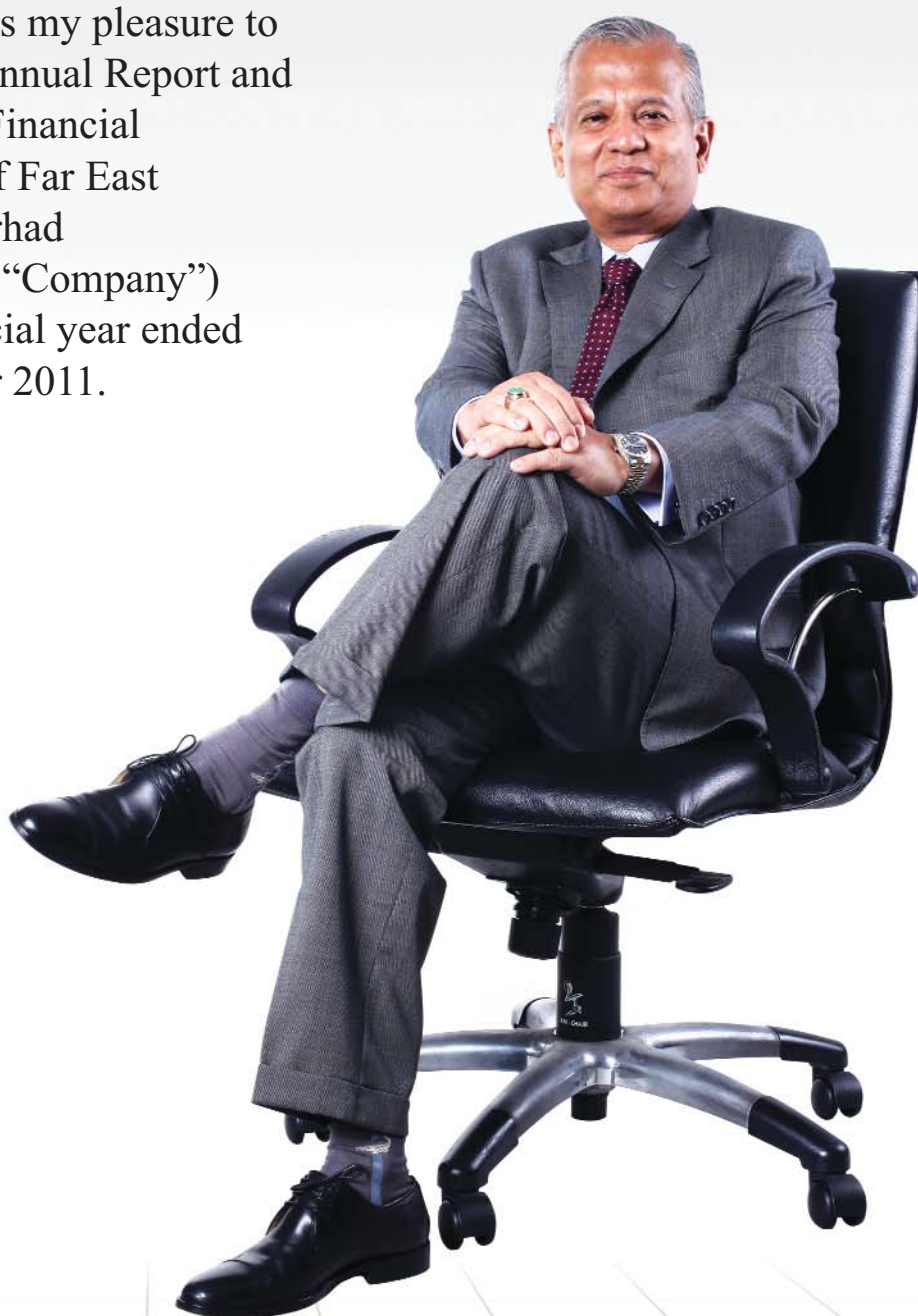
For the Financial Year Ended 31 December	2011*	2010	2009	2008	2007
Gross dividend (Sen)	40.00	30.00	22.50	32.50	30.00
Dividend payout	46%	50%	46%	33%	52%

Notes:

* The figure is based on the total dividend of 40 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 “Company”) for the financial year ended 31 December 2011.



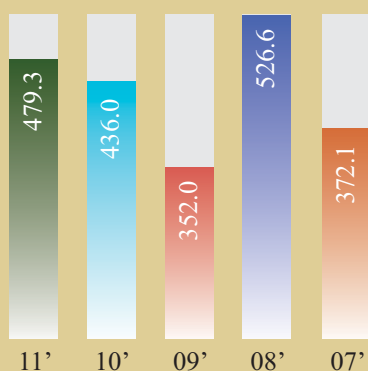
GROUP OVERALL PERFORMANCE

The year 2011 witnessed another commendable good performance for the Group. The Group managed to record a total revenue of RM479.25 million, an increase of 10% compared to RM436.02 million recorded in 2010. The profit before tax of the Group for the year under review soared by RM42.65 million or 38% to RM156.16 million when compared to RM113.51 million recorded in 2010.

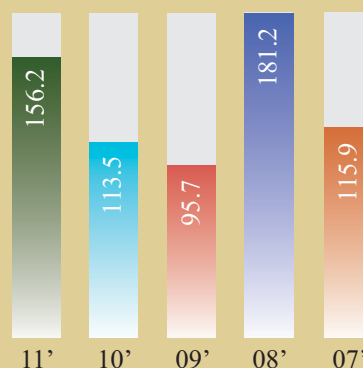
As a result of the Group's excellent financial performance, the Group's basic earnings per share for the year improved by 44% to 86.95 sen from 60.46 sen recorded in the preceding year. In addition, the net tangible asset per share was at RM6.88 for the year under review when compared to RM6.44 per share for the previous year.

The stronger performance was largely attributable to improved as well as better production of fresh fruit bunches ("FFB") and higher palm oil prices. For 2011, the Group achieved a higher average CPO price of RM3,118 per metric tonne when compared to RM2,538 per metric tonne for the previous year.

Revenue
(RM Million)



Profit Before Tax
(RM Million)



GROUP OPERATION HIGHLIGHTS

The Group recorded higher production of FFB at 274,032 metric tonnes, an increase of 6% when compared to 257,825 metric tonnes produced in 2010. The higher production of FFB against a backdrop of active replanting programmes was achieved mainly due to better palms productivity and improved labour management. FFB yield for the year under review was at 18.21 metric tonnes per hectare against 16.94 metric tonnes per hectare in the previous year.

The Group achieved an average oil extraction rate (OER), of 18.78% for the year under review against 18.89% for the previous year whilst palm kernel extraction rate averaged at 4.62 %, similar to that in 2010.

In terms of the average cost of production per metric tonne crude palm oil, the Group registered an average cost of RM950 for the year under review as compared to RM847 in the previous year. It is a challenge for the industry to keep the cost pressure down in the face of continuous workers shortages which is driving cost of production upwards.

The Group's total planted area was 19,591.90 hectares in 2011, a slight decrease from a total area of 19,648.20 in 2010 due to new surveys carried out on the Group plantations. Whilst the total mature area is 15,049.00 hectares compared to 15,219.47 hectares for the preceding year.

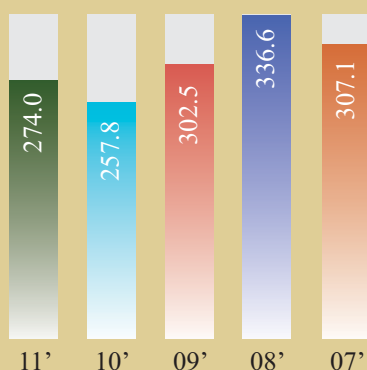


The immature area had also increased from 3,609.15 hectares in 2010 to 4,200.23 hectares during the year under review. The age profile of the Group's estates are as follows:

Particulars	Hectare 31/12/2011	%	Hectare 31/12/2010	%
>19 years (old palms)	2,408.45	12	2,594.28	13
7-18 years (prime palms)	7,556.48	39	7,789.09	40
4-6 years (young palms)	5,084.07	26	4,836.10	25
1-3 years (immature)	4,200.23	21	3,609.51	18
Land preparation	342.67	2	819.22	4
Total Area	19,591.90	100	19,648.20	100

FFB Production

000' mt



DIVIDEND

The Company is committed to a dividend policy that is to continuously reward its shareholders for their strong support and confidence in the Group with a fair and good returns for their investment.

On the strength of the Group's financial achievements and sustained overall performance, your Board is glad to recommend for its Shareholders approval a final single tier dividend of 15 sen per share for the financial year ending 31 December 2011. For the excellence performance for the period under review, your Board is also recommending a special single tier dividend of 10 sen per share to bring the total final dividend to be declared and paid to 25 sen per share.

An interim single tier dividend of 15 sen per share was paid on 9 January 2012.

The final dividend totaling 25 sen per share, if approved by the shareholders at the Annual General Meeting, will increase the total dividend paid for the year 2011 to 40 sen per share, which would be the highest dividend payout by your Company in its history.

15,049

Matured (ha)

COPORATE SOCIAL RESPONSIBILITY

As a caring corporate citizen, the Group had extended its support to various charitable organisations as part of its social responsibilities as well as giving continuous support to the palm oil industry. Environmental-friendly approaches to sustainable plantations management had always been a part of our policy and practices. The Group continued to adopt Zero-Burning techniques in its oil palm new planting and replanting programmes in line with environmental conservation measures. Organic controls of pests, such as the use of owls for rats control and planting of “creepers” plants are some of the measures undertaken and/ or already in place.

CORPORATE GOVERNANCE

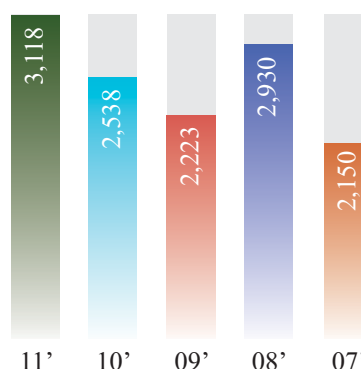
The statements on Corporate Governance and Internal Control are included in our Annual Report to affirm the Board’s Commitment to ensure that the highest standards of Corporate Governance are practiced throughout the Group. These statements had been approved by the Board in the meeting dated 5 April 2012 for disclosure in the Annual Report.

BUSINESS PROSPECTS

The Malaysian oil palm industry recorded another good performance in 2011. The Group foresees that demands for palm oil would remain stable in 2012 and outlook for palm oil prices in 2012 is also expected to be positive.

The Group will continue to focus on oil palm plantation and milling as its core activity and shall continue to seek opportunities to increase its land bank. We shall continue to work closely with the Pahang State Government as well as State Government Agencies, Government Link Corporations and authorities so as to continue to build upon our good relationship.

CPO Price
RM/mt



ACKNOWLEDGEMENT AND APPRECIATION

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

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

I would also like to extend my personal and the Board’s gratitude and heartfelt thanks to Mr Tee Lip Hian for his immense contribution to the Board over the last few years: Due to his heavy commitment and responsibilities in managing an oil palm plantation overseas, he has decided not to seek re-election at the forthcoming Annual General Meeting.

Last but not least, to my fellow Board Members, I thank you for your support and am confident that together we would be able to deliver another great performance for financial year 2012.

Thank you.

Dato’ Kamaruddin bin Mohammed

Audit Committee Report

1.0 COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee presently comprises the following Directors:

En Khairul Azahar bin Ariffin	Chairman, Independent Non-Executive Director
YH Dato' Kamaruddin bin Mohammed	Member, Non-Independent Non-Executive Director
Ms Ng Yee Kim	Member, Independent Non-Executive Director
En Hashim Naina Merican bin Yahaya Merican	Member, Independent Non-Executive Director

2.0 TERMS OF REFERENCE

Duties and Responsibilities

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

- To 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 coordinate 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 other 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.

Audit Committee Report

- The Company Secretary shall be the Secretary of the Committee.
- The minutes of each Committee meeting shall be tabled to the Board by the Chairman of the Committee.

Membership

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

Overseeing The Internal Audit Function

- The Committee shall oversee all internal audit functions.
- 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 (Part 1 and 2), 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.

Audit Committee Report

3.0 ATTENDANCE AT MEETINGS

During the financial year ended 31 December 2011, the Audit Committee held a total of seven (7) meetings.

Dates:

23 February 2011	14 April 2011	23 May 2011
1 June 2011	21 June 2011	9 August 2011
23 November 2011		

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

Name of Audit Committee Member	Total Number of Meetings	Number of Meetings Attended
En Khairul Azahar bin Ariffin	7	7
YH Dato' Kamaruddin bin Mohammed	7	7
Ms Ng Yee Kim	7	7
En Hashim Naina Merican bin Yahaya Merican	7	7

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 2011 Internal Audit Plan.
- Reviewed follow-up actions by management on any weaknesses in internal accounting procedures and controls as highlighted by the external and internal auditors.

Audit Committee Report

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

From 1 January 2011 until 31 December 2011, a total of 3,270,000 new ordinary shares of RM1 each were issued by the Company for cash by virtue of the exercise of options pursuant to the Company's ESOS at the exercise price of RM5.234, RM6.50 and RM6.55. The exercises were made in twelve batches with closing paid up at RM139,779,000.

A breakdown of the status of options exercised by all directors pursuant to a share scheme as at 5 April 2012 is as follows: There was no new offer made as the ESOS had expired on 16 March 2012.

Name	Directorship	Balance @ 1.1.2011	Options Granted 2011	Options Granted
YH Dato' Kamaruddin bin Mohammed	Non-Independent Non-Executive	450,000	250,000	700,000
YH Dato' Md Adnan bin Sulaiman	Non-Independent Non-Executive	-	150,000	150,000
Mr Tee Kim Tee @ Tee Ching Tee	Non-Independent Non-Executive	-	250,000	250,000
Mr Tee Cheng Hua	Non-Independent Executive Director	-	300,000	300,000
Mr Tee Lip Hian	Non-Independent Non-Executive	30,000	-	30,000
En. Khairul Azahar bin Ariffin	Independent Non-Executive	-	150,000	150,000

Audit Committee Report

Name	Directorship	Balance @ 1.1.2011	Options Granted 2011	Options Granted
Ms Ng Yee Kim	Independent Non-Executive	-	150,000	150,000
En Hashim Naina Merican bin Yahaya Merican	Independent Non-Executive	-	150,000	150,000
Total		480,000	1,400,000	1,880,000

During the financial year, there was only one Employee Share 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	12,776,000	11,695,000	1,081,000
Directors & Chief Executive	5,155,000	4,455,000	700,000

	During Financial Year 2011		Since Commencement of Scheme	
	Maximum Allocation (%)	Actual Granted (%)	Maximum Allocation (%)	Actual Granted (%)
Directors and Sr. Management	50	19	50	40.3

Corporate Governance Statement

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

The Board of Far East Holdings Berhad confirms that the Group has applied the principles, and the extent of compliance with the Best Practices of Good Governance as set out in Part 1 and Part 2 respectively of the Malaysian Code on Corporate Governance ("the Code") pursuant to Paragraph 15.26 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("LR"). These principles and best practices have been applied throughout the year ended 31 December 2011.

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

SECTION A: THE BOARD OF DIRECTORS

1.0 Principal Roles

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

The Board meets at least six (6) times a year, with additional meetings convened as and when necessary. During the financial year ended 31 December 2011, seven (7) 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	7/7
YH Dato' Md. Adnan bin Sulaiman	6/7
Mr Tee Kim Tee @ Tee Ching Tee	6/7
Mr Tee Cheng Hua	7/7
Mr Tee Lip Hian	5/7
En Khairul Azahar bin Ariffin	7/7
Ms Ng Yee Kim	7/7
En Hashim Naina Merican bin Yahaya Merican	7/7

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.

Corporate Governance Statement

The role of the Chairman and the Executive Director are separated and clearly defined, so as to ensure that there is a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and conduct, whilst the Executive Director has overall responsibility for the operating units, organisational effectiveness and implementation of Board policies and decisions. The current Chairman has never been a Chief Executive Officer of the Company. The presence of three (3) Independent Non-Executive Directors fulfills a pivotal role in corporate accountability. Although all the Directors have an equal responsibility for the Group's operations, the role of these Independent Non-Executive Directors is particularly important as they provide an unbiased and independent views, advice and judgment.

3.0 Supply Of Information

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

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

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

4.0 Appointments To The Board

Pursuant to the best practices promulgated by the Code, the Board has established a Nomination Committee, consisting of four (4) Directors without executive functions. The duties and responsibilities of the Committee are to propose new nominees to the Board and to assess the contribution of each individual Director and overall effectiveness of the Board on an on-going basis. The membership and principal duties and responsibilities of the Committee are set out in the following paragraph 5.0 (ii).

5.0 Board Committees

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

i) Audit Committee

The Audit Committee reviews issues of accounting policies, presentation for external financial reporting, monitors the work of the Internal Audit function and ensures an objective and professional relationship is maintained with the external auditors. The Audit Committee has full access to the auditors both internally and externally who, in turn, have access at all times to the Chairman of the Audit Committee. The report of the Audit Committee is stated on page 20. The Audit Committee meets once a year with the external auditors without the presence of officers of the Company.

Corporate Governance Statement

ii) Nomination Committee

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

Non-Independent Non-Executive Director

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

Independent Non-Executive Director

- Ms Ng Yee Kim
- En Hashim Naina Merican bin Yahaya Merican

The Committee is authorised to propose new nominees of the Board and to assess the contribution of each individual Director and overall effectiveness of the Board on 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 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)
- Mr Tee Lip Hian

Non-Independent Executive Director

- Mr Tee Cheng Hua

Independent Non-Executive Director

- En Hashim Naina Merican bin Yahaya Merican

Corporate Governance Statement

6.0 Re-Election Of Directors

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subjected 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.

7.0 Directors Training

Every Director of the Company undergoes continuous training to equip himself/herself to effectively discharge his/her duties as a Director and for that purpose he/she ensures that he/she attends such training programmes as prescribed by 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 Bursa Malaysia. For the financial year ended 31 December 2011, all Directors had participated and attended seminars as recommended and approved by the Board as follows:

No	Name	Course Attended	Date
1.	YH Dato' Kamaruddin bin Mohammed	Seminar CSR Sustainability Summit 2011	27 June 2011
		Workshop Forensic Accounting	22 September 2011
		Scrutinising Financial Statement Fraud and Detection of Red Flag For Directors And Officers Of PLC'S And Government Regulatory Agencies	31 October 2011
2.	YH Dato' Md. Adnan bin Sulaiman	The New Corporate Governance Blueprint And Regulatory Updates	14 December 2011
3.	Mr Tee Kim Tee @ Tee Ching Tee	Scrutinising Financial Statement Fraud and Detection of Red Flag For Directors And Officers Of PLC'S And Government Regulatory Agencies	31 October 2011
4.	Mr Tee Cheng Hua	Seminar CSR Sustainability Summit 2011	27 June 2011
		Workshop Forensic Accounting	22 September 2011
5.	Mr Tee Lip Hian	Scrutinising Financial Statement Fraud and Detection of Red Flag For Directors And Officers Of PLC'S And Government Regulatory Agencies	31 October 2011

Corporate Governance Statement

No	Name	Course Attended	Date
6.	Ms Ng Yee Kim	Seminar CSR Sustainability Summit 2011	27 June 2011
		Corporate Finance: Scrutiny, Strategy And Tactic	15 November 2011
		Wealth Maximization Through Tax Planning	19 November 2011
7.	En Khairul Azahar bin Ariffin	Seminar CSR Sustainability Summit 2011	27 June 2011
		Workshop Forensic Accounting	22 September 2011
8.	En Hashim Naina Merican bin Yahaya Merican	Related Party Transactions: What Directors And Investor Need To Know	4 April 2011
		Seminar CSR Sustainability Summit 2011	27 June 2011
		Workshop Forensic Accounting	22 September 2011
		Scrutinising Financial Statement Fraud and Detection of Red Flag For Directors And Officers Of PLC'S And Government Regulatory Agencies	31 October 2011

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 2011 are as follows:-

Category	Other Fees (RM'000)	Salaries (RM'000)	Emoluments (RM'000)	Total (RM'000)
Executive	60	159	347	566
Non-Executive	510	300	910	1,720
Total	570	459	1,257	2,286

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

Corporate Governance Statement

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 Financial 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, 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* is one of the means to communicate with the Company. The Board has appointed Ms Ng Yee Kim, an Independent Non-Executive Director as a Director responsible for Investor Relations. Any queries with regard to the Group may be communicated to her. Her email address is *ngyeekim@fareh.po.my*. Shareholders may also contact the Company Secretary or visit our website *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 result announcements to Bursa Malaysia Securities Berhad 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 97.

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 38 to 40 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 Directors 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 2011, a total of seven (7) Audit Committee meetings were held.

Corporate Governance Statement

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 25.

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 20 June 2012. 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 23.68%* equity interest in FEHB	09.09.1985 Malaysia	Operating of palm kernel mill
PPOM	FEHB directly holds 40%* equity interest in PPOM	13.01.1978 Malaysia	Operating of palm oil mill and cultivation of oil palm
RPOM	PPOM directly holds 30%* equity interest in RPOM	28.01.1994 Malaysia	Operating of palm oil mill
EPOM	PTSB directly holds 32%* equity interest in EPOM	23.10.1997 Malaysia	Operating of palm oil mill
PGC	KKSB directly holds 30%* equity interest in PGC	10.04.2004 Malaysia	Management Services in palm oil plantations and marketing of sales and purchases of CPO
PPOPM	PPOM directly holds 30%* equity interest in PPOPM	18.08.1994 Malaysia	Trading and marketing agent
KOSMA	KOSMA is a shareholder of WWSB that holds 49%* equity interest in WWSB	04.12.1967 (Incorporated under Cooperative Act, 1993) Malaysia	Operating of palm oil mill and oil palm plantation
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 oil palm plantation
Kilang Sawira Makmur	KKSB indirectly holds 31.50%* stake in Kilang Sawira Makmur via its associated company i.e. Jaspurna Holdings Sdn Bhd	18.11.1993 Malaysia	Operating of palm oil mill

* As at 30 April 2012

Additional Compliance Statements

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

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

(i) Sales of fresh fruit bunches:

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

(ii) Purchases of fresh fruit bunches:

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

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

(iv) Purchases of CPO

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

(v) Sales of Kernel

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

(vi) Purchases of Kernel

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

Additional Compliance Statements

(vii) Management fee

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

Related Party	Nature of Transaction	Method of Pricing
PGC	Management fee charged by PGC to KKSBB, 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 is shown below:

Related Party	RM'000
FEHB	173,465
KKSBB	327,198
WWSB	274,877
PPOM	50,712
RPOM	62,126
EPOM	83,368
Kilang Sawira Makmur	90,457
LKPP Corp.	2,133
KOSMA	119,858
PGC	107,147
PTSB	34,894
Total	1,326,235

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 78 to 80 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 2011.

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 2011.

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 2011.

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 2011 is RM13,000.

9.0 Internal Audit

The Company's In-House Internal Audit Department had incurred an expenses amounting to RM363,297 for the financial year ended 31 December 2011 (2010: RM357,125).

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 2011.

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 2011 and the unaudited results for the quarter ended 31 December 2011 of the Company previously announced.

12.0 Profit Guarantee

The Company has not issued any profit guarantees in the financial year ended 31 December 2011.

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 follows:

- **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 objectives 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 organised 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.

Statement On Internal Control

- **Financial and Operating Manuals**

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

- **Financial Authority Limits**

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

- **Tender Committees**

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

- **Plantation Advisory Services**

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

- **Plantation 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 5 April 2012.

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 2011, 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 confirmed 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.

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Independent Auditors' Report

Directors' Report

For The Year Ended 31 December 2011

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 2011.

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	119,685,884	84,634,126

Dividends

The dividends on ordinary shares paid or declared by the Company since 31 December 2010 were as follows:

	RM
In respect of the financial year ended 31 December 2010:	
(i) Interim single tier dividend of 10 sen per share on 136,509,000 ordinary shares, paid on 21 January 2011	13,650,900
(ii) Final single tier dividend of 20 sen per share on 138,040,000 ordinary shares, paid on 14 July 2011	27,608,000
	41,258,900
In respect of the financial year ended 31 December 2011:	
(i) Interim single tier dividend of 15 sen per share on 139,779,000 ordinary shares, paid on 9 January 2012	20,966,850
	62,225,750

The Directors now recommend the payment of a final single tier dividend of 15 sen per share and a special single tier dividend of 10 sen per share on 139,779,000 ordinary shares amounting to RM20,966,850 and RM13,997,900 respectively for the financial year ended 31 December 2011. The proposed dividends are subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2012.

Directors' Report

For The Year Ended 31 December 2011

Reserves and provisions

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

Employees' Share Option Scheme

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

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

During the year, 3,270,000 new ordinary shares of RM1 each were issued by the Company for cash by virtue of the exercise of options pursuant to the Company's Employees' Share Option Scheme. Details of the unit and exercise price of the ESOS are as per Note 21(b) to the financial statements.

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

Directors

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

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

In accordance with Article 97 of the Company's Articles of Association, YH Dato' Haji Md Adnan bin Sulaiman, Mr Tee Lip Hian and Encik Hashim Naina Merican bin Yahaya Merican retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-election.

Directors' benefits

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

Since the end of the previous year, no Director has received or become entitled to receive a benefit (other than Directors' remunerations disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in Notes 6 and 27 to the financial statements.

Directors' Report

For The Year Ended 31 December 2011

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			
	1.1.2011	Bought/ ESOS exercised	Sold	31.12.2011
Direct interest – in the Company				
YH Dato' Kamaruddin bin Mohammed	2,000,000	450,000	-	2,450,000
Mr Tee Kim Tee @ Tee Ching Tee	4,220,400	578,000	-	4,798,400
Mr Tee Cheng Hua	2,062,000	300,000	-	2,362,000
Mr Tee Lip Hian	311,600	135,000	-	446,600
Ms Ng Yee Kim	50,000	150,000	(50,000)	150,000

Indirect interest – in the Company

YH Dato' Kamaruddin bin Mohammed	500,000	-	-	500,000
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	Number of options over ordinary shares of RM1 each			
	1.1.2011	Granted	Exercised	31.12.2011
YH Dato' Kamaruddin bin Mohammed	450,000	250,000	(450,000)	250,000
YH Dato' Haji Md Adnan bin Sulaiman	-	150,000	-	150,000
Mr Tee Lip Hian	30,000	-	(30,000)	-
Mr Tee Kim Tee @ Tee Ching Tee	-	250,000	(250,000)	-
Mr Tee Cheng Hua	-	300,000	(300,000)	-
Encik Khairul Azahar bin Ariffin	-	150,000	-	150,000
Encik Hashim Naina Merican bin Yahaya Merican	-	150,000	-	150,000
Ms Ng Yee Kim	-	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 2011

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 32 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 5 April 2012



Dato' Kamaruddin bin Mohammed
Chairman



Tee Cheng Hua
Executive Director

Statements Of Comprehensive Income

For The Year Ended 31 December 2011

		Group		Company	
	Note	2011 RM	2010 RM	2011 RM	Restated 2010 RM
Continuing operations					
Revenue	4	479,254,327	436,016,498	118,971,174	88,074,752
Other operating income		3,370,042	6,536,218	908,705	4,262,161
Amortisation of investment held to maturity		1,493,423	1,421,631	1,493,423	1,421,631
Gain on financial asset “at fair value through profit and loss”		445,672	1,738,796	445,672	1,738,796
Amortisation of amount due from subsidiary		-	-	1,949,733	1,590,948
Loss on initial recognition of amount due from subsidiary		-	-	(1,366,498)	(1,202,628)
Staff costs		(11,821,891)	(8,625,091)	(4,298,207)	(1,800,581)
Changes in inventories		6,610,882	(5,933,499)	-	-
Finished goods purchased		(128,959,645)	(128,444,139)	-	-
Raw material purchased		(161,952,105)	(142,433,943)	-	-
Production cess		(889,216)	(950,709)	-	-
Carriage outwards		(3,344,632)	(3,726,918)	-	-
Upkeep, repair and maintenance of assets		(2,502,887)	(2,770,932)	-	-
Utilities and fuel		(1,420,499)	(1,857,917)	-	-
Depreciation		(9,583,868)	(7,018,734)	(3,048,133)	(1,985,071)
Upkeep and cultivation		(26,871,289)	(23,083,366)	(6,172,481)	(4,965,842)
Harvesting		(13,341,667)	(11,754,710)	(3,186,207)	(2,456,123)
Estate general charges		(5,094,382)	(3,655,280)	(1,345,095)	(928,719)
Replanting expenses		(9,495,518)	(7,514,418)	(3,310,688)	(3,308,757)
Diminution value of investment in associate		-	-	(7,943,693)	-
Impairment loss for other receivable		(859,480)	-	-	-
Other operating expenses		(14,071,959)	(11,607,136)	(4,879,258)	(2,279,094)
Finance income		2,717,090	1,416,817	1,759,725	609,480
Finance cost		(3,071)	(13,135)	-	-
Share of profit after tax of equity accounted associates		52,482,212	25,770,272	-	-
Profit before tax	5	156,161,539	113,510,305	89,978,172	78,770,953
Tax expenses	7	(26,421,958)	(20,873,315)	(5,344,046)	(3,981,000)
Profit for the year		129,739,581	92,636,990	84,634,126	74,789,953

Statements Of Comprehensive Income

For The Year Ended 31 December 2011

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
Profit for the year attributable to:					
Owners of the Company		119,685,884	82,437,962	84,634,126	74,789,953
Non-controlling interests		10,053,697	10,199,028	-	-
		129,739,581	92,636,990	84,634,126	74,789,953
Profit for the year		129,739,581	92,636,990	84,634,126	74,789,953
Other comprehensive income					
- Gain on revaluation of leasehold land and oil palm plantation, net of deferred tax		-	137,111,125	-	58,158,772
- Transfer from deferred tax		749,000	400,000	229,000	99,000
		749,000	137,511,125	229,000	58,257,772
Total comprehensive income for the year		130,488,581	230,148,115	84,863,126	133,047,725
Total comprehensive income attributable to:					
Owners of the Company		120,434,884	213,023,087	84,863,126	133,047,725
Non-controlling interests		10,053,697	17,125,028	-	-
		130,488,581	230,148,115	84,863,126	133,047,725
Earnings per share attributable to equity holders of the Company (sen)					
- basic	8(a)	86.95	60.46		
- diluted	8(b)	86.88	60.45		

Statements Of Comprehensive Income

For The Year Ended 31 December 2011

		Group		Company	
	Note	2011 RM	2010 RM	2011 RM	2010 RM
Non current assets					
Property, plant and equipment	10	679,918,918	675,078,571	228,221,188	225,317,273
Land held for development	11	-	29,262,969	-	29,262,969
Land held for disposal	12	29,262,969	-	29,262,969	-
Subsidiaries	13	-	-	35,999,351	35,999,351
Associates	14	226,717,246	199,067,891	55,519,588	63,463,281
Other financial assets	15	41,481,129	54,454,377	41,481,129	52,454,377
		977,380,262	957,863,808	390,484,225	406,497,251
Current assets					
Inventories	16	10,984,974	5,735,522	426,524	468,325
Other financial assets	15	10,680,563	10,386,295	-	-
Receivables, deposits and prepayments	17	60,021,406	40,313,607	75,232,573	48,749,314
Tax recoverable		6,485,127	3,420,419	2,434,297	830,297
Deposits, bank and cash balances	18	139,179,621	89,071,969	108,243,154	49,901,106
		227,351,691	148,927,812	186,336,548	99,949,042
Less: Current liabilities					
Payables	19	28,744,310	34,291,690	6,477,892	4,972,718
Dividend payable		20,966,850	-	20,966,850	-
Current tax liabilities		-	652,000	-	-
Hire purchase liabilities		-	33,056	-	-
		49,711,160	34,976,746	27,444,742	4,972,718
Net current assets		177,640,531	113,951,066	158,891,806	94,976,324
Less: Non current liabilities					
Deferred tax liabilities	20	126,593,184	125,424,184	39,403,000	38,532,000
Total net assets		1,028,427,609	946,390,690	509,973,031	462,941,575
Capital and reserves attributable to owners of the Company					
Share capital	21	139,779,000	136,509,000	139,779,000	136,509,000
Share premium	22	37,719,120	17,546,420	34,668,394	14,495,694
Share option reserve	23	951,380	-	951,380	-
Revaluation reserves	24	312,685,976	311,936,976	85,154,910	84,925,910
Retained earnings	25	470,656,276	413,196,142	249,419,347	227,010,971
		961,791,752	879,188,538	509,973,031	462,941,575
Non-controlling interests		66,635,857	67,202,152	-	-
Total equity		1,028,427,609	946,390,690	509,973,031	462,941,575

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

Statements Of Changes In Equity

For The Year Ended 31 December 2011

Attributable to owners of the Company

Group	Note	Share capital (Note 21) RM	Share premium (Note 22) RM	Share option reserve (Note 23) RM	Revaluation reserves (Note 24) RM	Retained earnings RM	Total RM	Non- controlling interests RM	Total equity RM
At 31 December 2009									
- as previously reported		136,229,000	16,198,220	-	181,351,851	351,975,412	685,754,483	58,485,538	744,240,021
- changes in accounting policy		-	-	-	-	(755,882)	(755,882)	837,720	81,838
- as restated		136,229,000	16,198,220	-	181,351,851	351,219,530	684,998,601	59,323,258	744,321,859
Employees shares option scheme									
- issue of shares		280,000	1,185,520	-	-	-	1,465,520	-	1,465,520
Share options granted		-	-	162,680	-	-	162,680	-	162,680
Share options exercised		-	162,680	(162,680)	-	-	-	-	-
Profit for the year		-	-	-	-	82,437,962	82,437,962	10,199,028	92,636,990
Other comprehensive income		-	-	-	130,585,125	-	130,585,125	6,926,000	137,511,125
Total comprehensive income		-	-	-	130,585,125	82,437,962	213,023,087	17,125,028	230,148,115
Dividends for the year ended									
- 31 December 2009	9	-	-	-	-	(20,461,350)	(20,461,350)	(6,019,567)	(26,480,917)
- 31 December 2010	9	-	-	-	-	-	-	(3,226,567)	(3,226,567)
At 31 December 2010		136,509,000	17,546,420	-	311,936,976	413,196,142	879,188,538	67,202,152	946,390,690

Statements Of Changes In Equity

For The Year Ended 31 December 2011

Attributable to owners of the Company

Group	Note	Share capital (Note 21) RM	Share premium (Note 22) RM	Share option reserve (Note 23) RM	Revaluation reserves (Note 24) RM	Retained earnings RM	Total RM	Non- controlling interests RM	Total equity RM
At 31 December 2010		136,509,000	17,546,420	-	311,936,976	413,196,142	879,188,538	67,202,152	946,390,690
Employees shares option scheme									
- issue of shares		3,270,000	17,436,420	-	-	-	20,706,420	-	20,706,420
Share options granted		-	-	3,687,660	-	-	3,687,660	-	3,687,660
Share options exercised		-	2,736,280	(2,736,280)	-	-	-	-	-
Profit for the year		-	-	-	-	119,685,884	119,685,884	10,053,697	129,739,581
Other comprehensive income		-	-	-	749,000	-	749,000	-	749,000
Total comprehensive income		-	-	-	749,000	119,685,884	120,434,884	10,053,697	130,488,581
Dividends for the year ended									
- 31 December 2010	9	-	-	-	-	(41,258,900)	(41,258,900)	(10,619,992)	(51,878,892)
- 31 December 2011	9	-	-	-	-	(20,966,850)	(20,966,850)	-	(20,966,850)
At 31 December 2011		139,779,000	37,719,120	951,380	312,685,976	470,656,276	961,791,752	66,635,857	1,028,427,609

Statements Of Changes In Equity

For The Year Ended 31 December 2011

Company	Note	Share capita (Note 21) RM	Share premium (Note 22) RM	Share option reserve (Note 23) RM	Revaluation reserves (Note 24) RM	Retained earnings (Note 25) RM	Total RM
At 31 December 2009							
- as previously reported		136,229,000	13,147,494	-	26,668,138	179,286,171	355,330,803
- changes in accounting policy		-	-	-	-	(6,603,803)	(6,603,803)
- as restated		136,229,000	13,147,494	-	26,668,138	172,682,368	348,727,000
Employees share option scheme							
- issue of shares		280,000	1,185,520	-	-	-	1,465,520
Share options granted		-	-	162,680	-	-	162,680
Share options exercised		-	162,680	(162,680)	-	-	-
Profit for the year		-	-	-	-	74,789,953	74,789,953
Other comprehensive income		-	-	-	58,257,772	-	58,257,772
Total comprehensive income		-	-	-	58,257,772	74,789,953	133,047,725
Dividends for the year ended							
- 31 December 2009	9	-	-	-	-	(20,461,350)	(20,461,350)
At 31 December 2010		136,509,000	14,495,694	-	84,925,910	227,010,971	462,941,575

Statements Of Changes In Equity

For The Year Ended 31 December 2011

Company	Note	Share capita (Note 21) RM	Share premium (Note 22) RM	Share option reserve (Note 23) RM	Revaluation reserves (Note 24) RM	Retained earnings (Note 25) RM	Total RM
At 31 December 2010							
Employees share option scheme							
- issue of shares							
Share options granted							
Share options exercised							
Profit for the year							
Other comprehensive income							
Total comprehensive income							
Dividends for the year ended							
- 31 December 2010	9						
- 31 December 2011	9						
At 31 December 2011							

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

Statements Of Cash Flows

For The Year Ended 31 December 2011

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Operating activities				
Profit for the year attributable to owners of the Company	119,685,884	82,437,962	84,634,126	74,789,953
Adjustments for:				
Non-controlling interests	10,053,697	10,199,028	-	-
Property, plant and equipment				
- depreciation	9,583,868	7,018,734	3,048,133	1,985,071
- gain on disposal	(26,599)	(317,998)	(26,599)	(117,998)
- written off	10,015	23,566	3,599	9,057
- other adjustment	(1,659)	-	4,200	-
Diminution value of investment in associate	-	-	7,943,693	-
Share of profit of associates	(52,482,212)	(25,770,272)	-	-
Impairment loss – other receivable	859,480	-	-	-
Gain on disposal of non-current asset held for disposal	-	(2,778,122)	-	(2,778,122)
Gain on financial asset “at fair value through profit and loss”	(445,672)	(1,738,796)	(445,672)	(1,738,796)
Loss on initial recognition	-	-	1,366,498	1,202,628
Amortisation of investment held to maturity	(1,493,423)	(1,421,631)	(1,493,423)	(1,421,631)
Amortisation of receivable	-	-	(1,949,733)	(1,590,948)
Share options granted	3,687,660	162,680	3,687,660	162,680
Dividend income	-	-	(78,128,165)	(59,511,448)
Interest expense	3,071	13,135	-	-
Interest income	(2,717,090)	(1,416,817)	(1,759,725)	(609,480)
Tax expense	26,421,958	20,873,315	5,344,046	3,981,000
Operating profit before working capital	113,138,978	87,284,784	22,228,638	14,361,966
Changes in working capital:				
- inventories	(5,249,452)	5,623,943	41,801	(156,887)
- receivables, deposits and prepayments	(20,567,279)	(12,131,355)	(25,212,732)	(2,943,443)
- subsidiaries	-	-	402,183	(5,023,985)
- payables	(5,547,380)	4,009,329	392,894	(2,493,015)
Cash from/(used in) operations	81,774,867	84,786,701	(2,147,216)	3,744,636
Interest received	2,717,090	1,416,817	1,759,725	609,480
Tax refunded	1,024,405	-	-	-
Interest paid	(3,071)	(13,135)	-	-
Tax paid	(29,245,071)	(15,765,475)	(4,904,546)	(906,593)
Net cash flow from/(used in) operating activities	56,268,220	70,424,908	(5,292,037)	3,447,523

Statements Of Cash Flows

For The Year Ended 31 December 2011

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
Investing activities					
Property, plant and equipment					
- purchase		(14,432,572)	(16,776,035)	(5,937,043)	(9,062,523)
- proceed from disposal		26,600	318,000	26,600	118,000
Purchase of investments		(294,268)	(10,248,945)	-	(10,000,000)
Proceed from disposal of investments		14,912,343	-	12,912,343	-
Proceed from disposal of non current asset held for disposal		-	13,945,615	-	13,945,615
Dividend received		24,832,857	2,362,857	77,184,665	59,103,448
Net cash flow from/(used in) investing activities		25,044,960	(10,398,508)	84,186,565	54,104,540
Financing activities					
Exercise of share options					
- issue of shares		3,270,000	280,000	3,270,000	280,000
- share premium		17,436,420	1,185,520	17,436,420	1,185,520
Hire purchase paid		(33,056)	(413,646)	-	-
Dividend paid		(51,878,892)	(29,707,484)	(41,258,900)	(20,461,350)
Net cash flow used in financing activities		(31,205,528)	(28,655,610)	(20,552,480)	(18,995,830)
Net increase in cash and cash equivalents		50,107,652	31,370,790	58,342,048	38,556,233
Cash and cash equivalents					
- at start of the year		89,071,969	57,701,179	49,901,106	11,344,873
- at end of the year	18	139,179,621	89,071,969	108,243,154	49,901,106

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

Notes To The Financial Statements

For The Year Ended 31 December 2011

1 General information

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

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

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

The financial statements are presented in Ringgit Malaysia.

2 Basis of preparation of financial statements

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

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 30 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 2011

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.

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 plantation mature, the costs incurred will be charged to income statement.

Replanting

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

(c) Land held for property development

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

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

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

Notes To The Financial Statements

For The Year Ended 31 December 2011

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.

(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 profit or loss.

(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 2011

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 share 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 allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the year in which the decline is identified.

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

(g) Impairment of non-financial assets

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

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 2011

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, paid annual leave 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 2011

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 2011

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.

‘Held-to-Maturity’ Investments

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

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

Loans and Receivables

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

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

Derecognition of Financial Assets

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

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

(ii) Financial liabilities

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

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

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

Notes To The Financial Statements

For The Year Ended 31 December 2011

3 Summary of significant accounting policies (continued)

(m) Financial instruments (continued)

(ii) Financial liabilities (continued)

Derecognition of Financial Liabilities

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

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

(n) Share capital

Ordinary shares are classified as equity. Dividends to shareholders are recognised in equity in the period in which they are paid or right to receive payment is established.

(o) Revenue recognition

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

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

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

Income from rental and interest are recognised on accrual basis.

4 Revenue

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Sales of fresh fruit bunches	99,075,794	72,709,821	40,843,009	28,563,304
Sales of crude palm oil and palm kernel	380,178,533	363,306,677	-	-
Dividend income (gross)	-	-	78,128,165	59,511,448
	479,254,327	436,016,498	118,971,174	88,074,752

Notes To The Financial Statements

For The Year Ended 31 December 2011

5 Profit before tax

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Auditors' remuneration				
- statutory audit (current year)	113,500	112,000	25,000	25,000
- statutory audit (previous year)	1,000	-	-	-
Property, plant and equipment				
- written off	10,015	23,566	3,599	9,057
- gain on disposal	(26,599)	(317,998)	(26,599)	(117,998)
Gain on disposal of non current asset held for disposal	-	(2,778,122)	-	(2,778,122)
Cost of contract workers	41,390	103,389	-	-
Rental of lorry	11,070	42,065	-	-

(b) Employee benefits cost

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Salaries, bonus and other benefits	8,387,574	7,865,152	1,615,974	1,591,337
Defined contribution retirement plan	973,057	759,939	220,973	209,244
ESOS granted	2,461,260	-	2,461,260	-
	11,821,891	8,625,091	4,298,207	1,800,581

Notes To The Financial Statements

For The Year Ended 31 December 2011

6 Key management personnel compensation

(a) Directors

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Directors of the Company				
Non-executive Directors				
- Fees	845,000	695,000	510,000	380,000
- Other emoluments	1,210,380	643,500	1,210,380	643,500
	2,055,380	1,338,500	1,720,380	1,023,500
Executive Directors				
- Fees	233,000	239,880	60,000	58,000
- Other emoluments	870,334	730,262	505,514	438,662
	1,103,334	970,142	565,514	496,662
Directors of subsidiaries				
Non-executive Directors				
- Fees	411,920	464,570	-	-
Total	3,570,634	2,773,212	2,285,894	1,520,162

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 21(b)) as follows:

	2011		2010	
	Average exercised price RM/share	Options	Average exercised price RM/share	Options
At start of the year	5.234	480,000	5.234	760,000
Granted	6.520	1,400,000	-	-
Exercised	5.234	(480,000)	5.234	(280,000)
Exercised	6.520	(700,000)	-	-
		(1,180,000)		(280,000)
At end of the year	6.520	700,000	5.234	480,000

Options exercised during the year resulted in 1,180,000 units shares being issued at RM1 each. The weighted average share price at the time of exercise ranging from RM7.00 to RM7.55 per share (2010: RM6.85 to RM6.90).

Notes To The Financial Statements

For The Year Ended 31 December 2011

6 Key management personnel compensation (continued)

(a) Directors (continued)

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

Expiry date	Exercise price RM/share	2011	2010
16 March 2012	6.520	700,000	-
16 March 2012	5.234	-	480,000

(b) Other key management personnel

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Salaries, bonus and other benefits	1,313,503	1,050,127	859,848	645,952
Defined contribution plan	164,579	127,428	124,772	92,724
ESOS granted	325,130	-	325,130	-
Total	1,803,212	1,177,555	1,309,750	738,676

7 Tax expenses

(a) Tax charge for the year

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Malaysian income tax	24,503,958	19,214,315	4,244,046	2,181,000
Deferred tax (Note 20)	1,918,000	1,659,000	1,100,000	1,800,000
Tax expenses	26,421,958	20,873,315	5,344,046	3,981,000
Share of tax of equity accounted associates	12,568,445	9,730,724	-	-
Total tax expense	38,990,403	30,604,039	5,344,046	3,981,000
Malaysian income tax				
Current year	24,869,380	19,263,380	4,620,500	2,181,000
Over accrued in prior years	(365,422)	(49,065)	(376,454)	-
Deferred tax	24,503,958	19,214,315	4,244,046	2,181,000
Temporary differences	1,918,000	1,659,000	1,100,000	1,800,000
Tax expenses	26,421,958	20,873,315	5,344,046	3,981,000

Notes To The Financial Statements

For The Year Ended 31 December 2011

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	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit for the year	129,739,581	92,636,990	84,634,126	74,789,953
Total tax expenses	38,990,403	30,604,039	5,344,046	3,981,000
	168,729,984	123,241,029	89,978,172	78,770,953
Tax calculated at the tax rate of 25% (2010: 25%)	42,182,496	30,810,258	22,494,543	19,692,738
Tax effect of:				
- expenses not deductible for tax purposes	2,259,059	1,924,573	2,453,606	364,488
- over accrued in prior years	(365,422)	(49,065)	(376,454)	-
- benefits from utilisation of reinvestment allowance	(257,001)	(250,490)	-	-
- income not taxable	(4,828,729)	(1,707,611)	(19,227,649)	(16,076,226)
- deferred tax liabilities over accrued	-	(129,000)	-	-
- deferred tax asset not recognised	-	5,374	-	-
Total tax expenses	38,990,403	30,604,039	5,344,046	3,981,000

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.

	2011	2010
Profit attributable to equity holders of the Company (RM)	119,685,884	82,437,962
Weighted average number of ordinary shares in issue	137,651,016	136,345,822
Basic earnings per share (sen)	86.95	60.46

Notes To The Financial Statements

For The Year Ended 31 December 2011

8 Earnings per share (continued)

(b) Diluted earnings per share

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

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

	2011	2010
Weighted average number of ordinary shares in issue	137,651,016	136,345,822
Adjustment for share options	101,711	22,523
Weighted average number of ordinary shares for diluted earnings per share	137,752,727	136,368,345
Diluted earnings per share (sen)	86.88	60.45

9 Dividends

Dividends declared or proposed for year ended 31 December 2011 are as follows:

	Group and Company			
	31.12.2011		31.12.2010	
	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	15.0	20,966,850	10.0	13,650,900
Proposed				
- final single tier dividend	15.0	20,966,850	20.0	27,608,000
- special single tier dividend	10.0	13,977,900	-	-
	40.0	55,911,600	30.0	41,258,900
Dividend per share recognised as distribution to ordinary equity holders of the Company				
31 December 2009	-	-	15.0	20,461,350
- paid during the year				
31 December 2010	30.0	41,258,900	-	-
- paid during the year				
31 December 2011	15.0	20,966,850	-	-
- declared during the year				
	45.0	62,225,750	15.0	20,461,350

Notes To The Financial Statements

For The Year Ended 31 December 2011

9 Dividends (continued)

Interim single tier dividend of 15 sen per share on 139,779,000 ordinary shares totalling RM20,966,850 for the financial year ended 31 December 2011 was paid on 9 January 2012.

At the forthcoming Annual General Meeting, a final single tier dividend of 15 sen per share and a special single tier dividend of 10 sen per share on 139,779,000 ordinary shares amounting to RM20,966,850 and RM13,997,900 respectively will be proposed for shareholders' approval.

The proposed dividends are subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 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
Carrying amounts at 31 December 2009	229,474,278	229,623,056	9,679,561	10,482,303	2,987,515	-	482,246,713
Additions	-	7,319,358	2,204,348	2,801,640	1,056,961	3,678,728	17,061,035
Revaluation surplus	105,147,595	77,665,530	-	-	-	-	182,813,125
Reclassification	-	(4)	306,000	-	4	(306,000)	-
Written off	-	-	(2,838)	(4,038)	(16,690)	-	(23,566)
Disposal	-	-	-	-	(2)	-	(2)
Depreciation charge	(2,989,871)	(156,302)	(763,530)	(2,109,520)	(999,511)	-	(7,018,734)
Carrying amounts at 31 December 2010	331,632,002	314,451,638	11,423,541	11,170,385	3,028,277	3,372,728	675,078,571
Additions	-	4,514,547	868,233	3,200,643	2,006,182	3,842,967	14,432,572
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)
Disposal	-	-	-	-	(1)	-	(1)
Depreciation charge	(4,387,221)	(156,302)	(1,101,964)	(2,732,502)	(1,205,879)	-	(9,583,868)
Carrying amounts at 31 December 2011	327,244,781	318,809,883	14,326,034	11,987,068	3,628,784	3,922,368	679,918,918
At 31 December 2010							
Cost	472,672	1,256,912	25,018,213	39,612,757	7,802,256	3,372,728	77,535,538
Valuation	331,159,330	313,572,453	-	-	-	-	644,731,783
Accumulated depreciation	-	(377,727)	(13,594,672)	(28,442,372)	(4,773,979)	-	(47,188,750)
Carrying amounts	331,632,002	314,451,638	11,423,541	11,170,385	3,028,277	3,372,728	675,078,571
At 31 December 2011							
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

Notes To The Financial Statements

For The Year Ended 31 December 2011

10 Property, plant and equipment (continued)

Company	Long term leasehold land RM	Oil palm plantations RM	Buildings RM	Plant and machinery RM	Motor vehicles, furniture, fixtures and equipment RM	Assets under construction RM	Total RM
Carrying amounts at 31 December 2009	84,287,074	53,707,421	917,155	629,652	1,162,806	-	140,704,108
Additions	-	4,652,599	666,035	354,585	600,576	2,788,728	9,062,523
Revaluation surplus	38,867,379	38,677,393	-	-	-	-	77,544,772
Reclassification	-	-	306,000	-	-	(306,000)	-
Written off	-	-	(430)	(28)	(8,599)	-	(9,057)
Disposal	-	-	-	-	(2)	-	(2)
Depreciation charge	(1,035,803)	(156,302)	(191,168)	(150,907)	(450,891)	-	(1,985,071)
Carrying amounts at 31 December 2010	122,118,650	96,881,111	1,697,592	833,302	1,303,890	2,482,728	225,317,273
Additions	-	3,449,963	43,878	303,000	1,401,994	738,208	5,937,043
Reclassification	-	-	3,035,376	181,360	-	(3,220,936)	(4,200)
Transfer	-	-	-	-	22,805	-	22,805
Written off	-	-	-	(809)	(2,790)	-	(3,599)
Disposal	-	-	-	-	(1)	-	(1)
Depreciation charge	(1,553,532)	(156,302)	(416,016)	(315,597)	(606,686)	-	(3,048,133)
Carrying amounts at 31 December 2011	120,565,118	100,174,772	4,360,830	1,001,256	2,119,212	-	228,221,188
At 31 December 2010							
Cost	-	781,488	4,106,817	2,051,562	3,542,037	2,482,728	12,964,632
Valuation	122,118,650	96,477,350	-	-	-	-	218,596,000
Accumulated depreciation	-	(377,727)	(2,409,225)	(1,218,260)	(2,238,147)	-	(6,243,359)
Carrying amounts	122,118,650	96,881,111	1,697,592	833,302	1,303,890	2,482,728	225,317,273
At 31 December 2011							
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

Notes To The Financial Statements

For The Year Ended 31 December 2011

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 2011 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 FRS116 on property, plant and equipment.

11 Land held for development

	Group and Company	
	2011 RM	2010 RM
Long term leasehold land		
At start of the year	29,262,969	29,262,969
Reclassified to land held for disposal (Note 12)	(29,262,969)	-
At end of the year	-	29,262,969

The recovery of these land are by way of sale and the Company had already advertised in major newspaper of its intention to dispose the land.

12 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.

13 Subsidiaries

	Company	
	2011 RM	2010 RM
Unquoted shares, at cost:		
- at start and end of the year	35,999,351	35,999,351

Notes To The Financial Statements

For The Year Ended 31 December 2011

13 Subsidiaries (continued)

Details of the subsidiaries are as follows:

Name of Company	Country of incorporation	Effective interest of the Group				Principal activities
		Company		Subsidiary		
		2011 %	2010 %	2011 %	2010 %	
Dawn Oil Palm Plantations Sdn Bhd	Malaysia	100	100	-	-	Oil palm plantations
B.S. Oil Palm Plantations Sdn Bhd	Malaysia	100	100	-	-	Oil palm plantations
Spectacular Potential Sdn Bhd	Malaysia	100	100	-	-	Investment holding
F.E. Rangkaian Sdn Bhd	Malaysia	100	100	-	-	Oil palm plantations
Kampung Aur Oil Palm Company (Sdn.) Berhad	Malaysia	83	83	-	-	Oil palm plantations
Madah Perkasa Sdn Bhd #	Malaysia	-	-	83	83	Oil palm plantations
Far East Delima Plantations Sdn Bhd	Malaysia	80	80	-	-	Oil palm plantations
Kilang Kosfarm Sdn Bhd	Malaysia	51	51	-	-	Palm oil mill

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

All subsidiaries are audited by McMillan Woods Thomas.

14 Associates

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
At cost				
Unquoted shares	32,264,400	41,747,871	63,463,281	63,463,281
Diminution in value of investment	-	-	(7,943,693)	-
	32,264,400	41,747,871	55,519,588	63,463,281
Share of post acquisition reserve	194,452,846	157,320,020	-	-
	226,717,246	199,067,891	55,519,588	63,463,281

Notes To The Financial Statements

For The Year Ended 31 December 2011

14 Associates (continued)

Summary of financial information on associates are as follows:

	2011 RM	Group 2010 RM
Revenue (100%)	592,718,939	430,642,821
Profit for the year (100%)	133,357,262	54,122,067
Total assets (100%)	736,838,440	647,233,540
Total liabilities (100%)	161,538,290	140,202,671

The details of the associates are as follows:

Name of Company	Country of incorporation	Effective interest of the Group			
		Company 2011 %	Company 2010 %	Subsidiary 2011 %	Subsidiary 2010 %
* Prosper Palm Oil Mill Sdn Berhad (PPOM)	Malaysia	40.0	40.0	-	-
* Business & Budget Hotels (Kuantan) Sdn Bhd	Malaysia	36.2	36.2	-	-
# Future Prelude Sdn Bhd	Malaysia	30.0	30.0	-	-
* Jaspurna Holdings Sdn Bhd	Malaysia	-	-	22.9	22.9
# Audited by McMillan Woods Thomas					
* Audited by other firms of auditors					

Notes To The Financial Statements

For The Year Ended 31 December 2011

15 Other financial assets

Non-current

Financial assets at “fair value through profit and loss”

Unit trust

Held to maturity investments

Unquoted structured investments

Redeemable Cumulative Preference Shares

Current

Financial assets at “fair value through profit and loss”

Unit trust

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Unit trust	10,414,971	12,881,642	10,414,971	12,881,642
Held to maturity investments				
Unquoted structured investments	-	12,000,000	-	10,000,000
Redeemable Cumulative Preference Shares	31,066,158	29,572,735	31,066,158	29,572,735
	31,066,158	41,572,735	31,066,158	39,572,735
	41,481,129	54,454,377	41,481,129	52,454,377
Unit trust	10,680,563	10,386,295	-	-
	52,161,692	64,840,672	41,481,129	52,454,377

16 Inventories

At cost

Finished goods

Raw material

Nurseries

Consumables

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Finished goods	8,588,790	2,287,815	-	-
Raw material	336,575	26,669	-	-
Nurseries	630,884	1,663,936	-	-
Consumables	1,428,725	1,757,102	426,524	468,325
	10,984,974	5,735,522	426,524	468,325

Notes To The Financial Statements

For The Year Ended 31 December 2011

17 Receivables, deposits and prepayments

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade receivables	25,180,640	31,407,088	3,167,787	2,335,736
Other receivables	6,895,105	8,417,968	2,348,968	3,425,889
Less: Impairment loss				
At start of the year	-	-	-	-
Current year	(859,480)	-	-	-
At end of the year	(859,480)	-	-	-
	6,035,625	8,417,968	2,348,968	3,425,889
Deposits	25,506,482	50,340	25,494,292	33,900
Prepayments	5,059	18,582	3,089	10,379
Amounts due from associates	3,293,600	419,629	4,500	-
Amounts due from subsidiaries	-	-	44,213,937	42,943,410
	60,021,406	40,313,607	75,232,573	48,749,314

Credit term of trade receivables to the Group and of the Company is 30 days (2010: 30 days).

The amounts due from subsidiaries are advances, which are unsecured, free of interest and repayable within 30 days except for RM38,884,469 (2010: RM33,898,200) repayable in 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 (2010: NIL) 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.

18 Cash and cash equivalents

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Deposits with licensed banks	110,558,364	61,947,000	93,711,364	47,500,000
Deposit with building society	3,000,000	3,000,000	-	-
Bank and cash balances	25,621,257	24,124,969	14,531,790	2,401,106
	139,179,621	89,071,969	108,243,154	49,901,106

Notes To The Financial Statements

For The Year Ended 31 December 2011

18 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	
	2011 %	2010 %	2011 %	2010 %
Deposits with licensed banks	3.04	2.6	3.03	2.8
Deposits with building society	3.04	2.9	-	-

As at 31 December 2011, the deposits of the Group and of the Company have maturity period between 30 to 90 days (2010: 30 to 90 days). Bank balances are deposits held at call with banks.

19 Payables

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade payables	18,841,357	27,059,192	1,585,529	2,035,160
Other payables	3,078,136	3,536,415	537,652	491,808
Deposits	67,883	32,180	49,080	32,180
Accruals	4,945,772	3,663,903	2,050,707	1,270,926
Amount due to associate	1,811,162	-	-	-
Amounts due to subsidiaries	-	-	2,254,924	1,142,644
	28,744,310	34,291,690	6,477,892	4,972,718

Credit terms of trade payables of the Group and of the Company ranges from 30 to 90 days (2010: 30 to 90 days).

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

Notes To The Financial Statements

For The Year Ended 31 December 2011

20 Deferred tax liabilities

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
At start of the year	125,424,184	78,463,184	38,532,000	17,445,000
(Charged)/Credited to income statement (Note 7)				
- property, plant and equipment	1,944,000	1,883,000	1,100,000	1,800,000
- business loss	-	(210,000)	-	-
- others	(26,000)	(14,000)	-	-
	1,918,000	1,659,000	1,100,000	1,800,000
Arising from revaluation (Note 24)	-	45,702,000	-	19,386,000
Transfer to revaluation reserves (Note 24)	(749,000)	(400,000)	(229,000)	(99,000)
At end of the year	126,593,184	125,424,184	39,403,000	38,532,000
Deferred tax assets before offsetting				
- unabsorbed business loss	(1,224,416)	(1,220,416)	-	-
Offsetting	1,224,416	1,220,416	-	-
Deferred tax assets after offsetting	-	-	-	-
Deferred tax liabilities before offsetting				
- property, plant and equipment	127,643,600	126,448,600	39,403,000	38,532,000
- others	174,000	196,000	-	-
Offsetting	(1,224,416)	(1,220,416)	-	-
Deferred tax liabilities after offsetting	126,593,184	125,424,184	39,403,000	38,532,000

Notes To The Financial Statements

For The Year Ended 31 December 2011

21 Share capital

(a) Authorised and issued and fully paid ordinary shares

	Company	
	2011 RM	2010 RM
Authorised ordinary shares of RM1 each		
At start and end of the year	500,000,000	500,000,000
Issued and fully paid ordinary shares of RM1 each		
At start of the year	136,509,000	136,229,000
Issued during the year		
- exercise of share option	3,270,000	280,000
At end of the year	139,779,000	136,509,000

(b) Employees' Share Option Scheme

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

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

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

The main features of the ESOS are as follows:

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

Notes To The Financial Statements

For The Year Ended 31 December 2011

21 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
31.12.2011							
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)	-	-
			480	3,906	(3,270)	(35)	1,081
31.12.2010							
2.1.2008	16.3.2012	5.234	700	-	(250)	-	450
8.1.2008	16.3.2012	5.234	60	-	(30)	-	30
			760	-	(280)	-	480
Number of share options vested at the balance sheet date				31.12.2011		31.12.2010	
				1,081,000		100,000	

Notes To The Financial Statements

For The Year Ended 31 December 2011

21 Share capital

(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	
			2011 Unit	2010 Unit
May 2011	7.55	5.234	380,000	-
November 2011	7.00	5.234	100,000	-
May 2011	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	-
October 2011	6.90	6.520	282,000	-
December 2011	7.18	6.520	700,000	-
August 2011	7.05	6.550	20,000	-
October 2011	6.90	6.550	30,000	-
December 2011	7.18	6.550	60,000	-
May 2010	6.88 - 6.90	5.234	-	180,000
October 2010	6.85	5.234	-	100,000
			3,270,000	280,000

	2011 RM	2010 RM
Ordinary share capital at par	3,270,000	280,000
Share premium	17,436,420	1,185,520
Proceeds received on exercise of share options	20,706,420	1,465,520
Fair value at exercise date of shares issued	23,914,000	1,924,000

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 2011

22 Share premium

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
At 1 January	17,546,420	16,198,220	14,495,694	13,147,494
Exercise of share option	17,436,420	1,185,520	17,436,420	1,185,520
Transfer from share option reserve (Note 23)	2,736,280	162,680	2,736,280	162,680
At 31 December	37,719,120	17,546,420	34,668,394	14,495,694

23 Share option reserve

	Group and Company	
	2011 RM	2010 RM
At start of the year	-	-
Share option granted	3,687,660	162,680
Transfer to share premium (Note 22)	(2,736,280)	(162,680)
At end of the year	951,380	-

24 Revaluation reserves

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
At 1 January	311,936,976	181,351,851	84,925,910	26,668,138
Surplus arising during the year	-	182,813,125	-	77,544,772
Deferred tax thereon (Note 20)	-	(45,702,000)	-	(19,386,000)
Non-controlling interest share on revaluation during the year	-	137,111,125	-	58,158,772
Transfer from deferred tax (Note 20)	749,000	(6,926,000)	229,000	-
At 31 December	312,685,976	311,936,976	85,154,910	84,925,910

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 2011

25 Retained earnings

The Company had moved to the single tier dividend system. Therefore all its retained earnings as at 31 December 2011 can be paid out as single tier exempt dividend.

26 Segmental information

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

27 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 13), associates (see Note 14), key management personnel and other related parties.

Other related parties and their relationship are as follows:

Related parties

- PGC Management Services Sdn Bhd
- Kilang Sawira Makmur Sdn Bhd
- Rompin Palm Oil Mill Sdn Bhd (RPOM)
- Endau Palm Oil Mills Sdn Bhd (EPOM)
- Prosper Trading Sdn Bhd (PTSB)
- Prosper Palm Oil Product Marketing Sdn Bhd (PPOPM)
- Wujud Wawasan Sdn Bhd
- Koperasi Serbausaha Makmur Berhad
- LKPP Corporation Sendirian Berhad

Relationship

Associate of Kilang Kosfarm Sdn Bhd
Associate of Kilang Kosfarm Sdn Bhd
PPOM holds 30% equity in RPOM
PTSB holds 32% equity in EPOM
Substantial shareholder of the Company
PPOM holds 30% equity interest in PPOPM
51% subsidiary of Kilang Kosfarm Sdn Bhd
Shareholder of Wujud Wawasan Sdn Bhd
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 2011

27 Related parties (continued)

(c) Transactions with subsidiaries

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Dividend income				
- Kampong Aur Oil Palm Plantation (Sdn.) Berhad	-	-	27,253,508	31,146,866
- Dawn Oil Palm Plantations Sdn Bhd	-	-	12,601,050	16,201,350
- B.S. Oil Palm Plantations Sdn Bhd	-	-	9,000,750	4,500,375
- Kilang Kosfarm Sdn Bhd	-	-	4,590,000	2,550,000
Sales of fresh fruit bunches				
- Kilang Kosfarm Sdn Bhd	-	-	3,681,157	2,337,060

(d) Transactions with associates

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Dividend income				
- Prosper Palm Oil Mill Sdn Berhad	-	-	4,000,000	2,000,000
- Business & Budget (Hotels) Sdn Bhd	-	-	20,682,857	362,857
Purchase of fresh fruit bunches				
- Prosper Palm Oil Mill Sdn Berhad	357,250	-	-	-
Sales of crude palm oil and palm kernel				
- Prosper Palm Oil Mill Sdn Berhad	22,315,389	20,077,642	-	-
Purchases of crude palm oil and palm kernel				
- Prosper Palm Oil Mill Sdn Berhad	28,039,020	12,636,690	-	-

Notes To The Financial Statements

For The Year Ended 31 December 2011

27 Related parties (continued)

(e) Other related parties transactions

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Sales of fresh fruit bunches				
- Rompin Palm Oil Mill Sdn Bhd	5,992,391	1,607,538	-	-
- LKPP Corporation Sendirian Berhad	2,132,664	1,575,103	2,132,664	1,575,103
- Kilang Sawira Makmur Sdn Bhd	61,307,081	46,007,714	8,366,213	4,819,666
- Endau Palm Oil Mill Sdn Bhd	9,380,906	6,697,849	-	-
Purchase of fresh fruit bunches				
- Rompin Palm Oil Mill Sdn Bhd	1,894,649	2,591,754	-	-
- Koperasi Serbausaha Makmur Berhad	119,857,598	102,501,576	-	-
Sales of crude palm oil and palm kernel				
- Prosper Trading Sdn Bhd	31,524,874	29,607,199	-	-
- PGC Management Services Sdn Bhd	105,420,129	95,900,044	-	-
- Endau Palm Oil Mill Sdn Bhd	30,822,353	34,411,835	-	-
- Rompin Palm Oil Mill Sdn Bhd	37,052,049	23,527,883	-	-
- Kilang Sawira Makmur Sdn Bhd	2,498,949	3,242,817	-	-
Purchases of crude palm oil and palm kernel				
- Endau Palm Oil Mill Sdn Bhd	43,165,110	72,739,276	-	-
- Rompin Palm Oil Mill Sdn Bhd	17,187,329	26,664,117	-	-
- Prosper Palm Oil Product Marketing Sdn Bhd	-	1,364	-	-
- Kilang Sawira Makmur Sdn Bhd	26,657,765	11,383,224	-	-
Management fee payable to PGC Management Services Sdn Bhd	1,726,650	1,828,300	-	-
Purchase of fertiliser				
Prosper Trading Sdn Bhd	3,422,756	2,131,570	1,467,376	1,212,402

Notes To The Financial Statements

For The Year Ended 31 December 2011

27 Related parties (continued)

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Related parties				
Receivables:				
- Prosper Palm Oil Mill Sdn Berhad	-	438,061	-	-
- Rompin Palm Oil Mill Sdn Bhd	6,267,085	1,047,829	705,608	-
- Kilang Kosfarm Sdn Bhd	-	-	3,176,973	2,990,350
- Prosper Trading Sdn Bhd	1,399,530	746,572	-	-
- PGC Management Services Sdn Bhd	5,906,654	10,514,149	-	-
- LKPP Corporation Sendirian Berhad	149,915	147,790	149,915	147,790
- Kilang Sawira Makmur Sdn Bhd	2,281,954	5,028,336	501,557	358,434
- Endau Palm Oil Mills Sdn Bhd	-	-	196,182	579,764
Related parties				
Payables:				
- Endau Palm Oil Mills Sdn Bhd	822,412	4,897,531	-	-
- Prosper Trading Sdn Bhd	-	-	624,817	123,052
- Koperasi Serbausaha Makmur Berhad	7,948,896	11,573,301	-	-

28 Capital commitments

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Authorised by the Directors and not contracted	62,223,690	97,281,244	45,744,986	82,934,361
Analysed as follows:				
- property, plant and equipment	8,523,950	9,596,650	1,859,500	3,186,200
- oil palm plantation development	13,699,740	17,684,594	3,885,486	9,748,161
- acquisition of land	40,000,000	70,000,000	40,000,000	70,000,000
	62,223,690	97,281,244	45,744,986	82,934,361

Notes To The Financial Statements

For The Year Ended 31 December 2011

29 Financial instruments

(a) Classification of financial instruments

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
Financial assets					
Unit trust – non current	10,414,971	-	-	-	10,414,971
Unit trust – 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
Amount due from associate	-	-	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
Financial liabilities					
Trade and other payables	-	-	-	21,919,493	21,919,493
Accruals	-	-	-	4,945,772	4,945,772
Amount due to associate	-	-	-	1,811,162	1,811,162
Total financial liabilities	-	-	-	28,676,427	28,676,427
31.12.2010					
Financial assets					
Unit trust – non current	12,881,642	-	-	-	12,881,642
Unit trust – current	10,386,295	-	-	-	10,386,295
Unquoted structured investments	-	12,000,000	-	-	12,000,000
Redeemable Cumulative Preference Shares	-	29,572,735	-	-	29,572,735
Trade and other receivables	-	-	39,825,056	-	39,825,056
Amounts due from associates	-	-	419,629	-	419,629
Deposits, cash and bank balances	-	-	89,071,969	-	89,071,969
Total financial assets	23,267,937	41,572,735	129,316,654	-	194,157,326
Financial liabilities					
Trade and other payables	-	-	-	30,595,607	30,595,607
Accruals	-	-	-	3,663,903	3,663,903
Hire purchase liabilities	-	-	-	33,056	33,056
Total financial liabilities	-	-	-	34,292,566	34,292,566

Notes To The Financial Statements

For The Year Ended 31 December 2011

29 Financial instruments (continued)

(a) Classification of financial instruments (continued)

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
Unit trust – 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
Financial liabilities					
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
31.12.2010					
Unit trust – non current	12,881,642	-	-	-	12,881,642
Unquoted structured investments	-	10,000,000	-	-	10,000,000
Redeemable Cumulative Preference Shares	-	29,572,735	-	-	29,572,735
Trade and other receivables	-	-	5,761,625	-	5,761,625
Amounts due from subsidiaries	-	-	42,943,410	-	42,943,410
Deposits, cash and bank balances	-	-	49,901,106	-	49,901,106
Total financial assets	12,881,642	39,572,735	98,606,141	-	151,060,518
Financial liabilities					
Trade and other payables	-	-	-	2,526,968	2,526,968
Amounts due to subsidiaries	-	-	-	1,142,644	1,142,644
Accruals	-	-	-	1,270,926	1,270,926
Total financial liabilities	-	-	-	4,940,538	4,940,538

Notes To The Financial Statements

For The Year Ended 31 December 2011

29 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 monitored to ensure that exposure to bad debts are minimised.

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

Group 2011	Gross RM	Impairment loss RM	Net RM
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
	25,180,640	-	25,180,640

2010	Gross RM	Impairment loss RM	Net RM
Not past due	29,740,244	-	29,740,244
1 to 120 days past due	1,615,923	-	1,615,923
More than 120 days past due	50,921	-	50,921
	31,407,088	-	31,407,088

For The Year Ended 31 December 2011

Credit risk (continued)

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

2010	Gross RM	Impairment loss RM	Net RM
Not past due	2,335,736	-	2,335,736

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.

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 2011

29 Financial instruments (continued)

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

Liquidity and cash flow risk (continued)

Group 2011	Not later than 1 month RM	1 month to 3 months RM	3 months to 1 year RM	Total RM
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
	26,722,100	-	1,954,327	28,676,427
2010	RM	RM	RM	RM
Trade and other payables	30,595,607	-	-	30,595,607
Accruals	2,070,773	-	1,593,130	3,663,903
Hire purchase liabilities	10,045	15,717	7,294	33,056
	32,676,425	15,717	1,600,424	34,292,566
Company 2011	Not later than 1 month RM	1 month to 3 months RM	3 months to 1 year RM	Total RM
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
	5,719,812	-	709,000	6,428,812
2010	RM	RM	RM	RM
Trade and other payables	2,526,968	-	-	2,526,968
Amounts due to subsidiaries	1,142,644	-	-	1,142,644
Accruals	697,126	-	573,800	1,270,926
	4,366,738	-	573,800	4,940,538

Notes To The Financial Statements

For The Year Ended 31 December 2011

29 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	2011		2010	
	Carrying amounts RM	Fair values RM	Carrying amounts RM	Fair values RM
Financial assets				
<i>Financial assets “at fair value through profit and loss”</i>				
Unit trust	21,095,534	21,095,534	23,267,937	23,267,937
<i>Held to maturity investments</i>				
Unquoted structured investments	-	-	12,000,000	11,995,000
Redeemable Cumulative Preference Shares	31,066,158	31,066,158	29,572,735	29,572,735
<i>Loan and receivables</i>				
Trade and other receivables	31,216,265	31,216,265	39,825,056	39,825,056
Amounts due from associates	3,293,600	3,293,600	419,629	419,629
Deposits, cash and bank balances	139,179,621	139,179,621	89,071,969	89,071,969
Total financial assets	225,851,178	225,851,178	194,157,326	194,152,326
Financial liabilities				
<i>Financial liabilities at amortised cost</i>				
Trade and other payables	21,919,493	21,919,493	30,595,607	30,595,607
Accruals	4,945,772	4,945,772	3,663,903	3,663,903
Amount due to associate	1,811,162	1,811,162	-	-
Hire purchase liabilities	-	-	33,056	33,056
Total financial liabilities	28,676,427	28,676,427	34,292,566	34,292,566

Notes To The Financial Statements

For The Year Ended 31 December 2011

29 Financial instruments (continued)

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

Company	2011		2010	
	Carrying amounts RM	Fair values RM	Carrying amounts RM	Fair values RM
Financial assets				
<i>Financial assets “at fair value through profit and loss”</i>				
Unit trust – non current	10,414,971	10,414,971	12,881,642	12,881,642
<i>Held to maturity investments</i>				
Unquoted structured investments	-	-	10,000,000	10,000,000
Redeemable Cumulative Preference Shares	31,066,158	31,066,158	29,572,735	29,572,735
<i>Loan and receivables</i>				
Trade and other receivables	5,516,755	5,516,755	5,761,625	5,761,625
Amounts due from subsidiaries	10,329,468	10,329,468	9,045,210	9,045,210
Amount due from a subsidiary	33,884,469	33,884,469	33,898,200	33,898,200
Amounts due from associates	3,293,600	3,293,600	-	-
Deposits, cash and bank balances	108,243,154	108,243,154	49,901,106	49,901,106
Total financial assets	202,748,575	202,748,575	151,060,518	151,060,518
Financial liabilities				
<i>Financial liabilities at amortised cost</i>				
Trade and other payables	2,123,181	2,123,181	2,526,968	2,526,968
Amounts due to subsidiaries	2,254,924	2,254,924	1,142,644	1,142,644
Accruals	2,050,707	2,050,707	1,270,926	1,270,926
Total financial liabilities	6,428,812	6,428,812	4,940,538	4,940,538

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 RM33,884,469 (2010: RM33,898,200) due from one of the subsidiaries. The fair value is estimated by discounting the future cash flow at the rate of 5.425%.

Notes To The Financial Statements

For The Year Ended 31 December 2011

30 Critical accounting estimates and assumptions

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

Critical accounting estimates and assumptions

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

(a) Estimated impairment of property, plant and equipment

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

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

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

During the year the depreciation rates for certain plant and equipment were revised to reflect changes in the estimated useful life of these assets. The changes in the estimates have resulted to a higher depreciation for the Group by RM415,271.

(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 32 of the financial statements for details.

Notes To The Financial Statements

For The Year Ended 31 December 2011

31 The new and revised financial reporting standards

The accounting policies adopted are consistent with those of the previous year except as follows:

On 1 January 2011, the Group and Company has adopted the following FRSs, Amendments to FRSs, IC Interpretations mandatory for the annual financial periods beginning on or after 1 January 2011.

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 1	Limited Exemptions from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets
Amendments to FRS 1, FRS 3, FRS 7, FRS 101, FRS 121, FRS 128, FRS 131, FRS 132, FRS 134, FRS 139 and Amendments to IC Interpretation 13	Improvements to FRSs (2010)
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

Adoption of the above FRSs, Amendments to FRSs, IC Interpretations and Amendments to IC Interpretations did not have any effect on the financial performance, position or presentation of financial of the Group, other than disclosures under the Amendments to FRS 7.

Amendments to FRS 7: Improving disclosures about Financial Instruments

Prior to 1 January 2011, information about financial instruments was disclosed in accordance with the requirements of FRS 7 Financial Instruments: Disclosures. Amendments to FRS 7 require enhanced disclosures about fair value measurements in which a three-level fair value hierarchy was introduced. Each class of financial instrument is to be classified in accordance to this hierarchy, which reflects the inputs used in making the fair value measurement. It also reinforces the existing principles for disclosures on liquidity and credit risks.

The new requirement on the three-level fair value hierarchy has been applied prospectively in accordance with the transitional provisions in the FRS 7 Amendments. The enhanced disclosures are included in Note 29. The adoption of this amendment did not have any financial impact to the Group and Company.

Notes To The Financial Statements

For The Year Ended 31 December 2011

31 The new and revised financial reporting standards (continued)

Standards issued but are not yet effective

To converge with the International Financial Reporting Standards (IFRSs) in 2012, the Malaysian Accounting Standards Board (MASB) had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRSs), which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 41 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (Transitioning Entities).

Transitioning Entities will be allowed to defer adoption of the new MFRSs for an additional one year. Consequently, adoption of the MFRSs by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013. Since the Group and Company qualify as Transitioning Entities and will therefore adopt the MFRSs for the financial period beginning 1 January 2013.

For the financial period beginning 1 January 2012 the Group and Company will continue to comply with MASB Approved Accounting Standards for Entities Other than Private Entities (FRS).

Below is the list of new FRSs, Amendments to FRSs, IC Interpretations in issue but not yet effective and have not been early adopted by the Group and Company:

		Effective date
Amendments to FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7	Disclosures – Transfers of Financial Assets	1 January 2013
FRS 9	Financial Instruments	1 January 2015
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
Amendments to FRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 112	Deferred Tax Recovery of Underlying Assets	1 January 2012
FRS 119	Employee Benefits	1 January 2013
FRS 124	Related Party Disclosures	1 January 2012
FRS 127	Separate Financial Statements	1 January 2013
FRS 128	Investment in Associates and Joint Ventures	1 January 2013
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

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

Notes To The Financial Statements

For The Year Ended 31 December 2011

32 In the matter of an Arbitration between Majlis Ugama Islam Dan Adat Resam Melayu Pahang (Claimant) And Far East Holdings Berhad & Anor (Respondent)

The High Court of Malaya at Kuantan had on the 21.6.2007 ordered that the action be stayed pursuant to Section 110 of the Arbitration Act 2005 and also ordered that the Kuala Lumpur Regional Centre for Arbitration to appoint an arbitrator to conduct the proceedings.

The final written submission for the claimant was made on 8 February 2012 and for the respondent had been submitted on 16 March 2012.

33 Comparative figures

Certain comparative figures have been reclassified to conform to current year presentation. The reclassification are as follows:

Statement of comprehensive income for the year ended 31 December 2010.

Company	As previously stated RM Dr/(Cr)	Reclassification RM Dr/(Cr)	Restated RM Dr/(Cr)
Amortisation of receivable	(388,320)	388,320	-
Amortisation of amount due from subsidiary	-	(1,590,948)	(1,590,948)
Loss on initial recognition of amount due from subsidiary	-	1,202,628	1,202,628

34 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 2011, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Realised	494,665,549	438,816,691	264,752,414	241,251,027
Unrealised	(24,009,273)	(25,620,549)	(15,333,067)	(14,240,056)
	470,656,276	413,196,142	249,419,347	227,010,971

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.

35 Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 5 April 2012.

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 47 to 96 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and of the results and cash flows of the Group and of the Company for the year ended on that date in accordance with MASB Approved Accounting Standards for Entities Other than Private Entities and the provisions of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors dated 5 April 2012



Dato' Kamaruddin bin Mohammed
Chairman



Tee Cheng Hua
Executive Director

Statutory Declaration

Pursuant To Section 169(16) Of The Companies Act, 1965

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Annual Report 2011

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 47 to 96 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



Asmin binti Yahya

Subscribed and solemnly declared by the abovenamed Asmin binti Yahya

At: Kuantan

On: 5 April 2012

Before me:

Commissioner for Oaths



F 108, Blok B,
Tingkat 1, Kuantan Centre Point,
Jalan Haji Abdul Rahman
25000 Kuantan,
Pahang Darul Makmur

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 2011 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 47 to 96.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards for Entities Other than Private Entities and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 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 33 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
[2589/08/12(J)]
Partner of the firm

Kuantan 5 April 2012

Shareholdings Structure

As At 30 April 2012

AUTHORISED SHARE CAPITAL : RM500,000,000
ISSUED AND PAID-UP SHARE CAPITAL : 141,390,000
CLASS OF SHARES : ORDINARY SHARE OF RM1.00 EACH

LIST OF TOP THIRTY (30) SECURITIES ACCOUNT HOLDERS

NOS.	NAMES	NRIC/ REGISTRATION NO.	HOLDINGS	
			NO. OF SHARES	%
1	AMSEC NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR PROSPER TRADING SDN BHD>	102918T	22,994,400	16.26
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	8,545,100	6.04
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	6,929,200	4.90
8	KAMARUDDIN BIN MOHAMMED	481124-06-5173	2,700,000	1.91
9	PROSPER TRADING SDN BERHAD	TEM144561	2,603,600	1.84
10	HIKMAT ELIT SDN BHD	562277U	2,469,800	1.75
11	HDM NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR TEE KIM TEE @ TEE CHING TEE (M09)>	41117T	2,323,700	1.64
12	TEE CHENG HUA	540601-10-5949	2,224,000	1.57
13	DELUXE ERA SDN BHD	845421X	1,858,900	1.31
14	AFFIN NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR TEE KIM TEE @ TEE CHING TEE (TEE0063C)>	45745OU	1,536,000	1.09
15	BUDI-JS PLANTATION MANAGEMENT SDN BHD	248375P	1,507,200	1.07

Shareholdings Structure

As At 30 April 2012

NOS.	NAMES	NRIC/ REGISTRATION NO.	HOLDINGS	
			NO. OF SHARES	%
16	AFFIN NOMINEES (TEMPATAN) SDN BHD <AFFIN FUND MANAGEMENT SDN BHD FOR MAJLIS UGAMA ISLAM DAN ADAT RESAM MELAYU PAHANG>	45745OU	1,320,000	0.93
17	TEE KIM TEE @ TEE CHING TEE	480727-10-5379	1,020,300	0.72
18	HAN KEE JUAN	510913-01-6067	892,000	0.63
19	MERGEBOOM (M) SDN BHD	261276X	861,200	0.61
20	AMANAH SAHAM PAHANG BERHAD	017251P	779,100	0.55
21	MAN FOH @ CHAN MAN FOH	570306-06-5099	728,000	0.51
22	TEE CHENG HU	631115-10-5197	723,400	0.51
23	YEOH KEAN HUA	381021-08-5229	695,200	0.49
24	ANG KIM SENG @ ANG ENG HOCK	511009-10-5437	682,600	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	TEE LIP HIAN	730303-10-5171	586,600	0.41
28	YEW PENG DU	730117-10-5477	555,000	0.39
29	TEE LIP SIN	710501-10-6089	530,900	0.38
30	TEE LIP JEN	830525-10-5407	512,900	0.36

Shareholdings Structure

As At 30 April 2012

INFORMATION ON SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)

NOS.	NAMES OF SUBSTANTIAL SHAREHOLDERS	SHAREHOLDINGS	%
1	LEMBAGA KEMAJUAN PERUSAHAAN PERTANIAN NEGERI PAHANG <i>Share held through:-</i> <i>Own Account - 22,807,800</i> <i>Own Account - 12,793,000</i>	35,600,800	25.18
2	PROSPER TRADING SDN BERHAD <i>Share held through:-</i> <i>Own Account - 7,894,920</i> <i>Own Account - 2,603,600</i> <i>AMSEC Nominees (Tempatan) Sdn Bhd - 22,994,400</i>	33,492,920	23.68
3	HIKMAT ELIT SDN BHD <i>Share held through:-</i> <i>Own Account - 8,545,100</i> <i>Own Account - 2,469,800</i>	11,014,900	7.79
4	LKPP CORPORATION SDN BHD <i>Share held through:-</i> <i>Own Account - 8,300,280</i> <i>TA Nominees (Tempatan) Sdn Bhd - 121,000</i>	8,421,280	5.96

INFORMATION ON DIRECTORS SHAREHOLDING

NOS.	NAMES OF DIRECTORS	SHAREHOLDINGS	%
1	YH DATO' KAMARUDDIN BIN MOHAMMED <i>Share held through:-</i> <i>Direct Account - 2,700,000</i> <i>Indirect Holdings - 540,000</i>	3,240,000	2.30
2	YH DATO' MD. ADNAN BIN SULAIMAN	-	-
3	MR TEE KIM TEE @ TEE CHING TEE <i>Share held through:-</i> <i>Individual Account - 119,400</i> <i>Individual Account - 1,020,300</i> <i>HDM Nominees (Tempatan) Sdn Bhd = 2,323,700</i> <i>Affin Nominees (Tempatan) Sdn Bhd = 1,536,000</i>	4,999,400	3.53
4	MR TEE CHENG HUA <i>Share held through:-</i> <i>Individual Account - 2,224,000</i>	2,224,000	1.57
5	MR TEE LIP HIAN <i>Share held through:-</i> <i>Individual Account - 586,600</i>	586,600	0.41
6	MS NG YEE KIM <i>Share held through:-</i> <i>HDM Nominees (Tempatan) Sdn Bhd = 100,000</i> <i>Individual Account - 50,000</i>	150,000	0.11
7	EN KHAIRUL AZAHAR BIN ARIFFIN	10,000	0.01
8	EN HASHIM NAINA MERICAN BIN YAHAYA MERICAN	10,000	0.01

Shareholdings Structure

As At 30 April 2012

DISTRIBUTION TABLE A

CATEGORY	NO. OF HOLDERS	%	NO. OF SHARES	%
Less than 100	9	0.44	240	0.00
100 - 1,000	332	16.24	196,060	0.14
1,001 - 10,000	1,372	67.12	4,815,700	3.41
10,001 - 100,000	257	12.57	6,774,800	4.79
100,001 to less than 5% of issued shares	68	3.33	46,267,700	32.72
5% and above of issued shares	6	0.30	83,335,500	58.94
TOTAL	2,044	100.00	141,390,000	100.00

ANALYSIS OF EQUITY STRUCTURE

TYPE OF OWNERSHIP	NO. OF HOLDERS	%	NO. OF SHARES	%
1) GOVERNMENT AGENCY	3	0.15	36,093,100	25.53
2) BUMIPUTRA :				
a) Individuals	120	5.87	5,094,700	3.60
b) Companies	25	1.22	16,920,280	11.97
c) Nominees Company	84	4.11	26,570,600	18.79
3) NON-BUMIPUTRA :				
a) Individuals	1,650	80.72	26,379,234	18.66
b) Companies	39	1.91	26,249,820	18.56
c) Nominees Company	74	3.62	3,235,600	2.29
MALAYSIAN TOTAL	1,995	97.60	140,543,334	99.40
4) FOREIGN :				
a) Individuals	27	1.32	218,866	0.15
b) Companies	1	0.05	8,800	0.01
c) Nominees Company	21	1.03	619,000	0.44
FOREIGN TOTAL	49	2.0	846,666	0.60
GRAND TOTAL	2,044	100.00	141,390,000	100.00

Far East East Holdings Berhad (14809-W)

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Location	Title	Tenure	Area (Hectare)	Usage	Date of Revaluation	Net Book Value @ 31.12.2011 (RM'000)
Kampong Aur Oil Palm Company (Sdn.) Berhad		Leasehold period till				
i.	Ladang Kg. Aur	H.S(D)3708	2070	118.98	Oil Palm Plantation	31.12.2010
	Daerah Rompin	H.S(D)3709	2070	242.41		
	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	35.59		
				1,969.61		66,374
Madah Perkasa Sdn Bhd						
i.	Ladang Sungai Marung	H.S(D)3514	Leasehold period till 2095	876.20	Oil Palm Plantation	31.12.2010
		H.S(D)3513		666.60		
ii.	Ladang Sungai Gayung	H.S(D)3512	Leasehold period till 2095	1,039.70		
	Daerah Rompin	H.S(D)3511		1,898.80		
	Pahang Darul Makmur					
				4,481.30		170,046
Dawn Oil Palm Plantations Sdn Bhd		Leasehold period till				
i.	Ladang Dawn	H.S(D)3718	2071	138.36	Oil Palm Plantation	31.12.2010
	Daerah Rompin	H.S(D)3719	2071	11.33		
	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 Plantation	31.12.2010
	Daerah Bera					
	Pahang Darul Makmur					
				2,061.54		72,050

Group Properties

Location		Title	Tenure	Area (Hectare)	Usage	Date of Revaluation	Net Book Value @ 31.12.2011 (RM'000)
B.S. Oil Palm							
Plantations Sdn Bhd			Leasehold period till				
i.	Ladang Bukit Serok	H.S(D)8	2075	350.46	Oil Palm	31.12.2010	
	Daerah Rompin	H.S(D)16	2076	346.82	Plantation		
	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	27.89			
				2,067.57			65,872
Kilang Kosfarm Sdn Bhd		H.S(D)3896	Leasehold period till 2070 (Sublease from Kampong Aur Oil Palm Company (Sdn) Berhad up to 2050)	123.83	Building and Oil Palm Plantation	31.12.2010	
				123.83			465
Far East Delima Plantations							
Sdn Bhd							
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						
				2,830.85			49,928
				19,756.72			674,738

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 38th 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, 20 June 2012 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
For							
Against							

Signed this _____ day of _____ 2012.

Total Shares Held

Signature(s)/Company Seal _____

Witness* _____

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

NOTES

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

STAMP

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

