



Annual
Report
2013

FAR EAST HOLDINGS BERHAD
(14809-W)



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- Proxy Form

KEY INDICATORS

REVENUE

RM439.78 Million

PROFIT BEFORE TAX

RM108.71 Million

EARNINGS PER SHARE

52.19 Sen

NET TANGIBLE ASSET PER SHARE

RM7.42 Million

SHAREHOLDERS' EQUITY

RM1,048.69 Million

SHARE PRICE

RM7.40

MARKET CAPITALISATION

RM1,026.14 Million

DIVIDEND PER SHARE

25 Sen

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 40th 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, 11 June 2014 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 2013 together with the Directors' and Auditors' Reports thereon. | Please refer to Note A |
| 2. To approve the payment of a final single tier dividend of 15 sen per share in respect of the financial year ended 31 December 2013 as recommended by Directors. | Ordinary Resolution 1 |
| 3. To re-elect the following Directors who retire pursuant to Article 97 of the Company's Articles of Association:- | |
| (i) YH Dato' Kamaruddin bin Mohammed | Ordinary Resolution 2 |
| (ii) Mr Tee Cheng Hua | Ordinary Resolution 3 |
| (iii) Encik Hashim Naina Merican bin Yahaya Merican | Ordinary Resolution 4 |
| 4. To re-elect YH Dato' Wan Bakri bin Wan Ismail who retires pursuant to Article 102 of the Company's Articles of Association. | Ordinary Resolution 5 |
| 5. To approve the payment of Directors' fees for the financial year ended 31 December 2013. | Ordinary Resolution 6 |
| 6. To re-appoint Messrs McMillan Woods Thomas as auditors for the coming year and to authorise the Directors to fix their remuneration. | Ordinary Resolution 7 |

As Special Business

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

- | | |
|--|------------------------------|
| 7. Proposed Renewal of Shareholders' Mandate In Respect of Recurrent Related Party Transactions of a Revenue or Trading Nature | Ordinary Resolution 8 |
|--|------------------------------|

"That the mandate granted by the shareholders of the Company on 19 June 2013 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 19 May 2014 ("Circular") with the related parties mentioned therein which are necessary for the Company's day to day operations, be and is hereby renewed.

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

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

Notice Of Dividend Entitlement And Payment

NOTICE IS HEREBY GIVEN THAT a final single tier dividend of 15 sen per share for the financial year ended 31 December 2013 if approved by the shareholders at the Annual General Meeting will be paid on 18 July 2014 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 1 July 2014.

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 27 June 2014 (in respect of share which are exempted from mandatory deposit);

NOTICE OF ANNUAL GENERAL MEETING

Notice Of Dividend Entitlement And Payment

- b) Shares transferred into Depositor's Securities Account before 4.00 p.m. on 1 July 2014 (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: 19 May 2014

- Notes On Proxy :**
1. *Depositor who appear in the Record of Depositors as at 5 June 2014 (which is not less than three (3) market days before the date of this meeting) shall be regarded as member of the Company entitled to attend at the 40th General Meeting or appoint a proxy or proxies to attend and vote on his behalf.*
 2. *A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company*
 3. *To be valid, the duly completed form of proxy must be deposited at the registered office of the Company, Suite 5 & 6, Tingkat 8, Kompleks Teruntum, Jalan Mahkota, 25000 Kuantan, Pahang Darul Makmur, not less than 48 hours before the time for holding the meeting.*
 4. *A member who is an authorised nominee may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
 5. *A member other than an authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.*
 6. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.*
 7. *If the appointor is a corporation, the form of proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.*
 8. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiples beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
 9. *Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on

- Ordinary Business : Note A** : *This agenda item is meant for discussion only as the provision of Section 169 (1) of the Companies Act, 1965 does not require a formal approval by the members and hence, is not put forward for voting.*
- Special Business Ordinary Resolution 8** : *This proposed resolution 8, if passed, will enable the Company to enter into recurrent related party transactions involving related parties which are of a revenue nature and necessary for the Group's day-to-day operations, subject to transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. For further information, please refer to the Circular to Shareholders' dated 19 May 2014 accompanying the Company's Annual Report for the financial year ended 31 December 2013.*
- Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transactions of A Revenue Nature:**

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

- i) YH Dato' Kamaruddin bin Mohammed
- ii) Mr Tee Cheng Hua
- iii) Encik 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 13 to 17 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 119 to 120 of the Annual Report).

Place, date and time of the 40th Annual General Meeting: The 40th Annual General Meeting of the Company will be held at The Zenith Hotel, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur on Wednesday, 11 June 2014 at 10.00 a.m.

Details of Attendance of Directors at Board Meetings: A total of six (6) Board Meetings were held during the financial year ended 31 December 2013. Details of attendance of Directors holding office at the end of financial year are as follows:-

Name	Meeting Attendance	Date Appointed	Date Resigned/Retired
YH Dato' Kamaruddin bin Mohammed	6/6	16/08/2002	-
YH Dato' Md. Adnan bin Sulaiman	5/6	16/01/2008	24/02/2014
Mr Tee Kim Tee @ Tee Ching Tee	5/6	16/08/2002	-
Mr Tee Cheng Hua	5/6	16/08/2002	-
En Khairul Azahar bin Ariffin	6/6	23/07/2007	-
En Hashim Naina Merican bin Yahaya Merican	6/6	13/08/2009	-
YH Dato' Tan Bing Hua	6/6	23/07/2012	-
Mr Tee Lip Teng	5/6	23/07/2012	-
YH Dato' Wan Bakri bin Wan Ismail	-	17/03/2014	-

FINANCIAL CALENDAR

FINANCIAL YEAR END	31 December 2013	
ANNOUNCEMENT OF RESULTS	First Quarter	23 May 2013
	Second Quarter	29 August 2013
	Third Quarter	21 November 2013
	Fourth Quarter	24 February 2014
PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS	Notice of Annual General Meeting	19 May 2014
	ANNUAL GENERAL MEETING	11 June 2014 (10.00 a.m.)
DIVIDENDS	Interim	
	Book Closure Announcement Date	21 November 2013
	Entitlement Date	26 December 2013
	Payment Date	10 January 2014
	Final	
	Book Closure Announcement Date	8 May 2014
	Entitlement Date	1 July 2014
	Payment Date	18 July 2014

CORPORATE INFORMATION

BOARD OF DIRECTORS

YH Dato' Kamaruddin bin Mohammed
Chairman
Non-Independent Non-Executive Director

YH Dato' Tan Bing Hua
Independent Non-Executive Director

YH Dato' Wan Bakri bin Wan Ismail
Non-Independent Non-Executive Director

Mr Tee Kim Tee @ Tee Ching Tee
Non-Independent Non-Executive Director

Mr Tee Cheng Hua
Non-Independent Executive Director

En Khairul Azahar bin Ariffin
Independent Non-Executive Director

En Hashim Naina Merican bin Yahaya Merican
Independent Non- Executive Director
(Responsible For Investor Relations)
Tel: 09-514 1936 / 948 / 339
Fax: 09-513 6211
Email: hashimmerican@fareh.po.my

Mr Tee Lip Teng
Non-Independent Non-Executive Director

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
(Listing Date: 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

CORPORATE INFORMATION

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd

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

MAJOR BANKERS

CIMB Bank Berhad

Lot G-01, 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

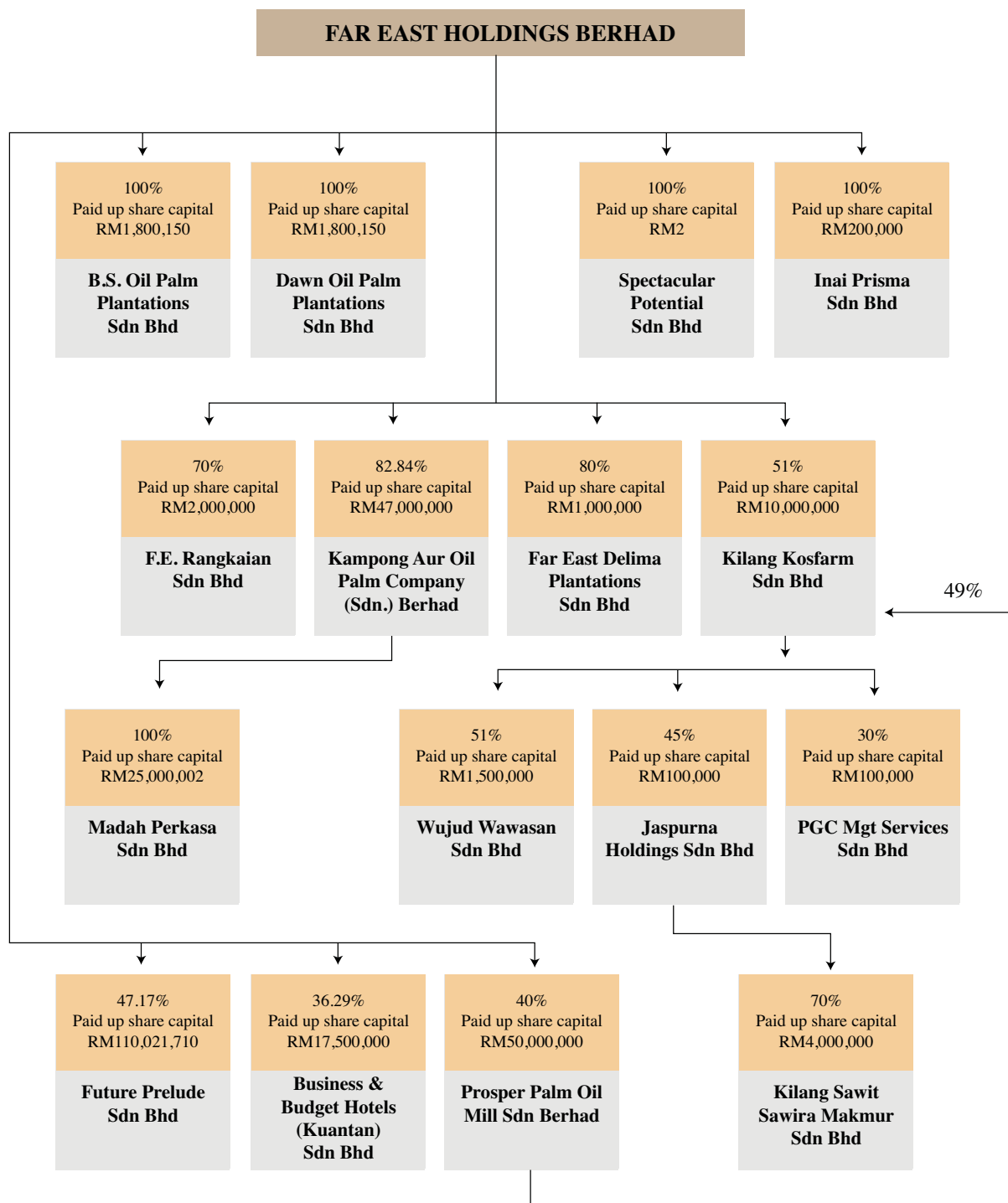
Bank Islam (Malaysia) Berhad

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

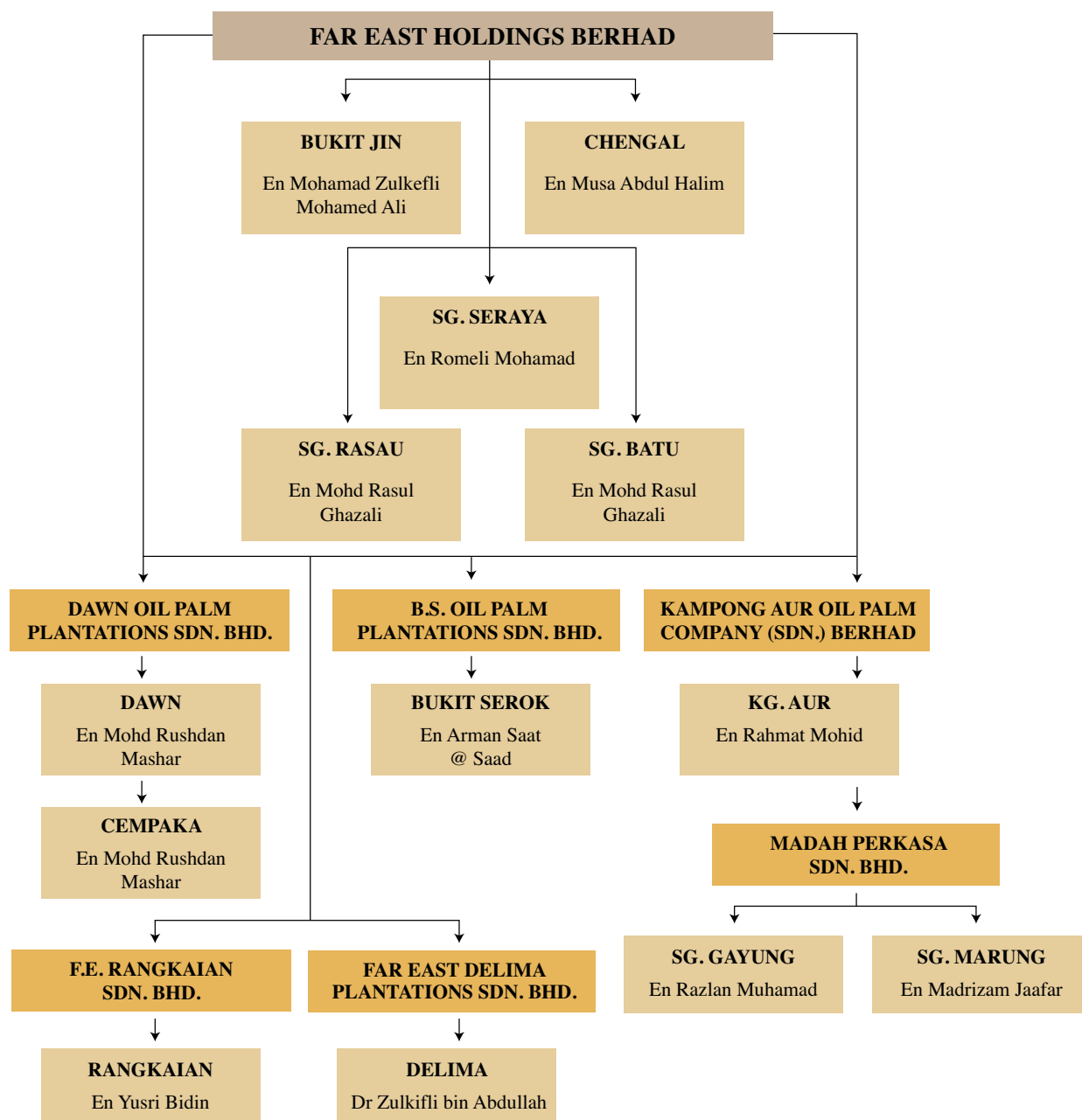
LOCATION OF OPERATIONS



CORPORATE STRUCTURE



ESTATE STRUCTURE



DIRECTOR PROFILE

YH Dato' Kamaruddin bin Mohammed

DSAP, DIMP, SF Fin (Aust)

A Malaysian, aged 65, is a Non Independent Non-Executive Director. He is the Chairman of the Board of Directors of Far East Holdings Berhad. He was appointed to the Board on 16 August 2002. YH Dato' Kamaruddin bin Mohammed is also Chairman of the Board's Remuneration Committee and Nomination Committee as well as a member of the Audit Committee.

A graduate of Business from MARA College (UiTM) in 1969, he pursued a professional course in Investment Analysis at the Securities Institute of Australia, Sydney, Australia in 1972. He was made a Fellow Member of The Securities Institute of Australia in 1983. In 1981, he pursued a Management course at the Asian Institute of Management, Manila, Philippines.

In November 2005, he was elevated as Senior Fellow of a newly merged Securities Institute named Financial Services Institute of Australasia (SF Fin).

YH Dato' Kamaruddin bin Mohammed started his career with Amanah Saham MARA Berhad in July 1969. He was the Group Managing Director of Amanah Saham MARA Berhad from December 1995 until April 2008. In May 2008, he was appointed as Deputy Chairman cum Advisor to the Company. He retired from the Group on 30 April 2010.

Currently he is the Chairman of Pascorp Paper Industries Berhad, a Board member of Amanah Saham Pahang Berhad and YTL Cement Berhad. He is also currently the Chairman of the Board of Pasdec Resources South Africa Ltd and a Board member of CI Resources Ltd (a Company listed on Australian Stock Exchange) as well as Phosphate Resources Limited Australia.

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

YH Dato' Kamaruddin bin Mohammed attended all six Board Meetings of the Company held in the financial year ended 31 December 2013.

DIRECTOR PROFILE

YH Dato' Md. Adnan bin Sulaiman

A Malaysian, aged 65. He is a Non-Independent Non-Executive Director. He was appointed to the Board on 16 January 2008 and resigned on 24 February 2014.

YH Dato' Md. Adnan bin Sulaiman 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 and retired from the same post in December 2013.

He graduated from University of Malaya with a Bachelor of Agriculture Science and obtained his Master of Science from University of Wisconsin, USA.

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

YH Dato' Md. Adnan bin Sulaiman attended five of six Board Meetings of the Company held in the financial year ended 31 December 2013.

YH Dato' Wan Bakri bin Wan Ismail

A Malaysian, aged 59. He is a Non-Independent Non-Executive Director. He was appointed to the Board on 17 March 2014.

YH Dato' Wan Bakri bin Wan Ismail started his career in Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang ("LKPP") in 1969. He served in various capacities in LKPP before being promoted as General Manager in December 2013. Currently he sits on the Board of Tanah Makmur Berhad and in a few private limited companies.

He graduated with a Bachelor Of Social Science (Hons) majoring in Political Science from University Science Malaysia in 1994.

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

DIRECTOR PROFILE

Mr Tee Kim Tee @ Tee Ching Tee

A Malaysian, aged 65 is a Non-Independent Non-Executive Director. He was appointed to the Board on 16 August 2002. He is a member of Remuneration Committee and Nomination Committee.

A businessman possessing vast experience and expertise in the plantation industry. He started his career 43 years ago as an estate contractor and fresh fruit bunches dealer.

Subsequently in 1978, he was involved in palm oil milling business both as an owner and operator. He was also involved in palm oil refinery business through his part ownership of a refinery in Kuantan. Currently, he sits on the Board of a few private limited companies involving in oil palm industry.

He is an elder brother of Mr Tee Cheng Hua and an uncle to Mr Tee Lip Teng. He has no conflict of interest with the Company and no convictions for offences within the past ten years.

Mr Tee Kim Tee @ Tee Ching Tee attended five of six Board Meetings of the Company held in the financial year ended 31 December 2013.

Mr Tee Cheng Hua

A Malaysian, aged 59. He is an Executive Director, Plantations. He was appointed to the Board on 16 August 2002.

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

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

He is a younger brother of Mr Tee Kim Tee @ Tee Ching Tee, and is the father of Mr Tee Lip Teng. He has no conflict of interest with the Company. He has had no convictions for offences within the past ten years.

Mr Tee Cheng Hua attended all six Board Meetings of the Company held in the financial year ended 31 December 2013.

DIRECTOR PROFILE

En Khairul Azahar bin Ariffin

A Malaysian, aged 51, is an Independent Non-Executive Director. He was appointed to the Board on 23 July 2007. He is the member of the Audit Committee and a member of Remuneration Committee.

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

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

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

En Khairul Azahar bin Ariffin attended all six Board Meetings of the Company held in the financial year ended 31 December 2013.

En Hashim Naina Merican bin Yahaya Merican

A Malaysian, aged 63, is an Independent Non-Executive Director. He was appointed to the Board on 13 August 2009. He is the Chairman of Audit Committee and a member of Nomination Committee.

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

He started his career as an auditor at Price WaterhouseCoopers (PWC) in 1974. He joined Malaysian Oxygen Berhad in 1977 as Internal Auditor. Following that, he served as the Administrative Manager in Hewlett Packard Sales Malaysia Sdn Bhd from 1979 to 1987. He left to join Rashid Hussein Securities Sdn Bhd as a Dealer Representative. Since 2005, he is with TA Securities Holdings Berhad in the similar role.

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

He attended all six Board Meetings of the Company held in the financial year ended 31 December 2013.

DIRECTOR PROFILE

Mr Tee Lip Teng

A Malaysian, aged 30. He is a Non-Independent Non-Executive Director. He was appointed to the Board on 23 July 2012.

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

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

In 2009, he was appointed as Marketing Executive of Future Prelude Sdn Bhd, an associate of Prosper Group of Companies. He was appointed as Director (Marketing & Business Development) of Prosper Group in 2011. He was subsequently appointed as an Executive Director (Commercial) of Future Prelude Sdn Bhd in 2012. Currently, he is responsible for the sales and marketing of all palm and lauric oil products and by-products, exploring new business opportunities for the Group, as well as supervising the logistics of all products sold to the Domestic and International markets.

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

Mr Tee Lip Teng attended five of six Board Meetings of the Company held in the financial year ended 31 December 2013.

YH Dato' Tan Bing Hua

A Malaysian, aged 69. YH Dato' Tan Bing Hua was appointed to the Board on 23 July 2012 as an Independent Non-Executive Director. He is also a member of Audit Committee.

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

He worked in Bank Negara Malaysia from 1969 to 1982 and thereafter, upon obtaining his law qualification, he practised law in the firm of Amin-Tan & Co in Kuala Lumpur from 1987 to 2012. He is now an advocate and solicitor in the firm of Choong & Partners.

YH Dato' Tan Bing Hua does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He also sits on the Board of Directors of Hua Yang Berhad, a public listed Company. He has never been charged or convicted of any offences within the past ten years.

YH Dato' Tan Bing Hua attended all six Board Meetings of the Company held in the financial year ended 31 December 2013.

GROUP FINANCIAL SUMMARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER

	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000
Capital And Reserves					
Share Capital	141,390	141,390	139,779	136,509	136,229
Non-Distributable Reserves	354,684	357,684	351,357	329,484	197,550
Retained Earnings	552,612	514,288	470,656	413,196	351,220
Shareholders' Equity	1,048,686	1,013,362	961,792	879,189	684,999
Non-Controlling interests	70,157	67,909	66,636	67,202	59,323
	1,118,843	1,081,271	1,028,428	946,391	744,322
Non Current Assets					
Property, Plant And Equipment	686,592	682,739	679,919	675,079	482,247
Land Held For Development	-	-	-	29,263	29,263
Land Held For Disposal	29,263	29,263	29,263	-	-
Deferred Tax Assets	-	-	-	-	405
Associates	292,137	276,292	226,717	199,068	175,660
Others Financial Assets	-	-	41,481	54,454	41,294
	1,007,992	988,294	977,380	957,864	728,869
Current Assets	289,272	272,096	227,352	148,928	124,765
Current Liabilities	50,071	51,246	49,711	34,977	30,416
Net Current Assets	239,201	220,850	177,641	113,951	94,349
Non-Current Liabilites					
Deferred Tax Liabilities	128,350	127,873	126,593	125,424	78,868
Hire Purchase Liabilities and Borrowings	-	-	-	-	28
	128,350	127,873	126,593	125,424	78,896
	1,118,843	1,081,271	1,028,428	946,391	744,322

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000
Revenue	439,781	452,362	479,254	436,016	351,973
Profit Before Tax	108,706	121,702	156,162	113,510	95,753
Profit After Tax	85,371	93,307	129,740	92,637	77,109

GROUP FINANCIAL SUMMARY

HIGHLIGHTS AS AT 31 DECEMBER

	2013	2012	2011	2010	2009
Earnings Per Share (Sen)	52.19	59.69	86.95	60.46	50.01
Net Tangible Asset Per Share (RM)	7.42	7.17	6.88	6.44	5.03
Current Ratio (Times)	5.78	5.31	4.57	4.26	4.10
Pre-Tax Profit As a Percentage of Sales (%)	24.72	26.90	32.58	26.03	27.20
Pre-Tax Profit As a Percentage of Shareholders' Equity (%)	10.37	12.01	16.24	12.91	13.98

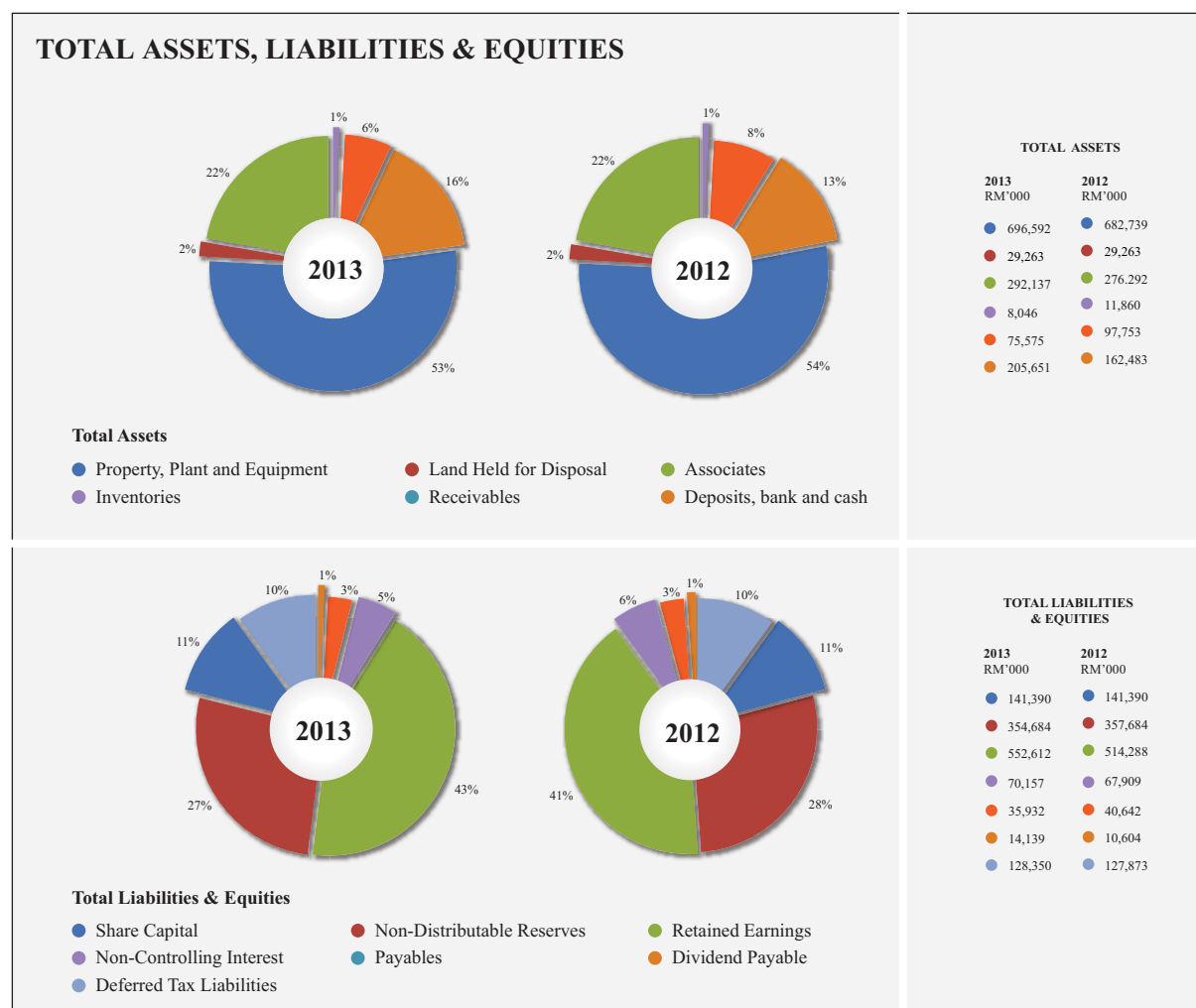
DIVIDENDS DECLARED AND DIVIDEND PAYOUT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER

	2013	2012	2011	2010	2009
Gross dividend (Sen)	25.00	25.00	40.00	30.00	22.50
Dividend payout	48%	42%	46%	50%	46%

Notes:

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

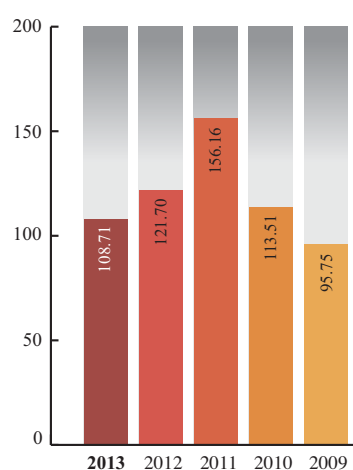
TOTAL ASSETS, LIABILITIES & EQUITIES



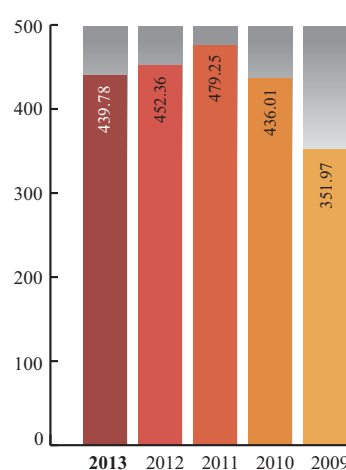
PLANTATION MATRIX

		2013	2012	2011	2010	2009
Mature Area	Hectare	16,927	16,218	15,049	15,219	13,792
Total Planted Area	Hectare	20,768	19,593	19,592	19,648	19,660
FFB Production	MT	339,502	316,153	274,032	257,825	302,454
FFB Yield	Mt / ha	20.06	19.49	18.21	16.94	21.93
OER	%	18.72	18.89	18.78	18.89	18.77
CPO Yield	Mt / ha	3.75	3.68	3.42	3.20	4.12
CPO Price	RM/mt	2,375	3,017	3,118	2,538	2,223
Kernel Recovery Revenue	RM/mt	354	398	546	437	265
CPO Production Cost (Ex-estate)	RM/mt	963	1,077	950	847	763
CPO Production Cost (Exclude Replanting Cost)	RM/mt	1,347	1,487	1,410	1,215	1,073
Profit from CPO & Kernel/Mature Hectare	RM/mt	5,417	7,065	7,812	5,845	5,899

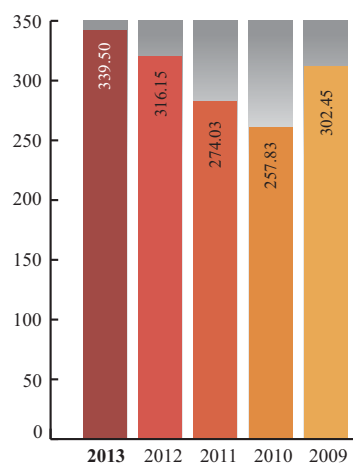
Profit Before Tax (RM000')



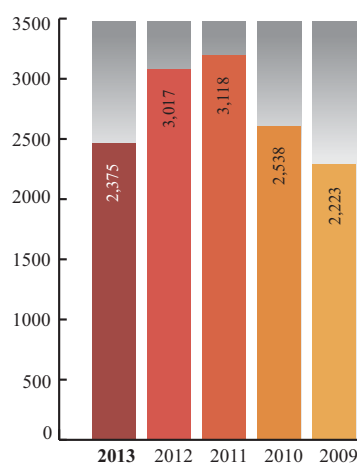
Revenue (RM000')



FFB Production (000' mt)



Average CPO Price (RM/mt)



CHAIRMAN'S STATEMENT

Dear Shareholders,

It gives me great pleasure to report to all of you the performances of your company for the Financial Year Ended 31 December 2013.



Financial Performance

Financial Performance

The financial performance of Far East Holdings Berhad in year 2013 was reasonably creditable despite operating under a challenging environment. In a scenario where Crude Palm Oil (CPO) prices was weakening and the replanting exercise undertaken by your company as well as the rising operating cost incurred by the Plantation Industry, Far East Holdings Berhad Group managed to record a revenue of RM439.78 million, which is 3% lower than the total revenue recorded in 2012. This was due to lower average prices received by your company for both Crude Palm Oil (CPO) and Palm Kernel (PK). The prices of CPO and PK received was recorded at an average RM2,375 per metric tonne and RM1,345 per metric tonne respectively in 2013 as compared to RM3,017 per metric tonne and RM1,615 per metric tonne achieved in 2012.

The Group recorded a profit before tax of RM108.71 million, 11% lower compared to the preceding year profit before tax of RM121.70 million. Share of profits from associates companies also fell by 3% to RM19.66 million from RM20.37 million in 2012. Correspondingly, the profit after tax was reduced by 9% from the previous year to record RM85.37 million.

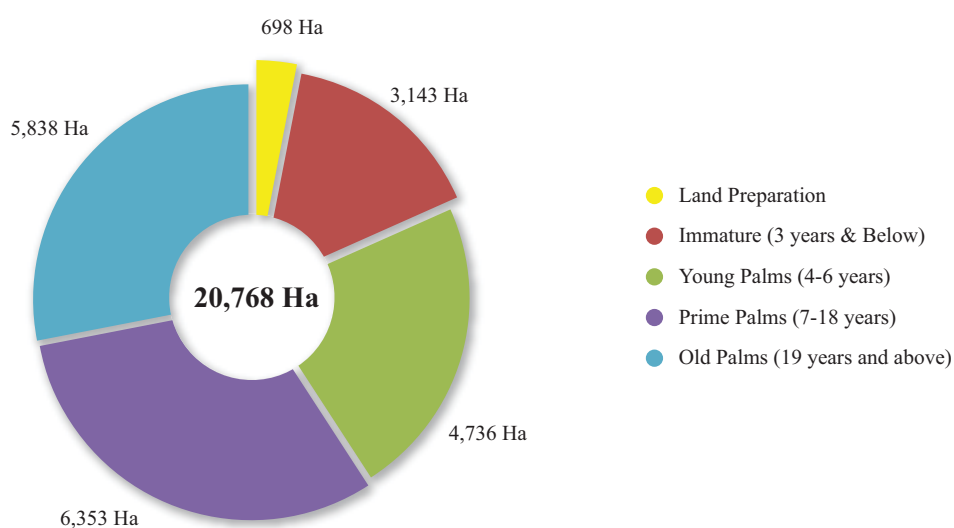
CHAIRMAN'S STATEMENT

Earnings per share fell by 13% from 59.69 sen in 2012 to 52.19 sen. However, shareholders' funds registered an increase of 3% from RM1,013.36 million to RM1,048.69 million, due to profits during the year. The net tangible assets (NTA) rose from RM7.17 per share in 2012 to RM7.42 per share in 2013.

Group Operations Highlights

The total FFB production in 2013 increased slightly by 7% to 339,502 metric tonnes due to young plantation areas coming into maturity. On average, we achieved an Oil Extraction Rate ("OER") and Kernel Extraction Rate ("KER") of 18.72% and 4.87% respectively (2012: OER of 18.89% and KER of 4.87%). For the financial year under review, the average yield per hectare increased to 20.06 metric tonne per hectare as compared to 19.49 metric tonne per hectare in the preceding year.

On the milling business, Kilang Kosfarm Sdn Bhd and its subsidiary Wujud Wawasan Sdn Bhd managed to process 485,880 metric tonnes of FFB which is 42% higher compared to 341,620 metric tonnes FFB processed in the preceding year. The total CPO produced in 2013 increased by 6% to 63,539 metric tonnes, while the production of PK recorded an increase of 7% to 16,541 metric tonnes. On average, the mills achieved an OER and KER of 19.53% and 5.88% respectively (2012: OER of 19.76% and KER of 5.99%).



CHAIRMAN'S STATEMENT

Dividend

As a testament of continuously rewarding and appreciating your support, the Board of FEHB is recommending a final single tier dividend of 15 sen per share for the financial year ended 31 December 2013. The proposed dividend is subject to shareholders' approval at the forthcoming Annual General Meeting to be held on 11 June 2014. Combined with the earlier single tier interim dividend of 10.00 sen per ordinary share paid on 10 January 2014, the total dividend for this year is 25 sen which is the same as previous year. This translates into a dividend yield of 3.38% at current share price to the shareholders. (2012: Dividend yield of 3.52%).

Corporate Social Responsibility ("CSR")

While FEHB takes firm steps in ensuring sustainable growth in our oil palm plantations, we also strives to maintain our social responsibilities towards society at large especially those surrounding our estates and as well as to our employees and will continue to remain committed in our efforts to institute programmes that will protect the environment.

As evidence of your Group's commitment towards sustainable business practices, we have embarked on getting our operations certified under the Malaysian Palm Oil Board Code of Practices. Currently, the Group's mill, Kilang Kosfarm Sdn Bhd and two of our estates namely Bukit Serok and Kampong Aur estates and our oil palm nursery had been awarded with Certificate of Compliance to the Code of Practice.

In addition to the above, the Group's sustainability pursuit also extends to its effort to have its oil palm milling operation namely Kilang Kosfarm Sdn Bhd (KKSB) to achieve lower emission of greenhouse gas through its methane capture project.

The Group is in the process of getting the ISCC (*International Sustainability & Carbon Certification*) in order to secure and enter the worldwide supply of energy and fuel in the future. In order to tap the international market, the Group has to comply with international standard as the European Union has created mandatory parameters for all EU member countries for the sustainable production and processing of biomass.

FEHB Group recognized that continuous trainings for the development of its employees are paramount to strengthen the foundation of its business. To enhance skills and knowledge, training programmes are conducted internally as well as by external parties and are scheduled regularly by management. We also took a proactive approach by providing opportunities for our employees to obtain professional and nationally recognized qualifications in order to enhance their knowledge and advancement in their career paths.

CHAIRMAN'S STATEMENT

The Group also organised and participated in various programmes for the benefit of the community in the various estates and townships such as yearly Ramadhan events, festive celebrations and making contributions to the needy and also to the flood victims in Pahang.

Prospects

The plantation industry is facing continuous challenges in the forms of fluctuating prices, increasing costs, manpower shortages and unpredictable weather conditions. Nevertheless, with robust demand for food from the vegetable oils industry, your company is expected to remain responsive to these challenges and continue to prosper in times to come.

Given the seasonal higher palm oil production in the second half of 2013, CPO prices are expected to trend higher or at least to remain at the prevailing level until the end of year 2014. We expect our FFB production to be higher in the financial year of 2014. Barring any unforeseen circumstances, the Group is expected to perform better in financial year 2014.

Moving forward, we are planning to replant the old trees, to control cost by instituting corporate governance as well as improve the financial management and to increase OER and KER by improving the plantation management.

16,927
Matured (ha)

“ Positive Efforts in
Building Strong Team ”



CHAIRMAN'S STATEMENT



Acknowledgements

On behalf of the Board, I would like to take this opportunity to express my appreciation and sincere thanks to all our shareholders and to the management team as well as all staff for their relentless support and commitment throughout the year.

I would also like to express my sincere gratitude to our valued customers, associates and the relevant government authorities especially to the government of the State of Pahang for all their assistance, support and guidance that are so essential for the business growth of the Group.

Finally, I wish to record my utmost appreciation to all my colleagues on the Board for their dedication, constructive critiques and intellectual insights especially to YH Dato' Md. Adnan bin Sulaiman who resigned from the Board on 24 February 2014, due to his retirement from Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang ("LKPP"). The Board welcomed YH Dato' Wan Bakri bin Wan Sulaiman to the Board as representative of LKPP. We will continue to work hard so as to achieve better and improved results and to ensure that FEHB Group is able to achieve greater success in years to come.

DATO' KAMARUDDIN BIN MOHAMMED
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Description of business

Far East Holdings Berhad (“FEHB” or “the Group”) was incorporated on 6th August 1973. 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 holdings. The principal activities of the subsidiaries of the Group consist of oil palm plantations and palm oil mill. The estates and mills of the Group are shown in page 10.

Group Financial Review

Far East Holdings Berhad achieved its commendable financial performance in the financial year under review despite operating in a challenging environment. Corresponding to the challenging plantation industry, Far East Holdings Berhad Group’s revenue for financial year 2013 has declined by 3% to RM439.78 million compared to RM452.36 million registered in 2012.

Results of the Group

	Financial Year 2013 RM’000	Financial Year 2012 RM’000
Profit from plantation operation	65,990	89,339
Profit from milling operation	11,879	3,160
Share of profits from associated companies	19,662	20,375
Other income	6,591	3,240
Finance income	4,684	3,796
Amortisation of investment held to maturity	-	714
(Loss)/Gain on financial asset “at fair value through profit & loss)	(100)	848
Effect on consolidating subsidiary previously under winding petition	-	230
Profit Before Tax	108,706	121,702

Plantation Operation

The plantation industry for the year 2013 has been characterized as challenging amidst lower average CPO price coupled with weather abnormalities. Weaker prices for palm products were the key factors for the lower results.

The profit from plantations operations for the financial year 2013 declined by 26% to RM65.99 million from RM89.34 million in the preceding financial year.

Crude Palm Oil (“CPO”) and Palm Kernel (“PK”) were realized at an average of RM2,375 per metric tonne and RM1,345 per metric tonne respectively in year 2013 (2012: CPO price of RM3,017 per metric tonne and PK price of RM1,615 per metric tonne).

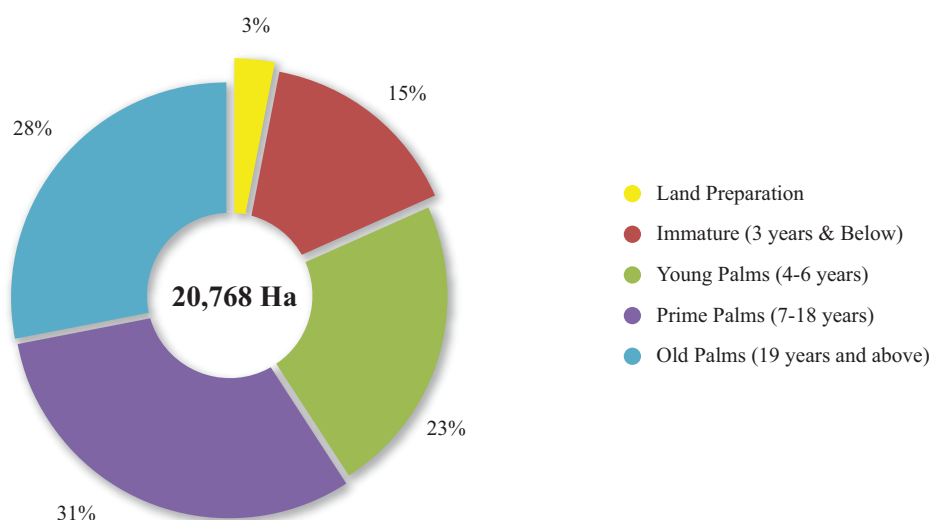
For the financial year, the average cost of FFB decreased by 11% to RM180 per metric tonne (ex-estate) whilst CPO cost was recorded at RM963 per metric tonne (ex-mill).

MANAGEMENT DISCUSSION AND ANALYSIS

Mills	<p>Profits from milling operations were from Kilang Kosfarm Sdn Bhd and Wujud Wawasan Sdn Bhd. In 2013, the total CPO produced by the mills reached 95,076 metric tonnes representing an increase of 41% over 2012's 67,314 metric tonnes. Similarly the total PK produced increased by 40% at 28,638 metric tonnes (2012: 20,432 metric tonnes). This was in line with the increase in the total FFB processed by the Group of 485,880 tonnes (2012: 340,720 tonnes).</p> <p>In terms of oil and kernel extraction rate, the Group's OER decreased to 19.53% in 2013 as compared to 19.76% in 2012, while KER also decreased slightly to 5.88% in 2013 from 5.99% previously.</p> <p>In Malaysia, crude palm oil and palm kernel extraction rates were considerably affected by the weather. In the first half of the year due to the direct impact on field conditions and infrastructure that impeded the harvesting, collection and transportation crop. In the second half of the year due to the impact of poorly pollinated fruit bunches some six (6) months after the rains that resulted in lower and kernel contents.</p> <p>Good milling practices are constantly being implemented with the aim to improve productivity and efficiency.</p>
Share of Profits from Associated Companies	<p>Share of profits from associated companies were mainly contributions from Prosper Palm Oil Mills Sdn Bhd and Future Prelude Sdn Bhd. Contribution from associates also declined by 3% as a result of reduced margin achieved from milling and biodiesel operations.</p>
Other Income	<p>Other income mainly consist of scout harvesting sales and sales from palm kernel shell of RM5.76 million as compared to RM2.96 million.</p>
Finance Income	<p>Finance income consists of interest received from Fixed Deposit placement and Short-term Special Investment.</p>

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Review The total developed hectareage as at 31 December 2013 is as below:-



The age profile of the developed areas is shown below:-

Particulars	Hectarage	%
> 19 years (old palms)	5,837.95	28
7 - 18 years (prime palms)	6,352.70	31
4 - 6 years (young palms)	4,735.64	23
1 - 3 years (immature palms)	3,143.43	15
Land preparation	698.10	3
Total	20,767.82	100

To sustain higher production, FEHB Group is committed to improving the average age profile of its palms. Replanting programmes would be undertaken for palms aged older than 25 years and new planting areas are closely monitored not only by the estates concerned but also by our Planting Advisor and Agronomist.

In order to improve and sustain the FFB yield, a continuous effort has been made to ensure that Good Agricultural Practices are adopted in all stages of plantation operations from nursery preparation and field planting through to estate and mill processing.

MANAGEMENT DISCUSSION AND ANALYSIS

Human Capital

The Group's employees have always been greatest assets. We continue to place great emphasis on developing our human capital as our workforce plays a critical role in the future growth and sustainability of the business as well as the way it delivers that value.

The Group believes that an effective workforce is vital to the success of any organisation. Over the years, we have undertaken various initiatives to manage the training needs for all levels of employees in line with the Group's strategic direction and the preservation of the Group's core values of honesty, integrity and hard work. Several courses, seminars, and internal and external workshops were held during the year with modules ranging from corporate culture familiarisation, awareness and productivity to effective communication, sustainability as well as executive and leadership development.

Prospects

The plantation industry is facing continuous challenges in the forms of fluctuating prices, increasing costs, manpower shortages and unpredictable weather conditions. Nevertheless, with robust demand for food from the vegetable oils industry, your company is expected to remain responsive to these challenges and continue to prosper in times to come.

Given the seasonal higher palm oil production in the second half of 2013, CPO prices are expected to trend higher or at least to remain at the prevailing level until the end of year 2014. The FFB production is expected to be higher in the financial year of 2014. Barring any unforeseen circumstances, the Group is expected to perform better in financial year 2014.

Moving forward, the Group is planning to replant the old trees, to control cost by instituting corporate governance as well as improve the financial management and to increase OER and KER by improving the plantation management.

AUDIT COMMITTEE REPORT

Composition Of The Audit Committee

The Audit Committee presently comprises the following Directors:

Encik Hashim Naina Merican Bin Yahya Merican	Chairman, Independent Non-Executive Director
YH Dato' Kamaruddin Bin Mohammed	Member, Non-Independent Non-Executive Director
YH Dato' Tan Bing Hua	Member, Independent Non-Executive Director
Encik Khairul Azahar Bin Ariffin	Member, Independent Non-Executive Director

Terms Of Reference

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

Duties and Responsibilities

- 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 scopes, 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 scopes 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.

AUDIT COMMITTEE REPORT

- 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.
- To discuss and review with the external auditors any proposal from them to resign as auditors.
- To review and co-ordinate the audit approaches where more than one audit firm of external auditors is involved and the co-ordination between the external and internal auditors.
- To review the minutes of others audit committees meetings within the Group to ensure all matters arising are being appropriately addressed.
- To consider and examine such other matters as the Board consider appropriate and beneficial.
- To review the audit report with the external auditors.
- To ensure prompt publication of annual accounts.
- To review the Group's Statement of Internal Control systems prior to endorsement by the Board.
- To perform any other functions as may be agreed upon by the Audit Committee and the Board.

Authorities

The Committee has the following authorities:

- To investigate any matters 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.

AUDIT COMMITTEE REPORT

Meetings

- Meetings shall be held at least four (4) times a year with a minimum quorum of two (2) members and the majority of members present shall be Independent Non-Executive Directors. Additional meetings may be called at any time at the discretion of the Chairman of the Committee or if requested by any Audit Committee member, the management, the internal or external auditors.
- The Head of Internal Audit shall be in attendance at meetings of the Committee when deemed necessary. The Committee may also invite the external auditors, the chief financial officer, any other directors or members of the management and employees of the Group.
- At least once a year, the Committee shall meet with the external auditors without the presence of any executive Board members. The Chairman of the Committee can hold meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the listed issuer, whenever deemed necessary.
- The Company Secretary shall be the Secretary of the Committee.
- The minutes of each Committee meetings 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.

AUDIT COMMITTEE REPORT

Overseeing The Internal Audit Function

- The Committee shall oversee all internal audit functions.
- The Committee must ensure that the internal auditors are independent of those activities being reviewed.
- The Head of Internal Audit 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 auditors shall require the approval of the Committee.

Reporting Procedures

- The Committee shall provide a summary of their activities to the Board for inclusion in the Company's Annual Report.
- The Committee shall assist the Board in preparing the Statement of Corporate Governance, Statement on Internal Control and Statement of Board's Responsibilities for preparing the annual audited accounts for publication.
- The Committee may report any breaches of the Listing Requirements to the Bursa Malaysia Securities Berhad.

Attendance At Meetings

During the financial year ended 31 December 2013, the Audit Committee held a total of five (5) meetings.

No	Date
1	18 February 2013
2	04 April 2013
3	20 May 2013
4	28 August 2013
5	20 November 2013

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

Name of Audit Committee Member	Total Number of Meetings	Number of Meetings Attended
Encik Khairul Azahar Bin Ariffin	5	5
YH Dato' Kamaruddin Bin Mohammed	5	5
YH Dato' Tan Bing Hua	5	5
Encik Hashim Naina Merican Bin Yahya Merican	5	5

AUDIT COMMITTEE REPORT

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 natures 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 risks, 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 2014 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.

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.

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 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 2013.

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

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

THE BOARD OF DIRECTORS

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.

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 13 to 17.

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

CORPORATE GOVERNANCE STATEMENT

Supply Of Information

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

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

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

Appointments To The Board

Pursuant to the best practices promulgated by the Code, the Board has established a Nomination Committee, consisting of three (3) Directors without executive functions. The duties and responsibilities of the Committee are to propose new nominees to the Board and to assess the contribution of each individual Director and overall effectiveness of the Board on an on-going basis. The membership and principal duties and responsibilities of the Committee are set out in the following page 38 and 39.

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 three principal of Board Committees are:-

- (i) Audit Committee
- (ii) Remuneration Committee
- (iii) Nomination Committee

Re-Election Of Directors

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to re-election by shareholders at the next Annual General Meeting immediately after their appointment.

In accordance with the Articles, one third of the remaining Directors, including the Executive Director, are required to submit themselves for re-election by rotation at each Annual General Meeting.

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

CORPORATE GOVERNANCE STATEMENT

Directors Training

Every Director of the Company undergoes continuous training to equip himself/herself to effectively discharge his/her duties as a Director and for that purpose he/she ensures that he/she attends such training programmes as prescribed by the Bursa Malaysia from time to time. All Directors attended the Mandatory Accreditation Programme (“MAP”) prescribed by the Bursa Malaysia and completed their Continuing Education Programme (“CEP”) as prescribed by the Bursa Malaysia. For the financial year ended 31 December 2013, all Directors had participated and attended seminars as recommended and approved by the Board as follows:

No	Name	Course Attended	Date Attended
1.	YH Dato’ Kamaruddin bin Mohammed	Planters Tea Talk Seminar Untuk Latihan Pengarah	12 September 2013 30 December 2013
2.	YH Dato’ Md. Adnan bin Sulaiman	Planters Tea Talk	12 September 2013
3.	Mr Tee Kim Tee @ Tee Ching Tee	Planters Tea Talk	12 September 2013
4.	Mr Tee Cheng Hua	Planters Tea Talk MPOC Regional Workshop/ Industry Interaction 2013	12 September 2013 15 November 2013
5.	En Khairul Azahar bin Ariffin	Planters Tea Talk	12 September 2013
6.	En Hashim Naina Merican bin Yahaya Merican	Planters Tea Talk Seminar Untuk Latihan Pengarah	12 September 2013 30 December 2013
7.	YH Dato’ Tan Bing Hua	Planters Tea Talk	12 September 2013
8.	Mr Tee Lip Teng	Private Retirement Scheme (PRS) Conference	25 June 2013

CORPORATE GOVERNANCE STATEMENT

AUDIT COMMITTEE

Chairman Encik Hashim Naina Merican bin Yahaya Merican
Independent Non-Executive Director

Members YH Dato' Kamaruddin bin Mohammed
Non-Independent Non-Executive Director

Encik Khairul Azahar bin Ariffin
Independent Non-Executive Director

YH Dato' Tan Bing Hua
Independent Non-Executive Director

Terms of Reference 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 30 to 34. The Audit Committee meets once a year with the external auditors without the presence of Executive Officers of the Company.

The Group's financial reporting and internal control system is overseen by the Audit Committee, which comprises three (3) Independent Non-Executive and one (1) Non-Independent Non-Executive Director. The composition, terms of reference and summary of the activities of the Audit Committee during the financial year are disclosed in the Audit Committee Report, a charter that is approved by the Board governs the activities of the Audit Committee.

The Audit Committee meets quarterly. Additional meetings are held as and when required. During the financial year ended 31 December 2013, a total of five (5) Audit Committee meetings were held.

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

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

The Audit Committee Report is presented on page 30 to 34.

CORPORATE GOVERNANCE STATEMENT

NOMINATION COMMITTEE

Chairman	YH Dato' Kamaruddin bin Mohammed (Chairman) <i>Non-Independent Non-Executive Director</i>
Members	Mr Tee Kim Tee @ Tee Ching Tee <i>Non-Independent Non-Executive Director</i> En Hashim Naina Merican bin Yahaya Merican <i>Independent Non-Executive Director</i>
Terms of Reference	The Committee is authorised to propose new nominees of the Board and to assess the contribution of each individual Director and overall effectiveness of the Board and an on-going basis. The actual decision as to who shall be appointed a Director would be the responsibility of the full Board after considering the recommendations of the Committee.

REMUNERATION COMMITTEE

Chairman	YH Dato' Kamaruddin bin Mohammed (Chairman) <i>Non-Independent Non-Executive Director</i>
Members	Mr Tee Kim Tee @ Tee Ching Tee <i>Non-Independent Non-Executive Director</i> Encik Khairul Azahar bin Ariffin <i>Independent Non-Executive Director</i>
Terms of Reference	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.

CORPORATE GOVERNANCE STATEMENT

DIRECTORS' REMUNERATION

Directors' Remuneration

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 2013 are as follows:-

Category	Other Fees (RM'000)	Salaries (RM'000)	Total (RM'000)
Executive	70	340	410
Non-Executive	570	643	1,213
Total	640	983	1,623

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

RELATIONS WITH SHAREHOLDERS AND INVESTORS

Corporate Communication

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

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

CORPORATE GOVERNANCE STATEMENT

ACCOUNTABILITY AND AUDIT

Financial Reporting	<p>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.</p> <p>The quarterly results announcements to Bursa Malaysia Securities Berhad ("Bursa Malaysia") reflect the Board's commitment to give regular updated assessments on the Group's performance and prospects. The statement by the Board pursuant to Section 169(15) of the Companies Act, 1965 is presented on page 51.</p>
Internal Controls	<p>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 48 to 50 of the Annual Report provides an overview of the state of internal controls within the Group.</p>
Internal Audit	<p>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.</p>
External Audit	<p>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.</p> <p>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.</p>

ADDITIONAL COMPLIANCE STATEMENTS

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 11 June 2014. The related party transactions for the group are as follows:

Name	Nature of Relationship	Date and Place of Incorporation	Principal Activities
KKSB	FEHB directly holds 51%* equity interest in KKSB	13.11.1989 Malaysia	Operating of palm oil mill
WWSB	KKSB directly holds 51%* equity interest in WWSB	29.11.2005 Malaysia	Operating of palm oil mill
PTSB	PTSB is a major shareholder of FEHB that holds 23.73%* equity interest in FEHB	09.09.1985 Malaysia	Operating of palm kernel mill
PPOM	FEHB directly holds 40%* equity interest in PPOM	13.01.1978 Malaysia	Operating of palm oil mill and cultivation of oil palm
RPOM	PPOM directly holds 30%* equity interest in RPOM	28.01.1994 Malaysia	Operating of palm oil mill
EPOM	PTSB directly holds 32%* equity interest in EPOM	23.10.1997 Malaysia	Operating of palm oil mill and palm kernel mill
PGC	KKSB directly holds 30%* equity interest in PGC	10.04.2004 Malaysia	Management Services in palm oil plantations and marketing of sales and purchases of CPO
PPOPM	PPOM directly holds 30%* equity interest in PPOPM	18.08.1994 Malaysia	Trading and Marketing agent
KOSMA	KOSMA is a shareholder of WWSB that holds 49%* equity interest in WWSB	04.12.1967 (Incorporated under Cooperative Act 1993) Malaysia	Operating of palm oil mill and cultivation of oil palm
LKPP Corp.	LKPP Corp. holds 5.96%* equity interest in FEHB. LKPP Corp. is a wholly owned subsidiary of LKPP. LKPP is a major shareholder of FEHB that holds 25.18%* equity interest in FEHB	21.06.1990 Malaysia	Operating of palm oil mill and cultivation of oil palm
Kilang Sawira Makmur	KKSB indirectly holds 31.50%* stake in Kilang Sawira Makmur via its associated company i.e. Jaspurna Holdings Sdn Bhd	18.11.1993 Malaysia	Operating of palm oil mill
FPSB	FEHB and PPOM directly hold 47.17% and 35.17% equity interest in FPSB respectively.	24.10.2005 Malaysia	Manufacturing and exporting palm oil, fatty acids and chemicals compounds or derivatives

* As at 30 April 2014

ADDITIONAL COMPLIANCE STATEMENTS

<i>EPOM</i>	<i>Endau Palm Oil Mill Sdn Bhd</i>
<i>FPSB</i>	<i>Future Prelude Sdn Bhd</i>
<i>KKSB</i>	<i>Kilang Kosfarm Sdn Bhd</i>
<i>Kilang Sawira Makmur</i>	<i>Kilang Sawira Makmur Sdn Bhd</i>
<i>LKPP</i>	<i>Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang</i>
<i>LKPP Corp.</i>	<i>LKPP Corporation Sdn Bhd</i>
<i>KOSMA</i>	<i>Koperasi Serbausaha Makmur Berhad</i>
<i>PTSB</i>	<i>Prosper Trading Sdn Bhd</i>
<i>PPOM</i>	<i>Prosper Palm Oil Mill Sdn 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 Products 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:

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

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

Sales of CPO

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

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

ADDITIONAL COMPLIANCE STATEMENTS

Sales of Kernel

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

Purchases of Kernel

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

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.

Purchases of Fertilizers

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

The aggregate value of the Recurrent Related Party Transactions made during the financial year ended 31 December 2013 is shown below:

Related Party	RM'000
FEHB	70,379
KKSBB	88,100
WWSB	17,469
PPOM	56,403
RPOM	48,984
EPOM	85,616
Kilang Sawira Makmur	68,849
LKPP Corp.	1,376
KOSMA	122,633
PGC	11,239
PPOP	(1,266)
PTSB	28,112
Total	597,894

ADDITIONAL COMPLIANCE STATEMENTS

1.0 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.

2.0 Options

The Employees' Share Option Scheme ("ESOS") of FEHB came into effect on 18 March 2002 and had expired on 16 March 2012.

3.0 Warrant or Convertible Securities

The Company has not issued any warrant or convertible securities in the financial year ended 31 December 2013.

4.0 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 2013.

5.0 Approved Utilisation of Fund

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

6.0 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 2013.

7.0 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 2013 is RM53,000.

8.0 Internal Audit

The Company's In-House Internal Audit Department had incurred an expenses amounting to RM282,709 for the financial year ended 31 December 2013 (2012: RM294,971).

ADDITIONAL COMPLIANCE STATEMENTS

9.0 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 2013.

10.0 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 2013 and the unaudited results for the quarter ended 31 December 2013 of the Company previously announced.

11.0 Profit Guarantee

The Company has not issued any profit guarantees in the financial year ended 31 December 2013.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Board Responsibility

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

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

Risk Management Framework

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

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

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

Other Key Elements Of Internal Control System

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

- **Board Meetings**

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Chairman, together with the Executive Director, leads the presentation of board papers and provides comprehensive explanation of pertinent issues.

In arriving at any decision, on recommendation by the management, a thorough deliberation and discussion by the Board is a prerequisite. In addition, the Board is kept updated on the Group's activities and operations on a regular basis.

STATEMENT ON RISK MANAGEMENT AND 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 organized over a period, to monitor compliance with policies, procedures and assess the integrity of financial and operational informations 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Internal Audit Function has the primary objective to carry out a review of the internal control systems to determine whether the accounting and internal controls have been complied with and also make recommendations to strengthen the accounting and internal control system.

- **Review of Recurrent Related Party Transactions**

All recurrent related party transactions are dealt with in accordance with the Listing Requirements of the Bursa Malaysia Securities Berhad. The Board and the Audit Committee review the recurrent related party transactions annually.

- **Financial and Operating Manuals**

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

- **Financial Authority Limits**

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

- **Tender Committees**

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

- **Plantation Advisory Services**

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

- **Plantation 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 15 April 2014.

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 2013, the Group has used appropriate accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent. The Directors also consider that all applicable approved accounting standards have been followed and confirm that the financial statements have been prepared on going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1965 and Financial Reporting Standards in Malaysia.



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Directors' Report

For The Year Ended 31 December 2013

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 2013.

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	<u>73,798,243</u>	<u>48,959,294</u>

Dividends

The dividends on ordinary shares paid or declared by the Company since 31 December 2012 were as follows:

RM

In respect of the financial year ended 31 December 2012:

Final single tier dividend of 17.5 sen per share on 141,390,000 ordinary shares paid on 8 July 2013	24,743,250
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In respect of the financial year ended 31 December 2013:

Interim single tier dividend of 10.0 sen per share on 141,390,000 ordinary shares paid on 10 January 2014	<u>14,139,000</u>
	<u>38,882,250</u>

The Directors now recommend the payment of a final single tier dividend of 15 sen per share on 141,390,000 ordinary shares amounting to RM21,208,500 for the financial year ended 31 December 2013. The proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2014.

Directors' Report

For The Year Ended 31 December 2013

Reserves and provisions

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

Directors

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' Tan Bing Hua

YH Dato' Wan Bakri bin Wan Ismail

Appointed on: 17 March 2014

Mr Tee Kim Tee @ Tee Ching Tee

Mr Tee Cheng Hua

Mr Tee Lip Teng

Encik Khairul Azahar bin Ariffin

Encik Hashim Naina Merican bin Yahaya Merican

YH Dato' Haji Md. Adnan bin Sulaiman

Resigned on: 24 February 2014

In accordance with Article 97 of the Company's Articles of Association, YH Dato' Kamaruddin bin Mohammed, Mr Tee Cheng Hua 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.

In accordance with Article 102 of the Company's Articles of Association, YH Dato' Wan Bakri bin Wan Ismail retires at the forthcoming Annual General Meeting and being eligible offer himself 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.

Since the end of the previous year, no Director has received or become entitled to receive a benefit (other than Directors' remunerations disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in Note 25 to the financial statements.

Directors' Report

For The Year Ended 31 December 2013

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 in the Company and its related corporations are as follows:

	Number of ordinary shares of RM1 each			
	1.1.2013	Bought	Sold	31.12.2013
Direct interest - in the Company				
YH Dato' Kamaruddin bin Mohammed	2,700,000	-	-	2,700,000
Mr Tee Kim Tee @ Tee Ching Tee	5,199,400	-	(500,000)	4,699,400
Mr Tee Cheng Hua	2,224,000	-	(100,000)	2,124,000
Encik Khairul Azahar bin Ariffin	10,000	-	-	10,000
Encik Hashim Naina Merican bin Yahaya Merican	10,000	-	-	10,000
Mr Tee Lip Teng	200,000	100,000	-	300,000
Indirect interest – in the Company	1.1.2013	Bought	Sold	31.12.2013
YH Dato' Kamaruddin bin Mohammed	540,000	60,000	-	600,000
YH Dato' Tan Bing Hua	44,000	-	-	44,000

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 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 profit or loss and other 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 2013

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 30 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.

Directors' Report

For The Year Ended 31 December 2013

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 15 April 2014.



Dato' Kamaruddin bin Mohammed
Chairman



Tee Cheng Hua
Executive Director

Statements of Profit or Loss and Other Comprehensive Income For The Year Ended 31 December 2013

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Continuing operations					
Revenue	4	439,781,256	452,361,796	79,703,569	88,359,970
Other operating income		6,590,515	3,240,636	2,230,925	1,523,343
Interest on Redeemable Cumulative Preference Shares		-	-	-	5,695,500
Amortisation of investment held to maturity		-	713,662	-	713,662
(Loss)/Gain on financial asset “at fair value through profit and loss”		(99,573)	847,815	(99,573)	847,815
Effect on consolidating subsidiary previously under winding petition		-	230,400	-	-
Amortisation of amounts due from subsidiaries		-	-	1,671,363	1,888,719
Loss on initial recognition of amounts due from subsidiaries		-	-	(2,732,361)	(1,936,426)
Staff costs		(12,003,755)	(10,288,034)	(2,401,771)	(2,477,442)
Changes in inventories		(3,617,305)	1,140,617	-	-
Finished goods purchased		(85,311,752)	(122,829,140)	-	-
Raw material purchased		(157,838,665)	(125,773,019)	-	-
Production cess		(1,235,968)	(875,164)	-	-
Carriage outwards		(5,557,732)	(3,555,883)	-	-
Upkeep, repair and maintenance of assets		(3,853,349)	(2,690,697)	-	-
Utilities and fuel		(1,582,517)	(889,062)	-	-
Depreciation		(10,877,341)	(10,811,124)	(3,380,031)	(3,467,942)
Upkeep and cultivation		(30,650,934)	(36,615,836)	(8,810,287)	(10,422,457)
Harvesting		(18,853,034)	(17,162,085)	(5,319,703)	(4,178,527)
Estate general charges		(6,697,381)	(6,484,750)	(2,246,658)	(1,986,726)
Replanting expenses		(6,566,286)	(9,415,250)	(1,274,672)	(2,798,587)
Impairment on investment in associate		-	-	-	(5,739,920)
Impairment loss on amount due from subsidiary		-	-	(443,577)	-
Other operating expenses		(17,266,456)	(13,613,061)	(3,764,230)	(3,552,551)
Finance income		4,684,348	3,795,911	3,059,441	2,848,833
Share of profit after tax of equity accounted associates		19,661,736	20,374,728	-	-
Profit before tax	5	108,705,807	121,702,460	56,192,435	65,317,264
Tax expenses	7	(23,334,615)	(28,394,995)	(7,233,141)	(9,194,057)
Profit for the year		85,371,192	93,307,465	48,959,294	56,123,207

**Statements of Profit or Loss and
Other Comprehensive Income
For The Year Ended 31 December 2013**

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Profit for the year attributable to:					
Owners of the Company		73,798,243	84,163,426	48,959,294	56,123,207
Non-controlling interests		11,572,949	9,144,039	-	-
		85,371,192	93,307,465	48,959,294	56,123,207
Profit for the year		85,371,192	93,307,465	48,959,294	56,123,207
Other comprehensive income					
<u>Items that will not be reclassified subsequently to profit or loss:</u>					
- Transfer from revaluation reserve		2,999,685	2,999,685	914,817	914,817
- Transfer to retained earnings		(2,999,685)	(2,999,685)	(914,817)	(914,817)
- Effect upon conversion of Redeemable Cumulative Preference Shares		-	2,420,181	-	2,420,181
		-	2,420,181	-	2,420,181
<u>Item that may be reclassified subsequently to profit or loss:</u>					
- “Available for sale” - fair value gain		408,214	-	-	-
Other comprehensive income for the year		408,214	2,420,181	-	2,420,181
Total comprehensive income for the year		85,779,406	95,727,646	48,959,294	58,543,388
Total comprehensive income attributable to:					
Owners of the Company		74,206,457	86,583,607	48,959,294	58,543,388
Non-controlling interests		11,572,949	9,144,039	-	-
		85,779,406	95,727,646	48,959,294	58,543,388
Earnings per share attributable to equity holders of the Company (sen)					
- basic	8	52.19	59.69		

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

Statements Of Financial Position

As At 31 December 2013

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Non current assets					
Property, plant and equipment	10	686,592,185	682,739,142	228,055,188	228,346,807
Land held for disposal	11	29,262,969	29,262,969	29,262,969	29,262,969
Subsidiaries	12	-	-	37,999,349	37,999,349
Associates	13	292,136,924	276,291,974	89,675,168	89,675,168
		1,007,992,078	988,294,085	384,992,674	385,284,293
Current assets					
Other financial assets	14	3,031,887	11,849,729	-	10,847,815
Inventories	15	8,045,666	11,806,276	105,212	197,253
Receivables, deposits and prepayments	16	71,559,932	82,102,009	86,028,196	76,693,654
Tax recoverable		983,022	3,854,846	-	-
Deposits, cash and bank balances	17	205,651,524	162,482,939	130,230,446	116,002,320
		289,272,031	272,095,799	216,363,854	203,741,042
Less: Current liabilities					
Payables	18	34,602,026	39,514,268	3,062,345	4,137,946
Dividend payable		14,139,000	10,604,250	14,139,000	10,604,250
Current tax liabilities		1,330,152	1,127,382	587,000	1,016,000
		50,071,178	51,245,900	17,788,345	15,758,196
Net current assets		239,200,853	220,849,899	198,575,509	187,982,846
Less: Non current liabilities					
Deferred tax liabilities	19	128,350,184	127,873,184	39,988,000	39,764,000
Total net assets		1,118,842,747	1,081,270,800	543,580,183	533,503,139

Statements Of Financial Position

As At 31 December 2013

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Capital and reserves attributable to owners of the Company					
Share capital	20	141,390,000	141,390,000	141,390,000	141,390,000
Share premium	21	47,997,970	47,997,970	44,947,244	44,947,244
Revaluation reserves	22	306,686,606	309,686,291	83,325,276	84,240,093
Retained earnings	23	552,611,710	514,287,818	273,917,663	262,925,802
Shareholders' equity		1,048,686,286	1,013,362,079	543,580,183	533,503,139
Non-controlling interests		70,156,461	67,908,721	-	-
Total equity		1,118,842,747	1,081,270,800	543,580,183	533,503,139

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

Statements Of Changes In Equity

For The Year Ended 31 December 2013

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

Statements Of Changes In Equity For The Year Ended 31 December 2013

Group	Note	Attributable to owners of the Company						Total equity RM
		Share capital (Note 20) RM	Share premium (Note 21) RM	Revaluation reserves (Note 22) RM	Retained earnings RM	Total RM	Non-controlling interests RM	
At 31 December 2012		141,390,000	47,997,970	309,686,291	514,287,818	1,013,362,079	67,908,721	1,081,270,800
Profit for the year		-	-	-	73,798,243	73,798,243	11,572,949	85,371,192
Other comprehensive income		-	-	(2,999,685)	3,407,899	408,214	-	408,214
Total comprehensive income		-	-	(2,999,685)	77,206,142	74,206,457	11,572,949	85,779,406
Dividends for the year ended								
- 31 December 2012	9	-	-		(24,743,250)	(24,743,250)	(5,292,000)	(30,035,250)
- 31 December 2013	9	-	-		(14,139,000)	(14,139,000)	(4,033,209)	(18,172,209)
At 31 December 2013		141,390,000	47,997,970	306,686,606	552,611,710	1,048,686,286	70,156,461	1,118,842,747

Statements Of Changes In Equity

For The Year Ended 31 December 2013

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

Statements Of Changes In Equity For The Year Ended 31 December 2013

Company	Note	Share capital (Note 20) RM	Share premium (Note 21) RM	Revaluation reserves (Note 22) RM	Retained earnings (Note 23) RM	Total RM
At 31 December 2012		141,390,000	44,947,244	84,240,093	262,925,802	533,503,139
Profit for the year		-	-	-	48,959,294	48,959,294
Other comprehensive income		-	-	(914,817)	914,817	-
Total comprehensive income		-	-	(914,817)	49,874,111	48,959,294
Dividends for the year ended						
- 31 December 2012	9	-	-	-	(24,743,250)	(24,743,250)
- 31 December 2013	9	-	-	-	(14,139,000)	(14,139,000)
At 31 December 2013		141,390,000	44,947,244	83,325,276	273,917,663	543,580,183

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

Statements Of Cash Flows

For The Year Ended 31 December 2013

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Operating activities				
Profit for the year attributable to owners of the Company	73,798,243	84,163,426	48,959,294	56,123,207
Adjustments for:				
Non-controlling interests	11,572,949	9,144,039	-	-
Property, plant and equipment				
- depreciation	10,877,341	10,811,124	3,380,031	3,467,942
- gain on disposal	(348,473)	-	(333,274)	-
- written off	16,331	10,698	3,173	7,650
Impairment on investment in associate	-	-	-	5,739,920
Share of profit of associates	(19,661,736)	(20,374,728)	-	-
Impairment loss on amount due from subsidiary	-	-	443,577	-
Effect on consolidating subsidiary previously under winding petition	-	(230,400)	-	-
(Loss)/Gain on financial asset “at fair value through profit and loss”	99,573	(847,815)	99,573	(847,815)
Loss on initial recognition	-	-	2,732,361	1,936,426
Amortisation of investment held to maturity	-	(713,662)	-	(713,662)
Amortisation of receivable	-	-	(1,671,363)	(1,888,719)
Share options granted	-	445,200	-	445,200
Dividend income	-	-	(33,781,100)	(43,681,950)
Interest income	(4,684,348)	(3,795,911)	(3,059,441)	(8,544,333)
Tax expense	23,334,615	28,394,995	7,233,141	9,194,057
Operating profit before working capital	95,004,495	107,006,966	24,005,972	21,237,923
Changes in working capital:				
- inventories	3,760,610	(821,302)	92,041	229,271
- receivables, deposits and prepayments	10,542,077	(22,080,603)	(1,221,808)	797,190
- subsidiaries	-	-	(10,787,944)	(3,338,275)
- payables	(4,912,242)	10,768,958	95,035	(1,276,677)
Cash from operations	104,394,940	94,874,019	12,183,296	17,649,432
Interest received	4,654,375	3,637,006	3,059,441	2,848,833
Tax refunded	3,993,498	2,123,916	-	-
Tax paid	(23,776,519)	(25,249,848)	(6,673,141)	(4,426,510)
Net cash flow from operating activities	89,266,294	75,385,093	8,569,596	16,071,755

Statements Of Cash Flows

For The Year Ended 31 December 2013

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Investing activities					
Property, plant and equipment					
- purchase		(14,747,746)	(13,642,046)	(3,092,616)	(3,632,183)
- proceed from disposal		349,504	-	334,304	-
Purchase of investments		(2,000,000)	(1,000,000)	-	-
Subscription of paid up capital in subsidiary		-	-	-	(1,999,998)
Proceed from disposal of investments		10,748,242	11,252,526	10,748,242	414,972
Dividend received		4,225,000	5,000,000	33,016,100	42,725,700
Net cash flow (used in)/from investing activities		(1,425,000)	1,610,480	41,006,030	37,508,491
Financing activities					
Exercise of share options					
- issue of shares		-	1,611,000	-	1,611,000
- share premium		-	8,882,270	-	8,882,270
Dividend paid		(44,672,709)	(64,185,525)	(35,347,500)	(56,314,350)
Net cash flow used in financing activities		(44,672,709)	(53,692,255)	(35,347,500)	(45,821,080)
Net increase in cash and cash equivalents					
Cash and cash equivalents		43,168,585	23,303,318	14,228,126	7,759,166
- at start of the year		162,482,939	139,179,621	116,002,320	108,243,154
- at end of the year	17	205,651,524	162,482,939	130,230,446	116,002,320

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

Notes To The Financial Statements

For The Year Ended 31 December 2013

1 General information

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

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

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

The financial statements are presented in Ringgit Malaysia, which is its functional currency.

2 Basis of preparation of financial statements

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

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 28 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 statement of profit or loss during the period in which they are incurred.

Notes To The Financial Statements For The Year Ended 31 December 2013

3 Summary of significant accounting policies (continued)

(a) Property, plant and equipment (continued)

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

Long-term leasehold land is amortised in equal instalments over the period of the leases ranging from 73 to 96 years. Oil palm plantations are not depreciated. Other property, plant and equipment are depreciated on the straight line basis to allocate the cost of each asset, or its revalued amount, to its residual value over its estimated useful life as follows:

	%
Buildings	10
Plant and machinery	20
Motor vehicles, furniture, fixtures and equipment	20 – 33.33

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

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

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

(b) Estate planting expenditure

New planting

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

Replanting

Replanting of oil palm is charged to statement of profit or loss as replanting expenses as and when incurred.

Notes To The Financial Statements

For The Year Ended 31 December 2013

3 Summary of significant accounting policies (continued)

(c) Non-current assets held for sale

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

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

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

(d) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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.

Notes To The Financial Statements For The Year Ended 31 December 2013

3 Summary of significant accounting policies (continued)

(d) Subsidiaries and basis of consolidation (continued)

(ii) Basis of consolidation (continued)

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

(e) Associates

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

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

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

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

Notes To The Financial Statements

For The Year Ended 31 December 2013

3 Summary of significant accounting policies (continued)

(e) Associates (continued)

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

(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.

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

(g) Impairment of non-financial assets

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

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

(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.

Notes To The Financial Statements For The Year Ended 31 December 2013

3 Summary of significant accounting policies (continued)

(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 profit or loss except to the extent that it relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

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

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

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

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

(l) Employee benefits

(i) Short term employee benefits

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

(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 statement of profit or loss as incurred.

Notes To The Financial Statements

For The Year Ended 31 December 2013

3 Summary of significant accounting policies (continued)

(m) Financial instruments

(i) Financial assets

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

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

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

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

Financial Assets at "Fair Value Through Profit or Loss"

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

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

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

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

Loans and Receivables

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

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

Notes To The Financial Statements For The Year Ended 31 December 2013

3 Summary of significant accounting policies (continued)

(m) Financial instruments (continued)

(i) Financial assets (continued)

Derecognition of Financial Assets

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

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

Impairment of Financial Assets

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

For other financial assets, objective evidence could include:

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

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

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

Notes To The Financial Statements

For The Year Ended 31 December 2013

3 Summary of significant accounting policies (continued)

(m) Financial instruments (continued)

(ii) Financial liabilities

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

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

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

Derecognition of Financial Liabilities

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

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

(n) Share capital

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

(o) Revenue recognition

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

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

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

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

Income from rental and interest are recognised on accrual basis.

Notes To The Financial Statements For The Year Ended 31 December 2013

4 Revenue

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Sales of fresh fruit bunches	86,266,195	108,116,332	45,922,469	44,678,020
Sales of crude palm oil and palm kernel	353,515,061	344,245,464	-	-
Dividend income (gross)	-	-	33,781,100	43,681,950
	439,781,256	452,361,796	79,703,569	88,359,970

Dividend income of the Company is excluding RM14,410,356 declared by its subsidiary, Kampong Aur Oil Palm Company (Sdn.) Berhad, for the shares issued by the later to the Company which is disputed and under an on-going legal proceeding. The status of the litigation is as disclosed in Note 30 to the financial statements.

5 Profit before tax

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Auditors' remuneration	138,000	138,000	40,000	40,000
Property, plant and equipment				
- written off	16,331	10,698	3,173	7,650
- gain on disposal	(348,473)	-	(333,274)	-
Cost of contract workers	68,437	52,581	-	-
Rental of land	490,000	490,000	-	-
Rental of lorry	9,951	9,430	-	-
Rental income	(82,630)	(96,180)	(33,850)	(40,350)

(b) Employee benefits cost

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Salaries, bonus and other benefits	10,777,324	8,833,633	2,099,150	1,779,395
Defined contribution plans	1,226,431	1,009,201	302,621	252,847
ESOS granted	-	445,200	-	445,200
	12,003,755	10,288,034	2,401,771	2,477,442

Notes To The Financial Statements

For The Year Ended 31 December 2013

6 Key management personnel compensation

(a) Directors

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Directors of the Company				
Non-executive Directors				
- Fees	1,110,000	927,960	570,000	502,960
- Other emoluments	643,500	1,147,500	643,500	1,147,500
	1,753,500	2,075,460	1,213,500	1,650,460
Executive Directors				
- Fees	365,000	275,000	70,000	60,000
- Other emoluments	674,214	654,853	340,400	310,500
	1,039,214	929,853	410,400	370,500
Directors of subsidiaries				
Non-executive Directors				
- Fees	795,000	552,900	-	-
Total	3,587,714	3,558,213	1,623,900	2,020,960

(b) Other key management personnel

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Salaries, bonus and other benefits	1,334,548	1,296,220	898,273	862,860
Defined contribution plans	181,534	160,820	133,182	125,895
ESOS granted	-	79,250	-	79,250
Total	1,516,082	1,536,290	1,031,455	1,068,005

Notes To The Financial Statements

For The Year Ended 31 December 2013

7 Tax expenses

(a) Tax charge for the year

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Malaysian income tax	22,857,615	27,114,995	7,009,141	8,833,057
Deferred tax (Note 19)	477,000	1,280,000	224,000	361,000
Tax expenses	23,334,615	28,394,995	7,233,141	9,194,057
Share of tax of equity accounted associates	8,619,755	14,357,712	-	-
Total tax expense	31,954,370	42,752,707	7,233,141	9,194,057
Malaysian income tax				
Current year	22,846,000	25,781,400	6,952,000	7,472,250
Over accrued in previous years	11,615	1,333,595	57,141	1,360,807
Deferred tax	22,857,615	27,114,995	7,009,141	8,833,057
Temporary differences	477,000	1,280,000	224,000	361,000
Tax expenses	23,334,615	28,394,995	7,233,141	9,194,057

(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	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit for the year	85,371,192	93,307,465	48,959,294	56,123,207
Total tax expenses	31,954,370	42,752,707	7,233,141	9,194,057
	117,325,562	136,060,172	56,192,435	65,317,264

Notes To The Financial Statements

For The Year Ended 31 December 2013

7 Tax expenses (continued)

(b) Numerical reconciliation of income tax expense (continued)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Tax calculated at the tax rate of 25% (2012: 25%)	29,331,391	34,015,043	14,048,109	16,329,316
Tax effect of:				
- expenses not deductible for tax purposes	2,647,205	3,743,908	891,485	1,977,664
- under accrued in previous years	474,993	5,722,689	57,141	1,360,807
- benefits from utilisation of reinvestment allowance	(168,452)	(335,864)	-	-
- income not taxable	(330,767)	(393,069)	(7,763,594)	(10,473,730)
Total tax expenses	31,954,370	42,752,707	7,233,141	9,194,057

8 Earnings per share

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.

	2013	2012
Profit attributable to equity holders of the Company (RM)	73,798,243	84,163,426
Weighted average number of ordinary shares in issue	141,390,000	141,007,827
Basic earnings per share (sen)	52.19	59.69

Notes To The Financial Statements For The Year Ended 31 December 2013

9 Dividends

Dividends declared or proposed for year ended 31 December 2013 are as follows:

	Group and Company 31.12.2013		31.12.2012	
	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	10.0	14,139,000	7.5	10,604,250
Proposed				
- final single tier dividend	15.0	21,208,500	17.5	24,743,250
	25.0	35,347,500	25.0	35,347,500
Dividend per share recognised as distribution to ordinary equity holders of the Company				
31 December 2012				
- paid during the year	17.5	24,743,250	-	-
31 December 2013				
- declared during the year	10.0	14,139,000	-	-
31 December 2011				
- paid during the year	-	-	25.0	35,347,500
31 December 2012				
- declared during the year	-	-	7.5	10,604,250
	27.5	38,882,250	32.5	45,951,750

Interim single tier dividend of 10.0 sen per share on 141,390,000 ordinary shares totalling RM14,139,000 for the financial year ended 31 December 2013 was paid on 10 January 2014.

At the forthcoming Annual General Meeting, a final single tier dividend of 15 sen per share on 141,390,000 ordinary shares amounting to RM21,208,500 will be proposed for shareholders' approval.

The proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2014.

Notes To The Financial Statements

For The Year Ended 31 December 2013

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 2011	327,244,781	318,809,883	14,326,034	11,987,068	3,628,784	3,922,368	679,918,918
Additions	-	5,872,392	705,100	2,355,959	1,846,710	2,856,211	13,636,372
Reclassification	-	-	2,599,428	1,941,029	197,926	(4,738,383)	-
Written off	-	-	(3,485)	(1,607)	(5,606)	-	(10,698)
Transfer	-	-	-	931	4,743	-	5,674
Depreciation charge	(4,387,221)	(156,302)	(1,410,075)	(3,234,737)	(1,622,789)	-	(10,811,124)
Carrying amounts at 31 December 2012	322,857,560	324,525,973	16,217,002	13,048,643	4,049,768	2,040,196	682,739,142
Additions	-	7,385,235	965,519	2,089,376	490,287	3,817,329	14,747,746
Reclassification	-	-	1,568,419	-	-	(1,568,419)	-
Written off	-	-	(1,530)	(1,145)	(13,656)	-	(16,331)
Transfer	-	-	-	-	-	-	-
Disposal	-	-	(1)	-	(1,030)	-	(1,031)
Depreciation charge	(4,387,221)	(91,174)	(1,696,361)	(3,234,099)	(1,468,486)	-	(10,877,341)
Carrying amounts at 31 December 2013	318,470,339	331,820,034	17,053,048	11,902,775	3,056,883	4,289,106	686,592,185
At 31 December 2012							
Cost	472,672	11,643,851	32,032,761	47,231,816	11,250,778	2,040,196	104,672,074
Valuation	331,159,330	313,572,453	-	-	-	-	644,731,783
Accumulated depreciation	(8,774,442)	(690,331)	(15,815,759)	(34,183,173)	(7,201,010)	-	(66,664,715)
Carrying amounts	322,857,560	324,525,973	16,217,002	13,048,643	4,049,768	2,040,196	682,739,142

Notes To The Financial Statements

For The Year Ended 31 December 2013

10 Property, plant and equipment (continued)

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
At 31 December 2013							
Cost	472,672	19,029,086	34,519,169	49,218,960	11,523,656	4,289,106	119,052,649
Valuation	331,159,330	313,572,453	-	-	-	-	644,731,783
Accumulated depreciation	(13,161,663)	(781,505)	(17,466,121)	(37,316,185)	(8,466,773)	-	(77,192,247)
Carrying amounts	318,470,339	331,820,034	17,053,048	11,902,775	3,056,883	4,289,106	686,592,185
Company							
Carrying amounts at 31 December 2011							
Additions	120,565,118	100,174,772	4,360,830	1,001,256	2,119,212	-	228,221,188
Transfer	-	1,923,986	513,364	52,577	994,047	148,209	3,632,183
Written off	-	-	25,422	-	(56,394)	-	(30,972)
Depreciation charge	(1,553,532)	(156,302)	(3,474)	(1,205)	(2,971)	-	(7,650)
			(531,228)	(341,469)	(885,411)	-	(3,467,942)
Carrying amounts at 31 December 2012							
Additions	119,011,586	101,942,456	4,364,914	711,159	2,168,483	148,209	228,346,807
Reclassification	-	1,785,536	425,300	286,508	173,041	422,231	3,092,616
Transfer	-	-	570,440	-	-	(570,440)	-
Written off	-	-	-	-	(1)	-	(1)
Disposal	-	-	(1,529)	(1,142)	(502)	-	(3,173)
Depreciation charge	(1,553,532)	(91,174)	(1)	-	(1,029)	-	(1,030)
			(583,209)	(342,933)	(809,183)	-	(3,380,031)
Carrying amounts at 31 December 2013							
	117,458,054	103,636,818	4,775,915	653,592	1,530,809	-	228,055,188

Notes To The Financial Statements

For The Year Ended 31 December 2013

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
At 31 December 2012							
Cost	-	6,155,437	7,679,406	2,550,142	5,573,696	148,209	22,106,890
Valuation	122,118,650	96,477,350	-	-	-	-	218,596,000
Accumulated depreciation	(3,107,064)	(690,331)	(3,314,492)	(1,838,983)	(3,405,213)	-	(12,356,083)
Carrying amounts	119,011,586	101,942,456	4,364,914	711,159	2,168,483	148,209	228,346,807
At 31 December 2013							
Cost	-	7,940,973	8,673,616	2,835,508	5,745,205	-	25,195,302
Valuation	122,118,650	96,477,350	-	-	-	-	218,596,000
Accumulated depreciation	(4,660,596)	(781,505)	(3,897,701)	(2,181,916)	(4,214,396)	-	(15,736,114)
Carrying amounts	117,458,054	103,636,818	4,775,915	653,592	1,530,809	-	228,055,188

Notes To The Financial Statements For The Year Ended 31 December 2013

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 2013 are as follows:

Year of	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

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

11 Land held for disposal

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

12 Subsidiaries

	Company	
	2013 RM	2012 RM
Unquoted shares, at cost:		
- at start of the year	37,999,349	35,999,351
- addition during the year	-	1,999,998
- at end of the year	37,999,349	37,999,349

Notes To The Financial Statements

For The Year Ended 31 December 2013

12 Subsidiaries (continued)

Details of the subsidiaries, all of which are unquoted, are as follows:

Name of Company	Country of incorporation	Effective interest of the Group				Principal activities
		Company		Subsidiary		
		2013 %	2012 %	2013 %	2012 %	
Dawn Oil Palm Plantations Sdn Bhd	Malaysia	100	100	-	-	Oil palm plantations
B.S. Oil Palm Plantations Sdn Bhd	Malaysia	100	100	-	-	Oil palm plantations
Spectacular Potential Sdn Bhd	Malaysia	100	100	-	-	Investment holding
Inai Prisma Sdn Bhd	Malaysia	100	100	-	-	Dormant company
Kampong Aur Oil Palm Company (Sdn.) Berhad	Malaysia	83	83	-	-	Oil palm plantations
Madah Perkasa Sdn Bhd #	Malaysia	-	-	83	83	Oil palm plantations
Far East Delima Plantations Sdn Bhd	Malaysia	80	80	-	-	Oil palm plantations
F.E. Rangkaian Sdn Bhd	Malaysia	70	70	-	-	Oil palm plantations
Kilang Kosfarm Sdn Bhd	Malaysia	51	51	-	-	Palm oil mill

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

All subsidiaries are audited by McMillan Woods Thomas.

Notes To The Financial Statements

For The Year Ended 31 December 2013

13 Associates

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
At cost				
Unquoted shares	66,464,400	66,464,400	103,358,781	103,358,781
Accumulated impairment loss	-	-	(13,683,613)	(13,683,613)
	66,464,400	66,464,400	89,675,168	89,675,168
Share of post acquisition reserve	225,672,524	209,827,574	-	-
	292,136,924	276,291,974	89,675,168	89,675,168

The summarised financial information of associates is as follows:

	Group	
	2013 RM	2012 RM
Results		
Revenue (100%)	590,251,790	363,649,560
Profit for the year (100%)	50,247,699	51,817,342
Group's share of associates profit for the year	19,661,736	20,374,728
Assets and liabilities		
Total assets (100%)	805,470,382	735,955,245
Total liabilities (100%)	101,029,063	76,016,052
Group's share of associates net assets	291,017,499	268,616,281

Notes To The Financial Statements

For The Year Ended 31 December 2013

13 Associates (continued)

Details of the associates, all of which are unquoted, are as follows:

Name of company	Country of incorporation	Interest of the Equity held by			
		Company	Company	Subsidiary	Subsidiary
		2013 %	2012 %	2013 %	2012 %
* Prosper Palm Oil Mill Sdn Berhad (PPOM)	Malaysia	40.0	40.0	-	-
* Business & Budget Hotels (Kuantan) Sdn Bhd	Malaysia	36.2	36.2	-	-
# Future Prelude Sdn Bhd	Malaysia	47.2	47.2	-	-
* Jaspurna Holdings Sdn Bhd	Malaysia	-	-	@45.0	@45.0
* PGC Management Services Sdn Bhd	Malaysia	-	-	@30.0	@30.0

Audited by McMillan Woods Thomas

* Audited by other firms of auditors

@ Shares held by Kilang Kosfarm Sdn Bhd

There are no significant restrictions on the ability of the associates to transfer funds to the Group in the form of cash dividends.

The Group's associates are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group.

14 Other financial assets

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Financial assets at "fair value through profit and loss"				
Investment in fund management	3,031,887	11,849,729	-	10,847,815

Notes To The Financial Statements For The Year Ended 31 December 2013

15 Inventories

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
At cost				
Finished goods	6,306,186	6,483,393	-	-
Raw material	142,491	37,656	-	-
Nurseries	810,632	977,374	-	-
Consumables	786,357	762,920	105,212	197,253
	8,045,666	8,261,343	105,212	197,253
At net realisable value				
Finished goods	-	3,544,933	-	-
	8,045,666	11,806,276	105,212	197,253

16 Receivables, deposits and prepayments

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade receivables	27,803,415	34,744,949	3,589,449	4,260,226
Other receivables	2,812,403	2,041,615	1,315,205	499,409
Less: Impairment loss	-	(859,480)	-	-
	2,812,403	1,182,135	1,315,205	499,409
Deposits	26,558,842	25,476,996	26,525,652	25,444,183
Prepayments	26,508	24,836	12,948	17,628
Amounts due from subsidiaries	-	-	54,584,942	46,472,208
Amounts due from associates	14,358,764	20,673,093	-	-
	71,559,932	82,102,009	86,028,196	76,693,654

Credit term of trade receivables to the Group and to the Company is 30 days (2012: 30 days).

The amounts due from subsidiaries are advances, which are unsecured, free of interest and repayable within 30 days except for RM20,486,202 (2012: RM14,399,738) repayable in 2 to 4 years (2012: 2 to 4 years) period.

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

Included in deposits is RM26,419,327 (2012: RM25,343,897) paid to Pengarah Tanah dan Galian Pahang and Pentadbir Tanah Daerah Pekan for the alienation of 6,423.296 acres (2012: 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.

Notes To The Financial Statements

For The Year Ended 31 December 2013

17 Cash and cash equivalents

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Deposits with licensed banks	166,970,715	145,479,331	129,932,331	115,132,331
Deposit with building society	3,000,000	3,000,000	-	-
Cash and bank balances	35,680,809	14,003,608	298,115	869,989
	205,651,524	162,482,939	130,230,446	116,002,320

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Deposits with licensed banks	3.07	3.02	3.08	3.03
Deposit with building society	3.16	3.02	-	-

As at 31 December 2013, the deposits of the Group and of the Company have maturity period between 30 to 90 days (2012: 30 to 90 days). Bank balances are deposits held at call with banks.

18 Payables

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade payables	24,856,442	30,517,094	913,710	670,885
Other payables	3,644,445	2,833,346	194,380	278,123
Deposits	67,500	28,178	67,500	28,178
Accruals	6,033,639	5,263,015	1,865,736	1,969,105
Amounts due to subsidiaries	-	-	21,019	1,191,655
Amounts due to associates	-	872,635	-	-
	34,602,026	39,514,268	3,062,345	4,137,946

Credit terms of trade payables of the Group and of the Company ranges from 30 to 90 days (2012: 30 to 90 days).

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

Notes To The Financial Statements

For The Year Ended 31 December 2013

19 Deferred tax liabilities

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
At start of the year	127,873,184	126,593,184	39,764,000	39,403,000
(Charged)/Credited to statement of profit or loss and other comprehensive income (Note 7)				
- property, plant and equipment	521,000	1,302,000	224,000	361,000
- others	(44,000)	(22,000)	-	-
	477,000	1,280,000	224,000	361,000
At end of the year	128,350,184	127,873,184	39,988,000	39,764,000
Deferred tax assets before offsetting				
- unabsorbed business loss	(1,224,416)	(1,224,416)	-	-
Offsetting	1,224,416	1,224,416	-	-
Deferred tax assets after offsetting	-	-	-	-
Deferred tax liabilities before offsetting				
- property, plant and equipment	129,487,600	128,945,600	39,988,000	39,764,000
- others	87,000	152,000	-	-
Offsetting	(1,224,416)	(1,224,416)	-	-
Deferred tax liabilities after offsetting	128,350,184	127,873,184	39,988,000	39,764,000

Notes To The Financial Statements

For The Year Ended 31 December 2013

20 Share capital

	Company			
	Number of ordinary shares of RM1 each			
	2013 Unit	2012 Unit	2013 RM	2012 RM
Authorised				
At start and end of the year	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid				
At start of the year	141,390,000	139,779,000	141,390,000	139,779,000
Issued during the year				
- exercise of share option	-	1,611,000	-	1,611,000
At end of the year	141,390,000	141,390,000	141,390,000	141,390,000

21 Share premium

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
At 1 January	47,997,970	37,719,120	44,947,244	34,668,394
Exercise of share option	-	8,882,270	-	8,882,270
Transfer from share option reserve	-	1,396,580	-	1,396,580
At 31 December	47,997,970	47,997,970	44,947,244	44,947,244

22 Revaluation reserves

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
At 1 January	309,686,291	312,685,976	84,240,093	85,154,910
Transfer to retained earnings	(2,999,685)	(2,999,685)	(914,817)	(914,817)
At 31 December	306,686,606	309,686,291	83,325,276	84,240,093

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 2013

23 Retained earnings

The Company had moved to the single tier dividend system. Therefore all its retained earnings as at 31 December 2013 can be paid out as single tier exempt dividend.

24 Segmental information

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

25 Related parties

(a) Identity of related parties

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

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

Other related parties and their relationship are as follows:

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

(b) Transactions with key management personnel

Key management personnel compensation is disclosed in Note 6.

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

Notes To The Financial Statements

For The Year Ended 31 December 2013

25 Related parties (continued)

(c) Transactions with subsidiaries

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Dividend income				
- Kampong Aur Oil Palm Plantation (Sdn.) Berhad	-	-	5,056,435	11,680,075
- Dawn Oil Palm Plantations Sdn Bhd	-	-	15,481,290	14,401,200
- B.S. Oil Palm Plantations Sdn Bhd	-	-	4,500,375	8,100,675
- Kilang Kosfarm Sdn Bhd	-	-	4,743,000	5,100,000
Sales of fresh fruit bunches				
- Kilang Kosfarm Sdn Bhd	-	-	5,796,949	5,459,431

(d) Transactions with associates

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Dividend income				
- Prosper Palm Oil Mill Sdn Berhad	-	-	4,000,000	4,400,000
Purchase of fresh fruit bunches				
- Prosper Palm Oil Mill Sdn Berhad	13,437,416	652,452	-	-
Sales of crude palm oil and palm kernel				
- Future Prelude Sdn Bhd	34,767,904	21,189,961	-	-
- Prosper Palm Oil Mill Sdn Berhad	34,324,919	21,813,061	-	-
- PGC Management Services Sdn Bhd	8,809,236	88,477,099	-	-
Purchase of crude palm oil and palm kernel				
- Prosper Palm Oil Mill Sdn Berhad	8,877,075	11,118,421	-	-
Management fee payable to PGC Management Services Sdn Bhd	2,429,400	1,703,600	-	-

Notes To The Financial Statements

For The Year Ended 31 December 2013

25 Related parties (continued)

(e) Other related parties transactions

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Sales of fresh fruit bunches				
- Rompin Palm Oil Mill Sdn Bhd	3,497,259	9,257,963	-	-
- LKPP Corporation Sendirian Berhad	1,376,446	1,562,655	1,376,446	1,562,655
- Kilang Sawira Makmur Sdn Bhd	54,626,548	68,888,976	13,138,474	14,018,173
- Endau Palm Oil Mill Sdn Bhd	2,884,954	10,532,637	-	-
Purchase of fresh fruit bunches				
- Rompin Palm Oil Mill Sdn Bhd	1,288,576	4,827,407	-	-
- Koperasi Serbausaha Makmur Berhad	122,632,951	95,187,815	-	-
Sales of crude palm oil and palm kernel				
- Prosper Trading Sdn Bhd	26,809,234	23,154,192	-	-
- Prosper Palm Oil Products Marketing Sdn Bhd	1,265,823	-	-	-
- Endau Palm Oil Mill Sdn Bhd	44,732,489	25,908,990	-	-
- Rompin Palm Oil Mill Sdn Bhd	27,929,312	27,332,707	-	-
- Kilang Sawira Makmur Sdn Bhd	448,580	1,175,235	-	-
Purchase of crude palm oil and palm kernel				
- Endau Palm Oil Mill Sdn Bhd	38,022,274	34,376,318	-	-
- Rompin Palm Oil Mill Sdn Bhd	16,072,638	29,201,832	-	-
- Prosper Palm Oil Products Marketing Sdn Bhd	-	1,472,367	-	-
- Kilang Sawira Makmur Sdn Bhd	13,773,642	27,305,897	-	-
Purchase of fertiliser				
Prosper Trading Sdn Bhd	1,322,175	-	508,710	-

Notes To The Financial Statements

For The Year Ended 31 December 2013

25 Related parties (continued)

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

	Group		Company	
Related parties	2013 RM	2012 RM	2013 RM	2012 RM
Receivables:				
- Rompin Palm Oil Mill Sdn Bhd	2,492,767	2,221,118	256,974	303,747
- Kilang Kosfarm Sdn Bhd	-	-	4,476,332	4,845,832
- Prosper Trading Sdn Bhd	3,016,947	2,810,805	-	-
- PGC Management Services Sdn Bhd	859,852	18,132,573	-	-
- LKPP Corporation Sendirian Berhad	135,764	111,909	135,764	111,909
- Prosper Palm Oil Mill Sdn Berhad	2,254,676	-	-	-
- Future Prelude Sdn Bhd	9,493,081	-	-	-
- Kilang Sawira Makmur Sdn Bhd	4,395,560	-	1,151,926	1,061,797
- Endau Palm Oil Mills Sdn Bhd	3,128,620	-	-	1,119,025
Payables:				
- PGC Management Services Sdn Bhd	139,365	-	-	-
- Endau Palm Oil Mills Sdn Bhd	12,867,924	6,871,860	-	-
- Kilang Sawira Makmur Sdn Bhd	589,118	411,002	-	-
- Prosper Palm Oil Mill Sdn Berhad	-	872,635	-	-
- Koperasi Serbausaha Makmur Berhad	10,200,516	7,062,095	-	-

Notes To The Financial Statements

For The Year Ended 31 December 2013

26 Capital commitments

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Authorised by the Directors and not contracted	63,824,570	62,899,352	43,082,955	43,795,316
Analysed as follows:				
- property, plant and equipment	7,079,550	9,812,050	821,550	1,792,650
- oil palm plantation development	16,745,020	13,087,302	2,261,405	2,002,666
- acquisition of land	40,000,000	40,000,000	40,000,000	40,000,000
	63,824,570	62,899,352	43,082,955	43,795,316

27 Financial instruments

(a) Classification of financial instruments

Group 31.12.2013	Financial assets "at fair value through profit and loss" RM	Loan and receivables RM	Financial liabilities, at amortised cost RM	Total RM
Financial assets				
Investment in fund management - current	3,031,887	-	-	3,031,887
Trade and other receivables	-	30,615,818	-	30,615,818
Amounts due from associates	-	14,358,764	-	14,358,764
Deposits, cash and bank balances	-	205,651,524	-	205,651,524
Total financial assets	3,031,887	250,626,106	-	253,657,993
Financial liabilities				
Trade and other payables	-	-	28,500,887	28,500,887
Accruals	-	-	6,033,639	6,033,639
Total financial liabilities	-	-	34,534,526	34,534,526

Notes To The Financial Statements

For The Year Ended 31 December 2013

27 Financial instruments (continued)

(a) Classification of financial instruments (continued)

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

Company 31.12.2013	Loan and receivables RM	Financial liabilities, at amortised cost RM	Total RM
Trade and other receivables	4,904,654	-	4,904,654
Amounts due from subsidiaries	54,584,942	-	54,584,942
Deposits, cash and bank balances	130,230,446	-	130,230,446
Total financial assets	189,720,042	-	189,720,042
Financial liabilities			
Trade and other payables	-	1,108,090	1,108,090
Amounts due to subsidiaries	-	21,019	21,019
Accruals	-	1,865,736	1,865,736
Total financial liabilities	-	2,994,845	2,994,845

Notes To The Financial Statements

For The Year Ended 31 December 2013

27 Financial instruments (continued)

(a) Classification of financial instruments (continued)

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

(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.

Notes To The Financial Statements

For The Year Ended 31 December 2013

27 Financial instruments (continued)

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

Market risk

The Group's exposure to market risk comprises primarily the fluctuations in the palm oil prices. To mitigate some of these risks, the Group always keeps abreast with the latest updates on global supply and demand for oils and fats market.

Credit risk

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

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

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

Group	Gross	Impairment	Net
2013	RM	loss	RM
		RM	
Not past due	27,752,494	-	27,752,494
More than 120 days past due	50,921	-	50,921
	27,803,415	-	27,803,415

2012	Gross	Impairment	Net
	RM	loss	RM
		RM	
Not past due	34,694,028	-	34,694,028
More than 120 days past due	50,921	-	50,921
	34,744,949	-	34,744,949

Notes To The Financial Statements For The Year Ended 31 December 2013

27 Financial instruments (continued)

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

Credit risk (continued)

Company 2013	Gross RM	Impairment loss RM	Net RM
Not past due	3,589,449	-	3,589,449

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

Receivables that are neither past due nor impaired

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

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

Liquidity and cash flow risk

The Group manages its liquidity risk by maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities to meet estimated commitments arising from operational expenditures and financial liabilities. The Group also has an effective control of cash flow management to ensure that the Group can pay its targeted dividends to shareholders at an appropriate time.

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

Notes To The Financial Statements

For The Year Ended 31 December 2013

27 Financial instruments (continued)

(b) Liquidity and cash flow risk (continued)

Group 2013	Not later than 1 month RM	1 month to 3 months RM	3 months to 1 year RM	Total RM
Trade and other payables	16,759,016	10,992,305	749,566	28,500,887
Accruals	3,383,269	-	2,650,370	6,033,639
	20,142,285	10,992,305	3,399,936	34,534,526
2012	RM	RM	RM	RM
Trade and other payables	20,357,924	12,763,459	229,057	33,350,440
Accruals	2,789,655	-	2,473,360	5,263,015
Amounts due to associates	872,635	-	-	872,635
	24,020,214	12,763,459	2,702,417	39,486,090
Company 2013	Not later than than 1 month RM	3 months to 1 year RM	Total RM	
Trade and other payables	1,108,090	-	1,108,090	
Amounts due to subsidiaries	21,019	-	21,019	
Accruals	1,057,736	808,000	1,865,736	
	2,186,845	808,000	2,994,845	
2012	RM	RM	RM	
Trade and other payables	949,008	-	949,008	
Amounts due to subsidiaries	1,191,655	-	1,191,655	
Accruals	1,004,145	964,960	1,969,105	
	3,144,808	964,960	4,109,768	

Notes To The Financial Statements

For The Year Ended 31 December 2013

27 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	2013		2012	
	Carrying amounts	Fair values	Carrying amounts	Fair values
Financial assets				
<i>Financial assets “at fair value through profit and loss”</i>				
Investment in fund management	3,031,887	3,031,887	11,849,729	11,849,729
<i>Loan and receivables</i>				
Trade and other receivables	30,615,818	30,615,818	35,927,084	35,927,084
Amounts due from associates	14,358,764	14,358,764	20,673,093	20,673,093
Deposits, cash and bank balances	205,651,524	205,651,524	162,482,939	162,482,939
Total financial assets	253,657,993	253,657,993	230,932,845	230,932,845
Financial liabilities				
<i>Financial liabilities at amortised cost</i>				
Trade and other payables	28,500,887	28,500,887	33,350,440	33,350,440
Accruals	6,033,639	6,033,639	5,263,015	5,263,015
Amounts due to associates	-	-	872,635	872,635
Total financial liabilities	34,534,526	34,534,526	39,486,090	39,486,090

Notes To The Financial Statements

For The Year Ended 31 December 2013

27 Financial instruments (continued)

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

Company	2013		2012	
	Carrying amounts	Fair values	Carrying amounts	Fair values
Financial assets				
<i>Financial assets "at fair value through profit and loss"</i>				
Investment in fund management	-	-	10,847,815	10,847,815
<i>Loan and receivables</i>				
Trade and other receivables	4,904,654	4,904,654	4,759,635	4,759,635
Amounts due from subsidiaries	17,723,851	17,723,851	13,072,470	13,072,470
Amounts due from subsidiaries	36,861,091	36,861,091	33,399,738	33,399,738
Deposits, cash and bank balances	130,230,446	130,230,446	116,002,320	116,002,320
Total financial assets	189,720,042	189,720,042	178,081,978	178,081,978
Financial liabilities				
<i>Financial liabilities at amortised cost</i>				
Trade and other payables	1,108,090	1,108,090	949,008	949,008
Amounts due to subsidiaries	21,019	21,019	1,191,655	1,191,655
Accruals	1,865,736	1,865,736	1,969,105	1,969,105
Total financial liabilities	2,994,845	2,994,845	4,109,768	4,109,768

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 RM36,861,091 (2012: RM33,399,738) due from two of the subsidiaries. The fair value is estimated by discounting the future cash flow at the rate of 5.425%, based on estimated borrowing cost of the companies.

Notes To The Financial Statements For The Year Ended 31 December 2013

28 Critical accounting estimates and assumptions

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

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

(a) Estimated impairment of property, plant and equipment

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

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

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

(c) Allowance for doubtful debts

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

(d) Income tax expense

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

(e) Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts internal and external to the Group for matters in the ordinary course of business. Please refer to Note 30 of the financial statements for details.

Notes To The Financial Statements

For The Year Ended 31 December 2013

29 Adoption of new and revised Financial Reporting Standards and Interpretations

During the financial year, the Group has adopted the following new and revised Financial Reporting Standards and Interpretations (collectively referred to as 'FRSs'), issued by the Malaysian Accounting Standards Board ('MASB') and effective for the financial periods beginning on or after 1 January 2013:

FRSs that do not have significant impacts on these financial statements

The following new and revised FRSs issued by the MASB, effective for financial periods beginning on or after 1 January 2013, have been adopted, but the adoptions do not have a significant impact on the financial statements:

FRS 3	Business Combinations
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119	Employee Benefits (revised)
FRS 127	Consolidated and Separate Financial Statements (revised)
FRS 128	Investment in Associates and Joint Ventures (revised)
Amendments to FRS 1	First-time Adoption of FRS – Government Loans
Amendments to FRS 7	Financial Instruments Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to FRS 11	Joint Arrangements: Transition Guidance
Amendments to FRS 12	Disclosure of Interests in Other Entities: Transition Guidance
Amendments to FRS 101	Presentation of Items of Other Comprehensive Income
Annual Improvements to IC Interpretations and FRSs 2009-2011 Cycle	

FRSs that have been issued but are not yet effective

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

Effective for financial period beginning on or after 1 January 2014

FRS 10, FRS 12 and FRS 127	Investment Entities (Amendments to FRS 10, FRS 12 and FRS 127)
Amendment to FRS 132	Financial instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
Amendment to FRS 136	Impairment of Assets – Recoverable Amount Disclosure for Non Financial Assets
Amendment to FRS 139	Financial Instruments: Recognised and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

Notes To The Financial Statements For The Year Ended 31 December 2013

29 Adoption of new and revised Financial Reporting Standards and Interpretations

FRSs that have been issued but are not yet effective

Effective for financial period beginning on or after 1 July 2014

Amendments to FRS 119	Defined Benefit Plans: Employee Contributions
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Annual Improvements to FRSs 2010 – 2012 Cycle:

Amendment to FRS 2	Share-based Payment
Amendment to FRS 3	Business Combinations
Amendment to FRS 8	Operating Segments
Amendment to FRS 13	Fair Value Measurement
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 124	Related Party Disclosures
Amendment to FRS 138	Intangible Assets

Annual Improvements to FRSs 2011 – 2013 Cycle:

Amendment to FRS 1	First-time Adoption of Financial Reporting Standards
Amendment to FRS 3	Business Combinations
Amendment to FRS 13	Fair Value Measurement
Amendment to FRS 140	Investment Property

Malaysian Financial Reporting Standards ('MFRS Framework')

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the MFRS Framework. The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2013, with the exception of entities that are within the scope of MFRS 141 Agriculture ('MFRS 141') and IC Interpretation 15 Agreements for Construction of Real Estate ('IC 15'), including its parent, significant investor and venture (herein called 'Transitioning Entities'). On 7 August 2013, MASB announced that it will permit Transitioning Entities to defer the adoption of the new MFRS Framework until annual periods beginning on or after 1 January 2015.

The Company falls within the scope of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 31 December 2015. In presenting its first MFRS financial statements, the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group is reviewing its accounting policies to assess its financial effects of the differences between the current FRS and the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2013 could be different if they are prepared under the MFRS Framework.

Notes To The Financial Statements

For The Year Ended 31 December 2013

30 Material litigation

- 1.1 The Judgment of Judicial Review by the Learned Judicial Commissioner Datin Azizah binti Nawawi was delivered on the 21 November 2013 in relation to the Final Award by the Arbitrator for the following High Court case.

IN THE HIGH COURT AT KUALA LUMPUR
ORIGINATING SUMMONS NO.24NCC(ARB)-46-11/2012

1. Far East Holdings Berhad (“FEHB”)
 2. Kampong Aur Oil Palm Company (Sdn.) Berhad (“KAOP”) - Plaintiffs
 And

Majlis Ugama Islam dan Adat Resam Melayu Pahang (“MUIP”) - Defendant

IN THE HIGH COURT AT KUALA LUMPUR
ORIGINATING SUMMONS NO.24NCC(ARB)-54-11/2012
(formerly 47-11/2012)

Majlis Ugama Islam dan Adat Resam Melayu Pahang (“MUIP”) - Plaintiff

And

1. Far East Holdings Berhad (“FEHB”) - 1st Defendant
 2. Kampong Aur Oil Palm Company (Sdn.) Berhad (“KAOP”) - 2nd Defendant

- 1.2 The Arbitrator in its Final Award dated 19 September 2012 had awarded the followings:

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

<u>Party</u>	<u>Shares</u>	<u>Percentage</u>
1 st Respondent	16,836,715	67.61%
Claimant (“MUIP”)	8,066,417	32.39%

- (c) a declaration that the Claimant had exercised the 1st Option to purchase 16% of the shares amounting to 3,984,501 shares in the 2nd Respondent from the 1st Respondent in accordance with Clause 2.02(b), (c) and (d) of the Agreement dated 16th January 1992;

Notes To The Financial Statements For The Year Ended 31 December 2013

30 Material litigation (continued)

- (d) an award that the 1st Respondent transfers 16% of the shares (3,984,501 shares) in the 2nd Respondent which is registered under the name of the 1st Respondent to the Claimant within fourteen (14) days from the date of this Award and the stamp duty, if any, for the transfer is payable by the Claimant;
- (e) a declaration that the Claimant had exercised the 2nd Option to purchase 11% of the shares (2,739,344 shares) in the 2nd Respondent in accordance with Clause 2.02(e) and (f) of the Agreement dated 16th January 1992;
- (f) the shares price to be paid by the Claimant for the exercise of the 2nd Option in accordance with Clause 2.02(e) of the Agreement dated 16 January 1992 is fixed at RM5.3244 per share;
- (g) an award that the 1st Respondent transfers 11% of the shares (2,739,344 shares) in the 2nd Respondent which is registered under the name of the 1st Respondent to the Claimant within fourteen (14) days from the date of this Award and that the stamp duty, if any, for the transfer is payable by the Claimant;
- (h) an award that the 1st Respondent pays to the Claimant the damages and losses in respect of the dividends for the dilution of the Claimant's interest in the 2nd Respondent to 17.16% and for the failure on the part of the 1st Respondent to transfer 16% and 11% of the shares, respectively, in the 2nd Respondent to the Claimant amounting to RM97,692,957 for the period up to 2010;
- (i) that the consideration amount for the exercise of the 1st and 2nd Options (as determined in paragraph 30.11 of the Final Award) amounting to RM19,884,749.20 be deducted from the amount due and payable to the Claimant as per the Final Award;
- (ii) that the net amount of RM77,808,207.80 be paid by the 1st Respondent to the Claimant.

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

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

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

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

Notes To The Financial Statements

For The Year Ended 31 December 2013

30 Material litigation (continued)

1.3 The Judgment by the Learned Judicial Commissioner Datin Azizah binti Nawawi in reference to case number **24NCC(ARB)-46-11/2012** were as follows:

- (i) That the Arbitrator was correct in law on the following issues and the Plaintiff's claim had been dismissed:
 - As regard to the increase in the paid up capital of KAOP;
 - As regard to the 1st Option;
 - As regard to the 2nd Option; and
 - As regard to award of damages to the breach.
- (ii) That the Arbitrator had erred in law in awarding the pre-award interest and post-award interest as it was not specifically pleaded and as such the award of interest of the Arbitrator Final Award had been set aside.

1.4 The Judgment by the learned Judicial Commissioner Datin Azizah binti Nawawi in reference to case number **24NCC (ARB)-54-11/2012**, subject to her ruling on the issue of interest, the learned Judicial Commissioner allowed the Plaintiff's application for the Final Award of the Arbitrator as a judgment.

1.5 The Judicial Commissioner had also ordered FEHB is to pay to MUIP a total cost of RM70,000.00 for both originating summon cases.

1.6 A notice of application for stay of execution of the Judgment dated 21 November 2013 was filed in court by FEHB/KAOP on the 13 December 2013. The application was heard by the Learned Judicial Commissioner on 7 February 2014 and she adjourned it to 19 February 2014 for decision.

The Learned Judicial Commissioner had on the 19 February 2014 delivered her decision on the application for stay by FEHB/KAOP. The Learned Judicial Commissioner has granted stay pending the appeal with no order as to costs. The Learned Judicial Commissioner has also ordered that in the meantime, no changes are to be made to the shares concerned.

Notes To The Financial Statements For The Year Ended 31 December 2013

30 Material litigation (continued)

- 1.7 FEHB/KAOP had also filed a notice of appeal on 3 December 2013 to the Court of Appeal against the said Judgment and Order.

Appeal by FEHB/KAOP

COURT OF APPEAL - CIVIL APPEAL NO. W-02(NCC)(A) - 2672-12/2013

1. Far East Holdings Berhad ("FEHB")
2. Kampong Aur Oil Palm Company (Sdn.) Berhad ("KAOP") - Appellants

And

Majlis Ugama Islam dan Adat Resam Melayu Pahang ("MUIP") - Respondent

COURT OF APPEAL - CIVIL APPEAL NO. W-02(NCC)(A) - 2671-2/2013

1. Far East Holdings Berhad ("FEHB")
2. Kampong Aur Oil Palm Company (Sdn.) Berhad ("KAOP") - Appellants

And

Majlis Ugama Islam dan Adat Resam Melayu Pahang ("MUIP") - Respondent

- 1.8 MUIP had also filed a notice of appeal dated 19.12.2013 to the Court of Appeal against part of the decision of the learned Judicial Commissioner Datin Azizah binti Nawawi which held that the pre-award interest and the post-award interest in the Final Award dated 19.9.2012 be set aside.

Appeal by MUIP

COURT OF APPEAL - CIVIL APPEAL NO. W-02(NCC)(A) - 2781-12/2013

Majlis Ugama Islam dan Adat Resam Melayu Pahang ("MUIP") - Appellant

And

1. Far East Holdings Berhad ("FEHB")
2. Kampong Aur Oil Palm Company (Sdn.) Berhad ("KAOP") - Respondents

- 1.9 The above cases were heard by the Deputy Registrar of the Court of Appeal on 6.3.2014. The directions given by the Court for all the above cases are as follows:

- (i) Parties are to file all the necessary documents for the appeal before 17.4.2014 and
- (ii) The next case management date will be on 17.4.2014.

Notes To The Financial Statements

For The Year Ended 31 December 2013

31 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 2013, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Realised	569,153,708	532,504,685	283,780,729	270,205,032
Unrealised	(16,541,998)	(18,216,867)	(9,863,066)	(7,279,230)
	552,611,710	514,287,818	273,917,663	262,925,802

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.

32 Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 15 April 2014.

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 58 to 112 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 2013 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with Financial Reporting Standards issued by the Malaysian Accounting Standards and the requirements of the Companies Act, 1965.

The supplementary information set out in Note 31 as page 112 have been prepared in accordance with the guidance as Special Matters No.1, refer matters of realised and unrealised profit or loss in the context Disclosure Pursuant to Bursa Malaysia Security Listing Requirements as owned by the Malaysian Institutes of Accountants.

Signed in accordance with a resolution of the Board of Directors dated 15 April 2014



Dato' Kamaruddin bin Mohammed
Chairman



Tee Cheng Hua
Executive Director

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

I, Asmin binti Yahya, being the Officer primarily responsible for the financial management of Far East Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 58 to 112 are, to the best of my knowledge and belief, 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

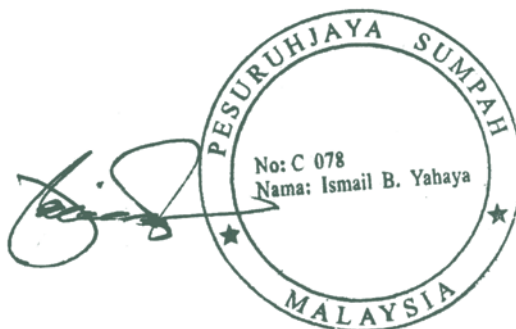
Subscribed and solemnly declared by the abovenamed Asmin binti Yahya

At: Kuantan

On: 15 April 2014

Before me:

Commissioner for Oaths



B-8, Tingkat 2,
Lorong Tun Ismail 1,
Sri Dagangan 2,
25000 Kuantan, Pahang.

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 2013 of the Group and of the Company, and the statements of profit or loss and other 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 58 to 112.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Independent Auditors' Report To The Members Of Far East Holdings Berhad

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 financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other reporting responsibilities

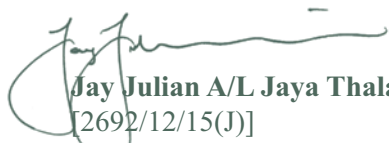
The supplementary information set out in Note 31 on page 106 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad (Bursa Malaysia) and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia. 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



Jay Julian A/L Jaya Thalagah
[2692/12/15(J)]
Partner of the firm
Kuantan 15 April 2014

Shareholdings Structure

As At 30 April 2014

TOP THIRTY (30) SECURITIES ACCOUNT HOLDERS

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

	NAMES	NRIC/ REGISTRATION NO.	NO. OF SHARES	%
1	AMSEC NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR PROSPER TRADING SDN BHD>	102918T	23,054,400	16.31
2	LEMBAGA KEMAJUAN PERUSAHAAN PERTANIAN NEGERI PAHANG	LKPPNPECT71971	22,807,800	16.13
3	LEMBAGA KEMAJUAN PERUSAHAAN PERTANIAN NEGERI PAHANG	LKPPNPECT71971	12,793,000	9.05
4	HIKMAT ELIT SDN BHD	562277U	8,900,200	6.29
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	6,940,000	4.91
8	DELUXE ERA SDN BHD	845421X	2,874,100	2.03
9	HIKMAT ELIT SDN BHD	562277U	2,733,600	1.93
10	KAMARUDDIN BIN MOHAMMED	481124-06-5173	2,700,000	1.91
11	PROSPER TRADING SDN BERHAD	TEM144561	2,603,600	1.84
12	HDM NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR TEE KIM TEE @ TEE CHING TEE (M09)	41117T	2,528,700	1.79
13	TEE CHENG HUA	540601-10-5749	2,124,000	1.50
14	BUDI-JS PLANTATION MANAGEMENT SDN BERHAD	248375P	1,647,200	1.17

Shareholdings Structure

As At 30 April 2014

NAMES		NRIC/ REGISTRATION NO.	NO. OF SHARES	%
15	AFFIN NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR TEE KIM TEE @ TEE CHING TEE (TEE0063C)	457450U	1,536,000	1.09
16	TEE CHING CHAN	620113-10-5819	959,400	0.68
17	HAN KEE JUAN	510913-01-6067	948,500	0.67
18	MERGEBOOM (M) SDN BHD	261276X	861,200	0.61
19	AMANAH SAHAM PAHANG BERHAD	017251P	779,100	0.55
20	MAN FOH @ CHAN MAN FOH	570306-06-5099	728,000	0.51
21	TEE CHENG HU	631115-10-5197	723,400	0.51
22	TEE LIP HIAN	730303-10-5171	686,600	0.49
23	ANG KIM SENG @ ANG ENG HOCK	511009-10-5437	682,600	0.48
24	NOWAWI BIN ABDUL RAHMAN	551126-06-5207	678,000	0.48
25	TEE CHAIN YEE	770810-10-5420	675,000	0.48
26	YEOH KEAN HUA	381021-08-5229	659,800	0.47
27	YEW PENG DU	730117-10-5477	555,000	0.39
28	TEE LIP SIN	710501-10-6089	550,900	0.39
29	TEE KIM TEE @ TEE CHING TEE	480727-10-5379	520,300	0.37
30	TEE LIP JEN	830525-10-5407	519,900	0.37

Shareholdings Structure

As At 30 April 2014

INFORMATION ON SUBSTANTIAL SHAREHOLDERS (COMBINED ACCOUNT)

Nos.	Names Of Substantial Shareholders	Direct Holdings	
		No	%
1	LEMBAGA KEMAJUAN PERUSAHAAN PERTANIAN NEGERI PAHANG		
	<u>Share held through:-</u>		
	Own Account	22,807,800	16.13
	Own Account	12,793,000	9.05
		35,600,800	25.18
2	PROSPER TRADING SDN BERHAD		
	<u>Share held through:-</u>		
	Own Account	7,894,920	5.58
	Own Account	2,603,600	1.84
	AMSEC Nominees (Tempatan) Sdn Bhd	23,054,400	16.31
		33,552,920	23.73
3	HIKMAT ELIT SDN BHD		
	<u>Share held through:-</u>		
	Own Account	8,900,200	6.29
	Own Account	2,733,600	1.93
		11,633,800	8.23
4	LKPP CORPORATION SDN BHD		
	<u>Share held through:-</u>		
	Own Account	8,300,280	5.87
	TA Nominees (Tempatan) Sdn Bhd	121,000	0.09
		8,421,280	5.96

Shareholdings Structure As At 30 April 2014

INFORMATION ON DIRECTORS SHAREHOLDING

Nos.	Names Of Directors	Direct Holdings		Indirect Holdings	
		No	%	No	%
1	YH DATO' KAMARUDDIN BIN MOHAMMED <i>Share held through:- Individual Account -</i>	2,700,000	1.91	(a) 500,000	0.35
	<i>Notes: (a) By Virtue of Ybg Datin Kalsom bt Ahmad is his spouse</i>			(b) 100,000	0.07
	<i>(b) By Virtue of Khairatun Amirah bt Kamaruddin is his daughter</i>	2,700,000	1.91	600,000	0.42
2	MR TEE KIM TEE @ TEE CHING TEE <i>Share held through:-</i>			-	-
	<i>Individual Account</i>	119,400	0.08		
	<i>Individual Account</i>	520,300	0.37		
	<i>HDM Nominees (Tempatan) Sdn Bhd</i>	2,528,700	1.79		
	<i>Affin Nominees (Tempatan) Sdn Bhd</i>	1,536,000	1.09		
		4,704,400	3.33		
3	MR TEE CHENG HUA <i>Share held through:-</i>			-	-
	<i>Individual Account</i>	2,124,000	1.50		
		2,124,000	1.50		
4	EN KHAIRUL AZAHAR BIN ARIFFIN <i>Share held through:-</i>			-	-
	<i>Individual Account</i>	10,000	0.01		
		10,000	0.01		

Shareholdings Structure

As At 30 April 2014

Nos.	Names Of Directors	Direct Holdings		Indirect Holdings	
		No	%	No	%
5	HASHIM NAINA MERICAN BIN YAHAYA MERICAN <i>Share held through:- Individual Account</i>			-	-
		10,000	0.01		
		10,000	0.01		
6	TEE LIP TENG <i>Share held through:- Individual Account Individual Account</i>			-	-
		100,000	0.07		
		200,000	0.14		
		300,000	0.21		
7	YH DATO' TAN BING HUA <i>Notes: (a) By Virtue of Datin Cho Kwai Lin is his spouse</i>				
				44,000	0.03
				44,000	0.03
8	YH DATO' WAN BAKRI BIN WAN ISMAIL	-	-	-	-

Shareholdings Structure

As At 30 April 2014

DISTRIBUTION TABLE A

CATEGORY	NO. OF HOLDERS	%	NO. OF SHARES	%
Less than 100	12	0.63	300	0.00
100 - 1,000	309	16.24	179,800	0.13
1,001 - 10,000	1,274	66.95	4,447,100	3.15
10,001 - 100,000	237	12.45	6,313,700	4.46
100,001 to less than 5% of issued shares	65	3.42	46,698,500	33.03
5% and above of issued shares	6	0.31	83,750,600	59.23
TOTAL	1,903	100.00	141,390,000	100.00

ANALYSIS OF EQUITY STRUCTURE

CATEGORY	NO. OF HOLDERS	%	NO. OF SHARES	%
1) GOVERNMENT AGENCY	3	0.16	36,093,100	25.53
2) BUMIPUTRA :				
a) Individuals	110	5.78	4,976,000	3.52
b) Companies	23	1.21	16,334,080	11.55
c) Nominees Company	73	3.84	25,184,859	17.81
3) NON-BUMIPUTRA :				
a) Individuals	1,556	81.77	26,788,475	18.95
b) Companies	33	1.73	27,930,020	19.75
c) Nominees Company	60	3.15	3,273,200	2.31
	1,858	97.64	140,579,734	99.42
4) FOREIGN :				
a) Individuals	26	1.36	208,866	0.15
b) Companies	1	0.05	8,800	0.01
c) Nominees Company	18	0.95	592,600	0.42
FOREIGN TOTAL	45	2.36	810,266	0.58
GRAND TOTAL	1,903	100.00	141,390,000	100.00

Group Properties

Location	Title	Tenure (Leasehold period till year)	Area (Hec)	Usage	Date of Revaluation	Net Book Value @ 31.12.2013
Far East Holdings Berhad						
Ladang Sg. Seraya Daerah Rompin Pahang Darul Makmur	H.S(D) 61	2079	161.87	Oil Palm Plantations	31.12.2010	
	H.S(D) 62	2079	259.00			
	H.S(D) 63	2079	230.67			
	H.S(D) 64	2079	190.20			
	PN 16273	2103	60.57			
	PN 16839	2103	10.22			
Ladang Bukit Jin Daerah Bera Pahang Darul Makmur	H.S(D) 3171	2079	420.87	Oil Palm Plantations	31.12.2010	
	H.S(D) 3172	2079	420.87			
	H.S(D) 3173	2079	190.20			
	H.S(D) 3174	2079	230.67			
	H.S(D) 3175	2079	274.79			
	H.S(D) 3176	2079	8.50			
	H.S(D) 3177	2079	384.45			
	H.S(D) 3178	2079	36.42			
	H.S(D) 3179	2079	68.80			
	H.S(D) 3180	2079	68.80			
Ladang Sg Rasau Daerah Pekan Pahang Darul Makmur	H.S(D) 1971	2079	118.04	Agriculture	31.12.2010	
Ladang Sg Batu Daerah Kuantan Pahang Darul Makmur	H.S(D) 23609	2103	874.75	Oil Palm Plantations	31.12.2010	
	H.S(D) 42974	2112	33.26			
Ladang Chengal Daerah Rompin Pahang Darul Makmur	H.S(D) 4147	2106	1,103.01	Oil Palm Plantations	31.12.2010	
	H.S(D) 4148	2106	1,096.99			
Bandar Indera Mahkota	PN 7721	2096	8.82	Building		
	PN 7722	2096	2.65			
			6,254.42	250,358		
Dawn Oil Palm Plantations Sdn Bhd						
Ladang Dawn Daerah Rompin Pahang Darul Makmur	H.S(D) 3718	2071	139.00	Oil Palm Plantations	31.12.2010	
	H.S(D) 3719	2071	11.33			
	H.S(D) 3772	2072	236.34			
	H.S(D) 3773	2072	14.57			
	H.S(D) 11	2075	297.85			
	H.S(D) 18	2076	133.14			
	H.S(D) 57	2079	242.81			
	H.S(D) 58	2079	178.06			
	H.S(D) 4115	2103	114.18			
	PN 7815	2103	218.90			
PN17098	2103	23.77				
		220.06*				
Ladang Cempaka Daerah Bera Pahang Darul Makmur	H.S(D) 988	2096	452.60	Oil Palm Plantations	31.12.2010	
			2,282.61	70,999		

Group Properties

Location	Title	Tenure (Leasehold period till year)	Area (Hec)	Usage	Date of Revaluation	Net Book Value @ 31.12.2013
B.S. Oil Palm Plantations Sdn Bhd						
Ladang Bukit Serok Daerah Rompin Pahang Darul Makmur	H.S(D) 8	2075	350.46	Oil Palm Plantations	31.12.2010	
	H.S(D) 16	2076	346.82			
	H.S(D) 50	2085	357.80			
	H.S(D) 59	2079	171.99			
	H.S(D) 60	2079	248.88			
	H.S(D) 3716	2071	136.38			
	H.S(D) 3717	2071	137.19			
	H.S(D) 3741	2071	290.16			
	PN 17048	2103	27.79			
			44.65*			
		45.89*				
2,158.01						64,782
Kampong Aur Oil Palm Company (Sdn.) Berhad						
Ladang Kampong Aur Daerah Rompin Pahang Darul Makmur	H.S(D) 3896	2070	123.83	Oil Palm Plantations	31.12.2010	
	H.S(D) 3708	2070	118.98			
	H.S(D) 3709	2070	242.41			
	H.S(D) 3781	2073	64.75			
	H.S(D) 3780	2073	260.62			
	H.S(D) 3886	2074	419.26			
	H.S(D) 38	2077	407.12			
	H.S(D) 74	2079	283.29			
	H.S(D) 75	2079	137.60			
	PN 16917	2103	35.57			
2,093.43						65,293
Madah Perkasa Sdn Bhd						
Ladang Sg Marung Daerah Rompin Pahang Darul Makmur	PN 16812	2095	878.70	Oil Palm Plantations	31.12.2010	
	PN 17988	2095	665.40			
Ladang Sg Gayung Daerah Rompin Pahang Darul Makmur	PN 17986	2095	1,039.80	Oil Palm Plantations	31.12.2010	
	PN 17987	2095	1,898.80			
4,482.70						167,673

Group Properties

Location	Title	Tenure (Leasehold period till year)	Area (Hec)	Usage	Date of Revaluation	Net Book Value @ 31.12.2013
Far East Delima Plantations Sdn. Bhd.						
Ladang Delima Daerah Rompin Pahang Darul Makmur	H.S(D) 4568**	2103	2,380.85	Oil Palm Plantations	31.12.2010	
2,380.85						49,928
Ladang Rangkaian Daerah Rompin Pahang Darul Makmur	H.S(D) 4805**	2112	728.45	Oil Palm Plantations	31.12.2010	
	H.S(D) 4806**	2112	687.98			
1,416.43						10,071
Kilang Kosfarm Sdn Bhd	H.S(D) 3896***	2070	123.83	Building and Oil Palm Plantations		
123.83						449
21,192.28						679,553

Notes:

* The land is approved, title yet to be issued

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

*** Sublease from Kampong Aur Oil Palm Company (Sdn.) Berhad up to 2050



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 40th 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, 11 June 2014 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy to vote on the resolution as indicate with (X) in the space provided to be cast, my/our proxy will note or abstain as he/she thinks fit.

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

Signed this _____ day of _____ 2014.

Total Shares Held

Signature(s)/Company Seal _____

Witness* _____

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

STAMP

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

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Pahang Darul Makmur
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