



CONTENTS

2	Notice of Annual General Meeting	10	Board of Directors
5	Statement Accompanying Notice of Annual General Meeting	12	Directors' Profile
6	Corporate Information	21	Senior Management
7	Location of Operations	22	Financial Calendar
8	Corporate Structure	23	Group Financial Summary
9	Estate Structure	25	Plantation Matrix

42ND

ANNUAL GENERAL MEETING

 The Zenith Hotel
Jalan Putra Square 6
25200 Kuantan
Pahang Darul Makmur

 25
25 May 2016
Wednesday

 10.00 a.m.

26	Group Executive Chairman's Statement	56	Statement on Risk Management and Internal Control
32	Management's Discussion and Analysis	59	Statement of Directors' Responsibilities
37	Audit Committee Report	60	Financial Statements
43	Corporate Governance Statement	107	Shareholdings Structure
51	Recurrent Related Party Transactions	111	Group Properties
55	Additional Compliance Statements		Proxy Form

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 42nd 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, 25 May 2016 at 10.00 a.m. to transact the following businesses:-

AGENDA

As Ordinary Business

- | | |
|---|-------------------------------|
| 1. To receive the Audited Reports and Financial Statements of the Company for the financial year ended 31 December 2015 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 2015 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) Encik Hashim Naina Merican bin Yahaya Merican | Ordinary Resolution 2 |
| (ii) Mr Tee Lip Teng | Ordinary Resolution 3 |
| 4. To re-elect the following Directors who retire pursuant to Article 102 of the Company's Articles of Association:- | |
| (i) YH Dato' Jamaluddin bin Abd Majid | Ordinary Resolution 4 |
| (ii) Encik Nik Mohamed Zaki bin Nik Yusoff | Ordinary Resolution 5 |
| 5. To consider and, if thought fit, pass the following resolution pursuant to section 129(6) of the Companies Act, 1965 as ordinary resolution:- | Ordinary Resolution 6 |
| " That pursuant to Section 129(6) of the Companies Act, 1965, YH Dato' Tan Bing Hua be and is hereby re-appointed Director of the Company to hold office until the next Annual General Meeting of the Company". | |
| 6. To approve the payment of Directors' fees for the financial year ended 31 December 2015. | Ordinary Resolution 7 |
| 7. To re-appoint Messrs McMillan Woods Thomas as auditors for the coming year and to authorise the Directors to fix their remuneration. | Ordinary Resolution 8 |

As Special Business

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

- | | |
|--|------------------------------|
| 8. Proposed Renewal of Shareholders' Mandate In Respect of Recurrent Related Party Transactions of a Revenue or Trading Nature | Ordinary Resolution 9 |
|--|------------------------------|

"That the mandate granted by the shareholders of the Company on 10 June 2015 pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, authorising the Company to enter into recurrent transactions of a revenue nature as set in paragraph 2.1 of the Circular to Shareholders dated 25 April 2016 ("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."

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a final single tier dividend of 15 sen per share for the financial year ended 31 December 2015 if approved by the shareholders at the Annual General Meeting will be paid on 29 June 2016 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 9 June 2016.

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 7 June 2016 (in respect of share which are exempted from mandatory deposit);
- b) Shares transferred into Depositor's Securities Account before 4.00 p.m. on 9 June 2016 (in respect of ordinary shares); and
- c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

ASMIN BINTI YAHYA (MIA 10161)

NOOR ANISAH BINTI SABARUDIN (LS 0008153)

Company Secretaries
Kuantan, Pahang

Date: 25 April 2016

Notice of Annual General Meeting

Notes On Proxy

1. Depositors who appear in the Record of Depositors as at 19 May 2016 (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 42nd Annual General Meeting or appoint a proxy or proxies to attend and vote on his behalf.
2. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. To be valid, the duly completed form of proxy must be deposited at the registered office of the Company, Suite 5 & 6, Tingkat 8, Kompleks Teruntum, Jalan Mahkota, 25000 Kuantan, Pahang Darul Makmur, not less than 48 hours before the time for holding the meeting.
4. A member who is an authorised nominee may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. A member other than an authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
6. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
7. If the appointor is a corporation, the form of proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
8. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiples beneficial owners in one (1) securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
9. Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

Explanatory Notes on

Ordinary Business - 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 9

Proposed Renewal of Shareholders’ Mandate For Recurrent Related Party Transactions of A Revenue Nature

This proposed Resolution 9, if passed, will enable the Company to enter into recurrent related party transactions involving related parties which are of a revenue nature and necessary for the Group’s day-to-day operations, subject to transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. For further information, please refer to the Circular to Shareholders’ dated 25 April 2016 accompanying the Company’s Annual Report for the financial year ended 31 December 2015.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Names of Retiring Directors:

Article 97 of the Company's Articles of Association	i) Encik Hashim Naina Merican bin Yahaya Merican ii) Mr Tee Lip Teng
Article 102 of the Company's Articles of Association	i) YH Dato' Jamaluddin bin Abd Majid ii) Encik Nik Mohamed Zaki bin Nik Yusoff
Pursuant to Section 129(6) of the Companies Act, 1965	i) YH Dato' Tan Bing Hua

The details of the abovenamed Directors who are standing for re-election/re-appointment are set out in the Directors' profiles (pages 12 to 20 of the Annual Report); while their securities holdings (where applicable) are set out in the Analysis of Shareholdings – Directors' Interests in the Company and Related Corporations (page 109 of the Annual Report).

Place, date and time of the 42nd Annual General Meeting:

The 42nd Annual General Meeting of the Company will be held at The Zenith Hotel, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur on Wednesday, 25 May 2016 at 10.00 a.m.

Details of Attendance of Directors at Board Meetings:

A total of eight (8) Board Meetings were held during the financial year ended 31 December 2015. 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' Sri Kamaruddin bin Mohammed	8/8	16/08/2002	-
YH Dato' Wan Bakri bin Wan Ismail	8/8	17/03/2014	-
YH Dato' Tan Bing Hua	8/8	23/07/2012	-
YH Dato' Jamaluddin bin Abd Majid	4/4	08/07/2015	-
Mr Tee Kim Tee @ Tee Ching Tee	8/8	16/08/2002	-
Mr Tee Cheng Hua	8/8	16/08/2002	-
En Hashim Naina Merican bin Yahaya Merican	8/8	13/08/2009	-
Mr Tee Lip Teng	8/8	23/07/2012	-
En Nik Mohamed Zaki bin Nik Yusoff	4/4	08/07/2015	-
En Khairul Azahar bin Ariffin	4/4	23/07/2007	10/06/2015

CORPORATE INFORMATION

BOARD OF DIRECTORS

YH Dato' Sri Kamaruddin bin Mohammed

Group Executive Chairman
Non-Independent, Executive Director

YH Dato' Wan Bakri bin Wan Ismail

Non-Independent, Non-Executive Director

YH Dato' Tan Bing Hua

Independent, Non-Executive Director

YH Dato' Jamaluddin bin Abd Majid

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 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

En Nik Mohamed Zaki bin Nik Yusoff

Independent, Non-Executive Director

SENIOR MANAGEMENT TEAM

YH Dato' Sri Kamaruddin bin Mohammed

Group Executive Chairman

Mr Tee Cheng Hua

Executive Director, Plantations

Puan Asmin binti Yahya

General Manager

Encik Adnan bin Mustafa

Senior Regional Manager, Zone A

Encik Nazaruddin bin Hasim

Senior Regional Manager, Zone B

Tuan Haji Ahmad Ghazalli bin Johari

Senior Manager,
Estate Management

Puan Noor Anisah binti Sabarudin

Manager, Secretarial
& Corporate Affairs

Encik Zahari bin Jaafar

Manager, Internal Audit

Puan Rosliha binti Husin

Manager, Finance

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

Email : 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

Email : fareast@fareh.po.my

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd

Level 6, Symphony House,

Pusat Dagangan Dana 1,

Jalan PJU 1A/46,

47301 Petaling Jaya,

Selangor Darul Ehsan.

Tel : 03-7849 0777

Fax : 03-7841 8151 / 52

Email : ssr.helpdesk@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)

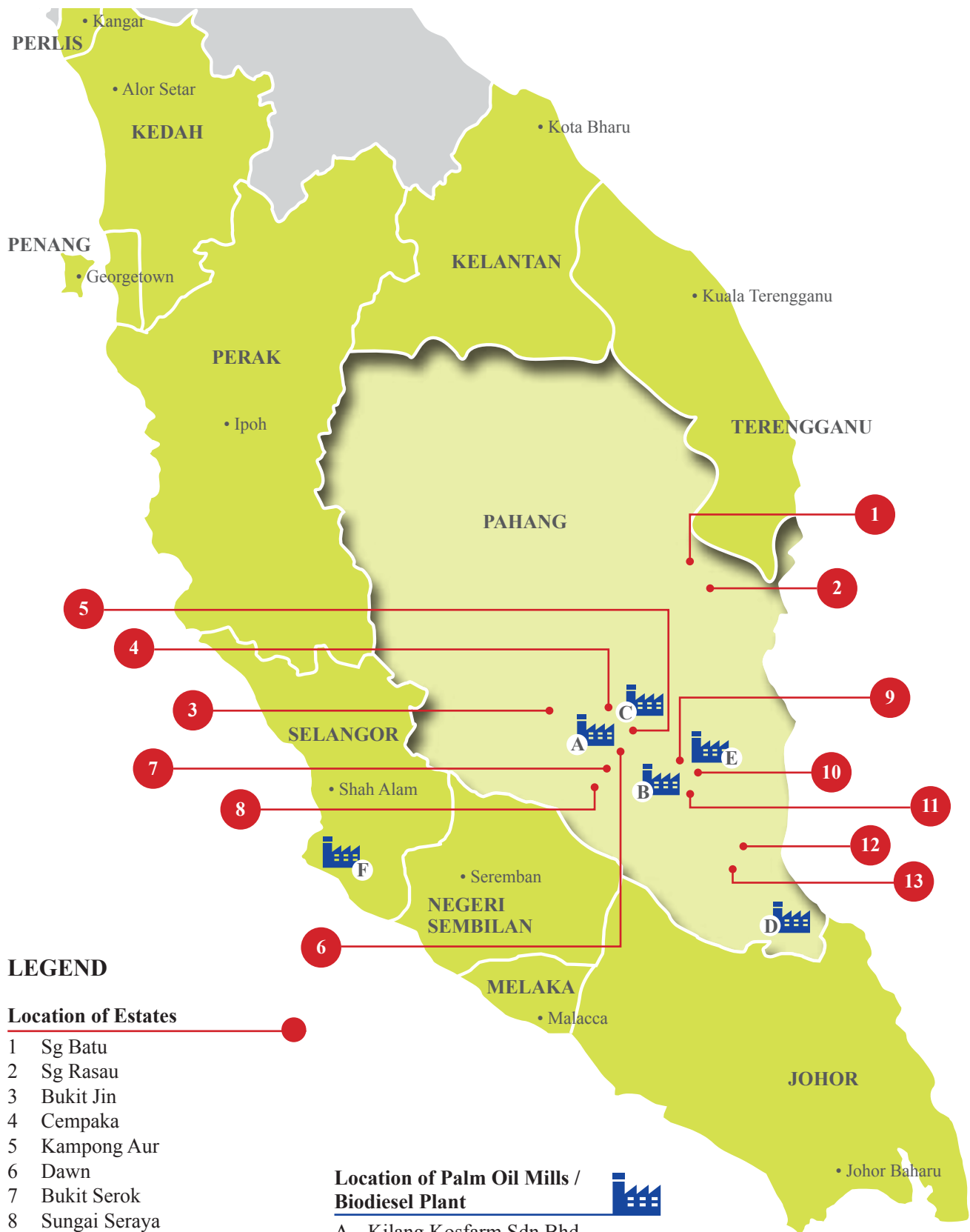
Mahkota Square,

Jalan Mahkota,

25000 Kuantan,

Pahang Darul Makmur.

LOCATION OF OPERATIONS



LEGEND

Location of Estates

- 1 Sg Batu
- 2 Sg Rasau
- 3 Bukit Jin
- 4 Cempaka
- 5 Kampong Aur
- 6 Dawn
- 7 Bukit Serok
- 8 Sungai Seraya
- 9 Chengal
- 10 Sg Gayung
- 11 Sg Marung
- 12 Delima
- 13 Rangkaian

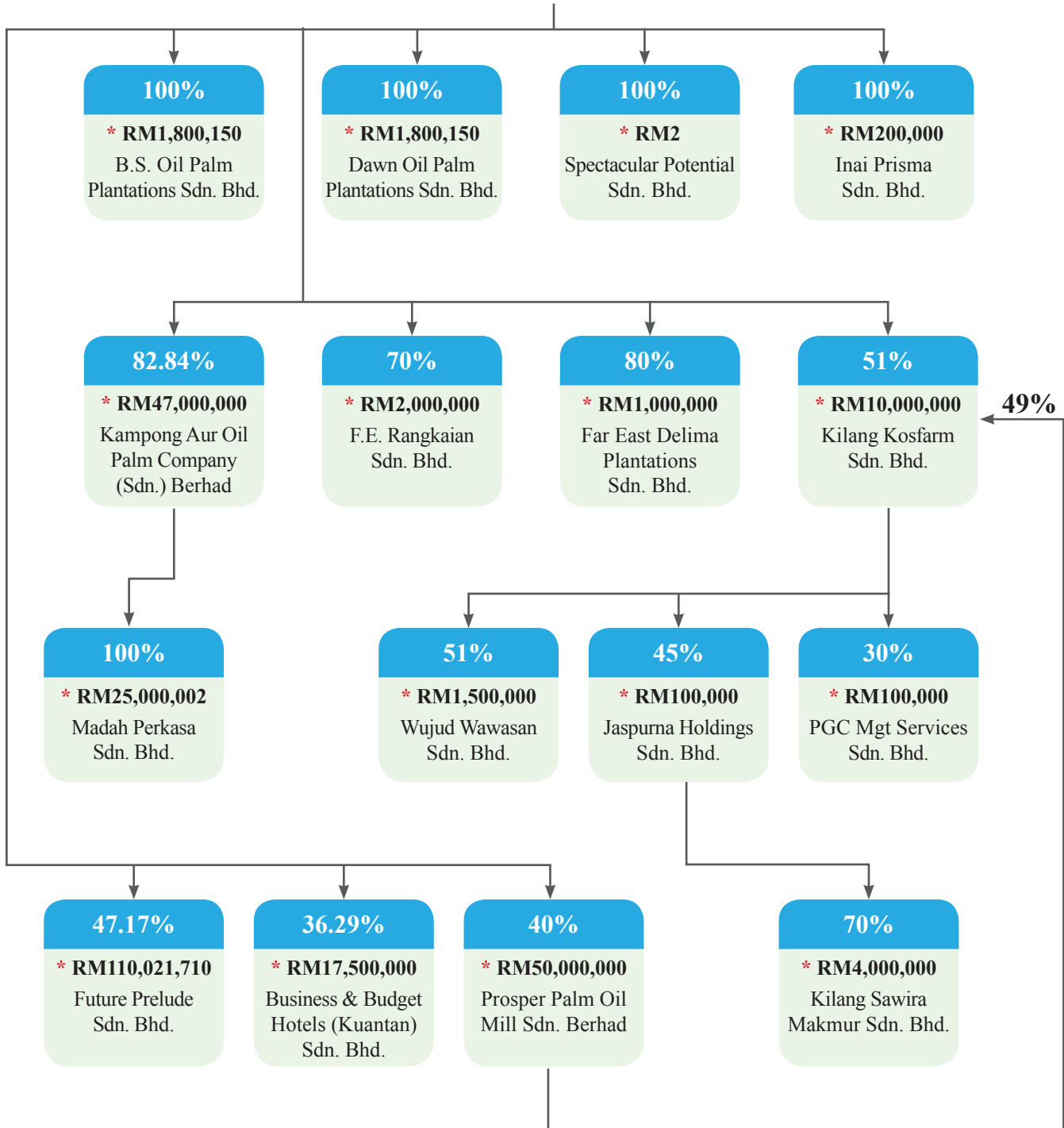
Location of Palm Oil Mills / Biodiesel Plant

- A Kilang Kosfarm Sdn Bhd
- B Kilang Sawira Makmur Sdn Bhd
- C Wujud Wawasan Sdn Bhd
- D Endau Palm Oil Mill Sdn Bhd
- E Rompin Palm Oil Mill Sdn Bhd
- F Future Prelude Sdn Bhd

CORPORATE STRUCTURE

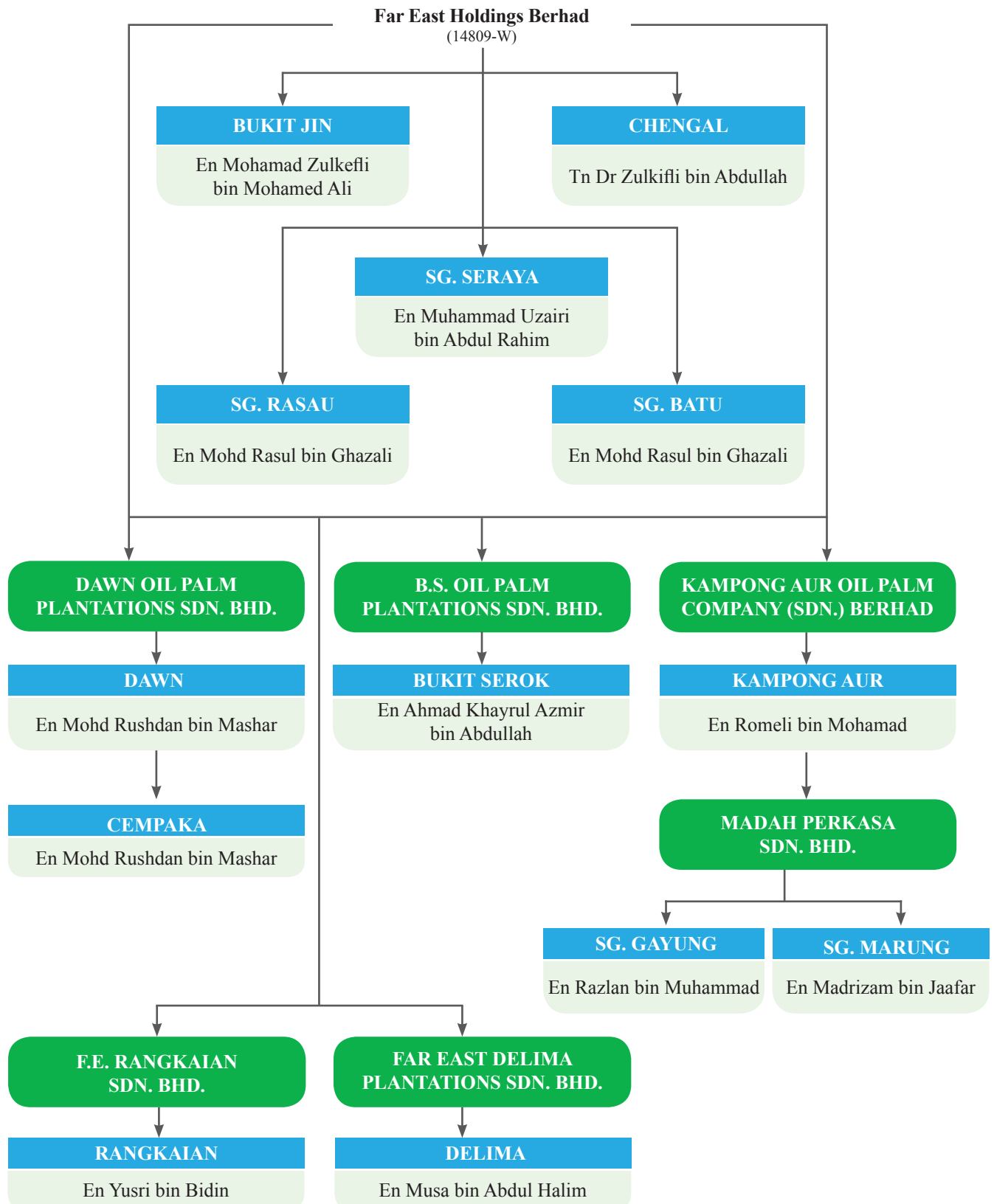


Far East Holdings Berhad
(14809-W)



* Paid up share capital

ESTATE STRUCTURE



BOARD OF DIRECTORS



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

**YH Dato' Sri Kamaruddin
bin Mohammed**
Group Executive Chairman
Non-Independent, Executive Director

**YH Dato' Jamaluddin
bin Abd Majid**
Non-Independent,
Non-Executive Director

YH Dato' Tan Bing Hua
Independent,
Non-Executive Director

**En Nik Mohamed Zaki
bin Nik Yusoff**
Independent,
Non-Executive Director

Board of Directors



Mr Tee Lip Teng
Non-Independent,
Non-Executive Director

Mr Tee Cheng Hua
Non-Independent,
Executive Director

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

**En Hashim Naina Merican
bin Yahaya Merican**
Independent,
Non- Executive Director

DIRECTORS' PROFILE

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

Age

68

Nationality

Malaysian

Qualification

- A Business graduate from MARA College (UiTM).
- Professional graduate in Investment Analysis from the Securities Institute of Australia, Sydney, Australia in 1972.
- A Fellow Member of The Securities Institute of Australia (FSIA).
- Management graduate from the Asian Institute of Management, Manila, Philippines.
- A Senior Fellow of the Financial Services Institute of Australasia (SF Fin).

Position on the FEHB Board

- Group Executive Chairman
- Non-Independent Executive Director

Date first appointment to the FEHB Board

16 August 2002

Membership of FEHB Board Committees

Chairman of Remuneration Committee

Working experience

- Vast experience in Investment Management, Finance & Corporate Restructuring and Management. Worked over 40 years in ASMB (now Pelaburan MARA Berhad - PMB)
- Group Managing Director of ASMB (PMB) from December 1995 until April 2008.
- Deputy Chairman cum Advisor of ASMB (PMB) from May 2008 to 30 April 2010.

Any other directorships in public companies

- Pascorp Paper Industries Berhad
- Amanah Saham Pahang Berhad

Securities holdings in FEHB and subsidiaries

- Direct - 2,700,000
- Indirect - 600,000

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

Nil

List of conviction for offences within the past 10 years other than traffic offences, if any

Nil

Number of FEHB Board Meetings attended in the financial year

All eight meetings

Directors' Profile

YH Dato'
Wan Bakri bin
Wan Ismail
 DSAP, DIMP, AMP, PKT

Age

62

Nationality

Malaysian

Qualification

Bachelor of Social Science (Hons) majoring in Political Science from University Science Malaysia in 1994.

Position on the FEHB Board

Non-Independent Non-Executive Director

Date first appointment to the FEHB Board

17 March 2014

Membership of FEHB Board Committees

None

Working experience

- Started his career with Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang ("LKPP") in 1969.
- He sits on the Board of Tanah Makmur Berhad and in a few private limited companies.
- He is currently the General Manager of LKPP.

Any other directorships in public companies

- Tanah Makmur Berhad
- Astral Asia Berhad

Securities holdings in FEHB and subsidiaries

Nil

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

Nil

List of conviction for offences within the past 10 years other than traffic offences, if any

Nil

Number of FEHB Board Meetings attended in the financial year

All eight meetings

Directors' Profile

YH Dato'
Tan Bing Hua
DIMP

Age

72

Nationality

Malaysian

Qualification

- B.A (Hons) degree from the University of Malaya.
- LL.B (Hons) degree from the University of London.
- Barrister-at-Law from Lincoln's Inn, England.

Position on the FEHB Board

Independent Non-Executive Director

Date first appointment to the FEHB Board

23 July 2012

Membership of FEHB Board Committees

- Chairman of Nomination Committee
- Member of Audit Committee

Working experience

- Started his career with Bank Negara Malaysia from 1969 to 1982.
- He practised law at Amin-Tan & Co in Kuala Lumpur from 1987 to 2012.

Any other directorships in public companies

Hua Yang Berhad

Securities holdings in FEHB and subsidiaries

Indirect - 44,000

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

Nil

List of conviction for offences within the past 10 years other than traffic offences, if any

Nil

Number of FEHB Board Meetings attended in the financial year

All eight meetings

Directors' Profile

YH Dato' Jamaluddin bin Abd Majid

DPSK, DSAP, DIMP, PSPP,
JMN, SMS

Age

62

Nationality

Malaysian

Qualification

- Bachelor of Mass Communication at Mara Institute of Technology
- Post Graduate Diploma in Human Resources at University Kebangsaan Malaysia.

Position on the FEHB Board

Non-Independent Non-Executive Director

Date first appointment to the FEHB Board

8 July 2015

Membership of FEHB Board Committees

Member of Audit Committee

Working experience

He served with the Royal Malaysia Police Force from 1975 in various departments until his retirement in 2014, the last post held being Deputy Chief Police Officer of Pahang.

Any other directorships in public companies

KOP Mantap Berhad

Securities holdings in FEHB and subsidiaries

Nil

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

Nil

List of conviction for offences within the past 10 years other than traffic offences, if any

Nil

Number of FEHB Board Meetings attended in the financial year

Four out of eight board meetings
(since his appointment as Director)

Directors' Profile

Mr Tee Kim Tee @ Tee Ching Tee

Age

68

Nationality

Malaysian

Position on the FEHB Board

Non-Independent Non-Executive Director

Date first appointment to the FEHB Board

16 August 2002

Membership of FEHB Board Committees

- Member of Remuneration Committee
- Member of Nomination Committee

Working experience

- Started his career 45 years ago as an estate contractor and FFB dealer.
- He has been involved in palm oil plantations management, palm oil milling and refinery business both as an owner as well as operator over the last 40 years.
- Vast experience in managing palm oil estates.

Any other directorships in public companies

Nil

Securities holdings in FEHB and subsidiaries

Direct - 4,755,900

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

He is the elder brother of Mr Tee Cheng Hua and an uncle of Mr Tee Lip Teng.

List of conviction for offences within the past 10 years other than traffic offences, if any

Nil

Number of FEHB Board Meetings attended in the financial year

All eight meetings

Directors' Profile

Mr Tee Cheng Hua

Age

62

Nationality

Malaysian

Qualification

Bachelor of Mechanical Engineering from University Technology Malaysia.

Position on the FEHB Board

Non Independent Executive Director

Date first appointment to the FEHB Board

16 August 2002

Membership of FEHB Board Committees

None

Working experience

- Engineer with Highlands and Lowlands Bhd.
- Mill Manager/Engineer with Kulim (M) Bhd.
- He is at present the Executive Director of Prosper Group of Companies.

Any other directorships in public companies

Nil

Securities holdings in FEHB and subsidiaries

Direct - 2,124,000

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

He is the younger brother of Mr Tee Kim Tee @ Tee Ching Tee and the father of Mr Tee Lip Teng.

List of conviction for offences within the past 10 years other than traffic offences, if any

Nil

Number of FEHB Board Meetings attended in the financial year

All eight meetings

Directors' Profile

**Encik
Hashim Naina
Merican bin
Yahaya Merican**

Age

65

Nationality

Malaysian

Qualification

- 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 the Malaysian Institute of Accountants.

Position on the FEHB Board

Independent Non-Executive Director

Date first appointment to the FEHB Board

13 August 2009

Membership of FEHB Board Committees

- Chairman of Audit Committee
- Member of Nomination Committee

Working experience

- He started his career as an auditor in 1974 at Price WaterhouseCoopers (formerly known as Coopers & Lybrand).
- He joined Malaysian Oxygen Berhad in 1977 as Internal Auditor.
- He served as Administrative Manager at Hewlett Packard Sales Malaysia Sdn Bhd from 1979 to 1987.
- He joined Rashid Hussein Securities Sdn Bhd as a Dealer Representative in 1987.
- Currently he is a Dealer Representative with TA Securities Holdings.

Any other directorships in public companies

Nil

Securities holdings in FEHB and subsidiaries

Direct - 10,000

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

Nil

List of conviction for offences within the past 10 years other than traffic offences, if any

Nil

Number of FEHB Board Meetings attended in the financial year

All eight meetings

Directors' Profile

Mr Tee Lip Teng

Age

32

Nationality

Malaysian

Qualification

Master of Electronic and Electrical Engineering from University College London, United Kingdom.

Position on the FEHB Board

Non-Independent Non-Executive Director

Date first appointment to the FEHB Board

23 July 2012

Membership of FEHB Board Committees

Member of Remuneration Committee

Working experience

- Electrical Engineer with Hoare Lea, United Kingdom.
- Director, Marketing & Business Development of Prosper Group since 2011.
- Currently he is also the Director of Prosper Palm Oil Product Marketing Sdn Bhd.
- He is also the Executive Director for Future Prelude Sdn Bhd.
- EXCO member of Malaysian Biodiesel Association (“MBA”) since 2015.

Any other directorships in public companies

Nil

Securities holdings in FEHB and subsidiaries

Direct - 300,000

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

He is the son of Mr Tee Cheng Hua and a nephew of Mr Tee Kim Tee @ Tee Ching Tee.

List of conviction for offences within the past 10 years other than traffic offences, if any

Nil

Number of FEHB Board Meetings attended in the financial year

All eight meetings

Directors' Profile

Encik Nik Mohamed Zaki bin Nik Yusoff

Age

52

Nationality

Malaysian

Qualification

Bachelor of Commerce (Honours) from Carleton University Ottawa, Canada in 1985.

Position on the FEHB Board

Independent Non-Executive Director

Date first appointment to the FEHB Board

8 July 2015

Membership of FEHB Board Committees

Member of Audit Committee

Working experience

- Started his career in 1986 in the banking sector at Pacific Bank Berhad and joined Affin Bank Bhd in 1989.
- He later furthered his career at Affin Hwang Investment Bank Bhd as Manager Corporate Banking in 1990 until 1994.
- He was the Group Chief Executive Officer of Pelaburan Mara Bhd ("PMB") from 2008 to 2013 and also previously served as the Chief Executive Officer of the Group's Unit Trust and Fund Management i.e. a subsidiary PMB Investment Bhd. He remains as a Board member and investment committee member to date.
- He is also attached to shariah based private equity firm Musharaka Venture Management Sdn Bhd on an advisory basis and serves on the Board of certain investee companies of Musharaka.

Any other directorships in public companies

PMB Investment Berhad

Securities holdings in FEHB and subsidiaries

Nil

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

Nil

List of conviction for offences within the past 10 years other than traffic offences, if any

Nil

Number of FEHB Board Meetings attended in the financial year

Four out of eight board meetings
(since his appointment as Director)

SENIOR MANAGEMENT



Seated (Left to Right):

Puan Asmin binti Yahya
General Manager

YH Dato Sri' Kamaruddin bin Mohammed
Group Executive Chairman

Mr Tee Cheng Hua
Executive Director, Plantations

Encik Nazaruddin bin Hasim
Senior Regional Manager, Zone B

Standing (Left to Right):

Puan Rosliha binti Husin
Manager, Finance

Encik Zahari bin Jaafar
Manager, Internal Audit

Tuan Haji Ahmad Ghazalli bin Johari
Senior Manager, Estate Management

Encik Adnan bin Mustafa
Senior Regional Manager, Zone A

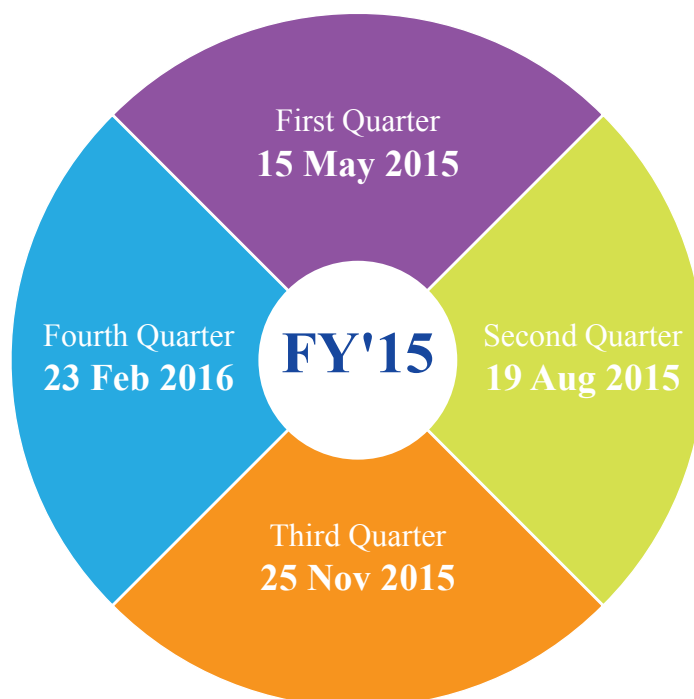
Puan Noor Anisah binti Sabarudin
Manager, Secretarial & Corporate Affairs

FINANCIAL CALENDAR

FINANCIAL YEAR END

31 December 2015

ANNOUNCEMENT OF FINANCIAL RESULTS



PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS

25 April 2016

Notice of Annual General Meeting

25 May 2016 (10.00 a.m.)

Annual General Meeting

DIVIDENDS

	INTERIM	FINAL
Book Closure Announcement Date	25 November 2015	26 April 2016
Entitlement Date	23 December 2015	9 June 2016
Payment Date	15 January 2016	29 June 2016

GROUP FINANCIAL SUMMARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER

	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000
Capital And Reserves					
Share Capital	141,390	141,390	141,390	141,390	139,779
Non-Distributable Reserves	450,832	351,685	354,684	357,684	351,357
Retained Earnings	645,631	612,984	552,612	514,288	470,656
Shareholders' Equity	1,237,853	1,106,059	1,048,686	1,013,362	961,792
Non-Controlling interests	77,375	70,297	70,157	67,909	66,636
	1,315,228	1,176,356	1,118,843	1,081,271	1,028,428
Non Current Assets					
Property, Plant And Equipment	839,517	690,147	686,592	682,739	679,919
Land Held For Disposal	22,413	22,413	29,263	29,263	29,263
Associates	320,583	306,216	292,137	276,292	226,717
Investment	3,000	-	-	-	-
Others Financial Assets	-	-	-	-	41,481
	1,185,513	1,018,776	1,007,992	988,294	977,380
Current Assets	339,922	316,645	289,272	272,096	227,352
Current Liabilities	43,992	29,679	50,071	51,246	49,711
Net Current Assets	295,930	286,966	239,201	220,850	177,641
Non-Current Liabilities					
Hire Purchase	58	-	-	-	-
Deferred Tax Liabilities	166,157	129,386	128,350	127,873	126,593
	1,315,228	1,176,356	1,118,843	1,081,271	1,028,428

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000
Revenue	327,736	428,343	439,781	452,362	479,254
Profit Before Tax	102,354	129,241	108,706	121,702	156,162
Profit After Tax	80,652	104,254	85,371	93,307	129,740

HIGHLIGHTS AS AT 31 DECEMBER

	2015	2014	2013	2012	2011
Earnings Per Share (Sen)	50.41	65.87	52.19	59.69	86.95
Net Tangible Asset Per Share (RM)	8.75	7.82	7.42	7.17	6.88
Current Ratio (Times)	7.73	10.67	5.78	5.31	4.57
Pre-Tax Profit As a Percentage of Sales (%)	31.23	30.17	24.72	26.90	32.58
Pre-Tax Profit As a Percentage of Shareholders' Equity (%)	8.27	11.69	10.37	12.01	16.24

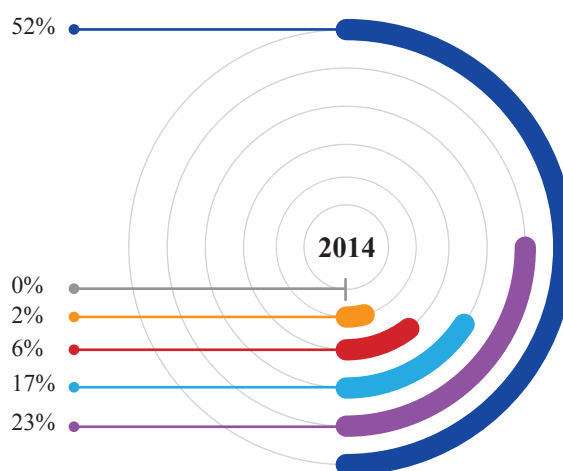
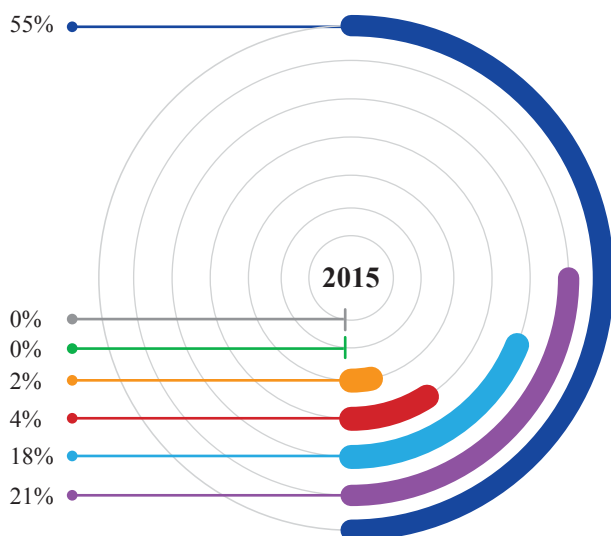
DIVIDENDS DECLARED AND DIVIDEND PAYOUT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER

	2015	2014	2013	2012	2011
Gross dividend (Sen)	25.00	30.00	25.00	25.00	40.00
Dividend payout ratio	50%	45%	48%	42%	46%

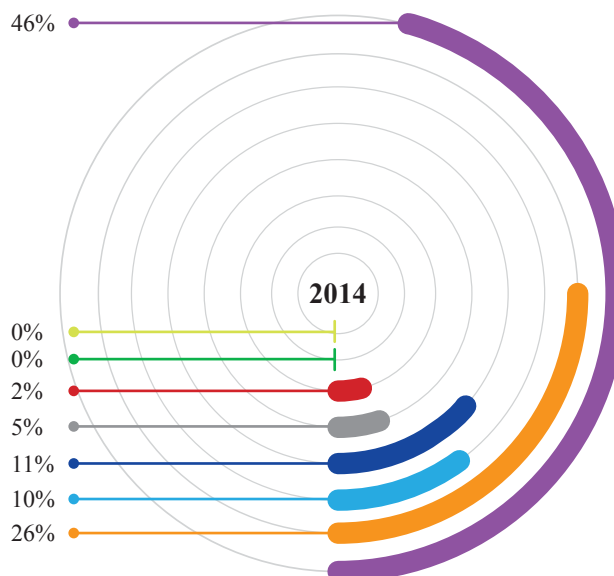
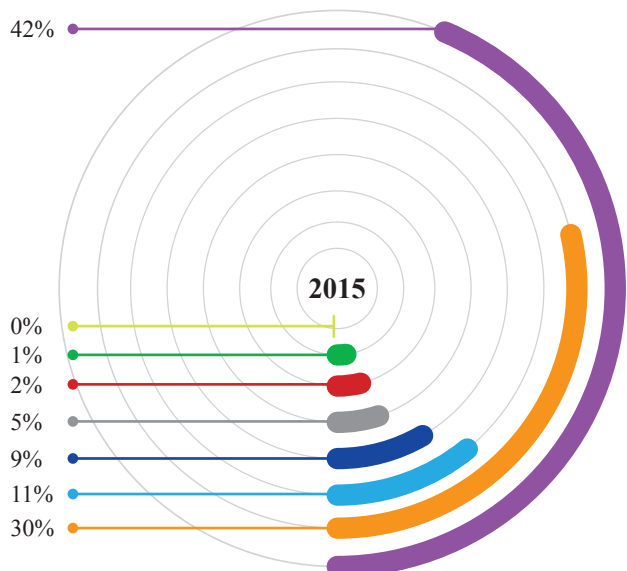
Group Financial Summary

TOTAL ASSETS, LIABILITIES & EQUITIES

Total Assets	2015 RM'000	2014 RM'000
Property, Plant and Equipment	839,517	690,147
Land Held for Disposal	22,413	22,413
Associates	320,583	306,216
Inventories	5,290	5,431
Receivables	58,628	78,693
Deposits, bank and cash	276,004	232,520
Investment	3,000	-

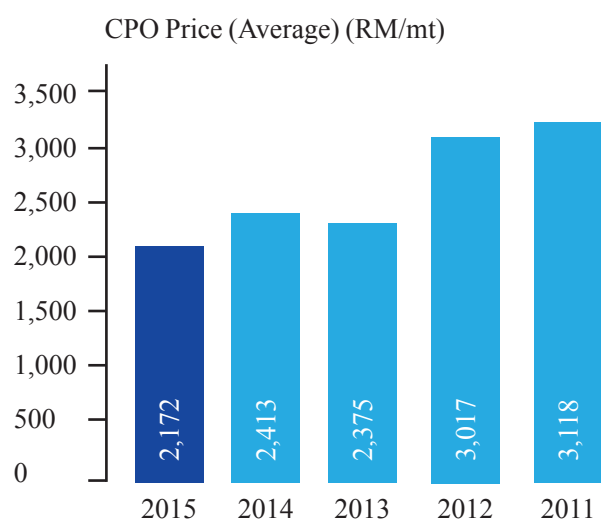
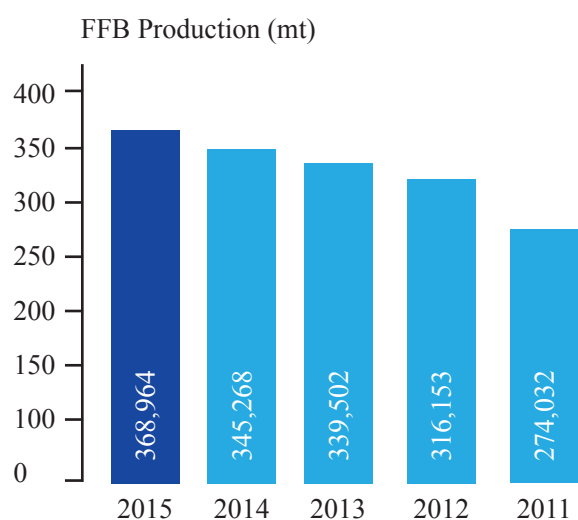
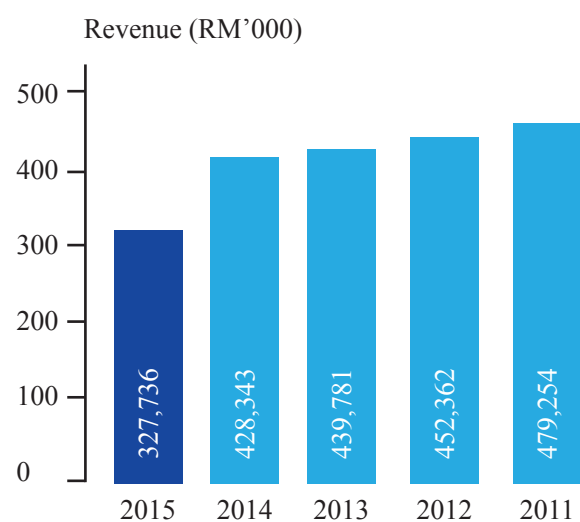
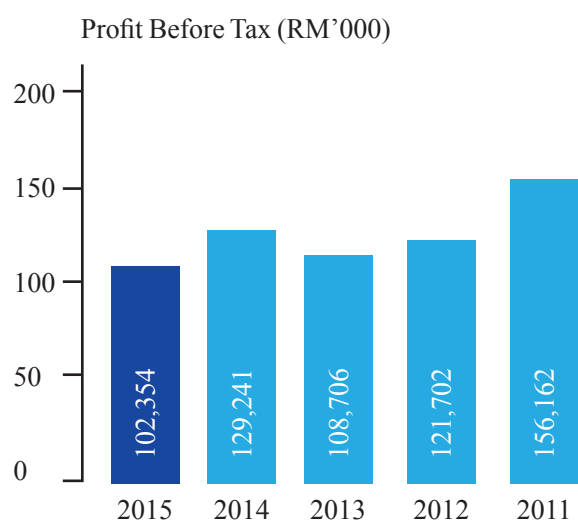


Total Liabilities & Equities	2015 RM'000	2014 RM'000
Share Capital	141,390	141,390
Non-Distributable Reserves	450,832	351,685
Retained Earnings	645,631	612,984
Non-Controlling Interest	77,375	70,297
Payables	29,853	29,679
Deferred Tax Liabilities	166,157	129,386
Dividend Payable	14,139	-
Hire Purchase Creditor	58	-



PLANTATION MATRIX

		2015	2014	2013	2012	2011
Mature Area	Hectare	18,512	18,106	16,927	16,218	15,049
Total Planted Area	Hectare	21,373	21,239	20,768	19,593	19,592
FFB Production	Mt	368,964	345,268	339,502	316,153	274,032
FFB Yield	Mt/ha	19.93	19.07	20.06	19.49	18.21
OER	%	18.86	19.11	18.72	18.89	18.78
CPO Yield	Mt/ha	3.76	3.64	3.75	3.68	3.42
CPO Price (Average)	RM/mt	2,172	2,413	2,375	3,017	3,118
Kernel Recovery Revenue	RM/mt	410	433	354	398	546
CPO Production Cost (Ex-estate)	RM/mt	954	929	963	1,077	950
CPO Production Cost (Exclude Replanting Cost)	RM/mt	1,331	1,306	1,347	1,487	1,410
Profit from CPO & Kernel/Mature Hectare	RM/mt	4,688	5,664	5,417	7,065	7,812



GROUP EXECUTIVE CHAIRMAN'S STATEMENT

“Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the Annual Report for the financial year ended 31 December 2015. Despite challenging economic conditions, especially in the volatile palm oil prices, the Group managed to produce another set of encouraging results. ”



Group Executive Chairman's Statement

FINANCIAL PERFORMANCE

The Group's revenue was down by 23% from RM428.34 million in 2014 to RM327.74 million in 2015 as a result of lower CPO and PK prices. The average CPO and PK prices achieved during the year were RM2,172 per mt and RM1,626 per mt respectively (2014: Average CPO price of RM2,413 per mt and PK price of RM1,737 per mt). The Group registered a profit before tax of RM102.35 million, a decline of 21% compared with the previous year of RM129.24 million. Correspondingly, the Group's earnings per share for the year under review reduced by 23% to 50.41 sen from 65.87 sen registered in the previous year.

The Group is well positioned for growth. The shareholders' fund increased from RM1.11 billion to RM1.24 billion with the net tangible asset per share increased by 93 sen to RM8.75 from RM7.82 in 2014. Our total assets and liabilities stood at RM1.53 billion and RM210.21 million respectively in 2015 with total market capitalisation at RM1.07 billion.

GROUP OPERATIONS HIGHLIGHTS

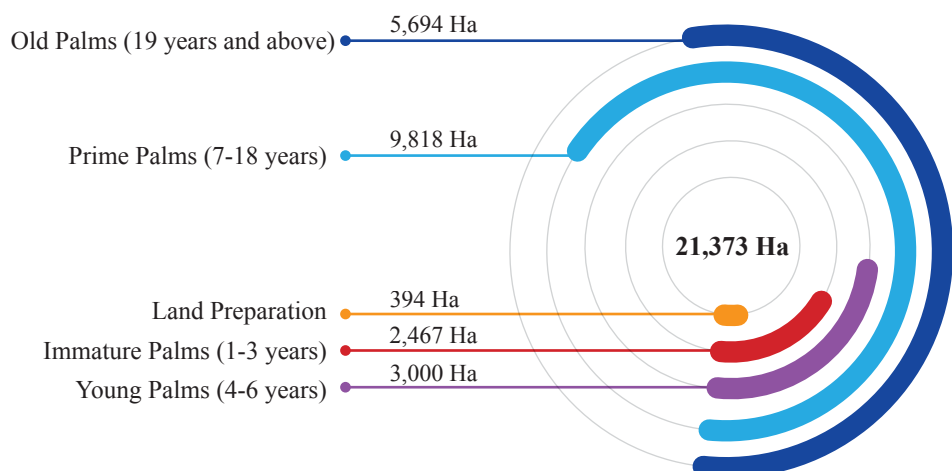
The Group recorded higher production of FFB at 368,964 metric tonnes, an increase of 7% when compared to 345,268 metric tonnes produced in 2014. The total plantation area for the year under review was 21,373 hectares, whilst the matured area for the year under review was 18,512 hectares against the previous year of 18,106 hectares.

The Group achieved a FFB yield of 19.93 metric tonnes per hectare in 2015 compared to 19.07 metric tonnes per hectare in 2014. The Group's full year performance was significantly impacted by the tough operating conditions in 2015. The Group's revenue was adversely impacted by the drastic fluctuation of commodity prices, while the prolonged dry spell in early 2014 severely impacted the production throughout all its estates.

The Group recorded an Oil Extraction Rate ("OER") of 18.86% and Kernel Extraction Rate ("KER") of 4.87% for 2015 compared to 19.11% and 4.88% respectively for 2014. Lower OER achieved in 2015 compared to the preceding year due to newly young palms coming into maturity. The Company will continue to focus on improving the yield per hectare, oil extraction rates and labour productivity in view of rising wages and higher production cost envisage in the coming years.

On the milling business, Kilang Kosfarm Sdn Bhd and its subsidiary Wujud Wawasan Sdn Bhd managed to process 434,200 metric tonnes of FFB which was 9% higher compared to 400,040 metric tonnes FFB processed in the preceding year. The total CPO produced in 2015 increased by 7% to 86,659 metric tonnes, while the production of PK recorded an increase of 5% to 23,710 metric tonnes. On average, the mills achieved an OER and KER of 19.96% and 5.46% respectively (2014: OER of 20.22% and KER of 5.64%).

Hectarage Profile



Group Executive Chairman's Statement



DIVIDENDS

The Board of Directors remains committed to rewarding our valued shareholders with good returns on their investments. Although it has been a particularly challenging year, the Group continues to manage its capital in a proactive manner to enhance value to shareholders.

For the financial year ended 31 December 2015, an interim single tier dividend of ten (10) sen per share was paid on 15 January 2016. The Board of Directors is pleased to recommend for your approval, a final single tier dividend of fifteen (15) sen per share at the forthcoming Annual General Meeting. If approved, the total dividend paid for financial year 2015 would be 25 sen per share. This brings the total payout for the period under review of RM35.35 million, or a net dividend payout ratio of 50%.

The Group retains sufficient cash for the development planned over the next few years, as well as ensure the sustainability of dividend payments during our phase of growth.

CORPORATE GOVERNANCE AND STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

Our aim of delivering sustainable value is guided by our continued focus on Corporate Governance. The Statements on Corporate Governance and Statement of Risk Management and Internal Control are included in our Annual Report to affirm the Board's commitment to ensure that the best possible standards of Corporate Governance are practiced throughout the Group. The statements had been approved by the Board in the meeting dated 23 March 2016 for disclosure in the Annual Report.

In discharging its responsibilities, the Board is fully committed to maintaining sound risk management and internal control systems and reviewing its adequacy, integrity and effectiveness to safeguard shareholders' investments and the Group's assets. This is embedded in the Group's Risk Management Framework and internal control system that is further described in the Statement on Risk Management and Internal Control.



Group Executive Chairman's Statement

SUSTAINABILITY

The Group commits to fostering a sustainability culture in the Group, upholds human and community rights and promotes a safe, healthy and harmonious working environment for all employees. Although the agricultural sector has evolved tremendously over the last few decades, it continues to be labour-intensive. In recognition of the critical role that our plantation workers play in our operations, we make conscious efforts to provide the most conducive and safe working environment for them while enhancing their well-being. To create greater value in our plantations, we have been investing in sophisticated technologies and machineries, systems and processes to increase our yields in the most cost efficient manner.

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 Malaysian Palm Oil Board Code of Practices.

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 to achieve lower emission of greenhouse gas through its methane capture project.

The Group estates namely Sg Seraya estate, Bukit Serok estate, Cempaka estate, Dawn estate, Kampong Aur estate and our associate company, Future Prelude Sdn Bhd have been certified under the ISCC ("International Sustainability and Carbon Certification"). This demonstrates that biomass and bioenergy from our estates and refineries are produced in accordance to the European and German sustainability legislation.

The Group will endeavor to expand its plantation hectareage by acquiring land not only in Malaysia, but also beyond its shores.



Group Executive Chairman's Statement



CORPORATE SOCIAL RESPONSIBILITY

While FEHB takes firm steps in ensuring sustainable growth in our oil palm plantations, we also strive to maintain our social responsibilities towards society at large especially those surrounding our estates as well as to our employees and will continue to remain committed in our efforts to institute programmes that will protect the environment. We practice sustainable methods of palm oil production and constantly improved our agriculture practices to protect and preserve the biodiversity of our surrounding environment. This is not only to fulfill ethical obligation but build the Group's reputation and eventually creates long term value.

FEHB Group recognised that continuous training for the development of its employees are paramount to strengthen the foundation of its business. To enhance management skills and knowledge, training programmes are conducted internally as well as by external parties and are scheduled regularly for executives and managers. 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.

During the year, the Group 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.

We build the infrastructures required to support a healthy and comfortable life within our estates. We took steps to improve the welfare of our employees and workers. We offer employment opportunities to members of the local communities to be gainfully employed in our estates.



Group Executive Chairman's Statement



PROSPECTS

The Malaysian economy will continue to grow at a moderate pace and mainly supported by domestic demand. The plantation industry will continue to face 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, the Group is expected to remain responsive to these challenges and continue to prosper in times to come.

CPO prices, in particular are currently facing downward pressure due to uncertainty economic global growth as well as declining crude oil and other edible oil prices. As proven in the past, the price of commodities, CPO included, is volatile given the interplay of various supply and demand factors from weather patterns to the prices of competing oils such as soybean and rapeseed, and the price of fuel which directly impacts sales of CPO as well as biodiesel sector.

The Group will continue to rely on its experience to pursue cost efficiency and higher productivity in its plantation operations. The Group also expects positive growth prospects not only from its plantation operations but also from the milling and biodiesel operations via its subsidiary and associates holdings. Given these positive macro factors, the Group expects its overall operating performance for year 2016 to be challenging but encouraging.

ACKNOWLEDGEMENTS

On behalf of the Board, I wish to take this opportunity to welcome the appointments of YH Dato' Jamaluddin bin Abd Majid and En Nik Mohamed Zaki bin Nik Yusoff to the Board of Directors effective 8 July 2015.

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

My sincere appreciation is also directed to all our employees for their positive efforts in building a strong team and to our shareholders for their continued faith and endorsement. Our two (2) major shareholders, i.e. LKPP Group and the Prosper Group have shown their unwavering commitment, support and confidence towards your Company.

Last but not least, my personal thanks to my fellow colleagues on the Board for their invaluable views, insights and resolute support. We hold the responsibility that all our esteemed shareholders have entrusted to us in high regards. We shall continue to deliver an even better results, hopefully in 2016. We shall steer the Group in pursuit of excellence and to scale greater heights.

DATO' SRI KAMARUDDIN BIN MOHAMMED
Group Executive Chairman

MANAGEMENT'S DISCUSSION AND ANALYSIS

Far East Holdings Berhad (“FEHB” or “the Group”) was incorporated on 6 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 7.

GROUP FINANCIAL REVIEW

The Group managed to record encouraging results in the financial year 2015 despite it being a challenging year. The Group’s revenue for financial year 2015 has declined by 23% to RM327.74 million compared to RM428.34 million registered in 2014. The profit before tax of the Group for the year under review decreased by 21% to RM102.35 million from RM129.24 million registered in the preceding financial year ended 31 December 2014.

PROFIT BEFORE TAXATION

Profit before taxation decreased by 21% to RM102.35 million from RM129.24 million registered in the preceding financial year ended 31 December 2014. Lower profit before taxation was due to the followings:-

- (i) Lower average Crude Palm Oil (“CPO”) and Palm Kernel (“PK”) prices. CPO and PK prices were realised at an average price of RM2,172 per metric tonne and RM1,626 per metric tonne respectively in year 2015 (2014: Average CPO price of RM2,413 per metric tonne and average PK price of RM1,737 per metric tonne). The average CPO and PK prices dropped by 10% and 6% respectively as compared to the average prices for the year 2014.
- (ii) Lower contribution from the share of profits from associated companies by RM0.90 million (5%).
- (iii) Lower other income by RM10.58 million as compared to the financial year 2014. There was a gain on disposal of part of Bandar Indera Mahkota Land of RM9.34 million which was recognised in year 2014.

Breakdown of the profit before taxation is shown below:-

	2015 RM'000	2014 RM'000
Profit from plantation operation	66,221	82,216
Profit from milling operation	6,974	6,428
Share of profits from associated companies	17,810	18,712
Other income	4,998	15,582
Finance income	6,351	6,303
Profit before taxation	102,354	129,241



Management's Discussion and Analysis

PLANTATION OPERATIONS

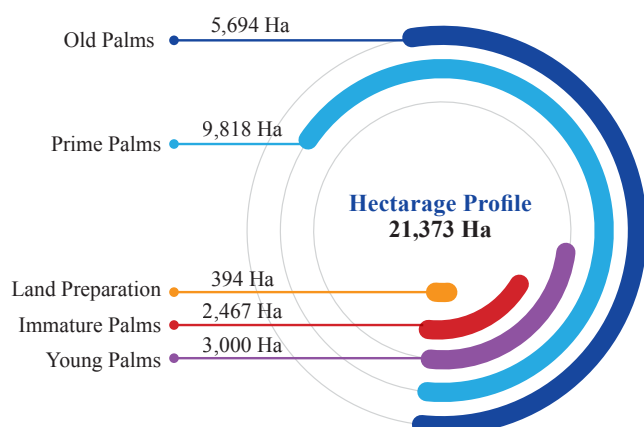
The profit from plantations operations reported lower operating profits of RM66.22 million for the financial year 2015 which was lower than RM82.22 million reported for the preceding financial year. The fall in the profit from plantations operations was primarily attributed to lower CPO and PK prices.

For the financial year under review, the average cost of FFB increased by 2% to RM180 per metric tonne (ex-estate) whilst CPO cost was recorded at RM1,331 per metric tonne (ex-mill). Production cost was increased in line with the increase in fertilizer prices and FFB processing cost.

As at 31 December 2015, the Group's total plantation area stood at 21,373 hectares, all of which are located in Pahang. The Group has thirteen (13) estates namely, Bukit Jin Estate, Sungai Seraya Estate, Sungai Rasau Estate, Sungai Batu Estate, Chengal Estate, Bukit Serok Estate, Dawn Estate, Cempaka Estate, Kampong Aur Estate, Sungai Gayung Estate, Sungai Marung Estate, Delima Estate and Rangkaian Estate.

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

Particulars	Hectare	%
> 19 years (old palms)	5,694	27
7 - 18 years (prime palms)	9,818	46
4 - 6 years (young palms)	3,000	14
1 - 3 years (immature palms)	2,467	11
Land preparation	394	2
Total	21,373	100



The plantation industry for the year 2015 has been characterized as challenging due to fluctuations of average CPO price coupled with weather abnormalities.

Fresh Fruit Bunches ("FFB") production for the year ended 31 December 2015 was 368,964 metric tonnes, which was higher by 23,694 metric tonnes (7%) when compared to the year 2014, which was 345,268 metric tonnes. The average yield per hectare was 19.93 metric tonnes when compared to 19.07 metric tonnes achieved in 2014.

Higher FFB production for the year 2015 was due to more young planted areas coming into maturity covering 406 hectares for Chengal, Bukit Serok, Kampong Aur and Dawn estates. This resulted in higher FFB yield per hectare of 19.93 metric tonne per hectare in 2015 compared to 19.07 metric tonnes per hectare in 2014.

The Group recorded an Oil Extraction Rate ("OER") of 18.86% and Kernel Extraction Rate ("KER") of 4.87% for year 2015 compared to 19.11% and 4.88% respectively for year 2014. The Group will focus on improving the existing OER and as well as labour productivity.

Management's Discussion and Analysis

Despite facing tough operating conditions due to weak crude oil prices and unfavorable weather conditions, we remain focused in pursuing our development strategies. We have been aggressively optimizing the average age of our plantations with new developed areas and focusing on our replanting activities, which we should be able to realize the full potential of our enlarged land bank in years to come.

The yield of oil palms depend on other factors such as soil and climatic conditions, the quality of plantation management, and harvesting and processing of the FFB at the optimum time. In this respect, hands-on management, proactive attitude and attention to detail have contributed to higher productivity. In addition, we have a team of agronomists to conduct various analysis and studies with the objective of ensuring quality palms and fruits, including studies on oil palm nutrient status, palm appearance, ground conditions, pests and diseases affecting the palms and pruning methods to ensure the best practices for sustainable agriculture are practiced by FEHB.

The Group adopts proper frond stacking, planting of legume cover crops, implementing no blanket spraying and adopting an agronomic based fertiliser recommendation programme. The Group's fertiliser programme is recommended by a qualified agronomist based on a thorough analysis of leaf nutrient contents, yield-gap profiling and field observations.

The Group continues to embrace and implement integrated pest management practices. It involves a combination of different pest management techniques including an effective pest census and surveillance system to maintain the pest population below the acceptable thresholds while minimising the pesticide usage.



MILLING OPERATIONS

Profits from milling operations were generated from Kilang Kosfarm Sdn Bhd and Wujud Wawasan Sdn Bhd. In 2015, the total CPO produced by the mills reached 86,659 metric tonnes representing an increase of 7% over 2014's 80,957 metric tonnes. Similarly the total PK produced increased by 5% at 23,710 metric tonnes (2014: 22,605 metric tonnes). This was in line with the higher FFB processed by the Group of 434,200 tonnes for the year under review (2014: 400,040 tonnes).

In terms of oil and kernel extraction rates, the Group's OER decreased to 19.96% in 2015 as compared to 20.22% in 2014, while KER also decreased slightly to 5.46% in 2015 from 5.64% previously. Our crude palm oil and palm kernel extraction rates were lower as compared to previous year due to inclement weather which affected the production of quality FFB.

Good milling practices are constantly being implemented with the aim to improve productivity and efficiency.

Management's Discussion and Analysis



SHARE OF PROFITS FROM ASSOCIATED COMPANIES

Share of profits from associated companies were mainly contributions from Prosper Palm Oil Mill Sdn Bhd and Future Prelude Sdn Bhd. Contribution from associates also declined by 5% from RM18.71 million in year 2014 to RM17.81 million in year 2015.

OTHER INCOME

Other income of RM4.99 million consist of net sales from scout harvesting, seedlings, palm kernel shell and rental income.

FINANCE INCOME

Finance income consists of interests received from Fixed Deposit placements and Short-Term Special Investments.

Management's Discussion and Analysis



HUMAN CAPITAL

The Group has always believed that the future of the Group is shaped and determined by how well it manages its people. The skills, experience, potential and capacity of the people are seen as essential elements that an organisation needs to be successful, thus we continue to place 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.

We are investing in the long-term development of our people and improving capabilities across organisations. In driving the learning culture, we are providing opportunities for our employees to enhance their competencies and skills at all levels by attending 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.

The Group believes that its people should be fairly rewarded and recognised. The basis of recognition is not only limited to work performance but also by other aspects (i.e.: behaviour at work, creativity, involvement in Group's activities). Our reward philosophy covers basic salary, benefits, short-term variable bonus as well as promotion.

FEHB also offers internship to graduates as our initiative to recruit the best talents. Selected talents will be given the opportunity to be part of the team involved in operation of the Group. Upon completing the internship, graduates may be recruited to be part of the team.

Apart from the above, the Group is committed towards enhancing "esprit de corps" among employees as part of employee engagement. The Group had form special team among employees to provide humanitarian assistance to flood victims.

PROSPECTS

In 2016, the uncertainties in the business environment and respective markets where the Group operates present challenges to the Group's business operation. The Group continues to operate in a period of high volatility in CPO prices. In the long term, demand for supply of palm oil should remain strong in line with world population. Apart from that, global consumption of palm oil is also governed by rising affluence and living standard, demand for healthier and sustainably produced palm products, thus indirectly will increase consumption of palm oil.

El Nino is expected to persist through the early part of 2016 which have significant impact on the output of agriculture products. This event will also pose additional challenge to the Group.

In spite of the above challenges, the Group will strive to achieve a higher degree of efficiency in operations to increase production yield to achieve better operational results in years to come.

AUDIT COMMITTEE REPORT

The Board of Directors of Far East Holdings Berhad (“FEHB”) is pleased to present the Audit Committee Report for the financial year ended 31 December 2015.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee presently comprises the following Directors:-

Members	Membership	Appointment	Tenure on the Audit Committee (Years)
Encik Hashim Naina Merican bin Yahaya Merican	Chairman, Independent Non-Executive Director	13.8.2009	6
YH Dato’ Tan Bing Hua	Member, Independent Non-Executive Director	23.7.2012	3
YH Dato’ Jamaluddin bin Abd Majid	Member, Non-Independent Non-Executive Director	18.8.2015	1
Encik Nik Mohamed Zaki bin Nik Yusoff	Member, Independent Non-Executive Director	8.7.2015	1

There was no alternate director appointed during the year 2015.

DUTIES AND RESPONSIBILITIES

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

- To undertake annual review as well as reassess the adequacy of the Terms of Reference annually.
- To review and verify annually the effectiveness of the Company’s Risk Management Program.
- To review the Group’s Statement of Internal Control systems prior to endorsement by the Board.
- To ensure prompt publication of annual accounts.
- To review the minutes of other audit committee meetings within the Group to ensure all matters arising are being appropriately addressed.
- To review the audit report with the external auditors.
- 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 consider and examine such other matters as the Board consider appropriate and beneficial.
- To perform any other functions as may be agreed upon by the Audit Committee and the Board.
- To recommend to the Board on the appointment and the annual reappointment of the external auditors and their audit fee.
- To review the scope of external auditors’ audit plan, their evaluation on internal control systems, their management letter and discuss any matter that the external auditors may wish to raise without the presence of management.

Audit Committee Report

DUTIES AND RESPONSIBILITIES (CONT'D)

The duties and responsibilities of the Audit Committee are as follows:- (Cont'd)

- 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 review and coordinate the audit approaches where more than one audit firms of external auditors are involved and the co-ordination between the external and internal auditors.
- To ensure that the employees of the Group have given external and internal auditors appropriate assistance in discharging their duties.
- 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 ensure the adequacy of the scope, functions, competency and resources of the internal audit function.
- To review the internal audit plan, processes, results and implementation of recommendations.
- To appraise the performance of the Head of Internal Audit and to review his function as well as appraisals of senior staff members of the internal audit team.
- To approve appointment, resignation or termination of the Head of Internal Audit and senior staff members of the internal audit.

Purpose

The purpose of the Audit Committee is to assist the Board in fulfilling the following key responsibilities:-

- Assessing the risks and control environment.
- Overseeing financial reporting.

TERMS OF REFERENCE

- Evaluating the internal and external audit process and outcome.
- Reviewing conflict of interest situations and related party transactions (including recurrent related party transactions).
- Undertake any such other functions as may be determined by the Board from time to time.

The existence of the Committee does not diminish the Board's ultimate statutory and fiduciary responsibility for decision making relating to the functions and duties 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.

Audit Committee Report

TERMS OF REFERENCE (CONT'D)

Membership (Cont'd)

- At least one member of the Committee:-
 - √ Shall be a member of the Malaysian Institute of Accountants; or
 - √ If he is not a member of the Malaysian Institute of Accountants, he shall have at least three (3) years' working experience and:-
 - √ He must have passed the examinations specified in Part I of the 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.

Authority

The Committee has the following authority:-

- To investigate any matter within its term of reference, to obtain the resources, and to have full and unrestricted access to information.
- Direct communication channels with the external and internal auditors.
- Obtain independent professional or other advice at the Company's expense.
- The Committee shall report to the Bursa if there is any 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, internal auditors or both, without presence of other directors and employees of the Group, whenever deemed necessary.

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 corporate governance statement, statement on risk management and internal control and statement of Directors' 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.

Reviewing Conflict of Interest Situations and Related Party Transactions

- To review any conflict of interests situation and Related Party Transactions that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

Audit Committee Report

TERMS OF REFERENCE (CONT'D)

Reviewing Conflict of Interest Situations and Related Party Transactions (Cont'd)

- In respect of Related Party Transactions, including Recurrent Related Party Transactions:
 - √ To ensure that the Group has adequate procedures and processes to identify, and where relevant, monitor and track the Related Party Transactions in a timely manner, and to review these procedures and processes annually.
 - √ To assess the sufficiency of the procedures, policies and terms of the Related Party Transactions to ensure that the transactions are fair, reasonable and on normal commercial terms; are not more favourable to the Related Party than those generally available to the public and are not detrimental to minority shareholders and in the best interest of the Group.
 - √ Where the Related Party Transactions are not comparable to quotations or comparative pricing with unrelated third parties, to review the basis of the transaction price determined by the management in comparison to transactions by/to unrelated parties for substantially similar type transactions for approval by the FEHB Board.
 - √ The Related Party Transactions and conflict of interest situations should be a permanent agenda item of the Committee meetings.

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, 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 in order to review and evaluate the factors relating to the independence of external auditors. The Chairman of the Committee can hold meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the listed issuer, whenever deemed necessary.
- The Company Secretary shall be the Secretary of the Committee.
- The minutes of each Committee meeting shall be tabled to the Board by the Chairman of the Committee.

Overseeing the Internal Audit Function

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

Audit Committee Report

PERFORMANCE OF THE COMMITTEE

The appointment of Chairman and members of the Committee had been made in accordance to the Listing Requirements.

The Committee comprises exclusively of Non-Executive Directors, a majority of whom are independent Non-Executive Directors.

The Committee members were informed at the beginning of the year or upon their appointment of the number of Audit Committee Meetings scheduled during the year.

The Audit Committee members were given Audit Committee Papers in advance not less than seven (7) days before the scheduled meeting.

Pursuant to the Listing Requirements, the Board had reviewed the term of office and assessed the performance of each member of the Audit Committee appointed for the year based on the recommendation of the Nomination Committee.

The Board is satisfied that the Audit Committee has discharged its duties in accordance with the Terms of Reference.

ATTENDANCE AT MEETINGS

During the financial year ended 31 December 2015, the Audit Committee held a total of 5 meetings. Details are as follows:-

No	1	2	3	4	5
Date	25 February 2015	15 April 2015	18 May 2015	13 August 2015	18 November 2015

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

Name of Audit Committee Members	Total Number of Meetings	Number of Meetings Attended
Encik Hashim Naina Merican bin Yahaya Merican	5	5
YH Dato' Tan Bing Hua	5	5
YH Dato' Jamaluddin bin Abd Majid (<i>Appointed on 18.8.2015</i>)	1	1
Encik Nik Mohamed Zaki bin Nik Yusoff (<i>Appointed on 8.7.2015</i>)	2	2
Encik Khairul Azahar bin Ariffin (<i>Resigned on 10.6.2015</i>)	3	3

COMMITTEE'S 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 suitability of the external auditors and recommended to the Board for appointment and the audit fee thereof.
- 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.

Audit Committee Report

COMMITTEE'S ACTIVITIES (CONT'D)

- Reviewed the Company's Financial and General Performance Report in order to ensure that the Board had been provided with sufficient information for announcements to Bursa Malaysia.
- Reviewed the annual financial statements, semi annual returns and quarterly results of the Group for the Board approval.
- Reviewed the policy on recurrent related party transactions ("RRPT") of a revenue or trading nature 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 risk management of the Company, management objectives and policies of the Group and recommended to the Board for approval and adoption.
- 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 2016 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 FUNCTIONS & ACTIVITIES

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 the adequacy of financial and operational controls, risk management, compliance with laws and regulations, policies and procedures and management efficiency, amongst others.

Based on the risk assessment exercise results, Internal Audit had reviewed the adequacy of control on the auditable areas/scopes.

Internal Audit had carried out scheduled audit for 7 out of 13 estates and also conducted special reviews on 4 estates based on the requests made by the management on the nursery management and foreign workers advance deduction. All significant issues were highlighted during the audit exit meetings and follow-up on the issues were taken and communicated to the auditees, management and Audit Committee.

Internal Audit also had conducted compliance audit on ISCC ("International Sustainability and Carbon Certification") whereby 5 certified estates were reviewed during the year 2015.

Internal Audit had coordinated with the management on establishment of Security Manual to be implemented within the FEHB's Group.

The internal audit reports prepared by the Internal Audit Department are presented to the Audit Committee. The summary of Internal Audit's findings, recommendations and management's responses were also tabled to the Audit Committee to ensure that management undertakes the agreed remedial actions.

Internal Audit Department had adequate resources to carry out its duties during the year 2015. The internal and external auditors had conducted a meeting to discuss on issues pertaining to the principal risks, follow-up actions taken by the management and also scopes/areas of audit to be covered by both parties.

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 2012 (“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 2015.

The Board of Directors further confirms that the Group will continuously 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 that best suited to the Company practices.

The Board emulated by the Code in achieving the primary objective of the Company which is to enhance professionalism in boards and committees. The Board continuously strive to raise the level of corporate governance through the structuring and implementation of sound practices and processes which engender an effective Board.

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

The Board during the year under review has established the Board Charter as guidelines and perimeter for the Board as well as the Committees.

THE BOARD OF DIRECTORS

Principal Roles

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

The Board is aware that an effective Board essentially comprising Directors who are fully committed, well informed and who possess diverse skill and experience relevant to the business that could contribute effectively to the growth of the Company.

As stipulated in the Board Charter, the Board has targeted to meet 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 and two (2) Executive Directors i.e. Group Executive Chairman and Executive Director, Plantations, with three (3) of the nine (9) Directors being Independent Directors with a synergistic mixture of businessmen, planters, professionals and technical expertise. This mix of skills and experience is vital for the successful direction of the Group. A brief profile of each Director is presented on pages 12 to 20.

All Directors, both executive or non-executive, independence and non-independence are aware of their legal obligations to exercise independence, unfettered judgment and to act in good faith with due care and skills.

Corporate Governance Statement

THE BOARD OF DIRECTORS (CONT'D)

Board Balance (Cont'd)

The role of the Group Executive Chairman and the Executive Director, Plantations are separated and clearly defined, as stipulated in the Board Charter so as to ensure that there is a balance of power and authority. The Group Executive Chairman is responsible for ensuring Board effectiveness and conduct, whilst the Executive Director, Plantations has overall responsibility for the plantation operating units, organisational effectiveness and implementation of Board policies and decisions. The existing Group Executive Chairman has never been a Chief Executive Officer of the Company. Under his stewardship, the Board is encouraged of healthy debate on any agenda tabled. Each one of the Board member is allowed to express any skepticism and be debated openly until collective decision is made. The Chairman of the Board has played his role effectively to ensure that all resolutions are made after careful deliberation and discussion. 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 are particularly important as they provide an unbiased and independent views, advice and judgment.

Supply of Information

All Directors are provided with formal schedule of matters and a set of necessary Board papers in advance at least seven (7) days prior to the respective Board meetings. They have direct access to the advice and services of the Company Secretary.

The followings are schedule of matters which are specifically reserved for the Board:-

- Appointment of the Chairman;
- Appointment and recommendation for removal of Directors;
- Appointment and removal of Company Secretary;
- Establishment of Board Committee, their membership and delegated authorities;
- Approval of interim dividend and recommendation of final dividend for shareholders' approval;
- Approval of annual budget including capital committees;
- Approval of corporate plan and programme;
- Approval of new ventures;
- Approval of material acquisition and disposals of undertaking and properties;
- Approval of the limits of authority for the Company and Group;
- Approval for the Audited Reports and Financial Statements;
- Calling for the meetings of shareholders;
- Review of corporate governance principles and policies;
- Review of whistle blowing reports if applicable; and
- Any other specific matters requested by the Board from time to time.

In furtherance of their duties and responsibilities, Directors may obtain independent professional advice, where necessary at the Company's expense. The external advisers are sometimes sought by the Company to enhance both Board's and management's understanding of a particular emerging issue.

Corporate Governance Statement

THE BOARD OF DIRECTORS (CONT'D)

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. 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 Nomination Committee is guided by the specific Terms of References that is set by the Board. The primary objectives of the Nomination Committee are as follows:-

- To assist the Board in assessing existing Directors and identifying, nominating and orientating new Directors to enhance corporate governance.
- To assist the Board in ensuring that appointment are made on merit against an agreed specification.
- To assist the Board in identifying and reviewing on annual basis, the required mix of skills, experience and other qualities, including core competencies Directors should bring to the Board for it to function effectively and efficiently.
- To examine the size of the Board.
- It is an annual exercise that each individual Board and Committee member is evaluated based on pre-set criteria. The Board is looking for and identifying suitable female candidates to sit in the Board.

Board Committees

The Board delegates specific responsibilities to the Board Committees, all of which have their written terms of references. These Committees have the authority to examine particular issues and report to the Board with their recommendations.

The Board Committees allow Directors to make better use of their limited time and allow more focus be given to complex issues and recommending courses of action whereby detail deliberation had been made at Committee level with the specific function of the committee agenda. However, the ultimate responsibility for the final decision on all matters lies with the Board.

The Board delegates authority not responsibility to the Committees. The three principal Board Committees are:-

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

The membership and principal duties and responsibilities of the Committees are set out in the following pages 47 to 49.

Re-Election of Directors

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

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

The Company had made a policy that an Independent Director should not serve the Company for more than nine (9) years. These could be evidenced by previous retirements of our Independent Directors namely Puan Sharina Bahrin, Miss Ng Yee Kim, En Khairul Azahar bin Ariffin, Mr Ng Say Pin and YH Dato' Dr Ahmad bin Aman. In fact, it is the Company's practice to evaluate the Independent Directors as set by Paragraph 1.0 of the Listing Requirements.

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

THE BOARD OF DIRECTORS (CONT'D)

Directors Training

Every Director of the Company undergoes continuous training to equip himself to effectively discharge his duties as a Director and for that purpose he ensures that he attends such training programmes as prescribed by the Bursa Malaysia from time to time. All Directors attended the Mandatory Accreditation Programme (“MAP”) prescribed by the Bursa Malaysia and completed their Continuing Education Programme (“CEP”) as prescribed by the Bursa Malaysia. For the financial year ended 31 December 2015, 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’ Sri Kamaruddin bin Mohammed	Seminar Inspirasi Badan Berkanun dan “Government Linked Companies” Dalam Sektor Perladangan	15 & 16 June 2015
2.	YH Dato’ Wan Bakri bin Wan Ismail	8 th International Planter Conference Seminar Inspirasi Badan Berkanun dan “Government Linked Companies”	08 - 10 June 2015 15 & 16 June 2015
3.	YH Dato’ Tan Bing Hua	National Seminar On Trans-Pacific Partnership Agreement	1 December 2015
4.	YH Dato’ Jamaluddin bin Abd Majid	Mandatory Accreditation Programme for Directors of Public Listed Companies	29 & 30 July 2015
5.	Mr Tee Kim Tee @ Tee Ching Tee	National Seminar On Trans-Pacific Partnership Agreement	1 December 2015
6.	Mr Tee Cheng Hua	Audit, Internal Control and Fraud Detection Seminar For The Public and Private Sectors 2015	29 & 30 July 2015
7.	En Hashim Naina Merican bin Yahaya Merican	The Audit Oversight Board Conversation With Audit Committees	07 May 2015
8.	Mr Tee Lip Teng	Palm Oil Economic Review & Outlook Seminar 2015 Palm and Lauric Oils Price Outlook Conference & Exhibition FMM Seminar – Electricity Supply Updates on Tariffs, Power Quality & Energy Savings	19 January 2015 02 – 04 March 2015 28 April 2015
9.	En Nik Mohamed Zaki bin Nik Yusoff	Mandatory Accreditation Programme for Directors of Public Listed Companies	29 & 30 July 2015

Development of Human Capital

The Board is also of the view that human capital development and management is one of the major concern of ensuring continuous growth and standard of the Company. The Company has set a benchmark to promote internal candidate for succession planning. Core functions of the management operation had been identified and the supporting talents of individual function are nurtured and developed in order to be prepared for advancement. The Board delegated the authority for identifying the key talent to the key management of the Company.

Corporate Governance Statement

AUDIT COMMITTEE

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

Members **YH Dato' Tan Bing Hua**
Independent Non-Executive Director

YH Dato' Jamaluddin bin Abd Majid
Non-Independent Non-Executive Director

Encik Nik Mohamed Zaki bin Nik Yusoff
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 pages 37 to 42. 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-Executives 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 2015, 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.

Corporate Governance Statement

NOMINATION COMMITTEE

Chairman	YH Dato' Tan Bing Hua Independent Non-Executive Director
Members	Mr Tee Kim Tee @ Tee Ching Tee Non-Independent Non-Executive Director
	En Hashim Naina Merican bin Yahaya Merican Independent Non-Executive Director

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. During the year under review, the Nomination Committee held two (2) meetings.

The terms of reference of the Nomination Committee are as follows:-

- To recommend to the Board candidates for all directorships to be filled;
- To recommend to the Board, Directors to fill the seats on the Committees of the Board;
- To identify and review the core competencies and skills required of Board members to best serve the business and operations of the FEHB Group as a whole and optimum size of the Board to reflect the desired skills and competencies;
- To review and ensure that at least one-third of the Board is independent;
- To recommend to the Board the appropriate number of Directors which fairly reflects the investments of the minority shareholders in the Company, and whether the current Board representation satisfies this requirement;
- To undertake an annual review of the required mix of skill, experience and other qualities including core competencies which the Directors should bring to the Board and to disclose this in the Company's Annual Report;
- To identify a criteria and formulate a procedure to assess the effectiveness of the Board, the Committee of the Board and the contributions of each individual director;
- To take into account an individual's other commitments, resources and time available for input for the Board in assessing the suitability of an individual to be elected to the Board;
- To report all its recommendations to the Board for its consideration and implementation;
- To formulate relevant guidelines and procedures to enable the Committee to function effectively and achieve its objectives; and
- To perform any other functions as authorised by the Board.

Corporate Governance Statement

REMUNERATION COMMITTEE

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

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

Mr Tee Lip Teng
Non-Independent Non-Executive Director

Terms of Reference

The Remuneration Committee currently consists of wholly Non-Independent Directors. 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. During the year under review, the Remuneration Committee held three (3) meetings.

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 2015 are as follows:-

Category	Other Fees (RM'000)	Salaries (RM'000)	Total (RM'000)
Executive	220	1,163	1,383
Non-Executive	449	-	449
Total	669	1,163	1,832

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

Range of Remuneration	Executive Director	Non-Executive Directors
RM50,000 – RM100,000	-	7
RM400,000 – RM450,000	1	-
RM1,250,000 – RM1,300,000	1	-

RELATION 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 questions 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.

Corporate Governance Statement

RELATION WITH SHAREHOLDERS AND INVESTORS (CONT'D)

Corporate Communication (Cont'd)

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.

The Company always welcome whistle blowers of any suspected wrong doing and ensures that matters highlighted by the whistle blowers are scrutinized and appropriate action taken.

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

The quarterly results announcements to Bursa Malaysia Securities Berhad 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 59.

Internal Controls

The Group has established internal controls that covers all levels of personnel and business processes to ensure the Group's operations are effective and efficient as well as safeguarding the Group's assets and shareholders' interests. The Statement on Risk Management and Internal Control furnished on pages 56 to 57 of the Annual Report provides an overview of the state of internal controls within the Group.

Internal Audit

The Group has established an Internal Audit Department to assist 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.

External Audit

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

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

RECURRENT RELATED PARTY TRANSACTIONS

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 25 May 2016. 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 23.74%* equity interest in FEHB	09.09.1985 Malaysia	Operating of palm kernel mill
PPOM	FEHB directly holds 40%* equity interest in PPOM	13.01.1978 Malaysia	Operating of palm oil mill and cultivation of oil palm
RPOM	PPOM directly holds 30%* equity interest in RPOM	28.01.1994 Malaysia	Operating of palm oil mill
EPOM	PTSB directly holds 32%* equity interest in EPOM	23.10.1997 Malaysia	Operating of palm oil mill
PGC	KKSB directly holds 30%* equity interest in PGC	10.04.2004 Malaysia	Management Services in palm oil plantations and marketing of sales and purchases of CPO
PPOPM	PPOM directly holds 30%* equity interest in PPOPM	18.08.1994 Malaysia	Trading and Marketing agent
KOSMA	KOSMA is a shareholder of WWSB that holds 49%* equity interest in WWSB	04.12.1967 (Incorporated under Cooperative Act 1993) Malaysia	Operating of palm oil mill and 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 31 March 2016

Recurrent Related Party Transactions

Recurrent Related Party Transactions of a Revenue or Trading Nature (Cont'd)

<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>PTS</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

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
PPOPM	Sales of CPO by KKSB and WWSB to PPOPM	Based on the 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

Recurrent Related Party Transactions

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

Sales of Kernel

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

Purchases of Kernel

Related Party	Nature of Transaction	Method of Pricing
KKSB	Purchases of kernel by KKSB from WWSB	Based on the contract price
WWSB	Purchases of kernel by WWSB from KKSB	Based on the contract price
EPOM	Purchases of kernel by WWSB from EPOM	Based on the contract price
Kilang Sawira Makmur	Purchases of kernel by WWSB from Kilang Sawira Makmur	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 KKSB, 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

Recurrent Related Party Transactions

Aggregate Value During the Financial Year

The aggregate value of the Recurrent Related Party Transactions made during the financial year ended 31 December 2015 is shown below:-

Related Party	RM'000
FEHB	63,498
KKSB	64,912
WWSB	1,414
PPOM	3,915
RPOM	24,028
EPOM	9,262
Kilang Sawira Makmur	56,241
LKPP Corp.	1,279
KOSMA	114,335
PGC	2,215
PPOPM	-
PTSB	12,190
FPSB	40,845
Total	394,134

ADDITIONAL COMPLIANCE STATEMENTS

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.

Options

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

Warrant or Convertible Securities

The Company has not issued any warrant or convertible securities in the financial year ended 31 December 2015.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")

The Company has not sponsored any ADR or GDR programme in the financial year ended 31 December 2015.

Approved Utilisation of Fund

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

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 2015.

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 2015 is RM53,000.

Internal Audit

The Company's In-House Internal Audit Department had incurred expenses amounting to RM375,791 for the financial year ended 31 December 2015 (2014: RM319,786).

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 2015.

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 2015 and the unaudited results for the quarter ended 31 December 2015 of the Company previously announced.

Profit Guarantee

The Company has not issued any profit guarantees in the financial year ended 31 December 2015.

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 system of internal control covers 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 meetings.

The top five (5) business risks that were rated as High or Significant are as follows:-

- (1) Over-dependence on foreign workers
- (2) Fluctuation of Crude Palm Oil (CPO) prices
- (3) Oil Extraction Rate (OER) offered by mills
- (4) Investment
- (5) Increased in input price

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

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

Other Key Elements of Internal Control System

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

- **Board Meetings**

The Board meets at least quarterly and has a formal agenda on matters for discussion.

The Group Executive 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

Other Key Elements of Internal Control System (Cont'd)

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

The Board is headed by the Group Executive 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 Group and Company's performance are presented to the Board at its regular meetings. The reports are consistently generated to facilitate the Board and the management on the performance of various operating units. The reviews encompass areas such as financial and non-financial key performance indicators, variances between budget and operating results and compliance with laws and regulations.

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

Internal Audit visits are systematically organised over a period, to monitor compliance with policies, procedures and assess the integrity of financial and operational information provided.

- **Operational Policies and Procedures**

The Group operates based on existing operational policies and procedures. The operational policies and procedures are reviewed periodically to remain effective and relevant to support the Group's business activities at all times as it continues to grow. The policies also facilitate compliance to regulations, listing and governance requirements. Management is responsible for the periodic review of operational policies and procedures.

- **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 to ensure that weaknesses in controls highlighted are appropriately addressed by the management. The Internal Audit Function adopts a risk-based approach and is independent of the activities they audit. Their work is based on an annual audit plan approved by the Audit Committee and to ensure independence, the Head of Internal Audit reports directly to the Audit Committee.

The Internal Audit Function has the primary objective to carry out a review of the internal control system 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 Bursa Malaysia Securities Berhad. The Board and the Audit Committee review the recurrent related party transactions annually.

Statement on Risk Management and Internal Control

Other Key Elements of Internal Control System (Cont'd)

- **Financial and Operating Manuals**

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

- **Financial Authority Limits**

The Financial Authority Limits 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 pricing, quality, reliability, track record and speed of delivery. The Tender Committees, therefore, ensure transparency in the award of contracts. The Group also has an Opening Tender Committee. Both Committees are comprised of different officials.

- **Plantation Advisory Services**

The Plantation Advisory Service that is outsourced is entrusted with achieving and maintaining performance benchmarks for the Plantation sector. Any deviations from the agreed standards and poor performances in the estates are reported to Executive Director, Plantations and 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 plantation operations and management co-ordination meetings, which meet regularly.

- **Security Unit**

Security for the Group is enforced by in-house security unit which oversight all security issues faced by the business units within the Group and security guards personnel.

The security unit had established the Security Manual in year 2015 to form an integral part of the internal control system to safeguard the Group's assets against material loss.

The scheduled urine examination for drug abused was performed with the assistance of Agensi Anti Dadah Kebangsaan (AADK) in order to ensure that a healthy environment within the Group's business units is maintained. The Group also maintained a close relationship with PDRM to ensure the security of FEHB's property and personnel.

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 under review.

Based on the risk management and internal control system of the Group, the Board has been provided with a reasonable assurance regarding the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

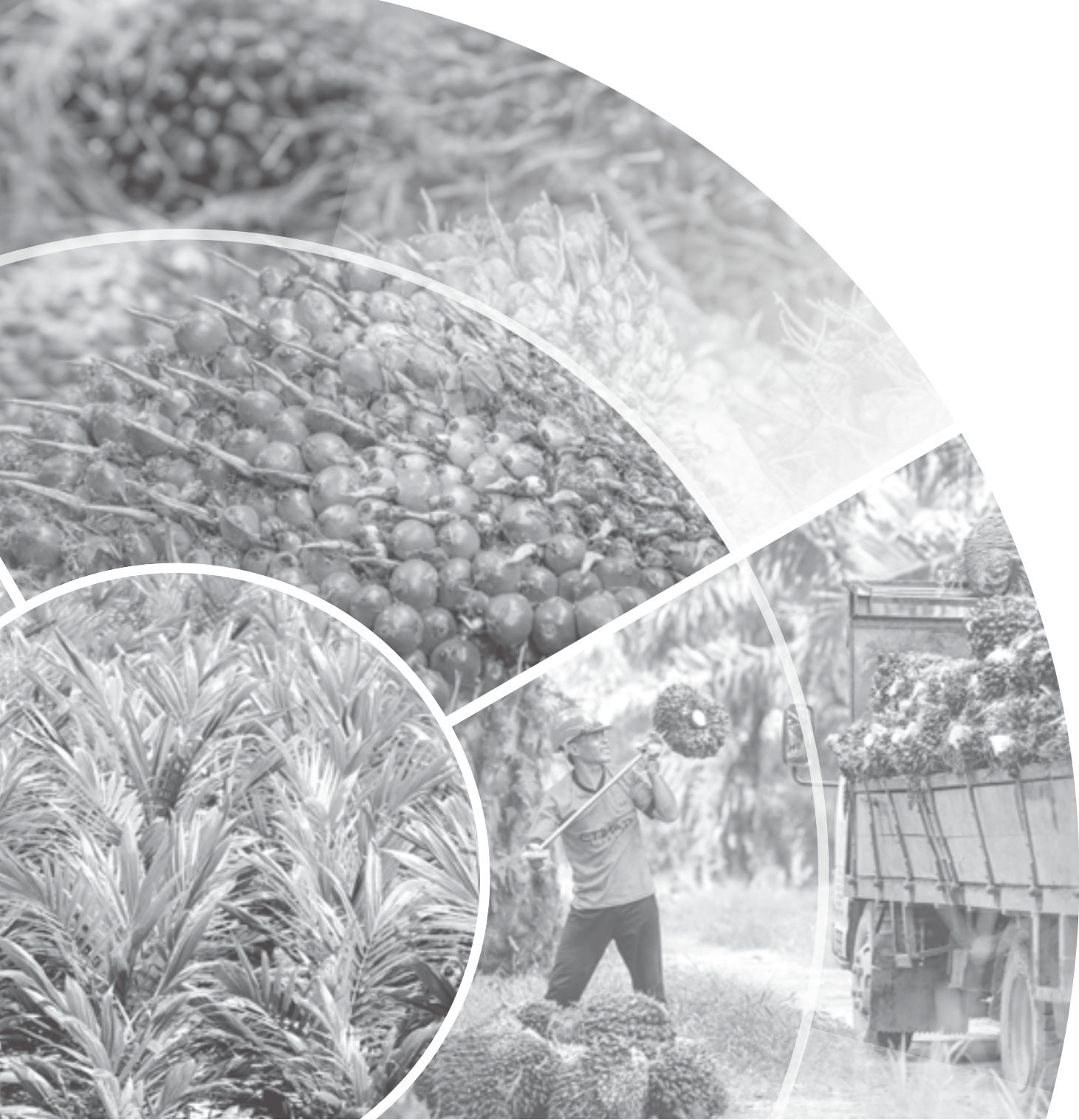
This Statement is made in accordance with a resolution of the Board of Directors dated 23 March 2016.

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 2015, the Group has used appropriate accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent. The Directors also consider that all applicable approved accounting standards have been followed and confirm that the financial statements have been prepared on going concern basis.

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



FINANCIAL STATEMENTS

61	Directors' Report	70	Statements of Cash Flows
65	Statements of Profit or Loss and Other Comprehensive Income	72	Notes to the Financial Statements
67	Statements of Financial Position	104	Statement by Directors
68	Statements of Changes In Equity	104	Statutory Declaration
		105	Independent Auditors' Report

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015.

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 have been no significant changes in these principal activities during the financial year.

Financial results

	Group RM	Company RM
Profit for the year attributable to owners of the Company	71,281,687	43,277,168

Dividends

The dividends on ordinary shares paid or declared by the Company since 31 December 2014 were as follows:

	RM
In respect of the financial year ended 31 December 2014:	
Final single tier dividend of 20 sen per share on 141,390,000 ordinary shares paid on 15 July 2015	28,278,000
In respect of the financial year ended 31 December 2015:	
Interim single tier dividend of 10 sen per share on 141,390,000 ordinary shares paid on 15 January 2016	14,139,000
	42,417,000

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 2015. 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 2016.

Reserves and provisions

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

Directors' Report

for the year ended 31 December 2015

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' Sri Kamaruddin bin Mohammed

YH Dato' Tan Bing Hua

YH Dato' Wan Bakri bin Wan Ismail

YH Dato' Jamaluddin bin Abd Majid

Appointed on: 8.7.2015

Mr Tee Kim Tee @ Tee Ching Tee

Mr Tee Cheng Hua

Encik Hashim Naina Merican bin Yahaya Merican

Mr Tee Lip Teng

Encik Nik Mohamed Zaki bin Nik Yusoff

Appointed on: 8.7.2015

In accordance with Article 97 of the Company's Articles of Association, Mr Tee Lip Teng 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' Jamaluddin bin Abd Majid and Encik Nik Mohamed Zaki bin Nik Yusoff retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-election.

Pursuant to Section 129(6) of the Companies Act, 1965 the Directors over the age of seventy years are required to offer themselves for re-appointment annually. YH Dato' Tan Bing Hua who reached 70 years offers himself for re-election at the forthcoming Annual General Meeting and to hold office until the conclusion of the next Annual General Meeting of the Company.

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 2015

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			
	1.1.2015	Bought	Sold	31.12.2015
Direct interest - in the Company				
YH Dato' Sri Kamaruddin bin Mohammed	2,700,000	-	-	2,700,000
Mr Tee Kim Tee @ Tee Ching Tee	4,704,400	51,500	-	4,755,900
Mr Tee Cheng Hua	2,124,000	-	-	2,124,000
Encik Hashim Naina Merican bin Yahaya Merican	10,000	-	-	10,000
Mr Tee Lip Teng	300,000	-	-	300,000
	1.1.2015	Bought	Sold	31.12.2015
Indirect interest – in the Company				
YH Dato' Sri Kamaruddin bin Mohammed	600,000	-	-	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.

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.

Directors' Report for the year ended 31 December 2015

Statutory information on the financial statements (continued)

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the 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.

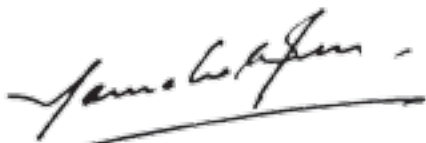
In the opinion of the Directors:

- 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.

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 23 March 2016.



Dato Sri Kamaruddin bin Mohammed
Group Executive Chairman



Tee Cheng Hua
Executive Director

**STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Continuing operations					
Revenue	4	327,736,280	428,342,939	70,066,681	79,431,728
Other operating income		4,998,548	15,582,167	2,308,306	11,635,684
Amortisation of amounts due from subsidiaries		-	-	1,678,382	1,844,014
Loss on initial recognition of amounts due from subsidiaries		-	-	(1,111,969)	(1,867,168)
Staff costs		(14,380,430)	(13,631,193)	(2,931,554)	(2,870,242)
Changes in inventories		(262,257)	(2,275,705)	-	-
Finished goods purchased		(14,808,436)	(93,104,948)	-	-
Raw material purchased		(120,107,271)	(133,965,477)	-	-
Production cess		(1,126,551)	(1,052,549)	-	-
Carriage outwards		(5,476,709)	(4,562,148)	-	-
Upkeep, repair and maintenance of assets		(4,976,938)	(4,442,483)	-	-
Utilities and fuel		(1,410,033)	(1,710,569)	-	-
Depreciation		(10,575,834)	(10,657,738)	(3,118,103)	(3,219,570)
Upkeep and cultivation		(30,887,474)	(28,114,905)	(9,151,306)	(8,581,932)
Harvesting		(21,377,330)	(19,819,792)	(5,690,514)	(5,285,148)
Estate general charges		(8,350,824)	(7,323,948)	(2,717,351)	(2,278,483)
Replanting expenses		(3,783,879)	(4,032,684)	-	-
Other operating expenses		(17,017,021)	(15,004,993)	(3,662,901)	(3,239,510)
Finance income		6,350,787	6,303,297	3,993,534	4,275,155
Finance cost		(1,201)	-	-	-
Share of profit after tax of equity accounted associates		17,810,228	18,712,124	-	-
Profit before tax	5	102,353,655	129,241,395	49,663,205	69,844,528
Tax expenses	7	(21,701,254)	(24,987,390)	(6,386,037)	(7,495,257)
Profit for the year		80,652,401	104,254,005	43,277,168	62,349,271
Profit for the year attributable to:					
Owners of the Company		71,281,687	93,128,166	43,277,168	62,349,271
Non-controlling interests		9,370,714	11,125,839	-	-
		80,652,401	104,254,005	43,277,168	62,349,271

Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2015

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Profit for the year		80,652,401	104,254,005	43,277,168	62,349,271
Other comprehensive income					
<u>Items that will not be reclassified subsequently to profit or loss:</u>					
- Surplus from revaluation of leasehold land and oil palm plantation	22	109,275,977	-	43,346,944	-
- 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)
		109,275,977	-	43,346,944	-
<u>Item that may be reclassified subsequently to profit or loss:</u>					
- "Available for sale" - fair value gain/(loss)		782,411	(408,214)	-	-
Other comprehensive income for the year		110,058,388	(408,214)	43,346,944	-
Total comprehensive income for the year		190,710,789	103,845,791	86,624,112	62,349,271
Total comprehensive income attributable to:					
Owners of the Company		174,211,075	92,719,952	86,624,112	62,349,271
Non-controlling interests		16,499,714	11,125,839	-	-
		190,710,789	103,845,791	86,624,112	62,349,271
Earnings per share attributable to equity holders of the Company (sen)					
- basic	8	50.41	65.87		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Non current assets					
Property, plant and equipment	10	839,517,232	690,147,136	288,095,374	226,900,654
Land held for disposal	11	22,412,539	22,412,539	22,412,539	22,412,539
Subsidiaries	12	-	-	42,499,349	42,499,349
Associates	13	320,583,473	306,215,834	89,675,168	89,675,168
Other financial assets	14	3,000,000	-	3,000,000	-
		1,185,513,244	1,018,775,509	445,682,430	381,487,710
Current assets					
Other financial assets	14	165,182	3,119,698	-	-
Inventories	15	5,290,330	5,431,261	64,673	74,664
Receivables, deposits and prepayments	16	56,972,464	73,052,952	89,068,213	96,539,890
Tax recoverable		1,490,496	2,520,736	309,963	151,000
Deposits, cash and bank balances	17	276,004,017	232,520,441	151,280,672	134,893,421
		339,922,489	316,645,088	240,723,521	231,658,975
Less: Current liabilities					
Payables	18	28,944,051	29,527,796	2,844,885	2,425,731
Dividend payable		14,139,000	-	14,139,000	-
Hire purchase creditor		34,602	-	-	-
Current tax liabilities		874,584	150,975	-	-
		43,992,237	29,678,771	16,983,885	2,425,731
Net current assets		295,930,252	286,966,317	223,739,636	229,233,244
Less: Non current liabilities					
Deferred tax liabilities	19	166,157,138	129,385,638	54,633,000	40,139,000
Hire purchase creditor		58,731	-	-	-
		166,215,869	129,385,638	54,633,000	40,139,000
Total net assets		1,315,227,627	1,176,356,188	614,789,066	570,581,954
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	402,834,213	303,686,921	124,842,586	82,410,459
Retained earnings	23	645,630,630	612,983,847	303,609,236	301,834,251
Shareholders' equity		1,237,852,813	1,106,058,738	614,789,066	570,581,954
Non-controlling interests		77,374,814	70,297,450	-	-
Total equity		1,315,227,627	1,176,356,188	614,789,066	570,581,954

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

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

Group	Attributable to owners of the Company						Non-controlling interest	Total equity
	Share capital (Note 20)	Share premium (Note 21)	Revaluation reserves (Note 22)	Retained earnings	Total			
	RM	RM	RM	RM	RM	RM	RM	
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	
Total comprehensive income	-	-	(2,999,685)	95,719,637	92,719,952	11,125,839	103,845,791	
Dividends for the year ended								
- 31 December 2013	9	-	-	(21,208,500)	(21,208,500)	(7,758,283)	(28,966,783)	
- 31 December 2014	9	-	-	(14,139,000)	(14,139,000)	(3,226,567)	(17,365,567)	
At 31 December 2014	141,390,000	47,997,970	303,686,921	612,983,847	1,106,058,738	70,297,450	1,176,356,188	
At 31 December 2014	141,390,000	47,997,970	303,686,921	612,983,847	1,106,058,738	70,297,450	1,176,356,188	
Total comprehensive income	-	-	99,147,292	75,063,783	174,211,075	16,499,714	190,710,789	
Dividends for the year ended								
- 31 December 2014	9	-	-	(28,278,000)	(28,278,000)	(9,422,350)	(37,700,350)	
- 31 December 2015	9	-	-	(14,139,000)	(14,139,000)	-	(14,139,000)	
At 31 December 2015	141,390,000	47,997,970	402,834,213	645,630,630	1,237,852,813	77,374,814	1,315,227,627	

Statements of Changes in Equity for the year ended 31 December 2015

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 2013		141,390,000	44,947,244	83,325,276	273,917,663	543,580,183
Total comprehensive income		-	-	(914,817)	63,264,088	62,349,271
Dividends for the year ended						
- 31 December 2013	9	-	-	-	(21,208,500)	(21,208,500)
- 31 December 2014	9	-	-	-	(14,139,000)	(14,139,000)
At 31 December 2014		141,390,000	44,947,244	82,410,459	301,834,251	570,581,954
At 31 December 2014		141,390,000	44,947,244	82,410,459	301,834,251	570,581,954
Total comprehensive income		-	-	42,432,127	44,191,985	86,624,112
Dividends for the year ended						
- 31 December 2014	9	-	-	-	(28,278,000)	(28,278,000)
- 31 December 2015	9	-	-	-	(14,139,000)	(14,139,000)
At 31 December 2015		141,390,000	44,947,244	124,842,586	303,609,236	614,789,066

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

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Operating activities					
Profit for the year attributable to owners of the Company		71,281,687	93,128,166	43,277,168	62,349,271
Adjustments for:					
Non-controlling interests		9,370,714	11,125,839	-	-
Property, plant and equipment					
- depreciation		10,575,834	10,657,738	3,118,103	3,219,570
- gain on disposal		(153,582)	(16,367)	(119,999)	-
- written off		9,914	1,355	2,796	313
Share of profit of associates		(17,810,228)	(18,712,124)	-	-
Gain on disposal of land held for disposal		-	(9,334,691)	-	(9,334,691)
Loss on initial recognition		-	-	1,111,969	1,867,168
Amortisation of receivable		-	-	(1,678,382)	(1,844,014)
Dividend income		-	-	(24,593,682)	(32,229,222)
Interest expenses		1,201	-	-	-
Interest income		(6,350,787)	(6,303,794)	(3,993,534)	(4,275,155)
Tax expense		21,701,254	24,987,390	6,386,037	7,495,257
Operating profit before working capital		88,626,007	105,533,512	23,510,476	27,248,497
Changes in working capital:					
- inventories		140,931	2,614,405	9,991	30,548
- receivables, deposits and prepayments		12,406,324	13,523,013	13,868,190	2,723,628
- subsidiaries		-	-	(9,502,298)	(2,562,100)
- payables		(583,745)	(4,880,263)	417,188	(622,990)
Cash from operations		100,589,517	116,790,667	28,303,547	26,817,583
Interest paid		(1,201)	-	-	-
Interest received		6,305,303	6,215,983	3,993,534	4,275,155
Tax refunded		1,892,863	489,346	-	-
Tax paid		(21,493,768)	(27,158,173)	(6,500,000)	(8,082,257)
Net cash flow from operating activities		87,292,714	96,337,823	25,797,081	23,010,481

Statements of Cash Flows for the year ended 31 December 2015

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Investing activities					
Property, plant and equipment					
- purchase		(10,475,706)	(14,248,678)	(2,845,512)	(2,065,349)
- proceed from disposal		153,585	51,001	120,000	-
Purchase of investment		(3,000,000)	-	(3,000,000)	-
Proceed from disposal of investment		3,000,000	-	-	-
Proceed from disposal of land held for disposal, net of expenses		-	975,121	-	975,121
Dividend received		4,225,000	4,225,000	24,593,682	32,229,222
Net cash flow (used in)/from investing activities		(6,097,121)	(8,997,556)	18,868,170	31,138,994
Financing activities					
Hire purchase paid		(11,667)	-	-	-
Dividend paid		(37,700,350)	(60,471,350)	(28,278,000)	(49,486,500)
Net cash flow used in financing activities		(37,712,017)	(60,471,350)	(28,278,000)	(49,486,500)
Net increase in cash and cash equivalents					
		43,483,576	26,868,917	16,387,251	4,662,975
Cash and cash equivalents					
- at start of the year		232,520,441	205,651,524	134,893,421	130,230,446
- at end of the year	17	276,004,017	232,520,441	151,280,672	134,893,421

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

The principal accounting policies adopted are set out below:

(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.

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

Notes to the Financial Statements for the year ended 31 December 2015

3 Summary of significant accounting policies (continued)

(a) Property, plant and equipment (continued)

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

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

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

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

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

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

(b) Estate planting expenditure

New planting

Planting expenditure of new oil palm plantations 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.

(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 FRSSs.

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

Notes to the Financial Statements for the year ended 31 December 2015

3 Summary of significant accounting policies (continued)

(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.

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.

Notes to the Financial Statements for the year ended 31 December 2015

3 Summary of significant accounting policies (continued)

(e) Associates (continued)

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

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

(f) Investments

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

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.

(i) Cash and cash equivalents

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

Notes to the Financial Statements for the year ended 31 December 2015

3 Summary of significant accounting policies (continued)

(j) 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.

(k) 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.

(l) 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.

Notes to the Financial Statements for the year ended 31 December 2015

3 Summary of significant accounting policies (continued)

(I) Financial instruments (continued)

(i) Financial assets (continued)

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.

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.

Notes to the Financial Statements for the year ended 31 December 2015

3 Summary of significant accounting policies (continued)

(l) Financial instruments (continued)

(i) Financial assets (continued)

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.

(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 expired.

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

(m) 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.

(n) 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 2015

4 Revenue

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Sales of fresh fruit bunches	89,196,597	102,437,592	45,472,999	47,202,506
Sales of crude palm oil and palm kernel	238,539,682	325,905,347	-	-
Dividend income	-	-	24,593,682	32,229,222
	327,736,280	428,342,939	70,066,681	79,431,728

Dividend income of the Company is excluding RM17,292,428 (2014: RM17,292,428) 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	
	2015 RM	2014 RM	2015 RM	2014 RM
Auditors' remuneration:				
- statutory audit				
current year	172,000	138,000	50,000	40,000
previous year	34,000	-	10,000	-
- assurance related services	43,000	43,000	43,000	43,000
Property, plant and equipment:				
- written off	9,914	1,355	2,796	313
- gain on disposal	(153,582)	(16,367)	(119,999)	-
Cost of contract workers	47,754	48,405	-	-
Gain on disposal of land held for disposal	-	(9,334,691)	-	(9,334,691)
Rental of land	489,652	487,912	-	-
Rental of lorry	-	2,082	-	-
Rental income	(118,398)	(125,406)	(82,398)	(85,376)

(b) Employee benefits cost

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Salaries, bonus and other benefits	12,738,161	12,218,596	2,516,213	2,509,996
Defined contribution plans	1,642,269	1,412,597	415,341	360,246
	14,380,430	13,631,193	2,931,554	2,870,242

Notes to the Financial Statements

for the year ended 31 December 2015

6 Key management personnel compensation

(a) Directors

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Directors of the Company				
Non-executive Directors				
- Fees	718,767	1,170,600	448,767	555,600
- Other emoluments	-	772,200	-	772,200
	718,767	1,942,800	448,767	1,327,800
Executive Directors				
- Fees	880,000	375,000	220,000	70,000
- Other emoluments	1,521,763	700,377	1,163,363	366,563
	2,401,763	1,075,377	1,383,363	436,563
Directors of subsidiaries				
Non-executive Directors				
- Fees	895,000	851,500	-	-
Total	4,015,530	3,869,677	1,832,130	1,764,363

(b) Other key management personnel

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Salaries, bonus and other benefits	1,482,633	1,404,252	1,021,453	950,812
Defined contribution plans	199,428	193,320	152,775	140,917
Total	1,682,061	1,597,572	1,174,228	1,091,729

7 Tax expenses

(a) Tax charge for the year

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Malaysian income tax	21,354,754	23,951,936	6,341,037	7,344,257
Deferred tax (Note 19)	346,500	1,035,454	45,000	151,000
Tax expenses	21,701,254	24,987,390	6,386,037	7,495,257
Share of tax of equity accounted associates	7,317,394	6,779,858	-	-
Total tax expense	29,018,648	31,767,248	6,386,037	7,495,257
Malaysian income tax				
Current year	21,532,085	24,007,081	6,500,000	7,349,000
Over accrued in previous years	(177,331)	(55,145)	(158,963)	(4,743)
	21,354,754	23,951,936	6,341,037	7,344,257
Deferred tax				
Temporary differences	346,500	1,035,454	45,000	151,000
Tax expenses	21,701,254	24,987,390	6,386,037	7,495,257

Notes to the Financial Statements for the year ended 31 December 2015

7 Tax expenses (continued)

(b) Numerical reconciliation of income tax expense

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit for the year	80,652,401	104,254,005	43,277,168	62,349,271
Total tax expenses	29,018,648	31,767,248	6,386,037	7,495,257
	109,671,049	136,021,253	49,663,205	69,844,528
Tax calculated at the tax rate of 25% (2014: 25%)	27,417,762	34,005,313	12,415,801	17,461,132
Tax effect of:				
- expenses not deductible for tax purposes	2,077,919	1,444,652	277,620	429,841
- over accrued in previous years	(177,331)	(55,145)	(158,963)	(4,743)
- benefits from utilisation of reinvestment allowance	(112,432)	(259,294)	-	-
- deferred tax over accrued	-	(763,610)	-	-
- deferred tax asset not recognised	-	44,250	-	-
- income not taxable	(187,270)	(2,648,918)	(6,148,421)	(10,390,973)
Total tax expenses	29,018,648	31,767,248	6,386,037	7,495,257

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.

	2015	2014
Profit attributable to equity holders of the Company (RM)	71,281,687	93,128,166
Weighted average number of ordinary shares in issue	141,390,000	141,390,000
Basic earnings per share (sen)	50.41	65.87

Notes to the Financial Statements for the year ended 31 December 2015

9 Dividends

Dividends declared or proposed for year ended 31 December 2015 are as follows:

	Group and Company			
	31.12.2015		31.12.2014	
	Single tier dividend per share Sen	Amount of single tier dividend RM	Single tier dividend per share Sen	Amount of single tier dividend RM
Declared				
- interim single tier dividend	10.0	14,139,000	10.0	14,139,000
Proposed				
- final single tier dividend	15.0	21,208,500	20.0	28,278,000
	25.0	35,347,500	30.0	42,417,000
Dividend per share recognised as distribution to ordinary equity holders of the Company				
31 December 2014				
- paid during the year	20.0	28,278,000	-	-
31 December 2015				
- paid during the year	10.0	14,139,000	-	-
31 December 2013				
- paid during the year	-	-	15.0	21,208,500
31 December 2014				
- paid during the year	-	-	10.0	14,139,000
	30.0	42,417,000	25.0	35,347,500

Interim single tier dividend of 10 sen per share on 141,390,000 ordinary shares totalling RM14,139,000 for the financial year ended 31 December 2015 was paid on 15 January 2016.

At the forthcoming Annual General Meeting, a final single tier dividend of 15 sen per share on 141,390,000 ordinary shares amounting to RM21,028,500 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 2016.

Notes to the Financial Statements for the year ended 31 December 2015

10 Property, plant and equipment

Group	Long term leasehold land		Oil palm plantations		Buildings		Plant and machinery		Motor vehicles, furniture, fixtures and equipment		Assets under construction		Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
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						
Additions	-	8,210,414	738,789	3,208,017	704,745	1,386,713	14,248,678						
Reclassification	-	-	434,591	-	1	(434,592)	-						
Written off	-	-	-	(752)	(603)	-	-						(1,355)
Disposal	-	-	-	(34,633)	(1)	-	-						(34,634)
Depreciation charge	(4,387,221)	-	(1,851,524)	(3,145,543)	(1,273,450)	-	(10,657,738)						
Carrying amounts at 31 December 2014	314,083,118	340,030,448	16,374,904	11,929,864	2,487,575	5,241,227	690,147,136						
Additions	3,698,278	5,685,558	612,380	1,142,420	1,482,232	1,634,002	14,254,870						
Revaluation surplus	76,325,246	69,375,731	-	-	-	-	145,700,977						
Reclassification	-	4,528,015	811,142	200,825	-	(5,539,982)	-						
Written off	-	-	(5,734)	(350)	(3,830)	-	(9,914)						
Disposal	-	-	-	(1)	(2)	-	(3)						
Depreciation charge	(4,402,825)	-	(1,946,782)	(2,964,908)	(1,261,319)	-	(10,575,834)						
Carrying amounts at 31 December 2015	389,703,817	419,619,752	15,845,910	10,307,850	2,704,656	1,335,247	839,517,232						
At 31 December 2014													
Cost	472,672	27,239,500	35,692,550	52,312,747	12,167,163	5,241,227	133,125,859						
Valuation	331,159,330	313,572,453	-	-	-	-	644,731,783						
Accumulated depreciation	(17,548,884)	(781,505)	(19,317,646)	(40,382,883)	(9,679,588)	-	(87,710,506)						
Carrying amounts	314,083,118	340,030,448	16,374,904	11,929,864	2,487,575	5,241,227	690,147,136						
At 31 December 2015													
Cost	472,672	-	36,385,085	53,579,278	12,665,139	1,335,247	104,437,421						
Valuation	389,270,539	419,619,752	-	-	-	-	808,890,291						
Accumulated depreciation	(39,394)	-	(20,539,175)	(43,271,428)	(9,960,483)	-	(73,810,480)						
Carrying amounts	389,703,817	419,619,752	15,845,910	10,307,850	2,704,656	1,335,247	839,517,232						

Notes to the Financial Statements for the year ended 31 December 2015

10 Property, plant and equipment (continued)

Company	Long term leasehold land RM	Oil palm plantations RM	Buildings RM	Plant and machinery RM	Motor vehicles, furniture, fixtures and equipment RM	Assets under construction RM	Total RM
Carrying amounts at 31 December 2013							
Additions	117,458,054	103,636,818	4,775,915	653,592	1,530,809	-	228,055,188
Written off	-	1,642,812	161,000	6,990	163,247	91,300	2,065,349
Depreciation charge	(1,553,532)	-	(667,366)	(280,010)	(313)	-	(3,219,570)
Carrying amounts at 31 December 2014							
Additions	115,904,522	105,279,630	4,269,549	380,572	975,081	91,300	226,900,654
Reclassification	3,698,078	871,473	292,060	71,605	1,073,862	512,598	6,519,676
Revaluation surplus	-	-	306,230	-	-	(306,230)	-
Disposal	28,697,076	29,098,868	-	-	-	-	57,795,944
Written off	-	-	-	-	(1)	-	(1)
Depreciation charge	(1,569,137)	-	(2)	(198,116)	(2,794)	-	(2,796)
Carrying amounts at 31 December 2015							
	146,730,539	135,249,971	4,166,474	254,061	1,396,661	297,668	288,095,374
At 31 December 2014							
Cost	-	9,583,785	8,834,616	2,842,498	5,908,139	91,300	27,260,338
Valuation	122,118,650	96,477,350	-	-	-	-	218,596,000
Accumulated depreciation	(6,214,128)	(781,505)	(4,565,067)	(2,461,926)	(4,933,058)	-	(18,955,684)
Carrying amounts	115,904,522	105,279,630	4,269,549	380,572	975,081	91,300	226,900,654
At 31 December 2015							
Cost	-	-	9,290,381	2,914,103	6,140,064	297,668	18,642,216
Valuation	146,730,539	135,249,971	-	-	-	-	281,980,510
Accumulated depreciation	-	-	(5,123,907)	(2,660,042)	(4,743,403)	-	(12,527,352)
Carrying amounts	146,730,539	135,249,971	4,166,474	254,061	1,396,661	297,668	288,095,374

Notes to the Financial Statements for the year ended 31 December 2015

10 Property, plant and equipment (continued)

On 31 December 2015, independent qualified valuer had revalued the leasehold land and oil palm plantations to their open market value using the investment method (2010: open market value using the comparison method). Details of the independent qualified valuer are as follows:

Name of the firm: Azmi & Co (Pahang) Sdn Bhd

Name of the valuer: Noriha Harun, V-634

Qualification of the valuer: BSc (Hons) Estate Management (UK), APEPS, MIPPM

Details of independent professional valuation of leasehold land and oil palm plantations owned by the Group at 31 December 2015 are as follows:

Year of valuation	Description of Property	Amount RM	Basis of Valuation
2000	Leasehold land and oil palm plantations	230,177,024	Open market value
2005	Leasehold land and oil palm plantations	387,880,100	Open market value
2010	Leasehold land and oil palm plantations	649,234,672	Open market value
2015	Leasehold land and oil palm plantations	808,115,900	Open market value

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	
	2015 RM	2014 RM
Unquoted shares, at cost:		
- at start and end of the year	42,499,349	42,499,349

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		
		2015 %	2014 %	2015 %	2014 %	
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 2015

13 Associates

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 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	254,119,073	239,751,434	-	-
	320,583,473	306,215,834	89,675,168	89,675,168

Details of the associates, all of which are unquoted and incorporated in Malaysia, are as follows:

Name of company	Principal activities	Interest of equity held by			
		Company		Subsidiary	
		2015 %	2014 %	2015 %	2014 %
* Prosper Palm Oil Mill Sdn Berhad	Operating of palm oil mill and oil palm plantation	40.0	40.0	-	-
* Business & Budget Hotels (Kuantan) Sdn Bhd	Hotel and resort operator	36.2	36.2	-	-
# Future Prelude Sdn Bhd	Manufacturing and exporting of palm oil, fatty acids and chemicals compounds or derivatives	47.2	47.2	-	-
* Jaspurna Holdings Sdn Bhd	Investment holding	-	-	@45.0	@45.0
* PGC Management Services Sdn Bhd	Marketing of crude palm oil and management services	-	-	@30.0	@30.0

Audited by McMillan Woods Thomas

* Audited by other firms of auditors

@ Shares held by Kilang Kosfarm Sdn Bhd

All the associates are accounted for using equity accounting method.

(a) Aggregate information of associates that are not individually material are as follows:

	Group	
	2015 RM	2014 RM
The Group share of profit/(loss) after tax	1,973,001	(320,905)
The Group share of total comprehensive income	2,755,412	(729,119)
Carrying value of Group's interest in associates	50,391,522	47,861,110

Notes to the Financial Statements for the year ended 31 December 2015

13 Associates (continued)

- (b) Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information represents the amounts of the financial statements of the associate and not the Group's share of those amounts.

(i) **Summarised statements of financial position**

	Prosper Palm Oil Mill Sdn Berhad	
	2015	2014
	RM	RM
Non-current assets	606,358,708	596,340,282
Current assets	99,899,724	86,283,137
Total assets	706,258,432	682,623,419
Non-current liabilities	13,067,926	15,422,055
Current liabilities	17,710,627	21,314,554
Total liabilities	30,778,553	36,736,609
Net assets	675,479,879	645,886,810

(ii) **Summarised statements of comprehensive income**

	Prosper Palm Oil Mill Sdn Berhad	
	2015	2014
	RM	RM
Revenue	153,953,324	244,237,730
Profit before tax	56,351,733	63,300,720
Total comprehensive income	39,953,069	47,582,572

(iii) **Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate:**

	Prosper Palm Oil Mill Sdn Berhad	
	2015	2014
	RM	RM
Net assets as at 1 January	645,886,810	608,304,238
Profit for the year	39,593,069	47,582,572
Dividend paid	(10,000,000)	(10,000,000)
Net assets as at 31 December	675,479,879	645,886,810
Interest in associate	40%	40%
Carrying value of Groups interest in associate	270,191,951	258,354,724

Notes to the Financial Statements for the year ended 31 December 2015

14 Other financial assets

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Non-current				
Held to maturity investment				
Redeemable Convertible Non-Cumulative Preference Share	3,000,000	-	3,000,000	-
Current				
Financial assets at "fair value through profit or loss"				
Investment in fund management	165,182	3,119,698	-	-

15 Inventories

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
At cost				
Finished goods	3,839,659	3,864,576	-	-
Raw material	71,056	308,396	-	-
Nurseries	656,609	518,025	-	-
Consumables	723,006	740,264	64,673	74,664
	5,290,330	5,431,261	64,673	74,664

16 Receivables, deposits and prepayments

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade receivables	16,048,010	16,805,541	3,290,199	1,839,282
Other receivables	2,954,912	18,508,344	1,292,896	16,590,340
Deposits	21,854,396	25,540,682	21,798,700	25,495,012
Prepayments	10,076	11,553	5,477	4,992
Amounts due from subsidiaries	-	-	62,680,941	52,610,264
Amounts due from associates	16,105,070	12,186,832	-	-
	56,972,464	73,052,952	89,068,213	96,539,890

Credit term of trade receivables to the Group and to the Company is 30 days (2014: 30 days).

The amounts due from subsidiaries are advances, which are unsecured, free of interest and refundable on demand except for RM16,034,630 (2014: RM16,913,727) repayable in 2 to 4 years (2014: 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 RM21,645,820 (2014: RM25,343,897) paid to Pengarah Tanah dan Galian Pahang and Pentadbir Tanah Daerah Pekan for the alienation of 3,333.805 acres (2014: 3,899.061 acres) of land. The amount will be reflected as land once the Company obtained the land title deed from the relevant authority.

Notes to the Financial Statements for the year ended 31 December 2015

17 Cash and cash equivalents

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Deposits with licensed banks	210,887,035	202,006,402	143,114,548	134,843,344
Deposit with other corporation	4,000,000	-	-	-
Cash and bank balances	61,116,982	30,514,039	8,166,124	50,077
	276,004,017	232,520,441	151,280,672	134,893,421

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

	Group		Company	
	2015 %	2014 %	2015 %	2014 %
Deposit with other corporation	3.70	-	-	-
Deposits with licensed banks	3.18	3.12	3.15	3.22

As at 31 December 2015, the deposits of the Group and of the Company have maturity periods between 30 to 90 days (2014: 30 to 90 days). Bank balances are deposits held at call with banks.

Included in fixed deposit with licensed banks of the Group and the Company is RM91,971,412 (2014: NIL) deposited in accordance with the Consent Order from the Court of Appeal.

18 Payables

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade payables	17,051,608	20,014,366	224,477	402,804
Other payables	4,582,506	3,226,062	534,848	169,541
Deposits	5,000	5,000	5,000	5,000
Accruals	7,124,730	6,135,080	2,071,199	1,840,991
Amounts due to subsidiaries	-	-	9,361	7,395
Amount due to associate	180,207	147,288	-	-
	28,944,051	29,527,796	2,844,885	2,425,731

Credit terms of trade payables of the Group and of the Company ranges from 30 to 90 days (2014: 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 2015

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	
	2015 RM	2014 RM	2015 RM	2014 RM
At start of the year	129,385,638	128,350,184	40,139,000	39,988,000
Arising from revaluation (Note 22)	36,425,000	-	14,449,000	-
Charged to statement of profit or loss (Note 7)	346,500	1,035,454	45,000	151,000
At end of the year	166,157,138	129,385,638	54,633,000	40,139,000
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	167,294,554	130,523,054	54,633,000	40,139,000
- others	87,000	87,000	-	-
Offsetting	(1,224,416)	(1,224,416)	-	-
Deferred tax liabilities after offsetting	166,157,138	129,385,638	54,633,000	40,139,000

20 Share capital

	Group and the Company Ordinary shares of RM1 each			
	2015 Unit	2014 Unit	2015 RM	2014 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 and end of the year	141,390,000	141,390,000	141,390,000	141,390,000

21 Share premium

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
At start and end of the year	47,997,970	47,997,970	44,947,244	44,947,244

Notes to the Financial Statements for the year ended 31 December 2015

22 Revaluation reserves

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
At 1 January	303,686,921	306,686,606	82,410,459	83,325,276
Surplus arising during the year	145,700,977	-	57,795,944	-
Deferred tax thereon (Note 19)	(36,425,000)	-	(14,449,000)	-
	109,275,977	-	43,346,944	-
Non controlling interest share on the surplus	(7,129,000)	-	-	-
Transfer to retained earnings	(2,999,685)	(2,999,685)	(914,817)	(914,817)
At 31 December	402,834,213	303,686,921	124,842,586	82,410,459

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

23 Retained earnings

The Company had moved to the single tier dividend system. Therefore all its retained earnings as at 31 December 2015 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:

Related parties	Relationship
- PGC Management Services Sdn Bhd	Associate of Kilang Kosfarm Sdn Bhd
- Kilang Sawira Makmur Sdn Bhd	Associate of Kilang Kosfarm Sdn Bhd
- Rompin Palm Oil Mill Sdn Bhd (RPOM)	PPOM holds 30% equity in RPOM
- Endau Palm Oil Mill 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

Notes to the Financial Statements

for the year ended 31 December 2015

25 Related parties (continued)

(b) Transactions with key management personnel

Key management personnel compensation is disclosed in Note 6. There are no other transactions with key management personnel other than compensation.

(c) Transactions with subsidiaries

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Dividend income				
- Kampong Aur Oil Palm Company (Sdn.) Berhad	-	-	6,067,722	6,067,722
- Dawn Oil Palm Plantations Sdn Bhd	-	-	6,300,525	9,000,750
- B.S. Oil Palm Plantations Sdn Bhd	-	-	5,220,435	9,000,750
- Far East Delima Plantations Sdn Bhd	-	-	200,000	80,000
- Kilang Kosfarm Sdn Bhd	-	-	2,805,000	4,080,000
Sales of fresh fruit bunches				
- Kilang Kosfarm Sdn Bhd	-	-	6,765,396	6,616,048

(d) Transactions with associates

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Dividend income				
- Prosper Palm Oil Mill Sdn Berhad	-	-	4,000,000	4,000,000
Purchase of fresh fruit bunches				
- Prosper Palm Oil Mill Sdn Berhad	441,047	302,178	-	-
Sales of crude palm oil and palm kernel				
- Future Prelude Sdn Bhd	40,844,632	36,349,336	-	-
- Prosper Palm Oil Mill Sdn Berhad	2,972,945	21,591,414	-	-
Purchase of crude palm oil and palm kernel				
- Prosper Palm Oil Mill Sdn Berhad	501,060	7,094,301	-	-
Management fee payable to				
PGC Management Services Sdn Bhd	2,215,031	2,000,200	-	-

Notes to the Financial Statements for the year ended 31 December 2015

25 Related parties (continued)

(e) Other related parties transactions

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Sales of fresh fruit bunches				
- Rompin Palm Oil Mill Sdn Bhd	16,112,251	16,532,960	-	-
- LKPP Corporation				
Sendirian Berhad	1,279,039	1,427,010	1,279,039	1,427,010
- Kilang Sawira Makmur Sdn Bhd	52,079,315	62,892,954	13,415,287	15,510,625
- Endau Palm Oil Mill Sdn Bhd	350,704	-	-	-
Purchase of fresh fruit bunches				
- Koperasi Serbausaha				
Makmur Berhad	114,334,762	118,453,498	-	-
Sales of crude palm oil and palm kernel				
- Prosper Trading Sdn Bhd	12,189,626	14,971,627	-	-
- Prosper Palm Oil Products				
Marketing Sdn Bhd	-	1,487,373	-	-
- Endau Palm Oil Mill Sdn Bhd	2,693,423	45,470,167	-	-
- Rompin Palm Oil Mill Sdn Bhd	3,978,628	22,047,921	-	-
- Kilang Sawira Makmur Sdn Bhd	1,273,680	534,683	-	-
Purchase of crude palm oil and palm kernel				
- Endau Palm Oil Mill Sdn Bhd	6,217,501	49,299,091	-	-
- Rompin Palm Oil Mill Sdn Bhd	3,937,329	18,192,807	-	-
- Kilang Sawira Makmur Sdn Bhd	2,887,893	10,401,405	-	-

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

Related parties	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Receivables:				
- Rompin Palm Oil Mill Sdn Bhd	1,089,997	3,233,092	-	-
- Kilang Kosfarm Sdn Bhd	-	-	-	2,276,668
- Prosper Trading Sdn Bhd	1,153,683	785,640	-	-
- LKPP Corporation				
Sendirian Berhad	285,170	101,440	285,170	101,440
- Prosper Palm Oil Mill Sdn Berhad	514,358	1,127,479	-	-
- Future Prelude Sdn Bhd	15,170,951	9,439,592	-	-
- Kilang Sawira Makmur Sdn Bhd	4,772,879	3,303,205	868,345	597,831
- Endau Palm Oil Mill Sdn Bhd	371,746	-	-	-
Payables:				
- PGC Management Services Sdn Bhd	167,730	147,288	-	-
- Endau Palm Oil Mill Sdn Bhd	3,102,823	10,078,150	-	-
- Rompin Palm Oil Mill Sdn Bhd	2,050,358	-	-	-
- Koperasi Serbausaha				
Makmur Berhad	9,336,914	6,852,621	-	-

Notes to the Financial Statements for the year ended 31 December 2015

26 Capital commitments

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Authorised by the Directors and not contracted	24,157,000	61,818,170	11,276,800	43,732,765
Analysed as follows:				
- property, plant and equipment	7,230,900	10,082,300	1,276,800	2,270,800
- oil palm plantation development	6,926,100	11,735,870	-	1,461,965
- acquisition of land	10,000,000	40,000,000	10,000,000	40,000,000
	24,157,000	61,818,170	11,276,800	43,732,765

27 Financial instruments

(a) Classification of financial instruments

Group 31.12.2015	Financial assets "at fair value through profit or loss" RM	Held to maturity investment RM	Loan and receivables RM	Financial liabilities, at amortised cost RM	Total RM
Financial assets					
Investment in fund management	165,182	-	-	-	165,182
Redeemable Convertible Non-Cumulative Preference Shares	-	3,000,000	-	-	3,000,000
Trade and other receivables	-	-	19,002,922	-	19,002,922
Amounts due from associates	-	-	16,105,070	-	16,105,070
Deposits, cash and bank balances	-	-	276,004,017	-	276,004,017
Total financial assets	165,182	3,000,000	311,112,009	-	314,277,191
Financial liabilities					
Trade and other payables	-	-	-	21,634,114	21,634,114
Amount due to associate	-	-	-	180,207	180,207
Accruals	-	-	-	7,124,730	7,124,730
Hire purchase creditor	-	-	-	93,333	93,333
Total financial liabilities	-	-	-	29,032,384	29,032,384

Notes to the Financial Statements for the year ended 31 December 2015

27 Financial instruments (continued)

(a) Classification of financial instruments (continued)

Group 31.12.2014	Financial assets “at fair value through profit or loss” RM	Loan and receivables RM	Financial liabilities, at amortised cost RM	Total RM
Financial assets				
Investment in fund management	3,119,698	-	-	3,119,698
Trade and other receivables	-	35,313,885	-	35,313,885
Amounts due from associates	-	12,186,832	-	12,186,832
Deposits, cash and bank balances	-	232,520,441	-	232,520,441
Total financial assets	3,119,698	280,021,158	-	283,140,856
Financial liabilities				
Trade and other payables	-	-	23,240,428	23,240,428
Amount due to associate	-	-	147,288	147,288
Accruals	-	-	6,135,080	6,135,080
Total financial liabilities	-	-	29,522,796	29,522,796

Company 31.12.2015	Held to maturity investment RM	Loan and receivables RM	Financial liabilities, at amortised cost RM	Total RM
Redeemable Convertible				
Non-Cumulative Preference Shares	3,000,000	-	-	3,000,000
Trade and other receivables	-	4,583,095	-	4,583,095
Amounts due from subsidiaries	-	62,680,941	-	62,680,941
Deposits, cash and bank balances	-	151,280,672	-	151,280,672
Total financial assets	3,000,000	218,544,708	-	221,544,708
Financial liabilities				
Trade and other payables	-	-	759,325	759,325
Amounts due to subsidiaries	-	-	9,361	9,361
Accruals	-	-	2,071,199	2,071,199
Total financial liabilities	-	-	2,839,885	2,839,885

Company 31.12.2014	Loan and receivables RM	Financial liabilities, at amortised cost RM	Total RM
Trade and other receivables	18,429,622	-	18,429,622
Amounts due from subsidiaries	52,610,264	-	52,610,264
Deposits, cash and bank balances	134,893,421	-	134,893,421
Total financial assets	205,933,307	-	205,933,307
Financial liabilities			
Trade and other payables	-	572,345	572,345
Amounts due to subsidiaries	-	7,395	7,395
Accruals	-	1,840,991	1,840,991
Total financial liabilities	-	2,420,731	2,420,731

Notes to the Financial Statements for the year ended 31 December 2015

27 Financial instruments (continued)

(b) Financial risk management objectives and policies

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

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

Interest rate risk

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

Market risk

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

Credit risk

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

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

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

Group	Gross RM	Impairment loss RM	Net RM
2015			
Not past due	15,997,089	-	15,997,089
More than 120 days past due	50,921	-	50,921
	16,048,010	-	16,048,010
2014			
Not past due	16,754,620	-	16,754,620
More than 120 days past due	50,921	-	50,921
	16,805,541	-	16,805,541
Company			
2015			
Not past due	3,290,199	-	3,290,199
2014			
Not past due	1,839,282	-	1,839,282

Notes to the Financial Statements for the year ended 31 December 2015

27 Financial instruments (continued)

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

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.

Group 2015	Not later than 1 month RM	1 month to 3 months RM	3 months to 1 year RM	1 to 2 years RM	Total RM
Trade and other payables	20,640,670	623,506	369,938	-	21,634,114
Amount due to associate	180,207	-	-	-	180,207
Accruals	4,241,901	-	2,882,829	-	7,124,730
Hire purchase creditor	2,759	5,551	26,292	58,731	93,333
	25,065,537	629,057	3,279,059	58,731	29,032,384

2014	RM	RM	RM	RM	RM
Trade and other payables	21,447,776	1,424,762	367,890	-	23,240,428
Amount due to associate	147,288	-	-	-	147,288
Accruals	3,344,274	-	2,790,806	-	6,135,080
	24,939,338	1,424,762	3,158,696	-	29,522,796

Company 2015	Not later than 1 month RM	3 months to 1 year RM	Total RM
Trade and other payables	759,325	-	759,325
Amounts due to subsidiaries	9,361	-	9,361
Accruals	1,222,085	849,114	2,071,199
	1,990,771	849,114	2,839,885

2014	RM	RM	RM
Trade and other payables	572,345	-	572,345
Amounts due to subsidiaries	7,395	-	7,395
Accruals	980,391	860,600	1,840,991
	1,560,131	860,600	2,420,731

Notes to the Financial Statements

for the year ended 31 December 2015

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	2015		2014	
	Carrying amounts RM	Fair values RM	Carrying amounts RM	Fair values RM
Financial assets				
<i>Financial assets "at fair value through profit or loss"</i>				
Investment in fund management	165,182	165,182	3,119,698	3,119,698
<i>Held to maturity</i>				
Redeemable Convertible				
Non-Cumulative Preference Shares	3,000,000	3,000,000	-	-
<i>Loan and receivables</i>				
Trade and other receivables	19,002,922	19,002,922	35,313,885	35,313,885
Amounts due from associates	16,105,070	16,105,070	12,186,832	12,186,832
Deposits, cash and bank balances	276,004,017	276,004,017	232,520,441	232,520,441
Total financial assets	314,277,191	314,277,191	283,140,856	283,140,856
Financial liabilities				
<i>Financial liabilities at amortised cost</i>				
Trade and other payables	21,634,114	21,634,114	23,240,428	23,240,428
Accruals	7,124,730	7,124,730	6,135,080	6,135,080
Amount due to associate	180,207	180,207	147,288	147,288
Hire purchase creditor	93,333	93,333	-	-
Total financial liabilities	29,032,384	29,032,384	29,522,796	29,522,796
Company				
Financial assets				
<i>Held to maturity</i>				
Redeemable Convertible				
Non-Cumulative Preference Shares	3,000,000	3,000,000	-	-
<i>Loan and receivables</i>				
Trade and other receivables	4,583,095	4,583,095	18,429,622	18,429,622
Amounts due from subsidiaries	22,486,660	22,486,660	19,876,257	19,876,257
Amounts due from subsidiaries	40,194,281	40,194,281	32,734,007	32,734,007
Deposits, cash and bank balances	151,280,672	151,280,672	134,893,421	134,893,421
Total financial assets	221,544,708	221,544,708	205,933,307	205,933,307
Financial liabilities				
<i>Financial liabilities at amortised cost</i>				
Trade and other payables	759,325	759,325	572,345	572,345
Amounts due to subsidiaries	9,361	9,361	7,395	7,395
Accruals	2,071,199	2,071,199	1,840,991	1,840,991
Total financial liabilities	2,839,885	2,839,885	2,420,731	2,420,731

Notes to the Financial Statements for the year ended 31 December 2015

27 Financial instruments (continued)

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

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

Financial assets without published price in active market

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

Financial assets with published price in active market

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

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

The carrying amounts approximate the fair value due to their short-term nature except for RM40,194,281 (2014: RM32,734,007) 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.

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.

Notes to the Financial Statements for the year ended 31 December 2015

28 Critical accounting estimates and assumptions (continued)

(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.

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 2015:

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 July 2014, have been adopted, but the adoptions do not have a significant impact on the financial statements:

Amendments to FRS 119	Defined Benefit Plans: Employee Contributions
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

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 2016

Amendment to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11 and FRS 14	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 101 and FRS 116 and FRS 138	Regulatory Deferral Accounts
Amendments to FRS 127	Disclosure Initiative
	Clarification of Acceptable Methods of Depreciation and Amortisation
	Equity Method in Separate Financial Statements

Annual Improvements to FRSs 2012 – 2014 Cycle:

Amendments to FRS 5	Non-current Assets Held for sale and Discontinued Operations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 119	Employee Benefits
Amendments to FRS 134	Interim Financial Reporting

Effective for financial period beginning on or after 1 January 2018

FRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
-------	---

Notes to the Financial Statements for the year ended 31 December 2015

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

Malaysian Financial Reporting Standards ('MFRS Framework')

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the MFRS Framework. The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture ('MFRS 141') and IC Interpretation 15 Agreements for Construction of Real Estate ('IC 15'), including its parent, significant investor and venture (herein called 'Transitioning Entities'). On 8 September 2015, 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 2018.

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 2018. 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 2015 could be different if they are prepared under the MFRS Framework.

30 Material litigation

- (1) **Stay Application in the Court of Appeal**
Civil Appeal No. W-02(NCC)(A)-2671-12/2013
Far East Holdings Berhad & Kampong Aur Oil Palm Company (Sdn.) Berhad v. Majlis Ugama Islam dan Adat Resam Melayu Pahang
- (2) **Motion for Leave to Appeal to the Federal Court**
Civil Application No.08-379-08/2015 (W)
Far East Holdings Berhad & Kampong Aur Oil Palm Company (Sdn.) Berhad v. Majlis Ugama Islam dan Adat Resam Melayu Pahang
- (3) **Motion for Leave to Appeal to the Federal Court**
Civil Application No.08-380-08/2015 (W)
Far East Holdings Berhad & Kampong Aur Oil Palm Company (Sdn.) Berhad v. Majlis Ugama Islam dan Adat Resam Melayu Pahang
- (4) **Motion for Leave to Appeal to the Federal Court**
Civil Application No.08-382-08/2015 (W)
Majlis Ugama Islam dan Adat Resam Melayu Pahang v. Far East Holdings Berhad & Kampong Aur Oil Palm Company (Sdn.) Berhad

A brief background on FEHB's Applications and the current status of the matter is as follows:-

- (a) FEHB and Kampung Aur Oil Palm Company (Sdn.) Berhad ("KAOP") entered into an Agreement with Majlis Ugama Islam dan Adat Resam Melayu Pahang ("MUIP") on 16.1.1992.
- (b) A dispute arose between the Parties and the dispute was referred by way of arbitration, wherein MUIP was the Claimant while FEHB and KAOP were the Respondents.
- (c) The dispute that arose between the Parties concerns essentially the following 3 Issues:
 - (i) Increase in paid up capital of KAOP;
 - (ii) The exercise of the 1st Option; and
 - (iii) The exercise of the 2nd Option.

Notes to the Financial Statements for the year ended 31 December 2015

30 Material litigation (continued)

- (d) The Arbitrator found in favour of MUIP in Award dated 19.9.2012 and a Corrective Award dated 11.10.2012.
- (e) FEHB and KAOP challenged the Award (and the Corrective Award) and resisted the enforcement of the Award before the High Court.
- (f) On 21.11.2013, the High Court allowed FEHB's and KAOP's challenge only on the award of pre-award and post-award interest, but recognised and enforced the rest of the Award ("**the Judgment**"). A stay of execution for the Judgment was granted in favour of FEHB and KAOP.
- (g) Essentially the Judgment compels FEHB to, firstly, cancel substantial shares (*to the tune of 22 million shares*) that it holds in KAOP, secondly, to transfer a total of 27% of its shares in KAOP to MUIP and finally, to pay a sum in excess of RM77.8 million to MUIP.
- (h) The Judgment bears the endorsement under Order 45 Rule 7(4) of the Rules of Court 2012 compelling FEHB and KAOP, their Directors and Company Secretaries to comply with the terms of the Judgment upon personal service thereof, failing which to be subjected to committal proceedings.
- (i) FEHB and KAOP appealed to the Court of Appeal against the High Court decision save as to the award of pre-award and post-award interest which was set aside ("**FEHB's and KAOP's CA appeals**"). MUIP in turn appealed to the Court of Appeal against that part of the High Court decision setting aside the award of interests ("**MUIP's CA appeals**").
- (j) On 31.7.2015, the Court of Appeal dismissed all the appeals and affirmed the decision of the High Court.
- (k) FEHB and KAOP have since filed 2 motions for leave to appeal to the Federal Court while MUIP has also filed a motion for leave to appeal to the Federal Court against the decision setting aside the award of interest. FEHB and KAOP applied for stay of execution of the Judgment pending the disposal of the leave applications.
- (l) On 13.10.2015, the Court of Appeals granted, *inter alia*, a conditional stay of execution. For completeness, the Consent Order reads as follows:-

"Pelaksanaan Penghakiman Mahkamah Tinggi bertarikh 21.11.2013 yang telah disahkan oleh Mahkamah Rayuan Yang Mulia ini pada 31.7.2015 digantung sementara menunggu penyelesaian penuh dan muktamad permohonan Perayu-perayu/Pemohon-pemohon bagi kebenaran untuk merayu ke Mahkamah Persekutuan dalam Permohonan Sivil No. 08-380-08/2015(W) dan Permohonan Sivil No. 08-379-08/2015(W) dan sekiranya kebenaran diberikan, sementara menunggu penyelesaian penuh dan muktamad akan rayuan-rayuan tersebut berdasarkan syarat-syarat yang berikut:-

- (a) *Perayu/Pemohon Pertama akan mendepositkan jumlah sebanyak RM91,971,411.54 (tanpa mengakui pengiraan Responden untuk mencapai angka ini) ke dalam Akaun Simpanan Tetap ("**Akaun FD**") yang memperoleh faedah dengan sebuah Bank yang bereputasi di bawah nama Perayu/Pemohon Pertama dalam tempoh dua (2) minggu dari tarikh Perintah ini;*
- (b) *Perayu/Pemohon Pertama bersetuju untuk tidak berurusan dengan wang dalam Akaun FD sementara menunggu penyelesaian permohonan-permohonan kebenaran dan sekiranya kebenaran diberikan, sementara menunggu penyelesaian rayuan-rayuan tersebut;*
- (c) *Sekiranya Mahkamah Persekutuan mengesahkan hak Responden kepada jumlah seperti yang dinyatakan dalam perenggan-perenggan 8 dan 9 Penghakiman Mahkamah Tinggi, Perayu/Pemohon Pertama mengakujaji untuk mencairkan Akaun FD dan membayar jumlah dalam Akaun FD termasuk faedah yang terakru di dalamnya kepada Responden dengan serta merta;*

Adalah diperintahkan melalui persetujuan bahawa Responden mengakujaji untuk tidak meneruskan dengan sebarang prosiding penggulungan terhadap Perayu-perayu/Pemohon-pemohon berhubung Penghakiman Mahkamah Tinggi bertarikh 21.11.2013 sementara menunggu penyelesaian permohonan-permohonan kebenaran dan sekiranya kebenaran diberikan, sementara menunggu penyelesaian rayuan-rayuan tersebut."

Notes to the Financial Statements for the year ended 31 December 2015

30 Material litigation (continued)

(m) On 26.10.2015, FEHB deposited the sum of RM91,971,411.54 in compliance with the Consent Order.

(n) The 3 appeals have now been fixed for hearing on 28.3.2016.

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 2015, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Realised	657,484,186	627,490,587	311,521,895	310,267,323
Unrealised	(11,853,556)	(14,506,740)	(7,912,659)	(8,433,072)
	645,630,630	612,983,847	303,609,236	301,834,251

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 23 March 2016.

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Dato' Sri 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 65 to 103 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 2015 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 and the requirements of the Companies Act, 1965.

The supplementary information set out in Note 31 on page 103 have been prepared in accordance with the guidance as Special Matter 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 23 March 2016.



Dato' Sri Kamaruddin bin Mohammed
Group Executive 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 65 to 103 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

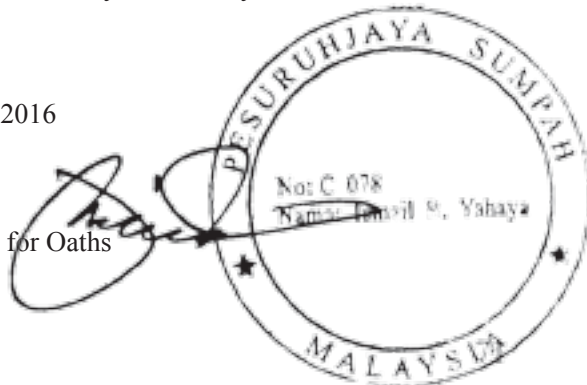
Subscribed and solemnly declared by the abovenamed Asmin binti Yahya

At: Kuantan

On: 23 March 2016

Before me:

Commissioner for Oaths



Lot No. 11-13, Tingkat 1,
Bangunan UTC,
Jalan Stadium,
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 2015 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 65 to 103.

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 2015 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.

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.

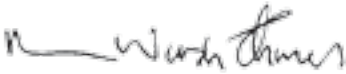
Independent Auditors' Report to the Members of Far East Holdings Berhad

Other reporting responsibilities

The supplementary information set out in Note 31 on page 103 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



Chong Loong Choy
[2589/08/16(J)]
Partner of the firm

Kuantan 23 March 2016

SHAREHOLDINGS STRUCTURE

AS AT 31 MARCH 2016

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 BERHAD>	102918T	23,054,400	16.31
2 LEMBAGA KEMAJUAN PERUSAHAAN PERTANIAN NEGERI PAHANG	LKPPNPECT 71971	22,807,800	16.13
3 LEMBAGA KEMAJUAN PERUSAHAAN PERTANIAN NEGERI PAHANG	LKPPNPECT 71971	12,793,000	9.05
4 HIKMAT ELIT SDN BHD	562277U	9,365,800	6.62
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	4,440,000	3.14
8 DELUXE ERA SDN BHD	845421X	3,262,800	2.31
9 HIKMAT ELIT SDN BHD	562277U	3,121,300	2.21
10 KAMARUDDIN BIN MOHAMMED	481124-06-5173	2,700,000	1.91
11 PROSPER TRADING SDN BERHAD	TEM144561	2,603,600	1.84
12 AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR TEE KIM TEE @ TEE CHING TEE	41117T	2,580,200	1.82
13 MERGEBOOM (M) SDN BHD	261276X	2,500,000	1.77
14 TEE CHENG HUA	540601-10-5949	2,124,000	1.50
15 AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR TEE KIM TEE @ TEE CHING TEE	41117T	2,056,300	1.45
16 BUDI-JS PLANTATION MANAGEMENT SDN BERHAD	248375P	1,667,200	1.18
17 MERGEBOOM (M) SDN BHD	261276X	1,145,000	0.81
18 HAN KEE JUAN	510913-01-6067	979,700	0.69
19 TEE CHING CHAN	620113-10-5819	959,400	0.68
20 AMANAH SAHAM PAHANG BERHAD	017251P	779,100	0.55
21 MAN FOH @ CHAN MAN FOH	570306-06-5099	728,000	0.51
22 TEE CHENG HU	631115-10-5197	723,400	0.51
23 TEE LIP HIAN	730303-10-5171	686,600	0.49
24 ANG KIM SENG @ ANG ENG HOCK	511009-10-5437	682,600	0.48
25 NOWAWI BIN ABDUL RAHMAN	551126-06-5207	678,000	0.48
26 TEE CHAIN YEE	770810-10-5420	675,000	0.48
27 YEW PENG DU	730117-10-5477	555,000	0.39
28 TEE LIP SIN	710501-10-6089	550,900	0.39
29 TEE LIP JEN	830525-10-5407	519,900	0.37
30 TEE LIP CHUAN	841119-10-5827	507,700	0.36

Shareholdings Structure

As at 31 March 2016

INFORMATION ON SUBSTANTIAL SHAREHOLDERS (COMBINED ACCOUNT)

Nos.	Names of Substantial Shareholders	Direct Holdings	
		No.	%
1	LEMBAGA KEMAJUAN PERUSAHAAN PERTANIAN NEGERI PAHANG		
	<i>Share held through:-</i>		
	Own Account - CDS No. 076-002-000389122	22,807,800	16.13
	Own Account - CDS No. 064-005-041217969	12,793,000	9.05
		35,600,800	25.18
2	PROSPER TRADING SDN BERHAD		
	<i>Share held through:-</i>		
	Own Account - CDS No. 068-009-050705219	7,894,920	5.59
	Own Account - CDS No. 028-002-024047938	2,603,600	1.84
	AMSEC Nominees (Tempatan) Sdn Bhd - CDS No. 086-001-035663806	23,054,400	16.31
		33,552,920	23.74
3	HIKMAT ELIT SDN BHD		
	<i>Share held through:-</i>		
	Own Account - CDS No. 068-009-050707900	9,365,800	6.63
	Own Account - CDS No. 028-002-036831386	3,121,300	2.21
		12,487,100	8.84
4	LKPP CORPORATION SDN BHD		
	<i>Share held through:-</i>		
	Own Account - CDS No. 058-003-002974525	8,300,280	5.87
	TA Nominees (Tempatan) Sdn Bhd - CDS No. 058-003-004774634	121,000	0.09
		8,421,280	5.96

Shareholdings Structure

As at 31 March 2016

INFORMATION ON DIRECTORS SHAREHOLDING

Nos.	Names Of Directors	Direct Holdings		Indirect Holdings	
		No.	%	No.	%
1	YH DATO' SRI KAMARUDDIN BIN MOHAMMED <i>Share held through:-</i> Individual Account - CDS No. 058-003-043607845 <i>Notes:</i> <i>(a) By Virtue of Ybg Datin Sri Kalsom bt Ahmad is his spouse</i> <i>(b) By Virtue of Khairatun Amirah bt Kamaruddin is his daughter</i>	2,700,000	1.91	500,000 ^(a) 100,000 ^(b)	0.35 0.07
		2,700,000	1.91	600,000	0.42
2	EN TEE KIM TEE @ TEE CHING TEE <i>Share held through:-</i> Individual Account - CDS No. 068-009-050698323 Affin Hwang Nominees (Tempatan) Sdn Bhd - CDS No.068-009-050757608 Affin Hwang Nominees (tempatan) Sdn Bhd - CDS No.028-002-009567678	119,400 2,580,200 2,056,300	0.08 1.82 1.45	-	-
		4,755,900	3.35		
3	EN TEE CHENG HUA <i>Share held through:-</i> Individual Account - CDS No. 086-001-013021316	2,124,000	1.50	-	-
		2,124,000	1.50		
4	EN HASHIM NAINA MERICAN BIN YAHAYA MERICAN <i>Share held through:-</i> Individual Account - CDS No. 058-003-49721913	10,000	0.01	-	-
		10,000	0.01		
5	EN TEE LIP TENG <i>Share held through:-</i> Individual Account - CDS No. 086-003-049003551 Individual Account - CDS No. 028-002-049136559	100,000 200,000	0.07 0.14	-	-
		300,000	0.21		
6	YH DATO' TAN BING HUA <i>Notes:</i> <i>(a) By Virtue of Datin Cho Kwai Lin is his spouse</i>	-	-	44,000	0.03
				44,000	0.03
7	YH DATO' WAN BAKRI BIN WAN ISMAIL	-	-	-	-
8	YH DATO' JAMALUDDIN BIN ABD MAJID	-	-	-	-
9	EN NIK MOHAMED ZAKI BIN NIK YUSOFF	-	-	-	-

Shareholdings Structure

As at 31 March 2016

DISTRIBUTION TABLE A

Category	No. of Holders		No. of Shares		Percentage (%)	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less than 100	14	1	234	66	0.00	0.00
100 - 1,000	297	2	170,200	900	0.12	0.00
1,001 - 10,000	1,143	16	3,947,500	74,200	2.79	0.05
10,001 - 100,000	206	15	5,491,000	300,600	3.89	0.21
100,001 and above	64	1	121,111,600	403,800	85.66	0.29
Directors' Shareholdings	5	0	9,889,900	-	6.99	0.00
TOTAL	1,729	35	140,610,434	779,566	99.45	0.55

ANALYSIS OF EQUITY STRUCTURE

Category	No. of Holders	No. of Shares	%
1) BUMIPUTRA :			
a) Individual	101	4,820,500	3.41
b) Body Corporate			
i) Banks/Finance Companies	6	87,600	0.06
ii) Investments Trust/Foundation/Charities	-	-	-
iii) Other types of Companies	11	13,660,480	9.66
c) Government Agencies/Institutions	3	36,093,100	25.53
d) Nominees	62	23,377,046	16.54
e) Others	-	-	-
2) NON-BUMIPUTRA :			
a) Individual	1,452	24,730,488	17.49
b) Body Corporate			
i) Banks/Finance Companies	-	-	-
ii) Investments Trust/Foundation/Charities	-	-	-
iii) Other types of Companies	32	32,239,520	22.80
c) Government Agencies/Institutions	-	-	-
d) Nominees	62	5,601,700	3.96
e) Others	-	-	-
3) FOREIGN :			
a) Individual	23	195,266	0.14
b) Body Corporate			
i) Banks/Finance Companies	-	-	-
ii) Investments Trust/Foundation/Charities	-	-	-
iii) Other types of Companies	1	8,800	0.01
c) Government Agencies/Institutions	-	-	-
d) Nominees	11	575,500	0.40
e) Others	-	-	-
GRAND TOTAL	1,764	141,390,000	100.00

GROUP PROPERTIES

Location	Title	Tenure (Leasehold Period Till Year)	Area (Hec)	Usage	Date Revaluation	As At 31.12.2015 RM'000
Far East Holdings Berhad						
Ladang Sg. Seraya	H.S(D) 61	2079	161.87	Oil Palm	31.12.2015	
Daerah Rompin	H.S(D) 62	2079	259.00	Cultivations		
Pahang Darul Makmur	H.S(D) 63	2079	230.67			
	H.S(D) 64	2079	190.20			
	PN 16273	2103	60.57			
	PN 16839	2103	10.22			
Ladang Bukit Jin	H.S(D) 3171	2079	420.87	Oil Palm	31.12.2015	
Daerah Bera	H.S(D) 3172	2079	420.87	Cultivations		
Pahang Darul Makmur	H.S(D) 3173	2079	190.20			
	H.S(D) 3174	2079	230.67			
	H.S(D) 3175	2079	274.78			
	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	H.S(D) 1971	2091	118.04	Oil Palm	31.12.2015	
Daerah Pekan				Cultivations		
Pahang Darul Makmur						
Ladang Sg Batu	H.S(D) 23609	2103	874.75	Oil Palm	31.12.2015	
Daerah Kuantan	H.S(D) 42974	2112	33.26	Cultivations		
Pahang Darul Makmur						
Ladang Chengal	H.S(D) 4147	2106	1,103.01	Oil Palm	31.12.2015	
Daerah Rompin	H.S(D) 4148	2106	1,096.99	Cultivations		
Pahang Darul Makmur						
Bandar Indera Mahkota	PN 7721	2096	8.82	Building		
New land nearby Sungai Marung Estate	H.S(D) 5006	2114	158.19	Oil Palm	31.12.2015	
	H.S(M)7647	2114	1.49	Cultivations	31.12.2015	
	H.S(D) 5087*	2115	31.8			
New land nearby Sungai Gayung Estate	H.S(D) 5088*	2115	11.56	Oil Palm		
				Cultivations		
New land nearby Bukit Serok Estate	H.S(D) 4850*	2113	44.65	Oil Palm		
	H.S(D) 4851*	2113	145.89	Cultivations		
New land nearby Kampong Aur Estate	H.S(D) 5005	2114	58.46	Oil Palm	31.12.2015	
				Cultivations		
New land nearby Dawn Estate	H.S(D) 5004	2114	12.10	Oil Palm	31.12.2015	
				Cultivations		
New land nearby Simpai Estate	H.S(D) 5318*	2115	170.70	Oil Palm		
	H.S(D) 5319*	2115	107.53	Cultivations		
			6,994.13			281,980

Group Properties

Location	Title	Tenure (Leasehold Period Till Year)	Area (Hec)	Usage	Date Revaluation	As At 31.12.2015 RM'000
Dawn Oil Palm Plantations Sdn Bhd						
Ladang Dawn	H.S(D) 11	2075	297.85	Oil Palm Cultivations	31.12.2015	
Daerah Rompin	H.S(D) 18	2076	133.14			
Pahang Darul Makmur	H.S(D) 57	2079	242.81			
	H.S(D) 58	2079	177.76			
	H.S(D) 3719	2071	11.33			
	H.S(D) 3772	2072	236.34			
	H.S(D) 3773	2072	14.57			
	H.S(D) 4115	2103	114.18			
	PN 7815	2103	218.90			
	PN 19605	2071	138.20			
	H.S(D) 4852	2113	220.06			
	PN17098	2103	23.77			
Ladang Cempaka	H.S(D) 988	2096	452.60			
Daerah Bera						
Pahang Darul Makmur						
			2,281.51			88,530
B.S. Oil Palm Plantations Sdn. Bhd.						
Ladang Bukit Serok	H.S(D) 8	2075	350.46	Oil Palm Cultivations	31.12.2015	
Daerah Rompin	H.S(D) 16	2076	346.82			
Pahang Darul Makmur	H.S(D) 50	2085	357.80			
	H.S(D) 59	2079	171.99			
	H.S(D) 60	2079	248.88			
	H.S(D) 3716	2071	136.38			
	H.S(D) 3717	2071	137.19			
	H.S(D) 3741	2071	290.16			
	PN 17048	2103	27.79			
			2,067.47			98,000
Kampong Aur Oil Palm Company (Sdn.) Berhad						
Ladang Kampong Aur	H.S(D) 3896	2070	123.83	Oil Palm Cultivations	31.12.2015	
Daerah Rompin	H.S(D) 3708	2070	118.98			
Pahang Darul Makmur	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	283.28			
	H.S(D) 75	2079	137.60			
	PN 16917	2100	35.57			
			2,093.42			79,960

Group Properties

Location	Title	Tenure (Leasehold Period Till Year)	Area (Hec)	Usage	Date Revaluation	As At 31.12.2015 RM'000
Madah Perkasa Sdn Bhd						
Ladang Sg Marung Daerah Rompin Pahang Darul Makmur	PN 16812	2095	878.70	Oil Palm Cultivations	31.12.2015	
	PN 17988	2095	665.40			
Ladang Sg Gayung Daerah Rompin Pahang Darul Makmur	PN 17986	2095	1,039.80	Oil Palm Cultivations	31.12.2015	
	PN 17987	2095	1,898.80			
			4,482.70			183,400
Far East Delima Plantations Sdn. Bhd.						
Ladang Delima Daerah Rompin Pahang Darul Makmur	H.S(D) 4568**	2103	2,830.85	Oil Palm Cultivations	31.12.2015	
			2,830.85			58,050
F.E. Rangkaian Sdn. Bhd.						
Ladang Rangkaian Daerah Rompin Pahang Darul Makmur	H.S(D) 4805**	2112	728.45	Oil Palm Cultivations	31.12.2015	
	H.S(D) 4806**	2112	687.98			
			1,416.43			18,500
Kilang Kosfarm Sdn Bhd	H.S(D) 3896***	2070	123.83	Oil Palm Cultivations		
			123.83			433
			22,290.34			808,853

Notes:

* The title obtained in financial year 2016.

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

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

This page have been intentionally left blank.



PROXY FORM

I / We _____

NRIC/Company No. _____

of _____

being a member / members of FAR EAST HOLDINGS BERHAD, hereby appoint _____

of _____

or failing him _____

of _____

or failing him the Chairman of the meeting as my/our proxy to vote for me/us and on behalf at the 42nd 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 25 May 2016 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	9
For									
Against									

Signed this _____ day of _____ 2016.

Total Shares Held	
--------------------------	--

Signature(s)/Company Seal _____

Witness* _____

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

Fold here to seal

STAMP

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

Fold here to seal

Far East Holdings Berhad (14809-W)

Suite 5, Level 8, P.O.Box 35 Kompleks Teruntum, Jalan Mahkota, 25000 Kuantan, Pahang Darul Makmur, Malaysia

Tel: +609-514 1936 / +609-514 1948 / +609-514 1339

Fax: +609-513 6211

E-mail: fareast@fareh.po.my

www.fehb.com.my