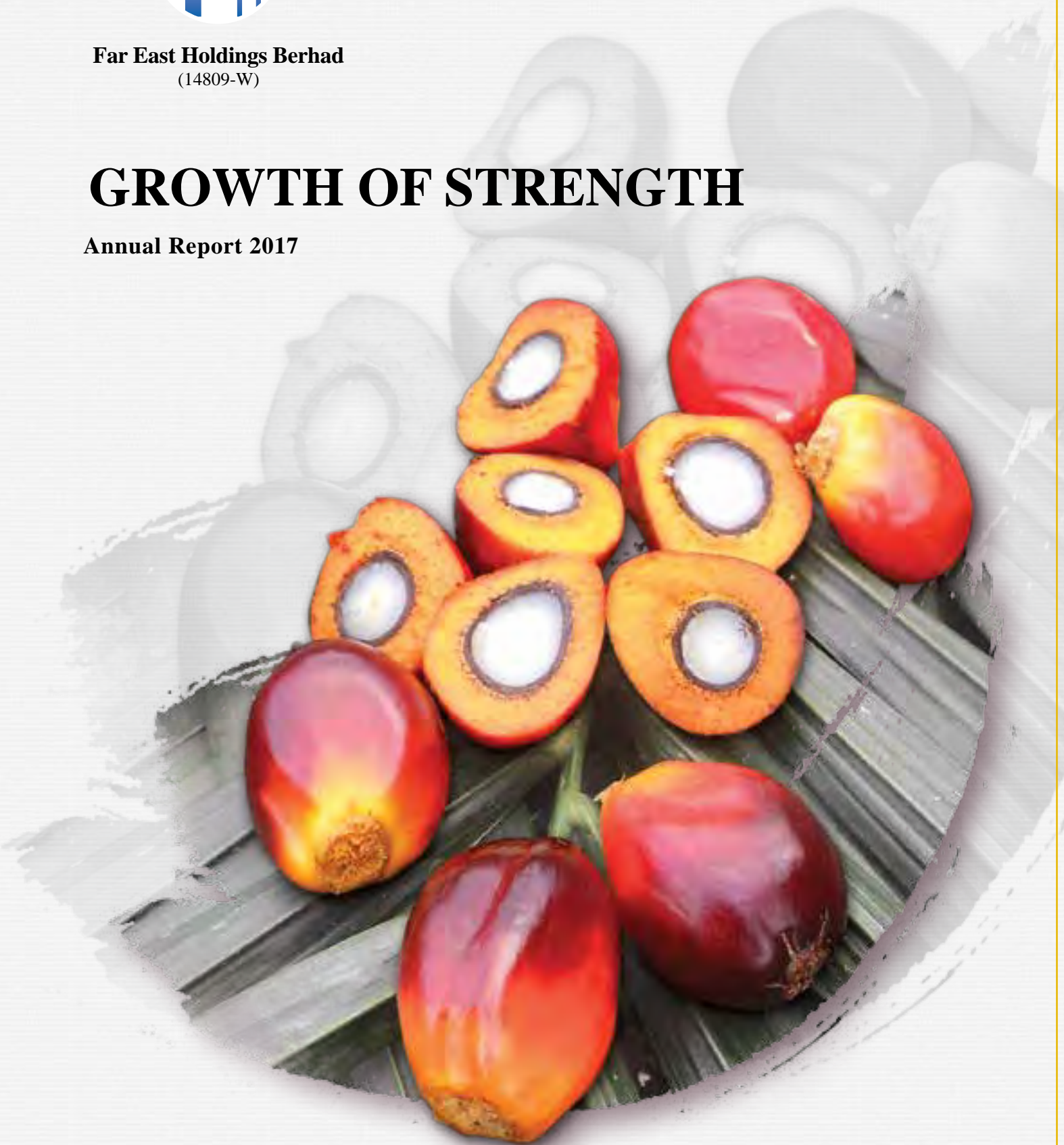




Far East Holdings Berhad
(14809-W)

GROWTH OF STRENGTH

Annual Report 2017



44th

Annual General Meeting
("AGM") of
Far East Holdings Berhad



VENUE | DATE | TIME

Zenith 6 & 7, Level 3, Zenith Hotel
Jalan Putra Square 6, 25200 Kuantan,
Pahang Darul Makmur

Wednesday, 30 May 2018 at 10.00 a.m.

KEY INDICATORS

As at 31 December 2017



RM **9.05**

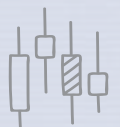
(Price as at 30 March 2018)
(Price as at 31 December 2017 was RM8.88)
(Source: Bursa Market Watch)

SHARE PRICE



88.86 Sen

EARNINGS PER
SHARE



RM **482.73**
Million

REVENUE



RM **190.44**
Million

PROFIT
BEFORE TAX



RM **1,172.21**
Million

SHAREHOLDERS'
EQUITY



RM **1.25** Billion

MARKET
CAPITALISATION



RM **8.29**

NET TANGIBLE
ASSET
PER SHARE



35 Sen

DIVIDEND PER
SHARE

NEW FEATURE IN THIS ANNUAL REPORT

The digital version of Far East Holdings Berhad Annual Report 2017 is available from our website.

Go to www.fehb.com.my or scan the QR code with your smartphone.



SCAN
HERE

Follow the steps below to scan the QR code reader in 3 easy steps:



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Proxy Form



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 44th Annual General Meeting of FAR EAST HOLDINGS BERHAD (“the Company”) will be held at Zenith 6 & 7, Level 3, Zenith Hotel, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur on Wednesday, 30 May 2018 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 2017 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 and a special single tier dividend of 10 sen per share in respect of the financial year ended 31 December 2017 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:-
 - a. YH Dato’ Wan Bakri bin Wan Ismail **Ordinary Resolution 2**
 - b. YH Dato’ Tan Bing Hua **Ordinary Resolution 3**
 - c. YH Dato’ Jamaluddin bin Abd Majid **Ordinary Resolution 4**
4. To approve the following payments to the Directors’ of the Company:-
 - a. Directors’ fee amounting to RM710,000 for the financial year ended 31 December 2017 (2016: RM710,000). **Ordinary Resolution 5**
 - b. Directors’ benefits (other than Directors’ fee) of up to RM2,210,750 for the period from June 2018 until the next Annual General Meeting. **Ordinary Resolution 6**
Please refer to Note B for Directors Fee and Benefits
5. To re-appoint Messrs McMillan Woods Thomas as auditors for the coming year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**

As Special Business

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

6. Proposed Renewal of Shareholders’ Mandate In Respect of Recurrent Related Party Transactions of a Revenue or Trading Nature **Ordinary Resolution 8**

“THAT, the Mandate granted by the shareholders of the Company on 24 May 2017 pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities, authorising the Company to enter into recurrent transactions of a revenue nature as set out in Section 2 of the Circular to Shareholders dated 27 April 2018 (“Circular”) with the related parties mentioned therein which are necessary for the Company’s day to day operations, be and is hereby renewed;

AND THAT the scope of such renewed mandate be and is hereby extended to apply to the recurrent transactions likewise of revenue or trading nature as set out in Section 2 of the Circular.



Notice of Annual General Meeting

THAT the FEHB Group be and is hereby authorised to enter into the recurrent transactions with the related parties mentioned therein provided that such transactions are:-

- a. recurrent transaction of a revenue or trading nature;
- b. necessary for the day-to-day operations of the Company and/or its subsidiaries;
- c. carried out in the ordinary course of business of the Company and/or its subsidiaries, made on an arm's length basis and on normal commercial terms with those generally available to the public; and
- d. not detrimental to the interests of the minority shareholders of the Company;

AND THAT such authority shall continue to be in force until:-

- a. the conclusion of the next AGM of the Company, at which time it will lapse, unless renewed by a resolution passed at the AGM, the authority is again renewed;
- b. the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(2) of the Act); or
- c. revoked or varied by resolution passed by the shareholders in an AGM or EGM,

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.”

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a final single tier dividend of 15 sen per share and a special single tier dividend of 10 sen per share for the financial year ended 31 December 2017 if approved by the shareholders at the Annual General Meeting will be paid on 25 June 2018 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 4 June 2018.

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 31 May 2018 (in respect of share which are exempted from mandatory deposit); and
- b. Shares transferred into Depositor's Securities Account before 4.00 p.m. on 4 June 2018 (in respect of ordinary shares).

By Order of the Board

ASMIN BINTI YAHYA (MIA 10161)

NOOR ANISAH BINTI SABARUDIN (LS 0008153)

Company Secretaries
Kuantan, Pahang

Date: 27 April 2018



Notice of Annual General Meeting

Notes On Proxy

1. Depositors who appear in the Record of Depositors as at 24 May 2018 (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 44th Annual General Meeting or appoint a proxy or proxies to attend and vote on his behalf.
2. To be valid, the duly completed form of proxy must be deposited at the registered office of the Company, Level 23, Menara Zenith, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur, not less than 24 hours before the time for holding the meeting.
3. A member who is an authorised nominee may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. A member other than an authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
6. If the member 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.
7. 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.
8. 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.
9. Pursuant to Paragraph 8.29A (1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this notice shall be put to vote by poll.
10. Voting right of shareholders. Every member of the Company present in person or by proxy shall have one vote on a show of hand and in the case of a poll shall have one vote for every share of which he/she is the holder.

Explanatory Notes on

Note A

Ordinary Business

This agenda item is meant for discussion only as the provision of Section 340 of the Companies Act, 2016 does not require a formal approval by the members and hence, is not put forward for voting.

Note B

Directors' Fee and Benefits

The Remuneration Committee and the Board have reviewed the Directors' fee after taking into account fees levels and trends for similar position in the market and time commitment required from the Directors. The payment of Directors' fee for the financial year ended 31 December 2017 shall be payable in arrears after completed service of the Directors during the financial year.

The Directors' benefits (other than Directors' fee and Board Committees' fee) comprise attendance allowances and other claimable benefits. In determining the estimated total amount of Directors' benefits, the Board has considered various factors, among others, the estimated number of meetings for the Board and its Committees and estimated proportionate fees payable.

The breakdown of the proposed payment of Directors' fees, Board Committees Member fees and other allowances to Directors amounting to RM2,920,750 for the financial year ended 31 December 2017 is as set below:-

	RM
a. Directors' fee	710,000
b. Board Committee Members' Fee	163,000
c. Allowances to Directors	112,200
d. Other emoluments	1,935,550
Total	2,920,750

Special Business

Ordinary Resolution 8

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

This proposed Resolution 8, if passed, will enable the Company to enter into recurrent related party transactions involving related parties which are of a revenue nature and necessary for the Group's day-to-day operations, subject to transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. For further information, please refer to the Circular to Shareholders' dated 27 April 2018 accompanying the Company's Annual Report for the financial year ended 31 December 2017.



STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Names of Re-election/Election Directors:-

Article 97 of the Company's Articles of Association

- a. YH Dato' Wan Bakri bin Wan Ismail
- b. YH Dato' Tan Bing Hua
- c. YH Dato' Jamaluddin bin Abd Majid

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 110 of the Annual Report).

Election of Director

No individual is seeking election as a Director at the forthcoming 44th Annual General Meeting of the Company except for the Directors retiring by rotation.

Place, date and time of the 44th Annual General Meeting:-

The 44th Annual General Meeting of the Company will be held at Zenith 6 & 7, Level 3, Zenith Hotel, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur on Wednesday, 30 May 2018 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 2017. Details of attendance of Directors holding office at the end of financial year are as follows:-

Name	Meeting Attendance	Date Appointed
YH Dato' Sri Kamaruddin bin Mohammed	8/8	16/08/2002
YH Dato' Wan Bakri bin Wan Ismail	6/8	17/03/2014
YH Dato' Tan Bing Hua	7/8	23/07/2012
YH Dato' Jamaluddin bin Abd Majid	8/8	08/07/2015
Mr Tee Kim Tee @ Tee Ching Tee	7/8	16/08/2002
Mr Tee Cheng Hua	8/8	16/08/2002
Encik Hashim Naina Merican bin Yahaya Merican	8/8	13/08/2009
Mr Tee Lip Teng	8/8	23/07/2012
Encik Nik Mohamed Zaki bin Nik Yusoff	8/8	08/07/2015



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

Encik 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

Encik Nik Mohamed Zaki bin Nik Yusoff

Independent,
Non-Executive Director

SECRETARIES

Puan Asmin binti Yahya
(MIA10161)

Puan Noor Anisah binti Sabarudin
(LS0008153)

Tel : 09-514 1936 / 948 / 339

Fax : 09-513 6211

Website : www.fehb.com.my

E-mail : fareast@fareh.po.my

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad - Main Market

(Listing Date: 31.01.1991)

REGISTERED ADDRESS

Level 23, Menara Zenith

Jalan Putra Square 6

25200 Kuantan

Pahang Darul Makmur

Tel : 09-514 1936 / 948 / 339

Fax : 09-513 6211

Website : www.fehb.com.my

E-mail : fareast@fareh.po.my

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd

Level 6, Symphony House

Pusat Dagangan Dana 1

Jalan PJU 1A/46, 47301 Petaling Jaya

Selangor Darul Ehsan

Tel : 03-7849 0777

Fax : 03-7841 8151/52

E-mail : 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

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 Nazaruddin bin Hasim

Senior Regional Manager, Zone B

Encik Adnan bin Mustafa

Senior Regional Manager, Zone A

Puan Noor Anisah binti Sabarudin

Manager, Secretarial &
Corporate Affairs

Encik Zahari bin Jaafar

Manager, Internal Audit

Puan Rosliha binti Husin

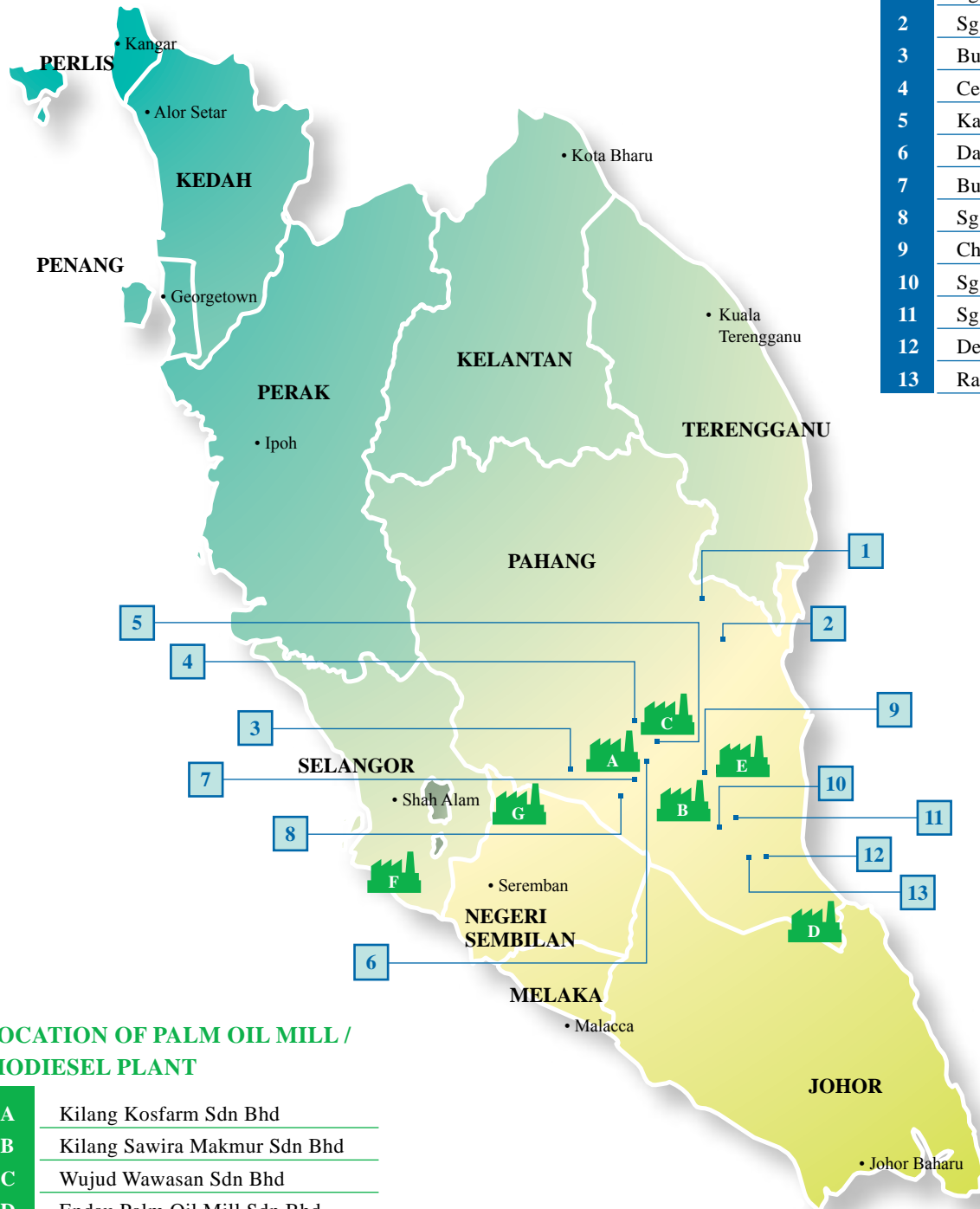
Manager, Finance



LOCATION OF OPERATIONS

LOCATION OF ESTATE

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



LOCATION OF PALM OIL MILL / 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
G	Prosper Palm Oil Mill Sdn Berhad



CORPORATE STRUCTURE



Far East Holdings Berhad
(14809-W)

100%
Number of issued shares 1,800,150 units
B.S. Oil Palm Plantations Sdn. Bhd.

100%
Number of issued shares 1,800,150 units
Dawn Oil Palm Plantations Sdn. Bhd.

100%
Number of issued shares 2 units (Dormant)
Spectacular Potential Sdn. Bhd.

100%
Number of issued shares 200,000 units (Dormant)
Inai Prisma Sdn. Bhd.

70%
Number of issued shares 2,000,000 units
F.E. Rangkaian Sdn. Bhd.

80%
Number of issued shares 1,000,000 units
Far East Delima Plantations Sdn. Bhd.

51%
Number of issued shares 10,000,000 units
Kilang Kosfarm Sdn. Bhd.

47.17%
Number of issued shares 154,030,384 units
Future Prelude Sdn. Bhd.

36.29%
Number of issued shares 17,500,000 units
Business & Budget Hotels (Kuantan) Sdn. Bhd.

40%
Number of issued shares 50,000,000 units
Prosper Palm Oil Mill Sdn. Berhad

40.39%
Number of issued shares 24,903,132 units
Kampung Aur Oil Palm Company (Sdn.) Berhad

51%
Number of issued shares 1,500,000 units
Wujud Wawasan Sdn. Bhd.

45%
Number of issued shares 100,000 units
Jaspurna Holdings Sdn. Bhd.

70%
Number of issued shares 4,000,000 units
Kilang Sawit Sawira Makmur Sdn. Bhd.

30%
Number of issued shares 100,000 units
PGC Mgt Services Sdn. Bhd.

100%
Number of issued shares 25,000,002 units
Madah Perkasa Sdn. Bhd.

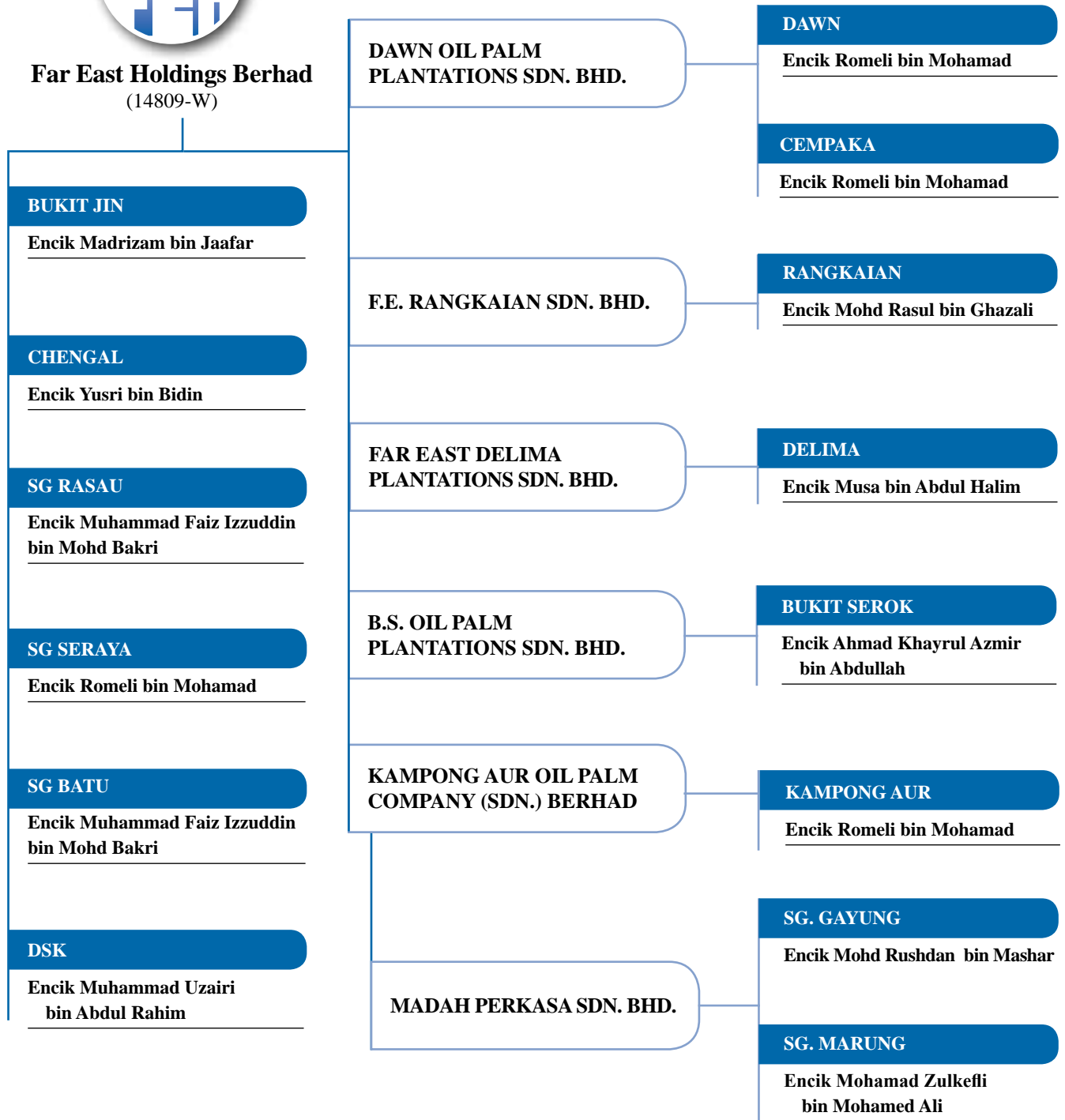
49%



ESTATE STRUCTURE



Far East Holdings Berhad (14809-W)





BOARD OF DIRECTORS

**SEATED FROM LEFT TO RIGHT:****Mr Tee Lip Teng***Non-Independent, Non-Executive Director***YH Dato' Sri Kamaruddin bin Mohammed***Group Executive Chairman**Non-Independent, Executive Director***Mr Tee Kim Tee @ Tee Ching Tee***Non-Independent, Non-Executive Director***Encik Hashim Naina Merican bin Yahaya Merican***Independent, Non-Executive Director*



STANDING FROM LEFT TO RIGHT:

YH Dato' Tan Bing Hua

Independent, Non-Executive Director

YH Dato' Wan Bakri bin Wan Ismail

Non-Independent, Non-Executive Director

Mr Tee Cheng Hua

Non-Independent, Executive Director

YH Dato' Jamaluddin bin Abd Majid

Non-Independent, Non-Executive Director

Encik Nik Mohamed Zaki bin Nik Yusoff

Independent, Non-Executive Director



DIRECTORS' PROFILE

YH DATO' SRI KAMARUDDIN BIN MOHAMMED

SSAP, DSAP, DIMP, SF Fin (Aust)

Age	Gender	Nationality
69	Male	Malaysian

Qualification

- A Business graduate from MARA College (UiTM).
- Professional graduate in Investment Analysis from the Securities Institute of Australia, Sydney, Australia.
- 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 & Financial Management, Corporate Restructuring and Management. Worked over 40 years in ASMB (currently known as Pelaburan MARA Berhad - PMB).
- Group Executive Director of ASMB (PMB) from January 1991 to November 1995.
- Group Chief Executive Officer and 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 listed issuer and in public companies

- Pascorp Paper Industries Berhad
- Amanah Saham Pahang Berhad
- Pasdec Holdings Berhad

Securities holdings in FEHB and subsidiaries

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

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

Nil

Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies

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	Gender	Nationality
64	Male	Malaysian

<p>Qualification</p> <p>Bachelor of Social Science (Hons) majoring in Political Science from University Science Malaysia in 1994.</p>
<p>Position on the FEHB Board</p> <p>Non-Independent, Non-Executive Director</p>
<p>Date first appointment to the FEHB Board</p> <p>17 March 2014</p>
<p>Membership of FEHB Board Committees</p> <p>Nil</p>
<p>Working experience</p> <ul style="list-style-type: none"> Started his career with Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang in 1969 (currently known as Perbadanan Kemajuan Pertanian Negeri Pahang ("PKPP")). He sits on the Board of Tanah Makmur Berhad and in a few private limited companies. He is currently the Chief Executive Officer of PKPP.
<p>Any other directorships in listed issuer and in public companies</p> <ul style="list-style-type: none"> Tanah Makmur Berhad Astral Asia Berhad
<p>Securities holdings in FEHB and subsidiaries</p> <p>Nil</p>
<p>Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries</p> <p>Nil</p>
<p>Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies</p> <p>Nil</p>
<p>Number of FEHB Board Meetings attended in the financial year</p> <p>Six of eight meetings</p>





Directors' Profile

YH DATO' TAN BING HUA

DIMP

Age	Gender	Nationality
73	Male	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 listed issuer and in public companies

Hua Yang Berhad

Securities holdings in FEHB and subsidiaries

Indirect - 44,000 units

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

Nil

Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies

Nil

Number of FEHB Board Meetings attended in the financial year

Seven of eight meetings





Directors' Profile

YH DATO' JAMALUDDIN BIN ABD MAJID

DPSK, DSAP, DIMP, PSPP, JMN, SMS

Age	Gender	Nationality
63	Male	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 listed issuer and 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

Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies

Nil

Number of FEHB Board Meetings attended in the financial year

All eight meetings





Directors' Profile

MR TEE KIM TEE @ TEE CHING TEE

Age	Gender	Nationality
69	Male	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 <ul style="list-style-type: none">Member of Remuneration CommitteeMember of Nomination Committee
Working experience <ul style="list-style-type: none">Started his career 47 years ago as an estate contractor and FFB dealer.Vast experience in managing palm oil plantations, palm oil milling and refinery business both as an owner as well as operator over the last 41 years.
Any other directorships in listed issuer and in public companies Nil
Securities holdings in FEHB and subsidiaries Direct - 4,767,900 units
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.
Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies Nil
Number of FEHB Board Meetings attended in the financial year Seven of eight meetings





Directors' Profile

MR TEE CHENG HUA

Age	Gender	Nationality
63	Male	Malaysian

<p>Qualification</p> <p>Bachelor of Mechanical Engineering from University Technology Malaysia.</p>
<p>Position on the FEHB Board</p> <p>Non Independent, Executive Director</p>
<p>Date first appointment to the FEHB Board</p> <p>16 August 2002</p>
<p>Membership of FEHB Board Committees</p> <p>Nil</p>
<p>Working experience</p> <ul style="list-style-type: none"> ▪ Engineer with Highlands and Lowlands Bhd. ▪ Mill Manager/Engineer with Kulim (M) Bhd. ▪ He is at present the Senior Executive Director of Prosper Group of Companies.
<p>Any other directorships in listed issuer and in public companies</p> <p>Nil</p>
<p>Securities holdings in FEHB and subsidiaries</p> <p>Direct - 2,124,000 units</p>
<p>Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries</p> <p>He is the younger brother of Mr Tee Kim Tee @ Tee Ching Tee and the father of Mr Tee Lip Teng.</p>
<p>Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies</p> <p>Nil</p>
<p>Number of FEHB Board Meetings attended in the financial year</p> <p>All eight meetings</p>





Directors' Profile

ENCIK HASHIM NAINA MERICAN BIN YAHAYA MERICAN

Age	Gender	Nationality
67	Male	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 listed issuer and in public companies

Nil

Securities holdings in FEHB and subsidiaries

Direct - 10,000 units

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

Nil

Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies

Nil

Number of FEHB Board Meetings attended in the financial year

All eight meetings





Directors' Profile

MR TEE LIP TENG

Age	Gender	Nationality
34	Male	Malaysian

<p>Qualification</p> <p>Master of Electronic and Electrical Engineering from University College London, United Kingdom.</p>
<p>Position on the FEHB Board</p> <p>Non-Independent, Non-Executive Director</p>
<p>Date first appointment to the FEHB Board</p> <p>23 July 2012</p>
<p>Membership of FEHB Board Committees</p> <p>Member of Remuneration Committee</p>
<p>Working experience</p> <ul style="list-style-type: none"> ▪ 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 Products Marketing Sdn Bhd. ▪ He is also the Managing Director for Future Prelude Sdn Bhd. ▪ EXCO member of Malaysian Biodiesel Association (“MBA”) since 2015.
<p>Any other directorships in listed issuer and in public companies</p> <p>Nil</p>
<p>Securities holdings in FEHB and subsidiaries</p> <p>Direct - 300,000 units</p>
<p>Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries</p> <p>He is the son of Mr Tee Cheng Hua and a nephew of Mr Tee Kim Tee @ Tee Ching Tee.</p>
<p>Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies</p> <p>Nil</p>
<p>Number of FEHB Board Meetings attended in the financial year</p> <p>All eight meetings</p>





Directors' Profile

ENCIK NIK MOHAMED ZAKI BIN NIK YUSOFF

Age	Gender	Nationality
54	Male	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 subsequently joined Pelaburan MARA Bhd where 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 subsidiary PMB Investment Bhd. He remains as a Board member and investment committee member todate.
- 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 listed issuer and 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

Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies

Nil

Number of FEHB Board Meetings attended in the financial year

All eight meetings





SENIOR MANAGEMENT



SEATED FROM LEFT TO RIGHT:

YH Dato Sri' Kamaruddin bin Mohammed
Group Executive Chairman

Mr Tee Cheng Hua
Executive Director, Plantations

STANDING FROM LEFT TO RIGHT:

- 1 Puan Rosliha binti Husin**
Manager, Finance
- 2 Encik Adnan bin Mustafa**
Senior Regional Manager, Zone A
- 3 Puan Asmin binti Yahya**
General Manager

- 4 Encik Zahari bin Jaafar**
Manager, Internal Audit
- 5 Encik Nazaruddin bin Hasim**
Senior Regional Manager, Zone B
- 6 Puan Noor Anisah binti Sabarudin**
Manager, Secretarial & Corporate Affairs



MANAGEMENT PROFILE

YH DATO' SRI KAMARUDDIN BIN MOHAMMED

SSAP, DSAP, DIMP, SF Fin (Aust)

Age 69 | Male | Malaysian

Position	Group Executive Chairman
Other Profile	<ul style="list-style-type: none"> Dato' Sri Kamaruddin bin Mohamed was appointed as Group Executive Chairman of FEHB on 19 May 2015. He was the Chairman of FEHB since 2002 until elevated to Group Executive Chairman in May 2015. His profile is listed in the Directors' Profile on page 12.

MR TEE CHENG HUA

Age 63 | Male | Malaysian

Position	Executive Director, Plantations
Other Profile	<ul style="list-style-type: none"> Mr Tee Cheng Hua was appointed as an Executive Director, Plantations on 16 August 2002. His profile is listed in the Directors' Profile on page 17.

PUAN ASMIN BINTI YAHYA

Age 49 | Female | Malaysian

Qualification	<ul style="list-style-type: none"> Diploma in Accountancy, UiTM Bachelor in Accountancy, UiTM Member of Malaysian Institute of Accountants (MIA)
Position	General Manager/Company Secretary
Date appointed as Senior Management	01 December 1995
Working experience	<ul style="list-style-type: none"> She was an external auditor with Messrs Arthur Andersen & Co before joining Yayasan Pahang as an investment officer. Later on she was transferred to Sumber Perindu Sdn Bhd (currently known as YP Plantations Holdings Sdn Bhd) as the Group Accountant. She joined FEHB in 1995. She has been FEHB's Group Accountant until her promotion as General Manager in 2010.
Any other directorships in listed issuer and in public companies	Nil
Securities holdings in FEHB and subsidiaries	Direct - 75,000 units
Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries	Nil
Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies	Nil



Management Profile

ENCIK ADNAN BIN MUSTAFA

Age 54 | Male | Malaysian

Qualification	<ul style="list-style-type: none"> ▪ Diploma in Agriculture, UPM, Sarawak Campus ▪ Bachelor in Science Agriculture, UPM Serdang
Position	Senior Regional Manager, Zone A
Date appointed as Senior Management	01 March 2011
Working experience	He has vast experience in oil palm estate operation in various type of soil i.e. sandy, peat, marginal and various stages of oil palm cycle i.e. mature, immature, replanting and tall palm.
Any other directorships in listed issuer and in public companies	Nil
Securities holdings in FEHB and subsidiaries	Nil
Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries	Nil
Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies	Nil

ENCIK NAZARUDDIN BIN HASIM

Age 46 | Male | Malaysian

Qualification	<ul style="list-style-type: none"> ▪ Diploma in Agriculture, University Putra Malaysia ▪ Bachelor of Business Administration, UiTM
Position	Senior Regional Manager, Zone B
Date appointed as Senior Management	01 January 2008
Working experience	Vast experience in estate operation since 1993. Specialise in oil palm operation and labour management.
Any other directorships in listed issuer and in public companies	Nil
Securities holdings in FEHB and subsidiaries	Direct - 500 units
Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries	Nil
Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies	Nil

PUAN NOOR ANISAH BINTI SABARUDIN

Age 51 | Female | Malaysian

Qualification	Bachelor of Business Administration (Management and Marketing), Loyola University, United States of America
Position	Manager, Secretarial and Corporate Affairs
Date appointed as Senior Management	08 August 2002
Working experience	She has been with the Company since 1989 and has worked in various divisions at the Head Office. She is now the Manager of Secretarial & Corporate Affairs. She was appointed as Secretary of the Company in 2002.
Any other directorships in listed issuer and in public companies	Nil
Securities holdings in FEHB and subsidiaries	Direct - 6,200 units
Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries	Nil
Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies	Nil



Management Profile

ENCIK ZAHARI BIN JAAFAR

Age 47 | Male | Malaysian

Qualification	Diploma in Planting Industry Management, UiTM Perlis
Position	Manager, Internal Audit
Date appointed as Senior Management	02 May 2013
Working experience	He has been with FEHB since completed his study in 1991. He has been posted at the estate as well as attached to Head Office during his tenure with FEHB. Currently he is the Head of Internal Audit Department.
Any other directorships in listed issuer and in public companies	Nil
Securities holdings in FEHB and subsidiaries	Nil
Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries	Nil
Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies	Nil

PUAN ROSLIHA BINTI HUSIN

Age 36 | Female | Malaysian

Qualification	<ul style="list-style-type: none">▪ Bachelor of Accounting (with Honours), UiTM Shah Alam▪ Member of Malaysian Institute of Accountants (MIA)
Position	Manager, Finance
Date appointed as Senior Management	01 April 2010
Working experience	She was an External Auditor at Messrs Ernst & Young and Messrs Parker Randall Thomas for 5 years before joining FEHB in 2010. She is responsible for Finance Department.
Any other directorships in listed issuer and in public companies	Nil
Securities holdings in FEHB and subsidiaries	Nil
Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries	Nil
Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies	Nil



FINANCIAL CALENDAR

FINANCIAL YEAR ENDED
31 DECEMBER 2017

ANNOUNCEMENT OF QUATERLY RESULTS



NOTICE AND ANNUAL GENERAL MEETING

27 APRIL 2018 | Notice of Annual General Meeting

30 MAY 2018 | Annual General Meeting
(10.00 a.m.)

DIVIDENDS

	INTERIM	FINAL
Book Closure Announcement Date	17 November 2017	27 April 2018
Entitlement Date	4 December 2017	4 June 2018
Payment Date	19 December 2017	25 June 2018



GROUP FINANCIAL SUMMARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER

	2017 RM'000	Restated 2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
Capital And Reserves					
Share Capital	141,390	141,390	141,390	141,390	141,390
Non-Distributable Reserves	383,424	387,646	450,832	351,685	354,684
Retained Earnings	647,400	566,277	645,631	612,984	552,612
Shareholders' Equity	1,172,214	1,095,313	1,237,853	1,106,059	1,048,686
Non-Controlling interests	178,521	275,356	77,375	70,297	70,157
	1,350,735	1,370,669	1,315,228	1,176,356	1,118,843
Non Current Assets					
Property, Plant And Equipment	853,647	842,990	839,517	690,147	686,592
Land Held For Disposal	22,413	22,413	22,413	22,413	29,263
Associates	437,958	375,640	320,583	306,216	292,137
Other Financial Assets	3,000	3,000	3,000	-	-
	1,317,018	1,244,043	1,185,513	1,018,776	1,007,992
Current Assets	244,996	365,508	339,922	316,645	289,272
Current Liabilities	48,738	77,760	43,992	29,679	50,071
Net Current Assets	196,258	287,748	295,930	286,966	239,201
Non-Current Liabilities					
Hire Purchase	-	23	58	-	-
Deferred Tax Liabilities	162,541	161,099	166,157	129,386	128,350
	1,350,735	1,370,669	1,315,228	1,176,356	1,118,843

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
Revenue	482,733	357,163	327,736	428,343	439,781
Profit Before Tax	190,442	150,602	102,354	129,241	108,706
Profit After Tax	155,440	128,780	80,652	104,254	85,371

HIGHLIGHTS AS AT 31 DECEMBER

	2017	Restated 2016	2015	2014	2013
Earnings Per Share (Sen)	88.86	85.50	50.41	65.87	52.19
Net Tangible Asset Per Share (RM)	8.29	7.76	8.75	7.82	7.42
Current Ratio (Times)	5.03	4.70	7.73	10.67	5.78
Pre-Tax Profit As a Percentage of Sales (%)	39.45	42.17	31.23	30.17	24.72
Pre-Tax Profit As a Percentage of Shareholders' Equity (%)	16.25	13.75	8.27	11.69	10.37



Group Financial Summary

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

	2017	2016	2015	2014	2013
Gross dividend (Sen)	35.00	35.00	25.00	30.00	25.00
Dividend payout	39%	41%	50%	45%	48%

TOTAL ASSETS, LIABILITIES & EQUITIES

	2017 RM'000	Restated 2016 RM'000
Total Assets		
● Property, Plant and Equipment	853,647	842,990
● Land held for Disposal	22,413	22,413
● Associates	437,958	375,640
● Inventories	11,987	3,908
● Receivables	91,194	72,549
● Deposits, bank and cash	141,815	289,051
● Investment	3,000	3,000

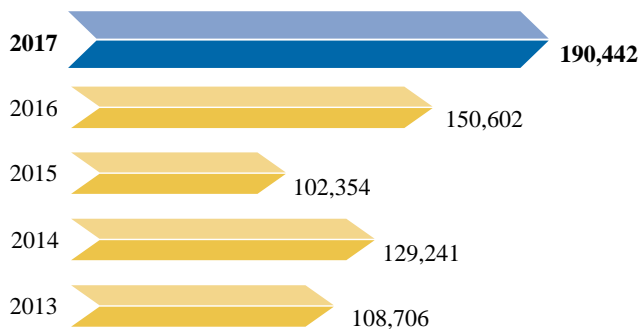
	2017 RM'000	Restated 2016 RM'000
Total Liabilities & Equities		
● Share Capital	141,390	141,390
● Non-Distributable Reserves	383,425	388,791
● Retained Earnings	647,399	566,742
● Non-Controlling Interest	178,521	273,746
● Payables	48,715	77,724
● Deferred Tax Liabilities	162,541	161,099
● Hire Purchase Creditor	23	59



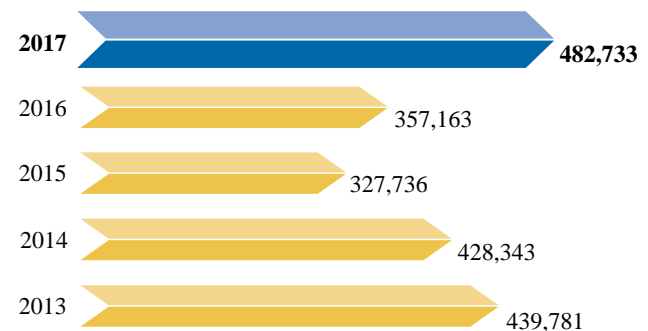
PLANTATION MATRIX

		2017	2016	2015	2014	2013
Mature Area	Hectare	19,699	19,136	18,512	18,106	16,927
Total Planted Area	Hectare	21,167	21,191	21,373	21,239	20,768
FFB Production	Mt	384,276	318,854	368,962	345,268	339,502
FFB Yield	Mt/ha	19.54	16.66	19.93	19.07	20.06
OER	%	18.48	18.47	18.86	19.11	18.72
CPO Yield	Mt/ha	3.61	3.08	3.76	3.64	3.75
CPO Price (Average)	RM/mt	2,771	2,627	2,172	2,413	2,375
PK Price (Average)	RM/mt	2,531	2,559	1,626	1,737	1,345
Kernel Recovery Revenue	RM/mt	665	689	410	433	354
FFB Cost (Ex-estate)	RM/mt	177	208	180	177	180
CPO Production Cost (Ex-estate)	RM/mt	960	1,124	954	929	963
CPO Production Cost (Exclude Replanting Cost)	RM/mt	1,431	1,544	1,331	1,306	1,347
Profit from CPO & Kernel/Mature Hectare	RM/mt	7,231	5,489	4,688	5,664	5,417

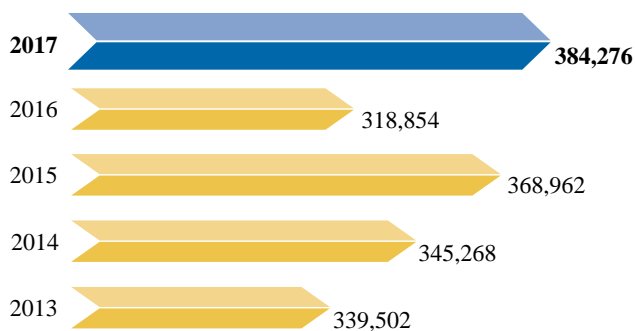
Profit Before Tax (RM'000)



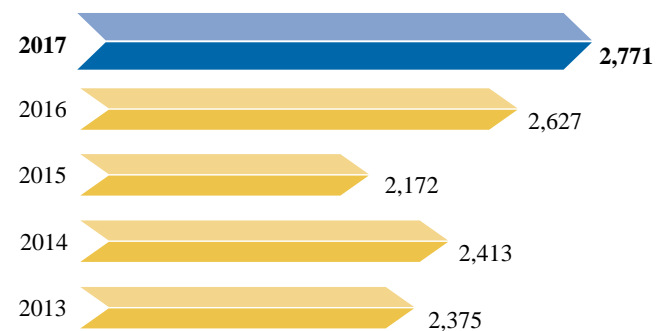
Revenue (RM'000)



FFB Production (mt)



Average CPO Price (RM/mt)



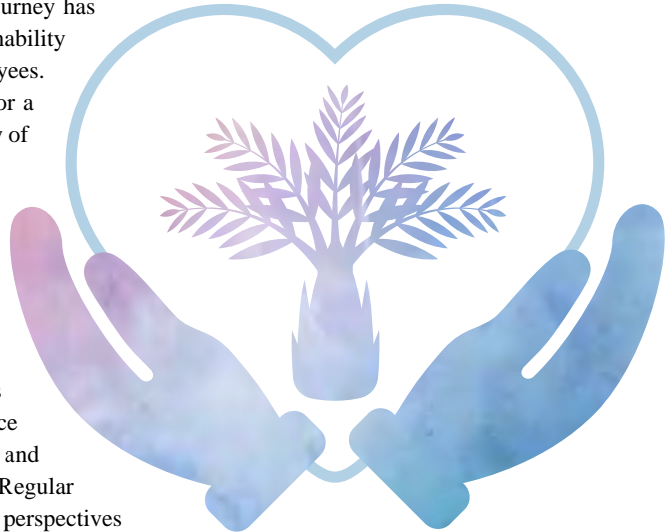


CORPORATE SUSTAINABILITY STATEMENT

Commitment and Approach

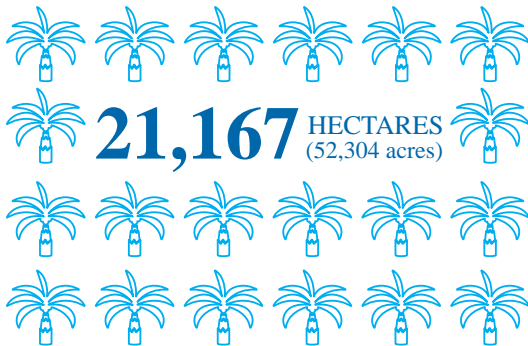
At Far East Holdings Berhad (“FEHB”), the essential elements of Sustainability have always been rooted in its operations with the aim to achieve positive impacts to the environment, business and society in which the Group operates. With the aim to continually create positive impacts to the economy, environment and society, the Group’s sustainability journey has been driven to a whole new level with the establishment of a Sustainability Committee led by key personnel with active participation from employees. A paradigm shift and mindset change has therefore been initiated for a pervasive transformation towards a meaningful and impactful journey of sustainability for the Group.

Over the years, FEHB has continued to interact with different stakeholders in order to pursue its commercial objectives. Comprehensive stakeholder engagements have been conducted in a various and interactive manner to identify key material matters in accordance to guidelines by Bursa Malaysia. Stakeholder engagement methods are employed to capture feedbacks and opinions from both internal and external stakeholders pertaining to the importance and impacts of economic, environmental and social (EES) risks and opportunities that are deemed crucial to sustainable development. Regular engagement with stakeholders for a varied yet insightful range of perspectives and views in relation to products, services and corporate practices are of paramount importance to the Group as it provides vital insights for continual improvement in the delivery of our products and services, and for sustainable business growth.



FEHB is an oil palm plantation operator established in 1973 and listed in 1991.

Today, **FEHB** and its subsidiaries operate 13 estates covering



Economic

FEHB is an oil palm plantation operator established in 1973 and listed in 1991. Today, FEHB and its subsidiaries operate 13 estates covering 21,167 hectares (52,304 acres). The operation is supported by 161 employees who enjoy various employee benefits including attractive salary package, conducive housing facility with amenities in the estates, health benefit and bonuses which have resulted in low employment turnover.

Our operation also relies on the active vendors supplying various needs such as machineries, fertilizers, utilities and office supplies. Ethical procurement and vendor management are governed by a Purchasing Procedure set by management and principles and criteria of Malaysian Sustainable Palm Oil certification (“MSPO”) and International Sustainability and Carbon Certification (“ISCC”).

We also rely on contractors to conduct various field works. The Group had offered loans to contractors to encourage entrepreneurship. With these loans, contractors would be able to acquire machineries to enable more efficient field work to be conducted in the estates.



Corporate Sustainability Statement

Environmental

Development of the Estates and Preserving the Environment

We have taken steps to manage any possible adverse environmental impact arising from our operations. Although we received no environmental management complaints, we shall continue to maintain and adopt the best practices in our operations.

The Group will also endeavor to enhance its contributions to better fulfill its environmental responsibilities. For new development areas, we work together closely with experts and local communities to identify and map out the potential high carbon stock areas and areas of high value to the respective communities. These exercises are important in helping us remain accountable when choosing new palm oil production areas so that no deforestation occurs. Peat land is a natural area that is accumulated with partially decayed vegetation or organic matter. The structure of peat consists of decomposed plant remains. The role of peat lands is very important in the ecosystem. This is because they play a vital role in providing drinking water, biodiversity maintenance, carbon-water storage and regulation. The soil is also very fertile for agriculture practices. Thus, a good management is vital to ensure minimum negative impacts on the ecosystem. In areas that are found to be unsuitable for replanting, we will work with experts to explore ways, including environmentally friendly alternative uses or peat restoration. We maintain a strict Zero Burning Policy (“ZBP”). This ZBP is taken into careful consideration

and practiced in relation to all new planting, replanting and other agronomy projects. It is our pledge to prevent land and forest fires, and not contribute to the resulting transboundary haze pollution. When we consider new plantations, we emphasize active involvement of local communities. We are watchful as to whether our new plantations might have a negative impact on nature, which also bring social conflict. Therefore, our policy ensures that we cultivate our areas in an environmentally and socially responsible way.

The Group has embarked upon a demarcation exercise to re-establish the riparian reserves in the previous years and now we are concentrating on water conservation and management, optimum fertilizer application and biomass management. This exercise involves responsible weed management, fertilizer application based on specific requirement and method of application and recycling of biomass waste from the mill to minimize the release of methane to the atmosphere.

Wildlife and natural habitats are amongst the high conservation values (“HCV”) in a plantation environment that has to be managed well along with the riparian reserves and wildlife corridors. This is very important to the Group as our oil palm plantations are in the fringes of natural and reserve forests that houses some endangered, rare and threatened species.





Corporate Sustainability Statement

The Group advocates sustainable oil palm cultivation. The sustainability certification under the MPOB Code Of Practice (now known as MPOB Code Of Good Agriculture Practice) obtained by the Group in 2009 for Bukit Serok estate, Sg Seraya estate, Dawn estate, Kampong Aur estate, Cempaka estate and Kilang Kosfarm Sdn Bhd is the first effort by the Group to educate and mould our personnel towards the sustainability implementation process.

Conscious of the importance and commitment towards environment, our associate Company i.e. Future Prelude Sdn Bhd ("FPSB") also is committed to provide an environmentally safe workplace. The Environmental Policy and Environmental Committee ensure that the activities adhere to the environmental management requirements and practices, by executing our work in an environmentally responsible manner.

Appropriate arrangement and plan is made to coordinate the activities by having clear descriptions and procedures in order to control any potential impact to the environment. FPSB also conforms to the environmental regulatory legislation and requirements in the execution of its activities towards the surroundings by conducting Noise Boundary Monitoring (Noise Monitoring Guidelines for the public) and Stack Monitoring (Clean Air Regulation 2004) on a quarterly basis.

In terms of handling scheduled waste produced by the processing units, FPSB is responsible to manage the scheduled waste based on the regulatory requirement and best practices to ensure the process from the waste generation to the disposal are conducted in an environmentally safe manner.

FPSB focuses in minimizing the risk to the inland water by conducting routine monitoring on the industrial effluent produced. Maintaining proper records of industrial effluent discharge and monthly reporting to the Department of Environment are part of our commitment towards this.

It is essential to our premise in providing continuous monitoring and preventive approach on environmental related activities in order to promote healthy working environment, deliver quality products and services and improve our environmental stewardship.





Corporate Sustainability Statement



Towards the Certification

As part of our ongoing commitment to raise performance standards, more operating units have successfully achieved rigorous in-house and external certification since 2009, with five (5) estates certified under the Code of Good Agricultural Practice (“CoGAP”) by the Malaysian Palm Oil Board (“MPOB”).

Additionally, the Group is diligently pursuing the International Sustainability and Carbon Certification (“ISCC”), which is the first international certification system that can be used to prove sustainability and greenhouse gases (“GHG”) savings for biomass and bioenergy for all the Group operation units. ISCC is oriented towards reducing GHG emissions, the sustainable management of land, the protection of natural biospheres and social sustainability. To date, we have obtained ISCC certification for five (5) estates and one (1) mill.

The achievement signifies that, apart from being sustainable, FEHB’s palm oil production system has contributed towards efforts to reduce global warming based on standards set by the European Commission.

The Group is also pursuing the MSPO as an alternative to the Roundtable on Sustainable Palm Oil (“RSPO”) standards. MSPO is similar to the ISCC but takes into consideration the national socio-economic agenda which focus particularly on improving the standard of living of local communities while adhering to all local, national and ratified international laws and treaties. FEHB has been actively involved in meeting the standards, and is currently engaging the stakeholders toward complete MSPO certification in the near future. To date, we have obtained ISCC certification for five (5) estates in 2017 and we are preparing another six (6) estates for MSPO certification in 2018.

In demonstrating our commitment to MSPO, we have set a target to achieve that objective by 2019. In preparation of the certification process, we have given our employees the appropriate training and guidance. Topics covered in the development programs range from the importance of sustainability to Good Agricultural Practices.



Corporate Sustainability Statement

Social

Our People

We continue to be committed as an employer that practices good labour and human relationship for our diverse background of employees. We offer competitive compensation and benefits to attract and retain the best talents for the sustainability of our Company. We support their personal and professional development and promote work-life balance while ensuring their health and safety.

Within FEHB, we fulfill staffing needs for different departments within our Group's operations. These include not only the management and administrative staff, but also supervisory staff and local and migrant/foreign workers. The employees strive for excellence every day, by sharing knowledge with one another, brainstorming new and more environmentally-friendly ways of working and enriching each other's lives. We value our people, and reward their hard work with career development opportunities and further training prospects.

As a responsible employer, FEHB takes the health and wellbeing of its employees seriously. We encourage our employees to adopt a healthy lifestyle by helping them engage in outdoor activities and sports. We organised recreational activities and sports day for the foreign workers. These give our employees time to relax and intermingle with their colleagues from other departments and also other estates.



In 2017, we invested RM86,297.60 in employees' development programs which include technical training as well as managerial and leadership skills training. Apart from working life, we promote work-life balance as well as healthy and safe lifestyle through various programs such as Sport Carnival, Annual Fishing Competition, Bowling Tournament and regular health check. We engaged with our employees through activities such as Family Day, Sports Day, Breaking Fast Program, Hari Raya Open Day, Program Bubur Asyura, Best Employee Award, Best Decorated Estate Award and also participation in employment carnival for career opportunities.

During the year, we conducted training programs for youths by exposing them to our business environment and practices under which eleven (11) students had successfully completed their internship in various fields.





Corporate Sustainability Statement

Occupational Safety and Health Compliance

The Group is committed to Occupational Safety & Health (“OSHA”) at the work place so as to provide a safe and healthy environment for its employees throughout its entire business operations. Towards this, the Group has established a Group Safety & Health Department and OSHA sub-committees at every operating unit to ensure that the Occupational Safety & Health Policy put in place by the Group is complied with.

The OSHA committee plays the role of implementing Occupational Safety & Health Policy across the Group through structured trainings and scheduled meetings with operating units.

It also acts as a liaison between the Group and statutory or regulatory authorities on updates of rules and regulations pertaining to occupational safety and health.

The Group has applied an inclusive risk management programme that also involves contractors and vendors and not just our employees and workers.

Trainings are held to educate the employees on their responsibilities by the Group under OSHA 1994 as well as to equip them to perform Hazard Identification, Risk Assessment and Risk Control (“HIRARC”).

The group also performs Chemical Exposure Monitoring at identified worksites on an annual basis. Where required, workers exposed to chemicals at work are subjected to an annual medical check-up.

The Group has supplied Personal Protective Equipment (“PPE”) to its employees and workers at no cost to them. Various Standard Operating Procedures are in place governing the distribution, use, storage and maintenance of PPE. Training is also given on the safe and proper use of PPE and repeated at scheduled intervals in order to protect employee health when working with and having exposure to hazardous chemicals.

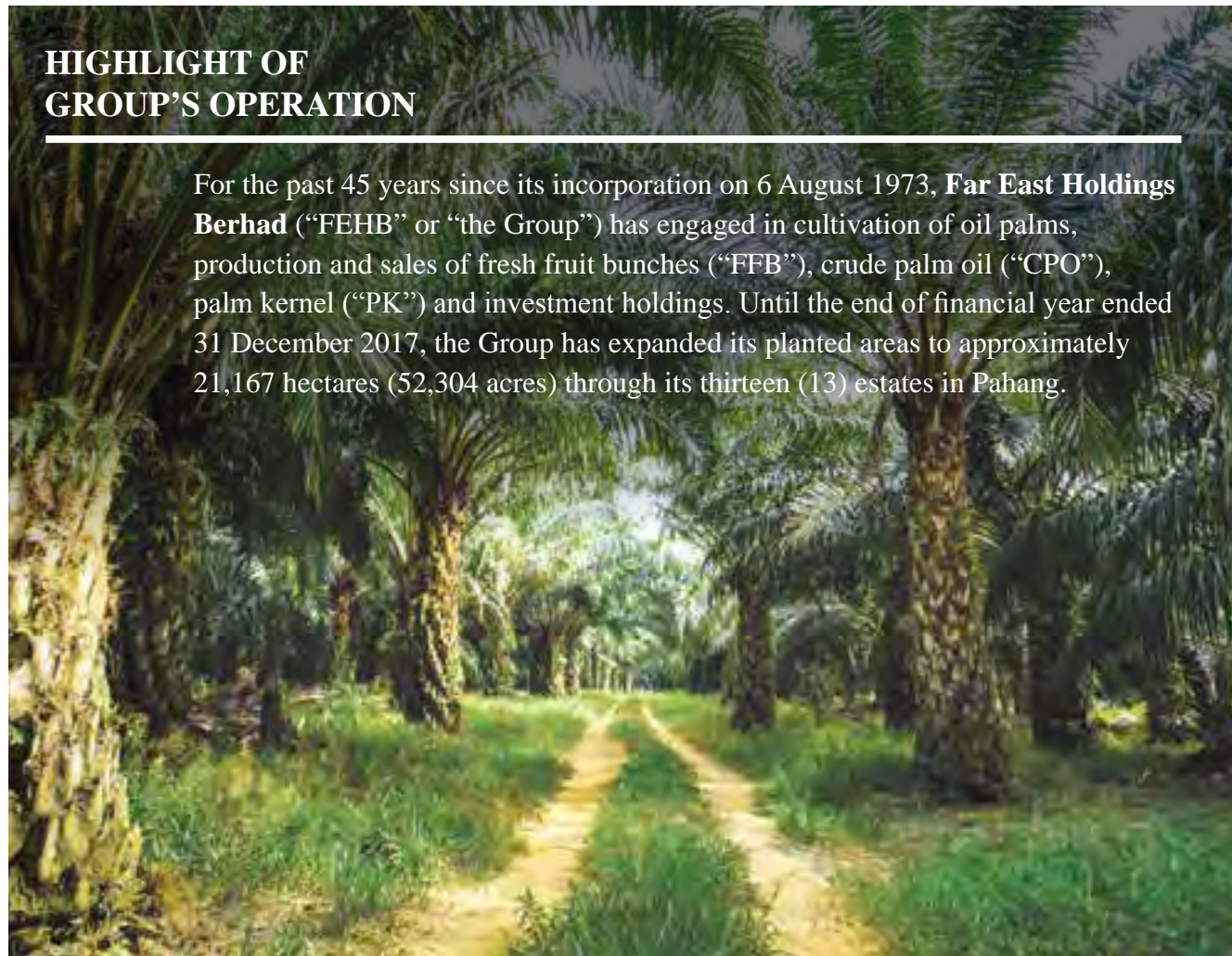




MANAGEMENT DISCUSSION AND ANALYSIS

HIGHLIGHT OF GROUP'S OPERATION

For the past 45 years since its incorporation on 6 August 1973, **Far East Holdings Berhad** (“FEHB” or “the Group”) has engaged in cultivation of oil palms, production and sales of fresh fruit bunches (“FFB”), crude palm oil (“CPO”), palm kernel (“PK”) and investment holdings. Until the end of financial year ended 31 December 2017, the Group has expanded its planted areas to approximately 21,167 hectares (52,304 acres) through its thirteen (13) estates in Pahang.



As a commodity producer, the Group is subjected to externalities such as price volatility, weather changes, policies, market developments as well as global macroeconomic conditions. Strategically, the Group is focused on achieving high yields with cost effectiveness in order to remain resilient through different market cycles.

Fundamentally, the Group is a commodity price taker and not a price maker, and therefore we have to manage this risk by constantly monitoring the price trends of all major oils and fats as well as crude oil prices. The Group sells CPO using the MPOB's average price mechanism and long term contract price.

Additionally, shortage of labour and skilled workers and the trend of rising labour wages are unavoidable. The Group had taken the initiative to retain skill and talent by implementing a performance culture driven program. For example, the Group has implemented performance incentives even for contract workers at estate level to retain the talent. The Group will also continue to invest in human resources, particularly on leadership programs with emphasis on strategic thinking, motivational skills and effective execution.

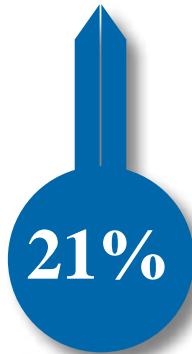
2017 was a year of recovery for the plantation industry as production of FFB began to pick up after El Nino, although at a slower pace than anticipated. Despite recovering from El Nino, some of the estates had suffered setback again caused by heavy flood for certain periods in 2017 especially in the first quarter during the year when harvesting and collection were badly affected.

Notwithstanding to all the challenges faced by the Group during the year, the Group turned in a strong performance for the financial year ended 31 December 2017, underpinned by our sound plantation practices undertaken over the years.



Management Discussion and Analysis

Estates Posted Healthy
Result as the FFB
Production
INCREASE



PLANTATIONS OPERATION

Shortage of workers and heavy flood faced during the year slowed the pace of production in certain estates during the year. Although estates posted healthy result as the FFB production for the financial year ended increased by 65,422 metric tonnes (21%) to 384,276 metric tonnes from 318,854 metric tonnes produced in financial year ended 31 December 2016, the production was lower than anticipated. In tandem with higher FFB production, the Group's yield per hectare of FFB improved by 17% to 19.54 metric tonnes per hectare from 16.66 metric tonnes per hectare.

The Group has in place an effective cost monitoring mechanism, hence for the financial year ended 31 December 2017 the Group's average cost of FFB reduced by 15% to RM177 per metric tonne ex-estate instead of RM208 per metric tonne recorded in preceding year. In addition, total cost per CPO metric tonne produced reduced by 7% to RM1,431 per metric tonne. The Group is positive that the cost is expected to be lower in the coming years following our ongoing procedures and programs to improve efficiency and reduce wastages at estates level.

The Group reported higher profit from plantation operation in financial year ended 31 December 2017 by RM37.79 million (45%) to RM121.22 million from RM83.43 million reported in financial year ended 31 December 2016. Higher profit from plantation operation for the year was supported by 5% higher average CPO price per metric tonne realized by the Group of RM2,771 compared to RM2,627 in preceding year in spite of lower average PK price per metric tonne by 1% to RM2,531.

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

Particulars	Hectare	%
> 19 years (old palms)	5,619	27
7 - 18 years (prime palms)	12,207	58
4 - 6 years (young palms)	1,843	8
1 - 3 years (immature palms)	1,498	7
Total	21,167	100

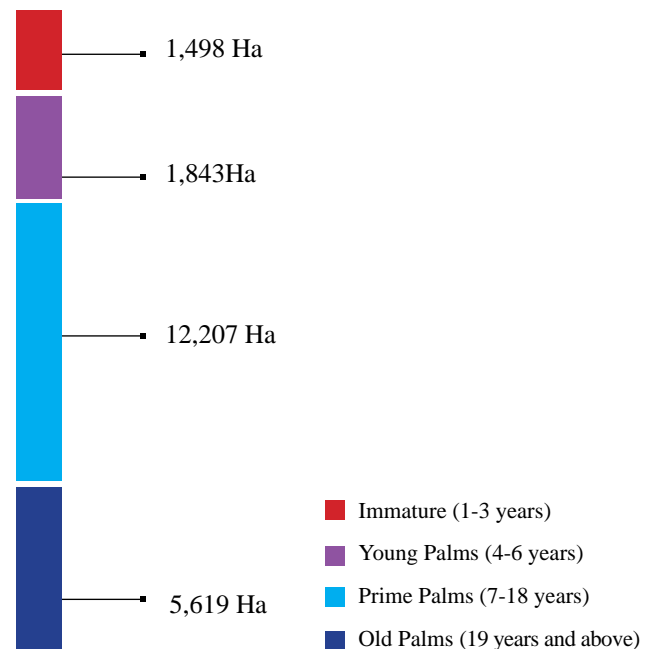
The Group has engaged in replanting since year 2000 and for the financial year ended 31 December 2017, the estates which are involved with replanting have shown very promising results. The production yield has shown higher performance as compared to yield recorded in 2016. Taking into consideration the age profile of our palms and with no drastic change in weather patterns, the Group expects yields to be on the uptrend and correspondingly, FFB production to increase with stronger growth expected in 2018. The Group continues to closely monitor operating expenses at estates level in order to mitigate any wastage. Consistent and comprehensive audits were conducted in order to improve monitoring mechanism and maximize yield and cost effectiveness.

The estates continue to be monitored by qualified agronomists in order to ensure good quality palms and fruits are produced as well as to ensure the best practices for sustainable agriculture. Various analysis and studies are carried out on oil palm and the nutrient status, palm appearance, ground conditions, pest and disease affecting the palms and pruning method. Recommendations by our qualified agronomists ensure the best fertilizer programs are applied at estates.

In addition to that, the estate operation is guided by timely and prudent estate management procedures to ensure good weed management, good canopy management, and best practices in manuring procedure, as well as good harvesting and collection.

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.

HECTARAGE PROFILE





Management Discussion and Analysis

MILLING OPERATIONS

Currently, the Group is operating two (2) strategically located palm oil mills namely, Kilang Kosfarm Sdn Bhd and Wujud Wawasan Sdn Bhd at Keratong, Pahang where each mill has a capacity to process 60 metric tonnes FFB per hour. For the year ended 31 December 2017, the mills had processed 487,190 metric tonnes crops of which 162,421 metric tonnes of the crops were produced by the estates within the Group. Total crops processed by the mills during the year were higher by 119,860 metric tonnes (33%) as compared to crops processed in preceding year of 367,330 metric tonnes. The average oil extraction rate (“OER”) achieved by the mills was lower at 19.20% (2016:19.71%), while kernel extraction rate (“KER”) was maintained at 5.25% (2016: 5.25%).

The Group had registered a profit from milling operation of RM6.35 million during the financial year ended 31 December 2017. The profit was higher by RM4.13 million (186%) when compared to the profit registered in preceding year of RM2.22 million.

REVIEW OF FINANCIAL RESULT

Against the current Group’s business operation backdrop, revenue from plantation and milling operation for the financial year ended 31 December 2017 grew by RM125.57 million (35%) to RM482.73 million from RM357.16 million in 2016 on the back of strong performance in our production coupled with higher average CPO price per metric tonne recognized during the year. The operating expenses of the Group for the financial year ended 31 December 2017 rose by RM83.65 million (31%) to RM355.16 million from RM271.51 million recorded in preceding year. Rise in operating expenses were contained by our effective cost management, as evidenced by our cost to income ratio improving by 3.83 percentage point from 74.55% to 70.72%. As a result, the Group’s Profit Before Tax (“PBT”) surged 26% year-on year to RM190.44 million from RM150.60 million in 2016.

Higher PBT for the FY2017 was supported by strong performance in FFB production coupled with higher average CPO price recorded during the year.

Breakdown of the profit before taxation is shown below:-

	2017 RM'000	2016 RM'000
Profit from plantation operation	121,220	83,433
Profit from milling operation	6,353	2,222
Share of profits from associated companies	43,409	57,917
Other income	3,762	4,113
Finance income	15,698	2,918
Profit before taxation	190,442	150,603

Other income of RM3.76 million consist of net sales from FFB scout harvesting, seedlings, palm kernel shell and rental income. In year 2017, the Group recorded a decrease in other income by 18% due to lower net sales from FFB scout harvesting as 356.20 hectares (880.17 acres) of previously immature area was declared matured.

Finance income consists of interest received from Fixed Deposit placements and Short-term Special Investments. Finance income was higher by RM12.78 million (438%) as compared to the previous year.

The Group incurred a capital expenditure of RM15.45 million in property, plant and equipment in the current year as compared to RM7.22 million in the previous year. The RM8.23 million (114%) increase was mainly due to the purchase of new office, cost of providing housing and amenities to staff and purchase of agricultural vehicles.





Management Discussion and Analysis

Material Litigation between FEHB/Kg Aur Oil Company (Sdn.) Berhad (“KAOP”) and Majlis Ugama Islam dan Adat Resam Melayu Pahang (“MUIP”)

Pursuant to the Federal Court decision on 15 November 2017 that affirms the cancellation of the 1998 allotment of 22,096,868 shares and the right of MUIP to exercise the 1st Option and 2nd Option in shares of KAOP totaling 6,723,845 as per Final Award (Grounds of Judgment) dated 19 September 2012, the shareholdings of MUIP and FEHB in KAOP are as follows:-

Shareholders	Before the Federal Court’s Decision		After the Federal Court’s Decision	
	% Holdings	Unit Shares	% Holdings	Unit Shares
MUIP	17.16	8,066,417	59.39	14,790,262
FEHB	82.84	38,933,583	40.61	10,112,870
Total	100.00	47,000,000	100.00	24,903,132

Following payments had been made to respective parties based on the Federal Court Judgment on 15 November 2017:-

(a) **Payments made by FEHB to MUIP**

Particulars	RM
Payments of dividends for 6,723,845 shares for FY 2002 to 2010	32,035,144.10
Payments of dividends for 6,723,845 shares for FY 2011 and 2012	6,723,845.00
Total	38,758,989.10

(b) **Refund made by FEHB to KAOP following the cancellation of 22,096,868 shares by the Federal Court**

Particulars	RM
Refund of dividends for 22,096,868 cancelled shares for FY 2002 to 2010	105,490,448.00
Refund of dividends for 22,096,868 cancelled for FY 2011 and 2012	22,096,868.00
Total	127,587,316.00

(c) **Payments made by MUIP and KAOP to FEHB**

Particulars	RM
Repayment of loan by KAOP to FEHB following the cancellation of 22,096,868 shares by the Federal Court	22,096,868.00
Payments for 6,723,845 shares (Option 1 and 2) by MUIP	19,884,749.20
Total	41,981,617.20

KAOP’s results have been consolidated for the whole year ended 31 December 2017 in view that control still exists throughout the year by virtue that the majority of KAOP’s Directors consist of FEHB’s Directors and the estates are still managed by FEHB’s management. However, total income attributable to the non-controlling interest for MUIP had been taken up at revised shareholdings of 59.39% instead of 17.16%.





Management Discussion and Analysis



Retained Earnings and Net Asset Per Share

The retained earnings for the FY2016 had been restated from RM735.68 million to RM566.28 million after taking into consideration the adjustments made in view of the Federal Court's decision on the above material litigation. For the FY2017, the retained earnings of the Group stood at RM647.40 million.

The NTA for FY2017 stood at RM8.29 per share against RM7.76 per share recorded in FY2016.

DIVIDENDS

The Group continued to deliver value to our shareholders in 2017. Our payout in the year under review is a continuation of our practice of rewarding our shareholders, whose support towards our company is a crucial prerequisite for the sustainability of our business.

In order to determine the quantum of dividend payments, the Group took into account the level of our available cash and cash equivalents, retained earnings and projected level of investment plans including the acquisition of additional land bank.

For the financial year ended 31 December 2016, the Directors had declared single tier dividend totaling 35 sen per share amounting to RM49.49 million and a payout ratio of 40.94% of profit after tax and minority interest.

In December 2017, the Directors had declared an interim single tier dividend of 10 sen per share. The interim single tier dividend was paid on 19 December 2017. The Directors are pleased to recommend a final single tier dividend of 15 sen per share and a special single tier dividend of 10 sen per share for the shareholders' approval at the forthcoming Annual General Meeting. If approved, the total dividend declared in respect of financial year ended 31 December 2017 would be 35 sen per share which brings the total payout of RM49.49 million, or a net dividend payout ratio of 39.39%.



Management Discussion and Analysis

GROUP FINANCIAL POSITION

The Directors are committed towards maintaining its policy of having a strong financial position and a healthy cash position, which as at 31 December 2017 stood at RM141.82 million. Such policy has served the Group well and will provide the Group with freedom to seek and make sound investments should opportunities arise without being overly dependent on borrowings from financial institutions.

The Group continues to manage its capital in a proactive manner to enhance returns to shareholders and providing for capital investment funding requirements. For the year under review, the Group's current Fixed Deposit placements stood at RM24.36 million with interest rate ranging from 3.00% to 3.30% per annum. Placements are for periods ranging from one (1) to three (3) months.

HUMAN CAPITAL

The availability of workers remains one of the key challenges for the plantation sector. In order to sustain high productivity and address labour issues, the Group focuses on implementing a performance culture driven program which incorporates multiple incentives in order to maintain and retain the skill and labour in the Group.

The Group is moving towards to strengthening the corporate culture across the Group and as part of the effort, the Group is actively investing in developing leadership skills for its staff including strategic thinking, motivational skills and effective execution.



PROSPECTS

As the Group moves forward, it will continue to deliver its value proposition as a resilient and a highly competitive mid-sized plantation player with respectable social environment footprints. The Group is confident that with continuous improvements in productivity and holding steadfast in implementing best management practices together with cost effective strategies, it would be able to ride out of any challenges ahead. The Group expects the profitability level for the coming financial year to be satisfactory barring unexpected adverse volatility in both palm product prices and foreign exchange rate.

Commitment towards environmental, labour, social obligations will be further strengthened as we accelerate towards enhancing our sustainability standards and efforts which include pursuing certification schemes to meet the various needs to our stakeholders. The Group is moving towards Malaysian Sustainable Palm Oil ("MSPO") and Malaysian Palm Oil Board ("MPOB") Code of Practices accreditation for all estates. Currently five (5) estates out of thirteen (13) had been accredited with both accreditations and in the milling sector, Kilang Kosfarm Sdn Bhd also had been accredited with the MPOB Code of Practices. Our associate, Future Prelude Sdn Bhd also had been certified with the International Sustainability and Carbon Certification ("ISCC"). This demonstrates that biomass and bioenergy from our estates and refineries are produced in accordance to the European and Germany sustainability legislation which are of high international standards.



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 2017.

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	8
YH Dato’ Tan Bing Hua	Member, Independent, Non-Executive Director	23.7.2012	5
YH Dato’ Jamaluddin bin Abd Majid	Member, Non-Independent, Non-Executive Director	18.8.2015	2
Encik Nik Mohamed Zaki bin Nik Yusoff	Member, Independent, Non-Executive Director	8.7.2015	2

There was no alternate Director appointed during the year 2017.

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.
- 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.



Audit Committee Report

DUTIES AND RESPONSIBILITIES (CONTINUED)

- 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.

PERFORMANCE OF THE AUDIT 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 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 References.

ATTENDANCE AT MEETINGS

During the financial year ended 31 December 2017, the Audit Committee held a total of six (6) meetings. Details are as follows:-

No.	1	2	3	4	5	6
Date	27 February 2017	29 March 2017	22 May 2017	16 August 2017	16 November 2017	13 December 2017

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	6	6
YH Dato' Tan Bing Hua	6	6
YH Dato' Jamaluddin bin Abd Majid	6	6
Encik Nik Mohamed Zaki bin Nik Yusoff	6	6



Audit Committee Report

SUMMARY OF WORKS OF THE AUDIT COMMITTEE

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.
- 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 Securities Berhad.
- Reviewed the annual financial statements 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 2018 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.

SUMMARY OF WORKS OF THE INTERNAL AUDIT FUNCTIONS

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 eleven auditable areas/scopes and also conducted a special review on special incentive for estate workers based on the requests made by the management. All significant issues were highlighted during the audit exit meeting and follow-up on the issues were taken and communicated to the auditees, management and Audit Committee.

An investigative audit was performed in June 2017 after Internal Audit received information from a whistle blower regarding suspicious activities/misconducts performed by certain staff of Sungai Gayung Estate. As a result of the investigative audit, a Domestic Inquiry was held and the previous estate manager was found guilty and his services terminated.

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 2017. The internal and external auditors had met 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 AND ADDITIONAL COMPLIANCE STATEMENTS

The Board of Directors (“the Board”) of Far East Holdings Berhad (“FEHB”) continues to subscribe and fully support the Malaysian Code on Corporate Governance 2017 (“MCCG”) and is committed to maintaining a high standard of corporate governance statement practices within the Group and devotes considerable effort to identify and formalize best practices.

The Board believes that sound and effective corporate practices are fundamental to the smooth, effective and transparent operation of a Company and its ability to attract investment, protect the rights of shareholders and stakeholders and enhance shareholder’s value.

The Board is pleased to report on the application of the Recommended Practices of the MCCG as required under the MCCG and the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) during the financial year under review.

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 best suited to the Company practices.

THE BOARD OF DIRECTORS

The Board

The Board is responsible for the overall corporate governance of the Group and is also entrusted with the responsibility of exercising reasonable care of the Company as well as the Group’s resources in enhancing the shareholders long-term value while taking into account of other stakeholders. The Board understands that upholding corporate governance value is not merely achieving the desired financial performance, but also promoting ethical, professional and sustainable culture.

Terms of References/ Board Charter

The Board is mindful to protect the interests of its shareholders and stakeholders. In discharging its duties effectively, the Board is guided by its Terms of References (“Board Charter”) which sets out the roles and responsibilities of the Board. The Board Charter is reviewed periodically or on as and when necessary to keep it up to date with changes in regulations and best practices and ensure its effectiveness and relevance to the Board’s objectives. The Board Charter is accessible on our website www.fehb.com.my.

Principal Roles

The primary role of the Board is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and executive management. It also ensures that good corporate governance policies and practices are implemented within the Group. In the course of discharging its duties, the Board acts in good faith, with due diligence and care, and in the best interests of the Company and its shareholders.

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 four (4) times a year, with additional meetings convened as and when necessary.

Board Balance

The current Board consists of 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.

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 to practice healthy debate on any agenda tabled. Each one of the Board members is allowed to express his opinion or views which is 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.



Corporate Governance Statement and Additional Compliance Statements

THE BOARD OF DIRECTORS (CONTINUED)

Board Balance (continued)

The Corporate Governance Blueprint 2012 stated that the goal is for women participation on Boards to reach 30% by 2016 and the progress towards this goal will be monitored and assessed from time to time. The Board recognizes that diversity is one of the key drivers to enhance Board effectiveness as it broadens debate within the Board. It is to be noted that the Board of FEHB used to have women Directors and currently is evaluating suitable woman candidate for the appointment to the Board.

On the other hand, women are well represented in the Senior Management of FEHB which now exceeds 30% of the Senior Management Group.

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 following 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 expenditure;
- Approval of corporate plan and programme;
- Approval of new ventures;
- Approval of material acquisition and disposals of 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; 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.

Board Meetings

Board meetings are scheduled in advance at the beginning of the calendar year with additional meetings convened when necessary. All Directors have complied with the Listing Requirements on attendance for Board meetings held during the financial year under review. Eight (8) Board Meetings were held during the financial year under review with details of meetings attendance of each Director are as follows:-

No.	Directors	Appointment Date	Meeting Attendance	Percentage
1	YH Dato' Sri Kamaruddin bin Mohammed	16/08/2002	8/8	100
2	YH Dato' Wan Bakri bin Wan Ismail	17/03/2014	6/8	75
3	YH Dato' Tan Bing Hua	23/07/2012	7/8	87.5
4	YH Dato' Jamaluddin bin Abd Majid	08/07/2015	8/8	100
5	Mr Tee Kim Tee @ Tee Ching Tee	16/08/2002	7/8	87.5
6	Mr Tee Cheng Hua	16/08/2002	8/8	100
7	Encik Hashim Naina Merican bin Yahaya Merican	13/08/2009	8/8	100
8	Mr Tee Lip Teng	23/07/2012	8/8	100
9	Encik Nik Mohamed Zaki bin Nik Yusoff	08/07/2015	8/8	100



Corporate Governance Statement and Additional Compliance Statements

THE BOARD OF DIRECTORS (CONTINUED)

Board Meetings (continued)

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of FEHB evidenced by attendance record of the Directors at Board meetings, as set out in the above table. Majority of the Directors attended all meetings during the financial year under review. A Director who is unable to attend any Board or Board Committee's meeting will notify the Chairman and/or the Company Secretary immediately prior to the meeting date.

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 appointments 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.

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 delegates authority not responsibility to the committee. The three (3) principal Board Committees are:-

1. Audit Committee
2. Remuneration Committee
3. Nomination Committee

The membership and principal duties and responsibilities of the Committees are set out in the following pages 48 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 appointments.

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.

To assist shareholders in their decision, sufficient information, such as personal profile, meeting attendance and shareholdings in the Company are furnished in the Annual Report.

The Company had made a policy that an Independent Director should not serve the Company for more than nine (9) years. This could be evidenced by previous retirements of our Independent Directors namely Puan Sharina Bahrin, Miss Ng Yee Kim, Encik 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 out by Paragraph 1.0 of the Listing Requirements.

Directors' Code of Ethics

The Directors are guided by the Code of Ethics as stipulated in part of the Board Charter as published in the website www.fehb.com.my.



Corporate Governance Statement and Additional Compliance Statements

THE BOARD OF DIRECTORS (CONTINUED)

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 Securities from time to time. All Directors attended the Mandatory Accreditation Programme (“MAP”) prescribed by the Bursa Securities. The Board will continue to evaluate and determine the training needs of its Directors to enhance their skill and knowledge. For the financial year ended 31 December 2017, all Directors had participated and attended seminar/course/conference as recommended and approved by the Board.

A summary of training programme, conferences and seminar attended by Directors during the financial year under review is set out below:-

No.	Name	Course Attended	Date Attended
1.	YH Dato’ Sri Kamaruddin bin Mohammed	19 th Malaysia Strategic Outlook Conference 2017	24 January 2017
		National Seminar on Malaysian Code on Corporate Governance (New) “An Overview” III	10 August 2017
2.	YH Dato’ Wan Bakri bin Wan Ismail	Palm Oil Economic Review & Outlook Seminar 2017	17 January 2017
		PAC Seminar 2017	6 April 2017
		13 th NATSEM 2017, 100 years of Oil Palm: Surging Forward	17 - 18 July 2017
		Konvensyen CIO Convex 2017	5 October 2017
3.	YH Dato’ Tan Bing Hua	National Seminar on Malaysian Code on Corporate Governance (New) “An Overview” III	10 August 2017
4.	YH Dato’ Jamaluddin bin Abd Majid	19 th Malaysia Strategic Outlook Conference 2017	24 January 2017
		National Seminar on Malaysian Code on Corporate Governance (New) “An Overview” III	10 August 2017
5.	Mr Tee Kim Tee @ Tee Ching Tee	National Seminar on Malaysian Code on Corporate Governance (New) “An Overview” III	10 August 2017
6.	Mr Tee Cheng Hua	National Seminar on Malaysian Code on Corporate Governance (New) “An Overview” III	10 August 2017
7.	Encik Hashim Naina Merican bin Yahaya Merican	19 th Malaysia Strategic Outlook Conference 2017	24 January 2017
8.	Encik Nik Mohamed Zaki bin Nik Yusoff	Anti-Money Laundering, Anti-Terrorism Financing and Proceed of Unlawful Activities	24 August 2017
9.	Mr Tee Lip Teng	MPOC Teach & Remind Friend of Industry 2017	10 January 2017
		5 th ICIS Asian Oleo Chemicals Conference	11 January 2017
		MPOB Palm Oil Economic Review & Outlook Seminar 2017	17 January 2017
		Bursa Malaysia Palm Oil Conference 2017	6 - 8 March 2017
		MPOB Program Advisory Committee Seminar	6 April 2017
		MPOB TAS Interaction with Members of the Malaysian Palm Oil Industry	12 April 2017
		MPOC Palm Oil Market Development Report Seminar	18 April 2017
		Financial Analysis: A Critical Approach Programme	25 - 26 May 2017
		Argus Biofuels Asia 2017	12 - 13 June 2017
		MBA 1 st Palm Biodiesel Conference 2017	7 - 8 August 2017
Bursa Malaysia Trade Hedge and Risk Management - An International Perspective in Commodity Trading	25 October 2017		



Corporate Governance Statement and Additional Compliance Statements

THE BOARD OF DIRECTORS (CONTINUED)

Development of Human Capital

The Board is also of the view that human capital development and management is one of the major concerns of ensuring continuous growth and sustainability 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 has delegated the authority for identifying key talent to the Senior Management of the Company.

Whistle Blower Policy

The Company has established a Whistle Blower Policy in response to Whistle Blower Protection Act, 2010 which could be reviewed in detail at our website www.fehb.com.my.

The purpose of this Policy is to:-

- promote the importance of detecting Improper Conduct;
- encourage the reporting of Improper Conduct and any other matters that may cause financial or non-financial loss to FEHB or tarnish the reputation of FEHB; and
- help to protect people who report Improper Conduct in good faith from discrimination, harassment and retaliation.

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 References

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 Audit Committee meets once a year with the external auditors without the presence of Executive Officers of the Company.

The Group's financial reporting and internal control system is overseen by the Audit Committee, which comprises three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The composition, terms of references 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 2017, a total of six (6) Audit Committee meetings were held.

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

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

The Audit Committee Report is presented on pages 41 to 43.



Corporate Governance Statement and Additional Compliance Statements

NOMINATION COMMITTEE

Chairman	YH Dato' Tan Bing Hua (Chairman) <i>Independent, Non-Executive Director</i>
Members	Mr Tee Kim Tee @ Tee Ching Tee <i>Non-Independent, Non-Executive Director</i>
	Encik Hashim Naina Merican bin Yahaya Merican <i>Independent, Non-Executive Director</i>

Terms of References

The Committee is entrusted to ensure that the Company recruits, retains, trains and develops the best available executive and non-executive Directors and Managers for the Company. During the year under review, the Nomination Committee held one (1) meeting. The Committee also looks at Board renewal and succession planning.

For the year under review there is no appointment of new Board member and Senior Management. However, the committee met to evaluate the Board and Committee effectiveness in order to ensure that the Company is steered by the right talent and stewardship.

The terms of references 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 for 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 skills, 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.

REMUNERATION COMMITTEE

Chairman	YH Dato' Sri Kamaruddin bin Mohammed (Chairman) <i>Non-Independent, Executive Director</i>
Members	Mr Tee Kim Tee @ Tee Ching Tee <i>Non-Independent, Non-Executive Director</i>
	Mr Tee Lip Teng <i>Non-Independent, Non-Executive Director</i>

Terms of References

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 one (1) meeting.

The Remuneration Committee met once in the year under review to evaluate the remuneration for the Board and Senior Management. The Remuneration package is structured on the basis of linking rewards to financial and individual performance.



Corporate Governance Statement and Additional Compliance Statements

DIRECTORS' REMUNERATION

The detail of the Directors' Remuneration for the financial year ended 31 December 2017 are as follows:-

GROUP	Fees (RM'000)	Meeting Allowance (RM'000)	Salaries and Bonus (RM'000)	Other Emoluments (RM'000)
Executive Director				
YH Dato' Sri Kamaruddin bin Mohammed	540,000	158,700	1,029,600	28,000
Mr Tee Cheng Hua	415,000	108,750	817,250	28,000
Non-Executive Director				
YH Dato' Wan Bakri bin Wan Ismail	70,000	12,000	-	-
YH Dato' Tan Bing Hua	70,000	49,200	-	-
YH Dato' Jamaluddin bin Abd Majid	70,000	34,200	-	-
Mr Tee Kim Tee @ Tee Ching Tee	375,000	127,400	358,400	-
Encik Hashim Naina Merican bin Yahaya Merican	70,000	52,200	-	-
Mr Tee Lip Teng	70,000	28,200	-	-
Encik Nik Mohamed Zaki bin Nik Yusoff	70,000	34,200	-	-

COMPANY	Fees (RM'000)	Meeting Allowance (RM'000)	Salaries and Bonus (RM'000)	Other Emoluments (RM'000)
Executive Director				
YH Dato' Sri Kamaruddin bin Mohammed	150,000	43,700	1,029,600	28,000
Mr Tee Cheng Hua	70,000	17,250	458,850	28,000
Non-Executive Director				
YH Dato' Wan Bakri bin Wan Ismail	70,000	12,000	-	-
YH Dato' Tan Bing Hua	70,000	49,200	-	-
YH Dato' Jamaluddin bin Abd Majid	70,000	34,200	-	-
Mr Tee Kim Tee @ Tee Ching Tee	70,000	41,400	-	-
Encik Hashim Naina Merican bin Yahaya Merican	70,000	52,200	-	-
Mr Tee Lip Teng	70,000	28,200	-	-
Encik Nik Mohamed Zaki bin Nik Yusoff	70,000	34,200	-	-

So as to maintain confidentiality and sensitivity of remuneration and other emoluments of Senior Management on a named basis, FEHB departs from Practice 7.2 and 7.3 of the MCCG.



Corporate Governance Statement and Additional Compliance Statements

RELATIONS WITH SHAREHOLDERS AND INVESTORS

Corporate Communication

The Annual General Meeting (“AGM”) is the principal forum for dialogue with individual shareholders and investors. It is a crucial mechanism in shareholder communication for the Company. At the Company’s AGM, which is generally well attended, shareholders have direct access to the Board and are given the opportunities to ask 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.

The Company’s e-mail address fareast@fareh.po.my is one of the means to communicate with the Company. The Board has appointed Encik 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 welcomes whistle blowers of any suspected wrong doing and ensures that matters highlighted by the whistle blowers are scrutinized and appropriate action taken. Actions taken are guided by the Company’s Whistle Blower Policy that is in place.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors recognized 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, 2016.

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 248 of the Companies Act, 2016 is presented on page 52.

Internal Controls

The Group has established internal controls that cover 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 Internal Control furnished on pages 57 to 59 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.

The Company’s In-House Internal Audit Department had incurred expenses amounting to RM470,941 for the financial year ended 31 December 2017 (2016: RM444,585).



Corporate Governance Statement and Additional Compliance Statements

ACCOUNTABILITY AND AUDIT (CONTINUED)

External Audit

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

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

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 2017, 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 2016 and Financial Reporting Standards in Malaysia.

ADDITIONAL COMPLIANCE STATEMENT

Group Audit Fees

The amount of audit fees paid/payable to the external auditors by the Group for the financial year ended 31 December 2017 was RM200,000.

Group 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 2017 was RM43,000.

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 2017.



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 30 May 2018. The related party transactions for the Group are as follows:-

Name	Nature of Relationship	Date and Place of Incorporation	Principal Activities
KKSB	FEHB directly holds 51%* equity interest in KKSB	13.11.1989 Malaysia	Operating of palm oil mill
WWSB	KKSB directly holds 51%* equity interest in WWSB	29.11.2005 Malaysia	Operating of palm oil mill
PTSB	PTSB is a major shareholder of FEHB that holds 23.73%* equity interest in FEHB	09.09.1985 Malaysia	Operating of palm kernel mill
PPOM	FEHB directly holds 40%* equity interest in PPOM	13.01.1978 Malaysia	Operating of palm oil mill and cultivation of oil palm
RPOM	PPOM directly holds 30%* equity interest in RPOM	28.01.1994 Malaysia	Operating of palm oil mill
EPOM	PTSB directly holds 32%* equity interest in EPOM	23.10.1997 Malaysia	Operating of palm oil mill
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 PKPP. PKPP is a major shareholder of FEHB that holds 25.18%* equity interest in FEHB	21.06.1990 Malaysia	Operating of palm oil mill and cultivation of oil palm
Kilang Sawira Makmur	KKSB indirectly holds 31.50%* stake in Kilang Sawira Makmur via its associated company i.e. Jaspurna Holdings Sdn Bhd	18.11.1993 Malaysia	Operating of palm oil mill
FPSB	FEHB and PPOM directly hold 47.17% and 35.17% equity interest in FPSB respectively.	24.10.2005 Malaysia	Manufacturing and exporting palm oil, fatty acids and chemicals compounds or derivatives

* As at 30 March 2018



Recurrent Related Party Transactions

Recurrent Related Party Transactions of a Revenue or Trading Nature (continued)

<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>PKPP</i>	<i>Perbadanan Kemajuan Pertanian Negeri Pahang</i>
<i>LKPP Corp.</i>	<i>LKPP Corporation Sdn Bhd</i>
<i>KOSMA</i>	<i>Koperasi Serbausaha Makmur Berhad</i>
<i>PTSB</i>	<i>Prosper Trading Sdn Bhd</i>
<i>PPOM</i>	<i>Prosper Palm Oil Mill Sdn Berhad</i>
<i>RPOM</i>	<i>Rompin Palm Oil Mill Sdn Bhd</i>
<i>PGC</i>	<i>PGC Management Services Sdn Bhd</i>
<i>PPOPM</i>	<i>Prosper Palm Oil Products Marketing Sdn Bhd</i>
<i>WWSB</i>	<i>Wujud Wawasan Sdn Bhd</i>

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

Sales of fresh fruit bunches

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

Purchases of fresh fruit bunches

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

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 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 and WWSB 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

Recurrent Related Party Transactions of a Revenue or Trading Nature (continued)

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
FPSB	Purchases of CPO by KKSB and WWSB from FPSB	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 MPOB/contract price
WWSB	Sales of kernel by WWSB to KKSB	Based on the MPOB/contract price
PTSB	Sales of kernel by KKSB and WWSB to PTSB	Based on the MPOB/contract price
EPOM	Sales of kernel by WWSB to EPOM	Based on the MPOB/contract price
RPOM	Sales of kernel by KKSB and WWSB to RPOM	Based on the MPOB/contract price
Kilang Sawira Makmur	Sales of kernel by WWSB to Kilang Sawira Makmur	Based on the MPOB/contract price

Purchases of Kernel

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

Management fee

The management fee charged includes the management services for technical services, marketing services, administrations 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 2017 is shown below:-

Related Party	RM'000
FEHB	91,596
KKSB	94,507
WWSB	2,848
PPOM	9,924
RPOM	45,553
EPOM	24,376
Kilang Sawira Makmur	76,982
LKPP Corp.	1,583
KOSMA	148,594
PGC	2,437
PPOPM	40,670
PTSB	57,971
FPSB	126,936
Total	723,977



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 judgment 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.

The Audit Committee of the Group, with the assistance of the Risk Management Committee, perform regular risk management assessments and through the Internal Audit Department, review the internal control processes, and evaluate the adequacy and effectiveness of the risk management and internal control system. The committee also seeks the observations of the independent external auditors of the Group.

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 prices;
3. Oil Extraction Rates offered by mills;
4. Investment risk; and
5. Increase 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, Plantations 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 (continued)

- **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, Plantations 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 update 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 in accordance with a set of operational policies and procedures established by it. The operational policies and procedures are reviewed periodically to ensure that they remain effective and relevant to support the Group's business activities at all times as it continues 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.

- **Financial and Operating Manuals**

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



Statement on Risk Management and Internal Control

Other Key Elements of Internal Control System (continued)

- **Financial Authority Limits**

The Financial Authority Limits define 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 Committee**

The procurement of goods and services exceeding a prescribed limit is approved by the Tender Committee 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 Committee, therefore, ensures transparency in the award of contracts. The Group also has an Opening Tender Committee. Both committee are comprise different officials.

- **Plantation Advisory Services**

The Plantation Advisory Services 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 oversees all security issues faced by the business units within the Group and security guards personnel.

Continuous surveillance and improvement in security control had complemented the internal control system to safeguard the Group's assets against material loss.

The scheduled and random narcotic urine examination was accordingly performed with the Agensi Anti Dadah Kebangsaan (AADK) in order to ensure that a healthy environment within the Group's business units and close collaboration with PDRM are forged to ensure that the security of FEHB's property and personnel.

- **"ISCC" and "MSPO" Certification**

The group is pursuing the "ISCC" and "MSPO" certification in stages and the certification process ensures FEHB compliance to all local, national and ratified international laws and treaties.

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 on Risk Management and Internal Control is made in accordance with a resolution of the Board of Directors dated 21 March 2018.

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DIRECTORS' REPORT

For The Year Ended 31 December 2017

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

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	125,639,025	135,574,958

Dividends

The dividends on ordinary shares paid or declared by the Company since 31 December 2016 were as follows:-

	RM
In respect of the year ended 31 December 2016:	
Final single tier dividend of 20 sen per share and special single tier dividend of 5 sen per share on 141,390,000 ordinary shares paid on 16 June 2017	35,347,500
In respect of the year ended 31 December 2017:	
Interim single tier dividend of 10 sen per share on 141,390,000 ordinary shares paid on 19 December 2017	14,139,000
	49,486,500

The Directors now recommend the payment of a final single tier dividend of 15 sen per share and a special single tier dividend of 10 sen per share on 141,390,000 ordinary shares amounting to RM21,208,500 and RM14,139,000 respectively for the year ended 31 December 2017. The proposed dividends are subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2018.

Reserves and provisions

There were no material transfers to or from reserves and provisions except as disclosed in the financial statements.

Shares and debentures

The Company did not issue any new shares or debentures during the year.

Share options

No options have been granted by the Company to any parties during the year to take up unissued shares of the Company.

No shares have been issued during the year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end year, there were no unissued shares of the Company under options.



Directors' Report

for the year ended 31 December 2017

Directors

The Directors of the Company in office at any time during the year or since the end of the year 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
 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

In accordance with Article 97 of the Company's Articles of Association, YH Dato' Wan Bakri bin Wan Ismail, YH Dato' Tan Bing Hua and Mr Tee Lip Teng retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-election.

Directors' benefits

During and at the end of the year, no arrangements subsisted to which the Company is a party, 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 a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except as disclosed in Note 25 to the financial statements.

Directors' interests in shares

According to the register of directors' shareholding under Section 59 of the Companies Act, 2016, 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			31.12.2017
	1.1.2017	Bought	Sold	
Direct interest - in the Company				
YH Dato' Sri Kamaruddin bin Mohammed	2,700,000	-	-	2,700,000
Mr Tee Kim Tee @ Tee Ching Tee	4,755,900	12,000	-	4,767,900
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
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.



Directors' Report

for the year ended 31 December 2017

Directors' remunerations

The amount of the remunerations of the Directors or Past Directors of the Company comprising remunerations received/receivable from the Company and its subsidiaries during the year is disclosed in Note 6(a) to the financial statements.

The estimated money value of other benefits received or receivable by the Directors otherwise in cash from the Company during the year is RM51,950 (2016: NIL).

No payment has been paid to or payable to any third party in respect of the services provided to the Company by the Directors or Past Directors of the Company during the year.

Indemnifying Directors, Officers or Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been the Director, Officer or Auditor of the Company.

Other statutory information

Before the financial statements of the Group and of the Company 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; or
- not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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 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.

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 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.

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.
- no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the year in which this report is made.



Directors' Report

for the year ended 31 December 2017

Subsidiaries

Details of the subsidiaries are set out in Note 12 to the financial statements.

List of directors of subsidiaries

Pursuant to Section 253 of the Companies Act 2016, the list of Directors of the subsidiaries during the year and up to the date of this report is as follows:-

YH Dato' Sri Kamaruddin bin Mohammed
Mr Tee Kim Tee @ Tee Ching Tee
Mr Tee Cheng Hua
Mr Tee Lip Teng
YDH OKIP Dato' Sri Wan Haji Abdul Wahid bin Wan Haji Hassan
YM Tengku Dato' Sri Uzir bin Tengku Ubaidillah
YB Dato' Sri Wan Rosdy bin Wan Ismail
YH Dato' Sri Khairuddin bin Yaakob
YH Dato' Haji Fisar bin Haji Abdullah
Puan Asmin binti Yahya
Mr Tan Keh Feng
Mr Tee Lip Jen
Mr Man Foh @ Chan Man Foh
Tuan Haji Hamdy bin Abdul Basek

Resigned on: 31.12.2017

Auditors' remunerations

Total amounts paid to or receivable by the auditor as remunerations for their services from the Company and its subsidiaries is disclosed in Note 5(a) to the financial statements.

Auditors

The retiring auditors, McMillan Woods Thomas, have indicated their willingness to be re-appointed.

In accordance with a resolution of the Board of Directors dated 21 March 2018.

Dato' Sri Kamaruddin bin Mohammed
Group Executive Chairman

Tee Cheng Hua
Executive Director

Kuantan



STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

The Directors of Far East Holdings Berhad, state that, in their opinion, the financial statements set out on pages 66 to 104 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the year then ended.

Signed in accordance with a resolution of the Board of Directors dated 21 March 2018.

Dato' Sri Kamaruddin bin Mohammed
Group Executive Chairman

Tee Cheng Hua
Executive Director

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act, 2016

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 66 to 104 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

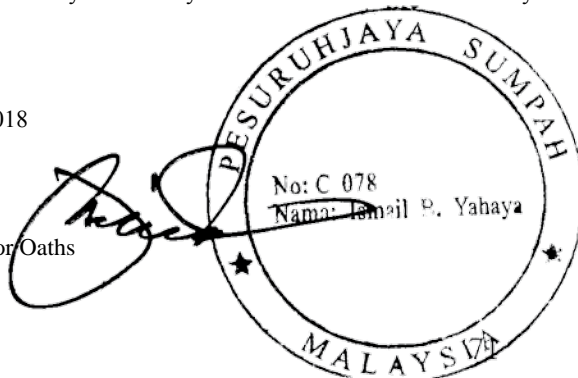
Subscribed and solemnly declared by the abovenamed Asmin binti Yahya

At: Kuantan

On: 21 March 2018

Before me:

Commissioner for Oaths



Lot No. 11-13, Tingkat 1,
Bangunan UTC,
Jalan Stadium,
25000 Kuantan, Pahang.



STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Continuing operations					
Revenue	4	482,732,713	357,162,994	168,001,103	78,850,819
Other operating income		3,761,851	4,112,845	1,086,080	1,064,775
Amortisation of amounts due from subsidiaries		-	-	898,241	1,771,519
Reversal of impairment loss		-	-	-	443,577
Loss on initial recognition of amounts due from subsidiaries		-	-	(592,399)	(558,960)
Staff costs		(16,834,318)	(15,769,162)	(3,344,186)	(3,490,169)
Changes in inventories		6,747,674	(868,019)	-	-
Finished goods purchased		(49,009,231)	(9,032,383)	-	-
Raw material purchased		(188,116,798)	(142,184,155)	-	-
Production cess		(1,216,405)	(933,978)	-	-
Carriage outwards		(5,605,135)	(4,374,250)	-	-
Upkeep, repair and maintenance of assets		(4,565,917)	(3,958,038)	-	-
Utilities and fuel		(1,623,615)	(1,445,890)	-	-
Depreciation		(11,017,903)	(11,596,513)	(3,544,491)	(3,579,291)
Upkeep and cultivation		(28,503,962)	(31,710,171)	(9,035,628)	(10,180,441)
Harvesting		(24,469,736)	(19,330,495)	(6,906,938)	(5,497,669)
Estate general charges		(9,097,744)	(9,120,465)	(3,038,841)	(3,168,686)
Replanting expenses		(2,746,730)	(4,105,068)	-	-
Other operating expenses		(19,095,782)	(17,075,088)	(5,081,823)	(4,224,942)
Finance income		15,698,907	2,918,361	8,876,154	1,570,485
Finance cost		(5,294)	(5,239)	-	-
Share of profit after tax of equity accounted associates		43,409,640	57,917,120	-	-
Profit before tax	5	190,442,215	150,602,406	147,317,272	53,001,017
Tax expenses	7	(35,002,188)	(21,822,290)	(11,742,314)	(6,800,529)
Profit for the year		155,440,027	128,780,116	135,574,958	46,200,488
Profit for the year attributable to:-					
Owners of the Company		125,639,025	120,888,806	135,574,958	46,200,488
Non-controlling interests		29,801,002	7,891,310	-	-
		155,440,027	128,780,116	135,574,958	46,200,488



Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Profit for the year		155,440,027	128,780,116	135,574,958	46,200,488
Other comprehensive income					
<u>Items that will not be reclassified</u> <u>subsequently to profit or loss:-</u>					
- Transfer from deferred tax		-	5,303,000	-	1,626,000
- Transfer from revaluation reserve		4,221,673	4,233,673	1,376,317	1,376,317
- Transfer to retained earnings		(4,221,673)	(4,233,673)	(1,376,317)	(1,376,317)
		-	5,303,000	-	1,626,000
<u>Item that may be reclassified</u> <u>subsequently to profit or loss:-</u>					
- "Available for sale" - fair value gain		748,393	272,143	-	-
Other comprehensive income for the year		748,393	5,575,143	-	1,626,000
Total comprehensive income for the year		156,188,420	134,355,259	135,574,958	47,826,488
Total comprehensive income attributable to:-					
Owners of the Company		126,387,418	126,463,949	135,574,958	47,826,488
Non-controlling interests		29,801,002	7,891,310	-	-
		156,188,420	134,355,259	135,574,958	47,826,488
Earnings per share attributable to equity holders of the Company (sen)					
- basic and diluted	8	88.86	85.50		

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



STATEMENTS OF FINANCIAL POSITION

as at 31 December 2017

	Note	Group		Company	
		2017 RM	Restated 2016 RM	2017 RM	Restated 2016 RM
Non current assets					
Property, plant and equipment	10	853,646,850	842,990,023	308,355,910	293,537,380
Land held for disposal	11	22,412,539	22,412,539	22,412,539	22,412,539
Subsidiaries	12	-	-	20,402,481	20,402,481
Associates	13	437,958,326	375,640,593	110,433,368	89,675,168
Other financial assets	14	3,000,000	3,000,000	3,000,000	3,000,000
		1,317,017,715	1,244,043,155	464,604,298	429,027,568
Current assets					
Other financial assets	14	3,349,406	3,244,792	-	-
Inventories	15	11,986,533	3,907,794	506,739	76,156
Receivables, deposits and prepayments	16	86,602,794	67,439,837	86,157,633	84,042,284
Tax recoverable		1,242,361	1,864,736	-	-
Deposits, cash and bank balances	17	141,815,426	289,050,734	80,706,420	153,813,503
		244,996,520	365,507,893	167,370,792	237,931,943
Less: Current liabilities					
Payables	18	38,279,785	74,392,205	8,145,134	132,255,447
Hire purchase creditor		23,333	35,551	-	-
Current tax liabilities		10,434,997	3,332,360	5,055,000	1,707,566
		48,738,115	77,760,116	13,200,134	133,963,013
Net current assets		196,258,405	287,747,777	154,170,658	103,968,930
Less: Non current liabilities					
Deferred tax liabilities	19	162,541,168	161,099,198	51,880,000	52,190,000
Hire purchase creditor		-	22,782	-	-
		162,541,168	161,121,980	51,880,000	52,190,000
Total net assets		1,350,734,952	1,370,668,952	566,894,956	480,806,498
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	46,852,783	46,852,783	44,947,244	44,947,244
Revaluation reserves	22	336,571,619	340,793,292	123,715,952	125,092,269
Retained earnings	23	647,399,552	566,276,961	256,841,760	169,376,985
Shareholders' equity		1,172,213,954	1,095,313,036	566,894,956	480,806,498
Non-controlling interests		178,520,998	275,355,916	-	-
Total equity		1,350,734,952	1,370,668,952	566,894,956	480,806,498

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



STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2017

		Attributable to owners of the Company						Total equity
		Share capital (Note 20) RM	Share premium (Note 21) RM	Revaluation reserves (Note 22) RM	Retained earnings RM	Total RM	Non-controlling interest RM	
At 31 December 2015								
- as previously stated		141,390,000	47,997,970	402,834,213	645,630,630	1,237,852,813	77,374,814	1,315,227,627
- effect of the Court Order	30	-	(1,145,187)	(63,110,248)	(169,400,791)	(233,656,226)	199,317,142	(34,339,084)
- as restated		141,390,000	46,852,783	339,723,965	476,229,839	1,004,196,587	276,691,956	1,280,888,543
Total comprehensive income		-	-	1,069,327	125,394,622	126,463,949	7,891,310	134,355,259
Dividends for the year ended:-								
- 31 December 2015	9	-	-	-	(21,208,500)	(21,208,500)	(9,227,350)	(30,435,850)
- 31 December 2016	9	-	-	-	(14,139,000)	(14,139,000)	-	(14,139,000)
At 31 December 2016		141,390,000	46,852,783	340,793,292	566,276,961	1,095,313,036	275,355,916	1,370,668,952
At 31 December 2016								
- as previously stated		141,390,000	47,997,970	403,903,540	735,677,752	1,328,969,262	76,038,774	1,405,008,036
- effect of the Court Order	30	-	(1,145,187)	(63,110,248)	(169,400,791)	(233,656,226)	199,317,142	(34,339,084)
- as restated		141,390,000	46,852,783	340,793,292	566,276,961	1,095,313,036	275,355,916	1,370,668,952
Total comprehensive income		-	-	(4,221,673)	130,609,091	126,387,418	29,801,002	156,188,420
Dividends for the year ended:-								
- 31 December 2016	9	-	-	-	(35,347,500)	(35,347,500)	(9,106,592)	(44,454,092)
- 31 December 2017	9	-	-	-	(14,139,000)	(14,139,000)	(117,529,328)	(131,668,328)
At 31 December 2017		141,390,000	46,852,783	336,571,619	647,399,552	1,172,213,954	178,520,998	1,350,734,952



Statements of Changes in Equity

for the year ended 31 December 2017

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 2015						
- as previously stated		141,390,000	44,947,244	124,842,586	303,609,236	614,789,066
- effect of the Court Order	30	-	-	-	(146,461,556)	(146,461,556)
- as restated		141,390,000	44,947,244	124,842,586	157,147,680	468,327,510
Total comprehensive income		-	-	249,683	47,576,805	47,826,488
Dividends for the year ended:-						
- 31 December 2015	9	-	-	-	(21,208,500)	(21,208,500)
- 31 December 2016	9	-	-	-	(14,139,000)	(14,139,000)
At 31 December 2016		141,390,000	44,947,244	125,092,269	169,376,985	480,806,498
At 31 December 2016						
- as previously stated		141,390,000	44,947,244	125,092,269	315,838,541	627,268,054
- effect of the Court Order	30	-	-	-	(146,461,556)	(146,461,556)
- as restated		141,390,000	44,947,244	125,092,269	169,376,985	480,806,498
Total comprehensive income		-	-	(1,376,317)	136,951,275	135,574,958
Dividends for the year ended:-						
- 31 December 2016	9	-	-	-	(35,347,500)	(35,347,500)
- 31 December 2017	9	-	-	-	(14,139,000)	(14,139,000)
At 31 December 2017		141,390,000	44,947,244	123,715,952	256,841,760	566,894,956

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



STATEMENTS OF CASH FLOWS

for the year ended 31 December 2017

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Operating activities				
Profit for the year attributable to owners of the Company	125,639,025	120,888,806	135,574,958	46,200,488
Adjustments for:-				
Non-controlling interests	29,801,002	7,891,310	-	-
Property, plant and equipment:-				
- depreciation	11,017,903	11,596,513	3,544,491	3,579,291
- gain on disposal	(120,193)	(158,892)	-	(157,006)
- written off	1,378	2,039	56	830
Share of profit of associates	(43,409,640)	(57,917,120)	-	-
Loss on initial recognition	-	-	592,399	558,960
Amortisation of receivable	-	-	(898,241)	(1,771,519)
Dividend income	-	-	(99,325,942)	(22,005,705)
Interest expenses	5,294	5,239	-	-
Interest income	(15,698,907)	(2,918,361)	(8,876,154)	(1,570,485)
Tax expense	35,002,188	21,822,290	11,742,314	6,800,529
Operating profit before working capital	142,238,050	101,211,824	42,353,881	31,635,383
Changes in working capital:-				
- inventories	(8,078,739)	1,382,536	(430,583)	(11,483)
- receivables, deposits and prepayments	(25,386,909)	(18,324,131)	(36,693,710)	(3,824,646)
- subsidiaries	-	-	(76,838,158)	2,303,250
- payables	(36,112,420)	11,109,070	(18,674,733)	5,024,757
Cash from/(used in) operations	72,659,982	95,379,299	(90,283,303)	35,127,261
Interest paid	(5,294)	(5,239)	-	-
Interest received	15,594,293	2,838,751	8,876,154	1,570,485
Tax refunded	1,065,292	425,713	-	-
Tax paid	(26,900,498)	(19,919,407)	(8,704,880)	(5,600,000)
Net cash flow from/(used in) operating activities	62,413,775	78,719,117	(90,112,029)	31,097,746



Statements of Cash Flows

for the year ended 31 December 2017

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Investing activities				
Property, plant and equipment:-				
- purchase	(15,452,164)	(7,214,798)	(12,076,296)	(1,241,338)
- proceed from disposal	120,201	159,105	-	157,218
Purchase of investment	-	(6,000,000)	-	-
Additional investment in associate	(20,758,200)	-	(20,758,200)	-
Proceed from disposal of investment	-	3,000,000	-	-
Dividend received	2,598,500	3,132,143	99,325,942	22,005,705
Net cash flow (used in)/from investing activities	(33,491,663)	(6,923,550)	66,491,446	20,921,585
Financing activities				
Hire purchase paid	(35,000)	(35,000)	-	-
Dividend paid	(176,122,420)	(58,713,850)	(49,486,500)	(49,486,500)
Net cash flow used in financing activities	(176,157,420)	(58,748,850)	(49,486,500)	(49,486,500)
Net (decrease)/increase in cash and cash equivalents	(147,235,308)	13,046,717	(73,107,083)	2,532,831
Cash and cash equivalents				
- at start of the year	289,050,734	276,004,017	153,813,503	151,280,672
- at end of the year	17 141,815,426	289,050,734	80,706,420	153,813,503

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



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

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 holdings. The principal activities of the subsidiaries of the Group consist of oil palm plantations and palm oil mills.

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 Level 23, Menara Zenith, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur.

The financial statements of the Company are presented in the functional currency, which is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is Ringgit Malaysia as the sales and purchases are mainly denominated in Ringgit Malaysia and receipts from operations are usually retained in Ringgit Malaysia and funds from financing activities are generated in Ringgit Malaysia.

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, 2016.

The preparation of financial statements are in conformity with the requirements of the Companies Act, 2016 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 2017

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 2017

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 2017

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 (latest audited financial statements or management accounts) of associates to ensure consistency of accounting policies with those of the Group.

(f) Investments

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

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

(g) Impairment of non-financial assets

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

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

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.



Notes to the Financial Statements

for the year ended 31 December 2017

3 Summary of significant accounting policies (continued)

(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.

(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’.



Notes to the Financial Statements

for the year ended 31 December 2017

3 Summary of significant accounting policies (continued)

(I) Financial instruments (continued)

(i) Financial assets (continued)

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

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

Financial Assets at "Fair Value Through Profit or Loss"

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

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

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

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

Loans and Receivables

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

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

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 results 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.



Notes to the Financial Statements

for the year ended 31 December 2017

3 Summary of significant accounting policies (continued)

(l) Financial instruments (continued)

(i) Financial assets (continued)

For other financial assets, objective evidence could include:-

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

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

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

(ii) Financial liabilities

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

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

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

Derecognition of Financial Liabilities

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

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

(m) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.



Notes to the Financial Statements

for the year ended 31 December 2017

3 Summary of significant accounting policies (continued)

(m) Fair value measurement (continued)

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1 : Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2 : Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 : Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(n) Share capital

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

(o) Revenue recognition

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

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

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

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

Income from rental and interest are recognised on accrual basis.

4 Revenue

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Sales of fresh fruit bunches	124,317,815	112,372,010	68,675,161	56,845,114
Sales of crude palm oil and palm kernel	358,414,898	244,790,984	-	-
Dividend income	-	-	99,325,942	22,005,705
	482,732,713	357,162,994	168,001,103	78,850,819



Notes to the Financial Statements

for the year ended 31 December 2017

5 Profit before tax

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Auditors' remuneration:-				
- statutory audit current year	200,000	197,000	55,000	55,000
- statutory audit previous year	3,000	-	-	-
- assurance related services	43,000	43,000	43,000	43,000
Property, plant and equipment:-				
- written off	1,378	2,039	56	830
- gain on disposal	(120,193)	(158,892)	-	(157,006)
Cost of contract workers	89,764	51,587	-	-
Bad debt written off	50,921	-	-	-
Rental of land	489,652	489,652	-	-
Rental income	(204,140)	(183,327)	(81,140)	(80,390)

(b) Employee benefits cost

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries, bonus and other benefits	15,081,474	14,068,895	2,938,044	3,062,580
Defined contribution plans	1,752,844	1,700,267	406,142	427,589
	16,834,318	15,769,162	3,344,186	3,490,169

6 Key management personnel compensation

(a) Directors

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Directors of the Company				
Non-executive Directors:-				
- Fees	795,000	760,000	490,000	490,000
- Other emoluments	695,800	-	251,400	-
	1,490,800	760,000	741,400	490,000
Executive Directors:-				
- Fees	955,000	880,000	220,000	220,000
- Other emoluments	2,170,300	1,858,900	1,605,400	1,478,100
	3,125,300	2,738,900	1,825,400	1,698,100
Directors of subsidiaries				
Non-executive Directors:-				
- Fees	840,000	880,000	-	-
- Other emoluments	337,820	-	-	-
	1,177,820	880,000	-	-
Total	5,793,920	4,378,900	2,566,800	2,188,100



Notes to the Financial Statements

for the year ended 31 December 2017

6 Key management personnel compensation (continued)

(b) Other key management personnel

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries, bonus and other benefits	1,609,265	1,584,693	1,106,620	1,089,703
Defined contribution plans	192,572	213,968	159,523	163,456
Total	1,801,837	1,798,661	1,266,143	1,253,159

7 Tax expenses

(a) Tax charge for the year

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Malaysian income tax	33,560,218	21,577,230	12,052,314	7,617,529
Deferred tax (Note 19)	1,441,970	245,060	(310,000)	(817,000)
Tax expenses	35,002,188	21,822,290	11,742,314	6,800,529
Share of tax of equity accounted associates	6,501,165	7,524,852	-	-
Total tax expense	41,503,353	29,347,142	11,742,314	6,800,529
Malaysian income tax				
Current year	33,523,165	21,687,413	12,055,000	7,750,000
Over accrued in previous years	37,053	(110,183)	(2,686)	(132,471)
	33,560,218	21,577,230	12,052,314	7,617,529
Deferred tax				
Temporary differences	1,441,970	245,060	(310,000)	(817,000)
Tax expenses	35,002,188	21,822,290	11,742,314	6,800,529

(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	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit for the year	155,440,027	128,780,116	135,574,958	46,200,488
Total tax expenses	41,503,353	29,347,142	11,742,314	6,800,529
	196,943,380	158,127,258	147,317,272	53,001,017



Notes to the Financial Statements

for the year ended 31 December 2017

7 Tax expenses (continued)

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Tax calculated at the tax rate of 24% (2016: 24%)	47,266,412	37,950,542	35,356,145	12,720,244
Tax effect of:-				
- expenses not deductible for tax purposes	2,036,856	2,271,548	722,117	73,044
- under/(over) accrued in previous years	37,053	(53,908)	(2,686)	(132,471)
- benefits from utilisation of reinvestment allowance	(129,687)	(108,831)	-	-
- tax exemption for increase in chargeable income	(1,635,678)	-	(495,036)	-
- effect of change in tax rate from 25% to 24%	-	(1,309,100)	-	(559,000)
- deferred tax asset not recognised	-	436,955	-	-
- income not taxable	(6,071,603)	(9,840,064)	(23,838,226)	(5,301,288)
Total tax expenses	41,503,353	29,347,142	11,742,314	6,800,529

8 Earnings per share

Basic and diluted 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.

	2017	2016
Profit attributable to equity holders of the Company (RM)	125,639,025	120,888,806
Weighted average number of ordinary shares in issue	141,390,000	141,390,000
Basic and diluted earnings per share (sen)	88.86	85.50

9 Dividends

Dividends declared or proposed for year ended 31 December 2017 are as follows:-

	Group and Company			
	31.12.2017		31.12.2016	
	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
- special single tier dividend	10.0	14,139,000	5.0	7,069,500
	35.0	49,486,500	35.0	49,486,500



Notes to the Financial Statements

for the year ended 31 December 2017

9 Dividends (continued)

	Group and Company			
	31.12.2017		31.12.2016	
	Single tier dividend per share Sen	Amount of single tier dividend RM	Single tier dividend per share Sen	Amount of single tier dividend RM
Dividend per share recognised as distribution to ordinary equity holders of the Company:-				
31 December 2015				
- paid during the year	-	-	15.0	21,208,500
31 December 2016				
- paid during the year	-	-	10.0	14,139,000
31 December 2016				
- paid during the year	25.0	35,347,500	-	-
31 December 2017				
- paid during the year	10.0	14,139,000	-	-
	35.0	49,486,500	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 year ended 31 December 2017 was paid on 19 December 2017.

At the forthcoming Annual General Meeting, a final single tier dividend of 15 sen per share and a special single tier dividend of 10 sen per share on 141,390,000 ordinary shares amounting to RM21,208,500 and RM14,139,000 respectively will be proposed for shareholders' approval.

The proposed dividends are subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for the current year do not reflect these proposed dividends. Such dividends if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2018.

10 Property, plant and equipment

Group	Long term leasehold land RM	Oil palm plantations RM	Buildings RM	Plant and machinery RM	Motor vehicles, furniture, fixtures and equipment RM	Assets under construction RM	Total RM
Carrying amounts at							
31 December 2015	389,703,817	419,619,752	15,845,910	10,307,850	2,704,656	1,335,247	839,517,232
Additions	7,856,758	2,917,457	1,446,603	1,240,602	909,957	700,179	15,071,556
Reclassification	-	-	1,837,960	388,654	(197,855)	(2,028,759)	-
Written off	-	-	(1)	(1,027)	(1,011)	-	(2,039)
Disposal	-	-	-	-	(213)	-	(213)
Depreciation charge	(5,636,813)	-	(2,144,298)	(2,642,144)	(1,173,258)	-	(11,596,513)
Carrying amounts at							
31 December 2016	391,923,762	422,537,209	16,986,174	9,293,935	2,242,276	6,667	842,990,023
Additions	6,223,952	1,597,763	10,067,458	1,075,383	2,144,625	566,935	21,676,116
Reclassification	-	-	247,387	(75,034)	1	(172,354)	-
Written off	-	-	(4)	(13)	(1,361)	-	(1,378)
Disposal	-	-	-	(6)	(2)	-	(8)
Depreciation charge	(5,644,774)	-	(2,415,357)	(2,126,211)	(831,561)	-	(11,017,903)
Carrying amounts at							
31 December 2017	392,502,940	424,134,972	24,885,658	8,168,054	3,553,978	401,248	853,646,850



Notes to the Financial Statements

for the year ended 31 December 2017

10 Property, plant and equipment (continued)

Group	Long term leasehold land RM	Oil palm plantations RM	Buildings RM	Plant and machinery RM	Motor vehicles, furniture, fixtures and equipment RM	Assets under construction RM	Total RM
Group							
At 31 December 2016							
Cost	8,329,430	2,917,457	39,225,197	48,383,083	11,226,678	6,667	110,088,512
Valuation	389,270,539	419,619,752	-	-	-	-	808,890,291
Accumulated depreciation	(5,676,207)	-	(22,239,023)	(39,089,148)	(8,984,402)	-	(75,988,780)
Carrying amounts	391,923,762	422,537,209	16,986,174	9,293,935	2,242,276	6,667	842,990,023
At 31 December 2017							
Cost	14,553,382	4,515,220	49,220,656	48,557,248	13,141,279	401,248	130,389,033
Valuation	389,270,539	419,619,752	-	-	-	-	808,890,291
Accumulated depreciation	(11,320,981)	-	(24,334,998)	(40,389,194)	(9,587,301)	-	(85,632,474)
Carrying amounts	392,502,940	424,134,972	24,885,658	8,168,054	3,553,978	401,248	853,646,850
Company							
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
Additions	7,856,758	-	211,960	12,738	758,222	258,418	9,098,096
Intragroup transfer	-	-	-	-	(75,757)	-	(75,757)
Reclassification	-	-	556,087	(73)	72	(556,086)	-
Disposal	-	-	-	-	(212)	-	(212)
Written off	-	-	(1)	(783)	(46)	-	(830)
Depreciation charge	(2,030,637)	-	(776,034)	(99,833)	(672,787)	-	(3,579,291)
Carrying amounts at							
31 December 2016	152,556,660	135,249,971	4,158,486	166,110	1,406,153	-	293,537,380
Additions	6,223,952	140,493	9,826,329	155,976	1,953,498	-	18,300,248
Intragroup transfer	-	-	-	-	62,829	-	62,829
Written off	-	-	-	-	(56)	-	(56)
Depreciation charge	(2,050,603)	-	(927,321)	(85,900)	(480,667)	-	(3,544,491)
Carrying amounts at							
31 December 2017	156,730,009	135,390,464	13,057,494	236,186	2,941,757	-	308,355,910



Notes to the Financial Statements

for the year ended 31 December 2017

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	Total RM
At 31 December 2016						
Cost	7,856,758	-	9,613,976	2,903,045	5,642,835	26,016,614
Valuation	146,730,539	135,249,971	-	-	-	281,980,510
Accumulated depreciation	(2,030,637)	-	(5,455,490)	(2,736,935)	(4,236,682)	(14,459,744)
Carrying amounts	152,556,660	135,249,971	4,158,486	166,110	1,406,153	293,537,380
At 31 December 2017						
Cost	14,080,710	140,493	19,440,305	3,059,021	7,493,916	44,214,445
Valuation	146,730,539	135,249,971	-	-	-	281,980,510
Accumulated depreciation	(4,081,240)	-	(6,382,811)	(2,822,835)	(4,552,159)	(17,839,045)
Carrying amounts	156,730,009	135,390,464	13,057,494	236,186	2,941,757	308,355,910

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.

Details of independent professional valuation of leasehold land and oil palm plantations owned by the Group at 31 December 2017 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 since the Company has yet to enter into any formal sale and purchase agreement for their disposal.

12 Subsidiaries

	Company	
	2017 RM	Restated 2016 RM
Unquoted shares, at cost:-		
- at start and end of the year	20,402,481	20,402,481



Notes to the Financial Statements

for the year ended 31 December 2017

12 Subsidiaries (continued)

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

Name of Company	Country of incorporation	Effective interest of the Group				Principal activities
		Company		Subsidiary		
		2017 %	2016 %	2017 %	2016 %	
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
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
Kampong Aur Oil Palm Company (Sdn.) Berhad	Malaysia	40.6	40.6	-	-	Oil palm plantations
Madah Perkasa Sdn Bhd #	Malaysia	-	-	40.6	40.6	Oil palm plantations

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

All subsidiaries are audited by McMillan Woods Thomas.

The Company continues to consolidate Kampong Aur Oil Palm Company (Sdn.) Berhad (KAOP) in view that control still exists by virtue that the majority of KAOP's Directors consist of the Company's Directors and management of the estates still lies with the Company.

The summarised financial information of Kampong Aur Oil Palm Company (Sdn.) Berhad Group that has a non-controlling interest representing 59.39% of ownership interest is as follows:-

(a) Summarised consolidated statement of financial position

	2017 RM	2016 RM
Non-current assets	261,903,593	264,147,488
Current assets	38,983,720	217,336,929
Current liabilities	(8,383,125)	(20,633,361)
Non-current liabilities	(54,247,000)	(54,598,000)
Total net assets	238,257,188	406,253,056
Share capital	24,903,132	24,903,132
Share premium	2,711,952	2,711,952
Revaluation reserve	147,964,701	149,453,273
Retained earnings	62,677,403	229,184,699
Total	238,257,188	406,253,056



Notes to the Financial Statements

for the year ended 31 December 2017

12 Subsidiaries (continued)

(b) Summarised consolidated statement of profit or loss

	2017 RM	2016 RM
Revenue and other income	77,946,421	60,779,776
Expenses	(39,332,177)	(36,268,388)
Profit for the year	38,614,244	24,511,388
Dividend paid to non-controlling interest	122,705,920	4,839,850

(c) Summarised consolidated statement of cash flows

	2017 RM	2016 RM
Net cash flow from operating activities	132,558,224	26,975,177
Net cash flow used in investing activities	(345,791)	(1,143,561)
Net cash flow used in financial activities	(206,610,112)	(10,907,572)
Net (decrease)/increase in cash and cash equivalents	(74,397,679)	14,924,044
Cash and cash equivalents at start of the year	105,827,172	90,903,128
Cash and cash equivalents at end of the year	31,429,493	105,827,172

The summarised financial information represents the amount before inter-company elimination between Far East Holdings Berhad Group and Kampong Aur Oil Palm Company (Sdn.) Berhad Group.

13 Associates

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At cost				
Unquoted shares	87,222,600	66,464,400	124,116,981	103,358,781
Accumulated impairment loss	-	-	(13,683,613)	(13,683,613)
	87,222,600	66,464,400	110,433,368	89,675,168
Share of post acquisition reserve	350,735,726	309,176,193	-	-
	437,958,326	375,640,593	110,433,368	89,675,168



Notes to the Financial Statements

for the year ended 31 December 2017

13 Associates (continued)

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	
		Restated			
		2017	2016	2017	2016
		%	%	%	%
* Prosper Palm Oil Mill Sdn Berhad	Operating of palm oil mill and oil palm plantation	40.00	40.00	-	-
* Business & Budget Hotels (Kuantan) Sdn Bhd	Hotel and resort operator	36.20	36.20	-	-
# Future Prelude Sdn Bhd	Manufacturing and exporting of palm oil, fatty acids and chemicals compounds or derivatives	47.20	47.20	-	-
* Jaspurna Holdings Sdn Bhd	Investment holding	-	-	@45.00	@45.00
* PGC Management Services Sdn Bhd	Marketing of crude palm oil and management services	-	-	@30.00	@30.00

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	
	2017	2016
	RM	RM
The Group share of profit/(loss) after tax	6,208,569	(206,518)
The Group share of total comprehensive income	6,956,962	65,625
Carrying value of Group's interest in associates	76,441,666	49,325,004



Notes to the Financial Statements

for the year ended 31 December 2017

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	
	2017	2016
	RM	RM
Non-current assets	821,905,107	737,891,197
Current assets	105,621,253	104,952,665
Total assets	927,526,360	842,843,862
Non-current liabilities	4,125,993	8,667,156
Current liabilities	19,608,717	18,387,730
Total liabilities	23,734,710	27,054,886
Net assets	903,791,650	815,788,976

(ii) Summarised statements of comprehensive income

	Prosper Palm Oil Mill Sdn Berhad	
	2017	2016
	RM	RM
Revenue	167,064,772	105,953,660
Profit before tax	82,088,836	163,576,190
Total comprehensive income	93,002,674	145,309,097

(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	
	2017	2016
	RM	RM
Net assets as at 1 January	815,788,976	675,479,879
Profit for the year	93,002,674	145,309,097
Dividend paid	(5,000,000)	(5,000,000)
Net assets as at 31 December	903,791,650	815,788,976
Interest in associate	40%	40%
Carrying value of Groups interest in associate	361,516,660	326,315,589



Notes to the Financial Statements

for the year ended 31 December 2017

14 Other financial assets

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Non-current				
Unquoted investment at cost	3,000,000	3,000,000	3,000,000	3,000,000
Current				
Financial assets at "fair value through profit or loss"				
Investment in fund management	3,349,406	3,244,792	-	-

15 Inventories

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At cost				
Finished goods	9,736,278	2,774,016	-	-
Raw material	54,092	268,680	-	-
Nurseries	611,626	353,594	-	-
Consumables	1,584,537	511,504	506,739	76,156
	11,986,533	3,907,794	506,739	76,156

16 Receivables, deposits and prepayments

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade receivables	30,405,635	26,203,068	7,054,915	7,145,682
Other receivables	2,501,744	2,710,180	1,185,289	1,264,727
Deposits	44,649,603	13,996,150	44,581,931	13,940,197
Prepayments	16,335	16,343	2,783	4,554
Amounts due from subsidiaries	-	-	33,332,715	61,687,124
Amounts due from associates	9,029,477	24,514,096	-	-
	86,602,794	67,439,837	86,157,633	84,042,284

Credit term of trade receivables to the Group and to the Company is 30 days (2016: 30 days).

Included in deposits is RM7,565,110 (2016: RM13,789,062) paid to Pengarah Tanah dan Galian Pahang and Pentadbir Tanah Daerah Pekan for the alienation of 1,163.863 acres (2016: 2,125.073 acres) of land. The amount will be reflected as land once the Company obtains the land title deed from the relevant authority.

Included in deposits is RM36,223,326 (2016: NIL) paid for the proposed purchase of a new estate. The purchase has yet to be finalised as at the year-end.



Notes to the Financial Statements

for the year ended 31 December 2017

16 Receivables, deposits and prepayments (continued)

The amounts due from subsidiaries are advances, which are unsecured, free of interest and refundable on demand except for RM17,372,779 (2016: RM17,537,150) repayable in 2 to 4 years (2016: 2 to 4 years).

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

17 Cash and cash equivalents

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Deposits with licensed banks	22,361,544	252,435,886	-	146,178,705
Deposit with other corporation	2,000,000	2,500,000	-	-
Cash and bank balances	117,453,882	34,114,848	80,706,420	7,634,798
	141,815,426	289,050,734	80,706,420	153,813,503

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

	Group		Company	
	2017 %	2016 %	2017 %	2016 %
Deposit with other corporation	3.30	3.30	-	-
Deposits with licensed banks	2.99	3.39	-	3.70

As at 31 December 2017, the deposits of the Group and of the Company have maturity periods between 30 to 90 days (2016: 30 to 90 days). Bank balances are deposits held at call with banks.

18 Payables

	Group		Company	
	2017 RM	Restated 2016 RM	2017 RM	Restated 2016 RM
Trade payables	20,541,659	21,273,828	952,976	280,916
Other payables	8,887,116	44,570,675	4,445,797	23,393,220
Deposits	107,871	21,000	60,360	5,000
Accruals	8,331,762	8,060,115	2,600,655	3,055,385
Amounts due to subsidiaries	-	-	85,346	105,520,926
Amounts due to associates	411,377	466,587	-	-
	38,279,785	74,392,205	8,145,134	132,255,447

Credit terms of trade payables of the Group and of the Company ranges from 30 to 90 days (2016: 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 2017

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	
	2017 RM	2016 RM	2017 RM	2016 RM
At start of the year	161,099,198	166,157,138	52,190,000	54,633,000
Transfer to revaluation reserve	-	(5,303,000)	-	(1,626,000)
Charged/(Credited) to statement of profit or loss (Note 7(a))	1,441,970	245,060	(310,000)	(817,000)
At end of the year	162,541,168	161,099,198	51,880,000	52,190,000
Deferred tax assets before offsetting:-				
- unabsorbed business loss	(434,416)	(1,224,416)	-	-
Offsetting	434,416	1,224,416	-	-
Deferred tax assets after offsetting	-	-	-	-
Deferred tax liabilities before offsetting:-				
- property, plant and equipment	162,888,584	162,236,614	51,880,000	52,190,000
- others	87,000	87,000	-	-
Offsetting	(434,416)	(1,224,416)	-	-
Deferred tax liabilities after offsetting	162,541,168	161,099,198	51,880,000	52,190,000

20 Share capital

	Group and Company	
	2017 Unit	2016 Unit
Issued and fully paid		
At start and end of the year	141,390,000	141,390,000

Pursuant to the Companies Act, 2016 effective from 31 January 2017, the concept of authorized share capital and par value has been abolished.

Ordinary shares of the Company have no par value. The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

21 Share premium

	Group		Company	
	2017 RM	Restated 2016 RM	2017 RM	2016 RM
At start and end of the year	46,852,783	46,852,783	44,947,244	44,947,244



Notes to the Financial Statements

for the year ended 31 December 2017

22 Revaluation reserves

	Group		Company	
	2017 RM	Restated 2016 RM	2017 RM	2016 RM
At 1 January				
- as previously stated	403,903,540	402,834,213	125,092,269	124,842,586
- restatement (Note 30)	(63,110,248)	(63,110,248)	-	-
- as restated	340,793,292	339,723,965	125,092,269	124,842,586
Transfer from deferred tax	-	5,303,000	-	1,626,000
Transfer to retained earnings	(4,221,673)	(4,233,673)	(1,376,317)	(1,376,317)
At 31 December	336,571,619	340,793,292	123,715,952	125,092,269

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 may distribute dividends out of its entire retained earnings as at 31 December 2017 under the single-tier tax system.

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

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

Relationship

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



Notes to the Financial Statements

for the year ended 31 December 2017

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	
	2017 RM	2016 RM	2017 RM	2016 RM
Dividend income				
- Kampong Aur Oil Palm Company (Sdn.) Berhad	-	-	83,904,192	6,067,722
- Dawn Oil Palm Plantations Sdn Bhd	-	-	2,700,225	3,780,315
- B.S. Oil Palm Plantations Sdn Bhd	-	-	6,300,525	6,300,525
- Far East Delima Plantations Sdn Bhd	-	-	2,000,000	400,000
- Kilang Kosfarm Sdn Bhd	-	-	2,040,000	2,550,000
Sales of fresh fruit bunches				
- Kilang Kosfarm Sdn Bhd	-	-	11,351,726	8,952,732

(d) Transactions with associates

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Dividend income				
- Prosper Palm Oil Mill Sdn Berhad	-	-	2,000,000	2,000,000
- Business & Budget Hotels (Kuantan) Sdn Bhd	-	-	381,000	907,143
Purchase of fresh fruit bunches				
- Prosper Palm Oil Mill Sdn Berhad	267,501	113,377	-	-
Sales of crude palm oil and palm kernel				
- Future Prelude Sdn Bhd	126,935,690	71,037,615	-	-
- Prosper Palm Oil Mill Sdn Berhad	2,531,971	252,360	-	-
Purchase of crude palm oil and palm kernel				
- Future Prelude Sdn Bhd	1,656,295	-	-	-
- Prosper Palm Oil Mill Sdn Berhad	7,124,254	-	-	-
Management fee payable to				
PGC Management Services Sdn Bhd	2,436,950	1,820,200	-	-



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for the year ended 31 December 2017

25 Related parties (continued)

(e) Other related parties transactions

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Sales of fresh fruit bunches				
- Rompin Palm Oil Mill Sdn Bhd	25,184,615	14,724,259	-	-
- LKPP Corporation Sendirian Berhad	1,582,967	1,424,076	1,582,967	1,424,076
- Kilang Sawira Makmur Sdn Bhd	67,215,442	61,888,661	19,582,745	16,405,521
- Endau Palm Oil Mill Sdn Bhd	402,343	8,355,242	-	-
Purchase of fresh fruit bunches				
- Koperasi Serbausaha Makmur Berhad	148,593,869	119,843,308	-	-
Sales of crude palm oil and palm kernel				
- Prosper Trading Sdn Bhd	55,941,706	17,850,709	-	-
- Prosper Palm Oil Products Marketing Sdn Bhd	40,669,879	28,324,831	-	-
- Endau Palm Oil Mill Sdn Bhd	4,439,950	-	-	-
- Rompin Palm Oil Mill Sdn Bhd	10,013,114	1,389,527	-	-
- Kilang Sawira Makmur Sdn Bhd	4,109,090	-	-	-
Purchase of crude palm oil and palm kernel				
- Endau Palm Oil Mill Sdn Bhd	19,532,266	5,503,237	-	-
- Rompin Palm Oil Mill Sdn Bhd	10,553,687	2,455,762	-	-
- Kilang Sawira Makmur Sdn Bhd	5,447,875	882,468	-	-
Purchase of fertilizer				
- Prosper Trading Sdn Bhd	2,097,438	-	668,219	-

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

Related parties	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Payables				
- Prosper Palm Oil Mill Sdn Berhad	7,807	104,757	-	-
- PGC Management Services Sdn Bhd	403,570	361,830	-	-
- Endau Palm Oil Mill Sdn Bhd	363,433	4,189,683	-	-
- Rompin Palm Oil Mill Sdn Bhd	206,535	-	-	-
- Koperasi Serbausaha Makmur Berhad	12,154,711	13,244,959	-	-
- Prosper Palm Oil Products Marketing Sdn Bhd	6,882	-	-	-
Receivables				
- Rompin Palm Oil Mill Sdn Bhd	2,474,570	2,916,992	-	-
- Kilang Kosfarm Sdn Bhd	-	-	-	1,256,349
- Prosper Trading Sdn Bhd	10,094,194	4,970,995	-	-
- LKPP Corporation Sendirian Berhad	309,041	446,599	309,041	446,599
- Prosper Palm Oil Mill Sdn Berhad	364,372	-	-	-
- Future Prelude Sdn Bhd	8,665,105	24,514,096	-	-
- Kilang Sawira Makmur Sdn Bhd	6,983,740	8,079,426	2,131,852	2,344,625
- Endau Palm Oil Mill Sdn Bhd	607,868	-	-	-
- Prosper Palm Oil Products Marketing Sdn Bhd	1,734,599	-	-	-



Notes to the Financial Statements

for the year ended 31 December 2017

26 Capital commitments

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Authorised by the Directors and not contracted	28,864,166	26,377,985	20,287,672	18,420,150
Analysed as follows:-				
- property, plant and equipment	5,629,700	11,415,050	1,830,800	8,420,150
- oil palm plantation development	7,234,466	4,962,935	2,456,872	-
- acquisition of land	16,000,000	10,000,000	16,000,000	10,000,000
	28,864,166	26,377,985	20,287,672	18,420,150
Authorised by the Directors and contracted for	77,053,330	-	76,441,880	-
Analysed as follows:-				
- property, plant and equipment	1,482,900	-	871,450	-
- land and oil palm plantation	75,570,430	-	75,570,430	-
	77,053,330	-	76,441,880	-

27 Financial instruments

(a) Classification of financial instruments

Group	Financial assets “at fair value through profit or loss” RM	Loan and receivables RM	Financial liabilities, at amortised cost RM	Total RM
31.12.2017				
Financial assets				
Investment in fund management	3,349,406	-	-	3,349,406
Trade and other receivables	-	32,907,379	-	32,907,379
Amounts due from associates	-	9,029,477	-	9,029,477
Deposits, cash and bank balances	-	141,815,426	-	141,815,426
Total financial assets	3,349,406	183,752,282	-	187,101,688
Financial liabilities				
Trade and other payables	-	-	29,428,775	29,428,775
Amount due to associate	-	-	411,377	411,377
Accruals	-	-	8,331,762	8,331,762
Hire purchase creditor	-	-	23,333	23,333
Total financial liabilities	-	-	38,195,247	38,195,247



Notes to the Financial Statements

for the year ended 31 December 2017

27 Financial instruments (continued)

(a) Classification of financial instruments (continued)

Group	Financial assets “at fair value through profit or loss” RM	Loan and receivables RM	Financial liabilities, at amortised cost RM	Total RM
31.12.2016				
Financial assets				
Investment in fund management	3,244,792	-	-	3,244,792
Trade and other receivables	-	28,913,248	-	28,913,248
Amounts due from associates	-	24,514,096	-	24,514,096
Deposits, cash and bank balances	-	289,050,734	-	289,050,734
Total financial assets	3,244,792	342,478,078	-	345,722,870
Financial liabilities				
Trade and other payables	-	-	65,844,503	65,844,503
Amount due to associate	-	-	466,587	466,587
Accruals	-	-	8,060,115	8,060,115
Hire purchase creditor	-	-	58,333	58,333
Total financial liabilities	-	-	74,429,538	74,429,538

Company	Loan and receivables RM	Financial liabilities, at amortised cost RM	Total RM
31.12.2017			
Financial assets			
Trade and other receivables	8,240,204	-	8,240,204
Amounts due from subsidiaries	33,332,715	-	33,332,715
Deposits, cash and bank balances	80,706,420	-	80,706,420
Total financial assets	122,279,339	-	122,279,339
Financial liabilities			
Trade and other payables	-	5,398,773	5,398,773
Amounts due to subsidiaries	-	85,346	85,346
Accruals	-	2,600,655	2,600,655
Total financial liabilities	-	8,084,774	8,084,774

31.12.2016

Financial assets			
Trade and other receivables	8,410,409	-	8,410,409
Amounts due from subsidiaries	61,687,124	-	61,687,124
Deposits, cash and bank balances	153,813,503	-	153,813,503
Total financial assets	223,911,036	-	223,911,036
Financial liabilities			
Trade and other payables	-	23,674,136	23,674,136
Amounts due to subsidiaries	-	105,520,926	105,520,926
Accruals	-	3,055,385	3,055,385
Total financial liabilities	-	132,250,447	132,250,447



Notes to the Financial Statements

for the year ended 31 December 2017

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 2017	Gross RM	Impairment loss RM	Net RM
Not past due	30,405,635	-	30,405,635
2016			
Not past due	26,152,147	-	26,152,147
More than 120 days past due	50,921	-	50,921
	26,203,068	-	26,203,068
Company 2017	Gross RM	Impairment loss RM	Net RM
Not past due	7,054,915	-	7,054,915
2016			
Not past due	7,145,682	-	7,145,682

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.



Notes to the Financial Statements

for the year ended 31 December 2017

27 Financial instruments (continued)

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

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 2017	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	29,428,775	-	-	-	29,428,775
Amounts due to associates	411,377	-	-	-	411,377
Accruals	5,346,462	-	2,985,300	-	8,331,762
Hire purchase creditor	2,759	5,551	15,023	-	23,333
	35,189,373	5,551	3,000,323	-	38,195,247

2016	RM	RM	RM	RM	RM
Trade and other payables	23,484,908	636,855	41,722,740	-	65,844,503
Amount due to associate	466,587	-	-	-	466,587
Accruals	4,787,053	-	3,273,062	-	8,060,115
Hire purchase creditor	2,759	5,551	26,292	23,731	58,333
	28,741,307	642,406	45,022,094	23,731	74,429,538

Company 2017	Not later than 1 month RM	3 months to 1 year RM	Total RM
Trade and other payables	5,398,773	-	5,398,773
Amounts due to subsidiaries	85,346	-	85,346
Accruals	1,692,655	908,000	2,600,655
	7,176,774	908,000	8,084,774

2016	RM	RM	RM
Trade and other payables	1,018,024	22,656,112	23,674,136
Amounts due to subsidiaries	30,478	105,490,448	105,520,926
Accruals	1,816,323	1,239,062	3,055,385
	2,864,825	129,385,622	132,250,447



Notes to the Financial Statements

for the year ended 31 December 2017

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	2017		2016	
	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	3,349,406	3,349,406	3,244,792	3,244,792
<i>Loan and receivables</i>				
Trade and other receivables	32,907,379	32,907,379	28,913,248	28,913,248
Amounts due from associates	9,029,477	9,029,477	24,514,096	24,514,096
Deposits, cash and bank balances	141,815,426	141,815,426	289,050,734	289,050,734
Total financial assets	187,101,688	187,101,688	345,722,870	345,722,870
Financial liabilities				
<i>Financial liabilities at amortised cost</i>				
Trade and other payables	29,428,775	29,428,775	65,844,503	65,844,503
Accruals	8,331,762	8,331,762	8,060,115	8,060,115
Amounts due to associates	411,377	411,377	466,587	466,587
Hire purchase creditor	23,333	23,333	58,333	58,333
Total financial liabilities	38,195,247	38,195,247	74,429,538	74,429,538
Company				
Financial assets				
<i>Loan and receivables</i>				
Trade and other receivables	8,240,204	8,240,204	8,410,409	8,410,409
Amounts due from subsidiaries	33,332,715	33,332,715	61,687,124	61,687,124
Deposits, cash and bank balances	80,706,420	80,706,420	153,813,503	153,813,503
Total financial assets	122,279,339	122,279,339	223,911,036	223,911,036
Financial liabilities				
<i>Financial liabilities at amortised cost</i>				
Trade and other payables	5,398,773	5,398,773	23,674,136	23,674,136
Amounts due to subsidiaries	85,346	85,346	105,520,926	105,520,926
Accruals	2,600,655	2,600,655	3,055,385	3,055,385
Total financial liabilities	8,084,774	8,084,774	132,250,447	132,250,447



Notes to the Financial Statements

for the year ended 31 December 2017

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 RM17,372,779 (2016: RM17,537,150) due from one (2016: 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 Significant accounting estimates and judgements

Estimates and judgements 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 2017

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 2017:-

FRSs that do not have significant impacts on these financial statements

The following new and revised FRSs issued by the MASB, effective for financial periods beginning on or after 1 January 2017, have been adopted, but the adoptions do not have a significant impact on the financial statements:-

Effective for financial period beginning on or after 1 January 2017

Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to FRSs 2014 – 2016 Cycle	
Amendments to FRS 12	Disclosure of Interests in Other Entities

Transition to MFRS Framework

On 30 November 2017, MASB has issued notice of withdrawal of Financial Reporting Standards (FRSs) for application for financial statements with annual period beginning on or after 1 January 2018. Therefore effective 1 January 2018 the Group and Company will adopt Malaysian Financial Reporting Standards (MFRSs).

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 2017 could be different if they are prepared under the MFRS Framework.

30 Material litigation

In the Federal Court of Malaysia at Putrajaya

(Appellate Jurisdiction)

Civil Appeal No. 02(f)-19-04/2016(W)

Between

1. Far East Holdings Berhad ("FEHB")

2. Kampong Aur Oil Palm Company (Sdn.) Berhad ("KAOP")

And

Majlis Ugama Islam Dan Adat Resam Melayu Pahang ("MUIP")

Appellants

Respondent



Notes to the Financial Statements

for the year ended 31 December 2017

30 Material litigation (continued)

In open court on 15 November 2017, that this Appeal is dismissed subject to the Final Award of the Arbitrator dated 19 September 2012 (read with the Corrective Award dated 11 October 2012) being partly varied on the following terms:-

- (1) the award of damages is set aside;
- (2) the 1st Appellant (“FEHB”) to return RM105,490,448.00 to the 2nd Appellant (“KAOP”) within one (1) month from the date of this judgement; the loan of RM22,096,868.00 shall be deemed as part return;
- (3) the 1st Appellant (“FEHB”) to pay RM32,035,144.10 to the Respondent (“MUIP”);
- (4) the Respondent (“MUIP”) to pay RM19,884,749.20 to the 1st Appellant (“FEHB”);
- (5) the sum payable under order (4) to be set-off against the sum payable under order (3); in the result, the 1st Appellant (“FEHB”) to pay RM12,150,394.90 to the Respondent (“MUIP”) within one (1) month from date of this order; and
- (6) the 1st Appellant (“FEHB”) to transfer 6,723,845 KAOP shares to the Respondent (“MUIP”), together with delivery of the pertinent share certificates, within one (1) month from the date of this order; in default, the secretary of the 2nd Appellant (“KAOP”) is to register the Respondent (“MUIP”) as holder of the said 6,723,845 KAOP shares and issue replacement share certificates.

Certain figures of the Group and Company have been restated as results of the outcome of the Federal Court are follows:-

Statement of financial position as at 31 December 2016

Group	As previously stated Dr/(Cr) RM	Effect of the Court Order Dr/(Cr) RM	As restated Dr/(Cr) RM
Other payables	(10,231,591)	(34,339,084)	(44,570,675)
Share premium	(47,997,970)	1,145,187	(46,852,783)
Revaluation reserve	(403,903,540)	63,110,248	(340,793,292)
Retained earnings	(735,677,752)	169,400,791	(566,276,961)
Non-controlling interests	(76,038,774)	(199,317,142)	(275,355,916)
Company			
Other payables	(4,518,980)	(18,874,240)	(23,393,220)
Amount due to subsidiaries	(30,478)	(105,490,448)	(105,520,926)
Retained earnings	(315,838,541)	146,461,556	(169,376,985)

31 Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 21 March 2018.



INDEPENDENT AUDITORS' REPORT

to the Members of Far East Holdings Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Far East Holdings Berhad and its subsidiaries (the Group), which comprise the statements of comprehensive income, the statements of financial position as at 31 December 2017 of the Group and of the Company, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 66 to 104.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no Key Audit Matters to communicate in our report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Independent Auditors' Report

to the Members of Far East Holdings Berhad

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 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

[2589/08/18(J)]

Partner of the firm

Kuantan

21 March 2018



SHAREHOLDINGS STRUCTURE

as at 30 March 2018

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

NO.	SHAREHOLDER'S NAME	SHAREHOLDER'S ID	SHAREHOLDING	%
1	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PROSPER TRADING SDN BHD	102918T	23,054,400	16.31
2	PERBADANAN KEMAJUAN PERTANIAN NEGERI PAHANG	PKPNPECT142016	22,807,800	16.13
3	PERBADANAN KEMAJUAN PERTANIAN NEGERI PAHANG	PKPNPECT142016	12,793,000	9.05
4	HIKMAT ELIT SDN BHD	562277U	9,443,300	6.68
5	LKPP CORPORATION SENDIRIAN BERHAD	199769V	8,300,280	5.87
6	PROSPER TRADING SDN BERHAD	144561U	7,894,920	5.58
7	FOKAS SEHATI SDN. BHD.	649034D	4,531,400	3.20
8	AZIMAT PELANGI SDN. BHD	1081422W	3,657,400	2.59
9	DELUXE ERA SDN BHD	845421X	3,415,600	2.42
10	HIKMAT ELIT SDN BHD	562277U	3,273,100	2.31
11	KAMARUDDIN BIN MOHAMMED	481124-06-5173	2,700,000	1.91
12	PROSPER TRADING SDN BERHAD	TEM144561	2,603,600	1.84
13	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEE KIM TEE @ TEE CHING TEE (M09)	41117T	2,592,200	1.83
14	MERGEBOOM (M) SDN BHD	261276X	2,516,000	1.78
15	TEE CHENG HUA	540601-10-5949	2,124,000	1.50
16	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEE KIM TEE @ TEE CHING TEE (TEE0063C)	41117T	2,056,300	1.45
17	BUDI-JS PLANTATION MANAGEMENT SDN. BERHAD	248375P	1,667,200	1.18
18	MERGEBOOM (M) SDN BHD	261276X	1,175,000	0.83
19	HAN KEE JUAN	510913-01-6067	986,200	0.70
20	TEE CHING CHAN	620113-10-5819	959,400	0.68
21	TEE CHENG HU	631115-10-5197	723,400	0.51
22	AMANAH SAHAM PAHANG BERHAD	017251P	710,100	0.50
23	TEE LIP HIAN	730303-10-5171	686,600	0.49
24	TEE CHAIN YEE	770810-10-5420	675,000	0.48
25	NOWAWI BIN ABDUL RAHMAN	551126-06-5207	588,000	0.42
26	TEE LIP SIN	710501-10-6089	550,900	0.39
27	TEE LIP JEN	830525-10-5407	519,900	0.37
28	TEE LIP CHUAN	841119-10-5827	507,700	0.36
29	KALSOM BINTI AHMAD	510629-10-5740	500,000	0.35
30	PERBADANAN KEMAJUAN NEGERI SELANGOR	ENAKMEN41964	492,300	0.35
	TOTAL		124,505,000	88.06



Shareholdings Structure

as at 30 March 2018

INFORMATION OF SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)

Nos.	Names of Substantial Shareholders	Direct Holdings	
		No.	%
1	PERBADANAN KEMAJUAN PERTANIAN NEGERI PAHANG		
	<i>Share held through:-</i>		
	<i>Own Account</i>	22,807,800	16.13
	<i>Own Account</i>	12,793,000	9.05
	Total shares and %	35,600,800	25.18
2	PROSPER TRADING SDN BERHAD		
	<i>Share held through:-</i>		
	<i>Own Account</i>	7,894,920	5.58
	<i>Own Account</i>	2,603,600	1.84
	<i>AMSEC Nominees (Tempatan) Sdn Bhd</i>	23,054,400	16.31
	Total shares and %	33,552,920	23.73
3	HIKMAT ELIT SDN BHD		
	<i>Share held through:-</i>		
	<i>Own Account</i>	9,443,300	6.68
	<i>Own Account</i>	3,273,100	2.31
	Total shares and %	12,716,400	8.99
4	LKPP CORPORATION SDN BHD		
	<i>Share held through:-</i>		
	<i>Own Account</i>	8,300,280	5.87
	<i>TA Nominees (Tempatan) Sdn Bhd</i>	121,000	0.09
	Total shares and %	8,421,280	5.96
	TOTAL	90,291,400	63.86



Shareholdings Structure

as at 30 March 2018

INFORMATION ON DIRECTORS' SHAREHOLDINGS

No.	Names Of Directors	Direct Holdings		Indirect Holdings	
		No.	%	No.	%
1	YH DATO' SRI KAMARUDDIN BIN MOHAMMED <i>Shares held through:-</i> Individual Account <i>Notes:</i> <i>(a) By Virtue of YBhg Datin 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	MR TEE KIM TEE @ TEE CHING TEE <i>Shares held through:-</i> Individual Account Affin Hwang Nominees (Tempatan) Sdn Bhd Affin Hwang Nominees (Tempatan) Sdn Bhd	119,400 2,592,200 2,056,300	0.08 1.82 1.45	-	-
		4,767,900	3.35		
3	MR TEE CHENG HUA <i>Shares held through:-</i> Individual Account	2,124,000	1.50	-	-
		2,124,000	1.50		
4	ENCIK HASHIM NAINA MERICAN BIN YAHAYA MERICAN <i>Shares held through:-</i> Individual Account	10,000	0.01	-	-
		10,000	0.01		
5	MR TEE LIP TENG <i>Shares held through:-</i> Individual Account 1 Individual Account 2	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 YBhg 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	ENCIK NIK MOHAMED ZAKI BIN NIK YUSOFF	-	-	-	-
	TOTAL	9,901,900	6.98	644,000	0.45



Shareholdings Structure

as at 30 March 2018

DISTRIBUTION TABLE A

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	13	0.78	242	0.00
100 - 1,000	298	17.40	163,958	0.12
1,001 - 10,000	1,087	65.44	3,743,600	2.65
10,001 - 100,000	208	12.52	5,441,700	3.85
100,001 and above	58	3.49	47,746,800	33.77
Directors' Shareholdings	6	0.37	84,293,700	59.61
TOTAL	1,670	100.00	141,390,000	100.00

DISTRIBUTION TABLE ACCORDING TO CATEGORY OF SHAREHOLDERS

Category of Holder	No. of Holders			No. of Securities			%		
	Malaysian		Foreign	Malaysian			Malaysian		Foreign
	Bumi	Non-Bumi		Bumi	Non-Bumi	Foreign	Bumi	Non-Bumi	
1 Individuals	100	1,368	19	4,777,000	20,805,934	136,666	3.37	14.72	0.10
2 Body Corporate									
a. Banks/Finance Companies	4	0	0	33,600	0	0	0.02	0	0
b. Investment Trusts/ Foundation/ Charities	0	1	0	0	1,000	0	0	0	0
c. Other Types of Companies	10	30	1	17,329,280	32,661,720	8,800	12.26	23.10	0.01
3 Government Agencies/ Institutions	3	0	0	36,093,100	0	0	25.53	0	0
4 Nominees	60	58	7	23,387,300	5,601,800	560,800	16.54	3.96	0.40
5 Others	0	0	0	0	0	0	0	0	0
Total	177	1,457	27	81,620,280	59,070,454	706,266	57.72	41.78	0.51



GROUP PROPERTIES

Location	Title	Tenure (Leasehold period till year)	Area (Hec)	Usage	Date Revaluation	As At 31.12.2017 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	PN 24400	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		
Area nearby	H.S(D) 5006	2114	158.19	Oil Palm	31.12.2015	
Sungai Marung Estate	H.S.(M) 7647	2114	1.49	Cultivations	31.12.2015	
	H.S(D) 5087	2115	31.80		-	
	H.S(D) 5456	2116	26.60		-	
	PN 27916*	2117	12.78		-	
Area nearby	H.S(D) 5088	2115	11.56	Oil Palm	-	
Sungai Gayung Estate				Cultivations		
Area nearby	H.S(D) 4850	2113	44.65	Oil Palm	-	
Bukit Serok Estate	H.S(D) 4851	2113	145.89	Cultivations		
Area nearby	H.S(D) 5005	2114	58.46	Oil Palm	31.12.2015	
Kampong Aur Estate				Cultivations		
Area nearby	H.S(D) 11009	2116	8.50	Oil Palm	-	
Cempaka Estate	H.S(D) 11010	2116	17.01	Cultivations		
	H.S(D) 11011	2116	18.82			
Area nearby	H.S(D) 5004	2114	12.10	Oil Palm	31.12.2015	
Dawn Estate				Cultivations		
Area nearby	H.S(D) 5330	2116	40.82	Oil Palm	-	
Juasa Estate	H.S(D) 5331	2116	221.46	Cultivations		
	H.S(D) 5346	2116	55.29			
						7,117.18
						292,120



Group Properties

Location	Title	Tenure (Leasehold period till year)	Area (Hec)	Usage	Date Revaluation	As At 31.12.2017 RM'000
Dawn Oil Palm Plantations Sdn Bhd						
Ladang Dawn	H.S(D) 11	2075	297.85	Oil Palm	31.12.2015	
Daerah Rompin	H.S(D) 18	2076	133.14	Cultivations		
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	Oil Palm	31.12.2015	
Daerah Bera				Cultivations		
Pahang Darul Makmur						
						2,281.51
						87,186
B.S. Oil Palm Plantations Sdn Bhd						
Ladang Bukit Serok	H.S(D) 8	2075	350.46	Oil Palm	31.12.2015	
Daerah Rompin	H.S(D) 16	2076	346.82	Cultivations		
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
						96,341
Kampong Aur Oil Palm Company (Sdn.) Berhad						
Ladang Kampong Aur	H.S(D) 3896	2070	123.83	Oil Palm	31.12.2015	
Daerah Rompin	H.S(D) 3708	2070	118.98	Cultivations		
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
						78,775



Group Properties

Location	Title	Tenure (Leasehold period till year)	Area (Hec)	Usage	Date Revaluation	As At 31.12.2017 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			180,957
Far East Delima Plantations Sdn Bhd						
Ladang Delima Daerah Rompin Pahang Darul Makmur	H.S(D) 4568**	2103	2,830.85	Oil Palm Cultivations		
			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		
	H.S(D) 4806**	2112	687.98			
			1,416.43			22,321
Kilang Kosfarm Sdn Bhd	H.S(D) 3896***	2070	123.83	Building and Oil Palm Cultivations		
			123.83			417
		Grand Total	22,413.39			816,167

Notes:

* *New title issued in 2018.*

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

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



Far East Holdings Berhad
(14809-W)

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 44th Annual General Meeting of Far East Holdings Berhad to be held at Zenith 6 & 7, Level 3, Zenith Hotel, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur on Wednesday, 30 May 2018 at 10.00 a.m. and at any adjournment thereof.

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

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

Signed this _____ day of _____ 2018.

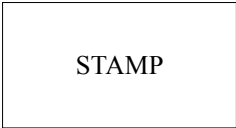
Total Shares Held	
--------------------------	--

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



COMPANY SECRETARIES
FAR EAST HOLDINGS BERHAD
Level 23, Menara Zenith,
Jalan Putra Square 6,
25200 Kuantan
Pahang Darul Makmur

Fold here to seal

Far East Holdings Berhad (14809-W)

Level 23, Menara Zenith

Jalan Putra Square 6, 25200 Kuantan

Pahang Darul Makmur, Malaysia

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