



Far East Holdings Berhad
(14809-W)



GROWTH OF STRENGTH

ANNUAL REPORT 2018



45th

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

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

Wednesday, 19 June 2019
at 10.00 a.m.



KEY INDICATORS As at 31 December 2018

REVENUE

RM **379.08** Million

PROFIT BEFORE TAX

RM **82.71** Million

EARNINGS PER SHARE

19.39 Sen

PROFIT AFTER TAX

RM **67.09** Million

CONTENTS

| | | | |
|----|--|-----|---|
| 02 | Notice of Annual General Meeting | 32 | Management Discussion and Analysis |
| 05 | Statement Accompanying Notice of Annual General Meeting | 37 | Audit and Risk Management Committee |
| 06 | Corporate Information | 42 | Corporate Governance Statement and Additional Compliance Statement |
| 07 | Location of Operations | 53 | Recurrent Related Party Transactions |
| 08 | Corporate Structure | 57 | Statement on Risk Management and Internal Control |
| 09 | Estate Structure | 61 | Financial Statements |
| 10 | Directors' Profile | 117 | Shareholdings Structure |
| 19 | Management Profile | 120 | Group Properties |
| 23 | Financial Calendar | | Proxy Form |
| 24 | Group Financial Summary | | |
| 26 | Plantation Matrix | | |
| 27 | Corporate Sustainability Statement | | |

SHAREHOLDERS' EQUITY

RM 1,087.39 Million

MARKET CAPITALISATION

RM 1.66 Billion

NET TANGIBLE ASSET

RM 1.83 Per Share

SHARE PRICE

RM 2.80

(Price as at 10 April 2019)

(Price as at 31 December 2018 was RM2.80)

(Source: Bursa Market Watch)



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 45th Annual General Meeting of FAR EAST HOLDINGS BERHAD (“the Company”) will be held at The Zenith Hotel, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur on Wednesday, 19 June 2019 at 10.00 a.m. to transact the following businesses:-

AGENDA

As Ordinary Business

1. To receive the Audited and Financial Statements for the financial year ended 31 December 2018 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 two (2) sen per share in respect of the financial year ended 31 December 2018 as recommended by Directors. **Ordinary Resolution 1**
3. To re-elect the following Directors who retire by rotation in accordance with Article 97 of the Company’s Constitution:-
 - a. YH Dato’ Sri Kamaruddin bin Mohammed **Ordinary Resolution 2**
 - b. Encik Nik Mohamed Zaki bin Nik Yusoff **Ordinary Resolution 3**
 - c. Mr Tee Lip Teng **Ordinary Resolution 4**
4. To re-elect YH Datuk Mohd Afrizan bin Husain who retires in accordance with Article 102 of the Company’s Constitution. **Ordinary Resolution 5**
5. To approve the Directors’ fee for the financial year ended 31 December 2018 amounting to RM675,863 (2017: RM710,000). **Ordinary Resolution 6**
6. To approve the payment of Directors’ benefits (other than Directors’ fees) of up to RM1,301,291 (2017: RM2,210,750) for the period from the 45th Annual General Meeting to the 46th Annual General Meeting to be held in 2020. **Ordinary Resolution 7**
Please refer to Note B for Directors’ Fees and Benefits
7. To re-appoint Messrs McMillan Woods Thomas as auditors for the coming year and to authorise the Directors to fix the remuneration of Messrs McMillan Woods Thomas. **Ordinary Resolution 8**

As Special Business

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

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

THAT, the Mandate granted by the shareholders of the Company on 30 May 2018 pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, authorising the Company to enter into recurrent transactions of a revenue nature as set out in Section 2 of the Circular to Shareholders dated 29 April 2019 (“Circular”) with the related parties mentioned therein which are necessary for the Company’s day to day operations, be and is hereby renewed;

“THAT, approval be given to the Company and/or its subsidiary companies to enter into recurrent transactions of a revenue or trading nature with related parties which are necessary for the Company’s and/or its subsidiaries’ day-to-day operations and carried out in the ordinary course of business on normal commercial terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders as set out in Part A of the Company’s Circular to Shareholders dated 29 April 2019 (“the Mandate”).

Notice of Annual General Meeting

AND THAT the Directors be and are hereby empowered to do all such acts and things (including executing all such document as may be required) as they may consider expedient or necessary to give full effect to the Mandate, with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities AND THAT the Mandate shall commence upon passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting (“AGM”) of the Company following the passing of this Ordinary Resolution or the expiry of the period within which the next AGM is required by law to be held but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of the Companies Act 2016 (unless earlier revoked or varied by Ordinary Resolution of the Shareholders of the Company in General Meeting).

9. Proposed Adoption of New Constitution of the Company (“Proposed Adoption”).

Special Resolution 1

THAT approval be and is hereby given for the Company to alter or amend the whole of the existing Memorandum and Articles of Association of the Company by the replacement thereof with a new Constitution of the Company as set out in Part B of the Company’s Circular to Shareholders dated 29 April 2019 with immediate effect.

AND THAT the Board be and are hereby empowered and authorized to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents (including, without limitation, the affixing of the Company’s common seal, where necessary) as the Board may consider necessary, expedient or relevant to give effect to and complete the Proposed Adoption with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Board may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Adoption.

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a final single tier dividend of two (2) sen per share for the financial year ended 31 December 2018 if approved by the shareholders at the Annual General Meeting will be paid on 16 July 2019 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 27 June 2019.

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 25 June 2019 (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 27 June 2019 (in respect of ordinary shares).

By Order of the Board

DATO’ ASMIN BINTI YAHYA (MIA 10161)

NOOR ANISAH BINTI SABARUDIN (LS 0008153)

Company Secretaries

Kuantan, Pahang

Date: 29 April 2019

Notice of Annual General Meeting

Notes on Proxy

1. Depositors who appear in the Record of Depositors as at 14 June 2019 (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 45th 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 resolution 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

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' Fees and Benefit

The Remuneration Committee and the Board have reviewed the Directors' fees after taking into account fees levels and trends for similar position in the market and time commitment required from the Directors.

Ordinary Resolution 6 - Payment of Directors' Fees

Taken the scenario of the current oil palm industry, the Board had at its meeting in February 2019, approved the Remuneration Committee's recommendation for a proposed downward revision to the fees in accordance with the remuneration structure as follows:-

| | Board (RM) Per Annum |
|-------------------------------|-----------------------------|
| Executive Directors | 210,000 |
| Non-Executive Director/Member | 465,863 |

The payment of the Directors' fees in respect of the financial year ended 31 December 2018 will only be made if the proposed Ordinary Resolution 6 has been passed at the 45th Annual General Meeting.

Ordinary Resolution 7 - Payment of Directors' Benefit (Excluding Directors' Fees)

The Company is seeking shareholder's approval for the following payment of benefits to its Directors pursuant to Section 230 (1) of the Companies Act, 2016 for the period from the 45th Annual General Meeting to 46th Annual General Meeting to be held in 2020.

| Type of Benefit/Allowance | Amount (RM) |
|--|--------------------|
| Meeting allowances (Board and Committees) | 186,600 |
| Other benefits | |
| • Business travel, medical, insurance coverage, and other claimable and reimbursement for the purpose of enabling the Directors to perform their duties. | 614,691 |
| • Cash payment to the Group Executive Chairman's family upon his natural death while in service in lieu of his long service to the Group since 2002. | 500,000 |
| Total | 1,301,291 |

Special Business

Ordinary Resolution 9 - Proposed Renewal of Shareholders' Mandate of Recurrent Related Party Transactions of A Revenue Nature

This proposed Resolution 9, if passed, will enable the Company to enter into recurrent related party transactions involving related parties which are of a revenue nature and necessary for the Group's day-to-day operations, subject to transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. For further information, please refer to Part A of the Company's Circular to Shareholders dated 29 April 2019 accompanying the Company's Annual Report for the financial year ended 31 December 2018.

Special Resolution 1

Proposed Adoption of New Constitution of the Company

The proposed Special Resolution 1, if passed, will enable the Company to streamline the Constitution to be in line with the Companies Act, 2016, the Listing Requirements, the prevailing statutory and regulatory requirements as well as to update the existing Memorandum and Articles of Association of the Company, where relevant, to render consistency throughout in order to facilitate and further enhance administrative efficiency. For further information, please refer to Part B of the Company's Circular to Shareholders dated 29 April 2019 accompanying the Company's Annual Report for the financial year ended 31 December 2018.

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' Sri Kamaruddin bin Mohammed
- b. Encik Nik Mohamed Zaki bin Nik Yusoff
- c. Mr Tee Lip Teng

The details of the abovenamed Directors who are standing for re-elections/re-appointments are set out in the Directors' profiles (pages 10 to 18 of the Annual Report); whilst their securities holdings (where applicable) are set out in the Analysis of Shareholdings - Directors' Interests in the Company and Related Corporations (pages 119 of the Annual Report).

Article 102 of the Company's Articles of Association

YH Datuk Mohd Afrizan bin Husain

Election of Director

No Individual is seeking election as a Director at the forthcoming 45th Annual General Meeting of the Company except for the Directors retiring by rotation and casual vacancy.

Place, date and time of the 45th Annual General Meeting:-

The 45th Annual General Meeting of the Company will be held at The Zenith Hotel, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur on Wednesday, 19 June 2019 at 10.00 a.m.

Details of Attendance of Directors at Board Meetings:-

A total of six (6) Board Meetings were held during the financial year ended 31 December 2018. Details of attendance of Directors holding office at the end of financial year are as follows:-

| Name | Meeting Attendance | Date Appointed | Date Resigned |
|---|---------------------------|-----------------------|----------------------|
| YH Dato' Sri Kamaruddin bin Mohammed | 6/6 | 16/08/2002 | - |
| YH Dato' Indera Wan Bakri bin Wan Ismail | 5/6 | 17/03/2014 | - |
| YH Dato' Tan Bing Hua | 6/6 | 23/07/2012 | - |
| YH Dato' Jamaluddin bin Abd Majid | 6/6 | 08/07/2015 | - |
| Mr Tee Kim Tee @ Tee Ching Tee | 6/6 | 16/08/2002 | - |
| Mr Tee Cheng Hua | 6/6 | 16/08/2002 | - |
| Mr Tee Lip Teng | 6/6 | 23/07/2012 | - |
| Encik Nik Mohamed Zaki bin Nik Yusoff | 6/6 | 08/07/2015 | - |
| YH Datuk Mohd Afrizan bin Husain | 2/2 | 01/11/2018 | - |
| Encik Hashim Naina Merican bin Yahaya Merican | 6/6 | 13/08/2009 | 31/12/2018 |

CORPORATE INFORMATION

BOARD OF DIRECTORS

YH Dato' Sri Kamaruddin bin Mohammed

Group Executive Chairman

Non-Independent, Executive Director

YH Dato' Indera Wan Bakri bin Wan Ismail

Non-Independent, Non-Executive Director

YH Dato' Tan Bing Hua

Senior Independent, Non-Executive Director

(Responsible for Investor Relations)

Tel: 09-514 1936 / 948 / 339

Fax: 09-513 6211

Email: tanbinghua@fareh.po.my

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

Mr Tee Lip Teng

Non-Independent, Non-Executive Director

Encik Nik Mohamed Zaki bin Nik Yusoff

Independent, Non-Executive Director

YH Datuk Mohd Afrizan bin Husain

Independent, Non-Executive Director



SECRETARIES

YH Dato' 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

Boardroom Share Registrars Sdn Bhd

Level 6, Symphony House

Pusat Dagangan Dana 1

Jalan PJU 1A/46, 47301 Petaling Jaya

Selangor Darul Ehsan

Tel : 03-78490777

Fax : 03-78418151/52

E-mail : bsr.helpdesk@boardroomlimited.com

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

YH Dato' Asmin binti Yahya

General Manager

Encik Nazaruddin bin Hasim

Plantation Controller, Zone B

Encik Adnan bin Mustafa

Senior Regional Manager, Zone A

Puan Noor Anisah binti Sabarudin

Manager, Secretarial & Corporate Affairs

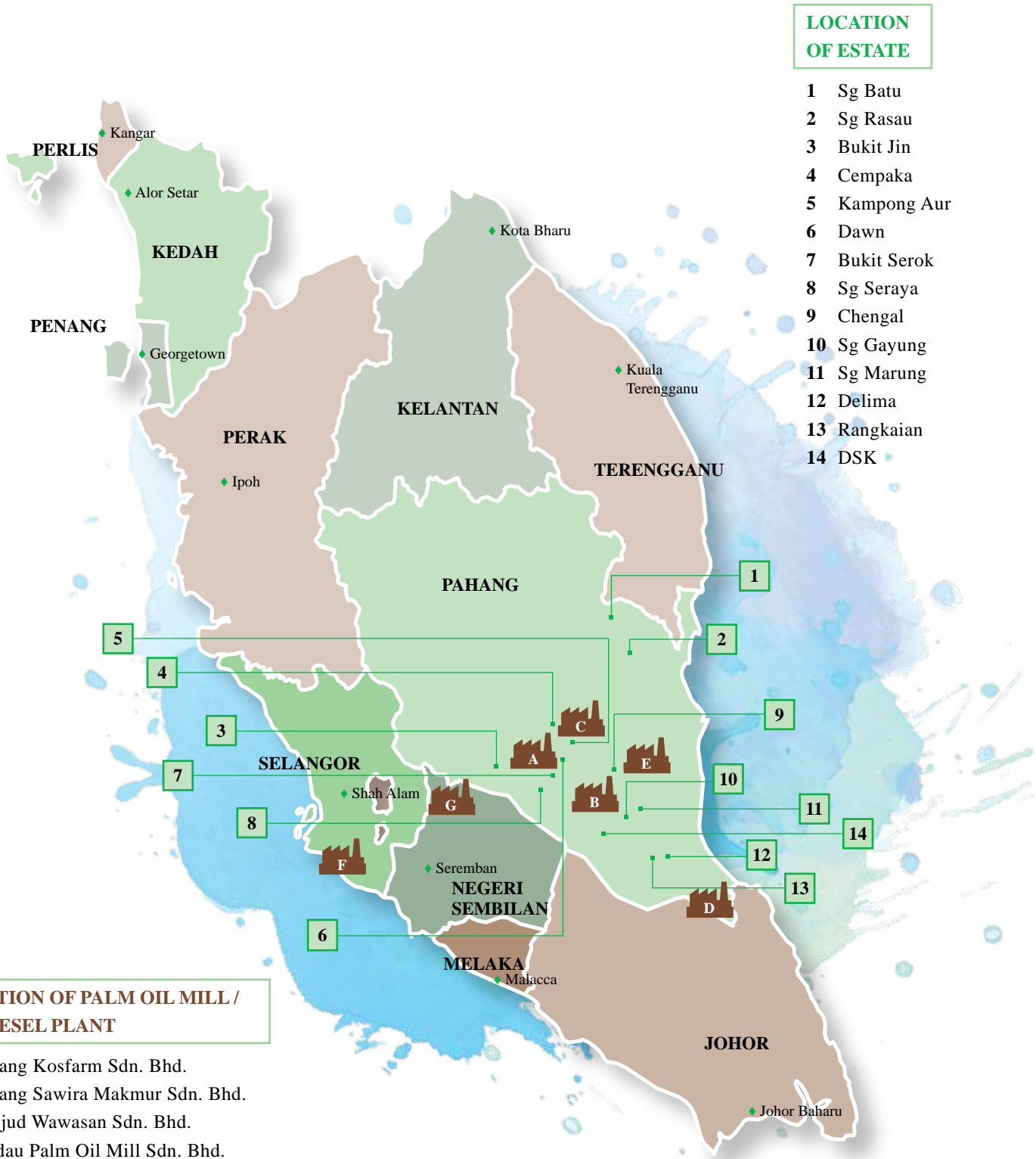
Encik Zahari bin Jaafar

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
- 14 DSK

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)

70%

Number of issued shares 2,000,000 units

F.E. Rangkaian Sdn. Bhd.

100%

Number of issued shares 1,800,150 units

B.S. Oil Palm Plantations Sdn. Bhd.

80%

Number of issued shares 1,000,000 units

Far East Delima Plantations Sdn. Bhd.

51%

Number of issued shares 1,500,000 units

Wujud Wawasan Sdn. Bhd.

100%

Number of issued shares 1,800,150 units

Dawn Oil Palm Plantations Sdn. Bhd.

51%

Number of issued shares 10,000,000 units

Kilang Kosfarm Sdn. Bhd.

45%

Number of issued shares 100,000 units

Jaspurna Holdings Sdn. Bhd.

100%

Number of issued shares 2 units (Dormant)

Spectacular Potential Sdn. Bhd.

47.17%

Number of issued shares 154,030,394 units

Future Prelude Sdn. Bhd.

70%

Number of issued shares
4,000,000 units

**Kilang Sawira Makmur
Sdn. Bhd.**

100%

Number of issued shares 200,000 units (Dormant)

Inai Prisma Sdn. Bhd.

36.29%

Number of issued shares 17,500,000 units

**Business & Budget Hotels (Kuantan)
Sdn. Bhd.**

30%

Number of issued shares 100,000 units

**PGC Management Services
Sdn. Bhd.**

40%

Number of issued shares 50,000,000 units

Prosper Palm Oil Mill Sdn. Berhad

49%

40.39%

Number of issued shares 27,615,301 units

**Kampung Aur Oil Palm Company
(Sdn.) Berhad**

100%

Number of issued shares 25,000,002 units

Madah Perkasa Sdn. Bhd.

ESTATE STRUCTURE



Far East Holdings Berhad
(14809-W)



DIRECTORS' PROFILE

YH DATO' SRI KAMARUDDIN BIN MOHAMMED



| AGE | GENDER | NATIONALITY |
|-----|--------|-------------|
| 70 | Male | Malaysian |

QUALIFICATION

- A Business graduate from MARA College (UiTM).
- Professional graduate in Investment Analysis from the Securities Institute of Australia, Sydney, Australia.
- 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 41 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 - 11,340,000 units
- Indirect - 2,520,000 units

ANY FAMILY RELATIONSHIP WITH DIRECTOR AND/OR MAJOR SHAREHOLDER OF FEHB OR ITS SUBSIDIARIES

None

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 six meetings

Directors' Profile

YH DATO' INDERA WAN BAKRI BIN WAN ISMAIL



| AGE | GENDER | NATIONALITY |
|-----|--------|-------------|
| 65 | 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>None</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 was 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>None</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>Five of six meetings</p> |

Directors' Profile

YH DATO' TAN BING HUA



| AGE | GENDER | NATIONALITY |
|-----|--------|-------------|
| 74 | 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 and Risk Management 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 - 184,800 units

ANY FAMILY RELATIONSHIP WITH DIRECTOR AND/OR MAJOR SHAREHOLDER OF FEHB OR ITS SUBSIDIARIES

None

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 six meetings

Directors' Profile

YH DATO' JAMALUDDIN BIN ABD MAJID



| AGE | GENDER | NATIONALITY |
|-----|--------|-------------|
| 64 | 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

None

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

None

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 six meetings

Directors' Profile

MR TEE KIM TEE @ TEE CHING TEE



| AGE | GENDER | NATIONALITY |
|-----|--------|-------------|
| 70 | 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

- Member of Remuneration Committee
- Member of Nomination Committee

WORKING EXPERIENCE

- Started his career 48 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 42 years.

ANY OTHER DIRECTORSHIPS IN LISTED ISSUER AND IN PUBLIC COMPANIES

None

SECURITIES HOLDINGS IN FEHB AND SUBSIDIARIES

Direct - 19,578,720 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

All six meetings

Directors' Profile

MR TEE CHENG HUA



| AGE | GENDER | NATIONALITY |
|-----|--------|-------------|
| 64 | Male | Malaysian |

QUALIFICATION

- Bachelor of Mechanical Engineering from University Technology Malaysia.

POSITION ON THE FEHB BOARD

- Non-Independent, Executive Director

DATE FIRST APPOINTMENT TO THE FEHB BOARD

16 August 2002

MEMBERSHIP OF FEHB BOARD COMMITTEES

None

WORKING EXPERIENCE

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

ANY OTHER DIRECTORSHIPS IN LISTED ISSUER AND IN PUBLIC COMPANIES

None

SECURITIES HOLDINGS IN FEHB AND SUBSIDIARIES

Direct - 8,762,200 units

ANY FAMILY RELATIONSHIP WITH DIRECTOR AND/OR MAJOR SHAREHOLDER OF FEHB OR ITS SUBSIDIARIES

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

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 six meetings

Directors' Profile

MR TEE LIP TENG



| AGE | GENDER | NATIONALITY |
|-----|--------|-------------|
| 35 | Male | Malaysian |

QUALIFICATION

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

POSITION ON THE FEHB BOARD

- Non-Independent, Non-Executive Director

DATE FIRST APPOINTMENT TO THE FEHB BOARD

23 July 2012

MEMBERSHIP OF FEHB BOARD COMMITTEES

Member of Remuneration Committee

WORKING EXPERIENCE

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

ANY OTHER DIRECTORSHIPS IN LISTED ISSUER AND IN PUBLIC COMPANIES

None

SECURITIES HOLDINGS IN FEHB AND SUBSIDIARIES

Direct - 1,260,000 units

ANY FAMILY RELATIONSHIP WITH DIRECTOR AND/OR MAJOR SHAREHOLDER OF FEHB OR ITS SUBSIDIARIES

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

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 six meetings

Directors' Profile

ENCIK NIK MOHAMED ZAKI BIN NIK YUSOFF



| AGE | GENDER | NATIONALITY |
|-----|--------|-------------|
| 55 | 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 and Risk Management Committee
- Member of Nomination 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 to date.
- He is also attached to shariah based private equity firm Musharaka Venture Management Sdn. Bhd. on an advisory basis and serves on the board of certain investee companies of Musharaka.

ANY OTHER DIRECTORSHIPS IN 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

None

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 six meetings

Directors' Profile

YH DATUK MOHD AFRIZAN BIN HUSAIN



| AGE | GENDER | NATIONALITY |
|-----|--------|-------------|
| 51 | Male | Malaysian |

| |
|---|
| <p>QUALIFICATION</p> <ul style="list-style-type: none"> Chartered Accountant |
| <p>POSITION ON THE FEHB BOARD</p> <ul style="list-style-type: none"> Independent, Non-Executive Director |
| <p>DATE FIRST APPOINTMENT TO THE FEHB BOARD</p> <p>1 November 2018</p> |
| <p>MEMBERSHIP OF FEHB BOARD COMMITTEES</p> <ul style="list-style-type: none"> Chairman of Audit and Risk Management Committee |
| <p>WORKING EXPERIENCE</p> <ul style="list-style-type: none"> Started his career in 1990 till 1998 with Messrs Coopers & Lybrand being last position held was Manager of the Business Assurance Service. Later in 1999 till present, he became a partner of Messrs Afrizan Tarmili Khairul Azahar, a public accountants practice. Datuk Mohd Afrizan's specialty is in statutory, internal and forensic Audits as well as corporate exercise and business planning. He had also an extensive experience in insolvency practice. In addition to that he also provided advisory for tax compliance. |

| |
|---|
| <p>ANY OTHER DIRECTORSHIPS IN LISTED ISSUER AND IN PUBLIC COMPANIES</p> <p>None</p> |
| <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>None</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>Two of two meetings from 1 November 2018</p> |

MANAGEMENT PROFILE



**YH DATO' SRI KAMARUDDIN
BIN MOHAMMED**

| AGE | GENDER | NATIONALITY |
|-----|--------|-------------|
| 70 | Male | Malaysian |

POSITION ON THE FEHB BOARD

- Group Executive Chairman

OTHERS PROFILE

- Dato' Sri Kamaruddin bin Mohammed was appointed as the 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 10.



MR TEE CHENG HUA

| AGE | GENDER | NATIONALITY |
|-----|--------|-------------|
| 64 | Male | Malaysian |

POSITION ON THE FEHB BOARD

- Executive Director, Plantations

OTHERS PROFILE

- 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 15.

Management Profile



YH DATO' ASMIN BINTI YAHYA



ENCIK NAZARUDDIN BIN HASIM

| AGE | GENDER | NATIONALITY |
|-----|--------|-------------|
| 50 | Female | Malaysian |

| AGE | GENDER | NATIONALITY |
|-----|--------|-------------|
| 47 | Male | Malaysian |

| |
|--|
| <p>QUALIFICATION</p> <ul style="list-style-type: none"> • Diploma in Accountancy, UiTM • Bachelor in Accountancy, UiTM • Member of Malaysian Institute of Accountant (MIA) |
| <p>POSITION</p> <ul style="list-style-type: none"> • General Manager/Company Secretary |
| <p>DATE JOINED</p> <p>01 December 1995</p> |
| <p>WORKING EXPERIENCE</p> <ul style="list-style-type: none"> • She was an External Auditor with Messrs Ernst & Young (formerly known as 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 Far East Holdings Berhad in 1995. She was the Group Accountant until her promotion as General Manager in 2010. |
| <p>ANY OTHER DIRECTORSHIPS IN LISTED ISSUER AND IN PUBLIC COMPANIES</p> <p>None</p> |
| <p>SECURITIES HOLDINGS IN FEHB AND SUBSIDIARIES</p> <p>Direct - 315,000 units</p> |
| <p>ANY FAMILY RELATIONSHIP WITH DIRECTOR AND/OR MAJOR SHAREHOLDER OF FEHB OR ITS SUBSIDIARIES</p> <p>None</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>QUALIFICATION</p> <ul style="list-style-type: none"> • Diploma in Agriculture, University Putra Malaysia • Bachelor of Business Administration, UiTM |
| <p>POSITION</p> <ul style="list-style-type: none"> • Plantation Controller, Zone B |
| <p>DATE JOINED</p> <p>01 August 1993</p> |
| <p>WORKING EXPERIENCE</p> <ul style="list-style-type: none"> • Vast experience in estate operation since 1993. Specialise in oil palm operation and labour management. |
| <p>ANY OTHER DIRECTORSHIPS IN LISTED ISSUER AND IN PUBLIC COMPANIES</p> <p>None</p> |
| <p>SECURITIES HOLDINGS IN FEHB AND SUBSIDIARIES</p> <p>Direct - 2,100 units</p> |
| <p>ANY FAMILY RELATIONSHIP WITH DIRECTOR AND/OR MAJOR SHAREHOLDER OF FEHB OR ITS SUBSIDIARIES</p> <p>None</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> |

Management Profile



ENCIK ADNAN BIN MUSTAFA

| AGE | GENDER | NATIONALITY |
|-----|--------|-------------|
| 55 | Male | Malaysian |

| |
|---|
| <p>QUALIFICATION</p> <ul style="list-style-type: none"> Diploma in Agriculture, UPM, Sarawak Campus Bachelor in Science Agriculture, UPM Serdang |
| <p>POSITION</p> <ul style="list-style-type: none"> Senior Regional Manager, Zone A |
| <p>DATE JOINED</p> <p>02 September 1993</p> |
| <p>WORKING EXPERIENCE</p> <ul style="list-style-type: none"> 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. |
| <p>ANY OTHER DIRECTORSHIPS IN LISTED ISSUER AND IN PUBLIC COMPANIES</p> <p>None</p> |
| <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>None</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> |



PUAN NOOR ANISAH BINTI SABARUDIN

| AGE | GENDER | NATIONALITY |
|-----|--------|-------------|
| 52 | Female | Malaysian |

| |
|---|
| <p>QUALIFICATION</p> <ul style="list-style-type: none"> Bachelor of Business Administration (Management and Marketing), Loyola University, United States of America |
| <p>POSITION</p> <ul style="list-style-type: none"> Manager, Secretarial and Corporate Affairs |
| <p>DATE JOINED</p> <p>04 July 1989</p> |
| <p>WORKING EXPERIENCE</p> <ul style="list-style-type: none"> 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. |
| <p>ANY OTHER DIRECTORSHIPS IN LISTED ISSUER AND IN PUBLIC COMPANIES</p> <p>None</p> |
| <p>SECURITIES HOLDINGS IN FEHB AND SUBSIDIARIES</p> <p>Direct - 26,040 units</p> |
| <p>ANY FAMILY RELATIONSHIP WITH DIRECTOR AND/OR MAJOR SHAREHOLDER OF FEHB OR ITS SUBSIDIARIES</p> <p>None</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> |

Management Profile



ENCIK ZAHARI BIN JAAFAR



PUAN ROSLIHA BINTI HUSIN

| AGE | GENDER | NATIONALITY |
|-----|--------|-------------|
| 48 | Male | Malaysian |

| |
|---|
| QUALIFICATION |
| <ul style="list-style-type: none"> Diploma in Planting Industry Management, UiTM |
| POSITION |
| <ul style="list-style-type: none"> Manager, Internal Audit |
| DATE JOINED |
| 01 July 1992 |
| WORKING EXPERIENCE |
| <ul style="list-style-type: none"> 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. |
| ANY OTHER DIRECTORSHIPS IN LISTED ISSUER AND IN PUBLIC COMPANIES |
| None |
| SECURITIES HOLDINGS IN FEHB AND SUBSIDIARIES |
| Nil |
| ANY FAMILY RELATIONSHIP WITH DIRECTOR AND/OR MAJOR SHAREHOLDER OF FEHB OR ITS SUBSIDIARIES |
| None |
| 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 |

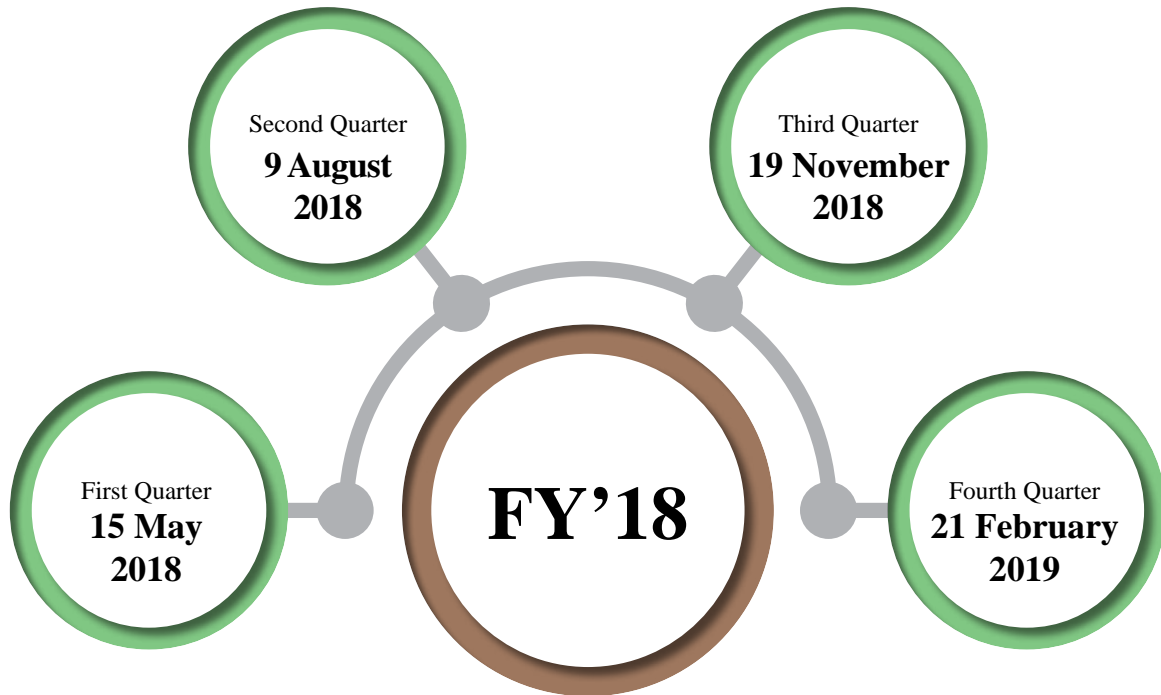
| AGE | GENDER | NATIONALITY |
|-----|--------|-------------|
| 37 | Female | Malaysian |

| |
|---|
| QUALIFICATION |
| <ul style="list-style-type: none"> Bachelor of Accounting (with Honours), UiTM Member of Malaysian Institute of Accountant (MIA) |
| POSITION |
| <ul style="list-style-type: none"> Manager, Finance |
| DATE JOINED |
| 01 April 2010 |
| WORKING EXPERIENCE |
| <ul style="list-style-type: none"> She was an External Auditor at Messrs Ernst & Young and Messrs Parker Randall Thomas for 5 years before joining FEHB in 2010. |
| ANY OTHER DIRECTORSHIPS IN LISTED ISSUER AND IN PUBLIC COMPANIES |
| None |
| SECURITIES HOLDINGS IN FEHB AND SUBSIDIARIES |
| 3,000 units |
| ANY FAMILY RELATIONSHIP WITH DIRECTOR AND/OR MAJOR SHAREHOLDER OF FEHB OR ITS SUBSIDIARIES |
| None |
| 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 2018



NOTICE AND ANNUAL GENERAL MEETING

29 April 2019

Notice of Annual General Meeting

19 June 2019 (10.00 a.m.)

Annual General Meeting

DIVIDENDS

| | INTERIM | FINAL |
|--------------------------------|------------------|---------------|
| Book Closure Announcement Date | 19 November 2018 | 29 April 2019 |
| Entitlement Date | 02 January 2019 | 27 June 2019 |
| Payment Date | 15 January 2019 | 16 July 2019 |

GROUP FINANCIAL SUMMARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER

| | 2018 RM'000 | Restated 2017 RM'000 | Restated 2016 RM'000 | 2015 RM'000 | 2014 RM'000 |
|--------------------------------|------------------|----------------------------|----------------------------|------------------|------------------|
| Capital and Reserves | | | | | |
| Share Capital | 197,946 | 141,390 | 141,390 | 141,390 | 141,390 |
| Non-Distributable Reserves | - | 46,853 | 46,853 | 450,832 | 351,685 |
| Retained Earnings | 889,446 | 882,861 | 817,539 | 645,631 | 612,984 |
| Shareholders' Equity | 1,087,392 | 1,071,104 | 1,005,782 | 1,237,853 | 1,106,059 |
| Non-Controlling Interests | 33,733 | 135,763 | 236,268 | 77,375 | 70,297 |
| | 1,121,125 | 1,206,867 | 1,242,050 | 1,315,228 | 1,176,356 |
| Non-Current Assets: | | | | | |
| Property, Plant and Equipment | 584,892 | 658,054 | 662,080 | 839,517 | 690,147 |
| Land Held for Disposal | 22,413 | 22,413 | 22,413 | 22,413 | 22,413 |
| Associates | 516,171 | 437,958 | 375,640 | 320,583 | 306,216 |
| Other Financial Assets | 3,000 | 3,000 | 3,000 | 3,000 | |
| | 1,126,476 | 1,121,425 | 1,063,133 | 1,185,513 | 1,018,776 |
| Current Assets | 111,698 | 249,715 | 374,339 | 339,922 | 316,645 |
| Current Liabilities | 33,922 | 48,738 | 77,760 | 43,992 | 29,679 |
| Net Current Assets | 77,776 | 200,977 | 296,579 | 295,930 | 286,966 |
| Non-Current Liabilities | | | | | |
| Hire Purchase | - | - | 23 | 58 | - |
| Deffered Tax Liabilities | 83,127 | 115,535 | 117,639 | 166,157 | 129,386 |
| | 1,121,125 | 1,206,867 | 1,242,050 | 1,315,228 | 1,176,356 |

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

| | 2018 RM'000 | Restated 2017 RM'000 | 2016 RM'000 | 2015 RM'000 | 2014 RM'000 |
|-------------------|----------------|----------------------------|----------------|----------------|----------------|
| Revenue | 379,079 | 482,233 | 357,163 | 327,736 | 428,343 |
| Profit Before Tax | 82,707 | 171,647 | 150,602 | 102,354 | 129,241 |
| Profit After Tax | 67,089 | 140,190 | 128,780 | 80,652 | 104,254 |

Group Financial Summary

HIGHLIGHTS AS AT 31 DECEMBER

| | 2018 | Restated 2017 | 2016 | 2015 | 2014 |
|--|-------|------------------|-------|-------|-------|
| Earnings Per Share (Sen) | 19.39 | 80.67 | 85.50 | 50.41 | 65.87 |
| Net Tangible Asset Per Share | 1.83 | 7.58 | 7.11 | 8.75 | 7.82 |
| Current Ratio (Times) | 3.29 | 5.12 | 4.81 | 7.73 | 10.67 |
| Pre Tax Profit As a Percentage of Sale (%) | 21.82 | 35.56 | 42.17 | 31.23 | 30.17 |
| Pre Tax Profit As Percentage of Shareholders' Equity (%) | 7.61 | 16.03 | 14.97 | 8.27 | 11.69 |

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

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|----------------------|------|-------|-------|-------|-------|
| Gross dividend (Sen) | 3.00 | 35.00 | 35.00 | 25.00 | 30.00 |
| Dividend Payout | 15% | 43% | 41% | 50% | 45% |

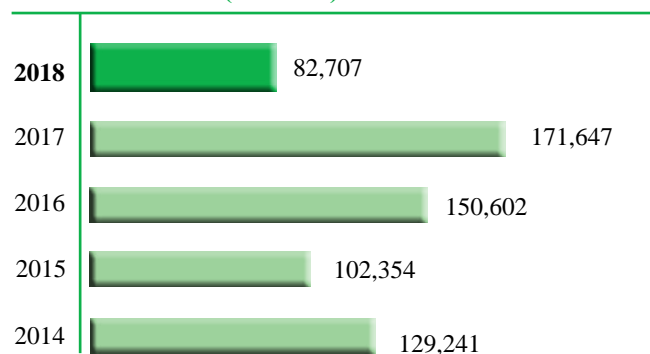
| | 2018 RM'000 | Restated 2017 RM'000 |
|---------------------------------|----------------|----------------------------|
| Total Assets | | |
| ● Property, Plant and Equipment | 584,892 | 658,054 |
| ● Land Held for Disposal | 22,413 | 22,413 |
| ● Associates | 516,171 | 437,958 |
| ● Inventories | 10,173 | 11,987 |
| ● Receivables | 62,254 | 91,194 |
| ● Deposits, bank and cash | 34,622 | 141,815 |
| ● Biological Assets | 4,649 | 4,719 |
| ● Investment | 3,000 | 3,000 |

| | 2018 RM'000 | Restated 2017 RM'000 |
|---|----------------|----------------------------|
| Total Liabilities & Equities | | |
| ● Share Capital | 197,946 | 141,390 |
| ● Non-Distributable Reserves | - | 46,853 |
| ● Retained Earnings | 889,446 | 882,861 |
| ● Non-Controlling Interest | 33,733 | 135,763 |
| ● Payables | 33,922 | 48,715 |
| ● Deferred Tax Liabilities | 83,127 | 115,535 |
| ● Hire Purchase Creditor | - | 23 |

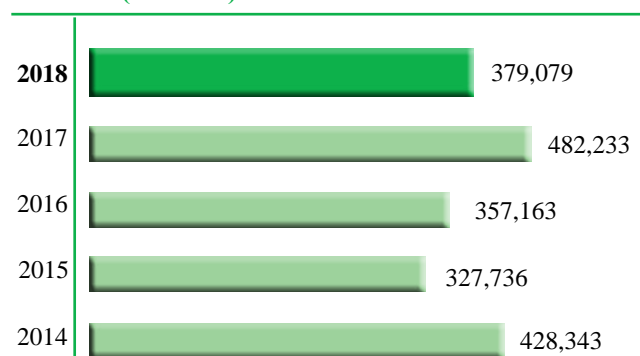
PLANTATION MATRIX

| | | 2018 | 2017 | 2016 | 2015 | 2014 |
|---------------------------------|---------|---------|---------|---------|---------|---------|
| Mature Area | Hectare | 14,384 | 19,699 | 19,136 | 18,512 | 18,106 |
| Total Planted Area | Hectare | 16,141 | 21,167 | 21,191 | 21,373 | 21,239 |
| FFB Production | Mt | 318,016 | 384,276 | 318,854 | 368,962 | 345,268 |
| FFB Yield | Mt/ha | 18.75 | 19.54 | 16.66 | 19.93 | 19.07 |
| OER | % | 19.01 | 18.48 | 18.47 | 18.86 | 19.11 |
| CPO Yield | Mt/ha | 3.57 | 3.61 | 3.08 | 3.76 | 3.64 |
| CPO Price (Average) | RM/mt | 2,316 | 2,771 | 2,627 | 2,172 | 2,413 |
| PK Price (Average) | RM/mt | 1,785 | 2,531 | 2,559 | 1,626 | 1,737 |
| Kernel Recovery Revenue | RM/mt | 458 | 665 | 689 | 410 | 433 |
| FFB Cost (Ex-estate) | RM/mt | 219 | 177 | 208 | 180 | 177 |
| CPO Production Cost (Ex-estate) | RM/mt | 1,153 | 960 | 1,124 | 954 | 929 |

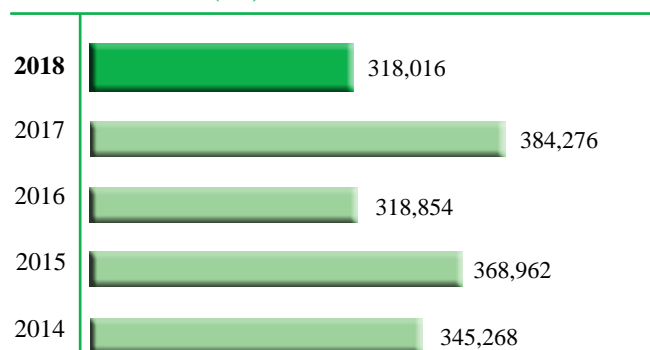
Profit Before Tax (RM'000)



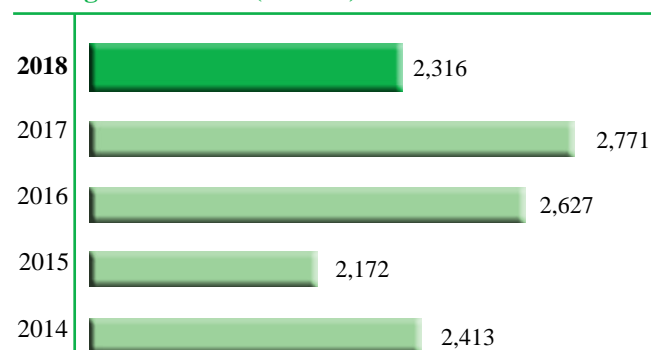
Revenue (RM'000)



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 this in mind, 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 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.

Economic

FEHB is an oil palm plantation operator established in 1973 and listed in 1991. Today, FEHB and its subsidiaries operate 14 estates covering 16,140.57 hectares (39,883.35 acres). The operation is supported by 173 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 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 embrace new technology and empowerment of human resources through training and development our stakeholders in the outsourced areas. 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 and we shall continue to maintain and adopt the best practices in our operations. All physical development within the Group shall obtain the Environmental Impact Assessment (EIA) and all environmental impact risk shall be managed and mitigated through the Environmental Management Plan (EMP) that is approved by Department of Environment (DOE).

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. Thus, a good management is vital to ensure minimum negative impacts on the ecosystem and controlling fire risk and hazards. FEHB is committed to ensure no new development in peat areas, regardless of depth. In areas that are found to be unsuitable for replanting, we will work with experts to explore ways, including on peat area conservation.



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 No Deforestation 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 and high conservation values (“HCV”) protection area 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 HCV in a plantation environment that has to be managed well along with the riparian reserve 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.

The Group advocates sustainable oil palm cultivation. The sustainability certification under the MPOB Code Of Practice (now known as MPOB Code of Good Agricultural 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, Future Prelude Sdn. Bhd. (“FPSB”) 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.

Corporate Sustainability Statement

Appropriate arrangements and plans are 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.

From 10th to 15th of October 2018, FEHB with the cooperation of Jabatan PERHILITAN Negeri Pahang had conducted an intensive training for our personnel to conduct biodiversity survey and wildlife conservation training in all estates. We also actively engaged Jabatan PERHILITAN to provide training and talks on wildlife conservation awareness to our workers and stakeholders during stakeholders meeting sessions.



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”). In March 2019, we have obtained MSPO certification for eleven (11) estates.

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.

During the certification process, our employees were given 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 a 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 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 well-being 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 2018, we invested RM66,402 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 thirty one (31) students had successfully completed their internship in various fields.

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 program 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

Far East Holdings Berhad (“FEHB”) was incorporated on 6 August 1973. Its principal activities are in the areas of cultivation of oil palms, production and sales of fresh fruit bunches (“FFB”), crude palm oil (“CPO”), palm kernel (“PK”) and investment holdings. As at 31 December 2018, the total planted land bank of the Group which are located in Pahang was 16,140.57 hectares (39,883.35 acres) of which 11,232.62 hectares (27,755.80 acres) are planted with prime oil palm which is equivalent to 70% of total planted land bank. The Group is in position to achieve significant growth in the coming years.



The Group has eleven (11) palm oil estates across Pahang namely Bukit Jin Estate, Chengal Estate, Sungai Batu Estate, Sungai Rasau Estate, Sungai Seraya Estate, DSK Estate, Bukit Serok Estate, Dawn Estate, Cempaka Estate, Delima Estate and Rangkaian Estate. For the financial year ended 31 December 2017, the Group had recorded thirteen (13) estates including the estates under KAOP’s Group (Kampung Aur Oil Palm Company (Sdn.) Berhad).

In general, the Malaysian oil palm industry faced greater challenges in 2018, as compared to 2017. Global economic volatility brought about by changing monetary, trade and political policies, and an emerging trade war between the United States of America (USA) and China, combined with unpredictable weather patterns have resulted in significant CPO price fluctuations. Within Malaysia itself, the newly elected Government is bringing about many changes that are intended to mitigate some of the challenges faced by the palm oil industry.

The Group recognizes that CPO is a commodity and as such is fundamentally a price taker and not a price maker. However, the Group manages the risks 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.

The Group continues to address shortage of workers by increasing productivity through other mechanization options towards improving efficiency of workers. The Group continues to be focused towards a high performance culture program by investing in its people, which includes attracting and developing ways to retain skill and talent such as introduction of various incentives. The Group will also continue to invest in human resources, particularly on leadership programs with emphasis on strategic thinking, motivational skills and effective execution.

Recognising that agriculture can have repercussions on the environment, best management practices and other proactive initiatives must be implemented to mitigate potential negative impacts on the environment. The Group operation, having embraced sustainability as its cornerstone must continue to enhance its scorecard by implementing best practices while strengthening dialogues and managing effective stakeholder engagement. Despite the challenging business environment, our financial performance for the financial year ended 31 December 2018 was satisfactory where the Group registered total revenue of RM379.08 million and profit before tax of RM82.71 million.

Management Discussion and Analysis

Plantation Operations

Labour shortage continued to adversely affect the operations within the Malaysian Plantation Sector in 2018 including the operations of the Group. The Group had introduced various incentives during the year as part of its efforts to maintain the skill and talent in the Group. It is hoped that the Malaysian Government will continue to give due consideration to the plantation sector's plea to recruit foreign workers as our production is highly perishable and will suffer substantial losses if labour shortages re-emerge.

The age profile of the palm in the Group's estates is as follows:-

| Particulars | Hectares | % |
|------------------------------|------------------|------------|
| > 19 years (old palms) | 1,119.10 | 7 |
| 7 - 18 years (prime palms) | 11,232.62 | 70 |
| 4 - 6 years (young palms) | 2,037.34 | 12 |
| 1 - 3 years (immature palms) | 1,751.51 | 11 |
| Total | 16,140.57 | 100 |

FFB production for the year ended 31 December 2018 was 318,016 metric tonnes, which was lower by 66,260 metric tonnes (17%) when compared to the production recorded in year of 2017, which was 384,276 metric tonnes. The average yield per hectare was 18.75 metric tonnes when compared to 19.54 metric tonnes achieved in 2017.

Lower production recorded for the plantation operations in 2018 as compared to 2017 was mainly due to the following factors:-

- FFB production from KAOP's Group had been excluded from the consolidated FEHB's production due to corporate changes under which KAOP's Group ceased to be a subsidiary of the Group effective 1 July 2018; and
- The severe moisture stress in 2016 had resulted in bunch abortion and low female inflorescence ratio hence produced lower FFB in first half of 2018.

The Group's average cost of FFB was RM219 per metric tonne, an increase of 24% over the cost of RM177 recorded in preceding year. The Group has been actively maintaining the road and drainage system for the area affected by flood as part of the initiatives to improve crop recovery in future that resulting an increase in the average cost. In addition, the introduction of loyalty incentive to direct labour had contributed to the increase in average cost as well. The Group continues to closely monitor operating expenses at estate level. Consistent and comprehensive audits were conducted in order to improve monitoring mechanism to maximize yield and reduce wastages.

For 2018, the Group managed to secure an average CPO price of RM2,316/MT and an average PK price of RM1,785/MT which were lower by 16% and 29% respectively as compared to prices achieved in the preceding year. The average CPO and PK prices in preceding year were RM2,771/MT and RM2,531/MT respectively.

HECTARAGE PROFILE

Immature Palms (1-3 years)



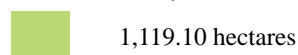
Young Palms (4-6 years)



Prime Palms (7-18 years)



Old Palms (19 years and above)



For the year ended 31 December 2018, the Group managed to record a profit from plantations operation of RM73.66 million, which was lower by RM69.99 million (49%) as compared to restated amount in 2017 of RM143.65 million.

As part of initiative to ensure good quality palms and fruits as well as to ensure the best practices in sustainable agriculture, the estates continue to be monitored by qualified agronomists. 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. Best fertilizer programs are applied at estates based on recommendations by qualified agronomist. The estates operation is also governed 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.

Management Discussion and Analysis

Milling Operations

In our milling operations, our palm oil mills namely, Kilang Kosfarm Sdn. Bhd. and Wujud Wawasan Sdn. Bhd. performed satisfactorily especially in view of the current tough market conditions. Each mill is operating at processing capacity of 60 metric tonnes per hour. For the year ended 31 December 2018, the mills had processed 433,030 metric tonnes crops in which 132,472 metric tonnes were produced by the estates within the Group. Total crops processed for the year was lower by 54,160 metric tonnes (11%) when compared to crops processed in preceding year of 487,190 metric tonnes. The average oil extraction rate (“OER”) achieved by the mills was at 20.13% (2017:19.20%), whilst kernel extraction rate (“KER”) was at 5.39% (2017: 5.25%).

For the year ended 31 December 2018, the Group had registered a profit from its milling operation of RM9.81 million, lower by RM1.32 million (12%) compared to the profit achieved in the preceding year of RM11.13 million. The lower result for the year was in line with lower crops processed during the year.

Review of Financial Result

The Group posted a profit before tax of RM82.71 million for the year ended 31 December 2018, as compared to the profit recorded in 2017 of RM171.65 million. Lower profit before tax for the year against 2017 was due to:-

- Lower FFB production by 66,260 metric tonne (17%);
- Lower average CPO and kernel prices per metric tonne;
- Higher estate expenditure by RM2.50 million (3%);
- Higher corporate expenses by RM2.30 million (13%); and
- The exclusion of financial result of KAOP Group from the consolidated results of the FEHB Group effective from 01 July 2018.

Breakdown of the profit before taxation is shown below:-

| Particulars | 2018 RM'000 | 2017 RM'000 |
|---|----------------|----------------|
| Profit from plantation operations | 73,660 | 143,648 |
| Profit from milling operations | 9,812 | 11,128 |
| Share of profits from associated companies | 25,734 | 43,410 |
| Other income | 11,820 | 2,962 |
| Fair value gain/(loss) on biological assets | 1,527 | (4,112) |
| Finance income | 1,791 | 15,699 |
| Corporate expenses | (20,324) | (18,021) |
| Amortisation of leasehold land | (5,342) | (5,637) |
| Amortisation of biological assets | (15,972) | (17,430) |
| Profit before taxation | 82,706 | 171,647 |



Management Discussion and Analysis

Other income of RM11.82 million consist of net sales from FFB scout harvesting, seedlings, palm kernel shell, rental income and gain on disposal of land of RM7.24 million totaling 170.699 hectares (421.808 acres) to Jasa Unik Sdn. Bhd. and 275.09 hectares (679.764 acres) to TR Plantations Sdn. Bhd.

Finance income consists of interests received from fixed deposit placements and short-term Special Investments. Lower finance income by RM13.91 million (89%) was due to lower average fixed deposit placements after settlement of claims by Majlis Ugama Islam dan Adat Resam Melayu Pahang and acquisition of 3,204.94 acres of plantation land from PHG Plantation Sdn. Bhd. (“PPSB”).

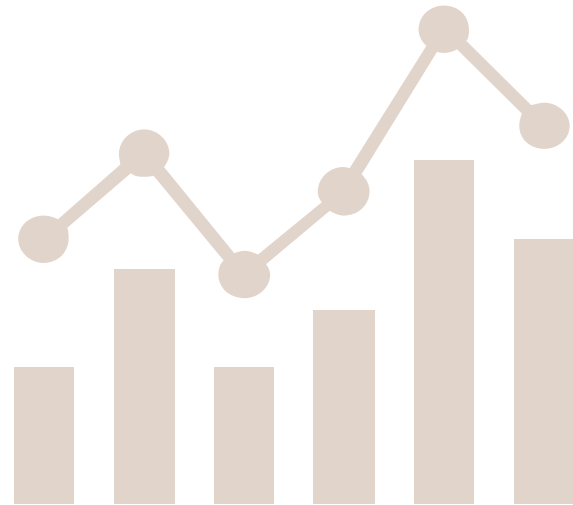
The Group incurred a capital expenditure of RM127.82 million in the current year as compared to RM18.20 million in the previous year. The increase of RM109.62 million was mainly due to acquisition of new estate from PPSB namely DSK Estate, cost of providing housing and amenities to staff and acquisition of agricultural vehicles.



Creating Value for Our Shareholders

As part of the Group’s commitment to reward and deliver sustainable values for our shareholders, the Group had implemented a bonus issue on 17 August 2018 of two (2) new shares for every five (5) existing shares. The bonus issue of 56,555,995 unit shares had resulted in the increase of FEHB’s share capital from 141,390,000 unit shares to 197,945,995 unit shares.

The Group in its effort to create more value to the shareholders, approved a subdivision of three (3) shares for every shares held immediately after the bonus issue. The subdivision of 395,891,990 unit shares had resulted in the increase of FEHB’s share capital from 197,945,995 unit shares to 593,837,985 unit shares.



In addition to the bonus issue and subdivision, the Board approved the payment of an interim dividend of one (1) sen per share for the financial year ending 31 December 2018. The interim single tier dividend was paid on 15 January 2019.

In order to secure the long-term sustainability of the Group, our dividend payment has always takes into accounts various factors such as level of cash and cash equivalent, retained earnings and our projected levels of capital expenditure and other investment plans.

The Directors are pleased to recommend a final single tier dividend of two (2) sen per share at the forthcoming Annual General Meeting. If approved, the total dividend declared in respect of financial year ended 31 December 2018 would be three (3) sen per share.



Management Discussion and Analysis

Human Capital

Guided by the philosophy that our human capital are our greatest asset, the Group has over the years significantly invested in our management development, talent recruitment and retention initiatives to ensure steady pipeline of talent for our business needs.

At FEHB, we are continually assessing, developing and strengthening our human capital to ensure that we have the right competencies, qualities, dynamics, attitude and passion to drive the Group's various initiatives in creating value for our stakeholders.

In support of national efforts to improve the employability of local graduates, FEHB provides internship opportunities in various fields. In total, 31 interns had completed their internship at FEHB.

Recently, the Group had introduced loyalty incentive for direct labour as part of our retention initiatives. At management level, the Group is actively involved in developing inter alia key leadership skills including strategic thinking, motivational skills and effective execution.

Employee engagement activities held throughout the year included amongst others, Sport Carnival, Annual Fishing Competition, Bowling Tournament, Family Day, Sports Day, Breaking Fast Program, Best Employee Award, Best Awarded Estate, Hari Raya Celebration and Religious Activities at Group level as well as at estate level.

Moving forward, we strive to become an employer of choice that is highly engaged with our employees and will continue to develop our talent to achieve a high performance culture throughout the Group.

Prospects

We foresee longstanding issues like worker shortages, rising operation costs and anti-palm oil campaign in the EU to continue in 2019, as meaningful resolutions are still not in the horizon. Although palm oil prices may be under pressure in the short term, the Board is optimistic that palm oil prices will recover in the near term due to fact that the oil palm prices are more competitive as compared to the other competing oil prices in the market. The Board expects the Group continues to achieve satisfactory results through cost management strategies. The management has continuously focused on efforts and strategies to increase production efficiency, to improve the quality of palm and to expedite and implement good plantation standards and practices across its oil palm plantations in order to achieve long-term sustainability.

Despite the challenging market conditions for the palm oil products, the Board is confident that the Group will continue to achieve positive and favorable performance with its sustainable business strategies.



AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of Far East Holdings Berhad (“FEHB”) is pleased to present the Audit and Risk Management Committee Report for the financial year ended 31 December 2018.

During the financial year, the Audit and Risk Management Committee carried out its duties and responsibilities in accordance with its terms of reference and held discussions with the Head of Internal Audit, external auditors and members of the management. The Audit and Risk Management Committee is of the view that no material misstatements or losses, contingencies or uncertainties have arisen, based on the reviews made and discussions held.

COMPOSITION AND ATTENDANCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE AT MEETINGS

The Audit and Risk Management Committee is appointed by the Board of Directors from amongst the Non-Executive Directors and consists of not less than three (3) members, with a majority of them being Independent Directors.

Listed below the composition of the Audit and Risk Management Committee in 2018:-

| Members | Membership | Appointment | Tenure on the Audit Committee (Years) |
|---|--|--|---------------------------------------|
| YH Datuk Mohd Afrizan bin Husain | Chairman, Independent Non-Executive Director | 01.11.2018 | Less than 1 |
| Encik Hashim Naina Merican bin Yahaya Merican | Member, Non-Independent Non-Executive Director | 13.08.2009 (Resigned on 31.12.2018) | 9 |
| YH Dato’ Tan Bing Hua | Member, Independent Non-Executive Director | 23.07.2012 | 6 |
| Encik Nik Mohamed Zaki bin Nik Yusoff | Member, Independent Non-Executive Director | 08.07.2015 | 3 |
| YH Dato’ Jamaluddin bin Abd Majid | Member, Non-Independent Non-Executive Director | 18.08.2015 (Resigned on 09.08.2018) | 3 |

Encik Hashim Naina Merican bin Yahaya Merican had been re-designated as Non-Independent, Non-Executive Director on 9 August 2018. He resigned as a Chairman of Audit and Risk Management Committee on 31 October 2018 and later resigned as a member of Audit and Risk Management Committee and Board of Directors on 31 December 2018.

YH Dato’ Jamaluddin bin Abd Majid (Non-Independent, Non-Executive Director) resigned as a member of Audit and Risk Management Committee effective 9 August 2018 and still remains as a member of Board of Directors.

Currently, the Audit and Risk Management Committee comprises exclusively of Independent, Non-Executive Directors.

The Chairman of the Audit and Risk Management Committee is not the Chairman of the Board.

The composition of Audit and Risk Management Committee meets the requirements of paragraph 15.09 (1) (c) of Bursa Malaysia Securities Berhad Listing Requirements which stipulate that at least one (1) member of the Audit Committee must be a qualified accountant.

During the financial year ended 31 December 2018, the Audit and Risk Management Committee held a total of five (5) meetings. Details are as follows:-

| No. | 1 | 2 | 3 | 4 | 5 |
|------|------------------|---------------|-------------|----------------|------------------|
| Date | 26 February 2018 | 20 March 2018 | 14 May 2018 | 08 August 2018 | 19 November 2018 |

Audit and Risk Management Committee Report

COMPOSITION AND ATTENDANCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE AT MEETINGS (CONTINUED)

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

| Name of Audit and Risk Management Committee Members | Total Number of Meetings | Number of Meetings Attended |
|---|--------------------------|-----------------------------|
| YH Datuk Mohd Afrizan bin Husain | 1 | 1 |
| Encik Hashim Naina Merican bin Yahaya Merican | 5 | 5 |
| YH Dato' Tan Bing Hua | 5 | 5 |
| Encik Nik Mohamed Zaki bin Nik Yusoff | 5 | 5 |
| YH Dato' Jamaluddin bin Abd Majid | 4 | 4 |

The representatives of the external auditors, the Head of Internal Audit and members of the management attended the meetings upon the invitation of the Committee.

The Company Secretaries act as Secretaries of the Audit and Risk Management Committee. Minutes of each meeting are distributed to each Board members and the Chairman of the Audit and Risk Management Committee reports on principal matters deliberated at each meeting to the Board.

DUTIES AND RESPONSIBILITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

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

1. Financial Reporting

- To review the quarterly results and year-end financial statements of the Company and Group, and to recommend the same to the Board for approval, focusing particularly on the following:-
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption;
 - significant and unusual events;
 - compliance with accounting standards, Bursa Malaysia Securities Berhad and other legal requirements; and
 - announcements of financial results to Bursa Malaysia Securities Berhad and dividend payments.
- To obtain explanations from management for unusual variances in the Company's annual financial statements from year to year, and review annually the independent auditors' letter of the recommendations to management and management's response.
- To review with the external and internal auditors whether the employees of the Group have given appropriate assistance in discharging their duties.
- To review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of management integrity.
- To consider and examine such other matters as the Board consider appropriate and beneficial.

Audit and Risk Management Committee Report

DUTIES AND RESPONSIBILITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE (CONTINUED)

2. Risk Management and Internal Control

- Review the adequacy and effectiveness of risk management, internal control and governance systems including information technology security control, and to evaluate the systems with the external auditors.
- To review and verify annually the effectiveness of the Company's Risk Management Program and to review the Company's major risk exposures and the steps management has taken to monitor and control such exposures.
- To review the risk assessment of the Company.

3. External Audit

- Review the competency and performance of the external auditors.
- Consider and recommend the appointment, re-appointment, resignation, dismissal and remuneration of external auditors.
- To discuss and review with the external auditors any proposal from them to resign as auditors.
- To recommend to the Board on the appointment and the annual re-appointment of the external auditors and their audit fees, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit.
- To monitor the engagement of the external auditors in performing such audit services, considering the types of services rendered and its related fees, such that the position as auditor is not deemed to be compromised.
- Review the external auditors' audit plan before the audit commences and discusses the nature, scope and approach of the audit.
- To review with the external auditors, the nature and scope of their audit plan, their evaluation of the system of internal controls and their management letter and discuss any matter that the external auditors may wish to raise in the absence of management, where necessary.
- Review and confirm the independence and objectivity of the external auditors, taking into consideration the local professional and regulatory requirements.
- To consider whether the independent auditors provision of non-audit services is compatible with maintaining the independent auditors' independence.
- To review the co-ordination of the audit approaches where more than one audit firm of external auditors is involved and the co-ordination between the external and internal auditors.
- Identify any matters in respect of which it considers that action or improvement is needed and reviewing recommendations as to the steps to be taken.

4. Internal Audit

- To review the adequacy of the scope, functions, competency and resources of the internal audit function.
- To approve the internal audit plan and review the results of the internal audit plan or investigation undertaken and whether or not appropriate action taken by management on the recommendations of the internal audits function.
- Have final authority to review and approve the Annual Audit Plan and all major changes to the plan.
- The Head of Internal Audit shall report directly to the Committee and shall have direct access to the Chairman of the Committee.
- To appraise the performance of the Head of Internal Audit and to review the appraisals of senior staff members of the internal audit function.

Audit and Risk Management Committee Report

DUTIES AND RESPONSIBILITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE (CONTINUED)

5. Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the result of management's investigation and follow-up (including disciplinary action) of any major instances of non-compliance.
- Review procedures established to address allegations raised by whistleblowers, to ensure proportionate and independent investigation is conducted and follow-up action is taken and highlighted to the Committee.
- Review the findings of any examination by regulatory agencies and any auditor's observations.
- Review the process for communicating the Code of Conduct to the staff, and for monitoring compliance therewith.
- Review the effectiveness of measures put in place to combat corruption in the Company.

PERFORMANCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

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

The Committee members were informed at the beginning of the year of the number of meetings scheduled during the year.

The Audit and Risk Management Committee members were given agenda and relevant papers for the meetings at least five (5) days prior commencement of scheduled meetings.

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

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

SUMMARY OF WORKS OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

During the year under review, the Audit and Risk Management Committee has undertaken the following activities:-

- Reviewed the external auditor's audit plan, scope and areas of audit, evaluate the system of internal controls, audit findings, management's response to the management letter given by the external auditor and the audit report.
- Reviewed the suitability of the external auditors and recommended to the Board for re-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's approval.
- Reviewed the policy on recurrent related party transaction (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.

Audit and Risk Management Committee Report

SUMMARY OF WORKS OF THE AUDIT AND RISK MANAGEMENT COMMITTEE (CONTINUED)

- 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 2019 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 and Risk Management Committee is assisted by the in-house Internal Audit Department in maintaining a sound system of internal controls.

Internal Audit Department is headed by Encik Zahari bin Jaafar who reports directly to the Audit and Risk Management Committee. He has been a member of senior management team since 2 May 2013. He graduated from University of Technology MARA (UiTM) with a Diploma in Planting Industry Management. During his tenure with FEHB, he has been posted at the FEHB's estates and Head Office.

Internal Audit Department is supported by five (5) executives (including the Head of Internal Audit) and a non-executive clerk. All staffs are graduates with bachelor degrees or diplomas on various fields including accountancy, administration or plantation.

The Internal Audit Department undertakes internal audit functions based on the audit plan that is reviewed and approved by the Audit and Risk Management 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.

Internal Audit had carried out scheduled audit for eleven (11) auditable areas/scopes and also conducted special reviews on payment of workers' incentive and allowance based on the requests made by the management. All significant observations were highlighted during the audit exit meeting and follow-up on the observations were taken and communicated to the auditees, management and Audit and Risk Management Committee.

Internal Audit and the management had reviewed all Recurrent Related Party Transactions (RRPTs) entered in 2018 in order to ensure that the transactions are fair and reasonable to, and not to detriment of, the minority shareholders.

The compliance audits on International Sustainability & Carbon Certification (ISCC) and Malaysian Sustainable Palm Oil (MSPO) were reviewed by the Internal Audit Department in 2018.

An investigative audit was performed in October 2018 on a case of negligence made by certain staff of Sungai Gayung Estate. As a result of investigation audit, a Domestic Inquiry was held and the staff who found guilty was penalized accordingly.

The internal audit reports prepared by the Internal Audit Department are presented to the Audit and Risk Management Committee. The summary of Internal Audit's findings, recommendations and management's responses were also tabled to the Committee to ensure that management undertakes the agreed remedial actions. Internal Audit Department had adequate resources to carry out its duties during the year 2018.

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 STATEMENT

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.

To further demonstrate the Company’s commitment in upholding good corporate governance with appropriate standards of ethical conduct and behavior at all level of the Company’s businesses, a number of initiatives were undertaken recently of reviewing and updating the Board Charters and Terms of References of Nomination Committee and Audit and Risk Management Committee. The Board had re-designated the Audit Committee as Audit and Risk Management Committee on 21 February 2019.

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.

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 Reference/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 Reference (“Board Charter”) which sets out the roles and responsibilities of the Board. The Board Charter serves as a source of reference and primary induction literature to provide insights to prospective Board Members and Senior Management. 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 principal 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 five (5) times a year, with additional meetings convened as and when necessary.

Board Balance

The current Board consists of seven (7) Non-Executive Directors and two (2) Executive Directors i.e. Group Executive Chairman and Executive Director, Plantations, with three (3) of the nine (9) Directors being Independent Directors with a synergistic mixture of businessmen, planters, professionals with the required technical expertise. This mix of skills and experience is vital for the successful direction of the Group.

Corporate Governance Statement and Additional Compliance Statement

THE BOARD OF DIRECTORS (CONTINUED)

Board Balance (continued)

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.

The Board acknowledges the important of boardroom diversity and the establishment of a gender diversity policy. Despite no specific targets being set in relation to boardroom diversity, the Board is committed to improving boardroom diversity in terms of gender. Hence, the Board will consider the appointment of women director as and when circumstances permit. The Board will take steps to nurture suitable and potential candidates.

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 furnished with an agenda and a set of Board meetings at least five (5) days prior to the meetings. This would give sufficient time to the Directors to obtain further explanation or clarification, where necessary, in order to be properly briefed before the meeting. The Board papers include, amongst others, the following:-

- Quarterly financial report and a report on the Group's cash and borrowing position;
- A current review of the operations of the Group;
- Minutes of meetings of all Board Committees; and
- Minutes of previous Board meetings.

All proceeding of Board meetings are minuted and filed in the statutory records of the Company, which is accessible by the Directors at all times. Notices on the closed period for dealings in the shares of the Company are circulated to all Directors and principal officers of the Company in order for them to make necessary disclosure to the Company in advance of whenever the closed period is applicable.

In recognising the importance of sound and timely information flow to the Board effectively, all announcements made to Bursa Malaysia Securities Berhad will be circulated to all Directors on the day the announcements are released.

Senior Management is requested to attend Board meetings to present and provide additional information on matters being discussed and to respond to any queries that the Directors may have.

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. The Board has direct access to the advice and services of the Company Secretaries.

Corporate Governance Statement and Additional Compliance Statement

THE BOARD OF DIRECTORS (CONTINUED)

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 Bursa Malaysia Listing Requirements on attendance for Board meetings held during the financial year under review. Six (6) Board meetings were held during the financial year under review with details of meetings attendance of each Director are as follows:-

| No. | Meeting Attendance | Appointment Date | Meeting Attendance | Percentage % |
|-----|---|------------------|--------------------|--------------|
| 1 | YH Dato' Sri Kamaruddin bin Mohammed | 16/08/2002 | 6/6 | 100% |
| 2 | YH Dato' Indera Wan Bakri bin Wan Ismail | 17/03/2014 | 5/6 | 83% |
| 3 | YH Dato' Tan Bing Hua | 23/07/2012 | 6/6 | 100% |
| 4 | YH Dato' Jamaluddin bin Abd Majid | 08/07/2015 | 6/6 | 100% |
| 5 | YH Datuk Mohd Afrizan bin Husain | 01/11/2018 | 2/2 | 100% |
| 6 | Mr Tee Kim Tee @ Tee Ching Tee | 16/08/2002 | 6/6 | 100% |
| 7 | Mr Tee Cheng Hua | 16/08/2002 | 6/6 | 100% |
| 8 | Mr Tee Lip Teng | 23/07/2012 | 6/6 | 100% |
| 9 | Encik Nik Mohamed Zaki bin Nik Yusoff | 08/07/2015 | 6/6 | 100% |
| 10 | Encik Hashim Naina Merican bin Yahaya Merican | 13/08/2009 | 6/6 | 100% |

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 Secretaries immediately prior to the meeting date. None of the Directors hold more than five (5) Directorships each in other listed corporations.

Appointments to the Board

Pursuant to the best practices promulgated by the Code, the Board has established a Nomination Committee ("NC"), 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 NC is guided by the specific Terms of References that is set by the Board. The primary objectives of the NC amongst others 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 based on merit.
- To assist the Board in identifying and reviewing on annual basis, the required mix of skills, experience and other qualities, including core competencies that 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 principal Board Committees are:-

- (1) Audit and Risk Management Committee
- (2) Remuneration Committee
- (3) Nomination Committee

Corporate Governance Statement and Additional Compliance Statement

THE BOARD OF DIRECTORS (CONTINUED)

Re-Election of Directors

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

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

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 Cik Sharina binti Bahrin, Miss Ng Yee Kim, Encik Khairul Azahar bin Ariffin, Mr Ng Say Pin, YH Dato' Dr Ahmad bin Aman and Encik Hashim Naina Merican bin Yahaya Merican. In fact, it is the Company's practice to evaluate the Independent Directors as set by Paragraph 1.0 of the Listing Requirements.

Directors' Code of Ethics

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

Directors Training

Every Director of the Company undergoes continuous training to equip himself to effectively discharge his duties as a Director and for that purpose he ensures that he attends such training programmes as prescribed by the Bursa Malaysia from time to time. All Directors attended the Mandatory Accreditation Programme ("MAP") prescribed by the Bursa Malaysia Securities Berhad. 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 2018, all Directors had participated and attended seminar, course and 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 | In-house programme - Exploring the Ganoderma Effect at FEHB's Estate Kerja Sebagai Ibadah | 24 July 2018 12-13 November 2018 |
| 2. | YH Dato' Indera Wan Bakri bin Wan Ismail | MPOB Reach & Remind Friends of Industry Seminar 2018 Palm Oil Economic Review and Outlook (R&O) Seminar 2018 Taklimat Pensijilan Minyak Sawit Mampan Malaysia (MSPO) Persidangan Industri Getah Kebangsaan 2018 National Seminar 2018 Malaysian Plantation Industry In-house programme - Exploring the Ganoderma Effect at FEHB's Estate Lunch Talk Asia Pacific Conference on Food Security | 9 January 2018 18 January 2018 28 March 2018 10-12 July 2018 16-17 July 2018 24 July 2018 9 October 2018 30-31 October 2018 |
| 3. | YH Dato' Tan Bing Hua | In-house programme - Exploring the Ganoderma Effect at FEHB's Estate Advocacy Programme on CG Assessment using the revised Asean CG scorecard methodology (Malaysian PLCs) How to Develop Business Models for Integrated Reporting | 24 July 2018 29 August 2018 14 November 2018 |

Corporate Governance Statement and Additional Compliance Statement

THE BOARD OF DIRECTORS (CONTINUED)

Directors Training (continued)

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

| No. | Name | Course Attended | Date Attended |
|-----|---------------------------------------|--|---|
| 4. | YH Dato' Jamaluddin bin Abd Majid | In-house programme - Exploring the Ganoderma Effect at FEHB's Estate Kerja Sebagai Ibadah | 24 July 2018 12-13 November 2018 |
| 5. | Mr Tee Kim Tee @ Tee Ching Tee | In-house programme - Exploring the Ganoderma Effect at FEHB's Estate | 24 July 2018 |
| 6. | Mr Tee Cheng Hua | In-house programme - Exploring the Ganoderma Effect at FEHB's Estate | 24 July 2018 |
| 7. | Encik Nik Mohamed Zaki bin Nik Yusoff | In-house programme - Exploring the Ganoderma Effect at FEHB's Estate Advocacy Programme on CG Assessment using the revised Asean CG scorecard methodology (Malaysian PLCs) Kerja Sebagai Ibadah | 24 July 2018 29 August 2018 12-13 November 2018 |
| 8. | Mr Tee Lip Teng | MPOC Reach and Remind Friends of Industry Seminar 2018 MPOB Palm Oil Economic Review & Outlook Seminar 2018 POC 2018 Palm Oil Price Outlook Conference & Exhibition MPOB TAS Interaction with Member of Malaysian Palm Oil Industry MPOC Market Forum 2018 In-house programme - Exploring the Ganoderma Effect at FEHB's Estate Palm Oil Trade Fair & Seminar 2018 Argus Biofuels London Conference & Exhibition 2018 | 9 January 2018 18 January 2018 5-7 March 2018 18 April 2018 15 May 2018 24 July 2018 28-29 August 2018 10-11 October 2018 |
| 9. | YH Datuk Mohd Afrizan bin Husain | Cybersecurity, IT Assurance & Governance Conference 2018 National Tax Conference 2018 Asia Pacific Computer Audit, Control and Security 2018 World Congress of Accountants 2018 MIA Conference 2018 Budget 2019: Key Updates and Changes for Corporate Accountant IFRS (MFRS) Technical Update 2018 Latest Developments on MFRS 16 MFRS 9 - Financial Instruments | 14-16 May 2018 16-17 July 2018 20-21 September 2018 5-8 November 2018 10-11 November 2018 15 November 2018 04 December 2018 17 December 2018 27 December 2018 |

Corporate Governance Statement and Additional Compliance Statement

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.

Whistleblower Policy

The Company has established a Whistleblower Policy in response to Whistleblower Protection Act, 2010 which could be reviewed in detail at our website www.fehb.com.my. The group's Whistleblowing Policy established in 2016 and was further revised in 2019 provides an avenue for employees and stakeholders dealing with the Group with proper procedure to disclose or raise genuine concerns on possible improprieties, improper conduct or other malpractices within the Group. It gives an appropriate communication and feedback channel which facilitates whistleblowing in a transparent and confidential manner.

The purpose of this Policy is to:-

- a. promote the importance of detecting Improper Conduct;
- b. 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
- c. help to protect people who report Improper Conduct in good faith from discrimination, harassment and retaliation.

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman **YH Datuk Mohd Afrizan bin Husain**
Independent, Non-Executive Director

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

Encik Nik Mohamed Zaki bin Nik Yusoff
Independent, Non-Executive Director

In recognising the key role of the Audit Committee of the Company, among others, in risk oversight and management, the Board took a decision to re-designate the Audit Committee as Audit and Risk Management (ARM) Committee. Following therefrom, the TOR of the Committee was revised and expanded to include the additional roles and functions of the Committee in oversight of the group's risk management framework and policies. The ARM 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 ARM Committee has full access to the auditors both internally and externally who, in turn, have access at all times to the Chairman of the ARM Committee. The ARM Committee meets at least 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 ARM Committee, which comprises three (3) Independent Non-Executive Directors. The composition, terms of reference and summary of the activities of the ARM Committee during the financial year are disclosed in the ARM Committee Report and publish at www.fehb.com.my. A charter that is approved by the Board governs the activities of the ARM Committee.

The ARM Committee meets at least quarterly. Additional meetings are held as and when required. During the financial year ended 31 December 2018, a total of five (5) ARM Committee meetings were held.

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

The ARM 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 ARM Committee also meets with the external auditors whenever it deems necessary.

The ARM Committee Report is presented on page 37 to 41.

Corporate Governance Statement and Additional Compliance Statement

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 Nik Mohamed Zaki bin Nik Yusoff <i>Independent, Non Executive Director</i> |

The Far East Holdings Berhad's Nomination Committee ("NC") which comprises three (3) non executive members, a majority of whom are independent Directors, assists the Board in assessing the effectiveness of the Board as a whole, its Committees as well as the performance of each Director. The NC is governed by written Terms of Reference which ensures it deals clearly within its authority and duties, which is available on the Company's website at www.fehb.com.my.

Board Appointment Process

The NC is responsible for recommending new nominees to fill vacancies on the Board as well as Board Committees. All nominees are initially considered by the NC taking into consideration the required mix of skills, competencies and experience as well as other required qualities such as commitment of time, integrity and professionalism before they are recommended to the Board for consideration and approval. The Board would consider recommendation from independent sources should the candidate fit the necessary skill sets and experience.

Board Evaluation Assessment

The NC assists the Board in assessing the effectiveness of the Board as a whole, the Board committees as well as the performance of each Director. There is also a peer assessment and self-assessment of individual directors.

The results of the assessment and areas which required improvement were compiled and reviewed by the NC which was then submitted together with its recommendation to the Board for consideration and approval. Overall, the Board is satisfied with the performance, roles and responsibilities of the Directors. The Board identified key areas that required enhancement and other areas where the Board could further solidify its strength. The Board would consider engaging independent experts periodically to facilitate the objective and conduct board evaluations, as stipulated within the Board Charter if needed.

Re-Election of Directors

The NC is also responsible for recommending to the Board such Directors for re-election at the Annual General Meeting of the Group.

Independence of Independent Directors

In accordance with the Articles of Association of the Company ("Articles"), all new Directors appointed by the Board to fill vacancies during the year are subject to re-election by the shareholders at the forthcoming Annual General Meeting following their appointments. Additionally, at least one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the numbers nearest to one-third, shall be subject to retirement by rotation at least once every three (3) years. They will, however, still be eligible for re-election at every Annual General Meeting. The retiring Directors would be those who have been longest in office since their last election. This provides shareholders with the opportunity to evaluate the performance of the Directors and with the view to promote Board's effectiveness.

Directors subject to retirement by rotation pursuant to the Articles are initially considered by the NC, taking into consideration their required mix of skills, competencies, experience and other qualities required before they are recommended for re-election by shareholders.

Corporate Governance Statement and Additional Compliance Statement

NOMINATION COMMITTEE (CONTINUED)

Independence of Independent Directors (continued)

The Board has a set of criteria in assessing the independence and performance of Directors.

The NC annually reviews and assesses the level of independence of the Independent Directors of the Board in line with the Code. The NC will also consider the individual Director's ability to exercise independent judgement and to demonstrate the values and principles associated with independence such as impartiality, objectivity and consideration of all shareholders' interests.

For the year 2018, none of the four (4) independent Directors of the Board except for Encik Hashim Naina Merican bin Yahaya Merican have served the Board for more than nine (9) years. Encik Hashim Naina Merican bin Yahaya Merican had been re-designated as Non-Independent Non-Executive Director on 9 August 2018 and resigned from the Company on 31 December 2018. The NC has assessed and concluded that all the Independent Directors continue to demonstrate independence in their conduct and behavior, and that each of them is independent of the Company's management and free from any business or other relationship which could materially interfere with the exercise of independent judgement, objectivity or the ability to act in the best interest of the Company.

Activities undertaken by the NC during FY 2018 were as follows:-

- a. Assessed the competencies, commitment and contributions of the Directors standing for re-election at the Annual General Meeting prior to tabling the same for the Board's recommendation to the shareholders;
- b. Assessed the performance and effectiveness of the Board, Board Committees and individual Directors for the financial year under review in ensuring the right mix of skills, competencies, experience, independence and other required qualities;
- c. Reviewed the training and development programmes for Directors to address any deficiencies, and to enhance the necessary skill required;
- d. Reviewed and made recommendations on the composition of Board Committees;
- e. Reviewed and recommended the Board Diversity (including Gender Diversity) Policy;
- f. Reviewed the assessment of pivotal positions in tandem with the Group's strategy in managing critical talent on succession planning; and
- g. Assessed the appointment of additional Independent Director i.e. YH Datuk Mohd Afrizan bin Husain.

The terms of reference of the Nomination Committee could be viewed at www.fehb.com.my

REMUNERATION COMMITTEE

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

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

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

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 only 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 Statement

DIRECTORS' REMUNERATION

The detail of the Remuneration for the Directors for the financial year ended 31 December 2018 is as follows:-

| Group | Fees RM | Meeting Allowance RM | Salaries and Bonus RM | Other Emoluments RM |
|---|------------|----------------------------|-----------------------------|---------------------------|
| <u>Group Executive Chairman</u> YH Dato' Sri Kamaruddin bin Mohammed | 443,171 | 160,900 | 1,038,000 | 28,000 |
| <u>Executive Director</u> Mr Tee Cheng Hua | 303,630 | 116,650 | 798,238 | 28,000 |
| <u>Non Executive Directors</u> YH Dato' Indera Wan Bakri bin Wan Ismail | 65,000 | 10,500 | - | - |
| YH Dato' Tan Bing Hua | 65,000 | 56,000 | - | - |
| YH Dato' Jamaluddin bin Abd Majid | 65,000 | 28,910 | - | - |
| Mr Tee Kim Tee @ Tee Ching Tee | 295,000 | 130,600 | 355,200 | - |
| Encik Hashim Naina Merican bin Yahaya Merican | 65,000 | 54,422 | - | - |
| Mr Tee Lip Teng | 65,000 | 25,200 | - | - |
| Encik Nik Mohamed Zaki bin Nik Yusoff | 65,000 | 38,000 | - | - |
| YH Datuk Mohd Afrizan bin Husain | 10,863 | 8,678 | - | - |
| Company | Fees RM | Meeting Allowance RM | Salaries and Bonus RM | Other Emoluments RM |
| <u>Group Executive Chairman</u> YH Dato' Sri Kamaruddin bin Mohammed | 145,000 | 40,900 | 1,038,000 | 28,000 |
| <u>Executive Director</u> Mr Tee Cheng Hua | 65,000 | 18,150 | 443,038 | 28,000 |
| <u>Non Executive Directors</u> YH Dato' Indera Wan Bakri bin Wan Ismail | 65,000 | 10,500 | - | - |
| YH Dato' Tan Bing Hua | 65,000 | 56,000 | - | - |
| YH Dato' Jamaluddin bin Abd Majid | 65,000 | 28,910 | - | - |
| Mr Tee Kim Tee @ Tee Ching Tee | 65,000 | 39,600 | - | - |
| Encik Hashim Naina Merican bin Yahaya Merican | 65,000 | 54,422 | - | - |
| Mr Tee Lip Teng | 65,000 | 25,200 | - | - |
| Encik Nik Mohamed Zaki bin Nik Yusoff | 65,000 | 38,000 | - | - |
| YH Datuk Mohd Afrizan bin Husain | 10,863 | 8,678 | - | - |

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 Statement

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 YH Dato’ Tan Bing Hua, as Senior 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 tanbinghua@fareh.po.my. Shareholders may also contact the Company Secretaries or visit our website www.fehb.com.my for further information.

The Company always welcomes whistleblowers 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 whistleblowing policy that is in place.

Financial Reporting

The Directors recognised 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 below.

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 2018, 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 Malaysian Financial Reporting Standards.

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 Risk Management and Internal Control furnished on pages 57 to 60 of the Annual Report provides an overview of the state of internal controls within the Group.

Corporate Governance Statement and Additional Compliance Statement

RELATIONS WITH SHAREHOLDERS AND INVESTORS (CONTINUED)

Internal Audit

The Group has established an Internal Audit Department to assist the Audit and Risk Management 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 and Risk Management Committee and its findings and recommendations are communicated to the Board.

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 and Risk Management Committee and the Board. This includes the communication of any fraud detected.

CORPORATE GOVERNANCE REPORT

The CG Report is available on the Company's website at www.fehb.com.my.

ADDITIONAL COMPLIANCE STATEMENT

Group Audit Fees

The amount of audit fees paid to the external auditors by the Group in the financial year ended 31 December 2018 was RM217,000.

Group Non-Audit Fees

The amount of non-audit fees paid to the external auditors by the Group in the financial year ended 31 December 2018 was RM43,000.

Internal Audit

The Company's In-House Internal Audit Department had incurred expenses amounting to RM437,651 for the financial year ended 31 December 2018 (2017: RM470,941).

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 2018.

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 19 June 2019. 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 43.74% equity interest in FPSB respectively. | 24.10.2005 Malaysia | Manufacturing and exporting palm oil, fatty acids and chemicals compounds or derivatives |

* As at 4 April 2019

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 |

Recurrent Related Party Transactions

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

Sales of CPO

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

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 |

Recurrent Related Party Transactions

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 fertilizers prices negotiated |

Aggregate Value During the Financial Year

The aggregate value of the Recurrent Related Party Transactions made during the financial year ended 31 December 2018 is shown below:-

| Related Party | RM'000 |
|----------------------|----------------|
| FEHB | 72,531 |
| KKSB | 65,936 |
| WWSB | 2,647 |
| PPOM | 9,993 |
| RPOM | 30,976 |
| EPOM | 33,341 |
| Kilang Sawira Makmur | 49,447 |
| LKPP Corp. | 1,047 |
| KOSMA | 108,083 |
| PGC | 2,391 |
| PPOPM | 18,146 |
| PTSB | 47,305 |
| FPSB | 98,463 |
| Total | 540,306 |

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is pleased to present the statement on Risk Management and Internal Control which outlines the nature of risk management and internal controls within the Company and the Group for the financial year ended 31 December 2018.

This statement has been prepared in compliance of Bursa Malaysia Guidelines for Listed Issuers. It outlines the key elements needed in maintaining a sound system of risk management and internal control, in line with the Best Practices relating to Risk Management and Internal Control as stipulated in the Code of Corporate Governance.

Risk management and internal controls are integrated into management processes and embedded in all day to day business activities of the Group.

RESPONSIBILITIES AND ACCOUNTABILITIES

Board of Directors

The Group is led by the Board. The Board affirms its overall responsibility for the Group's system of internal control, including the assurance of its adequacy and integrity, and its alignment with business objectives. The Board is committed to maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets and to review its adequacy and integrity. The system of internal control covers not only financial matters but also operational, compliance and risk management.

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

Audit and Risk Management Committee

Board Committees such as the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee are established by the Board, and they are governed by clearly defined terms of reference and authority for areas within their scope. The Audit and Risk Management Committee of the Group 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.

The Audit and Risk Management Committee was formed with a view to assist the Board in discharging its duties. The Audit and Risk Management 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 and Risk Management Committee and to ensure independence, the Head of Internal Audit reports directly to the Audit and Risk Management 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.

Statement on Risk Management and Internal Control

RISK MANAGEMENT FRAMEWORK AND INTERNAL CONTROLS

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) Negative campaigns about palm oil; and
- (5) Palm disease - Ganoderma.

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 lead the presentation of Board papers and provide 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.

- **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.

Statement on Risk Management and Internal Control

RISK MANAGEMENT FRAMEWORK AND INTERNAL CONTROLS (CONTINUED)

Other Key Elements of Internal Control System (continued)

- **Performance Management Framework**

Comprehensive management reports covering the Group and Company's performance are presented to the Board at its regular meetings. The reports are consistently generated to facilitate the Board and the management on the performance of various operating units.

The reviews encompass areas such as financial and non-financial key performance indicators, variances between budget and operating results and compliance with laws and regulations.

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

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

- **Operational Policies and Procedures**

The Group operates 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.

- **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 and Risk Management Committee review the recurrent related party transactions annually.

- **Financial and Operating Manuals**

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

- **Financial Authority Limits**

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

- **Tender 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 and time of completion of the project. The Tender Committee, therefore, ensure transparency in the award of contracts. The Group also has an Opening Tender Committee. Both Committees comprised different officers.

- **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.

Statement on Risk Management and Internal Control

RISK MANAGEMENT FRAMEWORK AND INTERNAL CONTROLS (CONTINUED)

Other Key Elements of Internal Control System (continued)

- **Plantation Co-ordination 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 advocates sustainable oil palm cultivation. To date, we have obtained ISCC certifications for five (5) estates and one (1) mill. We also obtained MSPO certifications for eleven (11) estates in March 2019.

- **Whistleblowing Channel**

The Group's Whistleblowing Policy established in 2016 and was further revised in 2019 provides an avenue for employees and stakeholders dealing with the Group with proper procedure to disclose or raise genuine concerns on possible improprieties, improper conducts or other malpractices within the Group. It gives an appropriate communication and feedback channel which facilitates whistleblowing in a transparent and confidential manner.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

This Statement on Risk Management and Internal Control has been reviewed by the External Auditors, for inclusion in the Annual Report of the Group for the financial year ended 31 December 2018.

Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by Bursa Malaysia's Guidelines to Listed Issuers.

CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system. The Board has received assurance from the Executive Directors and the management that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively.

For the financial year under review, there were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group. This Statement on Risk Management and Internal Control does not cover associates and jointly controlled entities where the internal control systems of these companies are managed by the respective management teams.

This statement has been reviewed and approved by the Board of Directors on 28 March 2019.

FINANCIAL STATEMENTS

| | |
|-----|--|
| 62 | Directors' Report |
| 66 | Statement by Directors |
| 66 | Statutory Declaration |
| 67 | Statements of Profit or Loss and Other Comprehensive Income |
| 68 | Statements of Financial Position |
| 70 | Statements of Changes in Equity |
| 72 | Statements of Cash Flows |
| 73 | Notes to the Financial Statements |
| 114 | Independent Auditors' Report |

DIRECTORS' REPORT

for the year ended 31 December 2018

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 2018.

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 | 60,354,150 | 54,555,148 |

Dividends

The dividends on ordinary shares paid or declared by the Company since 31 December 2017 were as follows:

| | RM |
|---|-------------------|
| In respect of the year ended 31 December 2017: | |
| Final single tier dividend of 15 sen per share and special single tier dividend of 10 sen per share on 141,390,000 ordinary shares paid on 25 June 2018 | 35,347,500 |
| In respect of the year ended 31 December 2018: | |
| Interim single tier dividend of 1 sen per share on 593,837,985 ordinary shares payable on 15 January 2019 | 5,938,380 |
| | 41,285,880 |

The Directors now recommend the payment of a final single tier dividend of 2 sen per share on 593,837,985 ordinary shares amounting to RM11,876,760 for the year ended 31 December 2018. The proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2019.

Reserves and provisions

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

Shares and debentures

During the year, the Company has issued the following ordinary shares:

| Date of issue | Class of share | No. of shares issued | Issue price | Consideration |
|---------------|-----------------|----------------------|-------------|---------------|
| 17.08.2018 | Ordinary shares | 56,555,995 | RM1.00 | Bonus issue |

The new shares issued rank pari passu in respect of the distribution of dividends and repayment of capital with the existing shares.

The Company did not issue any 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 at the end of the year, there were no unissued shares of the Company under options.

Directors' Report

for the year ended 31 December 2018

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' Indera Wan Bakri bin Wan Ismail
 YH Dato' Tan Bing Hua
 YH Dato' Jamaluddin bin Abd Majid
 Mr Tee Kim Tee @ Tee Ching Tee
 Mr Tee Cheng Hua
 Mr Tee Lip Teng
 Encik Nik Mohamed Zaki bin Nik Yusoff
 YH Datuk Mohd Afrizan bin Husain
 Encik Hashim Naina Merican bin Yahaya Merican

Appointed on: 1.11.2018
 Resigned on: 31.12.2018

In accordance with Article 97 of the Company's Articles of Association, YH Dato' Sri Kamaruddin bin Mohammed, Encik Nik Mohamed Zaki bin Nik Yusoff and Mr Tee Lip Teng retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-election.

In accordance with Article 102 of the Company's Articles of Association, YH Datuk Mohd Afrizan bin Husain retires at the forthcoming Annual General Meeting and being eligible offer himself for re-election.

Directors' benefits

During and at the end of the year, no arrangements subsisted to which the Company is a party, 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:

| Direct interest - in the Company | Number of ordinary shares | | | | | | 31.12.2018 |
|--------------------------------------|---------------------------|-----------|--|-------------|-------------|-----------|------------|
| | 1.1.2018 | Sold | Balance before bonus issue and subdivision | Bonus issue | Subdivision | Sold | |
| YH Dato' Sri Kamaruddin bin Mohammed | 2,700,000 | - | 2,700,000 | 1,080,000 | 7,560,000 | - | 11,340,000 |
| Mr Tee Kim Tee @ Tee Ching Tee | 4,767,900 | (106,300) | 4,661,600 | 1,864,640 | 13,052,480 | - | 19,578,720 |
| Mr Tee Cheng Hua | 2,124,000 | (8,000) | 2,116,000 | 846,400 | 5,924,800 | (125,000) | 8,762,200 |
| Mr Tee Lip Teng | 300,000 | - | 300,000 | 120,000 | 840,000 | - | 1,260,000 |

| Indirect interest - in the Company | Number of ordinary shares | | | | 31.12.2018 |
|--------------------------------------|---------------------------|--|-------------|-------------|------------|
| | 1.1.2018 | Balance before bonus issue and subdivision | Bonus issue | Subdivision | |
| YH Dato' Sri Kamaruddin bin Mohammed | 600,000 | 600,000 | 240,000 | 1,680,000 | 2,520,000 |
| YH Dato' Tan Bing Hua | 44,000 | 44,000 | 17,600 | 123,200 | 184,800 |

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 2018

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 RM56,000 (2017: RM51,950).

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 2018

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 excluding Directors who are also Directors of the Company is as follows:

YAB Dato' Sri Wan Rosdy bin Wan Ismail
YH Dato' Sri Khairuddin bin Yaakob
YH Dato' Asmin binti Yahya
YB Dato' Sri Abu Bakar bin Harun
YB Ir Razali bin Kassim
Mr Tan Keh Feng
Mr Tee Lip Jen
Mr Man Foh @ Chan Man Foh
Encik Hashim Naina Merican bin Yahaya Merican
Madam Tee Chain Yee

Auditors' remunerations

Total amounts paid to or receivable by the auditor as remunerations for their services from the Company and its subsidiaries are 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 28 March 2019.



Dato' Sri Kamaruddin bin Mohammed
Group Executive Chairman

Kuantan



Tee Cheng Hua
Executive Director

STATEMENT BY DIRECTORS

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

We, Dato' Sri Kamaruddin bin Mohammed and Tee Cheng Hua, two of the Directors of Far East Holdings Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 67 to 113 are drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2018 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 28 March 2019.



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, Dato' Asmin binti Yahya, being the Officer primarily responsible for the financial management of Far East Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 67 to 113 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



Dato' Asmin binti Yahya

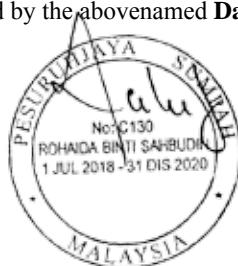
Subscribed and solemnly declared by the abovenamed **Dato' Asmin binti Yahya**

At: Kuantan

On: 28 March 2019

Before me:

Commissioner for Oaths



No. 29C, Stadium Darul Makmur,
25200 Kuantan,
Pahang Darul Makmur.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2018

| | Note | Group | | Company | |
|---|-------|---------------|------------------------|--------------|------------------------|
| | | 2018 RM | Restated 2017 RM | 2018 RM | Restated 2017 RM |
| Continuing operations | | | | | |
| Revenue | 4 | 379,078,547 | 482,732,713 | 96,014,741 | 168,001,103 |
| Other operating income | | 11,819,999 | 3,761,851 | 8,463,894 | 1,086,080 |
| Amortisation of amounts due from subsidiaries | | - | - | 781,532 | 898,241 |
| Fair value gain/(loss) on biological assets | | 1,527,397 | (4,112,463) | 645,354 | (1,084,837) |
| Loss on initial recognition of amounts due from subsidiaries | | - | - | (1,119,382) | (592,399) |
| Staff costs | | (16,631,869) | (16,834,318) | (3,587,534) | (3,344,186) |
| Changes in inventories | | (694,079) | 6,747,674 | - | - |
| Finished goods purchased | | (29,198,663) | (49,009,231) | - | - |
| Raw material purchased | | (161,877,757) | (188,116,798) | - | - |
| Production cess | | (1,251,635) | (1,216,405) | - | - |
| Carriage outwards | | (6,106,156) | (5,605,135) | - | - |
| Upkeep, repair and maintenance of assets | | (6,015,855) | (4,565,917) | - | - |
| Utilities and fuel | | (2,279,796) | (1,623,615) | - | - |
| Depreciation | | (27,959,650) | (28,447,782) | (12,604,905) | (9,692,207) |
| Upkeep and cultivation | | (32,619,538) | (28,503,962) | (12,476,021) | (9,035,628) |
| Harvesting | | (21,998,455) | (24,469,736) | (8,184,908) | (6,906,938) |
| Estate general charges | | (8,980,494) | (9,097,744) | (3,549,048) | (3,038,841) |
| Other operating expenses | | (21,626,069) | (19,095,782) | (5,374,927) | (5,081,833) |
| Finance income | | 1,790,687 | 15,698,907 | 922,082 | 8,876,154 |
| Finance cost | | (4,442) | (5,294) | - | - |
| Share of profit after tax of equity accounted associates | | 25,734,422 | 43,409,640 | - | - |
| Profit before tax | 5 | 82,706,594 | 171,646,603 | 59,930,878 | 140,084,709 |
| Tax expenses | 7 (a) | (15,617,152) | (31,456,188) | (5,375,730) | (10,237,314) |
| Profit for the year | | 67,089,442 | 140,190,415 | 54,555,148 | 129,847,395 |
| Profit for the year attributable to: | | | | | |
| Owners of the Company | | 60,354,150 | 114,059,411 | 54,555,148 | 129,847,395 |
| Non-controlling interests | | 6,735,292 | 26,131,004 | - | - |
| | | 67,089,442 | 140,190,415 | 54,555,148 | 129,847,395 |
| Profit for the year | | 67,089,442 | 140,190,415 | 54,555,148 | 129,847,395 |
| Other comprehensive income | | | | | |
| <u>Item that may be reclassified subsequently to profit or loss:</u> | | | | | |
| - "Available for sale" - fair value gain | | (68,036) | 748,393 | - | - |
| Other comprehensive income for the year | | (68,036) | 748,393 | - | - |
| Total comprehensive income for the year | | 67,021,406 | 140,938,808 | 54,555,148 | 129,847,395 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Company | | 60,286,114 | 114,807,804 | 54,555,148 | 129,847,395 |
| Non-controlling interests | | 6,735,292 | 26,131,004 | - | - |
| | | 67,021,406 | 140,938,808 | 54,555,148 | 129,847,395 |
| Earnings per share attributable to equity holders of the Company (sen) | | | | | |
| - basic and diluted | 8 | 19.39 | 80.67 | | |

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

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2018

| Group | Note | 2018 RM | Restated 2017 RM | Restated 1.1.2017 RM |
|---|------|---------------|------------------------|----------------------------|
| Non current assets | | | | |
| Property, plant and equipment | 10 | 584,892,466 | 658,053,851 | 662,080,173 |
| Land held for disposal | 11 | 22,412,539 | 22,412,539 | 22,412,539 |
| Associates | 13 | 516,171,018 | 437,958,326 | 375,640,593 |
| Other financial assets | 14 | 3,000,000 | 3,000,000 | 3,000,000 |
| | | 1,126,476,023 | 1,121,424,716 | 1,063,133,305 |
| Current assets | | | | |
| Other financial assets | 14 | 3,466,767 | 3,349,406 | 3,244,792 |
| Inventories | 15 | 10,172,834 | 11,986,533 | 3,907,794 |
| Biological assets | 16 | 4,649,041 | 4,718,525 | 8,830,988 |
| Receivables, deposits and prepayments | 17 | 47,005,577 | 86,602,794 | 67,439,837 |
| Tax recoverable | | 11,781,947 | 1,242,361 | 1,864,736 |
| Deposits, cash and bank balances | 18 | 34,622,112 | 141,815,426 | 289,050,734 |
| | | 111,698,278 | 249,715,045 | 374,338,881 |
| Total assets | | 1,238,174,301 | 1,371,139,761 | 1,437,472,186 |
| Capital and reserves attributable to owners of the Company | | | | |
| Share capital | 19 | 197,945,995 | 141,390,000 | 141,390,000 |
| Share premium | 20 | - | 46,852,783 | 46,852,783 |
| Retained earnings | | 889,445,509 | 882,860,656 | 817,539,352 |
| Shareholders' equity | | 1,087,391,504 | 1,071,103,439 | 1,005,782,135 |
| Non-controlling interests | | 33,733,714 | 135,763,063 | 236,267,979 |
| Total equity | | 1,121,125,218 | 1,206,866,502 | 1,242,050,114 |
| Non current liabilities | | | | |
| Deferred tax liabilities | 22 | 83,127,468 | 115,535,168 | 117,639,198 |
| Hire purchase creditor | | - | - | 22,782 |
| | | 83,127,468 | 115,535,168 | 117,661,980 |
| Current liabilities | | | | |
| Payables | 23 | 27,633,235 | 38,279,761 | 74,392,181 |
| Dividend payable | | 5,938,380 | - | - |
| Hire purchase creditor | | - | 23,333 | 35,551 |
| Current tax liabilities | | 350,000 | 10,434,997 | 3,332,360 |
| | | 33,921,615 | 48,738,091 | 77,760,092 |
| Total liabilities | | 117,049,083 | 164,273,259 | 195,422,072 |
| Total equity and liabilities | | 1,238,174,301 | 1,371,139,761 | 1,437,472,186 |

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

Statements of Financial Position

as at 31 December 2018

| Company | Note | 2018 RM | Restated 2017 RM | Restated 1.1.2017 RM |
|---|------|-------------|------------------------|----------------------------|
| Non current assets | | | | |
| Property, plant and equipment | 10 | 352,945,968 | 255,505,598 | 246,834,784 |
| Land held for disposal | 11 | 22,412,539 | 22,412,539 | 22,412,539 |
| Subsidiaries | 12 | 18,400,302 | 20,402,481 | 20,402,481 |
| Associates | 13 | 112,435,547 | 110,433,368 | 89,675,168 |
| Other financial assets | 14 | 3,000,000 | 3,000,000 | 3,000,000 |
| | | 509,194,356 | 411,753,986 | 382,324,972 |
| Current assets | | | | |
| Inventories | 15 | 662,338 | 506,739 | 76,156 |
| Biological assets | 16 | 2,356,066 | 1,710,712 | 2,795,549 |
| Receivables, deposits and prepayments | 17 | 64,021,800 | 86,157,633 | 84,042,284 |
| Tax recoverable | | 7,808,000 | - | - |
| Deposits, cash and bank balances | 18 | 9,652,486 | 80,706,420 | 153,813,503 |
| | | 84,500,690 | 169,081,504 | 240,727,492 |
| Total assets | | 593,695,046 | 580,835,490 | 623,052,464 |
| Equity attributable to owners of the Company | | | | |
| Share capital | 19 | 197,945,995 | 141,390,000 | 141,390,000 |
| Share premium | 20 | - | 44,947,244 | 44,947,244 |
| Retained earnings | 21 | 343,736,645 | 342,076,128 | 261,715,233 |
| Total equity | | 541,682,640 | 528,413,372 | 448,052,477 |
| Non current liabilities | | | | |
| Deferred tax liabilities | 22 | 40,575,000 | 39,222,000 | 41,037,000 |
| Current liabilities | | | | |
| Payables | 23 | 5,499,026 | 8,145,118 | 132,255,421 |
| Current tax liabilities | | - | 5,055,000 | 1,707,566 |
| Dividend payable | | 5,938,380 | - | - |
| | | 11,437,406 | 13,200,118 | 133,962,987 |
| Total liabilities | | 52,012,406 | 52,422,118 | 174,999,987 |
| Total equity and liabilities | | 593,695,046 | 580,835,490 | 623,052,464 |

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

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2018

| Group | Note | Attributable to owners of the Company | | | | | Total equity | |
|------------------------------|------|---------------------------------------|----------------------------------|----------------------------|-------------------------|---------------|---------------|--------------------------------|
| | | Share capital (Note 19) RM | Share premium (Note 20) RM | Revaluation reserves RM | Retained earnings RM | Total RM | | Non-controlling interest RM |
| At 31 December 2016 | | | | | | | | |
| - as previously stated | | 141,390,000 | 46,852,783 | 340,793,292 | 566,276,961 | 1,095,313,036 | 275,355,916 | 1,370,668,952 |
| - effect of adopting MFRS | | - | - | (340,793,292) | 251,262,391 | (89,530,901) | (39,087,937) | (128,618,838) |
| - as restated | | 141,390,000 | 46,852,783 | - | 817,539,352 | 1,005,782,135 | 236,267,979 | 1,242,050,114 |
| Total comprehensive income | | - | - | - | 114,807,804 | 114,807,804 | 26,131,004 | 140,938,808 |
| 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 | - | 882,860,656 | 1,071,103,439 | 135,763,063 | 1,206,866,502 |
| At 31 December 2017 | | | | | | | | |
| - as previously stated | | 141,390,000 | 46,852,783 | 336,571,619 | 647,399,552 | 1,172,213,954 | 178,520,998 | 1,350,734,952 |
| - effect of adopting MFRS | 30 | - | - | (336,571,619) | 235,461,104 | (101,110,515) | (42,757,935) | (143,868,450) |
| - as restated | | 141,390,000 | 46,852,783 | - | 882,860,656 | 1,071,103,439 | 135,763,063 | 1,206,866,502 |
| Bonus issue | | 56,555,995 | (46,852,783) | - | (12,415,381) | (2,712,169) | - | (2,712,169) |
| Effect for loss of control | | - | - | - | - | - | (92,373,681) | (92,373,681) |
| Total comprehensive income | | - | - | - | 60,286,114 | 60,286,114 | 6,735,292 | 67,021,406 |
| Dividends for the year ended | | | | | | | | |
| - 31 December 2017 | 9 | - | - | - | (35,347,500) | (35,347,500) | (16,390,960) | (51,738,460) |
| - 31 December 2018 | 9 | - | - | - | (5,938,380) | (5,938,380) | - | (5,938,380) |
| At 31 December 2018 | | | | | | | | |
| | | 197,945,995 | - | - | 889,445,509 | 1,087,391,504 | 33,733,714 | 1,121,125,218 |

Statements of Changes in Equity

for the year ended 31 December 2018

| Company | Note | Share capital (Note 19) RM | Share premium (Note 20) RM | Revaluation reserves RM | Retained earnings (Note 21) RM | Total RM |
|------------------------------|------|-------------------------------------|-------------------------------------|-------------------------------|---|--------------|
| At 31 December 2016 | | | | | | |
| - as previously stated | | 141,390,000 | 44,947,244 | 125,092,269 | 169,376,985 | 480,806,498 |
| - effect of adopting MFRS | 30 | - | - | (125,092,269) | 92,338,248 | (32,754,021) |
| - as restated | | 141,390,000 | 44,947,244 | - | 261,715,233 | 448,052,477 |
| Total comprehensive income | | - | - | - | 129,847,395 | 129,847,395 |
| 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 | - | 342,076,128 | 528,413,372 |
| At 31 December 2017 | | | | | | |
| - as previously stated | | 141,390,000 | 44,947,244 | 123,715,952 | 256,841,760 | 566,894,956 |
| - effect of adopting MFRS | 30 | - | - | (123,715,952) | 85,234,368 | (38,481,584) |
| - as restated | | 141,390,000 | 44,947,244 | - | 342,076,128 | 528,413,372 |
| Bonus issue | | 56,555,995 | (44,947,244) | - | (11,608,751) | - |
| Total comprehensive income | | - | - | - | 54,555,148 | 54,555,148 |
| Dividends for the year ended | | | | | | |
| - 31 December 2017 | 9 | - | - | - | (35,347,500) | (35,347,500) |
| - 31 December 2018 | 9 | - | - | - | (5,938,380) | (5,938,380) |
| At 31 December 2018 | | 197,945,995 | - | - | 343,736,645 | 541,682,640 |

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

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2018

| Note | Group | | Company | |
|--|----------------------|------------------------|---------------------|------------------------|
| | 2018 RM | Restated 2017 RM | 2018 RM | Restated 2017 RM |
| Operating activities | | | | |
| Profit for the year attributable to owners of the Company | 60,354,150 | 114,059,411 | 54,555,148 | 129,847,395 |
| Adjustments for: | | | | |
| Non-controlling interests | 6,735,292 | 26,131,004 | - | - |
| Property, plant and equipment | | | | |
| - depreciation | 27,959,650 | 28,447,782 | 12,604,905 | 9,692,217 |
| - gain on disposal | (7,262,133) | (120,193) | (7,262,133) | - |
| - written off | 58 | 1,378 | 1 | 30 |
| Fair value (gain)/loss on biological assets | (1,527,397) | 4,112,463 | (645,354) | 1,084,837 |
| Share of profit of associates | (25,734,422) | (43,409,640) | - | - |
| Loss on initial recognition | - | - | 1,119,382 | 592,399 |
| Amortisation of receivable | - | - | (781,532) | (898,241) |
| Dividend income | - | - | (36,122,021) | (99,325,942) |
| Interest expenses | 4,442 | 5,294 | - | - |
| Interest income | (1,790,687) | (15,698,907) | (922,082) | (8,876,154) |
| Tax expense | 15,617,152 | 31,456,188 | 5,375,730 | 10,237,314 |
| Operating profit before working capital | 74,356,105 | 144,984,780 | 27,922,044 | 42,353,855 |
| Changes in working capital: | | | | |
| - inventories | 1,336,672 | (8,078,739) | (155,599) | (430,583) |
| - receivables, deposits and prepayments | 34,214,401 | (25,386,909) | 33,117,326 | (36,693,710) |
| - subsidiaries | - | - | (7,123,703) | (76,838,165) |
| - payables | (3,426,987) | (36,112,420) | (3,558,459) | (18,674,723) |
| Cash from/(used in) operations | 106,480,191 | 75,406,712 | 50,201,609 | (90,283,326) |
| Interest paid | (4,442) | (5,294) | - | - |
| Interest received | 1,673,326 | 15,594,293 | 922,082 | 8,876,154 |
| Tax refunded | - | 1,065,292 | - | - |
| Tax paid | (36,579,440) | (26,900,498) | (16,885,730) | (8,704,880) |
| Net cash flow from/(used in) operating activities | 71,569,635 | 65,160,505 | 34,237,961 | (90,112,052) |
| Investing activities | | | | |
| Property, plant and equipment | | | | |
| - purchase | (127,817,260) | (18,198,894) | (120,331,409) | (12,076,273) |
| - proceed from disposal | 14,264,993 | 120,201 | 14,264,993 | - |
| Additional investment in associate | - | (20,758,200) | - | (20,758,200) |
| Dividend received | 4,170,000 | 2,598,500 | 36,122,021 | 99,325,942 |
| Cash and cash equivalent effect from subsidiary to associate | (17,618,889) | - | - | - |
| Net cash flow (used in)/from investing activities | (127,001,156) | (36,238,393) | (69,944,395) | 66,491,469 |
| Financing activities | | | | |
| Hire purchase paid | (23,333) | (35,000) | - | - |
| Dividend paid | (51,738,460) | (176,122,420) | (35,347,500) | (49,486,500) |
| Net cash flow used in financing activities | (51,761,793) | (176,157,420) | (35,347,500) | (49,486,500) |
| Net decrease in cash and cash equivalents | (107,193,314) | (147,235,308) | (71,053,934) | (73,107,083) |
| Cash and cash equivalents | | | | |
| - at start of the year | 141,815,426 | 289,050,734 | 80,706,420 | 153,813,503 |
| - at end of the year | 18 | 34,622,112 | 9,652,486 | 80,706,420 |

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

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.

2 Basis of preparation

The financial statements of the Group and of the Company are prepared in accordance with the requirements of the Companies Act, 2016 and comply with the Malaysian Financial Reporting Standards, International Financial Reporting Standards (MFRS).

The financial statements of the Group and of the Company for the year ended 31 December 2018 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1- First Time Adoption of Malaysian Financial Reporting Standards and MFRS 141 – Agriculture. Subject to certain transition elections as disclosed in Note 30, the Group and the Company have consistently applied the same accounting policies in their opening MFRS statements of financial position as at 1 January 2016, being the transition date, and throughout all years presented, as if these policies had always been in effect. The impact of the transition to MFRS on the Group's and the Company's reported financial position, financial performance and cash flows, are disclosed in Note 30.

The financial statements have been prepared under the historical cost basis unless otherwise indicated in the individual policy statements in Note 3 to the financial statements.

The preparation of financial statements are in conformity with MFRS which 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 Significant accounting policies

The principal accounting policies adopted are set out below:

(a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of an asset.

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.

The cost of plantation expenditures on new planting and replanting of bearer plant and assets in the course of construction are shown as capital work in progress. Depreciation commences when the bearer plants mature or when the assets are ready for use. Other property, plant and equipment are depreciated on the straight line basis to allocate the cost of each asset to their residual value over their estimated useful lives.

Notes to the Financial Statements

for the year ended 31 December 2018

3 Significant accounting policies (continued)

(a) Property, plant and equipment (continued)

The principal annual depreciation rates are:

| | |
|---|---|
| Leasehold land | Over the lease period ranging from 52 to 98 years |
| Bearer plants - after maturity | 22 years |
| Buildings | 10 years |
| Plant and machinery | 5 years |
| Motor vehicles, furniture, fixtures and equipment | 3-5 years |

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(f) on impairment of non-financial assets.

(b) 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 MFRS.

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.

(c) 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.

Notes to the Financial Statements

for the year ended 31 December 2018

3 Significant accounting policies (continued)

(c) Subsidiaries and basis of consolidation (continued)

(ii) Basis of consolidation (continued)

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) Loss of control

Upon loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position.

(iv) Non-controlling interests

Non-controlling interests represent 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.

(d) Associates

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

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

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

The Group's shares of its associates' post acquisition profits or losses 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.

Notes to the Financial Statements

for the year ended 31 December 2018

3 Significant accounting policies (continued)

(e) 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(f) 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.

(f) 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.

(g) 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.

(h) Biological assets

Biological assets comprised produce growing on bearer plants. Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss. Fair value is determined based on the present value of expected net cash flows from the biological assets. The expected net cash flows are estimated using the expected output method and the estimated market price of the biological assets.

Biological assets are classified as current assets for bearer plants that are expected to be harvested.

(i) Cash and cash equivalents

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

Notes to the Financial Statements

for the year ended 31 December 2018

3 Significant accounting policies (continued)

(j) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent that it relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

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

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

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

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

(k) Employee benefits

(i) Short term employee benefits

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

(ii) Defined contribution plans

As required by law, companies incorporated in Malaysia make contribution to the state pension scheme, the Employees Provident Fund (“EPF”). Such contributions are recognised as an expense in the statement of profit or loss as incurred.

(l) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(i) Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (“FVTOCI”):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (“FVTPL”).

Notes to the Financial Statements

for the year ended 31 December 2018

3 Significant accounting policies (continued)

(I) Financial assets (continued)

(ii) Amortised cost and effective interest method

At initial recognition financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the “investment income” line item.

(iii) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (“ECL”) on investments in debt instruments that are measured at amortised cost or at FVTOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(iv) Derecognition of financial assets

The Group derecognises a financial asset when the contractual right to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Notes to the Financial Statements

for the year ended 31 December 2018

3 Significant accounting policies (continued)

(m) Financial liabilities

(i) Classification of financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Other financial liabilities include trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

(ii) Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(n) 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.

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.

(o) 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.

Notes to the Financial Statements

for the year ended 31 December 2018

3 Significant accounting policies (continued)

(p) 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 | |
|---|-------------|-------------|------------|-------------|
| | 2018 RM | 2017 RM | 2018 RM | 2017 RM |
| Sales of fresh fruit bunches | 87,336,645 | 124,317,815 | 59,892,720 | 68,675,161 |
| Sales of crude palm oil and palm kernel | 291,741,902 | 358,414,898 | - | - |
| Dividend income | - | - | 36,122,021 | 99,325,942 |
| | 379,078,547 | 482,732,713 | 96,014,741 | 168,001,103 |

5 Profit before tax

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

| | Group | | Company | |
|---------------------------------|-------------|------------|-------------|------------|
| | 2018 RM | 2017 RM | 2018 RM | 2017 RM |
| Auditors' remuneration: | | | | |
| - statutory audit current year | 217,000 | 200,000 | 60,000 | 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 | 57 | 1,378 | 1 | 56 |
| - gain on disposal | (7,262,133) | (120,193) | (7,262,133) | - |
| Cost of contract workers | - | 89,764 | - | - |
| Bad debt written off | - | 50,921 | - | - |
| Rental of land | 489,652 | 489,652 | - | - |
| Rental income | (198,425) | (204,140) | (76,029) | (81,140) |

(b) Employee benefits cost

| | Group | | Company | |
|------------------------------------|------------|------------|------------|------------|
| | 2018 RM | 2017 RM | 2018 RM | 2017 RM |
| Salaries, bonus and other benefits | 15,058,719 | 15,081,474 | 3,200,430 | 2,938,044 |
| Defined contribution plans | 1,573,150 | 1,752,844 | 387,104 | 406,142 |
| | 16,631,869 | 16,834,318 | 3,587,534 | 3,344,186 |

Notes to the Financial Statements

for the year ended 31 December 2018

6 Key management personnel compensation

(a) Directors

| | Group | | Company | |
|----------------------------------|------------|------------|------------|------------|
| | 2018 RM | 2017 RM | 2018 RM | 2017 RM |
| Directors of the Company | | | | |
| Non-executive Directors | | | | |
| - Fees | 695,863 | 795,000 | 465,863 | 490,000 |
| - Other emoluments | 707,510 | 695,800 | 261,310 | 251,400 |
| | 1,403,373 | 1,490,800 | 727,173 | 741,400 |
| Executive Directors | | | | |
| - Fees | 746,801 | 955,000 | 210,000 | 220,000 |
| - Other emoluments | 2,169,788 | 2,170,300 | 1,596,088 | 1,605,400 |
| | 2,916,589 | 3,125,300 | 1,806,088 | 1,825,400 |
| Directors of subsidiaries | | | | |
| Non-executive Directors | | | | |
| - Fees | 563,267 | 840,000 | - | - |
| - Other emoluments | 328,207 | 337,820 | - | - |
| | 891,474 | 1,177,820 | - | - |
| Total | 5,211,436 | 5,793,920 | 2,533,261 | 2,566,800 |

(b) Other key management personnel

| | Group | | Company | |
|------------------------------------|------------|------------|------------|------------|
| | 2018 RM | 2017 RM | 2018 RM | 2017 RM |
| Salaries, bonus and other benefits | 1,631,099 | 1,609,265 | 1,040,209 | 1,106,620 |
| Defined contribution plans | 205,896 | 192,572 | 148,139 | 159,523 |
| Total | 1,836,995 | 1,801,837 | 1,188,348 | 1,266,143 |

7 Tax expenses

(a) Tax charge for the year

| | Group | | Company | |
|---|------------|------------------------|------------|------------------------|
| | 2018 RM | Restated 2017 RM | 2018 RM | Restated 2017 RM |
| Malaysian income tax | 15,288,852 | 33,560,218 | 4,022,730 | 12,052,314 |
| Deferred tax (Note 22) | 328,300 | (2,104,030) | 1,353,000 | (1,815,000) |
| Tax expenses | 15,617,152 | 31,456,188 | 5,375,730 | 10,237,314 |
| Share of tax of equity accounted associates | 5,308,087 | 6,501,165 | - | - |
| Total tax expense | 20,925,239 | 37,957,353 | 5,375,730 | 10,237,314 |

Notes to the Financial Statements

for the year ended 31 December 2018

7 Tax expenses (continued)

(a) Tax charge for the year

| | Group | | Company | |
|--|------------|------------------------|------------|------------------------|
| | 2018 RM | Restated 2017 RM | 2018 RM | Restated 2017 RM |
| Malaysian income tax | | | | |
| Current year | 15,412,399 | 33,523,165 | 4,192,000 | 12,055,000 |
| (Over)/Under accrued in previous years | (123,547) | 37,053 | (169,270) | (2,686) |
| | 15,288,852 | 33,560,218 | 4,022,730 | 12,052,314 |
| Deferred tax | | | | |
| Temporary differences | 328,300 | (2,104,030) | 1,353,000 | (1,815,000) |
| Tax expenses | 15,617,152 | 31,456,188 | 5,375,730 | 10,237,314 |

(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 | |
|---|-------------|------------------------|--------------|------------------------|
| | 2018 RM | Restated 2017 RM | 2018 RM | Restated 2017 RM |
| Profit for the year | 67,089,442 | 140,190,415 | 54,555,148 | 129,847,395 |
| Total tax expenses | 20,925,239 | 37,957,353 | 5,375,730 | 10,237,314 |
| | 88,014,681 | 178,147,768 | 59,930,878 | 140,084,709 |
| Tax calculated at the tax rate of 24% (2017: 24%) | 21,123,523 | 42,755,464 | 14,383,411 | 33,620,330 |
| Tax effect of: | | | | |
| - expenses not deductible for tax purposes | 4,840,674 | 3,001,804 | 1,722,239 | 952,932 |
| - under/(over) accrued in previous years | (123,547) | 37,053 | (169,270) | (2,686) |
| - benefits from utilisation of reinvestment allowance | (422,916) | (129,687) | - | - |
| - tax exemption for increase in chargeable income | - | (1,635,678) | - | (495,036) |
| - deferred tax asset not recognised | 80,000 | - | - | - |
| - income not taxable | (4,572,495) | (6,071,603) | (10,560,650) | (23,838,226) |
| Total tax expenses | 20,925,239 | 37,957,353 | 5,375,730 | 10,237,314 |

Notes to the Financial Statements

for the year ended 31 December 2018

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.

| | 2018 | Restated 2017 |
|---|-------------|------------------|
| Profit attributable to equity holders of the Company (RM) | 60,354,150 | 114,059,411 |
| Weighted average number of ordinary shares in issue | 311,212,942 | 141,390,000 |
| Basic and diluted earnings per share (sen) | 19.39 | 80.67 |

9 Dividends

Dividends declared or proposed for year ended 31 December 2018 are as follows:

| | Group and Company | | | |
|---|---|--|---|--|
| | 31.12.2018 | | 31.12.2017 | |
| | 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 | 1.0 | 5,938,380 | 10.0 | 14,139,000 |
| Proposed | | | | |
| - final single tier dividend | 2.0 | 11,876,760 | 15.0 | 21,208,500 |
| - special single tier dividend | - | - | 10.0 | 14,139,000 |
| | 3.0 | 17,815,140 | 35.0 | 49,486,500 |
| Dividend per share recognised as distribution to ordinary equity holders of the Company | | | | |
| 31 December 2017 | | | | |
| - paid during the year | 25.0 | 35,347,500 | - | - |
| 31 December 2018 | | | | |
| - declared during the year | 1.0 | 5,938,380 | - | - |
| 31 December 2016 | | | | |
| - paid during the year | - | - | 25.0 | 35,347,500 |
| 31 December 2017 | | | | |
| - paid during the year | - | - | 10.0 | 14,139,000 |
| | 26.0 | 41,285,880 | 35.0 | 49,486,500 |

Interim single tier dividend of 1 sen per share on 593,837,985 ordinary shares totalling RM5,938,380 for the year ended 31 December 2018 payable on 15 January 2019.

At the forthcoming Annual General Meeting, a final single tier dividend of 2 sen per share on 593,837,985 ordinary shares amounting to RM11,876,760 will be proposed for shareholders' approval.

The proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for the current year do not reflect this proposed dividend. Such dividend if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2019.

Notes to the Financial Statements

for the year ended 31 December 2018

10 Property, plant and equipment

| Group 2018 | Long term leasehold land RM | Bearer plants | | Buildings RM | Plant and machinery RM | Motor vehicles, furniture, fixtures and equipment RM | Assets under construction RM | Total RM |
|--|--------------------------------------|---------------|----------------|-----------------|------------------------------|--|---------------------------------------|---------------|
| | | Mature RM | Immature RM | | | | | |
| Cost | | | | | | | | |
| At 1 January 2018 | 403,823,921 | 407,640,541 | 23,346,229 | 49,220,656 | 48,557,248 | 13,141,279 | 401,248 | 946,131,122 |
| Additions | 61,798,898 | 25,650,957 | 32,378,693 | 595,625 | 3,167,319 | 2,280,640 | 1,945,111 | 127,817,243 |
| Reclassification | - | 4,711,798 | (4,711,798) | 396,248 | - | 5,000 | (401,248) | - |
| Transfer | - | - | - | - | - | (79,699) | - | (79,699) |
| Write off | - | - | - | (116,250) | (21,957) | (30,521) | - | (168,728) |
| Disposal | (7,160,283) | - | - | - | - | (88,686) | - | (7,248,969) |
| Loss of control | (142,210,000) | (112,515,140) | (8,159,172) | (9,304,081) | (4,614,854) | (1,910,895) | - | (278,714,142) |
| At 31 December 2018 | 316,252,536 | 325,488,156 | 42,853,952 | 40,792,198 | 47,087,756 | 13,317,118 | 1,945,111 | 787,736,827 |
| Accumulated depreciation | | | | | | | | |
| At 1 January 2018 | 11,320,981 | 202,444,797 | - | 24,334,998 | 40,389,194 | 9,587,301 | - | 288,077,271 |
| Charge for the financial year | 5,350,135 | 15,971,940 | - | 3,027,188 | 2,223,114 | 1,387,273 | - | 27,959,650 |
| Reclassification | - | - | - | (4,999) | - | 4,999 | - | - |
| Transfer | - | - | - | - | - | (79,714) | - | (79,714) |
| Write off | - | - | - | (119,894) | (18,301) | (30,477) | - | (168,672) |
| Disposal | (157,425) | - | - | - | - | (88,684) | - | (246,109) |
| Loss of control | (5,002,296) | (94,689,663) | - | (7,141,293) | (4,421,410) | (1,443,403) | - | (112,698,065) |
| At 31 December 2018 | 11,511,395 | 123,727,074 | - | 20,096,000 | 38,172,597 | 9,337,295 | - | 202,844,361 |
| Carrying amount at 31 December 2018 | 304,741,141 | 201,761,082 | 42,853,952 | 20,696,198 | 8,915,159 | 3,979,823 | 1,945,111 | 584,892,466 |

Notes to the Financial Statements

for the year ended 31 December 2018

10 Property, plant and equipment (continued)

| Group 2017 | Long term leasehold land RM | Bearer plants | | Buildings RM | Plant and machinery RM | Motor vehicles, furniture, fixtures and equipment RM | Assets under construction RM | Total RM |
|--|--------------------------------------|---------------|----------------|-----------------|------------------------------|--|---------------------------------------|-------------|
| | | Mature RM | Immature RM | | | | | |
| Cost | | | | | | | | |
| At 1 January 2017 | 397,599,969 | 407,640,541 | 19,001,736 | 39,225,197 | 48,383,083 | 11,226,678 | 6,667 | 923,083,871 |
| Additions | 6,223,952 | - | 4,344,493 | 10,067,458 | 1,075,383 | 2,144,625 | 566,935 | 24,422,846 |
| Reclassification | - | - | - | 247,387 | (75,033) | - | (172,354) | - |
| Transfer | - | - | - | - | - | (55,919) | - | (55,919) |
| Write off | - | - | - | (319,386) | (168,585) | (93,967) | - | (581,938) |
| Disposal | - | - | - | - | (657,600) | (80,138) | - | (737,738) |
| At 31 December 2017 | 403,823,921 | 407,640,541 | 23,346,229 | 49,220,656 | 48,557,248 | 13,141,279 | 401,248 | 946,131,122 |
| Accumulated depreciation | | | | | | | | |
| At 1 January 2017 | 5,676,207 | 185,014,918 | - | 22,239,023 | 39,089,148 | 8,984,402 | - | 261,003,698 |
| Charge for the financial year | 5,644,774 | 17,429,879 | - | 2,415,357 | 2,126,211 | 831,561 | - | 28,447,782 |
| Transfer | - | - | - | - | (55,920) | - | (55,920) | - |
| Write off | - | - | - | (319,382) | (168,571) | (92,606) | - | (580,559) |
| Disposal | - | - | - | - | (657,594) | (80,136) | - | (737,730) |
| At 31 December 2017 | 11,320,981 | 202,444,797 | - | 24,334,998 | 40,389,194 | 9,587,301 | - | 288,077,271 |
| Carrying amount at 31 December 2017 | 392,502,940 | 205,195,744 | 23,346,229 | 24,885,658 | 8,168,054 | 3,553,978 | 401,248 | 658,053,851 |

Notes to the Financial Statements

for the year ended 31 December 2018

10 Property, plant and equipment (continued)

| Company 2018 | Long term leasehold land RM | Bearer plants | | Buildings RM | Plant and machinery RM | Motor vehicles, furniture, fixtures and equipment RM | Assets under construction RM | Total RM |
|--|--------------------------------------|---------------|----------------|-----------------|---|---|---------------------------------------|-------------|
| | | Mature RM | Immature RM | | | | | |
| Cost | | | | | | | | |
| At 1 January 2018 | 160,811,249 | 135,249,971 | 140,493 | 19,440,305 | 3,059,021 | 7,493,916 | - | 326,194,955 |
| Additions | 61,798,898 | 25,650,984 | 28,253,378 | 252,761 | 60,361 | 744,896 | 286,900 | 117,048,178 |
| Transfer | - | - | - | 282,037 | - | (18,100) | - | 263,937 |
| Disposal | (7,160,283) | - | - | - | - | (86,686) | - | (7,246,969) |
| At 31 December 2018 | 215,449,864 | 160,900,955 | 28,393,871 | 19,975,103 | 3,119,382 | 8,134,026 | 286,900 | 436,260,101 |
| Accumulated depreciation | | | | | | | | |
| At 1 January 2018 | 4,081,240 | 52,850,312 | - | 6,382,811 | 2,822,835 | 4,552,159 | - | 70,689,357 |
| Charge for the financial year | 2,750,422 | 7,074,639 | - | 1,748,004 | 108,634 | 923,206 | - | 12,604,905 |
| Transfer | - | - | - | 282,032 | - | (18,052) | - | 263,980 |
| Disposal | (157,425) | - | - | - | - | (86,684) | - | (244,109) |
| At 31 December 2018 | 6,674,237 | 59,924,951 | - | 8,412,847 | 2,931,469 | 5,370,629 | - | 83,314,133 |
| Carrying amount at 31 December 2018 | 208,775,627 | 100,976,004 | 28,393,871 | 11,562,256 | 187,913 | 2,763,397 | 286,900 | 352,945,968 |
| Company 2017 | Long term leasehold land RM | Bearer plant | | Buildings RM | Plant and fixtures and machinery equipment RM | Motor vehicles, furniture, fixtures and equipment RM | Total RM | |
| | | Mature RM | Immature RM | | | | | |
| Cost | | | | | | | | |
| At 1 January 2017 | 154,587,297 | 135,249,971 | - | 9,613,976 | 2,903,045 | 5,642,835 | 307,997,124 | |
| Additions | 6,223,952 | - | 140,493 | 9,826,329 | 155,976 | 1,953,498 | 18,300,248 | |
| Transfer | - | - | - | - | 62,829 | 62,829 | - | |
| Write off | - | - | - | - | - | (165,246) | (165,246) | |
| At 31 December 2017 | 160,811,249 | 135,249,971 | 140,493 | 19,440,305 | 3,059,021 | 7,493,916 | 326,194,955 | |
| Accumulated depreciation | | | | | | | | |
| At 1 January 2017 | 2,030,637 | 46,702,596 | - | 5,455,490 | 2,736,935 | 4,236,682 | 61,162,340 | |
| Charge for the financial year | 2,050,603 | 6,147,716 | - | 927,321 | 85,900 | 480,667 | 9,692,207 | |
| Write off | - | - | - | - | - | (165,190) | (165,190) | |
| At 31 December 2017 | 4,081,240 | 52,850,312 | - | 6,382,811 | 2,822,835 | 4,552,159 | 70,689,357 | |
| Carrying amount at 31 December 2017 | 156,730,009 | 82,399,659 | 140,493 | 13,057,494 | 236,186 | 2,941,757 | 255,505,598 | |

Notes to the Financial Statements

for the year ended 31 December 2018

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 | |
|----------------------------|-------------|------------|
| | 2018 RM | 2017 RM |
| Unquoted shares, at cost: | | |
| At start of the year | 20,402,481 | 20,402,481 |
| Effect for loss of control | (2,002,179) | - |
| At end of the year | 18,400,302 | 20,402,481 |

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 | | |
| | | 2018 % | 2017 % | 2018 % | 2017 % | |
| 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 | - | - | Oil palm plantations |
| Madah Perkasa Sdn Bhd # | Malaysia | - | - | - | 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 consolidated Kampong Aur Oil Palm Company (Sdn.) Berhad (KAOP) up to 30 June 2018 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. Subsequently, due to a change of KAOP Board of Directors compositions, KAOP was no longer deemed a subsidiary.

Notes to the Financial Statements

for the year ended 31 December 2018

12 Subsidiaries (continued)

The results of the former subsidiary that have been included in the consolidated statement of profit or loss and other comprehensive income and in the consolidated statement of cash flows are as follows:

| | 2018 RM 6 months | Group Restated 2017 RM 1 year |
|--|---|---|
| Revenue | 25,681,583 | 71,724,562 |
| Expenses | (18,307,607) | (27,130,530) |
| Profit before tax | 7,373,976 | 44,594,032 |
| Tax expense | (3,743,115) | (10,982,514) |
| Profit after tax | 3,630,861 | 33,611,518 |
| Other comprehensive income | - | - |
| Total comprehensive income | 3,630,861 | 33,611,518 |
| Cash inflows from operating activities | 7,264,033 | 133,493,357 |
| Cash outflows from investing activities | (1,152,131) | (1,280,924) |
| Cash outflows from financing activities | (19,922,506) | (206,610,112) |
| Decrease in cash and cash equivalents | (13,810,604) | (74,397,679) |

The assets and liabilities of the former subsidiary, and the non-controlling interests that have been included in the consolidated statement of financial position at the end of the prior year are as follows:

| | 2017 RM |
|---|-------------------|
| Total assets | 212,938,535 |
| Total liabilities | (41,119,125) |
| Non-controlling interests | (102,049,523) |
| Net assets attributable to owners of the Company | 69,769,887 |

There has been neither gain nor loss on derecognition of the former subsidiary resulting from loss of control as follows:

| | Group 2018 | Company 2018 |
|---|-----------------------------|-------------------------------|
| Fair value of investment treated as an associate | 56,716,306 | 2,002,179 |
| Carrying amount of investment in the subsidiary sold | - | (2,002,179) |
| Share premium | 2,711,952 | - |
| Retained earnings - bonus issue | 217 | - |
| Property, plant and equipment derecognised | (166,016,077) | - |
| Inventories derecognised | (477,027) | - |
| Biological assets, at fair value derecognised | (1,503,566) | - |
| Receivables derecognised | (6,142,136) | - |
| Cash and cash equivalents derecognised | (17,618,889) | - |
| Current liabilities derecognised | 7,219,539 | - |
| Non-current liabilities derecognised | 32,736,000 | - |
| Non-controlling interests derecognised | 92,373,681 | - |
| Gain attributable to owners of the Company | - | - |
| Net cash outflows presented as investing activities in the statement of cash flows | 17,618,889 | - |

Notes to the Financial Statements

for the year ended 31 December 2018

13 Associates

| | Group | | Company | |
|-----------------------------------|-------------|-------------|--------------|--------------|
| | 2018 RM | 2017 RM | 2018 RM | 2017 RM |
| At cost | | | | |
| Unquoted shares | 143,938,906 | 87,222,600 | 126,119,160 | 124,116,981 |
| Accumulated impairment loss | - | - | (13,683,613) | (13,683,613) |
| | 143,938,906 | 87,222,600 | 112,435,547 | 110,433,368 |
| Share of post acquisition reserve | 372,232,112 | 350,735,726 | - | - |
| | 516,171,018 | 437,958,326 | 112,435,547 | 110,433,368 |

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 | |
| | | 2018 % | 2017 % | 2018 % | 2017 % |
| * 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 | - | - |
| # Kampong Aur Oil Palm Company (Sdn.) Berhad | | 40.61 | - | - | - |
| # Madah Perkasa Sdn Bhd | | - | - | 40.61 | - |
| * 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 | |
|--|-------------|------------|
| | 2018 RM | 2017 RM |
| The Group share of profit/(loss) after tax | 11,145,427 | 6,208,569 |
| The Group share of total comprehensive income | 11,077,391 | 6,956,962 |
| Carrying value of Group's interest in associates | 143,065,363 | 76,441,666 |

Notes to the Financial Statements

for the year ended 31 December 2018

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 | |
|--------------------------|---|--------------------|
| | 2018 | 2017 |
| | RM | RM |
| Non-current assets | 894,676,139 | 821,905,107 |
| Current assets | 58,174,482 | 105,621,253 |
| Total assets | 952,850,621 | 927,526,360 |
| Non-current liabilities | 4,376,414 | 4,125,993 |
| Current liabilities | 15,710,069 | 19,608,717 |
| Total liabilities | 20,086,483 | 23,734,710 |
| Net assets | 932,764,138 | 903,791,650 |

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

| | Prosper Palm Oil Mill Sdn Berhad | |
|-----------------------------------|---|-------------------|
| | 2018 | 2017 |
| | RM | RM |
| Revenue | 148,721,830 | 167,064,772 |
| Profit before tax | 46,866,072 | 82,088,836 |
| Total comprehensive income | 36,472,407 | 93,002,674 |

(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 | |
|---|---|--------------------|
| | 2018 | 2017 |
| | RM | RM |
| Net assets as at 1 January | 903,791,650 | 815,788,976 |
| Profit for the year | 36,472,488 | 93,002,674 |
| Dividend paid | (7,500,000) | (5,000,000) |
| Net assets as at 31 December | 932,764,138 | 903,791,650 |
| Interest in associate | 40% | 40% |
| Carrying value of Groups interest in associate | 373,105,655 | 361,516,660 |

Notes to the Financial Statements

for the year ended 31 December 2018

14 Other financial assets

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2018 RM | 2017 RM | 2018 RM | 2017 RM |
| <u>Non-current</u> | | | | |
| Unquoted investment at cost | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |
| <u>Current</u> | | | | |
| Financial assets at “fair value through profit or loss” | | | | |
| Investment in fund management | 3,466,767 | 3,349,406 | - | - |

15 Inventories

| | Group | | Company | |
|----------------|------------|------------|------------|------------|
| | 2018 RM | 2017 RM | 2018 RM | 2017 RM |
| At cost | | | | |
| Finished goods | 8,929,586 | 9,736,278 | - | - |
| Raw material | 134,381 | 54,092 | - | - |
| Nurseries | - | 611,626 | - | - |
| Consumables | 1,108,867 | 1,584,537 | 662,338 | 506,739 |
| | 10,172,834 | 11,986,533 | 662,338 | 506,739 |

16 Biological assets, at fair value

| | Group | | Company | |
|----------------------------------|-------------|-------------|------------|-------------|
| | 2018 RM | 2017 RM | 2018 RM | 2017 RM |
| Fresh fruit bunches (FFB) | | | | |
| At start of the year | 4,718,525 | 8,830,988 | 1,710,712 | 2,795,549 |
| Other movement | (1,596,881) | - | - | - |
| Changes in fair value | 1,527,397 | (4,112,463) | 645,354 | (1,084,837) |
| At end of the year | 4,649,041 | 4,718,525 | 2,356,066 | 1,710,712 |

Biological assets were fair valued within Level 3 of the fair value hierarchy. Fair value assessments have been completed consistently using the same valuation techniques.

There were no transfers between all three levels of the fair value hierarchy during the financial year.

The biological assets of the Group and of the Company comprise of fresh fruit bunches (“FFB”) of up to 15 days prior to harvest. During the financial year ended 31 December 2018, the Group and the Company harvested approximately 318,015.66 metric tonnes (“mt”) and 126,804.11 mt of FFB (2017: 385,689.38 mt and 117,365.77 mt) respectively. The quantity of unharvested FFB of the Group and of Company as at 31 December 2018 included in the fair valuation of FFB was 11,789.00 mt and 6,044.38 mt (2017: 8,865.64 mt and 3,198.86 mt) respectively.

In arriving at the fair value, the Group adopted the expected output method and the estimated market price of the biological assets as disclosed in Note 3(h). Changes to the assumed prices of the FFB and tonnage included in the valuation will have a direct effect on the reported valuation.

Notes to the Financial Statements

for the year ended 31 December 2018

17 Receivables, deposits and prepayments

| | Group | | Company | |
|-------------------------------|------------|------------|------------|------------|
| | 2018 RM | 2017 RM | 2018 RM | 2017 RM |
| Trade receivables | 25,208,697 | 30,405,635 | 6,050,491 | 7,054,915 |
| Other receivables | 2,695,817 | 2,501,744 | 1,422,142 | 1,185,289 |
| Deposits | 8,385,844 | 44,649,603 | 8,314,654 | 44,581,931 |
| Prepayments | 20,741 | 16,335 | 2,083 | 2,783 |
| Dividend receivables | - | - | 7,200,600 | - |
| Amounts due from subsidiaries | - | - | 38,828,167 | 33,332,715 |
| Amounts due from associates | 10,694,478 | 9,029,477 | 2,203,663 | - |
| | 47,005,577 | 86,602,794 | 64,021,800 | 86,157,633 |

Credit term of trade receivables to the Group and to the Company is 30 days (2017: 30 days).

Included in deposits is RM7,359,840 (2017: RM7,565,110) paid to Pengarah Tanah dan Galian Pahang and Pentadbir Tanah Daerah Pekan for the alienation of 1,132.283 acres (2017: 1,163.863 acres) of land. The amount will be reflected as land once the Company obtains the land title deed from the relevant authority.

The amounts due from subsidiaries are advances, which are unsecured, free of interest and refundable on demand except for RM19,354,344 (2017: RM17,372,779) repayable in 2 to 4 years (2017: 2 to 4 years).

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

18 Cash and cash equivalents

| | Group | | Company | |
|--------------------------------|------------|-------------|------------|------------|
| | 2018 RM | 2017 RM | 2018 RM | 2017 RM |
| Deposits with licensed banks | 14,385,051 | 22,361,544 | 6,000,000 | - |
| Deposit with other corporation | - | 2,000,000 | - | - |
| Cash and bank balances | 20,237,061 | 117,453,882 | 3,652,486 | 80,706,420 |
| | 34,622,112 | 141,815,426 | 9,652,486 | 80,706,420 |

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

| | Group | | Company | |
|--------------------------------|-----------|-----------|-----------|-----------|
| | 2018 % | 2017 % | 2018 % | 2017 % |
| Deposit with other corporation | - | 3.30 | - | - |
| Deposits with licensed banks | 3.16 | 2.99 | 3.37 | - |

As at 31 December 2018, the deposits of the Group and of the Company have maturity periods between 30 to 90 days (2017: 30 to 90 days). Bank balances are deposits held at call with banks.

Notes to the Financial Statements

for the year ended 31 December 2018

19 Share capital

| | Group and Company | |
|------------------------------|-------------------|-------------|
| | 2018 | 2017 |
| | Unit | Unit |
| Issued and fully paid | | |
| At start and end of the year | 141,390,000 | 141,390,000 |
| Bonus issue | 56,555,995 | - |
| | 197,945,995 | 141,390,000 |
| Subdivision | 395,891,990 | - |
| At end of the year | 593,837,985 | 141,390,000 |

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.

20 Share premium

| | Group | | Company | |
|----------------------|--------------|------------|--------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| | RM | RM | RM | RM |
| At start of the year | 46,852,783 | 46,852,783 | 44,947,244 | 44,947,244 |
| Bonus issue | (46,852,783) | - | (44,947,244) | - |
| At end of the year | - | 46,852,783 | - | 44,947,244 |

21 Retained earnings

The Company is under single-tier tax system, tax on the Company's chargeable income is a final tax and any dividend distributed will be exempted from tax in the hands of shareholders.

22 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 statement of financial position:

| | Group | | Company | |
|--|--------------|------------------|------------|------------------|
| | 2018 | Restated 2017 | 2018 | Restated 2017 |
| | RM | RM | RM | RM |
| At start of the year | 115,535,168 | 117,639,198 | 39,222,000 | 41,037,000 |
| Loss of control | (32,736,000) | - | - | - |
| Charged/(Credited) to statement of profit or loss (Note 7(a)) | 328,300 | (2,104,030) | 1,353,000 | (1,815,000) |
| At end of the year | 83,127,468 | 115,535,168 | 40,575,000 | 39,222,000 |

Notes to the Financial Statements

for the year ended 31 December 2018

22 Deferred tax liabilities (continued)

| | Group | | Company | |
|--|------------|------------------------|------------|------------------------|
| | 2018 RM | Restated 2017 RM | 2018 RM | Restated 2017 RM |
| Deferred tax assets before offsetting | | | | |
| - property, plant and equipment | (148,000) | - | - | - |
| - unabsorbed business loss | (4,000) | (434,416) | - | - |
| Offsetting | 152,000 | 434,416 | - | - |
| Deferred tax assets after offsetting | - | - | - | - |
| Deferred tax liabilities before offsetting | | | | |
| - property, plant and equipment | 83,192,468 | 115,882,584 | 40,575,000 | 39,222,000 |
| - others | 87,000 | 87,000 | - | - |
| Offsetting | (152,000) | (434,416) | - | - |
| Deferred tax liabilities after offsetting | 83,127,468 | 115,535,168 | 40,575,000 | 39,222,000 |

23 Payables

| | Group | | Company | |
|-----------------------------|------------|------------|------------|------------|
| | 2018 RM | 2017 RM | 2018 RM | 2017 RM |
| Trade payables | 16,731,397 | 20,541,659 | 1,644,899 | 952,976 |
| Other payables | 4,699,747 | 8,887,092 | 512,614 | 4,445,781 |
| Deposits | 27,880 | 107,871 | 9,880 | 60,360 |
| Accruals | 5,953,027 | 8,331,762 | 2,327,545 | 2,600,655 |
| Amounts due to subsidiaries | - | - | 997,713 | 85,346 |
| Amounts due to associates | 221,184 | 411,377 | 6,375 | - |
| | 27,633,235 | 38,279,761 | 5,499,026 | 8,145,118 |

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

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

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.

Notes to the Financial Statements

for the year ended 31 December 2018

25 Related parties (continued)

(a) Identity of related parties

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

Other related parties and their relationship are as follows:

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

(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 | |
|--|------------|------------|------------|------------|
| | 2018 RM | 2017 RM | 2018 RM | 2017 RM |
| Dividend income | | | | |
| - Kampong Aur Oil Palm Company (Sdn.) Berhad | - | - | 8,090,296 | 83,904,192 |
| - Dawn Oil Palm Plantations Sdn Bhd | - | - | 9,000,750 | 2,700,225 |
| - B.S. Oil Palm Plantations Sdn Bhd | - | - | 11,700,975 | 6,300,525 |
| - Far East Delima Plantations Sdn Bhd | - | - | 2,800,000 | 2,000,000 |
| - Kilang Kosfarm Sdn Bhd | - | - | 1,530,000 | 2,040,000 |
| Sales of fresh fruit bunches | | | | |
| - Kilang Kosfarm Sdn Bhd | - | - | 14,669,911 | 11,351,726 |

(d) Transactions with associates

| | Group | | Company | |
|--|------------|------------|------------|------------|
| | 2018 RM | 2017 RM | 2018 RM | 2017 RM |
| Dividend income | | | | |
| - Prosper Palm Oil Mill Sdn Berhad | - | - | 3,000,000 | 2,000,000 |
| - Business & Budget Hotels (Kuantan) Sdn Bhd | - | - | - | 381,000 |

Notes to the Financial Statements

for the year ended 31 December 2018

25 Related parties (continued)

(d) Transactions with associates (continued)

| | Group | | Company | |
|---|------------|-------------|------------|------------|
| | 2018 RM | 2017 RM | 2018 RM | 2017 RM |
| Purchase of fresh fruit bunches | | | | |
| - Prosper Palm Oil Mill Sdn Berhad | 21,258 | 267,501 | - | - |
| Sales of crude palm oil and palm kernel | | | | |
| - Future Prelude Sdn Bhd | 98,462,487 | 126,935,690 | - | - |
| - Prosper Palm Oil Mill Sdn Berhad | 7,382,442 | 2,531,971 | - | - |
| Purchase of crude palm oil and palm kernel | | | | |
| - Future Prelude Sdn Bhd | - | 1,656,295 | - | - |
| - Prosper Palm Oil Mill Sdn Berhad | 2,589,192 | 7,124,254 | - | - |
| Management fee payable to PGC Management Services Sdn Bhd | 3,289,300 | 2,436,950 | - | - |

(e) Other related parties transactions

| | Group | | Company | |
|---|-------------|-------------|------------|------------|
| | 2018 RM | 2017 RM | 2018 RM | 2017 RM |
| Sales of fresh fruit bunches | | | | |
| - Rompin Palm Oil Mill Sdn Bhd | 12,995,370 | 25,184,615 | - | - |
| - LKPP Corporation Sendirian Berhad | 1,047,107 | 1,582,967 | 1,047,107 | 1,582,967 |
| - Kilang Sawira Makmur Sdn Bhd | 36,177,863 | 67,215,442 | 19,139,911 | 19,582,745 |
| - Endau Palm Oil Mill Sdn Bhd | 12,196,364 | 402,343 | - | - |
| Purchase of fresh fruit bunches | | | | |
| - Koperasi Serbausaha Makmur Berhad | 108,083,020 | 148,593,869 | - | - |
| Sales of crude palm oil and palm kernel | | | | |
| - Prosper Trading Sdn Bhd | 45,476,890 | 55,941,706 | - | - |
| - Prosper Palm Oil Products Marketing Sdn Bhd | 18,146,174 | 40,669,879 | - | - |
| - Endau Palm Oil Mill Sdn Bhd | 5,944,396 | 4,439,950 | - | - |
| - Rompin Palm Oil Mill Sdn Bhd | 10,716,972 | 10,013,114 | - | - |
| - Kilang Sawira Makmur Sdn Bhd | 12,468,710 | 4,109,090 | - | - |
| Purchase of crude palm oil and palm kernel | | | | |
| - Endau Palm Oil Mill Sdn Bhd | 15,200,410 | 19,532,266 | - | - |
| - Rompin Palm Oil Mill Sdn Bhd | 7,211,413 | 10,553,687 | - | - |
| - Kilang Sawira Makmur Sdn Bhd | 1,386,012 | 5,447,875 | - | - |
| Purchase of fertilizer | | | | |
| - Prosper Trading Sdn Bhd | 5,410,950 | 2,097,438 | 1,807,715 | 668,219 |

Notes to the Financial Statements

for the year ended 31 December 2018

25 Related parties (continued)

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

| Related parties | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2018 RM | 2017 RM | 2018 RM | 2017 RM |
| Payables: | | | | |
| - Prosper Palm Oil Mill Sdn Berhad | 9,135 | 7,807 | - | - |
| - PGC Management Services Sdn Bhd | 344,687 | 403,570 | - | - |
| - Endau Palm Oil Mill Sdn Bhd | 1,329,798 | 363,433 | - | - |
| - Rompin Palm Oil Mill Sdn Bhd | - | 206,535 | - | - |
| - Koperasi Serbausaha Makmur Berhad | 7,350,005 | 12,154,711 | - | - |
| - Prosper Palm Oil Products Marketing Sdn Bhd | - | 6,882 | - | - |
| Receivables: | | | | |
| - Rompin Palm Oil Mill Sdn Bhd | 1,795,963 | 2,474,570 | - | - |
| - Prosper Trading Sdn Bhd | 9,407,415 | 10,094,194 | - | - |
| - LKPP Corporation Sendirian Berhad | 93,800 | 309,041 | 93,800 | 309,041 |
| - Prosper Palm Oil Mill Sdn Berhad | 1,288,335 | 364,372 | - | - |
| - Future Prelude Sdn Bhd | 7,202,480 | 8,665,105 | - | - |
| - Kilang Sawira Makmur Sdn Bhd | 3,239,916 | 6,983,740 | 3,239,916 | 2,131,852 |
| - Endau Palm Oil Mill Sdn Bhd | 793,993 | 607,868 | - | - |
| - Prosper Palm Oil Products Marketing Sdn Bhd | - | 1,734,599 | - | - |

26 Capital commitments

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

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2018 RM | 2017 RM | 2018 RM | 2017 RM |
| Authorised by the Directors and not contracted | 50,163,427 | 28,864,166 | 34,950,773 | 20,287,672 |
| Analysed as follows: | | | | |
| - property, plant and equipment | 12,586,882 | 5,629,700 | 2,656,950 | 1,830,800 |
| - oil palm plantation development | 12,176,545 | 7,234,466 | 6,893,823 | 2,456,872 |
| - acquisition of land | 25,400,000 | 16,000,000 | 25,400,000 | 16,000,000 |
| | 50,163,427 | 28,864,166 | 34,950,773 | 20,287,672 |
| Authorised by the Directors and contracted for | 1,897,363 | 77,053,330 | 827,463 | 76,441,880 |
| Analysed as follows: | | | | |
| - property, plant and equipment | 1,897,363 | 1,482,900 | 827,463 | 871,450 |
| - land and oil palm plantation | - | 75,570,430 | - | 75,570,430 |
| | 1,897,363 | 77,053,330 | 827,463 | 76,441,880 |

Notes to the Financial Statements

for the year ended 31 December 2018

27 Financial instruments

(a) Classification of financial instruments

| Group 31.12.2018 | At fair value through profit or loss RM | At amortised cost RM | Total RM |
|------------------------------------|--|-------------------------------|-------------------|
| Financial assets | | | |
| Investment in fund management | 3,466,767 | - | 3,466,767 |
| Trade and other receivables | - | 27,904,514 | 27,904,514 |
| Amounts due from associates | - | 10,694,478 | 10,694,478 |
| Deposits, cash and bank balances | - | 34,622,112 | 34,622,112 |
| Total financial assets | 3,466,767 | 73,221,104 | 76,687,871 |
| Financial liabilities | | | |
| Trade and other payables | - | 21,431,144 | 21,431,144 |
| Amount due to associate | - | 221,184 | 221,184 |
| Accruals | - | 5,953,027 | 5,953,027 |
| Total financial liabilities | - | 27,605,355 | 27,605,355 |

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 |

| Company 31.12.2018 | At amortised cost RM | Total RM |
|------------------------------------|----------------------------|-------------------|
| Financial assets | | |
| Trade and other receivables | 7,472,633 | 7,472,633 |
| Amounts due from subsidiaries | 38,828,167 | 38,828,167 |
| Amount due from associate | 2,203,663 | 2,203,663 |
| Dividend receivable | 7,200,600 | 7,200,600 |
| Deposits, cash and bank balances | 9,652,486 | 9,652,486 |
| Total financial assets | 65,357,549 | 65,357,549 |
| Financial liabilities | | |
| Trade and other payables | 2,157,513 | 2,157,513 |
| Amounts due to subsidiaries | 997,713 | 997,713 |
| Amount due to associate | 6,375 | 6,375 |
| Accruals | 2,327,545 | 2,327,545 |
| Total financial liabilities | 5,489,146 | 5,489,146 |

Notes to the Financial Statements

for the year ended 31 December 2018

27 Financial instruments (continued)

(a) Classification of financial instruments (continued)

| Company 31.12.2017 | At amortised cost RM | Total RM |
|----------------------------------|----------------------------|-------------|
| 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 |

(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.

Notes to the Financial Statements

for the year ended 31 December 2018

27 Financial instruments (continued)

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

Credit risk (continued)

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

| Group 2018 | Gross RM | Impairment loss RM | Net RM |
|-------------------------|---------------------|-------------------------------|-------------------|
| Not past due | 25,208,697 | - | 25,208,697 |
| 2017 | RM | RM | RM |
| Not past due | 30,405,635 | - | 30,405,635 |
| Company 2018 | Gross RM | Impairment loss RM | Net RM |
| Not past due | 6,050,491 | - | 6,050,491 |
| 2017 | RM | RM | RM |
| Not past due | 7,054,915 | - | 7,054,915 |

Receivables that are neither past due nor impaired

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

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

Liquidity and cash flow risk

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

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

| Group 2018 | Not later than 1 month RM | 1 month to 3 months RM | 3 months to 1 year RM | Total RM |
|---------------------------|--|---------------------------------------|--------------------------------------|---------------------|
| Trade and other payables | 21,431,144 | - | - | 21,431,144 |
| Amounts due to associates | 221,184 | - | - | 221,184 |
| Accruals | 3,827,699 | - | 2,125,328 | 5,953,027 |
| | 25,480,027 | - | 2,125,328 | 27,605,355 |

Notes to the Financial Statements

for the year ended 31 December 2018

27 Financial instruments (continued)

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

Liquidity and cash flow risk (continued)

| Group 2017 | Not later than 1 month RM | 1 month to 3 months RM | 3 months to 1 year RM | Total RM |
|--------------------------|---------------------------------|------------------------------|-----------------------------|-------------|
| Trade and other payables | 29,428,775 | - | - | 29,428,775 |
| Amount due to associate | 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 |

| Company 2018 | Not later than 1 month RM | 3 months to 1 year RM | Total RM |
|-----------------------------|---------------------------------|-----------------------------|-------------|
| Trade and other payables | 2,157,513 | - | 2,157,513 |
| Amounts due to subsidiaries | 997,713 | - | 997,713 |
| Amount due to associate | 6,375 | - | 6,375 |
| Accruals | 1,422,572 | 904,973 | 2,327,545 |
| | 4,584,173 | 904,973 | 5,489,146 |

| 2017 | RM | RM | 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 |

(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 | 2018 | | 2017 | |
|--|---------------------------|----------------------|---------------------------|----------------------|
| | 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 | 3,466,767 | 3,466,767 | 3,349,406 | 3,349,406 |
| <i>At amortised cost</i> | | | | |
| Trade and other receivables | 27,904,514 | 27,904,514 | 32,907,379 | 32,907,379 |
| Amounts due from associates | 10,694,478 | 10,694,478 | 9,029,477 | 9,029,477 |
| Deposits, cash and bank balances | 34,622,112 | 34,622,112 | 141,815,426 | 141,815,426 |
| Total financial assets | 76,687,871 | 76,687,871 | 187,101,688 | 187,101,688 |

Notes to the Financial Statements

for the year ended 31 December 2018

27 Financial instruments (continued)

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

| Group | 2018 | | 2017 | |
|------------------------------------|------------------------|-------------------|------------------------|--------------------|
| | Carrying amounts RM | Fair values RM | Carrying amounts RM | Fair values RM |
| Financial liabilities | | | | |
| <i>At amortised cost</i> | | | | |
| Trade and other payables | 21,431,144 | 21,431,144 | 29,428,775 | 29,428,775 |
| Accruals | 5,953,027 | 5,953,027 | 8,331,762 | 8,331,762 |
| Amounts due to associates | 221,184 | 221,184 | 411,377 | 411,377 |
| Hire purchase creditor | - | - | 23,333 | 23,333 |
| Total financial liabilities | 27,605,355 | 27,605,355 | 38,195,247 | 38,195,247 |
| Company | | | | |
| Financial assets | | | | |
| <i>At amortised cost</i> | | | | |
| Trade and other receivables | 7,472,633 | 7,472,633 | 8,240,204 | 8,240,204 |
| Amounts due from subsidiaries | 38,828,167 | 38,828,167 | 33,332,715 | 33,332,715 |
| Amount due to associate | 2,203,663 | 2,203,663 | - | - |
| Dividend receivable | 7,200,600 | 7,200,600 | - | - |
| Deposits, cash and bank balances | 9,652,486 | 9,652,486 | 80,706,420 | 80,706,420 |
| Total financial assets | 65,357,549 | 65,357,549 | 122,279,339 | 122,279,339 |
| Financial liabilities | | | | |
| <i>At amortised cost</i> | | | | |
| Trade and other payables | 2,157,513 | 2,157,513 | 5,398,773 | 5,398,773 |
| Amounts due to subsidiaries | 997,713 | 997,713 | 85,346 | 85,346 |
| Amount due to associate | 6,375 | 6,375 | - | - |
| Accruals | 2,327,545 | 2,327,545 | 2,600,655 | 2,600,655 |
| Total financial liabilities | 5,489,146 | 5,489,146 | 8,084,774 | 8,084,774 |

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 RM19,354,344 (2017: RM17,372,779) due from one (2017: one) of the subsidiaries. The fair value is estimated by discounting the future cash flow at the rate of 5.425%, based on estimated borrowing cost of the companies.

Notes to the Financial Statements

for the year ended 31 December 2018

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) Fair value of biological assets

The Group attribute a fair value on the fresh fruit bunches (“FFB”) at each statement of financial position date as required under MFRS 141 “Agriculture”. FFB are produce of oil palm trees and are harvested continuously throughout the financial year. Each FFB takes approximately 22 weeks from pollination to reach maximum oil content to be ready for harvesting. The value of each FFB at each point of the FFB production cycle will vary based on the cumulative oil content in each fruit.

In determining the fair value of FFB, management uses estimates of cash flows using expected output method and observable market price of FFB. Management has considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the oil content accrues exponentially in the 2 weeks prior to harvest, the FFB prior to 2 weeks before harvesting are excluded in the valuation as the fair values are considered negligible.

(d) 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.

(e) 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 2018

29 Adoption of new and revised MFRSs and Interpretations

(a) New MFRSs adopted during the current financial year

| | |
|----------------------|---|
| MFRS 1 | First-time Adoption of Malaysian Financial Reporting Standards |
| MFRS 2 | Share-based Payment |
| MFRS 3 | Business Combinations |
| MFRS 4 | Insurance Contracts |
| MFRS 5 | Non-current Assets Held for Sale and Discontinued Operations |
| MFRS 6 | Exploration for and Evaluation of Mineral Resources |
| MFRS 7 | Financial Instrument: Disclosures |
| MFRS 8 | Operating Segments |
| MFRS 9 | Financial Instruments (IFRS 9 as issued by IASB in July 2014) |
| MFRS 10 | Consolidated Financial Statements |
| MFRS 11 | Joint Arrangements |
| MFRS 12 | Disclosure of Interests in Other Entities |
| MFRS 13 | Fair Value Measurement |
| MFRS 14 | Regulatory Deferral Accounts |
| MFRS 15 | Revenue from Contracts with Customers |
| MFRS 101 | Presentation of Financial Statements |
| MFRS 102 | Inventories |
| MFRS 107 | Statement of Cash Flows |
| MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors |
| MFRS 110 | Events after the Reporting Period |
| MFRS 112 | Income Taxes |
| MFRS 116 | Property, Plant and Equipment |
| MFRS 117 | Leases |
| MFRS 119 | Employee Benefits |
| MFRS 120 | Accounting for Government Grants and Disclosure of Government Assistance |
| MFRS 121 | The Effects of Changes in Foreign Exchange Rates |
| MFRS 123 | Borrowing Costs |
| MFRS 124 | Related Party Disclosures |
| MFRS 126 | Accounting and Reporting by Retirement Benefit Plans |
| MFRS 127 | Separate Financial Statements |
| MFRS 128 | Investments in Associates and Joint Ventures |
| MFRS 129 | Financial Reporting in Hyperinflationary Economies |
| MFRS 132 | Financial Instruments: Presentation |
| MFRS 133 | Earnings Per Share |
| MFRS 134 | Interim Financial Reporting |
| MFRS 136 | Impairment of Assets |
| MFRS 137 | Provisions, Contingent Liabilities and Contingent Assets |
| MFRS 138 | Intangible Assets |
| MFRS 139 | Financial Instruments: Recognition and Measurement |
| MFRS 140 | Investment Property |
| MFRS 141 | Agriculture |
| IC Interpretations 1 | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| IC Interpretations 2 | Members' Shares in Co-operative Entities and Similar Instruments |
| IC Interpretations 4 | Determining whether and Arrangement contains a Lease |
| IC Interpretations 5 | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| IC Interpretations 6 | Liabilities arising from Participating in a Specific Market - Waste Electrical and Electrical Equipment |

Notes to the Financial Statements

for the year ended 31 December 2018

29 Adoption of new and revised MFRSs and Interpretations (continued)

(a) New MFRSs adopted during the current financial year (continued)

| | |
|--|--|
| IC Interpretations 7 | Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies |
| IC Interpretations 10 | Interim Financial Reporting and Impairment |
| IC Interpretations 12 | Service Concession Arrangements |
| IC Interpretations 14 | MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |
| IC Interpretations 16 | Hedges of a Net Investment in a Foreign Operation |
| IC Interpretations 17 | Distributions of Non-cash Assets to Owners |
| IC Interpretations 19 | Extinguishing Financial Liabilities with Equity Instruments |
| IC Interpretations 20 | Stripping Costs in the Production Phase of a Surface Mine |
| IC Interpretations 21 | Levies |
| IC Interpretations 22 | Foreign Currency Transactions and Advance Consideration |
| IC Interpretations 107 | Introduction of the EURO |
| IC Interpretations 110 | Government Assistance - No Specific Relation to Operating Activities |
| IC Interpretations 115 | Operating Leases - Incentives |
| IC Interpretations 125 | Income Taxes - Changes in the Tax Status of an Entity or its Shareholders |
| IC Interpretations 127 | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| IC Interpretations 129 | Service Concession Arrangements: Disclosures |
| IC Interpretations 132 | Intangible Assets - Web Site Costs |
| Annual Improvements to MFRSs 2012 - 2014 Cycle | |
| Amendments to MFRS 5 | Changes in Methods of Disposal |
| Amendments to MFRS 7 | Servicing Contract and Applicability of the Amendments to MFRS 7 to Condensed Interim Financial Statements |
| Amendments to MFRS 119 | Discount Rate: Regional Market Issue |
| Amendments to MFRS 134 | Disclosure of Information 'Elsewhere in the Interim Financial Report' |
| Annual Improvements to MFRSs 2014 - 2016 Cycle | |
| Amendments to MFRS 1 | Deletion of Short-Term Exemptions for First-Time Adopters |
| Amendments to MFRS 12 | Clarification of the Scope of the Standard |
| Amendments to MFRS 128 | Measuring An Associate or Joint Venture at Fair Value |

(b) New MFRSs that have been issued, but not yet effective

The Group has not adopted the following new MFRSs that have been issued, but not yet effective:

Effective for financial period beginning on or after 1 January 2019

| | |
|---|--|
| MFRS 16 | Leases |
| IC Int 23 | Uncertainty over Income Tax Treatments |
| Amendments to MFRS 9 | Prepayment Features with Negative Compensation |
| Amendments to MFRS 119 | Employee Benefits (Plan Amendment, Curtailment or Settlement) |
| Amendments to MFRS 128 | Long-term Interest in Associates and Joint Ventures |
| Annual Improvements to MFRSs 2015 - 2017 Cycle: | |
| Amendments to MFRS 3 and MFRS 11 | Previously Held Interest in a Joint Operation |
| Amendments to MFRS 112 | Income Tax Consequences of Payment on Financial Instruments Classified as Equity |
| Amendments to MFRS 123 | Borrowing Costs Eligible for Capitalisation |

Notes to the Financial Statements

for the year ended 31 December 2018

29 Adoption of new and revised MFRSs and Interpretations (continued)

(b) New MFRSs that have been issued, but not yet effective (continued)

The Group has not adopted the following new MFRSs that have been issued, but not yet effective (continued):

Effective for financial period beginning on or after 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Framework:

| | |
|--------------------------|---|
| Amendments to MFRS 2 | Share-Based Payment |
| Amendments to MFRS 3 | Business Combinations |
| Amendments to MFRS 6 | Exploration for Evaluation of Mineral Resources |
| Amendments to MFRS 14 | Regulatory Deferral Accounts |
| Amendments to MFRS 101 | Presentation of Financial Statements |
| Amendments to MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors |
| Amendments to MFRS 134 | Interim Financial Reporting |
| Amendments to MFRS 137 | Provision, Contingent Liabilities and Contingent Assets |
| Amendments to MFRS 138 | Intangible Assets |
| Amendments to IC Int 12 | Service Concession Arrangements |
| Amendments to IC Int 19 | Extinguishing Financial Liabilities with Equity Instruments |
| Amendments to IC Int 20 | Stripping Costs in the Production Phase of a Surface Mine |
| Amendments to IC Int 22 | Foreign Currency Transactions and Advance Consideration |
| Amendments to IC Int 132 | Intangible Assets - Web Site Costs |

Effective for financial period beginning on or after 1 January 2021

| | |
|---------|---------------------|
| MFRS 17 | Insurance Contracts |
|---------|---------------------|

30 First-time adoption of MFRS Framework

(a) Transition from FRS to MFRS

As stated in Note 2 to the financial statements, these are the first set of financial statements of the Group and of the Company prepared in accordance with MFRSs. The Group and the Company are transitioning entities as defined by the Malaysian Accounting Standards Board and its financial statements were prepared in accordance with FRS framework during the previous financial years. For the financial year ended 31 December 2018, the Group and the Company has applied the MFRS Framework. The date of transition to the MFRS Framework is on 1 January 2017.

The accounting policies set out in Note 3 to the financial statements have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2018, as well as comparative information presented in these financial statements for year ended 31 December 2017 and in the preparation of the opening MFRS statements of financial position at 1 January 2017, in accordance with MFRS 1.

(b) Reconciliation

The transition to the MFRS Framework have resulted in changes to the Group's and the Company's accounting policies when compared to those policies adopted in applying the FRS issued by the Malaysian Accounting Standards Board ("MASB"). An explanation on the impact arising from the transition from FRS to MFRS and the Group's and the Company's statements of profit or loss and other comprehensive income, statements of financial position and statements of cash flows are set out as follows:

Notes to the Financial Statements

for the year ended 31 December 2018

30 First-time adoption of MFRS Framework (continued)

(b) Reconciliation (continued)

Reconciliation of statements of profit or loss and other comprehensive income for the year ended 31 December 2017

| Group | Previously reported under FRS RM | Effect on adoption of MFRS RM | Restated under MFRS RM |
|---|---|--|------------------------------|
| Revenue | 482,732,713 | - | 482,732,713 |
| Other operating income | 3,761,851 | - | 3,761,851 |
| Interest income | 15,698,907 | - | 15,698,907 |
| Fair value loss on biological assets | - | (4,112,463) | (4,112,463) |
| Employee benefits cost | (16,834,318) | - | (16,834,318) |
| Changes in inventories | 6,747,674 | - | 6,747,674 |
| Finished goods purchased | (49,009,231) | - | (49,009,231) |
| Raw material purchased | (188,116,798) | - | (188,116,798) |
| Production cess | (1,216,405) | - | (1,216,405) |
| Carriage outwards | (5,605,135) | - | (5,605,135) |
| Upkeep, repair and maintenance of assets | (4,565,917) | - | (4,565,917) |
| Utilities and fuel | (1,623,615) | - | (1,623,615) |
| Depreciation for property, plant and equipment | (11,017,903) | (17,429,879) | (28,447,782) |
| Upkeep and cultivation | (28,503,962) | - | (28,503,962) |
| Harvesting and collection | (24,469,736) | - | (24,469,736) |
| Estate general charges | (9,097,744) | - | (9,097,744) |
| Replanting expenses | (2,746,730) | 2,746,730 | - |
| Other operating expenses | (19,095,782) | - | (19,095,782) |
| Finance cost | (5,294) | - | (5,294) |
| Share of profit after tax of equity accounted associates | 43,409,640 | - | 43,409,640 |
| Profit before tax | 190,442,215 | (18,795,612) | 171,646,603 |
| Taxation | (35,002,188) | 3,546,000 | (31,456,188) |
| Profit for the year | 155,440,027 | (15,249,612) | 140,190,415 |
| Other comprehensive income | 748,393 | - | 748,393 |
| Total comprehensive income | 156,188,420 | (15,249,612) | 140,938,808 |
| Company | | | |
| Revenue | 168,001,103 | - | 168,001,103 |
| Other operating income | 1,086,080 | - | 1,086,080 |
| Amortisation of amount due from subsidiary | 898,241 | - | 898,241 |
| Loss on initial recognition of amount due from subsidiary | (592,399) | - | (592,399) |
| Interest income | 8,876,154 | - | 8,876,154 |
| Fair value loss on biological assets | - | (1,084,837) | (1,084,837) |
| Employee benefits cost | (3,344,186) | - | (3,344,186) |
| Depreciation for property, plant and equipment | (3,544,491) | (6,147,726) | (9,692,217) |
| Upkeep and cultivation | (9,035,628) | - | (9,035,628) |
| Harvesting and collection | (6,906,938) | - | (6,906,938) |
| Estate general charges | (3,038,841) | - | (3,038,841) |
| Other operating expenses | (5,081,823) | - | (5,081,823) |
| Profit before tax | 147,317,272 | (7,232,563) | 140,084,709 |
| Taxation | (11,742,314) | 1,505,000 | (10,237,314) |
| Profit and total comprehensive income | 135,574,958 | (5,727,563) | 129,847,395 |

Notes to the Financial Statements

for the year ended 31 December 2018

30 First-time adoption of MFRS Framework (continued)

(b) Reconciliation (continued)

Reconciliation of statements of financial position at 1 January 2017

| Group | Previously reported under FRS RM | Effect on adoption of MFRS RM | Restated under MFRS RM |
|-------------------------------------|---|--|------------------------------|
| Non current assets | | | |
| Property, plant and equipment | 842,990,023 | (180,909,850) | 662,080,173 |
| Land held for disposal associates | 22,412,539 | - | 22,412,539 |
| Associates | 375,640,593 | - | 375,640,593 |
| Other financial assets | 3,000,000 | - | 3,000,000 |
| | 1,244,043,155 | (180,909,850) | 1,063,133,305 |
| Current assets | | | |
| Other financial assets | 3,244,792 | - | 3,244,792 |
| Inventories, at cost | 3,907,794 | - | 3,907,794 |
| Biological assets, at fair value | - | 8,830,988 | 8,830,988 |
| Receivables and deposits | 67,439,837 | - | 67,439,837 |
| Tax recoverable | 1,864,736 | - | 1,864,736 |
| Deposits, cash and bank balances | 289,050,734 | - | 289,050,734 |
| Total current assets | 365,507,893 | 8,830,988 | 374,338,881 |
| Total assets | 1,609,551,048 | (172,078,862) | 1,437,472,186 |
| Equity | | | |
| Share capital | 141,390,000 | - | 141,390,000 |
| Share premium | 46,852,783 | - | 46,852,783 |
| Revaluation reserve | 340,793,292 | (340,793,292) | - |
| Retained earnings | 566,276,961 | 251,262,391 | 817,539,352 |
| | 1,095,313,036 | (89,530,901) | 1,005,782,135 |
| Non controlling interests | 275,355,916 | (39,087,937) | 236,267,979 |
| Total equity | 1,370,668,952 | (128,618,838) | 1,242,050,114 |
| Non current liabilities | | | |
| Deferred tax liabilities | 161,099,198 | (43,460,000) | 117,639,198 |
| Hire purchase creditor | 22,782 | - | 22,782 |
| | 161,121,980 | (43,460,000) | 117,661,980 |
| Current liabilities | | | |
| Payables | 74,392,205 | (24) | 74,392,181 |
| Hire purchase creditor | 35,551 | - | 35,551 |
| Current tax liabilities | 3,332,360 | - | 3,332,360 |
| Total current liabilities | 77,760,116 | (24) | 77,760,092 |
| Total liabilities | 238,882,096 | (43,460,024) | 195,422,072 |
| Total equity and liabilities | 1,609,551,048 | (172,078,862) | 1,437,472,186 |

Notes to the Financial Statements

for the year ended 31 December 2018

30 First-time adoption of MFRS Framework (continued)

(b) Reconciliation (continued)

Reconciliation of statements of financial position at 1 January 2017 (continued)

| Company | Previously reported under FRS RM | Effect on adoption of MFRS RM | Restated under MFRS RM |
|-------------------------------------|---|--|------------------------------|
| Non current assets | | | |
| Property, plant and equipment | 293,537,380 | (46,702,596) | 246,834,784 |
| Land held for disposal | 22,412,539 | - | 22,412,539 |
| Subsidiaries | 20,402,481 | - | 20,402,481 |
| Associates | 89,675,168 | - | 89,675,168 |
| Other financial assets | 3,000,000 | - | 3,000,000 |
| Total non current assets | 429,027,568 | (46,702,596) | 382,324,972 |
| Current assets | | | |
| Biological assets, at fair value | - | 2,795,549 | 2,795,549 |
| Inventories, at cost | 76,156 | - | 76,156 |
| Receivables and deposits | 84,042,284 | - | 84,042,284 |
| Deposits, cash and bank balances | 153,813,503 | - | 153,813,503 |
| Total current assets | 237,931,943 | 2,795,549 | 240,727,492 |
| Total assets | 666,959,511 | (43,907,047) | 623,052,464 |
| Equity | | | |
| Share capital | 141,390,000 | - | 141,390,000 |
| Share premium | 44,947,244 | - | 44,947,244 |
| Revaluation reserve | 125,092,269 | (125,092,269) | - |
| Retained earnings | 169,376,985 | 92,338,248 | 261,715,233 |
| Total equity | 480,806,498 | (32,754,021) | 448,052,477 |
| Non current liabilities | | | |
| Deferred tax liabilities | 52,190,000 | (11,153,000) | 41,037,000 |
| Current liabilities | | | |
| Payables | 132,255,447 | (26) | 132,255,421 |
| Current tax liabilities | 1,707,566 | - | 1,707,566 |
| Total current liabilities | 133,963,013 | (26) | 133,962,987 |
| Total liabilities | 186,153,013 | (11,153,026) | 174,999,987 |
| Total equity and liabilities | 666,959,511 | (43,907,047) | 623,052,464 |

Notes to the Financial Statements

for the year ended 31 December 2018

30 First-time adoption of MFRS Framework (continued)

(b) Reconciliation (continued)

Reconciliation of statements of financial position at 31 December 2017

| Group | Previously reported under FRS RM | Effect on adoption of MFRS RM | Restated under MFRS RM |
|-------------------------------------|---|--|------------------------------|
| Non current assets | | | |
| Property, plant and equipment | 853,646,850 | (195,592,999) | 658,053,851 |
| Land held for disposal associates | 22,412,539 | - | 22,412,539 |
| Associates | 437,958,326 | - | 437,958,326 |
| Other financial assets | 3,000,000 | - | 3,000,000 |
| | 1,317,017,715 | (195,592,999) | 1,121,424,716 |
| Current assets | | | |
| Other financial assets | 3,349,406 | - | 3,349,406 |
| Inventories, at cost | 11,986,533 | - | 11,986,533 |
| Biological assets, at fair value | - | 4,718,525 | 4,718,525 |
| Receivables and deposits | 86,602,794 | - | 86,602,794 |
| Tax recoverable | 1,242,361 | - | 1,242,361 |
| Deposits, cash and bank balances | 141,815,426 | - | 141,815,426 |
| Total current assets | 244,996,520 | 4,718,525 | 249,715,045 |
| Total assets | 1,562,014,235 | (190,874,474) | 1,371,139,761 |
| Equity | | | |
| Share capital | 141,390,000 | - | 141,390,000 |
| Share premium | 46,852,783 | - | 46,852,783 |
| Revaluation reserve | 336,571,619 | (336,571,619) | - |
| Retained earnings | 647,399,552 | 235,461,104 | 882,860,656 |
| | 1,172,213,954 | (101,110,515) | 1,071,103,439 |
| Non controlling interests | 178,520,998 | (42,757,935) | 135,763,063 |
| Total equity | 1,350,734,952 | (143,868,450) | 1,206,866,502 |
| Non current liabilities | | | |
| Deferred tax liabilities | 162,541,168 | (47,006,000) | 115,535,168 |
| Current liabilities | | | |
| Payables | 38,279,785 | (24) | 38,279,761 |
| Hire purchase creditor | 23,333 | - | 23,333 |
| Current tax liabilities | 10,434,997 | - | 10,434,997 |
| Total current liabilities | 48,738,115 | (24) | 48,738,091 |
| Total liabilities | 211,279,283 | (47,006,024) | 164,273,259 |
| Total equity and liabilities | 1,562,014,235 | (190,874,474) | 1,371,139,761 |

Notes to the Financial Statements

for the year ended 31 December 2018

30 First-time adoption of MFRS Framework (continued)

(b) Reconciliation (continued)

Reconciliation of statements of financial position at 31 December 2017 (continued)

| Company | Previously reported under FRS RM | Effect on adoption of MFRS RM | Restated under MFRS RM |
|-------------------------------------|---|--|------------------------------|
| Non current assets | | | |
| Property, plant and equipment | 308,355,910 | (52,850,312) | 255,505,598 |
| Land held for disposal | 22,412,539 | - | 22,412,539 |
| Subsidiaries | 20,402,481 | - | 20,402,481 |
| Associates | 110,433,368 | - | 110,433,368 |
| Other financial assets | 3,000,000 | - | 3,000,000 |
| Total non-current assets | 464,604,298 | (52,850,312) | 411,753,986 |
| Current assets | | | |
| Biological assets, at fair value | - | 1,710,712 | 1,710,712 |
| Inventories, at cost | 506,739 | - | 506,739 |
| Receivables and deposits | 86,157,633 | - | 86,157,633 |
| Deposits, cash and bank balances | 80,706,420 | - | 80,706,420 |
| Total current assets | 167,370,792 | 1,710,712 | 169,081,504 |
| Total assets | 631,975,090 | (51,139,600) | 580,835,490 |
| Equity | | | |
| Share capital | 141,390,000 | - | 141,390,000 |
| Share premium | 44,947,244 | - | 44,947,244 |
| Revaluation reserve | 123,715,952 | (123,715,952) | - |
| Retained earnings | 256,841,760 | 85,234,368 | 342,076,128 |
| Total equity | 566,894,956 | (38,481,584) | 528,413,372 |
| Non current liabilities | | | |
| Deferred tax liabilities | 51,880,000 | (12,658,000) | 39,222,000 |
| Current liabilities | | | |
| Payables | 8,145,134 | (16) | 8,145,118 |
| Current tax liabilities | 5,055,000 | - | 5,055,000 |
| Total current liabilities | 13,200,134 | (16) | 13,200,118 |
| Total liabilities | 65,080,134 | (12,658,016) | 52,422,118 |
| Total equity and liabilities | 631,975,090 | (51,139,600) | 580,835,490 |

Notes to the Financial Statements

for the year ended 31 December 2018

30 First-time adoption of MFRS Framework (continued)

(b) Reconciliation (continued)

Notes to reconciliation

(i) Property, plant and equipment

Long term leasehold land

Under FRS, valuation adjustments on long term leasehold land were incorporated into the financial statements. The Group elected to use the previous revaluation as deemed cost as at the date of revaluation. Accordingly, the carrying amounts of these long term leasehold land have not been restated. In addition, the revaluation reserve has been reclassified to retained earnings on the date of transition.

Bearer plants

Under FRS, valuation adjustments on bearer plants were incorporated into the financial statements. The Group elected to use the previous revaluation as deemed cost as at the date of revaluation. Accordingly, the carrying amounts of these bearer plants have not been restated. In addition, the revaluation reserve has been reclassified to retained earnings on the date of transition.

Under FRS, all the new planting expenditure incurred from land clearing to the point of harvesting was capitalised under oil palm plantation and was not amortised. Replanting expenditure, which represents cost incurred in replanting old planted areas, was charged to profit or loss. With the adoption of MFRS, the new planting expenditure and replanting expenditure are measure at cost less accumulated depreciation and accumulated impairment losses, if any.

The adoption of MFRS has resulted in additional depreciation on property, plant and equipment. The replanting expenditure that are charged to profit or loss during the previous financial year are reversed and capitalised under property, plant and equipment.

The impact arising from the changes are summarised as follows:

| | Group | | Company | |
|--|---------------------------|-------------------------|---------------------------|-------------------------|
| | 31 December 2017 RM | 1 January 2017 RM | 31 December 2017 RM | 1 January 2017 RM |
| Statement of profit or loss | | | | |
| Increase in depreciation | (17,429,879) | - | (6,147,724) | - |
| Decrease in replanting expenditure | 2,746,730 | - | - | - |
| Statement of financial position | | | | |
| Decrease in property, plant and equipment | (195,592,999) | (180,909,850) | (52,850,312) | (46,702,596) |

Notes to the Financial Statements

for the year ended 31 December 2018

30 First-time adoption of MFRS Framework (continued)

(b) Reconciliation (continued)

Notes to reconciliation (continued)

(ii) Biological assets

Under FRS, biological assets form part of the bearer plants and were not recognised separately. With the adoption of MFRS, the biological assets within the scope of MFRS 141 are measured at fair value less costs to sell. The changes in fair value less costs to sell of the biological assets were recognised in profit or loss during the financial year.

The impact arising from the change is summarised as follows:

| | Group | | Company | |
|--|---------------------------|-------------------------|---------------------------|-------------------------|
| | 31 December 2017 RM | 1 January 2017 RM | 31 December 2017 RM | 1 January 2017 RM |
| Statement of profit or loss | | | | |
| Increase in fair value loss on biological assets | (4,112,463) | - | (1,084,837) | - |
| Statement of financial position | | | | |
| Increase in biological assets | 4,718,825 | 8,830,988 | 1,710,712 | 2,795,549 |

(iii) Others

The impact arising from all of the changes described earlier to the other liabilities, equity and profit or loss is summarised as follows:

| | Group | | Company | |
|--|---------------------------|-------------------------|---------------------------|-------------------------|
| | 31 December 2017 RM | 1 January 2017 RM | 31 December 2017 RM | 1 January 2017 RM |
| Statement of profit or loss | | | | |
| Decrease in taxation | 3,546,000 | - | 1,505,000 | - |
| Statement of financial position | | | | |
| Liabilities | | | | |
| Decrease in deferred tax liabilities | (47,006,000) | (43,460,000) | (12,658,000) | (11,153,000) |
| Equity | | | | |
| Decrease in revaluation reserve | (336,571,619) | (340,793,292) | (123,715,952) | (125,092,269) |
| Increase in retained earnings | 235,461,104 | 251,262,391 | 85,234,368 | 92,338,248 |

Statements of cash flows

The transition to MFRS framework has no impact on the net changes on cash flows generated from operating, investing and financing activities by the Group and the Company.

31 Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 28 March 2019.

INDEPENDENT AUDITORS' REPORT

to the Members of Far East Holdings Berhad
Company No: 14809 - W
(Incorporated in Malaysia)

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 2018 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 67 to 113.

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 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International 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

Company No: 14809 - W
(Incorporated in Malaysia)

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
Company No: 14809 - W
(Incorporated in Malaysia)

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.

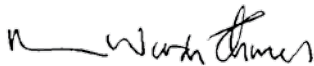
We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

As stated in Note 2 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of profit or loss and other comprehensive income, statements of financial position as at 31 December 2017 and 1 January 2017, statements of changes in equity and statements of cash flows of the Group and of the Company for year ended 31 December 2017 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2018, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as at 31 December 2018 and the financial performance and cash flows for the year then ended.

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

Kuantan 28 March 2019



Chong Loong Choy
[2589/08/20(J)]
Partner of the firm

SHAREHOLDINGS STRUCTURE

as at 4 April 2019

DISTRIBUTION TABLE A

| Size of Shareholdings | No. of Holders | % | (Ordinary) | |
|------------------------------|----------------|---------------|--------------------|---------------|
| | | | No. of Shares | % |
| Less than 100 | 25 | 1.37 | 513 | 0.00 |
| 100 - 1,000 | 169 | 9.23 | 120,434 | 0.02 |
| 1,001 - 10,000 | 890 | 48.63 | 6,093,018 | 1.03 |
| 10,001 - 100,000 | 617 | 33.72 | 18,817,920 | 3.17 |
| 100,001 and above | 124 | 6.78 | 213,237,880 | 35.91 |
| 5% and above of issue shares | 5 | 0.27 | 355,568,220 | 59.88 |
| TOTAL | 1,830 | 100.00 | 593,837,985 | 100.00 |

DISTRIBUTION TABLE ACCORDING TO CATEGORY OF SHAREHOLDERS

| Category of Holder | No. of Holders | | | No. of Securities | | | % | | |
|---|----------------|--------------|-----------|--------------------|--------------------|------------------|--------------|--------------|-------------|
| | Malaysian | | Foreign | Malaysian | | Foreign | Malaysian | | Foreign |
| | Bumi | Non-Bumi | | Bumi | Non-Bumi | | Bumi | Non-Bumi | |
| 1 Individuals | 104 | 1,486 | 22 | 20,018,800 | 85,616,475 | 607,436 | 3.37 | 14.42 | 0.10 |
| 2 Body Corporate | | | | | | | | | |
| a. Banks/Finance Companies | 4 | 0 | 0 | 141,120 | 0 | 0 | 0.02 | 0.00 | 0.00 |
| b. Investment Trusts/ Foundation/ Charities | 0 | 1 | 0 | 0 | 1,000 | 0 | 0.00 | 0.00 | 0.00 |
| c. Other Types of Companies | 10 | 34 | 1 | 73,429,536 | 235,689,244 | 36,960 | 12.37 | 39.69 | 0.01 |
| 3 Government Agencies/ Institutions | 2 | 0 | 0 | 151,591,020 | 0 | 0 | 25.53 | 0.00 | 0 |
| 4 Nominees | 93 | 65 | 9 | 22,524,374 | 1,895,040 | 2,287,980 | 3.79 | 0.32 | 0.39 |
| 5 Others | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 213 | 1,585 | 32 | 267,704,850 | 323,200,759 | 2,932,376 | 45.08 | 54.43 | 0.49 |

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

| No. | Shareholder's Name | Shareholding | % |
|-----|---|--------------|-------|
| 1 | Perbadanan Kemajuan Pertanian Negeri Pahang | 149,523,360 | 25.18 |
| 2 | Prosper Trading Sdn. Bhd. | 96,828,480 | 16.31 |
| 3 | Hikmat Elit Sdn. Bhd. | 41,196,540 | 6.94 |
| 4 | LKPP Corporation Sendirian Berhad | 34,861,176 | 5.87 |
| 5 | Prosper Trading Sdn. Bhd. | 33,158,664 | 5.58 |
| 6 | Fokas Sehati Sdn. Bhd. | 19,356,540 | 3.26 |
| 7 | Azimat Pelangi Sdn. Bhd. | 15,682,980 | 2.64 |
| 8 | Deluxe Era Sdn. Bhd. | 14,408,720 | 2.43 |
| 9 | Hikmat Elit Sdn. Bhd. | 13,747,020 | 2.31 |
| 10 | Kamaruddin bin Mohammed | 11,340,000 | 1.91 |
| 11 | Prosper Trading Sdn. Bhd. | 10,935,120 | 1.84 |
| 12 | Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tee Kim Tee @ Tee Ching Tee (M09) | 10,887,240 | 1.83 |
| 13 | Mergeboom (M) Sdn. Bhd. | 10,567,200 | 1.78 |

Shareholdings Structure

as at 4 April 2019

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONTINUED)

| No. | Shareholder's Name | Shareholding | % |
|--------------|--|--------------------|--------------|
| 14 | Tee Cheng Hua | 8,762,200 | 1.48 |
| 15 | Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tee Kim Tee @ Tee Ching Tee (Tee0063c) | 8,190,000 | 1.38 |
| 16 | Budi-JS Plantation Management Sdn. Berhad | 7,002,240 | 1.18 |
| 17 | Mergeboom (M) Sdn. Bhd. | 4,935,000 | 0.83 |
| 18 | Han Kee Juan | 4,121,040 | 0.69 |
| 19 | Tee Ching Chan | 3,920,280 | 0.66 |
| 20 | Tee Cheng Hu | 3,038,280 | 0.51 |
| 21 | Amanah Saham Pahang Berhad | 2,982,420 | 0.50 |
| 22 | Tee Lip Hian | 2,883,720 | 0.49 |
| 23 | Tee Chain Yee | 2,835,000 | 0.48 |
| 24 | Tee Lip Sin | 2,313,780 | 0.39 |
| 25 | Tee Lip Jen | 2,183,580 | 0.37 |
| 26 | Nowawi bin Abdul Rahman | 2,169,600 | 0.37 |
| 27 | Tee Lip Chuan | 2,132,340 | 0.36 |
| 28 | Kalsom binti Ahmad | 2,100,000 | 0.35 |
| 29 | Perbadanan Kemajuan Negeri Selangor | 2,067,660 | 0.35 |
| 30 | Liow Boon Seng | 2,007,600 | 0.34 |
| TOTAL | | 526,137,780 | 88.60 |

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 - CDS No. 087-007-057838492</i> | 149,523,360 | 25.18 |
| | <i>Total shares and %</i> | 149,523,360 | 25.18 |
| 2 | PROSPER TRADING SDN. BHD. <i>Share held through:-</i> <i>Own Account - CDS No. 068-009-050705219</i> <i>Own Account - CDS No. 068-019-024047938</i> <i>AMSEC Nominees (Tempatan) Sdn Bhd - CDS No. 086-001-035663806</i> | 33,158,664 10,935,120 96,828,480 | 5.58 1.84 16.31 |
| | <i>Total shares and %</i> | 140,922,264 | 23.73 |
| 3 | HIKMAT ELIT SDN. BHD. <i>Share held through:-</i> <i>Own Account - CDS No. 068-009-050707900</i> <i>Own Account - CDS NO. 028-002-036831386</i> | 41,196,540 13,747,020 | 6.94 2.31 |
| | <i>Total shares and %</i> | 54,943,560 | 9.25 |
| 4 | LKPP CORPORATION SDN. BHD. <i>Share held through:-</i> <i>Own Account</i> <i>TA Nominees (Tempatan) Sdn Bhd</i> | 34,861,176 508,200 | 5.87 0.09 |
| | <i>Total shares and %</i> | 35,369,376 | 5.96 |
| TOTAL | | 380,758,560 | 64.12 |

Shareholdings Structure

as at 4 April 2019

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 Sri Kalsom bt Ahmad is his spouse</i> <i>(b) By Virtue of Khairatun Amirah bt Kamaruddin is his daughter</i> | 11,340,000 | 1.91 | 2,100,000 ^(a) 420,000 ^(b) | 0.35 0.07 |
| | | 11,340,000 | 1.91 | 2,520,000 | 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 | 501,480 10,887,240 8,190,000 | 0.08 1.83 1.38 | - | - |
| | | 19,578,720 | 3.30 | | |
| 3 | MR TEE CHENG HUA <i>Shares held through:-</i> Individual Account | 8,762,200 | 1.48 | - | - |
| | | 8,762,200 | 1.48 | | |
| 4 | MR TEE LIP TENG <i>Shares held through:-</i> Individual Account 1 Individual Account 2 | 420,000 840,000 | 0.07 0.14 | - | - |
| | | 1,260,000 | 0.21 | | |
| 5 | YH DATO' TAN BING HUA <i>Notes:</i> <i>(a) By Virtue of YBhg Datin Cho Kwai Lin is his spouse</i> | - | - | 184,800 | 0.03 |
| | | | | 184,800 | 0.03 |
| 6 | YH DATO' INDERA WAN BAKRI BIN WAN ISMAIL | - | - | - | - |
| 7 | YH DATO' JAMALUDDIN BIN ABD MAJID | - | - | - | - |
| 8 | ENCIK NIK MOHAMED ZAKI BIN NIK YUSOFF | - | - | - | - |
| | TOTAL | 40,975,950 | 6.90 | 2,704,800 | 0.45 |

GROUP PROPERTIES

| Location | Title/Address | Tenure (Leasehold period till year) | Area (Hec) / Square Meter | Usage | Revaluation (Acquisition) Date | Net Book Value As At 31.12.2018 RM'000 |
|--|---------------|--|------------------------------|--------------------------|--------------------------------------|---|
| Far East Holdings Berhad | | | | | | |
| Ladang Sg. Seraya Daerah Rompin Pahang Darul Makmur | H.S(D) 61 | 2079 | 161.8744 ha | Oil Palm Cultivations | 31.12.2015 | |
| | H.S(D) 62 | 2079 | 258.9990 ha | | | |
| | H.S(D) 63 | 2079 | 230.6710 ha | | | |
| | H.S(D) 64 | 2079 | 190.2024 ha | | | |
| | PN 16273 | 2103 | 60.5700 ha | | | |
| | PN 16839 | 2103 | 10.2200 ha | | | |
| Ladang Bukit Jin Daerah Bera Pahang Darul Makmur | H.S(D) 3171 | 2079 | 420.8734 ha | Oil Palm Cultivations | 31.12.2015 | |
| | H.S(D) 3172 | 2079 | 420.8724 ha | | | |
| | H.S(D) 3173 | 2079 | 190.2020 ha | | | |
| | H.S(D) 3174 | 2079 | 230.6705 ha | | | |
| | H.S(D) 3175 | 2079 | 274.7811 ha | | | |
| | H.S(D) 3176 | 2079 | 8.4984 ha | | | |
| | H.S(D) 3177 | 2079 | 384.4508 ha | | | |
| | H.S(D) 3178 | 2079 | 36.4217 ha | | | |
| | H.S(D) 3179 | 2079 | 68.7965 ha | | | |
| | H.S(D) 3180 | 2079 | 68.7965 ha | | | |
| Ladang Sg Rasau Daerah Pekan Pahang Darul Makmur | H.S(D) 1971 | 2091 | 118.0388 ha | Oil Palm Cultivations | 31.12.2015 | |
| | | | | | | |
| Ladang Sg Batu Daerah Kuantan Pahang Darul Makmur | PN 18576 | 2103 | 873.6000 ha | Oil Palm | 31.12.2015 | |
| | PN 24400 | 2112 | 33.3000 ha | Cultivations | | |
| Ladang Chengal Daerah Rompin Pahang Darul Makmur | H.S(D) 4147 | 2106 | 1,103.0100 ha | Oil Palm | 31.12.2015 | |
| | H.S(D) 4148 | 2106 | 1,096.9900 ha | Cultivations | | |
| Ladang DSK Daerah Rompin Pahang Darul Makmur | H.S(D) 4803 | 2112 | 1297.0200 ha | Oil Palm Cultivations | (21.08.2017) | |
| | | | | | | |
| Bandar Indera Mahkota | PN 7721 | 2096 | 8.8240 ha | Building | 31.12.2015 | |
| Land Nearby Sungai Marung Estate | H.S(D) 5006 | 2114 | 158.1890 ha | Oil Palm | 31.12.2015 | |
| | H.S.(M) 7647 | 2114 | 1.4890 ha | Cultivations | 31.12.2015 | |
| | H.S(D) 5087 | 2115 | 31.8020 ha | | | |
| | H.S(D) 5456 | 2116 | 26.5970 ha | | | |
| | PN 27916 | 2117 | 12.7800 ha | | | |
| Land Nearby Sungai Gayung Estate | H.S(D) 5088 | 2115 | 11.5600 ha | Oil Palm Cultivations | 31.12.2015 | |
| Land Nearby Bukit Serok Estate | H.S(D) 4850 | 2113 | 44.6500 ha | Oil Palm | 31.12.2015 | |
| | H.S(D) 4851 | 2113 | 145.8900 ha | Cultivations | | |
| Land Nearby Kampong Aur Estate | H.S(D) 5005 | 2114 | 58.4620 ha | Oil Palm Cultivations | 31.12.2015 | |
| Land Nearby Cempaka Estate | H.S(D) 11009 | 2116 | 8.5000 ha | Oil Palm | 31.12.2015 | |
| | H.S(D) 11010 | 2116 | 17.0120 ha | Cultivations | | |
| | H.S(D) 11011 | 2116 | 17.8220 ha | | | |

Group Properties

| Location | Title/Address | Tenure (Leasehold period till year) | Area (Hec) / Square Meter | Usage | Revaluation (Acquisition) Date | Net Book Value As At 31.12.2018 RM'000 |
|---|---|--|---|--------------------------|--------------------------------------|---|
| Land Nearby Dawn Estate | H.S(D) 5004 | 2114 | 12.1000 ha | Oil Palm Cultivations | 31.12.2015 | |
| Land Nearby Juasa Estate | H.S(D) 5330 H.S(D) 5331 H.S(D) 5346 | 2116 2116 2116 | 40.8200 ha 221.4570 ha 55.2910 ha | Oil Palm Cultivations | | |
| | | | 8,412.1039 ha | | | 338,146 |
| Far East Holdings Berhad (Head Office) | Level 23 Menara Zenith Jalan Putra Square 6 25200 Kuantan Pahang Darul Makmur | Owned | 14,444.40 sq.m. | Head Office | (22.02.2017) | |
| | | | | | | 5,184 |
| Dawn Oil Palm Plantations Sdn. Bhd. | | | | | | |
| Ladang Dawn | H.S(D) 11 | 2075 | 297.8482 ha | Oil Palm | 31.12.2015 | |
| Daerah Rompin | H.S(D) 18 | 2076 | 133.1414 ha | Cultivations | | |
| Pahang Darul Makmur | H.S(D) 57 | 2079 | 242.8116 ha | | | |
| | H.S(D) 58 | 2079 | 177.7600 ha | | | |
| | H.S(D) 3719 | 2071 | 11.33120 ha | | | |
| | H.S(D) 3772 | 2072 | 236.3360 ha | | | |
| | H.S(D) 3773 | 2072 | 14.56870 ha | | | |
| | H.S(D) 4115 | 2103 | 114.1800 ha | | | |
| | PN 7815 | 2103 | 218.9000 ha | | | |
| | PN 19605 | 2071 | 138.2000 ha | | | |
| | H.S(D) 4852 | 2113 | 220.0000 ha | | | |
| | PN 17098 | 2103 | 23.7700 ha | | | |
| Ladang Cempaka | H.S(D) 988 | 2096 | 452.6000 ha | Oil Palm | 31.12.2015 | |
| Daerah Bera | | | | Cultivations | | |
| Pahang Darul Makmur | | | | | | |
| | | | 2,281.4471 ha | | | 70,195 |
| B.S. Oil Palm Plantations Sdn. Bhd. | | | | | | |
| Ladang Bukit Serok | H.S(D) 8 | 2075 | 350.4572 ha | Oil Palm | 31.12.2015 | |
| Daerah Rompin | H.S(D) 16 | 2076 | 346.8150 ha | Cultivations | | |
| Pahang Darul Makmur | H.S(D) 50 | 2085 | 357.8000 ha | | | |
| | H.S(D) 59 | 2079 | 171.9916 ha | | | |
| | H.S(D) 60 | 2079 | 248.8819 ha | | | |
| | H.S(D) 3716 | 2071 | 136.3788 ha | | | |
| | H.S(D) 3717 | 2071 | 137.1882 ha | | | |
| | H.S(D) 3741 | 2071 | 290.1591 ha | | | |
| | PN 17048 | 2103 | 27.7900 ha | | | |
| | | | 2,067.4618 ha | | | 78,812 |

Group Properties

| Location | Title/Address | Tenure (Leasehold period till year) | Area (Hec) / Square Meter | Usage | Revaluation (Acquisition) Date | Net Book Value As At 31.12.2018 RM'000 |
|---|---------------|--|------------------------------|--|--------------------------------------|---|
| Far East Delima Plantations Sdn. Bhd. | | | | | | |
| Ladang Delima Daerah Rompin Pahang Darul Makmur | H.S(D) 4568* | 2103 | 2,830.8500 ha | Oil Palm Cultivations | 31.12.2015 | |
| | | | 2,830.8500 ha | | | 34,853 |
| F.E. Rangkaian Sdn. Bhd. | | | | | | |
| Ladang Rangkaian Daerah Rompin Pahang Darul Makmur | H.S(D) 4805* | 2112 | 728.4500 ha | Oil Palm Cultivations | 31.12.2015 | |
| | H.S(D) 4806* | 2112 | 687.9800 ha | | | |
| | | | 1,416.4300 ha | | | 22,441 |
| Kilang Kosfarm Sdn. Bhd. | | | | | | |
| | H.S(D) 3896** | 2070 | 123.8339 ha | Building and Oil Palm Cultivations | (10.04.1990) | |
| | | | 123.8339 ha | | | 410 |
| Grand Total | | | 17,132.1267 | | | 550,041 |

Notes:

* *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 45th Annual General Meeting of Far East Holdings Berhad to be held at The Zenith Hotel, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur on Wednesday, 19 June 2019 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 vote or abstain as he/she thinks fit.

| | Ordinary | | | | | | | | | Special |
|-------------------|----------|---|---|---|---|---|---|---|---|---------|
| Resolution Number | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 1 |
| For | | | | | | | | | | |
| Against | | | | | | | | | | |

Signed this day of2019.

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

Signature(s)/Company Seal

Witness*

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

Fold here to seal

STAMP

COMPANY SECRETARIES
FAR EAST HOLDINGS BERHAD
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

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

Fax: +609-513 6211

E-mail: fareast@fareh.po.my

www.fehb.com.my
