

FAR EAST HOLDINGS BERHAD (14809-W)
(Incorporated in Malaysia)

1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in compliance with FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the Group's financial statement for the year ended 31 December 2008. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2008.

2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2008 except for the following Financial Reporting Standards ("FRS") and Issues Committee Interpretations ("IC Interpretation") which were issued but not yet effective and have not been applied by the Group:

| | |
|----------------------|---|
| FRS 4 | Insurance Contract |
| FRS 7 | Financial Instruments Disclosures |
| FRS 8 | Operating Segments |
| FRS 139 | Financial Instruments Recognition and Measurement |
| IC Interpretation 9 | Reassessment of Embedded Derivatives |
| IC Interpretation 10 | Interim Financial Reporting and Impairment |
| IC Interpretation 8 | Scope of FRS 2 |

The adoption of all FRSs and IC Interpretations upon their effective dates is not expected to have any significant financial impact to the Group.

3. DISCLOSURE ON QUALIFICATION OF AUDIT REPORT

The audit report of the Group's financial statements for the financial year ended 31 December 2008 was not qualified.

4. SEASONALITY OR CYCLICALITY

The Group's plantation business is affected by seasonal crop production, weather conditions and fluctuating commodity prices.

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5. UNUSUAL ITEM AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size, or incidence in the cumulative quarter ended 31 March 2009.

6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts that have a material effect in the cumulative quarter ended 31 March 2009.

7. ISSUANCE, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OR DEBTS AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the cumulative quarter ended 31 March 2009.

8. DIVIDEND PAID

Dividend paid was as follows:

| | 3 months and year-to-date ended | |
|----------------------------|--|-----------------------------|
| | 31.3.2009 RM'000 | 31.3.2008 RM'000 |
| Special interim dividend | 10,174 ¹ | 9,996 ² |
| Total dividend paid | 10,174 | 9,996 |

Note:

1 A special dividend of seven and a half (7.5) sen per share (single tier) for the financial year ended 31 December 2008 was accrued in the accounts for the financial year ended 31 December 2008 and the dividend was paid on 16 January 2009.

2 An interim dividend of five (5) sen per share less 26% tax and a special interim dividend of five (5) sen per share less 26% tax was accrued in the accounts for the financial year ended 31 December 2007 and was paid on 17 January 2008.

9. SEGMENTAL REPORTING

No segmental reporting has been prepared as the group activities are predominantly in plantation activity, which is mainly carried out in Malaysia.

10. PROPERTY PLANT AND EQUIPMENT

The valuation of property, plant and equipment has been brought forward without amendments from the financial statements for the year ended 31 December 2008.

11. SUBSEQUENT MATERIAL EVENTS

There were no subsequent material events at the date of this cumulative quarter ended 31 March 2009.

12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no other changes in the composition of the Group during the cumulative quarter ended 31 March 2009.

13. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

The Group does not have any contingent liabilities or contingent assets for cumulative quarter ended 31 March 2009.

14. REVIEW OF PERFORMANCE

| | 3 months and year-to-date ended | |
|---------------------------|--|------------------|
| | 31.3.2009 | 31.3.2008 |
| | RM'000 | RM'000 |
| Revenue | 74,117 | 147,613 |
| Profit before taxation | 19,770 | 48,522 |
| Net profit for the period | 15,664 | 38,345 |

Lower revenue and net profit for the cumulative quarter 2009 as compared to the cumulative quarter 2008 were due to:

- (a) Lower average crude palm oil price and kernel price of RM1,925 per mt and RM863 per mt respectively for the cumulative quarter 2009 as compared to RM3,077 per mt and RM2,031 per mt respectively for the corresponding cumulative quarter 2008.
- (b) Lower FFB ("Fresh Fruit Bunches") production by 12,184 mt (15%) as compared to the corresponding cumulative current quarter 2008.

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(c) Lower contribution from the share of associated companies' profits by RM6.04 million as compared to the corresponding cumulative current quarter 2008.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

| | Current Quarter 31.3.2009 RM'000 | Preceding Quarter 31.12.2008 RM'000 |
|---------------------------|---|--|
| Revenue | 74,117 | 106,734 |
| Profit before taxation | 19,770 | 20,644 |
| Net profit for the period | 15,664 | 17,954 |

For the current quarter ended 31 December 2009, the Group recorded lower revenue as compared to the last quarter 31 December 2008. This is in line with the lower crude palm oil and kernel prices and lower FFB production for the current quarter ended 31 March 2009.

16. CURRENT YEAR PROSPECTS

The Group's FFB ("Fresh Fruit Bunches") production in the financial year 2009 is expected to be slightly higher than the production in the financial year 2008. The results of the Group for financial year 2009 is expected to remain satisfactory but lower than that of financial year 2008 due to lower crude palm oil and palm kernel prices.

17. CAPITAL COMMITMENTS

The amount of commitments for the acquisition of shares, purchase of land, plant and equipment not provided for in the interim financial statements are as follows:

| | As at 31.3.2009 (RM'000) | As at 31.3.2008 (RM'000) |
|--------------------------------|---|---|
| Property, plant and equipment | 15,445 | 5,243 |
| Oil palm development, | 20,089 | 18,541 |
| Acquisition of shares | 10,200 | 2,000 |
| Biodiesel and glycerin project | - | 20,000 |
| Total | 45,734 | 45,784 |

18. VARIANCE FROM PROFIT FORECAST/PROFIT GUARANTEE

Not applicable as there was no profit forecast nor profit guarantee published.

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19. TAXATION

| | 3 months and year-to-date ended | |
|-------------|--|------------------|
| | 31.3.2009 | 31.3.2008 |
| | RM'000 | RM'000 |
| Company tax | 4,106 | 10,177 |

The Group effective tax rate for the cumulative quarter ended 31 March 2009 was 25% and 26% for the corresponding cumulative quarter ended 31 March 2008.

20. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There was no sale of unquoted investments and/or properties for the current quarter under review.

21. QUOTED SECURITIES

There was no sale of quoted securities other than through the fund manager appointed.

22. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals for the period under review.

23. GROUP BORROWINGS AND DEBT SECURITIES

The Group borrowings were as follows:

| | As at 31.3.2009 RM'000 | As at 31.3.2008 RM'000 |
|-------------------------------------|---------------------------------------|---------------------------------------|
| Current | | |
| Hire purchase liabilities (secured) | 234 | 426 |
| Non Current | | |
| Hire purchase liabilities (secured) | 179 | 276 |

24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

During the current quarter and cumulative quarter ended 31 March 2009, the Group did not enter into any contracts involving off balance sheet instruments.

25. STATUS OF THE MATERIAL LITIGATIONS

Originating Summon – Kuantan HCOS NO. MT (1) 24-263-2006

Majlis Ugama Islam Dan Adat Resam Melayu Pahang (“MUIP”) - vs -

- 1) Far East Holdings Berhad
- 2) Kampong Aur Oil Palm (Co.) Sdn Bhd

Second pre-hearing meeting was held on 21 January 2009 at the Kuala Lumpur Regional Centre of Arbitration of which the time line for parties to exchange and file the respective bundle of documents, next mention date before the Arbitration and date of full trial was highlighted in the discussion. The full trial of the matter at the Kuala Lumpur Regional Centre for Arbitration is on the 22 to 24 July 2009.

26. STATUS ON THE JOINT VENTURE PROJECT

The status on the joint venture project for the development of oil palm plantation between Far East Holdings Berhad and Rangkaian Delima Sdn Bhd.

The total planted area was 2,819 hectares and as at 31 March 2009 a total of 331 hectares the areas had been declared mature. The joint venture company i.e. Far East Delima Plantations Sdn Bhd had recorded a profit before tax of RM45,840 for the current cumulative quarter ended 31 March 2009.

The status on the joint venture project for the biodiesel and glycerine refinery - Future Prelude Sdn Bhd (“FPSB”).

The plant, which is located in Pulau Indah, Klang would be operating with a capacity of 200,000 tonne per year of pre treatment CPO, 100,000 tonne per year of palm methyl ester and 20,000 tonne per year of refined glycerine. The plant is under construction and is scheduled for commissioning by November 2009. As to date FPSB had recorded a loss of RM145,904 for the current cumulative quarter ended 31 March 2009.

27. STATUS ON THE SHAREHOLDING SPREAD

The public shareholdings spread as at 31 March 2009 was 24.31%. Bursa Malaysia in its letter dated 1 April 2009 had rejected the Company’s application for recognition of lower percentage spread. However, Bursa Securities had granted the Company an extension of time of six (6) months from 1 April 2009, for the Company to comply with the 25% public shareholding spread.

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28. DIVIDEND

No interim dividend was declared for the financial period ended 31 March 2009.

(31 March 2008: Nil)

29. EARNINGS PER SHARE (“EPS”)

(a) **Basic EPS**

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period:

| | 3 months and year-to-date ended | |
|--|--|------------------|
| | 31.3.2009 | 31.3.2008 |
| | RM’000 | RM’000 |
| Profit attributable to equity holder of parent (RM’000) | 14,276 | 33,129 |
| Weighted average number of ordinary shares in issue (‘000) | 135,649 | 135,089 |
| Basic EPS (sen) | 10.52 | 24.52 |

(b) **Diluted EPS**

For the purpose of calculating diluted EPS, the weighted average number of ordinary shares in issue during the period has been adjusted for the dilutive effects of all potential ordinary shares, i.e. share options granted to employees.

| | 3 months and year-to-date ended | |
|--|--|------------------|
| | 31.3.2009 | 31.3.2008 |
| | RM’000 | RM’000 |
| Profit attributable to equity holder of parent (RM’000) | 14,276 | 33,129 |
| Weighted average number of ordinary shares in issue (‘000) | 135,649 | 135,089 |
| Effect of dilution (‘000) | - | 290 |
| Adjusted weighted average number of ordinary shares in issue and issuable (‘000) | 135,649 | 135,379 |
| Diluted EPS (sen) | 10.52 | 24.47 |

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30. AUTHORISED FOR ISSUE

The interim financial statements were authorised for issue on 28 May 2009 by the Board of Directors in accordance with a resolution of the Directors.