

**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.

**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 30 September 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 30 September 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 current financial year to-date except for the issue of the following new ordinary share of RM1-00 each pursuant to the Company's Employees' Share Option Scheme:-

<b>Option price per share [RM]</b>	<b>No. of shares issued ['000]</b>	<b>Cash proceeds [RM '000]</b>
5.234	580	3,036
<b>Total</b>	<b>580</b>	<b>3,036</b>

**8. DIVIDEND PAID**

Dividend paid was as follows:

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.9.2009 RM'000</b>	<b>30.9.2008 RM'000</b>	<b>30.9.2009 RM'000</b>	<b>30.9.2008 RM'000</b>
Special interim dividend	-	-	10,174 <sup>1</sup>	-
Interim dividend	-	-	-	9,996 <sup>3</sup>
Interim dividend	-	13,565 <sup>5</sup>	-	13,565 <sup>5</sup>
Final dividend	-	-	20,434 <sup>2</sup>	22,721 <sup>4</sup>
Final dividend	-	781 <sup>6</sup>	-	781 <sup>6</sup>
<b>Total dividend paid</b>	<b>-</b>	<b>14,346</b>	<b>30,608</b>	<b>47,063</b>

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(Incorporated in Malaysia)

**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 A final dividend of fifteen (15) sen per share (single tier) for the financial year ended 31 December 2008 was paid on 11 June 2009.
- 3 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.
- 4 A final dividend of twelve and a half (12.5) sen per share less 26% Malaysian Income Tax and a special tax exempt dividend of seven and a half (7.5) sen for the financial year ended 31 December 2007 was paid on 4 July 2008.
- 5 An interim dividend of ten (10) sen per share (single tier) for the financial year ended 31 December 2008 was paid on 23 September 2008.
- 6 A final dividend was paid by Kilang Kosfarm Sdn Bhd and Wujud Wawasan Sdn Bhd of twenty (20) sen per share less 26% Malaysian Income Tax and ten (10) sen per share less 26% Malaysian Income Tax for the financial year ended 31 December 2007 respectively.

**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 quarterly report and financial year to date ended 30 September 2009.

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

**12. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no other changes in the composition of the Group during the current quarter and financial year-to-date ended 30 September 2009.

**13. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

The Group does not have any contingent liabilities or contingent assets for the current quarter and financial year-to-date ended 30 September 2009.

**14. REVIEW OF PERFORMANCE**

	3 months ended		9 months ended	
	30.9.2009 RM'000	30.9.2008 RM'000	30.9.2009 RM'000	30.9.2008 RM'000
Revenue	83,060	129,909	243,014	419,922
Profit before taxation	28,063	51,100	67,244	160,802
Net profit for the period	21,478	40,645	52,633	130,363

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 RM2,212 per mt and RM1,048 per mt respectively for the cumulative quarter 2009 as compared to RM3,068 per mt and RM1,875 per mt respectively for the corresponding cumulative quarter 2008.
- (b) Lower FFB ("Fresh Fruit Bunches") production by 29,664 mt (12%) as compared to the corresponding cumulative current quarter 2008 as a result of replanting programme undertaken by the Company.
- (c) Lower contribution from the share of associated companies' profits by RM29.71 million as compared to the corresponding cumulative quarter 2008.
- (d) No gain on disposal of securities or unquoted investments during the cumulative quarter 2009 as compared to RM6.45 million recorded in the corresponding cumulative quarter 2008.

**15. COMPARISON WITH PRECEDING QUARTER'S RESULTS**

	<b>Current Quarter 30.9.2009 RM'000</b>	<b>Preceding Quarter 30.6.2009 RM'000</b>
Revenue	83,060	85,837
Profit before taxation	28,063	19,411
Net profit for the period	21,478	15,491

For the current quarter ended 30 September 2009, FFB production is higher by 15,646 mt (23%) as compared to the preceding quarter. However, the average CPO and Kernel prices are lower in the current quarter 30 September 2009 and this resulted in lower revenue in the current quarter under review.

For the current quarter ended 30 September 2009, the Group recorded higher profit before taxation and net profit as compared to the last quarter 30 June 2009. This is attributable to the lower operating cost during the current quarter under review.

**16. CURRENT YEAR PROSPECTS**

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:

	<b>As at 30.9.2009 (RM'000)</b>	<b>As at 30.9.2008 (RM'000)</b>
Property, plant and equipment	13,548	4,215
Oil palm development	13,611	11,077
Acquisition of shares	-	2,000
<b>Total</b>	<b>27,159</b>	<b>17,292</b>

**18. VARIANCE FROM PROFIT FORECAST/PROFIT GUARANTEE**

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

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

**19. TAXATION**

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.9.2009</b>	<b>30.9.2008</b>	<b>30.9.2009</b>	<b>30.9.2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Company tax	6,099	10,455	14,125	30,439
Under accrual in prior year	486	-	486	-
<b>Total</b>	<b>6,585</b>	<b>10,455</b>	<b>14,611</b>	<b>30,439</b>

The Group effective tax rate for the cumulative quarter ended 30 September 2009 was 25% and 26% for the corresponding cumulative quarter ended 30 September 2008.

**20. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES**

There was no sale of unquoted investments and/or properties for the current quarter and financial year-to-date ended 30 September 2009.

**21. QUOTED SECURITIES**

There was no sale and purchase of quoted securities for the current quarter and financial year-to-date ended 30 September 2009 other than through the fund manager appointed.

The disposal of the quoted securities for financial year-to-date ended 30 September 2008 was as follows:

	<b>As at</b>
	<b>30.9.2008</b>
	<b>RM'000</b>
Disposal of quoted securities at market value	14,954
Cost of investment of the quoted securities	12,580
Gain on disposal	2,374

**22. STATUS OF CORPORATE PROPOSALS**

There were no corporate proposals for the period under review.

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

**23. GROUP BORROWINGS AND DEBT SECURITIES**

The Group borrowings were as follows:

	<b>As at 30.9.2009 RM'000</b>	<b>As at 30.9.2008 RM'000</b>
<b>Current</b>		
Hire purchase liabilities (secured)	68	405
<b>Non Current</b>		
Hire purchase liabilities (secured)	179	197

**24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

During the current quarter and financial year-to-date ended 30 September 2009, the Group did not enter into any contracts involving off balance sheet instruments.

**25. STATUS OF THE MATERIAL LITIGATIONS**

**In the matter of an Arbitration between  
Majlis Ugama Islam dan Adat Resam Melayu Pahang - Claimant  
And  
Far East Holdings Berhad & Anor - Respondent**

Case management and hearing of Respondent's preliminary objections on "without prejudice" documents included in the claimant's bundle of Documents was heard on 2 October 2009 and the new hearing date for decision, case management and full trial date of the case would be fixed in early January 2010.

**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 30 September 2009 a total of 1,155 hectares the areas had been declared mature. The joint venture company i.e. Far East Delima Plantations Sdn Bhd had recorded a loss before tax of RM165,354 for the current cumulative quarter ended 30 September 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 to be commissioned by stages. Pre-treatment plant is scheduled to be commissioned by December 2009, biodiesel plant is to be commissioned by January 2010 and glycerine plant by February 2010. As to date FPSB had recorded a loss of RM856,128 for the current cumulative quarter ended 30 September 2009.

**27. DIVIDEND**

**(i) Current quarter for the financial period ending 30 September 2009**

**Dividend for the financial period ending 30 September 2009:**

The Directors have not recommended a dividend to be declared for the financial period ending 30 September 2009.

**Dividend for the financial period ending 30 June 2009:**

On 19 August 2009, the Company had announced a single tier interim dividend of 7.5 sen per share for the financial period ending 30 June 2009 and the payment date was on 4 November 2009.

**Dividend for the financial year ended 31 December 2008:**

On 3 April 2009, the Company had announced recommendation for a final dividend of 15 sen (single tier) and the dividend was approved at Annual General Meeting on 27 May 2009 and payment date was on 11 June 2009.

**(ii) Current quarter for the financial period ending 30 September 2008**

**Dividend for the financial period ending 30 September 2008**

On 25 November 2008, the Company had announced a single tier special interim dividend of seven point five (7.5) sen in respect of the financial period ending 30 September 2008 and was paid on 16 January 2009.



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

**Dividend for the financial period ending 30 June 2008:**

On 21 August 2008, the Company had announced a single tier interim dividend of 10 sen per share which is not taxable in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act 1967, for the financial period ending 30 June 2008 and was paid on 23 September 2008.

**Dividend for the financial year ended 31 December 2007:**

On 17 April 2008, the Company had announced recommendation for a final dividend of 12.5 sen less 26% Malaysian Income Tax and a special dividend of 7.5 sen tax exempt. The dividend was approved at Annual General Meeting on 4 June 2008 and payment date was on 4 July 2008.

**28. 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:

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.9.2009</b>	<b>30.9.2008</b>	<b>30.9.2009</b>	<b>30.9.2008</b>
Profit attributable to equity holder of the parent (RM'000)	<b>19,742</b>	37,286	<b>48,432</b>	117,445
Weighted average number of ordinary shares in issue ('000)	<b>135,850</b>	135,263	<b>135,850</b>	135,263
<b>Basic EPS (sen)</b>	<b>14.53</b>	27.57	<b>35.65</b>	86.83

**(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.

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

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.9.2009</b>	<b>30.9.2008</b>	<b>30.9.2009</b>	<b>30.9.2008</b>
Profit attributable to equity holder of the parent (RM'000)	<b>19,742</b>	37,286	<b>48,432</b>	117,445
Weighted average number of ordinary shares in issue ('000)	<b>135,850</b>	135,263	<b>135,850</b>	135,263
Effect of dilution ('000)	-	42	-	46
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<b>135,850</b>	135,305	<b>135,850</b>	135,309
<b>Diluted EPS (sen)</b>	<b>14.53</b>	27.56	<b>35.65</b>	86.80

**29. AUTHORISED FOR ISSUE**

The interim financial statements were authorised for issue on 17 November 2009 by the Board of Directors in accordance with a resolution of the Directors.