

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

1. BASIS OF PREPARATION

The interim financial statements, other than financial instruments, have been prepared under the historical cost convention. Financial instruments have been fair valued in accordance to FRS 139 Financial Instruments: Recognition and Measurement.

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

The interim financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2010. 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 year ended 31 December 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2011.

2.1 Adoption of FRSs, Amendments to FRSs and IC Interpretations

On 1 January 2011, the Group adopted the following FRSs, Amendments to FRSs and IC Interpretations :

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

2.1 Adoption of FRSs, Amendments to FRSs and IC Interpretations (Cont'd.)

Amendment to FRS 1	Limited Exemption from Comparatives FRS 7 Disclosures for First-time Adopters
Amendment to FRS 1	Additional Exemptions for First-time Adopters
Amendment to FRS 2	Share-based Payment
Amendment to FRS 2	Group Cash-settled Shared-based Payment Transactions
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendment to FRS 7	Improving Disclosures about Financial Instruments
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 138	Intangible Assets
Amendment to FRS 1, FRS 3, FRS 7, FRS 101, FRS 121, FRS 128, FRS 131, FRS 132, FRS 134, FRS 139 and Amendments to IC Interpretation 13	Improvements to FRSs (2010)
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
Amendment to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfer of Assets from Customers

Adoption of the above FRSs, Amendments to FRSs and IC Interpretations did not have any effect on the financial performance, position or presentation of financial of the Group, other than the disclosures under the Amendments to FRS 7 which will affect the 2011 annual financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

2.2 FRS, IC Interpretations and Amendments to IC Interpretation issued but not yet effective

At the date of authorisation of these interim financial statements, the following FRS, IC Interpretations and Amendments to IC Interpretation were issued but not yet effective and have not been applied by the Group:

FRSs, IC Interpretation and Amendments to IC Interpretation		Effective for annual periods beginning on or after
FRS 124	Related Party Disclosures	1 January 2012
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendment to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2011

IC Interpretation 15: Agreements for the Construction of Real Estate will also be effective for annual periods beginning on or after 1 January 2012. This IC Interpretation is however not applicable to the Group.

3. DISCLOSURE ON QUALIFICATION ON AUDIT REPORT

The audit report of the Group's financial statements for the financial year ended 31 December 2010 was not qualified.

4. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

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

5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence in the current quarter and cumulative quarter ended 31 March 2011.

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6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts that have any material effect in the cumulative quarter ended 31 March 2011.

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 2011.

8. DIVIDEND PAID

Dividend paid is as follow:

	3 months and year-to-date ended	
	31.3.2011	31.3.2010
	RM'000	RM'000
Interim dividend	13,651	-

Note:

An interim dividend of ten (10) sen per share (single tier) for the financial year ended 31 December 2010 was paid on 21 January 2011.

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 2010.

11. SUBSEQUENT MATERIAL EVENTS

There were no subsequent material events at the date of this cumulative quarter ended 31 March 2011.

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 2011.

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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 2011.

14. REVIEW OF PERFORMANCE

	3 months and year-to-date ended	
	31.3.2011	31.3.2010
	Unaudited RM'000	Unaudited RM'000
Revenue	110,861	92,801
Profit before taxation	26,906	23,836
Net profit for the period	21,576	19,654

Higher revenue, profit before tax and net profit for the cumulative quarter 2011 as compared to the corresponding cumulative quarter 2010 was due to higher average crude palm oil price and kernel price of RM3,114 per mt and RM3,060 per mt respectively for the cumulative quarter 2011 as compared to RM2,497 per mt and RM1,416 per mt respectively for the corresponding cumulative quarter 2010.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Current Quarter	Preceding Quarter
	31.3.2011 RM'000	31.12.2010 RM'000
Revenue	110,861	145,152
Profit before taxation	26,906	24,205
Net profit for the period	21,576	19,609

For the current quarter ended 31 March 2011, the Group posted a net profit of RM21.58 million and profit before taxation of RM26.91 million which were higher as compared to the last quarter 31 December 2010.

16. CURRENT YEAR PROSPECTS

The Group is expected to achieve favorable result in view of the sustainable of crude palm oil price.

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17. CAPITAL COMMITMENTS

The amount of capital commitments not provided for in the financial statements is as follows:

	As at 31.3.2011 RM'000	As at 31.3.2010 RM'000
Property, plant and equipment	8,544	12,890
Oil palm development	17,248	7,971
Acquisition of land	70,000	30,000
Total	95,792	50,861

18. VARIANCE FROM PROFIT FORECAST/PROFIT GUARANTEE

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

19. TAXATION

	3 months and year-to-date ended	
	31.3.2011 Unaudited RM'000	31.3.2010 Unaudited RM'000
Company tax	5,330	4,182

The Group effective tax rate for the cumulative quarter ended 31 March 2011 and 31 March 2010 was 25%.

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 31.3.2011 Unaudited RM'000	As at 31.3.2010 Unaudited RM'000
Current		
Hire purchase liabilities (secured)	11	113
Non Current		
Hire purchase liabilities (secured)	-	28

24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

During the current quarter and cumulative quarter ended 31 March 2011, 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

The Arbitration Proceedings commenced on the 16, 17, and 18 March 2011 with the Claimant's first witness. The Proceedings was adjourned to 22, 23 and 24 June 2011 for continue hearing.

26. STATUS ON THE JOINT VENTURE PROJECT

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

Joint Venture Company: Far East Delima Plantations Sdn Bhd ("FEDP")

The total planted area was 2,860 hectares and as at 31 March 2011 a total of 2,467 hectares of the areas had been declared matured. FEDP had recorded a loss of RM279,448 for the current cumulative quarter ended 31 March 2011.

Joint Venture Company: F.E. Rangkaian Sdn Bhd (formerly known as Radiant Apex Sdn Bhd)

The land development has not started yet.

26. STATUS ON THE JOINT VENTURE PROJECT (Cont'd.)

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

FPSB had recorded a loss of RM4.45 million for the current cumulative quarter ended 31 March 2011.

27. DIVIDEND

No interim dividend was declared in the financial period ended 31 March 2011.

(31 March 2010: Nil)

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:

	3 months and year-to-date ended	
	31.3.2011 Unaudited	31.3.2010 Unaudited
Profit attributable to equity holder of the company (RM'000)	19,791	18,343
Weighted average number of ordinary shares in issue ('000)	136,509	136,229
Basic EPS (sen)	<u>14.50</u>	<u>13.46</u>

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28. EARNINGS PER SHARE (“EPS”) (Cont’d.)

(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	
	31.3.2011 Unaudited	31.3.2010 Unaudited
Profit attributable to equity holder of the company (RM’000)	19,791	18,343
Weighted average number of ordinary shares in issue (‘000)	136,509	136,229
Effect of dilution (‘000)	139	125
Adjusted weighted average number of ordinary shares in issue and issuable (‘000)	136,648	136,354
Diluted EPS (sen)	<u>14.48</u>	<u>13.45</u>

29. RETAINED EARNINGS

	As at 31.3.2011 RM’000	As at 31.12.2010 RM’000
	Realised	444,341
Unrealised	(25,005)	(25,620)
Total Retained Earnings	<u>419,336</u>	<u>413,196</u>

30. AUTHORISED FOR ISSUE

The interim financial statements were authorised for issue on 24 May 2011 by the Board of Directors in accordance with a resolution of the Directors.