

**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 Issues Committee (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:

<b>FRSs, IC Interpretation and Amendments to IC Interpretation</b>		<b>Effective for annual periods beginning on or after</b>
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 30 September 2011.

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

**6. MATERIAL CHANGES IN ESTIMATES**

There were no material changes in estimates of amounts that have any material effect in the cumulative quarter ended 30 September 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 30 September 2011 except for the issuance of the following new ordinary share of RM1.00 each pursuant to the Company's Employees Share Option Scheme.

Option price per share (RM)	No. of shares issued ('000)	Cash proceeds (RM'000)
5.234	380	1,989
6.520	1,698	11,071
6.550	20	131
<b>Total</b>	<b>2,098</b>	<b>13,191</b>

**8. DIVIDEND PAID**

Dividend paid is as follow:

	3 months and year-to-date ended		9 months and year-to-date ended	
	30.9.2011 RM'000	30.9.2010 RM'000	30.9.2011 RM'000	30.9.2010 RM'000
Interim dividend	-	-	13,651 <sup>2</sup>	-
Final dividend	27,608 <sup>3</sup>	-	27,608 <sup>3</sup>	20,461 <sup>1</sup>
<b>Total dividend paid</b>	<b>27,608</b>	<b>-</b>	<b>41,259</b>	<b>20,461</b>

**Note:**

- 1 A final dividend of fifteen (15) sen per share (single tier) for the financial year ended 31 December 2009 was paid on 30 June 2010.
- 2 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.
- 3 A final dividend of twenty (20) sen per share (single tier) for the financial year ended 31 December 2010 was paid on 14 July 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 was no subsequent material events at the date of this cumulative quarter ended 30 September 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 30 September 2011.

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

The Group does not have any contingent liabilities or contingent assets for cumulative quarter ended 30 September 2011.

**14. REVIEW OF PERFORMANCE**

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.9.2011 RM'000</b>	<b>30.9.2010 RM'000</b>	<b>30.9.2011 RM'000</b>	<b>30.9.2010 RM'000</b>
Revenue	<b>118,933</b>	113,665	<b>360,667</b>	290,864
Profit before taxation	<b>47,874</b>	44,647	<b>112,688</b>	89,305
Net profit for the period	<b>40,045</b>	36,225	<b>91,697</b>	73,028

Higher revenue, profit before taxation and net profit for the cumulative quarter 2011 when compared to the corresponding cumulative quarter 2010 were mainly due to:

- (i) Higher FFB production by 18,137 metric tonnes (10%).
- (ii) Higher average CPO and kernel price during the period of RM3,139 and RM2,494 respectively when compared to RM2,525 and RM1,565 respectively for the corresponding cumulative quarter 2010.

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

(iii) Higher contribution from the share of associated companies by RM3 million.

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

	<b>Current Quarter 30.9.2011 RM'000</b>	<b>Preceding Quarter 30.6.2011 RM'000</b>
Revenue	118,933	130,873
Profit before taxation	47,874	37,908
Net profit for the period	40,045	30,076

For the current quarter ended 30 September 2011, the Group posted lower revenue when compared to the preceding quarter 30 June 2011 which was decreased by RM11.94 million (9%) due to lower average prices of crude palm oil and kernel. Profit before taxation increase by RM9.97 million (26%) due to significant decrease in total operating expenditures by RM14.27 million (16%) and also increase in the share of profits from associated companies by RM8.45 million (128%).

**16. CURRENT YEAR PROSPECTS**

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

**17. CAPITAL COMMITMENTS**

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

	<b>As at 30.9.2011 RM'000</b>	<b>As at 30.9.2010 RM'000</b>
Property, plant and equipment	7,217	9,955
Oil palm development	15,296	4,650
Acquisition of land	70,000	30,000
<b>Total capital commitments</b>	<b>92,513</b>	<b>44,605</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**

	3 months ended		9 months ended	
	30.9.2011 RM'000	30.9.2010 RM'000	30.9.2011 RM'000	30.9.2010 RM'000
<b>Income tax:</b>				
- Current tax	8,210	8,422	21,372	16,277
- Over provision in prior year	(381)	-	(381)	-
<b>Total</b>	<b>7,829</b>	<b>8,422</b>	<b>20,991</b>	<b>16,277</b>

The Group effective tax rate for the cumulative quarter ended 30 September 2011 and 30 September 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 30.9.2011 RM'000	As at 30.9.2010 RM'000
<b>Current</b>		
Hire purchase liabilities (secured)	-	41
<b>Non Current</b>		
Hire purchase liabilities (secured)	-	28

**24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

During the current quarter and cumulative quarter ended 30 September 2011, the Group did not enter into any contract 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 had commenced in March 2011. The proceedings for the claimant's had completed on 28 July 2011. The Respondent Proceedings on 27, 28, and 29 September 2011 was postponed to 12, 13 and 14 December 2011 for subsequent 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 30 September 2011 a total of 2,467 hectares of the areas had been declared matured. FEDP had recorded a profit before tax of RM355,528 for the current cumulative quarter ended 30 September 2011.

**Joint Venture Company: F.E. Rangkaian Sdn Bhd**

The land development has not started yet.

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

FPSB recorded a loss of RM11.96 million for the current cumulative quarter ended 30 September 2011.

**27. DIVIDEND**

- (i) **Current quarter for the financial period ending 30 September 2011**

The Board is recommending an interim dividend (single tier) of fifteen (15) sen, be declared in respect of the financial year ending 31 December 2011 and will be paid on 9 January 2012 to the shareholders whose names appear



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

in the Record of Depositors of the Company at the close of business on 21 December 2011.

On 15 April 2011, the Company had announced recommendation for a final dividend of 20 sen (single tier) for the financial year ended 31 December 2010 and the dividend was approved at Annual General Meeting on 20 June 2011 and payment date was on 14 July 2011.

**(ii) Current quarter for the financial period ending 30 September 2010**

The Board is recommending an interim dividend (single tier) of ten (10) sen, be declared in respect of the financial year ending 31 December 2010 and will be paid on 21 January 2011 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 7 January 2011.

On 29 April 2010, the Company had announced recommendation for a final dividend of 15 sen (single tier) for the financial year ended 31 December 2009 and the dividend was approved at Annual General Meeting on 11 June 2010 and payment date was on 30 June 2010.

**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 ended		9 months ended	
	30.9.2011	30.9.2010	30.9.2011	30.9.2010
Profit attributable to equity holder of the parent (RM'000)	37,651	33,836	85,402	68,466
Weighted average number of ordinary shares in issue ('000)	137,025	136,286	137,025	136,286
<b>Basic EPS (sen)</b>	<b>27.48</b>	24.83	<b>62.33</b>	50.24

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

**(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 ended		9 months ended	
	30.9.2011	30.9.2010	30.9.2011	30.9.2010
Profit attributable to equity holder of the parent (RM'000)	<b>37,651</b>	33,836	<b>85,402</b>	68,466
Weighted average number of ordinary shares in issue ('000)	<b>137,025</b>	136,286	<b>137,025</b>	136,286
Effect of dilution ('000)	<b>197</b>	44	<b>249</b>	43
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<b>137,222</b>	136,330	<b>137,274</b>	136,329
<b>Diluted EPS (sen)</b>	<b>27.44</b>	24.82	<b>62.21</b>	50.22

**29. RETAINED EARNINGS**

	As at 30.9.2011 RM'000	As at 31.12.2010 RM'000
Realised	482,281	438,816
Unrealised	(24,942)	(25,620)
<b>Total Retained Earnings</b>	<b>457,339</b>	<b>413,196</b>

**30. AUTHORISED FOR ISSUE**

The interim financial statements were authorised for issue on 25 November 2011 by the Board of Directors in accordance with a resolution of the Directors.