

**FAR EAST HOLDINGS BERHAD (14809-W)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET****For the Six-Months Ended 30 June 2007**

	<b>As at 30-Jun-07 RM'000 (unaudited)</b>	<b>As at 31-Dec-06 RM'000 (restated)</b>
<b>Non Current Assets</b>		
Property, plant and equipment	207,958	202,896
Land held for development	40,285	40,246
Prepaid land lease payments	203,819	205,154
Deferred tax assets	66	66
Associates	76,792	72,679
Investments, at cost	24,623	18,299
Breeding stocks	0	92
	<b>553,543</b>	<b>539,432</b>
<b>Current Assets</b>		
Inventories	4,198	8,046
Receivables, deposits and prepayments	30,316	31,407
Tax recoverable	1,438	1,060
Deposits, bank and cash balances	93,436	80,288
	<b>129,388</b>	<b>120,801</b>
<b>Less: Current Liabilities</b>		
Payables	25,419	23,407
Hire purchase liabilities	444	432
Current tax liabilities	415	589
	<b>26,278</b>	<b>24,428</b>
<b>Net Current assets</b>	<b>103,110</b>	<b>96,373</b>
<b>Non Current Liabilities</b>		
Hire purchase liabilities	328	512
Deferred tax liabilities	83,349	83,557
	<b>83,677</b>	<b>84,069</b>
	<b>572,976</b>	<b>551,736</b>
<b>Capital and reserves attributable to equity holders of the parent</b>		
Share capital	135,089	134,861
Share premium	10,347	10,208
Other reserves	173,789	173,581
Retained earnings	198,498	178,704
	<b>517,723</b>	<b>497,354</b>
<b>Minority Interest</b>	<b>55,253</b>	<b>54,382</b>
<b>Total equity</b>	<b>572,976</b>	<b>551,736</b>
Net assets per share attributable to equity holders of the Company (RM)	3.84	3.71

*The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying notes attached to the interim financial statements.*

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**CONDENSED CONSOLIDATED INCOME STATEMENTS****For the Six-Months Ended 30 June 2007**

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30-Jun-07</b>	<b>30-Jun-06</b>	<b>30-Jun-07</b>	<b>30-Jun-06</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	77,435	27,102	152,410	40,057
Other income	4,667	3,547	4,786	3,872
	82,102	30,649	157,196	43,929
Operating expenses	(61,641)	(19,213)	(126,341)	(26,736)
Profit from operations and other income	20,461	11,436	30,855	17,193
Finance income	605	560	1,157	1,066
Finance interest	(8)	(2)	(15)	(2)
Share of profit of associates	1,854	878	4,113	2,335
Profit before taxation	22,912	12,872	36,110	20,592
Taxation	(5,686)	(2,610)	(8,639)	(4,350)
<b>Net profit for the period</b>	<b>17,226</b>	<b>10,262</b>	<b>27,471</b>	<b>16,242</b>
<b>Attributable to:</b>				
Equity holders of the parent	<b>15,301</b>	<b>9,640</b>	<b>24,716</b>	<b>15,196</b>
Minority interest	1,925	622	2,755	1,046
<b>Net profit for the period</b>	<b>17,226</b>	<b>10,262</b>	<b>27,471</b>	<b>16,242</b>
<b>Earnings per share attributable to equity holder of the parent (sen):</b>				
Basic	11.34	7.24	18.32	11.41
Diluted	11.33	7.22	18.30	11.38

*The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying notes attached to the interim financial statements.*

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****For The Period Ended 30 June 2007**

[The figures have not been audited]

	Attributable to Equity Holders of the Parent						Minority Interest	Total Equity		
	Non-Distributable			Distributable						
	Shares capital RM'000	Share premium RM'000	Capital reserves RM'000	Share Option reserve RM'000	Reserve on consolidation RM'000	Revaluation reserves RM'000			Retained earnings RM'000	Total RM'000
<b>As at 1 January 2006 :</b>										
As previously stated	133,038	9,226	(8)	-	6	173,113	157,715	473,090	33,616	506,706
Prior year adjustment - effects of adopting FRS 2	-	-	-	28	-	-	(28)	0	-	0
<b>As at 1 January 2006 (restated)</b>	<b>133,038</b>	<b>9,226</b>	<b>(8)</b>	<b>28</b>	<b>6</b>	<b>173,113</b>	<b>157,687</b>	<b>473,090</b>	<b>33,616</b>	<b>506,706</b>
Issuance of ordinary shares pursuant to ESOS	1,352	654	-	-	-	-	-	2,006	-	2,006
Net loss recognised in the income statement	-	-	8	-	-	-	-	8	-	8
Share-based payment under ESOS	-	-	-	28	-	-	-	28	-	28
Transfer from deferred tax	-	-	-	-	-	124	-	124	-	124
Business combination	-	-	-	-	-	-	-	0	17,084	17,084
Dividend paid by subsidiary - minority interest portion	-	-	-	-	-	-	-	0	(1,859)	(1,859)
Net profit for the year	-	-	-	-	-	-	15,196	15,196	1,046	16,242
<b>As at 30 June 2006</b>	<b>134,390</b>	<b>9,880</b>	<b>0</b>	<b>56</b>	<b>6</b>	<b>173,237</b>	<b>172,883</b>	<b>490,452</b>	<b>49,887</b>	<b>540,339</b>
<b>As at 1 January 2007 :</b>										
As previously stated	134,861	10,208	-	55	-	173,526	178,704	497,354	54,382	551,736
Issuance of ordinary shares pursuant to ESOS	228	139	-	-	-	-	-	367	-	367
Share-based payment under ESOS	-	-	-	-	-	-	-	0	-	0
Transfer from deferred tax	-	-	-	-	-	208	-	208	-	208
Net profit for the year	-	-	-	-	-	-	24,716	24,716	2,755	27,471
Dividend paid during the period - 31 December 2006	-	-	-	-	-	-	(4,922)	(4,922)	(1,884)	(6,806)
<b>As at 30 June 2007</b>	<b>135,089</b>	<b>10,347</b>	<b>0</b>	<b>55</b>	<b>0</b>	<b>173,734</b>	<b>198,498</b>	<b>517,723</b>	<b>55,253</b>	<b>572,976</b>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT****For the Six-Months Ended 30 June 2007**

	<b>6 months and year-to-date ended</b>	
	<b>30-Jun-07</b>	<b>30-Jun-06</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Net cash inflow from operating activities	30,482	(2,486)
Net cash outflow from investing activities	(12,607)	(11,251)
Net cash generated from financing activities	(4,727)	124
Net increase/(decrease) in cash and cash equivalents	<b>13,148</b>	<b>(13,613)</b>
Cash and cash equivalent at 1 January 2007/2006	80,288	74,844
Cash and cash equivalent at 30 June 2007/2006	<b>93,436</b>	<b>61,231</b>
<b>Cash and cash equivalent comprise :</b>		
Cash and bank balances	93,436	61,231
	<b>93,436</b>	<b>61,231</b>

*The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying notes attached to the interim financial statements.*

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**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 2006. 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 2006.

**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 2006 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for the financial period beginning 1 January 2007:

FRS 117	Leases
FRS 119 <sub>2004</sub> (Revised)	Employee Benefits
FRS 124	Related Party Disclosures

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as its effective date has been deferred.

The adoption of all FRSs mentioned above does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the new/revised FRSs are discussed below:

**FRS 117: Leases**

Prior to 1 January 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

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Upon the adoption of the revised FRS 117 at 1 January 2007, the unamortised revalued amount of leasehold land is retained as the surrogate carrying amount of prepaid land lease payments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively and as disclosed below, certain comparative amounts as at 31 December 2006 have been restated:

Restatement of comparatives

	<b>Previously stated (RM'000)</b>	<b>Decrease (RM'000)</b>	<b>Restated (RM'000)</b>
Property, plant and equipment	408,050	(205,154)	202,896
Prepaid land lease payments	-	205,154	205,154

**3. DISCLOSURE ON QUALIFICATION OF AUDIT REPORT**

The audit report of the Group's financial statements for the financial year ended 31 December 2006 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 current quarter under review and financial year-to-date except as disclosed in Note 2.

**6. MATERIAL CHANGES IN ESTIMATES**

There were no material changes in estimates of amounts that have a material effect in the current quarter and financial year-to-date results.

**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

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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>
1.020	35	36
1.635	160	261
2.125	33	70
<b>Total</b>	<b>228</b>	<b>367</b>

**8. DIVIDEND PAID**

Dividend paid was as follow:

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.6.2007</b>	<b>30.6.2006</b>	<b>30.6.2007</b>	<b>30.6.2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interim dividend	-	-	4,922 <sup>1</sup>	-
Final dividend	-	-	-	-
<b>Total dividend paid</b>	<b>-</b>	<b>-</b>	<b>4,922</b>	<b>-</b>

**Note:**

1 A special dividend of five(5) sen less 27% Malaysian Income Tax for the financial year ended 31 December 2006 was paid on 29 January 2007.

**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 valuations of property, plant and equipment have been brought forward without amendments from the financial statements for the year ended 31 December 2006.

**11. SUBSEQUENT MATERIAL EVENTS**

There were no subsequent material events at the date of this quarterly report.

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

In May 2007, the proposed disposal by the Company of 900,000 shares representing approximately 3.46% equity interest in Prosper Trading Sdn Bhd to Prosper Palm Oil Mills Sdn Bhd for a cash consideration of RM5.41 million was finalised. The proposed disposal had resulted in a gain of disposal of RM4.20 million and was recognized as other income in the current quarter ended 30 June 2007.

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

The Group does not have any contingent liabilities or contingent assets for the current quarter under review.

**14. REVIEW OF PERFORMANCE**

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.6.2007</b>	<b>30.6.2006</b>	<b>30.6.2007</b>	<b>30.6.2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	77,435	27,102	152,410	40,057
Profit before taxation	22,912	12,872	36,110	20,592
Net profit for the period	17,226	10,262	27,471	16,242

Higher revenue and net profit for the current quarter 2007 and cumulative quarter 2007 as compared to the current quarter 2006 and cumulative quarter 2006 respectively were due to:

- (a) Higher average crude palm oil price of RM1,992 mt for the cumulative quarter 2007 as compared to RM1,408 for the corresponding cumulative quarter 2006.
- (b) Inclusion of KKS B's revenue for six months for the cumulative quarter 2007 as compared to only two months revenue taken-up in the cumulative quarter of 2006.
- (c) Gain of disposal of RM4.20 million resulting from the sale of Prosper Trading shares to Prosper Palm Oil Mills Sdn Bhd.



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

	<b>Current Quarter 30.6.2007 RM'000</b>	<b>Preceding Current Quarter 31.3.2007 RM'000</b>
Revenue	77,435	74,975
Profit before taxation	22,912	13,198
Net profit for the period	17,226	10,245

For the current quarter ended 30 June 2007, the Group recorded higher net profit for the period as compared to the preceding current quarter 31 March 2007. This was mainly due to:

- Higher FFB production by 6,519 mt (12%) and CPO price
- A gain of disposal of RM4.20 million resulting from the sale of Prosper Trading shares to Prosper Palm Oil Mills Sdn Bhd was taken up in the current quarter 30 June 2007.

**16. CURRENT YEAR PROSPECTS**

The Group is expected to achieve favorable result given the expectation of higher crop production and sustainable CPO price.

**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 as at 30 June 2007 is as follows:

Approved and contracted for:

	<b>As at 30.6.2007 (RM'000)</b>
Acquisition of shares	23,345
Acquisition of land	28,350
Property, plant and equipment	4,145
Prepaid land lease payments	1,335
<b>Total</b>	<b>57,175</b>

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

Not applicable as there were no profit forecast and profit guarantee published.

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**19. TAXATION**

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.6.2007</b>	<b>30.6.2006</b>	<b>30.6.2007</b>	<b>30.6.2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Company tax	5,221	2,610	8,174	4,350
Under accrual in prior year	465	-	465	-
<b>Total</b>	<b>5,686</b>	<b>2,610</b>	<b>8,639</b>	<b>4,350</b>

The Group effective tax rate for the current quarter 2007 was 25% and for the cumulative quarter 2007 was 26%. The Group effective tax rate for the current and cumulative quarter 2007 was lower than the statutory tax rate due to certain expenses allowable for tax.

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

There was no sale of unquoted investments and/or properties for the current quarter under review other than through the fund managers appointed.

**21. QUOTED SECURITIES**

Purchased of quoted securities are as follows:

	<b>As at</b>
	<b>30.6.2007</b>
	<b>RM'000</b>
At cost	9,494
At market value	9,626

**22. STATUS OF CORPORATE PROPOSALS**

As to date, the proposed rationalisations have not been completed, as some of the condition precedents are yet to be met.

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**23. GROUP BORROWINGS AND DEBT SECURITIES**

The Group borrowings were as follows:

	<b>As at 30.6.2007 RM'000</b>
<b>Current</b>	
Hire purchase liabilities (secured)	444
<b>Non Current</b>	
Hire purchase liabilities (secured)	328

**24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

During the current quarter, 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 - vs -

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

The Summon In Chambers on 21 June 2006 had allowed with cost that the dispute be referred to Arbitration.

**26. STATUS ON THE JOINT VENTURE PROJECT**

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

About 2,784 hectares had been planted and the joint venture company i.e. Far East Delima Plantations Sdn Bhd had recorded a loss of RM236,528 for the cumulative quarter ended 30 June 2007.

**27. DIVIDEND**

No interim dividend was declared for the financial period ended 30 June 2007.

(30 June 2006: An interim dividend of five (5) sen less 28% income tax for the financial year ended 31 December 2006 had been declared)

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**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>6 months ended</b>	
	<b>30.6.2007</b>	<b>30.6.2006</b>	<b>30.6.2007</b>	<b>30.6.2006</b>
	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
Profit attributable to equity holder of parent (RM’000)	15,301	9,640	24,716	15,196
Weighted average number of ordinary shares in issue (‘000)	134,916	133,211	134,916	133,211
<b>Basic EPS (sen)</b>	<b>11.34</b>	<b>7.24</b>	<b>18.32</b>	<b>11.41</b>

(b) **Diluted EPS**

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

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.6.2007</b>	<b>30.6.2006</b>	<b>30.6.2007</b>	<b>30.6.2006</b>
	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
Profit attributable to equity holder of parent (RM’000)	15,301	9,640	24,716	15,196
Weighted average number of ordinary shares in issue (‘000)	134,916	133,211	134,916	133,211
Effect of dilution (‘000)	156	362	154	336
Adjusted weighted average number of ordinary shares in issue and issuable (‘000)	135,072	133,573	135,070	133,547
<b>Diluted EPS (sen)</b>	<b>11.33</b>	<b>7.22</b>	<b>18.30</b>	<b>11.38</b>

**29. AUTHORISED FOR ISSUE**

The interim financial statements were authorised for issue on 23 August 2007 by the Board of Directors in accordance with a resolution of the directors.