FAR EAST HOLDINGS BERHAD

Company No : 14809-W

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Six - Months Ended 30 June 2013

	3 months ended		**6 months ended**	
	30-Jun-13	**30-Jun-12**	**30-Jun-13**	**30-Jun-12**
	RM'000	**RM'000**	**RM'000**	**RM'000**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**
Revenue	91,532	106,324	184,732	202,606
Other operating income	1,672	977	2,906	1,787
Amortisation of investment held to maturity	-	306	-	612
Gain on financial assets at fair value through profit and loss	-	(75)	-	466
Depreciation and amortisation	(2,773)	(2,655)	(5,533)	(5,279)
Operating expenses	(82,263)	(85,611)	(160,022)	(163,726)
Finance income	1,303	965	2,340	1,927
Share of profit after tax of equity accounted associates	2,212	5,038	5,708	9,731
Profit before taxation	11,683	25,269	30,131	48,124
Taxation	(2,356)	(4,746)	(6,094)	(9,591)
Net profit for the period	**9,327**	**20,523**	**24,037**	**38,533**
Attributable to:				
Owners of the Company	**8,432**	**19,172**	**21,996**	**35,700**
Non-controlling interests	895	1,351	2,041	2,833
	9,327	**20,523**	**24,037**	**38,533**
Earnings per share attributable to owners of the Company (sen):				
Basic	**5.96**	13.67	**15.56**	25.46
Diluted	**5.96**	13.67	**15.56**	25.46

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying notes attached to the interim financial statements.

FAR EAST HOLDINGS BERHAD

Company No : 14809-W

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Six - Months Ended 30 June 2013

	3 months ended		6 months ended	
	30-Jun-13	**30-Jun-12**	**30-Jun-13**	**30-Jun-12**
	RM'000	**RM'000**	**RM'000**	**RM'000**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**
Profit for the period	9,327	20,523	24,037	38,533
Other comprehensive income				
- Transfer from deferred tax	-	187	-	374
- Transfer from revaluation reserve	750	-	1,500	-
- Transfer to retained earnings	(750)	-	(1,500)	-
Total comprehensive income	**9,327**	**20,710**	**24,037**	**38,907**
Total comprehensive income attributable to:				
Owners of the Company	**8,432**	**19,359**	**21,996**	**36,074**
Non-controlling interests	895	1,351	2,041	2,833
	9,327	**20,710**	**24,037**	**38,907**

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying notes attached to the interim financial statements.

FAR EAST HOLDINGS BERHAD

Company No : 14809-W

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

For the Six - Months Ended 30 June 2013

	As at 30-Jun-13 RM'000 Unaudited	As at 31-Dec-12 RM'000 Audited
Non Current Assets		
Property, plant and equipment	685,120	682,739
Land held for disposal	29,263	29,263
Associates	282,000	276,292
	996,383	988,294
Current Assets		
Other financial assets	1,014	11,850
Inventories	8,221	11,806
Receivables, deposits and prepayments	55,433	82,102
Tax recoverable	8,161	3,855
Deposits, bank and cash balances	190,436	162,483
	263,265	272,096
Less: Current Liabilities		
Payables	30,994	39,514
Dividend payable	-	10,604
Current tax liabilities	-	1,128
	30,994	51,246
Net Current Assets	232,271	220,850
Non Current Liabilities		
Deferred tax liabilities	127,873	127,873
	1,100,781	**1,081,271**
Capital and reserves attributable to owners of the Company		
Share capital	141,390	141,390
Share premium	47,998	47,998
Revaluation reserve	308,186	309,686
Retained earnings	537,784	514,288
Shareholders' equity	1,035,358	1,013,362
Non-controlling interests	65,423	67,909
Total equity	**1,100,781**	**1,081,271**
Net assets per share attributable to owners of the Company (RM)	7.32	7.17

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying notes attached to the interim financial statements.

FAR EAST HOLDINGS BERHAD
Company No : 14809-W
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Six - Months Ended 30 June 2013
[The figures have not been audited]

	------------------------------ Attributable to owners of the Company					------------------------------	Non-controlling interests	Total equity
	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Revaluation reserves RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000
At 1 January 2012	139,779	37,719	951	312,686	470,657	961,792	66,636	**1,028,428**
Employees shares option scheme								
- issue of shares	1,611	8,882	-	-	-	10,493	-	**10,493**
-share options granted	-	-	446	-	-	446	-	**446**
-share options exercised	-	1,397	(1,397)	-		-	-	**-**
Profit for the period	-	-	-	-	35,700	35,700	2,833	**38,533**
Other comprehensive income								
-transfer from deferred tax	-	-	-	374	-	374	-	**374**
Total comprehensive income	-	-	-	374	35,700	36,074	2,833	**38,907**
Dividend paid to non-controlling interest	-	-	-	-	-	-	(6,315)	**(6,315)**
At 30 June 2012	**141,390**	**47,998**	**-**	**313,060**	**506,357**	**1,008,805**	**63,154**	**1,071,959**
At 1 January 2013	141,390	47,998	-	309,686	514,288	1,013,362	67,909	**1,081,271**
Profit for the period	-	-	-	-	21,996	21,996	2,041	**24,037**
Other comprehensive income	-	-	-	(1,500)	1,500	-	-	**-**
Total comprehensive income	-	-	-	(1,500)	23,496	21,996	2,041	**24,037**
Dividend paid to non-controlling interest	-	-	-	-	-	-	(4,527)	**(4,527)**
At 30 June 2013	**141,390**	**47,998**	**-**	**308,186**	**537,784**	**1,035,358**	**65,423**	**1,100,781**

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

FAR EAST HOLDINGS BERHAD

Company No : 14809-W

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

For the Six - Months Ended 30 June 2013

	6 months and year-to-date ended	
	30-Jun-13	**30-Jun-12**
	RM'000	**RM'000**
	Unaudited	**Unaudited**
Operating activities		
Profit for the period attributable to owners of the Company	21,996	35,700
Adjustments for:		
Non-controlling interests	(2,486)	(3,482)
Property, plant and equipment		
- depreciation	5,533	5,279
- written off and other adjustment	4	8
- gain on disposal	-	(11)
Share of profit of associates , net of tax	(5,708)	(9,731)
Gain on investment held for trading	-	(466)
Amortisation of investment held to maturity	-	(612)
Share options granted	-	446
Interest income	(2,340)	(1,927)
Tax expense	6,094	9,591
Operating profit before working capital	23,093	34,795
Changes in working capital:		
- inventories	3,585	5,074
- receivables, deposits and prepayments	26,532	(4,583)
- payables	(8,520)	863
Cash from operations	44,690	36,149
Interest received	2,340	1,927
Tax paid	(11,292)	(11,840)
Net cash flow from operating activities	**35,738**	**26,236**

FAR EAST HOLDINGS BERHAD

Company No : 14809-W

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

For the Six - Months Ended 30 June 2013

	6 months and year-to-date ended	
	30-Jun-13	**30-Jun-12**
	RM'000	**RM'000**
	Unaudited	**Unaudited**
Investing activities		
Property, plant and equipment		
- purchase	(7,917)	(5,844)
- proceed from disposal	-	11
Proceed from disposal of investment	10,736	5,875
Net cash flow from investing activities	**2,819**	**42**
Financing activities		
Exercise of share options		
- issue of shares	-	1,611
- share premium	-	8,882
Dividend paid	(10,604)	(20,967)
Net cash used in financing activities	**(10,604)**	**(10,474)**
Net increase in cash and cash equivalents	27,953	15,804
Cash and cash equivalents		
-at start of the period	162,483	139,180
-at end of the period	**190,436**	**154,984**

The condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying notes attached to the interim financial statements.

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 2012. 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 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2012, except for the adoption of the following:

2.1 Effective for financial periods beginning on or after 1 July 2012

Amendments to FRS 101 - Presentation of Items of Other Comprehensive Income

2.2 Effective for financial periods beginning on or after 1 January 2013

FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investment in Associates and Joint Ventures

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

2.2 Effective for financial periods beginning on or after 1 January 2013

IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to FRS 1	Government Loans
Amendments to FRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, FRS 11 and FRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities – Transition Guidance
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities
Improvements to FRSs (2012)	

2.3 Effective for financial periods beginning on or after 1 January 2014

Amendments to FRS 10, FRS 12, FRS 127 - Investment Entities

2.4 Effective for financial periods beginning on or after 1 January 2015

FRS 9 - Financial Instruments

The adoption of the above revised FRSs, IC Interpretation and Amendments did not have any significant impact on the financial performance, position or presentation of financials of the Group.

Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venture (herein called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

On 30 June 2012, MASB has decided to allow agriculture and real estate companies (Transitioning Entities) to defer the adoption of the MFRS Framework for another year. MFRS will therefore be mandated for all companies for annual periods beginning on or after 1 January 2014. This decision comes after an extensive deliberation by Board and taking into account both local and international developments affecting these standards.

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2014.

3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

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

4. 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 June 2013.

5. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no material changes in estimates of amounts that have any material effect in the current quarter and cumulative quarter ended 30 June 2013.

6. DISCLOSURE ON QUALIFICATION ON AUDIT REPORT

The audit report of the Group's financial statements for the financial year ended 31 December 2012 was not qualified.

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 and cumulative quarter ended 30 June 2013.

8. DIVIDEND PAID

Dividend paid is as follow:

	3 months ended		6 months ended	
	30.6.2013 RM'000	30.6.2012 RM'000	30.6.2013 RM'000	30.6.2012 RM'000
Interim dividend	10,604[2]	20,967[1]	10,604[2]	20,967[1]

Note:

1 An interim single tier dividend of fifteen (15) sen per share for the financial year ended 31 December 2011 was paid on 9 January 2012. The amount was taken-up in the retained earnings for the financial year ended 31 December 2011.

2 An interim single tier dividend of seven point five (7.5) sen per share for the financial year ended 31 December 2012 was paid on 16 January 2013. The amount was taken-up in the retained earnings for the financial year ended 31 December 2012.

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 2012.

11. SUBSEQUENT MATERIAL EVENTS

There was no subsequent material events at the date of this cumulative quarter ended 30 June 2013.

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 June 2013.

13. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

The contingent liabilities relate to the final award dated 19 September 2012 from the Arbitrator as per announcement dated 27 September 2012 (Note 26).

14. REVIEW OF PERFORMANCE

	3 months ended		6 months ended	
	30.6.2013 RM'000	30.6.2012 RM'000	30.6.2013 RM'000	30.6.2012 RM'000
Revenue	91,532	106,324	184,732	202,606
Profit before taxation	11,683	25,269	30,131	48,124
Net profit for the period	9,327	20,523	24,037	38,533

Lower revenue, profit before taxation and net profit for the period for the cumulative quarter ended 30 June 2013 when compared to the corresponding cumulative quarter ended 30 June 2012 were mainly due to:-

(i) Lower average CPO and kernel prices during the period of RM2,327 per mt and RM1,217 per mt respectively when compared to RM3,178 per mt and RM1,913 per mt respectively for the corresponding period of 2012.

(ii) Lower contribution from the share of profits from associated companies by RM4.02 million (41%).

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Current Quarter 30.6.2013 RM'000	Preceding Quarter 31.3.2013 RM'000
Revenue	**91,532**	93,200
Profit before taxation	**11,683**	18,448
Net profit for the period	**9,327**	14,710

The Group posted lower revenue, profit before taxation and net profit for the period mainly due to higher operating expenses incurred by RM4.50 million (6%) and lower contribution from the share of profits from associated companies by RM1.28 million (37%).

16. OTHER OPERATING INCOME

	3 months ended		6 months ended	
	30.6.2013 RM'000	**30.6.2012 RM'000**	**30.6.2013 RM'000**	**30.6.2012 RM'000**
- Net sales of scout harvesting	704	412	1,136	675
- Net sales of FFB from "tapping right"	252	328	516	595
- Net sales of seedlings	79	(14)	94	42
- Net sales of palm kernel shell and others	588	204	1,083	397
- Gain on disposal of property, plant and equipment	-	11	-	11
- Rental income	21	26	42	49
- Others	28	10	35	18
Total	**1,672**	**977**	**2,906**	**1,787**

17. GAIN OR LOSS ON DISPOSAL OF QUOTED OR UNQUOTED INVESTMENT OR PROPERTIES

There were no gain or loss on disposal of quoted or unquoted investment or properties for the current and cumulative quarter ended 30 June 2013.

18. FOREIGN EXCHANGE GAIN OR LOSS

The Group does not have any foreign exchange gain or loss for the current and cumulative quarter ended 30 June 2013.

19. GAIN OR LOSS ON DERIVATIVES

The Group does not have any gain or loss on derivatives for the current and cumulative quarter ended 30 June 2013.

20. CURRENT YEAR PROSPECTS

The oil palm industry will continue to face challenges such as fluctuations in palm oil commodities prices and changing weather pattern. The overall performance of the Group is very much dependent on crude oil price which is mainly not within our control.

Unless there is a significant improvement on the oil palm commodities prices, the Board anticipates the profit for the current financial year will not be able to match with the previous financial year.

21. CAPITAL COMMITMENTS

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

	As at 30.6.2013 RM'000	**As at 30.6.2012 RM'000**
Property, plant and equipment	9,272	7,065
Oil palm estates development	9,053	12,408
Acquisition of land	40,000	40,000
Total capital commitments	**58,325**	**59,473**

22. VARIANCE FROM PROFIT FORECAST/PROFIT GUARANTEE

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

23. TAXATION

	3 months ended		6 months ended	
	30.6.2013 RM'000	**30.6.2012 RM'000**	**30.6.2013 RM'000**	**30.6.2012 RM'000**
Current year tax	**2,368**	4,770	**6,106**	9,599
Over provision in prior year	**(12)**	(24)	**(12)**	(8)
Total	**2,356**	**4,746**	**6,094**	**9,591**

The effective tax rate of the Group for the cumulative quarter ended 30 June 2013 and 30 June 2012 is calculated at Malaysian statutory tax rate of 25% of the estimated assessable profit for the year.

The effective tax rate of the Group for the cumulative quarter ended 30 June 2013 and 30 June 2012 was lower than the statutory tax rate due to certain income which is not taxable.

24. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals for the cumulative quarter ended 30 June 2013.

25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

During the current quarter and cumulative quarter ended 30 June 2013, the Group did not enter into any contract involving off balance sheet instruments.

26. STATUS OF THE MATERIAL LITIGATIONS

IN THE HIGH COURT AT KUALA LUMPUR
ORIGINATING SUMMONS NO. 24NCC(ARB)-46-11/2012

1. Far East Holdings Berhad
2. Kampong Aur Oil Palm Company (Sdn.) Berhad - Plaintiffs

And

Majlis Ugama Islam dan Adat Resam Melayu Pahang - Defendant

IN THE HIGH COURT AT KUALA LUMPUR
ORIGINATING SUMMONS NO. 24NCC(ARB)-54-11/2012
(formerly 47-11/2012)

Majlis Ugama Islam dan Adat Resam Melayu Pahang	- Plaintiff
And	
1. Far East Holdings Berhad	- 1st Defendant
2. Kampong Aur Oil Palm Company (Sdn.) Berhad	- 2nd Defendant

The hearing of the above case commenced before Y.A. Datin Azizah binti Nawawi on 21.8.2013 and was adjourned to 4.9.2013 for continue hearing.

27. STATUS ON THE JOINT VENTURE PROJECT

(i) <u>The status on the joint venture project for the development of oil palm plantation between Far East Holdings Berhad and Rangkaian Delima Sdn Bhd</u>

<u>Far East Delima Plantations Sdn Bhd ("FEDP")</u>

The total planted area was 2,860 hectares and as at 30 June 2013 all areas had been declared as matured. FEDP had recorded a loss before tax of RM46,848 for the current quarter ended 30 June 2013.

<u>F.E.Rangkaian Sdn Bhd ("FERSB")</u>

Currently only 677.66 hectares have been developed. FERSB had recorded a loss before tax of RM22,218 for the current quarter ended 30 June 2013.

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

FPSB recorded a loss of RM1.70 million for the current quarter ended 30 June 2013.

28. DIVIDEND

(i) Current quarter for the financial period ending 30 June 2013

<u>Dividend for the financial year ended 31 December 2012:</u>

On 9 April 2013, the Company had announced recommendation for a final single tier dividend of 17.5 sen per ordinary share for the financial year ended 31 December 2012 and the dividend was approved at Annual General Meeting on 19 June 2013 and the payment date was on 8 July 2013.

(ii) Current quarter for the financial period ending 30 June 2012

<u>Dividend for the financial year ended 31 December 2011:</u>

On 6 April 2012, the Company had announced recommendation for a final single tier dividend of 15 sen per ordinary share and a special single tier dividend of 10 sen per ordinary share for the financial year ended 31 December 2011 and the dividend was approved at Annual General Meeting on 20 June 2012 and the payment date was on 18 July 2012.

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 owners of the Company by the weighted average number of ordinary shares in issue during the period:

	3 months ended		**6 months ended**	
	30.6.2013	**30.6.2012**	**30.6.2013**	**30.6.2012**
Profit attributable to equity holder of the owners of the Company (RM'000)	**8,432**	19,172	**21,996**	35,700
Weighted average number of ordinary shares in issue ('000)	**141,390**	140,196	**141,390**	140,196
Basic EPS (sen)	**5.96**	13.67	**15.56**	25.46

(b) Diluted EPS

There was no diluting factor to earnings per share for the current quarter and the figure is the same as basic earnings per share.

30. RETAINED EARNINGS

	As at 30.6.2013 Unaudited RM'000	As at 31.12.2012 Audited RM'000
Realised	555,349	532,505
Unrealised	(17,565)	(18,217)
Total Retained Earnings	**537,784**	**514,288**

31. AUTHORISED FOR ISSUE

The interim financial statements were authorised for issue on 29 August 2013 by the Board of Directors in accordance with a resolution of the Directors.