

FAR EAST HOLDINGS BERHAD (14809-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET**For the Twelve-Months Ended 31 December 2009**

	As at	As at
	31-Dec-09	31-Dec-08
	RM'000	RM'000
	(unaudited)	(audited)
Non Current Assets		
Property, plant and equipment	252,772	237,705
Prepaid land lease payments	229,474	232,445
Land held for development	29,264	40,379
Deferred tax assets	405	268
Associates	172,477	155,173
Investments, at cost	45,329	39,129
	<u>729,721</u>	<u>705,099</u>
Current Assets		
Non current asset held for disposal	11,167	0
Inventories	11,360	7,166
Short term investment	10,137	0
Receivables, deposits and prepayments	29,380	34,798
Tax recoverable	6,217	2,578
Deposits, bank and cash balances	57,701	72,666
	<u>125,962</u>	<u>117,208</u>
Less: Current Liabilities		
Payables	32,413	27,559
Dividend payable	0	10,174
Current tax liabilities	0	900
Hire Purchase Creditor	134	295
	<u>32,547</u>	<u>38,928</u>
Net Current assets	<u>93,415</u>	<u>78,280</u>
Non Current Liabilities		
Hire purchase liabilities	28	179
Deferred tax liabilities	78,868	79,997
	<u>78,896</u>	<u>80,176</u>
	<u>744,240</u>	<u>703,203</u>
Capital and reserves attributable to equity holders of the parent		
Share capital	136,229	135,649
Share premium	16,198	13,203
Other reserves	181,352	178,904
Retained earnings	351,975	316,574
	<u>685,754</u>	<u>644,330</u>
Minority Interest	<u>58,486</u>	<u>58,873</u>
Total equity	<u>744,240</u>	<u>703,203</u>
Net assets per share attributable to equity holders of the Company (RM)	5.04	4.76

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED INCOME STATEMENTS**For the Twelve-Months Ended 31 December 2009**

	3 months ended		12 months ended	
	31-Dec-09	31-Dec-08	31-Dec-09	31-Dec-08
	RM'000	RM'000	RM'000	RM'000
	(unaudited)	(audited)	(unaudited)	(audited)
Revenue	108,960	106,703	351,974	526,625
Other income	693	191	1,623	8,338
	<u>109,653</u>	<u>106,894</u>	<u>353,597</u>	<u>534,963</u>
Operating expenses	(91,071)	(90,274)	(281,857)	(401,951)
Profit from operations	18,582	16,620	71,740	133,012
Finance income	261	533	1,309	2,255
Finance interest	(7)	(9)	(33)	(93)
Share of profit of associates	7,708	3,254	20,772	46,026
Profit before taxation	26,544	20,398	93,788	181,200
Taxation	(4,033)	(2,690)	(18,644)	(33,129)
Net profit for the period	<u>22,511</u>	<u>17,708</u>	<u>75,144</u>	<u>148,071</u>
Attributable to:				
Equity holders of the parent	17,620	15,167	66,052	132,612
Minority interest	4,891	2,541	9,092	15,459
Net profit for the period	<u>22,511</u>	<u>17,708</u>	<u>75,144</u>	<u>148,071</u>
Earnings per share attributable to equity holder of the parent (sen):				
Basic	<u>12.96</u>	<u>11.20</u>	<u>48.57</u>	<u>97.94</u>
Diluted	<u>12.96</u>	<u>11.20</u>	<u>48.57</u>	<u>97.91</u>

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 31 December 2009**

	----- Attributable to Equity Holders of the Parent -----					Minority Interest	Total Equity
	-----Non-Distributable -----			Distributable			
	Shares capital	Share premium	Revaluation Reserve and Other Reserves	Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2008 :							
As previously stated	135,089	10,403	176,152	230,423	552,067	60,600	612,667
Issuance of ordinary shares pursuant to ESOS	560	2,371	-	-	2,931	-	2,931
Share options granted	-	-	582	-	582	-	582
Share options exercised	-	429	(429)	-	0	-	0
Transfer from deferred tax	-	-	2,599	-	2,599	-	2,599
Net profit for the year	-	-	-	132,612	132,612	15,459	148,071
Dividend for the year ended:							
- 31 December 2007	-	-	-	(22,722)	(22,722)	(7,507)	(30,229)
- 31 December 2008	-	-	-	(23,739)	(23,739)	(9,679)	(33,418)
As at 31 December 2008 - audited	135,649	13,203	178,904	316,574	644,330	58,873	703,203
As at 1 January 2009 :							
As previously stated	135,649	13,203	178,904	316,574	644,330	58,873	703,203
Share options granted	-	-	386	-	386	-	386
Share options exercised	580	2,995	(539)	-	3,036	-	3,036
Transfer from deferred tax	-	-	2,601	-	2,601	-	2,601
Net profit for the year	-	-	-	66,052	66,052	9,092	75,144
Dividend for the year ended:							
- 31 December 2008	-	-	-	(20,434)	(20,434)	(7,866)	(28,300)
- 31 December 2009	-	-	-	(10,217)	(10,217)	(1,613)	(11,830)
As at 31 December 2009 - unaudited	136,229	16,198	181,352	351,975	685,754	58,486	744,240

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT**For the Twelve -Months Ended 31 December 2009**

	12 months and year-to-date ended	
	31-Dec-09	31-Dec-08
	RM'000	RM'000
	(unaudited)	(audited)
Net cash inflow from operating activities	64,365	89,085
Net cash inflow/(outflow) from investing activities	(31,749)	(15,059)
Net cash generated from financing activities	(47,581)	(60,963)
Net increase/(decrease) in cash and cash equivalents	<u>(14,965)</u>	<u>13,063</u>
Cash and cash equivalent at 1 January 2009/2008:		
Cash and bank balances	72,666	59,867
Bank overdraft	0	(264)
Cash and cash equivalent at 31 December 2009/2008	<u>57,701</u>	<u>72,666</u>
Cash and cash equivalent comprise :		
Cash and bank balances	57,701	72,666
	<u>57,701</u>	<u>72,666</u>

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 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 current quarter and financial year-to-date ended 31 December 2009.

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 ended 31 December 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:-

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

8. DIVIDEND PAID

Dividend paid was as follows:

	3 months ended		12 months ended	
	31.12.2009 RM'000	31.12.2008 RM'000	31.12.2009 RM'000	31.12.2008 RM'000
Interim dividend	10,217 ¹	-	10,217 ¹	13,565 ⁵
Special interim dividend	-	10,174 ²	-	10,174 ²
Final dividend	-	-	20,434 ³	22,722 ⁴
Total dividend paid	10,217	10,174	30,651	46,461

Note:

- 1 An interim dividend of seven and a half (7.5) sen per share (single tier) for the financial year ended 31 December 2009 was paid on 4 November 2009.

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- 2 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.
- 3 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.
- 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.

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 current quarter and financial year-to-date ended 31 December 2009.

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 31 December 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 31 December 2009.

14. REVIEW OF PERFORMANCE

	3 months ended		12 months ended	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Revenue	108,960	106,703	351,974	526,625
Profit before taxation	26,544	20,398	93,788	181,200
Net profit for the period	22,511	17,708	75,144	148,071

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 RM2,223 per mt and RM1,071 per mt respectively for the cumulative quarter 2009 as compared to RM2,930 per mt and RM1,681 per mt respectively for the corresponding cumulative quarter 2008.
- (b) Lower FFB (“Fresh Fruit Bunches”) production by 34,181 mt (10%) 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 RM25.26 million as compared to the corresponding cumulative quarter 2008.
- (d) No disposal of quoted securities or unquoted investments during the cumulative quarter 2009 against of RM6.45 million being gain on sale of quoted investment recorded in the corresponding cumulative quarter 2008.

15. COMPARISON WITH PRECEDING QUARTER’S RESULTS

	Current Quarter	Preceding
	31.12.2009	Quarter
	RM'000	30.9.2009
		RM'000
Revenue	108,960	83,060
Profit before taxation	26,544	28,063
Net profit for the period	22,511	21,478

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For the current quarter ended 31 December 2009, FFB production is lower by 346 mt as compared to the preceding quarter. However, the average CPO and Kernel prices are higher in the current quarter 31 December 2009 and this resulted in higher revenue especially in milling operation in the current quarter under review.

For the current quarter ended 31 December 2009, the Group recorded lower profit before taxation as compared to the last quarter 30 September 2009.

16. CURRENT YEAR PROSPECTS

The Group's FFB ("Fresh Fruit Bunches") production in the financial year 2010 is expected to be higher than the production in the financial year 2009. 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 are as follows:

	As at 31.12.2009 (RM'000)	As at 31.12.2008 (RM'000)
Property, plant and equipment	13,027	15,885
Oil palm development	9,674	22,730
Acquisition of land	30,000	-
Acquisition of shares	-	10,200
Total	52,701	48,815

18. VARIANCE FROM PROFIT FORECAST/PROFIT GUARANTEE

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

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19. TAXATION

	3 months ended		12 months ended	
	31.12.2009 RM'000	31.12.2008 RM'000	31.12.2009 RM'000	31.12.2008 RM'000
Current year tax	2,786	2,205	16,910	32,644
Under/(over) accrual in prior year	(87)	(746)	400	(746)
Deferred tax	1,334	1,231	1,334	1,231
Total	4,033	2,690	18,644	33,129

The Group effective tax rate for the cumulative quarter ended 31 December 2009 was 25% and 26% for the corresponding cumulative quarter ended 31 December 2008.

20. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There was no sale of unquoted investments and/or properties for the current quarter ended 31 December 2009.

For the financial year-to-date ended 31 December 2009, the Company had entered into Sale & Purchase Agreement with Kuantan Medical Centre for the sale of land PN 7723 Lot 54559, Mukim of Kuala Kuantan measuring in area 4.324 hectares for a total consideration of RM13.96 million.

The announcement was made on 19 August 2009 and as to date the transaction has not been completed.

21. QUOTED SECURITIES

There was no sale and purchase of quoted securities for the current quarter and financial year-to-date ended 31 December 2009 other than through the fund manager appointed.

The disposal of the quoted securities for financial year-to-date ended 31 December 2008 was as follows:

	As at 31.12.2008 RM'000
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.

23. GROUP BORROWINGS AND DEBT SECURITIES

The Group borrowings were as follows:

	As at 31.12.2009 RM'000	As at 31.12.2008 RM'000
Current		
Hire purchase liabilities (secured)	134	295
Non Current		
Hire purchase liabilities (secured)	28	179

24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

During the current quarter and financial year-to-date ended 31 December 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

The case has been referred to the Kuala Lumpur Regional Centre For Arbitration and is scheduled for Arbitration proceedings on the 22 – 24 June 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 31 December 2009 a total of 1,349 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 RM616,116 (unaudited) for the financial year ended 31 December 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 in 2010. For the financial year ended 31 December 2009, FPSB recorded a loss of RM975,177 (unaudited).

27. DIVIDEND

(i) Current quarter for the financial period ending 31 December 2009:

The final dividend for the financial year ended 31 December 2009 would be announced at a later date.

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 31 December 2008

The recommendation for the final dividend for the financial year ended 31 December 2008 was announced on 3 April 2009.

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.

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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:

	3 months ended		12 months ended	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Profit attributable to equity holder of the parent (RM'000)	17,620	15,167	66,052	132,612
Weighted average number of ordinary shares in issue ('000)	135,996	135,404	135,996	135,404
Basic EPS (sen)	12.96	11.20	48.57	97.94

(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.

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	3 months ended		12 months ended	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Profit attributable to equity holder of the parent (RM'000)	17,620	15,167	66,052	132,612
Weighted average number of ordinary shares in issue ('000)	135,996	135,404	135,996	135,404
Effect of dilution ('000)	-	-	-	33
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	135,996	135,404	135,996	135,437
Diluted EPS (sen)	12.96	11.20	48.57	97.91

29. AUTHORISED FOR ISSUE

The interim financial statements were authorised for issue on 25 February 2010 by the Board of Directors in accordance with a resolution of the Directors.