

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET****For the Three-Months Ended 31 March 2007**

	<b>As at</b>	<b>As at</b>
	<b>31-Mar-07</b>	<b>31-Dec-06</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(unaudited)</b>	<b>(restated)</b>
<b>Non Current Assets</b>		
Property, plant and equipment	204,405	202,896
Land held for development	40,246	40,246
Prepaid land lease payments	204,486	205,154
Deferred tax assets	66	66
Associates	74,938	72,679
Investments, at cost	18,299	18,299
Breeding stocks	0	92
	<hr/>	<hr/>
	542,440	539,432
<b>Current Assets</b>		
Inventories	7,409	8,046
Receivables, deposits and prepayments	18,380	31,407
Tax recoverable	386	1,060
Deposits, bank and cash balances	91,337	80,288
	<hr/>	<hr/>
	117,512	120,801
<b>Less: Current Liabilities</b>		
Payables	16,900	23,407
Hire purchase liabilities	303	432
Current tax liabilities	1,296	589
	<hr/>	<hr/>
	18,499	24,428
<b>Net Current assets</b>		
	<hr/>	<hr/>
	99,013	96,373
<b>Non Current Liabilities</b>		
Hire purchase liabilities	568	512
Deferred tax liabilities	83,454	83,557
	<hr/>	<hr/>
	84,022	84,069
	<hr/>	<hr/>
	<b>557,431</b>	<b>551,736</b>
<b>Capital and reserves attributable to equity holders of the parent</b>		
Share capital	135,029	134,861
Share premium	10,309	10,208
Other reserves	173,684	173,581
Retained earnings	183,197	178,704
	<hr/>	<hr/>
	502,219	497,354
<b>Minority Interest</b>	55,212	54,382
<b>Total equity</b>	<hr/>	<hr/>
	<b>557,431</b>	<b>551,736</b>

Net assets per share attributable

to equity holders of the Company (RM)

3.72

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 Three-Months Ended 31 March 2007**

	<b>3 months and year-to-date ended</b>	
	<b>31-Mar-07</b>	<b>31-Mar-06</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	74,975	12,955
Other income	119	325
	<hr/>	<hr/>
	75,094	13,280
Operating expenses	(64,700)	(7,523)
	<hr/>	<hr/>
Profit from operations	10,394	5,757
Finance income	552	506
Finance interest	(7)	0
Share of profit of associates	2,259	1,457
	<hr/>	<hr/>
Profit before taxation	13,198	7,720
Taxation	(2,953)	(1,740)
	<hr/>	<hr/>
<b>Net profit for the period</b>	<b>10,245</b>	<b>5,980</b>
	<hr/>	<hr/>
<b>Attributable to:</b>		
Equity holders of the parent	9,415	5,556
Minority interest	830	424
	<hr/>	<hr/>
<b>Net profit for the period</b>	<b>10,245</b>	<b>5,980</b>
	<hr/>	<hr/>
<b>Earnings per share attributable to equity holder of the parent (sen):</b>		
Basic	6.98	4.18
	<hr/>	<hr/>
Diluted	6.97	4.15
	<hr/>	<hr/>

*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 31 March 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	RM'000	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	<b>506,706</b>
Prior year adjustment - effects of adopting FRS 2	-	-	-	28	-	-	(28)	0	-	<b>0</b>
<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	332	139	-	-	-	-	-	471	-	<b>471</b>
Net loss recognised in the income statement	-	-	8	-	-	-	-	8	-	<b>8</b>
Share-based payment under ESOS	-	-	-	28	-	-	-	28	-	<b>28</b>
Transfer from deferred tax	-	-	-	-	-	62	-	62	-	<b>62</b>
Net profit for the year	-	-	-	-	-	-	5,556	5,556	424	<b>5,980</b>
<b>As at 31 March 2006</b>	<b>133,370</b>	<b>9,365</b>	<b>0</b>	<b>56</b>	<b>6</b>	<b>173,175</b>	<b>163,243</b>	<b>479,215</b>	<b>34,040</b>	<b>513,255</b>
<b>As at 1 January 2007 :</b>										
As previously stated	134,861	10,208	-	55	-	173,526	178,704	497,354	54,382	<b>551,736</b>
Issuance of ordinary shares pursuant to ESOS	168	101	-	-	-	-	-	269	-	<b>269</b>
Share-based payment under ESOS	-	-	-	-	-	-	-	0	-	<b>0</b>
Transfer from deferred tax	-	-	-	-	-	103	-	103	-	<b>103</b>
Net profit for the year	-	-	-	-	-	-	9,415	9,415	830	<b>10,245</b>
Dividend paid during the period - 31 December 2006	-	-	-	-	-	-	(4,922)	(4,922)	-	<b>(4,922)</b>
<b>As at 31 March 2007</b>	<b>135,029</b>	<b>10,309</b>	<b>0</b>	<b>55</b>	<b>0</b>	<b>173,629</b>	<b>183,197</b>	<b>502,219</b>	<b>55,212</b>	<b>557,431</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 Three-Months Ended 31 March 2007**

	<b>3 months and year-to-date ended</b>	
	<b>31-Mar-07</b>	<b>31-Mar-06</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Net cash inflow from operating activities	17,890	4,665
Net cash outflow from investing activities	(2,115)	(9,042)
Net cash generated from financing activities	(4,726)	471
Net increase/(decrease) in cash and cash equivalents	<u><b>11,049</b></u>	<u><b>(3,906)</b></u>
Cash and cash equivalent at 1 January 2007/2006	80,288	74,844
Cash and cash equivalent at 31 March 2007/2006	<u><b>91,337</b></u>	<u><b>70,938</b></u>
<b>Cash and cash equivalent comprise :</b>		
Cash and bank balances	91,337	70,938
	<u><b>91,337</b></u>	<u><b>70,938</b></u>

*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 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.

**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</b> [RM]	<b>No. of shares issued</b> ['000]	<b>Cash proceeds</b> [RM '000]
1.020	35	36
1.635	100	163
2.125	33	70
<b>Total</b>	<b>168</b>	<b>269</b>

**8. DIVIDEND PAID**

Dividend paid was as follow:

	<b>3 months and year-to-date ended</b>	
	<b>31.3.2007</b> RM'000	<b>31.3.2006</b> RM'000
Interim dividend	4,922 <sup>1</sup>	-

**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 valuation 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 except as disclosed in Note 25.

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

There were no changes in the composition of the Group during the current quarter ended 31 March 2007.

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**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 and year-to-date ended</b>	
	<b>31.3.2007</b>	<b>31.3.2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	74,975	12,955
Profit before taxation	13,198	7,720
Net profit for the period	10,245	5,980

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

- (a) Higher average crude palm oil price of RM1,895 mt for the current quarter 2007 as compared to RM1,418 for the corresponding current quarter 2006.
- (b) Higher FFB ("Fresh Fruit Bunches") production by 5,110 mt (10%) as compared to the corresponding current quarter 2006.
- (c) Inclusion of KKS B's revenue as a new subsidiary of the Group which was only taken-up in the second quarter of 2006.

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

	<b>Current Quarter</b>	<b>Preceding Quarter</b>
	<b>31.3.2007</b>	<b>31.12.2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	74,975	66,856
Profit before taxation	13,198	20,842
Net profit for the period	10,245	11,435

For the first current quarter ended 31 March 2007, the Group recorded lower net profit for the period as compared to the preceding fourth quarter 31 December 2006. This was mainly due to:

- Lower FFB production by 17,746 mt(25%) despite higher FFB prices
- Lower contribution from KKS B's net profit for the current quarter ended 31 March 2007.



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**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 31 March 2007 is as follows:

Approved and contracted for:

	<b>As at 31.3.2007</b> <b>(RM'000)</b>
Acquisition of shares	23,345
Acquisition of land	28,350
Property, plant and equipment	3,801
Prepaid land lease payments	2,003
<b>Total</b>	<b>57,499</b>

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

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

**19. TAXATION**

	<b>3 months and</b> <b>year-to-date ended</b>	
	<b>31.3.2007</b>	<b>31.3.2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Company tax	2,953	1,740

The Group effective tax rate for the current quarter was 27% and for the previous corresponding quarter was 28%.

**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 manager appointed.

**21. QUOTED SECURITIES**

There was no purchase or disposal of quoted securities for the current quarter under review.

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**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.

**23. GROUP BORROWINGS AND DEBT SECURITIES**

The Group borrowings were as follows:

	<b>As at 31.3.2007 RM'000</b>
<b>Current</b>	
Hire purchase liabilities (secured)	303
<b>Non Current</b>	
Hire purchase liabilities (secured)	568

**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 for the above dispute to Arbitration has been fixed for Hearing on 21 June 2007.

**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 RM84,719 for the current quarter ended 31 March 2007.

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**27. DIVIDEND**

No interim dividend was declared for the financial period ended 31 March 2007.

(31 March 2006: 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:

	<b>3 months and year-to-date ended</b>	
	<b>31.3.2007</b>	<b>31.3.2006</b>
	<b>RM’000</b>	<b>RM’000</b>
Profit attributable to equity holder of parent (RM’000)	9,415	5,556
Weighted average number of ordinary shares in issue (‘000)	134,873	133,066
<b>Basic EPS (sen)</b>	<b>6.98</b>	<b>4.18</b>

(b) **Diluted EPS**

For the purpose of calculating diluted EPS, the weighted average number 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 and year-to-date ended</b>	
	<b>31.3.2007</b>	<b>31.3.2006</b>
	<b>RM’000</b>	<b>RM’000</b>
Profit attributable to equity holder of parent (RM’000)	9,415	5,556
Weighted average number of ordinary shares in issue (‘000)	134,873	133,066
Effect of dilution (‘000)	112	810
Adjusted weighted average number of ordinary shares in issue and issuable (‘000)	134,985	133,876
<b>Diluted EPS (sen)</b>	<b>6.97</b>	<b>4.15</b>

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**29. AUTHORISED FOR ISSUE**

The interim financial statements were authorised for issue on 29 May 2007 by the Board of Directors in accordance with a resolution of the directors.