

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2001

The figures have not been audited

CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL CURRENT YEAR QUARTER 30/06/01 RM '000	QUARTER PRECEDING YEAR CORRESPONDING QUARTER 30/06/00 RM '000	CUMULATIVE CURRENT YEAR TO DATE 30/06/01 RM '000	QUARTER PRECEDING YEAR CORRESPONDING PERIOD 30/06/00 RM '000
1. (a) Revenue	8,892	11,456	16,326	22,877
(b) Investment income	-	-	-	-
(c) Other income	2,234	2,209	3,347	2,338
2. (a) Profit/(Loss) before finance cost depreciation & amortisation, exceptional items, income tax, minority interest and extraordinary items	4,439	5,204	7,952	10,294
(b) Finance Cost	(381)	(818)	(783)	(1,059)
(c) Depreciation and amortisation	(657)	(843)	(1,301)	(1,713)
(d) Exceptional items	-	-	-	-
(e) Profit/(loss) before income tax, minority interests and extraordinary items	3,401	3,543	5,868	7,522
(f) Share of profits and losses of associated companies	1,517	-	677	-
(g) Profit/(loss) before income tax, minority interests and extraordinary items	4,918	3,543	6,545	7,522
(h) Income Tax	(643)	(1,814)	(1,648)	(3,628)
(i) (i) Profit/(loss) after income tax before deducting minority interests	4,275	1,729	4,897	3,894
(ii) Less Minority interests	(256)	13	(252)	19
(j) Pre-acquisition profit/(loss), if applicable	-	-	-	-
(k) Net profit/(loss) from ordinary activities attributable to members of the company	4,019	1,742	4,645	3,913
(l) (i) Extraordinary items	-	-	-	-
(ii) Less Minority interest	-	-	-	-
(iii) Extraordinary items attributable to members of the company	-	-	-	-
(m) Net profit/(loss) attributable to members of the company	4,019	1,742	4,645	3,913
3. Earnings per share based on 2(m) above after deducting any provision for preference dividends, if any: -				
(a) Basic (based on 56,000,000 ordinary shares) - (sen)	7.18	3.11	8.30	6.99
(b) Fully diluted (based on 56,000,000 ordinary shares) - (sen)	7.18	3.11	8.30	6.99
4. (a) Dividend per share (sen)	-	-	-	-
(b) Dividend Description	-	-	-	-

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
5. Net tangible assets per share (RM)	6.07	5.88

CONSOLIDATED BALANCE SHEET

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR-END
	30/06/01 RM '000	31/12/00 RM '000
1. Property, Plant And Equipment	294,400	313,140
Breeding Stock	564	469
2. Investment Property	-	-
3. Investment in Associated Companies	32,340	31,908
Unquoted Investment	1,170	1,170
4. Long Term Investment	-	-
5. Goodwill on Consolidation	-	114
6. Intangible Assets	-	-
7. Other Long Term Assets	-	-
8. Current Assets		
Inventories	1,435	2,344
Trade Receivables	3,038	2,243
Short Term Investments	2,183	3,923
Cash	981	753
Other Debtors, Deposits and Prepayments	72,118	47,627
	79,755	56,890
9. Current Liabilities		
Trade Payables	1,848	2,545
Other Payables	2,335	7,910
Short Term Borrowings	17,300	21,068
Provision for Taxation	39	39
Proposed Dividend	2,016	2,016
Others	-	-
	23,538	33,578
10. Net Current Assets	56,217	23,312
	384,691	370,113
11. Shareholders' Funds		
Share Capital	56,000	56,000
Reserves		
- Share Premium	934	934
- Reserves On Consolidation	7	7
- Translation Reserves	-	(2,886)
- Revaluation Reserve	108,578	108,578
- Statutory Reserve	-	-
- Capital Reserves	27,510	27,415
- Retained Profit	147,154	139,646
- Others	-	-
12. Minority Interests	15,122	17,106
13. Long Term Borrowings	4,915	-
14. Other Long Term Liabilities- Prov. For Replanting Reserves	24,471	23,313
15. Deferred Taxation	-	-
	384,691	370,113
16. Net tangible assets per share (RM)	6.07	5.88

Notes:

11) Accounting Policies

The quarterly financial statements are in accordance with the accounting policies as stated in the annual financial statements of the Group for the year ended 31 December 2000.

12) Exceptional Items

There were no exceptional items for the six months ended 30th June 2001.

13) Extraordinary Item

There were no extraordinary items for the six months ended 30th June 2001.

14) Taxation

	Current Quarter (RM'000)	Six months ended 30th June 2001 (RM'000)
Income tax		
- Current Year	540	1,403
- Prior Year	-	-
Deferred Tax	-	-
Share of Tax of Ass. Co	103	245
	643	1,648

The effective tax rate for the current quarter and six months ended 30th June 2001 is 13% and 25% respectively. The effective tax rate is lower than the statutory tax rate as the provision for taxation for year 2001 is based on the estimated profits of the company in line with the current year tax assessment.

5) Sale of Investment and/or Properties

There were no sales of investment and/or properties for the six months ended 30th June 2001.

6) Purchase or Disposal of Quoted Securities

There were no purchases or disposals of quoted securities for the six months ended 30th June 2001.

7) Changes in the Composition of the Group

In view of the decision made by the shareholders of Far East Holdings Berhad in its Extraordinary General Meeting dated 25 June 2001 not to approve on the Proposed Novation of the Joint Venture Agreement and Supplemental Joint Venture Agreement both dated 30 April 1998 between Perbadanan Kemajuan Negeri Pahang and PT Berkat Sawit Sentosa upon the terms set out in the Novation Agreement dated 26 January 1999 and Supplemental Novation Agreement dated 12 June 2000; the Group has excluded the consolidation of the operation of PT Berkat Sawit Sejati (the joint venture company) in the Group management accounts.

8) Corporate Developments

(i) Refund of deposits for the proposed acquisitions not exercised by the Board of Directors

The refund of the deposits with regards to the Deed of Settlement entered into between Far East Holdings Berhad dated 18 October 2000 with the following parties which expired on the 31 July 2001 has been extended for another three (3) months. The parties involved are as follows:

- 11) Perbadanan Kemajuan Negeri Pahang for the acquisition of 14.59 hectares institutional land at Sector III, Bandar Indera Mahkota land in Kuantan.
- 12) Pascorp Holdings Sdn Bhd for the acquisition of 60% equity in Kuantan Beach Hotel.

The above announcement was made to KLSE on the 31 July 2001.

11) Notice of Termination in respect of the Proposed Novation of the Joint Venture Agreement and Supplemental Joint Venture Agreement both dated 30 April 1998 between Perbadanan Kemajuan Negeri Pahang ("PKNP") and PT Berkat Sawit Sentosa ("PTBS Sentosa") upon the terms set out in the Novation Agreement dated 26 January 1999 and Supplemental Novation Agreement dated 12 June 2000

Far East Holdings Berhad has sent a termination notice to PKNP and PTBS Sentosa on 26 July 2001 as the above Proposed Novation was not approved by the shareholders of FEHB in the Extraordinary General Meeting which was held on 25 June 2001.

The above announcement was made to KLSE on the 26 July 2001.

(iii) Proposed Establishment of Employee Share Option Scheme
("Proposed ESOS")

The Company has submitted the proposed ESOS application to Securities Commission and Kuala Lumpur Stock Exchange.

9) Issuance or Repayment of Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the six months ended 30th June 2001.

10) Group Borrowings and Debt Securities

The Group borrowings consist of the followings:

	As at end of current Quarter 30/06/01 RM '000	As at Preceding financial year-end 31/12/00 RM '000	Secured/Unsecured
Bank Overdraft	11,800	18,068	Negative Pledge
Short Term Loan	5,500	3,000	Negative Pledge
Long Term Loan	4,915	-	Negative Pledge
	22,215	21,068	

11) Contingent Liabilities

There were no contingent liabilities as at the date of this announcement.

12) Financial Instruments

No financial instruments with off balance sheet risk at the date of this quarterly report.

13) Material Litigation

There were no material litigation pending on the date of this announcement.

14) Segmental Reporting

No segmental reporting has been prepared as the group activities predominantly in plantation activity which is mainly carried out in Malaysia.

15) Comparison with Preceding Quarter's Results

The Group's turnover for the second quarter of 2001 was RM8.89 million as compared to RM7.43 million in the first quarter of 2001.

Profit before taxation for the second quarter of 2001 was RM4.92 million compared to RM1.63 million achieved in the first quarter of 2001. The results of the Group for the second quarter 2001 was affected by :-

- (i) higher oil palm prices
- (ii) higher production by 9% (6,556 mt)
- (iii) additional interest income of RM1.4 million as a result of the termination of the Supplemental Novation Agreement as mentioned in Note 7 and Note 8(ii).

16) Review of Current Year Performance

The Group's profit before tax decreased by 13% (RM0.98 million) as compared to the same period of 2000. The decrease in the profit is mainly due to lower commodity prices during the period with the average price of crude palm oil recorded at RM755 per mt compared to RM1,122 achieved in the same period of 2000. The crop production for the period under review increased by 25% that is 142,125mt as compared to 113,809 mt in 2000.

17) Subsequent Material Events

Far East Holdings Berhad has obtained the approval from the Kuala Lumpur Stock Exchange on the 23 July 2001 for the additional listing of the bonus issue of 5,600,000 new ordinary shares of RM1.00 each on the basis of one (1) new ordinary shares for every ten (10) existing ordinary shares held. The entitlement date for the bonus issue is on the 8th August 2001. Upon the confirmation from the relevant authorities that all conditions imposed have been met, the allotment of 5,600,000 new ordinary shares of RM1.00 each would be made to the Registrar of Companies. Subsequently the 5,600,000 new ordinary shares of RM1.00 each would be quoted at Kuala Lumpur Stock Exchange and the paid-up capital of the Group would be increased from 56,000,000 ordinary shares of RM1.00 each to 61,600,000 ordinary shares of RM1.00 each.

18) Seasonal or Cyclical Factors

The profitability of the business operations of the Group is driven to a large extent by CPO (Crude Palm Oil) prices. CPO prices are governed by the forces of world supply and demand for the commodity. Determinants of supply and demand such as abnormal weather patterns, changes in import/export policies of major producing and importing countries, trade sanctions imposed, threat from major substitute oils are not always predictable.

Lower average CPO price of RM755 for the period of 2001 as compared to average price of RM1,122 for the same period of 2000 has resulted in lower profits before tax by 13% (RM0.98 million) as compared to the same period of 2000.

19) Current Year Prospects

Oil palm prices improved in July 2001 and should the prices sustain at current levels the performance of the group for the second half 2001 is expected to be better than the first half of 2001.

20) Variance from Profit Forecast and Profit Guarantee

No forecast profit/ profit guarantee was made or issued during the second quarter 2001.

21) Dividend

No dividend declared for the period under review.

**BY ORDER OF THE BOARD
FAR EAST HOLDINGS BERHAD**

MOHD LIZAH HASHIM.,AMCCS
Company Secretary LS 00177