

**FAR EAST HOLDINGS BERHAD [14809-W]**  
**Interim report for the financial period ended 30 June 2003**

[The figures have not been audited]

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END [restated]
	As at 30-Jun-03 RM'000	As at 31-Dec-02 RM'000
<b>Non Current Assets</b>		
Property, plant and equipment	267,255	269,123
Associated Companies	40,166	39,502
Unquoted Investments - at cost	2,299	2,299
Breeding Stocks	1,089	919
Deferred tax assets	7,939	9,839
	<b>318,748</b>	<b>321,682</b>
<b>Current Assets</b>		
Inventories	1,430	1,676
Receivables, deposits and prepayments	67,237	64,919
Tax recoverables	0	1,878
Bank Balances, Deposits and Cash	20,593	15,174
	<b>89,260</b>	<b>83,647</b>
<b>Less: Current Liabilities</b>		
Payables	4,823	6,083
Short Term Borrowings	1,020	4,932
Bank Overdraft	-	-
Tax Liabilities	-	-
	<b>5,843</b>	<b>11,015</b>
<b>Net Current Assets</b>	<b>83,417</b>	<b>72,632</b>
<b>Less: Non Current Liabilities</b>		
Reserves on consolidation	6	6
Long term loan	1,855	2,365
Deferred tax liability	48,399	48,701
	<b>50,260</b>	<b>51,072</b>
	<b>351,905</b>	<b>343,242</b>
<b>Capital and Reserves</b>		
Share Capital	63,386	62,619
Share premium	4,988	4,190
Capital Reserve	474	304
Revaluation Reserve	74,803	74,810
Retained Earnings	176,665	170,789
Shareholders' Equity	320,316	312,712
Minority Interest	31,589	30,530
	<b>351,905</b>	<b>343,242</b>

**Note : The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2002.**

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**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL QUARTER [Q2]		CUMULATIVE QUARTER [6 Mths]	
	CURRENT YEAR QUARTER  30-Jun-03 RM'000	PRECEDING YEAR CORRESPONDING QUARTER [restated]  30-Jun-02 RM'000	CURRENT YEAR TO DATE  30-Jun-03 RM'000	PRECEDING YEAR CORRESPONDING PERIOD [restated]  30-Jun-02 RM'000
Revenue	16,387	12,278	28,667	20,387
Other operating income/(loss)	252	(48)	286	(24)
Profit from operations	6,632	4,221	12,714	6,775
Finance income	54	15	85	28
Finance interest	(61)	(249)	(150)	(512)
Share of result of associated companies	337	(173)	323	(120)
Profit before taxation	6,962	3,814	12,972	6,171
Taxation	(2,144)	(1,339)	(3,784)	(2,753)
Profit after taxation	4,818	2,475	9,188	3,418
Minority interest	(468)	(126)	(1,058)	(284)
<b>Net profit attributable to shareholders</b>	<b>4,350</b>	<b>2,349</b>	<b>8,130</b>	<b>3,134</b>
<b>Earnings per share (sen)</b>				
Basic	6.92	3.81	12.93	5.09
Diluted	6.83	-	12.76	-

**Note :** The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2002.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**Six Months Ended 30 June 2003**

	Issued and fully paid ordinary shares of RM1 each		Non -distributable				Distributable	Total RM'000
	Number of shares '000 units	Nominal value RM'000	Share premium RM'000	Translation reserves RM'000	Capital reserves RM'000	Revaluation reserves RM'000	Retained earnings RM'000	
<b>As at 1 January 2002 :</b>								
- as previously reported	61,600	61,600	934	-	27,730	108,578	141,462	340,304
- reclassification	-	-	2,196	-	(27,400)	15,907	(367)	(9,664)
- prior year adjustment	-	-	-	-	-	(49,655)	11,132	(38,523)
- as restated	<b>61,600</b>	<b>61,600</b>	<b>3,130</b>	<b>0</b>	<b>330</b>	<b>74,830</b>	<b>152,227</b>	<b>292,117</b>
Net loss not recognised in the income statement	-	-	-	-	(26)	-	-	(26)
Issue of shares- share options	1,019	1,019	1,060	-	-	-	-	2,079
Net profit for the year	-	-	-	-	-	-	21,360	21,360
Dividend for the year ended 31.12.2001	-	-	-	-	-	-	(2,798)	(2,798)
Adjustment for deferred tax liability	-	-	-	-	-	(20)	-	(20)
<b>As at 31 December 2002</b>	<b>62,619</b>	<b>62,619</b>	<b>4,190</b>	<b>0</b>	<b>304</b>	<b>74,810</b>	<b>170,789</b>	<b>312,712</b>
<b>As at 1 January 2003 :</b>								
- as previously reported	62,619	62,619	4,190	0	304	124,485	162,828	354,426
- reclassification	-	-	-	-	-	-	-	0
- prior year adjustment	-	-	-	-	-	(49,675)	7,961	(41,714)
- as restated	<b>62,619</b>	<b>62,619</b>	<b>4,190</b>	<b>0</b>	<b>304</b>	<b>74,810</b>	<b>170,789</b>	<b>312,712</b>
Increase in breeding stock	-	-	-	-	170	-	-	170
Issue of shares- share options	767	767	798	-	-	-	-	1,565
Net profit for the year	-	-	-	-	-	-	8,130	8,130
Interim dividend for the year ended 31.12.2002	-	-	-	-	-	-	(2,254)	(2,254)
Adjustment for deferred tax liability	-	-	-	-	-	(7)	-	(7)
<b>As at 30 June 2003</b>	<b>63,386</b>	<b>63,386</b>	<b>4,988</b>	<b>0</b>	<b>474</b>	<b>74,803</b>	<b>176,665</b>	<b>320,316</b>

**Note : The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2002.**

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>6 Months Ended 30-Jun-03 RM'000</b>
Net cash inflow from operating activities	11,946
Net cash outflow from investing activities	(1,416)
Net cash outflow from financing activities	(5,111)
Net increase in cash and cash equivalents	<u>5,419</u>
Cash and cash equivalent at start of year	15,174
Cash and cash equivalent at end of year	<u><b>20,593</b></u>
 <b>Cash and cash equivalent comprise :</b>	
Cash bank balances and deposits	20,593
Bank overdrafts	-
	<u><b>20,593</b></u>

**Note : The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2002.**

PART A – NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

MASB 26

A1. BASIS OF PREPARATION

This unaudited quarterly report is prepared in accordance with MASB 26 “Interim Financial Reporting” and paragraph 9.22 of the Kuala Lumpur Stock Exchange Listing Requirements, and should be read in conjunction with the Group’s financial statement for the year ended 31 December 2002.

The quarterly financial statements have been prepared using the same accounting policies and methods of computation as compared with the most recent annual audited accounts for the financial year ended 31 December 2002, except for the adoption of MASB 25 – Income Taxes. In compliance with MASB 25, the recognition of deferred tax assets and liabilities in the Balance Sheet as at 30 June 2003 has been applied retrospectively.

The effects of the implementation of MASB 25 for the financial year ended 31 December 2002 are summarized as follow:

	As previously reported [RM '000]	As at 31.12.2002 Effect [RM'000]	As re-stated [RM'000]
Share premium	4,190	-	4,190
Capital reserve	304	-	304
Revaluation reserve	124,485	(49,675)	74,810
Retained earnings	162,828	7,961	170,789
Minority interest	27,678	2,852	30,530
Deferred tax liability	-	48,701	48,701
Deferred tax assets	-	(9,839)	(9,839)
	RM	RM	RM
Net tangible assets per share	5.66	(0.67)	4.99

The adoption of MASB 25 has increased the tax expense by RMRM1.59 million for the cumulative quarter ending 30 June 2003.

A2. DISCLOSURE ON QUALIFICATION OF AUDIT REPORT

The audit report of the Group’s financial statements for the financial year ended 31 December 2002 was not qualified.

A3. SEASONALITY OR CYCLICALITY

As the cropping pattern declines to a trough in the first half of the year and rises to a peak in the second half, the performance of the Group's will be reflected accordingly.

Higher revenue for the current cumulative quarter of 2003 as compared to the preceding cumulative quarter of 2002 is due to:

- (i) Higher average CPO ["Crude Palm Oil"] price of RM1,522 for the current cumulative quarter of 2003 as compared to average price of RM1,212 in the preceding cumulative quarter of 2002.
- (ii) Higher FFB ["Fresh Fruit Bunches"] production by 10%[9,546 mt] as compared to the preceding cumulative quarter of 2002.

A4. UNUSUAL ITEM AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no items affecting assets, liabilities, equity, net income, or cash flows which are unusual because of their nature, size, or incidence in the current quarter under review.

A5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts that have a material effect in the current quarter.

A6. 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 Employee Share Option Scheme["ESOS"]:-

Option price per share [RM]	No. of shares issued ['000]	Cash proceeds [RM '000]
2.04	767	1,565

A7. DIVIDEND PAID

	Current Year To Date 30.6.2003 RM'000	Preceding Year Corresponding Period 30.6.2002 RM'000
<u>Ordinary:</u>		
Interim dividend paid – 5 sen		
Less 28% income tax	2,254	-

The interim dividend of five(5) sen less 28% Malaysian Income Tax for the financial year ended 31 December 2002 was paid on 24 January 2003.

A8. SEGMENTAL REPORTING

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

A9. PROPERTY PLANT AND EQUIPMENT

Subsequent to the financial year ended 31 December 2002, there were no changes to the valuation of property, plant and equipment.

A10. SUBSEQUENT MATERIAL EVENTS

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

A11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

A12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

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

PART B – EXPLANATORY NOTES OF KLSE REVISED LISTING  
REQUIREMENTS

B1. REVIEW OF PERFORMANCE

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.6.2003 RM'000	Preceding Year Quarter 30.6.2002 RM'000	Current Year To Date 30.6.2003 RM'000	Preceding Year To Date 30.6.2002 RM'000
Revenue	16,387	12,278	28,667	20,387
Profit before taxation	6,962	3,814	12,972	6,171
Profit after taxation	4,818	2,475	9,188	3,418

Higher revenue for the current quarter 2003 and cumulative quarter 2003 as compared to the preceding current quarter 2002 and cumulative quarter 2002 was due to higher palm oil prices and also higher FFB production.

The Group recorded a FFB ["Fresh Fruit Bunches"] production of 105,790 mt for the cumulative quarter of 2003 as compared to 96,244 mt in the cumulative quarter of 2002.

The Group's profit before tax rose by 82% (RM3.15 million) and by 110% (RM6.8 million) for the current quarter 2003 and cumulative quarter 2003 as compared to the preceding current quarter in 2002 and cumulative quarter 2003 respectively.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Current Quarter 30.6.2003 RM'000	Current Quarter 31.3.2003 RM'000
Revenue	16,387	12,280
Profit before taxation	6,962	6,010
Profit after taxation	4,818	4,370

For the current quarter ended 30 June 2003, the Group recorded a profit before tax of RM6.96million and profit after tax of RM4.82 million as compared to RM6.01 million and RM4.37 million in the preceding quarter 31 March 2003 respectively. Higher profit in the current quarter as compared to



the preceding quarter is due to the higher FFB production by 46% [19,983 mt].

**B3. CURRENT YEAR PROSPECTS**

The Group is expected to achieve favorable result than last year given the expectation that CPO price would remain strong.

**B4. VARIANCE FROM PROFIT FORECAST/PROFIT GUARANTEE**

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

**B5. TAXATION**

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.6.2003 RM'000	Preceding Year Quarter 30.6.2002 RM'000	Current Year To Date 30.6.2003 RM'000	Preceding Year To Date 30.6.2002 RM'000
<b><u>Income Tax:</u></b>				
Current Tax Charge	1,244	690	2,074	1,379
Under/(over) provision in prior year	-	-	-	-
Transfer from deferred tax	796	673	1,592	1,346
Share of tax of Associate Co.	104	(24)	118	28
	2,144	1,339	3,784	2,753

The Group effective tax rate for the cumulative quarter ended 30 June 2003 is 29% which is marginally higher by 1% as compared to the statutory tax due to some expenses not allowable for tax purposes.

**B6. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES**

There was no sale of unquoted investments and/or properties for the current quarter under review.

**B7. QUOTED SECURITIES**

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

**B8. STATUS OF CORPORATE PROPOSALS**

There was no corporate proposal as at the date of this announcement.

## B9. GROUP BORROWINGS AND DEBT SECURITIES

The Group borrowings consist of the followings:

	As at end of Current Quarter 30.6.2003 RM'000	As at Preceding Financial Year End 31.12.2002 RM'000	Security
<u>Short Term:</u>			
Short Term Loan	1,020	1,020	Negative Pledge
Revolving Credit	-	3,912	Negative Pledge
<u>Long Term Loan</u>			
Long Term	1,855	2,365	Negative Pledge
	2,875	7,297	

## B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

During the current quarter the Group did not enter into any contracts involving off balance sheet instruments.

## B11. STATUS OF THE MATERIAL LITIGATIONS

Followings are the status of the pending material litigations of the Company:

- (i) Kuantan High Court Suit No. 22-9-2002  
Far East Holdings Berhad ["Plaintiff"] –vs-  
(1) Perbadanan Kemajuan Negeri Pahang ["Defendant"]  
(2) PT Berkas Sawit Sentosa ["Defendant"]

The date for the appeal by the defendants has been fixed on 2.9.2003.

- (ii) Kuantan High Court Civil Suit No. 22-115-2002  
Haji Said dan Anak-Anak Sdn. Bhd [Plaintiff] –vs-  
Madah Perkasa Sdn. Bhd

Upon the agreement of both parties, the stay of proceeding has been withdrawn with the cost to be borne by the plaintiff.

## B12. DIVIDEND

The Board of Directors is pleased to declare a five(5) sen interim dividend less 28% income tax for the cumulative period ended 30 June 2003. The payment of the dividend will be announced at a later date. [No dividend was declared for the previous year preceding quarter for the quarterly period ended 30 June 2002].

## B13. EARNINGS PER SHARE

Earnings per share is calculated based on the following:

	Individual Quarter	Quarter	Cumulative Quarter	Quarter
	Current Quarter Ended 30.6.2003	Preceding Year Quarter Ended 30.6.2002	Current Quarter Ended 30.6.2003	Preceding Year Quarter Ended 30.6.2002
<u>Basic earnings per share:</u>				
Net Profit Attributable to Shareholders (RM'000)	4,350	2,349	8,130	3,134
Weighted average no. of ordinary shares in issue ('000)	62,897	61,600	62,897	61,600
Basic earnings per share (sen)	6.92	3.81	12.93	5.09
<u>Diluted earnings per share:</u>				
Net Profit Attributable to Shareholders (RM'000)	4,350	-	8,130	-
Weighted average no. of ordinary shares in issue ('000)	62,897	-	62,897	-
Adjustment for share option ('000)	840	-	805	-
Weighted average no. of ordinary shares for diluted earning per share ('000)	63,737	-	63,702	-
Diluted per share (sen)	6.83	-	12.76	-

Note:

Diluted earnings per share is not presented in the preceding current quarter ended 30 June 2002 and cumulative quarter ended 30 June 2002 as there were no dilutive potential ordinary share.