

FAR EAST HOLDINGS BERHAD [14809-W]
Interim report for the financial period ended 30 June 2005

[The figures have not been audited]

CONDENSED CONSOLIDATED BALANCE SHEETS

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
	As at 30-Jun-05 RM'000	As at 31-Dec-04 RM'000
Non Current Assets		
Property, plant and equipment	313,473	312,821
Associates	56,516	54,039
Unquoted investments - at cost	2,299	2,299
Breeding stocks	370	513
	372,658	369,672
Current Assets		
Inventories	1,751	1,013
Receivables, deposits and prepayments	11,097	9,378
Tax recoverables	1,439	1,874
Other investment	5,066	-
Deposits, bank and cash balances	81,289	73,501
	100,642	85,766
Less: Current Liabilities		
Payables	7,525	4,938
Current tax liabilities	168	168
Borrowings (interest bearing)	-	-
	7,693	5,106
Net Current Assets	92,949	80,660
Less: Non Current Liabilities		
Deferred tax liabilities	50,152	50,258
Borrowings (interest bearing)	-	-
	50,152	50,258
	415,455	400,074
Capital and Reserves		
Share Capital	66,311	65,089
Share premium	8,972	6,782
Capital Reserve	(87)	56
Reserves on consolidation	6	6
Revaluation Reserve	96,485	96,379
Retained Earnings	218,034	204,721
Shareholders' Equity	389,721	373,033
Minority Interest	25,734	27,041
	415,455	400,074

Note : The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004.

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CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER [Q2]		CUMULATIVE QUARTER [6 Mths]	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30-Jun-05 RM'000	30-Jun-04 RM'000	30-Jun-05 RM'000	30-Jun-04 RM'000
Revenue	18,360	20,233	32,814	37,680
Other operating income	586	124	897	269
Profit from operations	7,208	9,562	15,154	20,852
Finance income	507	4,828	925	4,884
Finance interest	-	(40)	-	(167)
Share of result of associated companies	1,546	5,215	3,440	5,839
Profit before taxation	9,261	19,565	19,519	31,408
Taxation	(2,221)	(7,972)	(5,093)	(9,159)
Profit after taxation	7,040	11,593	14,426	22,249
Minority interest	(486)	(398)	(1,113)	(1,482)
Net profit attributable to shareholders	6,554	11,195	13,313	20,767
Earnings per share (sen)				
Basic	10.04	17.43	20.40	32.33
Diluted	9.98	17.23	20.29	31.98

Note : The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Period Ended 30 June 2005

	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	Capital reserves RM'000	Reserves on consolidation RM'000	Revaluation reserves RM'000	Retained earnings RM'000	
As at 1 January 2004 :								
- as previously reported	64,190	64,190	5,824	142	6	96,185	173,495	339,842
- prior year adjustment	-	-	-	-	-	-	-	0
- as restated	64,190	64,190	5,824	142	6	96,185	173,495	339,842
Net profit not recognised in the income statement	-	-	-	61	-	-	-	61
Issue of shares- share options	274	274	285	-	-	-	-	559
Net profit for the year	-	-	-	-	-	-	20,767	20,767
Dividend paid by Subsidiary for the year ended:								
- 31 December 2003	-	-	-	-	-	-	(2,904)	(2,904)
- 31 December 2004	-	-	-	-	-	-	-	0
As at 30 June 2004	64,464	64,464	6,109	203	6	96,185	191,358	358,325
As at 1 January 2005 :								
- as previously reported	65,089	65,089	6,782	56	6	96,379	204,721	373,033
Net loss not recognised in the income statement	-	-	-	(143)	-	-	-	(143)
Issue of shares- share options	1,222	1,222	2,190	-	-	-	-	3,412
Transfer from deferred tax	-	-	-	-	-	106	-	106
Net profit for the year	-	-	-	-	-	-	13,313	13,313
Dividend paid for the year	-	-	-	-	-	-	-	-
As at 30 June 2005	66,311	66,311	8,972	(87)	6	96,485	218,034	389,721

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 2004.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	6 Months Ended 30-Jun-05 RM'000	6 Months Ended 30-Jun-04 RM'000
Net cash inflow from operating activities	11,912	82,844
Net cash outflow from investing activities	(7,536)	(41,796)
Net cash inflow/(outflow) from financing activities	3,412	(9,951)
Net increase in cash and cash equivalents	<u>7,788</u>	<u>31,097</u>
Cash and cash equivalent at start of year	73,501	34,134
Cash and cash equivalent at end of year	<u>81,289</u>	<u>65,231</u>
 Cash and cash equivalent comprise :		
Cash bank balances and deposits	81,289	65,231
Bank overdrafts	-	-
	<u>81,289</u>	<u>65,231</u>

Note : The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004.

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 Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's financial statement for the year ended 31 December 2004.

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 2004.

A2. DISCLOSURE ON QUALIFICATION OF AUDIT REPORT

The audit report of the Group's financial statements for the financial year ended 31 December 2004 was not qualified.

A3. SEASONALITY OR CYCLICALITY

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 revenue for the cumulative quarter of 2005 as compared to the cumulative preceding year quarter of 2004 is due to lower average CPO price of RM1,381 for the cumulative quarter of 2005 as compared to average price of RM1,843 in the cumulative preceding year quarter of 2004. The FFB ("Fresh Fruit Bunches") showed an increase of 14% (14,778 mt) as compared to the cumulative preceding year quarter 2004.

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 that 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 Employees' Share Option Scheme:-

Option price per share [RM]	No. of shares issued ['000]	Cash proceeds [RM '000]
2.04	472	963
2.89	30	87
3.27	697	2,279
3.58	23	83
Total	1,222	3,412

A7. DIVIDEND PAID

No dividend paid by the Company for the period under review.

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 2004, 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, restructuring 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 BURSA MALAYSIA SECURITIES BERHAD
REVISED LISTING REQUIREMENTS**

B1. REVIEW OF PERFORMANCE

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.6.2005 RM'000	Preceding Year 30.6.2004 RM'000	Current Year To Date 30.6.2005 RM'000	Preceding Year To Date 30.6.2004 RM'000
Revenue	18,360	20,233	32,814	37,680
Consolidated Profit before taxation	9,261	19,565	19,519	31,408
Consolidated Profit after taxation	7,040	11,593	14,426	22,249
Consolidated Profit after taxation and minority interest	6,554	11,195	13,313	20,767

Lower revenue and profit before tax for the cumulative quarter 2005 as compared to the cumulative preceding year quarter 2004 was mainly due to:

- (i) Lower palm oil prices.
- (ii) Lower interest income as for the preceding year to date; the Company had recognized an interest amount of RM4.45 million for the debt settlement by Perbadanan Kemajuan Negeri Pahang.
- (iii) Lower income from the associated companies.
- (iv) Higher cost of manuring due to higher fertilizer cost.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Current Quarter 30.6.2005 RM'000	Current Quarter 31.3.2005 RM'000
Revenue	18,360	14,454
Consolidated Profit before taxation	9,261	10,258
Consolidated Profit after taxation	7,040	7,386
Consolidated Profit after taxation and minority interest	6,554	6,759

For the current quarter ended 30 June 2005, the Group recorded a revenue of RM18.36 million and a profit after tax and minority interest of RM6.55 million as compared to RM14.45 million and RM6.76 million in the preceding quarter respectively.

Higher revenue recorded for the current quarter ended 30 June 2005 was in line with the increase in the FFB production by 13,022 mt (23%) and higher palm oil prices as compared to the preceding current quarter ended 31 March 2005.

B3. CURRENT YEAR PROSPECTS

At current level of CPO prices, the Group plantation profit for the current year is anticipated to be lower as compared to the previous year despite expected higher FFB production. This is in line with the current trend of FFB production and CPO prices.

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 30.6.2005 RM'000	Preceding Year Quarter 30.6.2004 RM'000	Current Year To Date 30.6.2005 RM'000	Preceding Year To Date 30.6.2004 RM'000
Income Tax:				
Current Tax Charge	1,788	3,825	4,130	4,837
Under/(over) provision in prior year	-	-	-	-
Transfer from deferred tax	-	2,687	-	2,687
Share of tax of Associate Co.	433	1,460	963	1,635
	2,221	7,972	5,093	9,159

The Group effective tax rate for the cumulative quarter ended 30 June 2005 was 2% lower than the Corporate Tax of 28% due to income not subject to tax although 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

Proposed Bonus Issue of up to 67,760,000 new ordinary shares of RM1.00 each in FEHB:

The Company is in the process of preparing the Circular for the Bonus Issue.

B9. GROUP BORROWINGS AND DEBT SECURITIES

There were no group borrowings and debt securities for the period under review.

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

There were no material litigations pending at the date of this announcement.

B12. DIVIDEND

No dividend has been proposed or declared for the current quarter under review. [No dividend was declared in the preceding current quarter 2004].

B13. EARNINGS PER SHARE

Earnings per share is calculated based on the following:

	Current Quarter Ended 30.6.2005	Preceding Year Quarter Ended 30.6.2004	6 Months Cumulative To Date 30.6.2005	6 Months Cumulative To Date 30.6.2004
<u>Basic earnings per share:</u>				
Net Profit Attributable to Shareholders (RM'000)	6,554	11,195	13,313	20,767
Weighted average no. of ordinary shares in issue ('000)	65,264	64,241	65,264	64,241
Basic earnings per share (sen)	10.04	17.43	20.40	32.33
<u>Diluted earnings per share:</u>				
Net Profit Attributable to Shareholders (RM'000)	6,554	11,195	13,313	20,767
Weighted average no. of ordinary shares in issue ('000)	65,264	64,241	65,264	64,241
Adjustment for share option ('000)	387	698	366	698
Weighted average no. of ordinary shares for diluted earning per share ('000)	65,651	64,939	65,630	64,939
Diluted per share (sen)	9.98	17.23	20.29	31.98