

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2001

The figures have not been audited

### CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL CURRENT YEAR QUARTER 30/09/01 RM '000	QUARTER PRECEDING YEAR CORRESPONDIN G QUARTER 30/09/00 RM '000	CUMULATIVE CURRENT YEAR TO DATE 30/09/01 RM '000	QUARTER PRECEDING YEAR CORRESPONDING PERIOD 30/09/00 RM '000
1. (a) Revenue	14,564	11,035	30,890	33,912
(b) Investment income	-	-	-	-
(c) Other income	(3,092)	1,174	255	3,512
2. (a) Profit/(Loss) before finance cost depreciation & amortisation, exceptional items, income tax, minority interest and extraordinary items	2,363	4,700	10,315	14,994
(b) Finance Cost	(366)	(566)	(1,149)	(1,625)
(c) Depreciation and amortisation	(532)	(534)	(1,833)	(2,247)
(d) Exceptional items	-	-	-	-
(e) Profit/(loss) before income tax, minority interests and extraordinary items	1,465	3,600	7,333	11,122
(f) Share of profits and losses of associated companies	126	485	803	468
(g) Profit/(loss) before income tax, minority interests and extraordinary items	1,591	4,085	8,136	11,590
(h) Income Tax	(615)	(919)	(2,263)	(4,618)
(i) (i) Profit/(loss) after income tax before deducting minority interests	976	3,166	5,873	6,972
(ii) Less Minority interests	(519)	7	(771)	25
(j) Pre-acquisition profit/(loss), if applicable	-	-	-	-
(k) Net profit/(loss) from ordinary activities attributable to members of the company	457	3,173	5,102	6,997
(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	457	3,173	5,102	6,997
3. Earnings per share based on 2(m) above after deducting any provision for preference dividends, if any: -				
(a) Basic (based on 61,600,000 ordinary shares) - (sen)	0.74	5.15	8.28	11.36
(b) Fully diluted (based on 61,600,000 ordinary shares) - (sen)	0.74	5.15	8.28	11.36
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)	5.53	5.88

**CONSOLIDATED BALANCE SHEET**

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR-END
	30/09/01 RM '000	31/12/00 RM '000
<b>1.</b> Property, Plant And Equipment	295,908	313,140
Breeding Stock	587	469
<b>2.</b> Investment Property	-	-
<b>3.</b> Investment in Associated Companies	32,391	31,908
Unquoted Investment	1,170	1,170
<b>4.</b> Long Term Investment	-	-
<b>5.</b> Goodwill on Consolidation	-	114
<b>6.</b> Intangible Assets	-	-
<b>7.</b> Other Long Term Assets	-	-
<b>8. <u>Current Assets</u></b>		
Inventories	1,349	2,344
Trade Receivables	4,609	2,243
Short Term Investments	2,190	3,923
Cash	1,603	753
Other Debtors, Deposits and Prepayments	64,437	47,627
	<b>74,188</b>	<b>56,890</b>
<b>9. <u>Current Liabilities</u></b>		
Trade Payables	2,327	2,545
Other Payables	3,097	7,910
Short Term Borrowings	12,794	21,068
Provision for Taxation	39	39
Proposed Dividend	-	2,016
Others	-	-
	<b>18,257</b>	<b>33,578</b>
<b>10. Net Current Assets</b>	<b>55,931</b>	<b>23,312</b>
	<b>385,987</b>	<b>370,113</b>
<b>11. <u>Shareholders' Funds</u></b>		
Share Capital	61,600	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	27,504	27,415
- Retained Profit	142,013	139,646
- Others	-	-
<b>12.</b> Minority Interests	15,641	17,106
<b>13.</b> Long Term Borrowings	4,660	-
<b>14.</b> Other Long Term Liabilities- Prov. For Replanting Reserves	25,050	23,313
<b>15.</b> Deferred Taxation	-	-
	<b>385,987</b>	<b>370,113</b>
<b>16. Net tangible assets per share (RM)</b>	5.53	5.88

**Notes:****1) 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.

**2) Exceptional Items**

There were no exceptional items for the nine months ended 30<sup>th</sup> September 2001.

**3) Extraordinary Item**

There were no extraordinary items for the nine months ended 30<sup>th</sup> September 2001.

**4) Taxation**

	<b>Current Quarter (RM'000)</b>	<b>Nine months ended 30<sup>th</sup> September 2001 (RM'000)</b>
<b>Income tax</b>		
- Current Year	540	1,943
- Prior Year	-	-
Deferred Tax	-	-
Share of Tax of Ass. Co	75	320
	<b>615</b>	<b>2,263</b>

The effective tax rate for the current quarter and nine months ended 30<sup>th</sup> September 2001 is 39% and 28% respectively. The effective tax rate for current quarter is higher than the statutory tax rate as the reversal of interest income amounting to RM3.16 million has been made in the current quarter 2001.

**5) Sale of Investment and/or Properties**

There were no sales of investment and/or properties for the nine months ended 30<sup>th</sup> September 2001.

**6) Purchase or Disposal of Quoted Securities**

There were no purchases or disposals of quoted securities for the nine months ended 30<sup>th</sup> September 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 in respect of:**

- (a) the acquisition of 14.59 hectares institutional land at Sector III, Bandar Indera Mahkota land in Kuantan from Perbadanan Kemajuan Negeri Pahang ("PKNP")**
- (b) the acquisition of 60% equity in Kuantan Beach Hotel from Pascorp Holdings Sdn Bhd ("Pascorp")**

As the remaining balance [*as stated below*] has not been paid by PKNP and Pascorp despite several extensions of time granted for the repayment, FEHB through its lawyer has on the 9<sup>th</sup> November 2001 filed a Writ of Summons together with a Statement of Claim in the High Court of Malaya, Kuantan.

### **The sums claimed from PKNP amounting to RM7,167,216 only together with interest accrued calculated as follows:**

- (i) 10% per annum calculated on part of the Bandar Indera Mahkota Deposit amounting to RM6,000,000 only from 3.2.1999 until 30.10.2001
- (ii) 10% per annum calculated on part of the Bandar Indera Mahkota Deposit amounting to RM6,500,000 only from 8.2.1999 until 30.10.2001; and
- (iii) 10% per annum calculated on the balance of the Bandar Indera Mahkota Deposit amounting to RM7,167,216 only from 31.10.2001 until the date of full settlement thereof

**The sum claimed from Pascorp amounting to RM19,742,538 only together with interest accrued calculated as follows:**

- (i) 10% per annum calculated on part of the Kuantan Beach Hotel Deposit amounting to RM9,742,538 only from 6.8.1998 until the date of full settlement; and
- (ii) 10% per annum calculated on part of the Kuantan Beach Hotel Deposit amounting to RM10,000,000 only from 6.11.1998 until the date of full settlement thereof.

The above announcement was made on the 9th November 2001.

- (ii) **Novation Agreement dated 26 January 1999 and Supplemental Novation Agreement dated 12 June 2000 both made between Perbadanan Kemajuan Negeri Pahang and Far East Holdings Berhad and PT Berkat Sawit Sentosa**

Far East Holdings Berhad has agreed to grant an extension until 31 December 2001 to PKNP and PT Berkat Sawit Sentosa [ as requested by PKNP in the letter dated 8<sup>th</sup> September 2001 and PT Berkat Sawit Sentosa in the letter dated 10<sup>th</sup> September 2001] to settle all amount due under the Supplemental Novation Agreement in view of the financial constraint.

The above announcement was made to KLSE on the 13 September 2001.

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

The Company has not yet received the approval for the proposed ESOS from the Securities Commission.

## **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 nine months ended 30<sup>th</sup> September 2001.

#### 10) Group Borrowings and Debt Securities

The Group borrowings consist of the followings:

	As at end of current Quarter 30/09/01 RM '000	As at Preceding financial year-end 31/12/00 RM '000	Secured/Unsecured
Bank Overdraft	6,794	18,068	Negative Pledge
Short Term Loan	6,000	3,000	Negative Pledge
Long Term Loan	4,660	-	Negative Pledge
	<b>17,454</b>	<b>21,068</b>	

#### 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 apart from the matters disclosed in item 8.0.

#### 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 third quarter of 2001 was RM14.56 million as compared to RM8.89 million in the second quarter of 2001.

Profit before taxation for the third quarter of 2001 was RM1.59 million compared to RM4.92 million achieved in the second quarter of 2001. The results of the Group for the third quarter 2001 was mainly affected by the decision taken by the Company not to recognise the interest income amounting to RM3.16 million.

## **16) Review of Current Year Performance**

The Group's profit before tax decreased by 30% (RM3.45 million) as compared to the same period of 2000. The decrease in the profit as compared to the same period of 2000 is mainly due:-

- a. lower oil palm prices
- b. non-recognition of the interest income for year 2001 in respect of proposed acquisitions not exercised as mentioned in item 8(i) and 8(ii).

The company recorded high crop production of 224,610 mt as compared to 182,621 mt in the period of 2000.

## **17) Subsequent Material Events**

No subsequent material events apart from the matters disclosed in item 8.0.

## **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 CPO price of RM858 for the period of 2001 as compared to average price of RM1,073 for the same period of 2000 has resulted in lower revenue by 9% (RM3.02 million) as compared to the same period of 2000.

## **19) Current Year Prospects**

The oil palm prices declined in October 2001 as a result of the world economic situation and should the price of CPO continue to decline; the performance of the group for the fourth quarter 2001 is expected to be lower than the third quarter of 2001.

## **20) Variance from Profit Forecast and Profit Guarantee**

No forecast profit/ profit guarantee was made or issued during the third 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