

FAR EAST HOLDINGS BERHAD [14809-W]
Interim report for the financial period ended 30 September 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-Sep-03 RM'000	As at 31-Dec-02 RM'000
Non Current Assets		
Property, plant and equipment	266,454	269,123
Associated Companies	40,836	39,502
Unquoted Investments - at cost	2,299	2,299
Breeding Stocks	861	919
Deferred tax assets	6,989	9,839
	317,439	321,682
Current Assets		
Inventories	1,737	1,676
Receivables, deposits and prepayments	67,272	64,919
Tax recoverables	0	1,878
Bank Balances, Deposits and Cash	26,599	15,174
	95,608	83,647
Less: Current Liabilities		
Payables	5,210	6,083
Short Term Borrowings	1,020	4,932
Bank Overdraft	-	-
Tax Liabilities	-	-
	6,230	11,015
Net Current Assets	89,378	72,632
Less: Non Current Liabilities		
Reserves on consolidation	6	6
Long term loan	1,600	2,365
Deferred tax liability	48,247	48,701
	49,853	51,072
	356,964	343,242
Capital and Reserves		
Share Capital	63,972	62,619
Share premium	5,597	4,190
Capital Reserve	242	304
Revaluation Reserve	74,800	74,810
Retained Earnings	180,014	170,789
Shareholders' Equity	324,625	312,712
Minority Interest	32,339	30,530
	356,964	343,242

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 [Q3]		CUMULATIVE QUARTER [9 Mths]	
	CURRENT YEAR QUARTER 30-Sep-03 RM'000	PRECEDING YEAR CORRESPONDING QUARTER [restated] 30-Sep-02 RM'000	CURRENT YEAR TO DATE 30-Sep-03 RM'000	PRECEDING YEAR CORRESPONDING PERIOD [restated] 30-Sep-02 RM'000
Revenue	20,485	19,409	49,152	39,796
Other operating income/(loss)	241	8	527	(16)
Profit from operations	10,842	11,639	23,556	18,414
Finance income	62	27	147	55
Finance interest	(54)	(208)	(204)	(720)
Share of result of associated companies	891	582	1,214	462
Profit before taxation	11,741	12,040	24,713	18,211
Taxation	(2,155)	(4,114)	(5,939)	(6,867)
Profit after taxation	9,586	7,926	18,774	11,344
Minority interest	(751)	(788)	(1,809)	(1,072)
Net profit attributable to shareholders	8,835	7,138	16,965	10,272
Earnings per share (sen)				
Basic	14.00	11.58	26.89	16.66
Diluted	13.85	11.49	26.61	16.41

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

Nine Months Ended 30 September 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	
As at 1 January 2002 :								
- 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	61,600	61,600	3,130	0	330	74,830	152,227	292,117
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)
As at 31 December 2002	62,619	62,619	4,190	0	304	74,810	170,789	312,712
As at 1 January 2003 :								
- 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	62,619	62,619	4,190	0	304	74,810	170,789	312,712
Decrease in breeding stock	-	-	-	-	(62)	-	-	(62)
Issue of shares- share options	1,353	1,353	1,407	-	-	-	-	2,760
Net profit for the year	-	-	-	-	-	-	16,965	16,965
Dividend for the year ended 31.12.2002	-	-	-	-	-	-	(7,740)	(7,740)
Adjustment for deferred tax liability	-	-	-	-	-	(10)	-	(10)
As at 30 September 2003	63,972	63,972	5,597	0	242	74,800	180,014	324,625

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

	9 Months Ended 30-Sep-03 RM'000
Net cash inflow from operating activities	22,152
Net cash outflow from investing activities	(1,070)
Net cash outflow from financing activities	(9,657)
Net increase in cash and cash equivalents	<u>11,425</u>
Cash and cash equivalent at start of year	15,174
Cash and cash equivalent at end of year	<u>26,599</u>

Cash and cash equivalent comprise :

Cash bank balances and deposits	26,599
Bank overdrafts	-
	<u>26,599</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 September 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	As at 31.12.2002	As re-stated
	[RM '000]	Effect	[RM'000]
		[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 RM2.39 million for the cumulative quarter ending 30 September 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 RM1,494 for the current cumulative quarter of 2003 as compared to average price of RM1,282 in the preceding cumulative quarter of 2002.
- (ii) Higher FFB ["Fresh Fruit Bunches"] production by 8%[14,284 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, RESELL 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	1,353	2,760

A7. DIVIDEND PAID

	Current Year To Date 30.9.2003 RM'000	Preceding Year Corresponding Period 30.9.2002 RM'000
Ordinary:		
Interim dividend paid	2,254	-
Final Dividend paid	5,486	2,217
	7,740	2,217

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 amounting to RM2.25 million.

A final dividend of five(5) sen less 28% Malaysian Income Tax and a special tax exempt dividend of five(5) sen in respect of the financial year ended 31 December 2002 amounting to RM5.49 million was paid on 11 July 2003.

[A final dividend of five(5) sen less 28% Malaysian Income Tax for the financial year ended 31 December 2001 was paid on 14 August 2002 amounting to RM2.22 million].

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 30.9.2003 RM'000	Preceding Year Quarter 30.9.2002 RM'000	Current Year To Date 30.9.2003 RM'000	Preceding Year To Date 30.9.2002 RM'000
Revenue	20,845	19,409	49,152	39,796
Profit before taxation	11,741	12,040	24,713	18,211
Profit after taxation	9,586	7,926	18,774	11,344

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 187,862 mt for the cumulative quarter of 2003 as compared to 173,578 mt in the cumulative quarter of 2002.

The Group's profit after tax rose by 21% (RM1.67 million) and by 65% (RM7.4 million) for the current quarter 2003 and cumulative quarter 2003 as compared to the preceding current quarter in 2002 and cumulative quarter 2002 respectively.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Current Quarter 30.9.2003 RM'000	Preceding Quarter 30.6.2003 RM'000
Revenue	20,485	16,387
Profit before taxation	11,741	6,962
Profit after taxation	9,586	4,818

For the current quarter ended 30 September 2003, the Group recorded a profit before tax of RM11.74million and profit after tax of RM9.59 million as compared to RM6.96 million and RM4.82 million in the preceding quarter 30 June 2003 respectively. Higher profit in the current quarter as compared to the preceding quarter is due to the higher FFB production by 30% [19,185 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 30.9.2003 RM'000	Preceding Year Quarter 30.9.2002 RM'000	Current Year To Date 30.9.2003 RM'000	Preceding Year To Date 30.9.2002 RM'000
<u>Income Tax:</u>				
Current Tax Charge	1,138	2,728	3,212	4,107
Under/(over) provision in prior year	-	553	-	553
Transfer from deferred tax	795	673	2,387	2,019
Share of tax of Associate Co.	222	160	340	188
	2,155	4,114	5,939	6,867

The Group effective tax rate for the cumulative quarter ended 30 September 2003 is lower than the statutory tax as the Group has utilized its unabsorbed capital allowance.

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 30.9.2003 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	1,600	2,365	Negative Pledge
	2,620	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 Berkat Sawit Sentosa ["Defendant"]

The matter is fixed for hearing on 10.2.2004 for the Defendants' appeal before the Judge against the Plaintiff's summary judgment.

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

We have obtained an order to set aside the Reply filed by the Plaintiff except no order as to cost was given. The matter is fixed for mention of case management on 19.1.2004.

B12. DIVIDEND

An interim dividend of five(5) sen less 28% Malaysian Income Tax had been declared in respect of the financial year ended 31 December 2003 and was paid on 28 October 2003.

No dividend has been proposed or declared for the current quarter under review. [The company had declared a five(5) sen interim dividend less 28% income tax for the current quarter 30 September 2002].

B13. EARNINGS PER SHARE

Earnings per share is calculated based on the following:

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30.9.2003	Preceding Year Quarter Ended 30.9.2002	Current Quarter Ended 30.9.2003	Preceding Year Quarter Ended 30.9.2002
<u>Basic earnings per share:</u>				
Net Profit Attributable to Shareholders (RM'000)	8,835	7,138	16,965	10,272
Weighted average no. of ordinary shares in issue ('000)	63,092	61,664	63,092	61,664
Basic earnings per share (sen)	14.00	11.58	26.89	16.66
<u>Diluted earnings per share:</u>				
Net Profit Attributable to Shareholders (RM'000)	8,835	7,138	16,965	10,272
Weighted average no. of ordinary shares in issue ('000)	63,092	61,664	63,092	61,664
Adjustment for share option ('000)	714	463	665	926
Weighted average no. of ordinary shares for diluted earning per share ('000)	63,806	62,127	63,757	62,590
Diluted per share (sen)	13.85	11.49	26.61	16.41