

FAR EAST HOLDINGS BERHAD [14809-W]
Interim report for the financial period ended 30 September 2004

[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-Sep-04 RM'000	As at 31-Dec-03 RM'000
Non Current Assets		
Property, plant and equipment	305,307	265,940
Associates	54,103	46,491
Unquoted investments - at cost	2,299	2,299
Breeding stocks	621	760
	362,330	315,490
Current Assets		
Inventories	1,461	1,124
Receivables, deposits and prepayments	16,267	77,513
Tax recoverables	616	1,845
Deposits, bank and cash balances	71,248	34,134
	89,592	114,616
Less: Current Liabilities		
Payables	7,413	5,846
Current tax liabilities	1,099	37
Borrowings (interest bearing)	-	11,020
	8,512	16,903
Net Current Assets	81,080	97,713
Less: Non Current Liabilities		
Deferred tax liabilities	49,781	45,751
Borrowings (interest bearing)	-	1,345
	49,781	47,096
	393,629	366,107
Capital and Reserves		
Share Capital	64,867	64,190
Share premium	6,547	5,824
Capital Reserve	(3)	142
Reserves on consolidation	6	6
Revaluation Reserve	96,185	96,185
Retained Earnings	197,081	173,495
Shareholders' Equity	364,683	339,842
Minority Interest	28,946	26,265
	393,629	366,107

Note : The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2003.

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CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER [Q3]		CUMULATIVE QUARTER [9 Mths]	
	CURRENT	PRECEDING YEAR	CURRENT	PRECEDING YEAR
	YEAR	CORRESPONDING	YEAR	CORRESPONDING
	QUARTER	QUARTER	TO DATE	PERIOD
	30-Sep-04	30-Sep-03	30-Sep-04	30-Sep-03
	RM'000	RM'000	RM'000	RM'000
Revenue	22,052	20,485	59,732	49,152
Other operating income	415	241	684	527
Profit from operations	11,999	10,842	32,851	23,556
Finance income	364	62	5,248	147
Finance interest	(33)	(54)	(200)	(204)
Share of result of associated companies	5,175	891	11,014	1,214
Profit before taxation	17,505	11,741	48,913	24,713
Taxation	(4,651)	(2,155)	(13,810)	(5,939)
Profit after taxation	12,854	9,586	35,103	18,774
Minority interest	(1,199)	(751)	(2,681)	(1,809)
Net profit attributable to shareholders	11,655	8,835	32,422	16,965
Earnings per share (sen)				
Basic	18.11	14.00	50.38	26.89
Diluted	17.95	13.85	49.95	26.61

Note : The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2003.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Period Ended 30 September 2004

	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 2003 :								
- as previously reported	62,619	62,619	4,190	304	6	124,485	162,828	354,432
- change in accounting policy	-	-	-	-	-	(28,300)	(9,338)	(37,638)
- as restated	62,619	62,619	4,190	304	6	96,185	153,490	316,794
Net loss not recognised in the income statement	-	-	-	(162)	-	-	-	(162)
Issue of shares- share options	1,571	1,571	1,634	-	-	-	-	3,205
Net profit for the year	-	-	-	-	-	-	31,259	31,259
Dividend paid for the year ended:								
- 31 December 2002	-	-	-	-	-	-	(8,950)	(8,950)
- 31 December 2003	-	-	-	-	-	-	(2,304)	(2,304)
As at 31 December 2003	64,190	64,190	5,824	142	6	96,185	173,495	339,842
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 loss not recognised in the income statement	-	-	-	(145)	-	-	-	(145)
Issue of shares- share options	677	677	723	-	-	-	-	1,400
Net profit for the year	-	-	-	-	-	-	32,422	32,422
Dividend paid for the year ended:								
- 31 December 2003	-	-	-	-	-	-	(8,836)	(8,836)
- 31 December 2004	-	-	-	-	-	-	-	0
As at 30 September 2004	64,867	64,867	6,547	(3)	6	96,185	197,081	364,683

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 2003.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	9 Months Ended 30-Sep-04 RM'000	9 Months Ended 30-Sep-03 RM'000
Net cash inflow from operating activities	98,308	22,152
Net cash outflow from investing activities	(42,492)	(1,070)
Net cash outflow from financing activities	(18,702)	(9,657)
Net increase in cash and cash equivalents	<u>37,114</u>	<u>11,425</u>
Cash and cash equivalent at start of year	34,134	15,174
Cash and cash equivalent at end of year	<u>71,248</u>	<u>26,599</u>
Cash and cash equivalent comprise :		
Cash bank balances and deposits	71,248	26,599
Bank overdrafts	-	-
	<u>71,248</u>	<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 2003.

PART A – NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

MASB 26 – 3RD QUARTER 2004

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 2003.

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 2003.

A2. DISCLOSURE ON QUALIFICATION OF AUDIT REPORT

The audit report of the Group's financial statements for the financial year ended 31 December 2003 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.

Higher revenue for the cumulative quarter of 2004 as compared to the cumulative preceding year quarter of 2003 is due to higher average CPO price of RM1,728 for the cumulative quarter of 2004 as compared to average price of RM1,494 in the cumulative preceding year quarter of 2003.

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 Employees' Share Option Scheme:-

Option price per share [RM]	No. of shares issued ['000]	Cash proceeds [RM '000]
2.04	654	1,334
2.89	23	66
Total	677	1,400

A7. DIVIDEND PAID

	Current Year Quarter 30.9.2004 RM'000	Preceding Year Quarter 30.9.2003 RM'000
<u>Far East Holdings Berhad</u>		
<u>Ordinary:</u>		
Interim dividend paid	-	2,254 ³
Final dividend paid	5,932 ¹	5,486 ⁴
<u>Subsidiary:</u>		
Kg Aur Oil Palm Company (Sdn.) Berhad		
Final dividend paid	2,904 ²	1,210 ⁵

Notes:

1. A final dividend of ten(10) sen less 28% Malaysian Income Tax and a tax exempt dividend of two(2) sen for the financial year ended 31 December 2003 was paid on 12 July 2004.
2. A final dividend of fifty(50) sen less 28% Malaysian Income Tax for the financial year ended 31 December 2003 was declared by the subsidiary of Far East Holdings Berhad and was paid on 19 May 2004.
3. 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.
4. 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 was paid on 11 July 2003.
5. A final tax exempt dividend of fifteen(15) sen for the financial year ended 31 December 2002 was declared by the subsidiary of Far East Holdings Berhad and was paid on 9 June 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 2003, 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 30.9.2004 RM'000	Preceding Year Quarter 30.9.2003 RM'000	Current Year To Date 30.9.2004 RM'000	Preceding Year To Date 30.9.2003 RM'000
Revenue	22,052	20,485	59,732	49,152
Consolidated Profit before taxation	17,505	11,741	48,913	24,713
Consolidated Profit after taxation	12,854	9,586	35,103	18,774
Consolidated Profit after taxation and minority interest	11,655	8,835	32,422	16,965

Higher revenue and profit before tax for the cumulative quarter 2004 as compared to the cumulative preceding year quarter 2003 was mainly due to higher palm oil prices.

Increase in the Group's profit before tax for the cumulative quarter 2004 by RM24.20 million as compared to cumulative quarter 2003 were due to:

- [i] Higher crude palm oil and palm kernel prices
- [ii] Additional interest income of RM4.45 million recognized pursuant to the completion of the settlement of debts between Far East Holdings Berhad and Perbadanan Kemajuan Negeri Pahang.
- [iii] Higher share of profits from the associated companies by RM9.80 million as compared to the cumulative quarter 2003.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Current Quarter 30.9.2004 RM'000	Current Quarter 30.6.2004 RM'000
Revenue	22,052	20,233
Consolidated Profit before taxation	17,505	19,565
Consolidated Profit after taxation	12,854	11,593
Consolidated Profit after taxation and minority interest	11,655	11,195

For the third quarter ended 30 September 2004, the Group recorded a profit before tax of RM17.50 million and a profit after tax and minority interest of RM11.65 million as compared to RM19.56 million and RM11.19 million in the preceding quarter respectively. The Group recorded an increase of fresh fruit bunches production by 30% (17,731) mt for the current quarter as compared to the preceding quarter.

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 30.9.2004 RM'000	Preceding Year Quarter 30.9.2003 RM'000	Current Year To Date 30.9.2004 RM'000	Preceding Year To Date 30.9.2003 RM'000
<u>Income Tax:</u>				
Current Tax Charge	1,481	1,138	6,318	3,212
Under/(over) provision in prior year	379	-	379	-
Transfer from deferred tax	1,343	795	4,030	2,387
Share of tax of Associate Co.	1,448	222	3,083	340
	4,651	2,155	13,810	5,939

The Group effective tax rate for the cumulative quarter ended 30 September 2004 is approximately equal to the statutory tax, which is 28%.

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 30.9.2004 RM'000	As at Preceding Financial Year End 31.12.2003 RM'000	Security
<u>Short Term:</u>			
Short Term Loan	-	1,020	Negative Pledge
Revolving Credit	-	10,000	Negative Pledge
<u>Long Term Loan</u>			
Long Term	-	1,345	Negative Pledge
	-	12,365	

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

B11. MATERIAL LITIGATIONS

No material litigations at the date of this announcement.

B12. DIVIDEND

The Board of Directors is pleased to declare an interim dividend of 7.5 sen per share less 28% income tax for the cumulative period ended 30 September 2004. The payment of the dividend would be as follows:

Entitlement date : 6 December 2004

Payment date : 16 December 2004

[No dividend was declared in the preceding current quarter 2003].

B13. EARNINGS PER SHARE

Earnings per share is calculated based on the following:

	Current Quarter Ended 30.9.2004	Preceding Year Quarter Ended 30.9.2003	3 Months Cumulative To Date 30.9.2004	3 Months Cumulative To Date 30.9.2003
<u>Basic earnings per share:</u>				
Net Profit Attributable to Shareholders (RM'000)	11,655	8,835	32,422	16,965
Weighted average no. of ordinary shares in issue ('000)	64,356	63,092	64,356	63,092
Basic earnings per share (sen)	18.11	14.00	50.38	26.89
<u>Diluted earnings per share:</u>				
Net Profit Attributable to Shareholders (RM'000)	11,655	8,835	32,422	16,965
Weighted average no. of ordinary shares in issue ('000)	64,356	63,092	64,356	63,092
Adjustment for share option ('000)	563	714	553	665
Weighted average no. of ordinary shares for diluted earning per share ('000)	64,919	63,806	64,909	63,757
Diluted per share (sen)	17.95	13.85	49.95	26.61