

**FAR EAST HOLDINGS BERHAD [14809-W]**  
**Interim report for the financial period ended 30 September 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-Sep-05 RM'000	As at 31-Dec-04 RM'000
<b>Non Current Assets</b>		
Property, plant and equipment	313,815	312,821
Associates	59,401	54,039
Unquoted investments - at cost	2,299	2,299
Breeding stocks	405	513
	<b>375,920</b>	<b>369,672</b>
<b>Current Assets</b>		
Inventories	1,969	1,013
Receivables, deposits and prepayments	11,825	9,378
Tax recoverables	1,879	1,874
Other investment	5,326	-
Deposits, bank and cash balances	82,474	73,501
	<b>103,473</b>	<b>85,766</b>
<b>Less: Current Liabilities</b>		
Payables	11,177	4,938
Current tax liabilities	-	168
Borrowings (interest bearing)	-	-
	<b>11,177</b>	<b>5,106</b>
<b>Net Current Assets</b>	<b>92,296</b>	<b>80,660</b>
<b>Less: Non Current Liabilities</b>		
Deferred tax liabilities	50,100	50,258
Borrowings (interest bearing)	-	-
	<b>50,100</b>	<b>50,258</b>
	<b>418,116</b>	<b>400,074</b>
<b>Capital and Reserves</b>		
Share Capital	66,483	65,089
Share premium	9,176	6,782
Capital Reserve	(52)	56
Reserves on consolidation	6	6
Revaluation Reserve	96,537	96,379
Retained Earnings	218,983	204,721
Shareholders' Equity	391,133	373,033
Minority Interest	26,983	27,041
	<b>418,116</b>	<b>400,074</b>

**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 [Q3]		CUMULATIVE QUARTER [9 Mths]	
	CURRENT	PRECEDING YEAR	CURRENT	PRECEDING YEAR
	YEAR	CORRESPONDING	YEAR	CORRESPONDING
	QUARTER	QUARTER	TO DATE	PERIOD
	30-Sep-05	30-Sep-04	30-Sep-05	30-Sep-04
	RM'000	RM'000	RM'000	RM'000
Revenue	22,830	22,052	55,644	59,732
Other operating income	520	415	1,417	684
Profit from operations	13,527	11,999	28,681	32,851
Finance income	734	364	1,659	5,248
Finance interest	-	(33)	-	(200)
Share of result of associated companies	4,449	5,175	7,889	11,014
Profit before taxation	18,710	17,505	38,229	48,913
Taxation	(5,566)	(4,651)	(10,659)	(13,810)
Profit after taxation	13,144	12,854	27,570	35,103
Minority interest	(1,249)	(1,199)	(2,362)	(2,681)
<b>Net profit attributable to shareholders</b>	<b>11,895</b>	<b>11,655</b>	<b>25,208</b>	<b>32,422</b>
<b>Earnings per share (sen)</b>				
Basic	18.13	18.11	38.42	50.38
Diluted	18.02	17.95	38.23	49.95

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

# FAR EAST HOLDINGS BERHAD [14809-W]

## Interim report for the financial period ended 30 September 2005

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### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

#### For The Period Ended 30 September 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	
<b>As at 1 January 2004 :</b>								
- as previously reported	64,190	64,190	5,824	142	6	96,185	173,495	339,842
- prior year adjustment	-	-	-	-	-	-	-	0
- as restated	<b>64,190</b>	<b>64,190</b>	<b>5,824</b>	<b>142</b>	<b>6</b>	<b>96,185</b>	<b>173,495</b>	<b>339,842</b>
Net profit 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 - paid by Company	-	-	-	-	-	-	(5,932)	(5,932)
- 31 December 2003 - paid by Subsidiary	-	-	-	-	-	-	(2,904)	(2,904)
<b>As at 30 September 2004</b>	<b>64,867</b>	<b>64,867</b>	<b>6,547</b>	<b>-3</b>	<b>6</b>	<b>96,185</b>	<b>197,081</b>	<b>364,683</b>
<b>As at 1 January 2005 :</b>								
- 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	-	-	-	(108)	-	-	-	(108)
Issue of shares- share options	1,394	1,394	2,394	-	-	-	-	3,788
Transfer from deferred tax	-	-	-	-	-	158	-	158
Net profit for the year	-	-	-	-	-	-	25,208	25,208
Dividend paid for the year	-	-	-	-	-	-	(10,946)	(10,946)
- 31 December 2004								
<b>As at 30 September 2005</b>	<b>66,483</b>	<b>66,483</b>	<b>9,176</b>	<b>(52)</b>	<b>6</b>	<b>96,537</b>	<b>218,983</b>	<b>391,133</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 2004.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>9 Months Ended 30-Sep-05 RM'000</b>	<b>9 Months Ended 30-Sep-04 RM'000</b>
Net cash inflow from operating activities	27,383	98,308
Net cash outflow from investing activities	(8,832)	(42,492)
Net cash inflow/(outflow) from financing activities	(9,578)	(18,702)
Net increase in cash and cash equivalents	<u><b>8,973</b></u>	<u><b>37,114</b></u>
Cash and cash equivalent at start of year	73,501	34,134
Cash and cash equivalent at end of year	<u><b>82,474</b></u>	<u><b>71,248</b></u>
 <b>Cash and cash equivalent comprise :</b>		
Cash bank balances and deposits	82,474	71,248
Bank overdrafts	-	-
	<u><b>82,474</b></u>	<u><b>71,248</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 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 RM1,728 in the cumulative preceding year quarter of 2004. The FFB (“Fresh Fruit Bunches”) showed an increase of 14% (26,016 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:-

<b>Option price per share [RM]</b>	<b>No. of shares issued ['000]</b>	<b>Cash proceeds [RM '000]</b>
2.04	622	1,269
2.89	35	101
3.27	712	2,328
3.58	25	90
<b>Total</b>	<b>1,394</b>	<b>3,788</b>

**A7. DIVIDEND PAID**

	<b>Current Year Quarter 30.9.2005 RM'000</b>	<b>Preceding Year Quarter 30.9.2004 RM'000</b>
<b><u>Far East Holdings Berhad Ordinary:</u></b>		
Final dividend paid	10,946 <sup>1</sup>	5,932 <sup>2</sup>

**Notes:**

1. A final dividend of twelve and a half (12.5) sen less 28% Malaysian Income Tax and a tax exempt dividend of seven and a half (7.5) sen for the financial year ended 31 December 2004 was paid on 18 July 2004.
2. 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.

**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 30.9.2005 RM'000	Preceding Year 30.9.2004 RM'000	Current Year To Date 30.9.2005 RM'000	Preceding Year To Date 30.9.2004 RM'000
Revenue	22,830	22,052	55,644	59,732
Consolidated Profit before taxation	18,710	17,505	38,229	48,913
Consolidated Profit after taxation	13,144	12,854	27,570	35,103
Consolidated Profit after taxation and minority interest	11,895	11,655	25,208	32,422

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 prices of fresh fruit bunches (“FFB”).
- (ii) Lower interest income as compared to the preceding year to date. In the previous period, 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 which involves in milling operations, also due to lower palm oil prices.
- (iv) Higher cost of manuring due to higher fertilizer cost.

**B2. COMPARISON WITH PRECEDING QUARTER’S RESULTS**

	Current Quarter 30.9.2005 RM'000	Current Quarter 30.6.2005 RM'000
Revenue	22,830	18,360
Consolidated Profit before taxation	18,710	9,261
Consolidated Profit after taxation	13,144	7,040
Consolidated Profit after taxation and minority interest	11,895	6,554



For the current quarter ended 30 September 2005, the Group recorded a revenue of RM22.83 million and a profit after tax and minority interest of RM11.89 million as compared to RM18.36 million and RM6.55 million in the preceding quarter respectively.

In spite of lower average of CPO price recorded, higher profit after taxation and minority interest for the current quarter ended 30 September 2005 as compared to the preceding current quarter ended 30 June 2005 was achieved mainly due to:

- (i) Higher FFB production by 29% (19,956) mt has resulted in higher revenue for the current quarter.
- (ii) Higher profits from the share of associated company by RM2.90 million.

### **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**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Quarter 30.9.2005 RM'000</b>	<b>Preceding Year Quarter 30.9.2004 RM'000</b>	<b>Current Year To Date 30.9.2005 RM'000</b>	<b>Preceding Year To Date 30.9.2004 RM'000</b>
<b><u>Income Tax:</u></b>				
Current Tax Charge	4,320	1,481	8,450	6,318
Under/(over) provision in prior year	-	379	-	379
Transfer from deferred tax	-	1,343	-	4,030
Share of tax of Associate Co.	1,246	1,448	2,209	3,083
	<b>5,566</b>	<b>4,651</b>	<b>10,659</b>	<b>13,810</b>

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**

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

The Company had on 10 October 2005 announced the entitlement date of the Bonus Issue was on 27 October 2005.

**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**

The Board had declared an interim dividend of five (5) sen less 28% income tax for the financial year ended 31 December 2005. The entitlement date was on 10 October 2005 and the payment date was on 25 October 2005.

[The Board of Directors had declared an interim dividend of 7.5 sen per share less 28% income tax for the cumulative period ended 30 September 2004.].

### B13. EARNINGS PER SHARE

Earnings per share is calculated based on the following:

	<b>Current Quarter Ended 30.9.2005</b>	<b>Preceding Year Quarter Ended 30.9.2004</b>	<b>9 Months Cumulative To Date 30.9.2005</b>	<b>9 Months Cumulative To Date 30.9.2004</b>
<b><u>Basic earnings per share:</u></b>				
Net Profit Attributable to Shareholders (RM'000)	11,895	11,655	25,208	32,422
Weighted average no. of ordinary shares in issue ('000)	65,610	64,356	65,610	64,356
Basic earnings per share (sen)	<b>18.13</b>	<b>18.11</b>	<b>38.42</b>	<b>50.38</b>
<b><u>Diluted earnings per share:</u></b>				
Net Profit Attributable to Shareholders (RM'000)	11,895	11,655	25,208	32,422
Weighted average no. of ordinary shares in issue ('000)	65,610	64,356	65,610	64,356
Adjustment for share option ('000)	387	563	320	553
Weighted average no. of ordinary shares for diluted earning per share ('000)	65,997	64,919	65,930	64,909
Diluted per share (sen)	<b>18.02</b>	<b>17.95</b>	<b>38.23</b>	<b>49.95</b>