

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2001

The figures have not been audited

### CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL	QUARTER	CUMULATIVE	QUARTER
	CURRENT YEAR QUARTER 31/12/01 RM '000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/00 RM '000	CURRENT YEAR TO DATE 31/12/01 RM '000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/00 RM '000
1. (a) Revenue	10,352	7,713	41,242	41,625
(b) Investment income	-	-	-	-
(c) Other income	2,774	731	3,029	4,243
2. (a) Profit/(Loss) before finance cost depreciation & amortisation, exceptional items, income tax, minority interest and extraordinary items	3,123	1,387	13,438	16,381
(b) Finance Cost	(792)	(675)	(1,941)	(2,300)
(c) Depreciation and amortisation	(693)	(789)	(2,526)	(3,036)
(d) Exceptional items	2,561	-	2,561	-
(e) Profit/(loss) before income tax, minority interests and extraordinary items	4,199	(77)	11,532	11,045
(f) Share of profits and losses of associated companies	2,938	2,104	3,741	2,572
(g) Profit/(loss) before income tax, minority interests and extraordinary items	7,137	2,027	15,273	13,617
(h) Income Tax	(2,507)	794	(4,770)	(3,824)
(i) (i) Profit/(loss) after income tax before deducting minority interests	4,630	2,821	10,503	9,793
(ii) Less Minority interests	(228)	216	(999)	241
(j) Pre-acquisition profit/(loss), if applicable	-	-	-	-
(k) Net profit/(loss) from ordinary activities attributable to members of the company	4,402	3,037	9,504	10,034
(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	<b>4,402</b>	<b>3,037</b>	<b>9,504</b>	<b>10,034</b>
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)	7.15	4.93	15.43	16.29
(b) Fully diluted (based on 61,600,000 ordinary shares) - (sen)	7.15	4.93	15.43	16.29
4. (a) Dividend per share (sen)	-	-	5	5
(b) Dividend Description				

**The Board of Directors has proposed a final Dividend of 5 Sen per share for the financial year ended 31 December 2001.**

**CONSOLIDATED BALANCE SHEET**

	<b>AS AT END OF CURRENT QUARTER</b>	<b>AS AT PRECEDING FINANCIAL YEAR-END</b>
	<b>31/12/01 RM '000</b>	<b>31/12/00 RM '000</b>
<b>1.</b> Property, Plant And Equipment	295,037	313,140
Breeding Stock	939	469
<b>2.</b> Investment Property	-	-
<b>3.</b> Investment in Associated Companies	34,343	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	1,128	-
<b>8. <u>Current Assets</u></b>		
Inventories	1,164	2,344
Trade Receivables	3,157	2,243
Short Term Investments	2,054	3,923
Cash	2,065	753
Other Debtors, Deposits and Prepayments	60,269	47,627
	<b>68,709</b>	<b>56,890</b>
<b>9. <u>Current Liabilities</u></b>		
Trade Payables	2,410	2,545
Other Payables	5,006	7,910
Short Term Borrowings	11,793	21,068
Provision for Taxation	381	39
Proposed Dividend	-	2,016
Others	-	-
	<b>19,590</b>	<b>33,578</b>
<b>10. Net Current Assets</b>	<b>49,119</b>	<b>23,312</b>
	<b>381,736</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	27,730	27,415
- Retained Profit	141,462	139,646
- Others	-	-
<b>12.</b> Minority Interests	15,538	17,106
<b>13.</b> Long Term Borrowings	3,385	-
<b>14.</b> Other Long Term Liabilities- Prov. For Replanting Reserves	22,502	23,313
<b>15.</b> Deferred Taxation	-	-
	<b>381,736</b>	<b>370,113</b>
<b>16. Net tangible assets per share (RM)</b>	5.52	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**

The exceptional items were profit on rescission of contract as mentioned in note 7.0 amounting to RM2.54 million and profit on written-off of investment in three dormant subsidiaries [which have been struck off by Registrar of Companies] amounting to RM0.02 million.

**3) Extraordinary Item**

There were no extraordinary items for the year ended 31 December 2001.

**4) Taxation**

	<b>Current Quarter (RM'000)</b>	<b>Twelve months ended 31<sup>st</sup> December 2001 (RM'000)</b>
<b>Income tax</b>		
- Current Year	2,008	3,951
- Prior Year	-	-
Deferred Tax	-	-
Share of Tax of Ass. Co	499	819
	<b>2,507</b>	<b>4,770</b>

The effective tax rate for the current quarter and twelve months ended 31<sup>st</sup> December 2001 is higher than the standard rate of tax applicable in Malaysia as losses of certain subsidiary companies cannot be set off against profits made by other companies in the group and certain expenses being disallowed for tax purpose.

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

There were no sales of investment and/or properties for the year ended 31<sup>st</sup> December 2001.

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

There were no purchases or disposals of quoted securities for the year ended 31 December 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 since July 2001 onwards.

## 8) **Corporate Developments**

### **Proposed Establishment Share Option Scheme ("Proposed ESOS")**

The Company has submitted the Additional Listing Application to the Kuala Lumpur Stock Exchange for the Proposed ESOS and as to date no approval has been obtained.

## 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 year ended 31<sup>st</sup> December 2001.

## 10) **Group Borrowings and Debt Securities**

The Group borrowings consist of the followings:

	<b>As at end of current Quarter 31/12/01 RM '000</b>	<b>As at Preceding financial year-end 31/12/00 RM '000</b>	<b>Secured/Unsecured</b>
Bank Overdraft	5,023	18,068	Negative Pledge
Short Term Loan	6,770	3,000	Negative Pledge
Long Term Loan	3,385	-	Negative Pledge
	<b>15,178</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

Followings are the material litigation of the Company:

(i) **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**

As PKNP and PTBS Sentosa have made no payments; FEHB through its lawyer has on the 24 January 2002 filed a Writ of Summons together with a Statement of Claim in the High Court of Malaya, Kuantan.

The sums claimed by FEHB are as follows:

The sums claimed from PKNP are as follows:

- (a) The refund of RM5,250,000-00
- (b) Interest amount of RM2,035,586 [ *as at 31.12.2001*]
- (c) Interest of 12% per annum calculated on a daily basis based on RM7,285,586 from 1.1.2002 until the date of full settlement thereof
- (d) Being jointly and severally liable for:
  - (i) the payment of RM11,652,772-04
  - (ii) Interest amount of RM2,853,417[*as at 31.12.2001*]
  - (iii) Interest of 12% per annum calculated on a daily basis based on RM14,506,189-04 from 1.1.2002 until the date of full settlement thereof

The sums claim from PTBS Sentosa are as follows:

- (i) The payment of RM11,652,772-04
- (ii) Interest amount of RM2,853,417[*as at 31.12.2001*]
- (iii) Interest of 12% per annum calculated on a daily basis based on RM14,506,189-04 from 1.1.2002 until full settlement thereof

That upon full settlement of the said debt together with the interest accrued , PKNP shall cause all the shares in PT Berkat Sawit Sejati be transferred back to PKNP by FEHB and all costs and expenses thereto shall be borne by PKNP

Costs of this legal action; and

Further and/or other relief's as this Honorable Court shall think fit and just

The above announcement was made on the 25 January 2002.

**(iii) Writ of Summon received from the Inland Revenue Board ("IRB")**

Far East Holdings Berhad ("FEHB") had received a Writ of Summons from the Inland Revenue Board on 27 December 2001. The total claim made by the IRB is amounting to RM632,326-87 [excluding 8% interest per annum calculated from the judgement date till the realisation date, a legal cost and other relief as may be imposed by the court] being the penalty imposed for the year assessment 1994 and 1997.

FEHB has filed a Statement of Defence on the above writ on 17 January 2002.

The above announcement was made on the 31 December 2001.

**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 fourth quarter of 2001 was RM10.35 million as compared to RM14.56 million in the third quarter of 2001. Lower group turnover for the fourth quarter 2001 is due to lower production by 22% as compared to the third quarter 2001.

Profit before taxation for the fourth quarter of 2001 was RM7.14 million compared to profit of RM1.59 million achieved in the third quarter of 2001. Increase in the profits in the fourth quarter is due to:

- (i) Share of group profit of associated companies amounting to RM2.94 million
- (ii) Profit from the exceptional items amounting to RM2.56 million as mentioned in note 2.0 above.

**16) Review of Current Year Performance**

The Group's profit before tax increased by 12% (RM1.66 million) as compared to year 2000. Apart from the reasons stated in note 15, increase in the profit as compared to the same period of 2000 is also due to high crop production of 289,285 mt as compared to 257,326 mt in year 2000.

**17) Subsequent Material Events**

No subsequent material events apart from the matters disclosed in item 13.0.

**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 RM896 for the year 2001 as compared to average price of RM999 in year 2000 has resulted in lower revenue despite higher crop production.

**19) Current Year Prospects**

The oil palm prices increased in November 2001 [from average RM850 to RM1,000] and should the price of CPO continue to increase; the performance of the group for the first quarter 2002 is expected to be higher than the fourth quarter of 2001.

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

No forecast profit/ profit guarantee was made or issued during the fourth quarter 2001.

**21) Dividend**

The Board of Directors has proposed a final dividend of 5% less, 28% in respect of financial year ended 31 December 2001 amounting to RM2,217,600 (net of tax). The payment of the final dividend will be announced at a later date.

A final dividend of 5% less 28% Malaysian Income Tax and has been declared and



paid for the financial year ended 31<sup>st</sup> December 2000.

**BY ORDER OF THE BOARD  
FAR EAST HOLDINGS BERHAD**

**MOHD LIZAH HASHIM.,AMCCS**  
Company Secretary LS 00177