

# FAR EAST HOLDINGS BERHAD

## Condensed Consolidated Balance Sheet

	As at 31-Dec-02 RM'000	As at 31-Dec-01 RM'000
<b>Non Current Assets</b>		
Property, plant and equipment	269,122	272,478
Associated Companies	39,502	34,343
Unquoted Investments - at cost	2,299	2,299
Breeding Stocks	919	939
	<b>311,842</b>	<b>310,059</b>
<b>Current Assets</b>		
Inventories	1,676	1,164
Receivables, deposits and prepayments	64,918	62,176
Tax recoverables	1,879	1,250
Bank Balances, Deposits and Cash	15,174	4,119
	<b>83,647</b>	<b>68,709</b>
<b>Less: Current Liabilities</b>		
Payables	6,082	7,417
Short Term Borrowings	4,932	6,770
Bank Overdraft	-	5,022
Tax Liabilities	-	381
	<b>11,014</b>	<b>19,590</b>
<b>Net Current Assets</b>	<b>72,633</b>	<b>49,119</b>
<b>Less: Non Current Liabilities</b>		
Reserves on consolidation	6	6
Long term loan	2,365	3,385
	<b>2,371</b>	<b>3,391</b>
	<b>382,104</b>	<b>355,787</b>
<b>Capital and Reserves</b>		
Share Capital	62,619	61,600
Reserves	291,807	268,985
Shareholders' Equity	<b>354,426</b>	<b>330,585</b>
Minority Interest	27,678	25,202
	<b>382,104</b>	<b>355,787</b>

**Note :** The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2001.

**Effect on current year profit & 2001 profit**

	<b>2002</b>	<b>2001</b>
Profit before tax	32,633	12,625
Add:		
Amortisation	1,837	1,837
Replanting Cost	3,466	3,127
Adjusted	37,936	17,589
Less: Prov. For Replanting	(1,862)	(2,316)
<b>Adjusted Profit Before Tax</b>	<b>36,074</b>	<b>15,273</b>
As reported	32,633	12,625
<b>Profit reduced by</b>	<b>3,441</b>	<b>2,648</b>

	@ 31/12/02 (RM'000)	For the period @ 30/9/02 (RM'000)	@ 31/12/01 (RM'000)	For the period (RM'000)
<b>Other Income</b>				
Estate - Other Income		-46,965	46,965	-58,265
Interest			0	0
Dividend Income		0	0	0
Miscellaneous		-17,983	17,983	-15,291
	<b>0</b>	<b>(64,948)</b>	<b>64,948</b>	<b>-73,556</b>
Horticulture		-930	930	-6,895
Seedlings		-374,137	374,137	-404,463
Sugar Cane		0	0	-5,532
Cattle Project		-96,601	96,601	-38,193
	<b>0</b>	<b>-471,668</b>	<b>471,668</b>	<b>-455,083</b>
Less:				
Cost of horticulture		0		0
Cost of seedlings		0		0
Cost of sugarcane		0		0
Cost of cattle project		0		0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>238,000</b>	<b>(298,616)</b>	<b>536,616</b>	<b>3,502,000</b>
				<b>2,973,361</b>
Replanting reclassification			-431263	
Amended	<b>238,000</b>	<b>132,647</b>	105,353	<b>3,502,000</b>
				<b>2,973,361</b>

**@ 30/9/01  
(RM'000)**

58,265

15,291

**73,556**

6,895

404,463

5,532

38,193

**455,083**

**0**

**528,639**

**528,639**

**FAR EAST HOLDINGS BERHAD**  
**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	3 mths ended 31-Dec-02 RM'000	Year ended 31-Dec-02 RM'000	3 mths ended 31-Dec-01 RM'000	Year ended 31-Dec-01 RM'000
Revenue	18,107	57,903	10,352	41,242
Other operating income	132	238	2,973	3,502
Profit from operations	8,667	27,515	1,863	10,192
Finance income	14	69	32	184
Finance interest	(149)	(869)	(343)	(1,492)
Share of result of associated companies	5,456	5,918	2,938	3,741
Profit before taxation	13,988	32,633	4,490	12,625
Taxation	(723)	(5,571)	(2,505)	(4,768)
Profit after taxation	13,265	27,062	1,985	7,857
Minority interest	(891)	(2,476)	(228)	(999)
<b>Net profit attributable to shareholders</b>	<b>12,374</b>	<b>24,586</b>	<b>1,757</b>	<b>6,858</b>
<b>Earnings per share (sen)</b>				
Basic	20.00	39.74	2.85	11.13
Diluted	19.74	39.42	-	-

**Note : The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2001.**

# FAR EAST HOLDINGS BERHAD

## Condensed Consolidated Statement of Changes in Equity

				<u>Non -distributable</u>		<u>Distributable</u>	<b>Total</b> RM'000
	<b>Share capital</b> RM'000	<b>Share premium</b> RM'000	<b>Translation reserves</b> RM'000	<b>Capital reserves</b> RM'000	<b>Revaluation reserves</b> RM'000	<b>Retained earnings</b> RM'000	
<b>As at 1 January 2001 :</b>							
- as previously reported	56,000	934	(2,885)	27,415	108,577	139,645	329,686
- reclassification	-	2,196	-	(27,400)	15,907	(367)	(9,664)
- prior year adjustment	-	-	-	-	-	2,593	2,593
- as restated	56,000	3,130	(2,885)	15	124,484	141,871	322,615
Currency translation differences	-	-	(582)	-	-	-	(582)
Reversal of currency translation differences	-	-	1,379	-	-	-	1,379
Transfer to retained profits on disposal of subsidiary	-	-	2,088	-	-	(2,088)	0
Net gain not recognised in the income statement	-	-	-	315	-	-	315
Bonus issue	5,600	-	-	-	-	-	5,600
Capitalisation of bonus issue	-	-	-	-	-	(5,600)	(5,600)
Net profit for the year	-	-	-	-	-	6,858	6,858
<b>As At December 2001</b>	<b>61,600</b>	<b>3,130</b>	<b>0</b>	<b>330</b>	<b>124,484</b>	<b>141,041</b>	<b>330,585</b>
<b>As at 1 January 2002 :</b>							
- as previously reported	61,600	934	-	27,730	108,577	141,462	340,303
- reclassification	-	2,196	-	(27,400)	15,907	(367)	(9,664)
- prior year adjustment	-	-	-	-	-	(54)	(54)
- as restated	61,600	3,130	0	330	124,484	141,041	330,585
Net loss not recognised in the income statement	-	-	-	(26)	-	-	(26)
Issue of shares- share options	1,019	1,060	-	-	-	-	2,079
Net profit for the year	-	-	-	-	-	24,586	24,586
Dividend	-	-	-	-	-	(2,798)	(2,798)
<b>As at 31 December 2002</b>	<b>62,619</b>	<b>4,190</b>	<b>0</b>	<b>304</b>	<b>124,484</b>	<b>162,829</b>	<b>354,426</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 2001.

## FAR EAST HOLDINGS BERHAD

### CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December, 2002

	Year Ended 31.12.2002 RM'000	Year Ended 31.12.2001 RM'000
Net cash inflow from operating activities	20,294	6,164
Net cash outflow from investing activities	(639)	1,185
Net cash outflow from financing activities	(3,578)	5,140
Net increase in cash and cash equivalents	<u>16,077</u>	<u>12,489</u>
Cash and cash equivalent at start of year	(903)	(13,392)
Cash and cash equivalent at end of year	<u>15,174</u>	<u>(903)</u>
<b>Cash and cash equivalent comprise :</b>		
Cash bank balances and deposits	15,174	4,119
Bank overdrafts	-	(5,022)
	<u>15,174</u>	<u>(903)</u>

**Note : The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2001.**

## **PART A – NOTES TO THE QUARTERLY FINANCIAL STATEMENTS**

### **MASB 26**

#### **A1. BASIS OF PREPARATION**

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 2001 [*other than provision for replanting expenditure and amortisation of long term lease hold as explained below*] and also in accordance with Malaysian Accounting Standards Board["MASB"] 26, Interim Financial Reporting.

In prior years, provision for replanting expenditure represents cost for the replanting of oil palm plantations upon the estate reaches 15 years of maturity. The quantum set aside each year is based on the replanting schedule of each estate at the estimated cost of replanting of RM5,870 per hectare and is charged against the income statement. All future replanting cost will be charged against this provision. During the year, the basis was changed and replanting costs are charged to income statement as and when incurred, pursuant to the requirement of MASB Standard 20: Provision, Contingent Liabilities and Contingent Assets. Following this change in accounting policy, the amounts for the current and comparative years are stated on the new basis and prior year adjustment had been made. The effects relating to years prior to 2002 of RM22,502,368 for the Group has been adjusted against the opening retained profits.

Pursuant to the requirement of MASB Standard 15 – Property, Plant and Equipment, the Group has amortised its long term leasehold land during the year. In previous years, long term leasehold will be amortised when the remaining leasehold period is 50 years. With the change in the accounting policy, the long term leasehold land is



amortised in equal installments over the period of the respective leases. The effects relating to years prior to 2002 of RM22,557,318 for the Group have been adjusted against the opening retained profits.

Due to the change of the abovementioned accounting policy; the current year and year 2001 profit before tax of the Group had reduced by RM3.44 million and RM2.65 million respectively.

**A2. DISCLOSURE ON QUALIFICATION OF AUDIT REPORT**

The audit report of the Group's financial statements for the financial year ended 31 December 2001 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 average CPO price of RM1,343 for the year of 2002 as compared to average price of RM896 in 2001 has resulted in higher revenue despite lower crop production.

**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 and financial year ended 31 December 2002.

**A5. MATERIAL CHANGES IN ESTIMATES**

There were no material changes apart from the change in the accounting policy as explained in A1.

**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 quarter and financial year ended 31 December 2002.

**A7. DIVIDEND PAID**

	<b>Financial Year Ended 31.12.2002 RM'000</b>	<b>Financial Year Ended 31.12.2001 RM'000</b>
<b>Ordinary:</b> Final dividend paid – 5 sen Less 28% income tax	2,217	2,016

The final dividend of five(5) sen less 28% Malaysian Income Tax for the financial year ended 31 December 2001 and for the financial year ended 31 December 2000 was paid in the financial year 31 December 2002 and 31 December 2001 respectively.

**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**

The valuation of long term leasehold land, matured and immature plantations have been brought forward, without amendment from the previous annual report apart from the change in the accounting policy as explained in A1.

#### **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 and financial year end ended 31 December 2002, 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**

The Group's revenue and profit before tax for the current quarter year ended 31 December 2002 has increased as compared to the preceding year corresponding quarter.

	<b>Current Quarter 31.12.2002 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.12.2001 RM'000</b>
Revenue	18,107	10,352
Consolidated Profit before taxation	13,988	4,490
Consolidated Profit after taxation	13,265	1,985

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

	<b>Financial Year Ended 31.12.2002 RM'000</b>	<b>Financial Year Ended 31.12.2001 RM'000</b>
Revenue	57,903	41,242
Consolidated Profit before taxation	32,633	12,625
Consolidated Profit after taxation	27,062	7,857

Higher revenue and profit before tax for the year 2002 as compared to year 2001 was mainly due to higher palm oil prices.

The Group recorded a FFB ["Fresh Fruit Bunches"] production of 66,805 mt for the current quarter as compared to 64,676 mt in the preceding year corresponding quarter. The Group recorded a FFB production of 240,383 mt as compared to 289,285 mt for the year 2001. Lower FFB production during the year is due to replanting activities covering 2,200 hectares and biological palms stress after a high production last year which seemed to be an industry's norm.

## **B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS**

	<b>Current Quarter 31.12.2002 RM'000</b>	<b>Preceding Quarter 30.9.2002 RM'000</b>
Revenue	18,107	19,140
Consolidated Profit before taxation	13,988	11,555
Consolidated Profit after taxation	13,265	8,114

For the fourth quarter ended 31 December 2002, the Group recorded profit before tax of RM13.99 million and profit after tax of RM13.26 million as compared to RM11.55 million and RM8.11 million in the preceding quarter respectively. Increase in the profits for the current quarter as compared to the preceding quarter is mainly attributable to the share of result of associated companies amounting to RM5.46 million.

**B3. CURRENT YEAR PROSPECTS**

The Group is expected to achieve better result than last year given the expectation that CPO price would remain at current level.

**B4. VARIANCE FROM PROFIT FORECAST/PROFIT GUARANTEE**

Not applicable as there were no profit forecast and profit guarantee published.

**B5. TAXATION**

	Individual Quarter		Year	
	Current Quarter 31.12.2002 RM'000	Preceding Year Quarter 31.12.2001 RM'000	Financial Year Ended 31.12.2002 RM'000	Financial Year Ended 31.12.2001 RM'000
<b><u>Income Tax:</u></b>				
Current Tax Charge	723	669	4,830	2,612
Under/(over) provision in prior year	(570)	1,338	(17)	1,338
Share of tax of Associate Co.	570	498	758	818
	<b>723</b>	<b>2,505</b>	<b>5,571</b>	<b>4,768</b>

The Group effective tax rate for the year ended 31 December 2002 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 and financial year ended 31 December 2002.

**B7. QUOTED SECURITIES**

There was no purchase or disposal of quoted securities for the current quarter and financial year ended 31 December 2002.

**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:

	Financial Year Ended 31.12.2002 RM'000	Financial Year Ended 31.12.2001 RM'000	Security
<b>Short Term:</b>			
Short Term Loan	1,020	1,020	Negative Pledge
Bank Overdraft	-	5,022	Negative Pledge
Revolving Credit	3,912	5,750	Negative Pledge
<b>Long Term Loan</b>			
Long Term	2,365	3,385	Negative Pledge
	<b>7,297</b>	<b>15,177</b>	

## B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

During the current quarter and financial year ended 31 December 2002, 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. 22-92-2001**

Far East Holdings Berhad ["Plaintiff"] -vs-

(1) Perbadanan Kemajuan Negeri Pahang ["Defendant"]

(2) Pascorp Holdings Sdn. Bhd ["Defendant"]

The Learned Judge on 13.2.2003 had decided to allow FEHB's appeal against the Registrar's decision and granted FEHB's application for summary judgment against the Defendants.

**(ii) 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 initial hearing date for the appeal which was fixed on the 16.1.2003 has been postponed. As to date, the hearing date has not been fixed yet.

**(iii) Kuantan High Court Civil Suit No. 22-115-2002**

Haji Said dan Anak-Anak Sdn. Bhd [Plaintiff] –vs-

Madah Perkasa Sdn. Bhd

FEHB's solicitor has filed to enter appearance in respect of this suit on 13 February 2003.

**B12. DIVIDEND**

The Board of Directors has proposed 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. The proposed dividend is subject to the approval from the shareholders in the Annual General Meeting to be held at a later date.

An interim dividend of five(5) sen less 28% Malaysian Income Tax had been declared in respect of the financial year ended 31 December 2002 and was paid on 24 January 2003.

A final dividend of five(5) sen less 28% Malaysian Income Tax was declared and was paid for the financial year ended 31 December 2001. No interim dividend was declared in the financial year ended 31 December 2001.

The total dividend for the financial year ended 31 December 2002 is 15 sen [2001: five(5) sen].

### **B13. EARNINGS PER SHARE**

Earnings per share is calculated based on the following:

	<b>Current Quarter Ended 31.12.2002</b>	<b>Financial Year Ended 31.12.2002</b>	<b>Current Quarter Ended 31.12.2001</b>	<b>Financial Year Ended 31.12.2001</b>
<b><u>Basic earnings per share:</u></b>				
Net Profit Attributable to Shareholders (RM'000)	12,374	24,586	1,757	6,858
Weighted average no. of ordinary shares in issue ('000)	61,862	61,862	61,600	61,600
Basic earnings per share (sen)	<b>20.00</b>	<b>39.74</b>	<b>2.85</b>	<b>11.13</b>
<b><u>Diluted earnings per share:</u></b>				
Net Profit Attributable to Shareholders (RM'000)	12,374	24,586	-	-
Weighted average no. of ordinary shares in issue ('000)	61,862	61,862	-	-
Adjustment for share option ('000)	814	515	-	-
Weighted average no. of ordinary shares for diluted earning per share ('000)	62,676	62,377	-	-
<b>Diluted per share (sen)</b>	<b>19.74</b>	<b>39.42</b>	-	-

**Note:**

Diluted earnings per share is not presented for year 2001 as there were no dilutive potential ordinary share.