

**FAR EAST HOLDINGS BERHAD [14809-W]**  
**Interim report for the financial year ended 31 December 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 31-Dec-04 RM'000	As at 31-Dec-03 RM'000
<b>Non Current Assets</b>		
Property, plant and equipment	312,821	265,940
Associates	54,039	46,491
Unquoted investments - at cost	2,299	2,299
Breeding stocks	513	760
	<b>369,672</b>	<b>315,490</b>
<b>Current Assets</b>		
Inventories	1,013	1,124
Receivables, deposits and prepayments	9,378	77,513
Tax recoverables	1,874	1,845
Deposits, bank and cash balances	73,501	34,134
	<b>85,766</b>	<b>114,616</b>
<b>Less: Current Liabilities</b>		
Payables	4,938	5,846
Current tax liabilities	168	37
Borrowings (interest bearing)	-	11,020
	<b>5,106</b>	<b>16,903</b>
<b>Net Current Assets</b>	<b>80,660</b>	<b>97,713</b>
<b>Less: Non Current Liabilities</b>		
Deferred tax liabilities	50,258	45,751
Borrowings (interest bearing)	-	1,345
	<b>50,258</b>	<b>47,096</b>
	<b>400,074</b>	<b>366,107</b>
<b>Capital and Reserves</b>		
Share Capital	65,089	64,190
Share premium	6,782	5,824
Capital Reserve	56	142
Reserves on consolidation	6	6
Revaluation Reserve	96,379	96,185
Retained Earnings	204,721	173,495
Shareholders' Equity	<b>373,033</b>	<b>339,842</b>
Minority Interest	27,041	26,265
	<b>400,074</b>	<b>366,107</b>

**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 [Q4]		CUMULATIVE QUARTER [12 Mths]	
	CURRENT	PRECEDING YEAR	CURRENT	PRECEDING YEAR
	YEAR	CORRESPONDING	YEAR	CORRESPONDING
	QUARTER	QUARTER	TO DATE	PERIOD
	31-Dec-04	31-Dec-03	31-Dec-04	31-Dec-03
	RM'000	RM'000	RM'000	RM'000
Revenue	20,680	21,842	80,412	70,994
Other operating income	849	950	1,533	1,477
Profit from operations	13,401	14,158	46,252	37,714
Finance income	440	132	5,688	279
Finance interest	-	(90)	(200)	(294)
Share of result of associated companies	333	10,331	11,347	11,545
Profit before taxation	14,174	24,531	63,087	49,244
Taxation	(5,143)	(10,239)	(18,953)	(16,178)
Profit after taxation	9,031	14,292	44,134	33,066
Minority interest	(781)	2	(3,462)	(1,807)
<b>Net profit attributable to shareholders</b>	<b>8,250</b>	<b>14,294</b>	<b>40,672</b>	<b>31,259</b>
<b>Earnings per share (sen)</b>				
Basic	12.78	22.48	62.99	49.16
Diluted	12.65	22.23	62.46	48.69

**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 Year Ended 31 December 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	
<b>As at 31 December 2002:</b>								
- 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	<b>62,619</b>	<b>62,619</b>	<b>4,190</b>	<b>304</b>	<b>6</b>	<b>96,185</b>	<b>153,490</b>	<b>316,794</b>
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)
<b>As at 31 December 2003</b>	<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>
<b>As at 31 December 2003:</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 loss not recognised in the income statement	-	-	-	(86)	-	-	-	(86)
Transfer from deferred tax	-	-	-	-	-	194	-	194
Issue of shares- share options	899	899	958	-	-	-	-	1,857
Net profit for the year	-	-	-	-	-	-	40,672	40,672
Dividend paid for the year ended:								
- 31 December 2003	-	-	-	-	-	-	(5,932)	(5,932)
- 31 December 2004	-	-	-	-	-	-	(3,514)	(3,514)
<b>As at 31 December 2004</b>	<b>65,089</b>	<b>65,089</b>	<b>6,782</b>	<b>56</b>	<b>6</b>	<b>96,379</b>	<b>204,721</b>	<b>373,033</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 2003.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>12 Months Ended 31-Dec-04 RM'000</b>	<b>12 Months Ended 31-Dec-03 RM'000</b>
Net cash inflow from operating activities	66,378	22,853
Net cash outflow from investing activities	(4,153)	(911)
Net cash outflow from financing activities	(22,858)	(2,982)
Net increase in cash and cash equivalents	<u><b>39,367</b></u>	<u><b>18,960</b></u>
Cash and cash equivalent at start of year	34,134	15,174
Cash and cash equivalent at end of year	<u><b>73,501</b></u>	<u><b>34,134</b></u>
 <b>Cash and cash equivalent comprise :</b>		
Cash bank balances and deposits	73,501	34,134
Bank overdrafts	-	-
	<u><b>73,501</b></u>	<u><b>34,134</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 2003.**

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

### **MASB 26 – 4<sup>TH</sup> 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 was due to higher average CPO price of RM1,658 for the cumulative quarter of 2004 as compared to average price of RM1,567 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	871	1,777
2.89	28	80
<b>Total</b>	<b>899</b>	<b>1,857</b>

**A7. DIVIDEND PAID**

	Current Year To Date 31.12.2004 RM'000	Preceding Year To Date 31.12.2003 RM'000
<b>Far East Holdings Berhad</b>		
<b>Ordinary:</b>		
Interim dividend paid	3,514 <sup>1</sup>	2,254 <sup>4</sup>
Interim dividend paid	-	2,304 <sup>5</sup>
Final dividend paid	5,932 <sup>2</sup>	5,486 <sup>6</sup>
<b>Subsidiary:</b>		
Kg Aur Oil Palm Company (Sdn.) Berhad		
Final dividend paid	2,904 <sup>3</sup>	1,210 <sup>7</sup>

**Notes:**

1. An interim dividend of seven and the half (7.5) sen less 28% Malaysian Income Tax for the financial year ended 31 December 2004 was paid on 16 December 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.
3. 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.
4. An 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.
5. An interim dividend of five(5) sen less 28% Malaysian Income Tax for the financial year ended 31 December 2003 was paid on 28 October 2003.
6. 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.
7. 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 31.12.2004 RM'000	Preceding Year Quarter 31.12.2003 RM'000	Current Year To Date 31.12.2004 RM'000	Preceding Year To Date 31.12.2003 RM'000
Revenue	20,680	21,842	80,412	70,994
Consolidated Profit before taxation	14,174	24,531	63,087	49,244
Consolidated Profit after taxation	9,031	14,292	44,134	33,066
Consolidated Profit after taxation and minority interest	8,250	14,294	40,672	31,259

Increase in the Group's profit before tax for the cumulative quarter 2004 by RM13.84 million as compared to cumulative quarter 2003 were due to:

- [i] Higher crude palm oil and palm kernel prices
- [ii] Higher fresh fruit production by 7,923 mt (3%)
- [iii] 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.

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

	Current Quarter 31.12.2004 RM'000	Current Quarter 30.9.2004 RM'000
Revenue	20,680	22,052
Consolidated Profit before taxation	14,174	17,505
Consolidated Profit after taxation	9,031	12,854
Consolidated Profit after taxation and minority interest	8,250	11,655

For the fourth quarter ended 31 December 2004, the Group recorded a profit before tax of RM14.17 million and a profit after tax and minority interest of RM8.25 million as compared to RM17.51 million and RM11.65 million in the



preceding quarter respectively. Lower profit as compared to the preceding quarter were due to:

- [i] Lower production of fresh fruit bunches by 4% (2,879 mt) for the current quarter as compared to the preceding quarter.
- [ii] Lower share of associated profits recorded in the current quarter

**B3. CURRENT YEAR PROSPECTS**

The Group is expected to achieve favorable result as last year given the expectation that production and CPO price would remain favourable.

**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 31.12.2004 RM'000	Preceding Year Quarter 31.12.2003 RM'000	Current Year To Date 31.12.2004 RM'000	Preceding Year To Date 31.12.2003 RM'000
<b><u>Income Tax:</u></b>				
Current Tax Charge	4,384	3,308	10,702	6,520
Under/(over) provision in prior year	(326)	(250)	53	(250)
Deferred tax	688	2,505	4,718	4,892
Share of tax of Associate Co.	397	4,676	3,480	5,016
	<b>5,143</b>	<b>10,239</b>	<b>18,953</b>	<b>16,178</b>

The Group effective tax rate for the cumulative quarter ended 31 December 2004 was higher than the to the statutory tax by 2% due to some expenses not allowable for tax.

**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:

	<b>As at end of Current Quarter 31.12.2004 RM'000</b>	<b>As at Preceding Financial Year End 31.12.2003 RM'000</b>	<b>Security</b>
<b><u>Short Term:</u></b>			
Short Term Loan	-	1,020	Negative Pledge
Revolving Credit	-	10,000	Negative Pledge
<b><u>Long Term Loan</u></b>			
Long Term	-	1,345	Negative Pledge
	-	<b>12,365</b>	

**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****[i] For the financial year ended 31 December 2004:**

An interim dividend of seven and the half(7.5) sen less 28% Malaysian Income Tax had been declared in respect of the financial year ended 31 December 2004 and was paid on 16 December 2004.

The final dividend for the financial year ended 31 December 2004 would be announced at a later date.

**[ii] For the financial year ended 31 December 2003:**

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.

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 and was paid on 12 July 2004.

Total dividend for the financial year ended 31 December 2003 is seventeen (17) sen.

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

Earnings per share is calculated based on the following:

	<b>Current Quarter Ended 31.12.2004</b>	<b>Preceding Year Quarter Ended 31.12.2003</b>	<b>12 Months Cumulative To Date 31.12.2004</b>	<b>12 Months Cumulative To Date 31.12.2003</b>
<b><u>Basic earnings per share:</u></b>				
Net Profit Attributable to Shareholders (RM'000)	8,250	14,294	40,672	31,259
Weighted average no. of ordinary shares in issue ('000)	64,572	63,584	64,572	63,584
Basic earnings per share (sen)	<b>12.78</b>	<b>22.48</b>	<b>62.99</b>	<b>49.16</b>
<b><u>Diluted earnings per share:</u></b>				
Net Profit Attributable to Shareholders (RM'000)	8,250	14,294	40,672	31,259
Weighted average no. of ordinary shares in issue ('000)	64,572	63,584	64,572	63,584
Adjustment for share option ('000)	631	702	549	620
Weighted average no. of ordinary shares for diluted earning per share ('000)	65,203	64,286	65,121	64,204
<b>Diluted per share (sen)</b>	<b>12.65</b>	<b>22.23</b>	<b>62.46</b>	<b>48.69</b>