

FAR EAST HOLDINGS BERHAD [14809-W]
Interim report for the financial year ended 31 December 2005

[The figures have not been audited]

CONDENSED CONSOLIDATED BALANCE SHEETS

	As at 31-Dec-05 RM'000	As at 31-Dec-04 RM'000
Non Current Assets		
Property, plant and equipment	391,008	312,821
Land held for development	40,251	
Deferred tax assets	22	
Associates	63,335	54,039
Unquoted investments - at cost	15,514	2,299
Breeding stocks	449	513
	510,579	369,672
Current Assets		
Inventories	1,459	1,013
Receivables, deposits and prepayments	7,143	9,378
Tax recoverables	2,544	1,874
Deposits, bank and cash balances	74,844	73,501
	85,990	85,766
Less: Current Liabilities		
Payables	7,004	4,938
Current tax liabilities	-	168
	7,004	5,106
Net Current Assets	78,986	80,660
Less: Non Current Liabilities		
Deferred tax liabilities	82,848	50,258
	82,848	50,258
	506,717	400,074
Capital and Reserves		
Share Capital	133,038	65,089
Share premium	9,226	6,782
Capital Reserve	(8)	56
Reserves on consolidation	6	6
Revaluation Reserve	173,113	96,379
Retained Earnings	157,729	204,721
Shareholders' Equity	473,104	373,033
Minority Interest	33,613	27,041
	506,717	400,074

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 [Q4]		CUMULATIVE QUARTER [12 Mths]	
	CURRENT	PRECEDING YEAR	CURRENT	PRECEDING YEAR
	YEAR	CORRESPONDING	YEAR	CORRESPONDING
	QUARTER	QUARTER	TO DATE	PERIOD
	31-Dec-05	31-Dec-04	31-Dec-05	31-Dec-04
	RM'000	RM'000	RM'000	RM'000
Revenue	15,671	20,680	71,315	80,412
Other operating income	153	849	1,570	1,533
Profit from operations	6,790	13,401	35,471	46,252
Finance income	159	440	1,818	5,688
Finance interest	-	-	-	(200)
Share of result of associated companies	5,040	333	12,929	11,347
Profit before taxation	11,989	14,174	50,218	63,087
Taxation	(4,269)	(5,143)	(14,928)	(18,953)
Profit after taxation	7,720	9,031	35,290	44,134
Minority interest	(61)	(781)	(2,423)	(3,462)
Net profit attributable to shareholders	7,659	8,250	32,867	40,672
Earnings per share (sen)				
Basic	5.80	12.78	24.91	62.99
Diluted	5.80	12.65	24.81	62.46

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

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Period Ended 31 December 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	
As at 1 January 2004 :	64,190	64,190	5,824	142	6	96,185	173,495	339,842
Net loss not recognised in the income statement	-	-	-	(86)	-	-	-	(86)
Issue of shares- share options	899	899	958	-	-	-	-	1,857
Transfer from deferred tax	-	-	-	-	-	194	-	194
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)
As at 31 December 2004	65,089	65,089	6,782	56	6	96,379	204,721	373,033
As at 1 January 2005 :	65,089	65,089	6,782	56	6	96,379	204,721	373,033
Net loss not recognised in the income statement	-	-	-	(64)	-	-	-	(64)
Issue of shares- share options	1,430	1,430	2,444	-	-	-	-	3,874
Bonus issue	66,519	66,519	-	-	-	-	(66,519)	0
Surplus from revaluation, net of tax	-	-	-	-	-	76,528	-	76,528
Transfer from deferred tax	-	-	-	-	-	206	-	206
Net profit for the year	-	-	-	-	-	-	32,867	32,867
Dividend paid for the year								
- 31 December 2004	-	-	-	-	-	-	(10,946)	(10,946)
- 31 December 2005	-	-	-	-	-	-	(2,394)	(2,394)
As at 31 December 2005	133,038	133,038	9,226	(8)	6	173,113	157,729	473,104

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

	Financial Year Ended 31-Dec-05 RM'000	Financial Year Ended 31-Dec-04 RM'000
Net cash inflow from operating activities	32,495	66,378
Net cash outflow from investing activities	(19,261)	(4,153)
Net cash inflow/(outflow) from financing activities	(11,891)	(22,858)
Net increase in cash and cash equivalents	<u>1,343</u>	<u>39,367</u>
Cash and cash equivalent at start of year	73,501	34,134
Cash and cash equivalent at end of year	<u>74,844</u>	<u>73,501</u>
 Cash and cash equivalent comprise :		
Cash bank balances and deposits	74,844	73,501
Bank overdrafts	-	-
	<u>74,844</u>	<u>73,501</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 – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING
STANDARDS (“FRS”) 134**

A1. BASIS OF PREPARATION

This interim financial report is unaudited and has been prepared in compliance with FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the Group’s financial statement for the year ended 31 December 2004. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2004.

The interim financial reports 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 Group’s plantation operations are affected by seasonal crop production, weather conditions and fluctuating commodity prices.

**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

Pursuant to the approval-in-principle obtained from Bursa Malaysia Securities Berhad on 16 November 2005 for the listing of and quotation of the Proposed Bonus Issue in the proportion of one (1) Bonus Share for every one (1) FEHB Share, a total of 66,519,000 new ordinary shares of RM1.00 each had been issued to the eligible shareholders. This resulted in the increase of the paid-up share capital to 133,038,000 comprising of ordinary shares of RM1.00 each.

Issuance of new ordinary shares of RM1-00 each pursuant to the Company's Employees' Share Option Scheme for the cumulative quarter 2005 is as follow:-

Option price per share [RM]	No. of shares issued ['000]	Cash proceeds [RM '000]
2.04	648	1,322
2.89	35	101
3.27	722	2,361
3.58	25	90
Total	1,430	3,874

A7. DIVIDEND PAID

	Current Year Quarter 31.12.2005 RM'000	Preceding Year Quarter 31.12.2004 RM'000
<u>Far East Holdings Berhad</u> <u>Ordinary:</u>		
Interim dividend paid	2,394 ¹	3,514 ²

Notes:

- 1 An interim dividend of five(5) sen less 28% Malaysian Income Tax for the financial year ended 31 December 2005 was paid on 25 October 2005.

- 2 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.

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 Company had on 31 December 2005 revalued its long term leasehold land, mature and immature plantations. This is in accordance with the Group accounting policies to value its land and plantations at regular interval of once every five years.

Surpluses arising on revaluation are credited to revaluation reserve and movements in the revaluation reserves is shown below:

	RM'000
Amount as previously reported as at 31.12.2004	96,379
Surplus from revaluation, net of tax	76,528
Transfer from deferred tax	206
Amount as at 31.12.2005	173,113

The valuation of long term leasehold land, mature and immature plantations of the Group as at 31 December 2005 is as follows:

Year of Valuation	Description of Property	Amount (RM '000)	Basis of Valuation
2005	Long term leasehold, land, mature and immature plantations	387,880	Open market value

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

The Company ("Far East Holdings Berhad") had announced on 25 November 2005 that it had entered into Share Sale Agreements between Koperasi

Serbausaha Makmur Berhad and Prosper Palm Oil Mill Sdn Bhd for the total acquisition of 22% shares in Kilang Kosfarm Sdn Bhd ("Kosfarm").

Upon the completion of the Share Sale Agreements, the effective holding of FEHB in Kosfarm would be increased from 29% to 51%.

The Company had obtained approval from the Foreign Investment Committee for the said acquisitions on 7 February 2006.

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 31.12.2005 RM'000	Preceding Year 31.12.2004 RM'000	Current Year To Date 31.12.2005 RM'000	Preceding Year To Date 31.12.2004 RM'000
Revenue	15,671	20,680	71,315	80,412
Consolidated Profit before taxation	11,989	14,174	50,218	63,087
Consolidated Profit after taxation	7,720	9,031	35,290	44,134
Consolidated Profit after taxation and minority interest	7,659	8,250	32,867	40,672

The significant variance of 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) Higher cost of manuring by 37% due to higher fertilizer prices.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Current Quarter 31.12.2005 RM'000	Current Quarter 30.9.2005 RM'000
Revenue	15,671	22,830
Consolidated Profit before taxation	11,989	18,710
Consolidated Profit after taxation	7,720	13,144
Consolidated Profit after taxation and minority interest	7,659	11,895

For the current quarter ended 31 December 2005, the Group recorded a revenue of RM15.67 million and a profit after tax and minority interest of RM7.66 million as compared to RM22.83 million and RM11.90 million registered in the preceding quarter respectively.

Lower profit after taxation and minority interest for the current quarter ended 31 December 2005 as compared to the preceding current quarter ended 30 September 2005 was mainly due to lower FFB production by 34% (30,330 mt).

B3. CURRENT YEAR PROSPECTS

The Group is expected to achieve favorable result 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 31.12.2005 RM'000	Preceding Year Quarter 31.12.2004 RM'000	Current Year To Date 31.12.2005 RM'000	Preceding Year To Date 31.12.2004 RM'000
<u>Income Tax:</u>				
Current Tax Charge	2,612	4,384	11,062	10,702
Under/(over) provision in prior year	35	(326)	35	53
Transfer from deferred tax	516	688	516	4,718
Share of tax of Associate Co.	1,106	397	3,315	3,480
	4,269	5,143	14,928	18,953

The Group effective tax rate for the cumulative quarter ended 31 December 2005 was higher than 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 were no corporate proposals for the period under review.

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

For the financial year ended 31 December 2005:

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 final dividend for the financial year ended 31 December 2005 would be announced at a later date.

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.

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 2005.

Total gross dividend for the financial year ended 31 December 2004 is twenty seven and fifty (27.50) sen.

B13. EARNINGS PER SHARE

Earnings per share is calculated based on the following:

	Current Quarter Ended 31.12.2005	Preceding Year Quarter Ended 31.12.2004	12 Months Cumulative To Date 31.12.2005	12 Months Cumulative To Date 31.12.2004
<u>Basic earnings per share:</u>				
Net Profit Attributable to Shareholders (RM'000)	7,659	8,250	32,867	40,672
Weighted average no. of ordinary shares in issue ('000)	131,943	64,572	131,943	64,572
Basic earnings per share (sen)	5.80	12.78	24.91	62.99
<u>Diluted earnings per share:</u>				
Net Profit Attributable to Shareholders (RM'000)	7,659	8,250	32,867	40,672
Weighted average no. of ordinary shares in issue ('000)	131,943	64,572	131,943	64,572
Adjustment for share option ('000)	154	631	515	549
Weighted average no. of ordinary shares for diluted earning per share ('000)	132,097	65,203	132,458	65,121
Diluted per share (sen)	5.80	12.65	24.81	62.46