

FAR EAST HOLDINGS BERHAD [14809-W]
Interim report for the financial period ended 31 March 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-Mar-04 RM'000	As at 31-Dec-03 RM'000
Non Current Assets		
Property, plant and equipment	265,288	265,940
Associates	46,940	46,491
Unquoted investments - at cost	2,299	2,299
Breeding stocks	760	760
	315,287	315,490
Current Assets		
Inventories	1,401	1,124
Receivables, deposits and prepayments	65,174	77,513
Tax recoverables	1,845	1,845
Deposits, bank and cash balances	46,835	34,134
	115,255	114,616
Less: Current Liabilities		
Payables	5,583	5,846
Current tax liabilities	37	37
Borrowings (interest bearing)	1,020	11,020
	6,640	16,903
Net Current Assets	108,615	97,713
Less: Non Current Liabilities		
Deferred tax liabilities	45,751	45,751
Borrowings (interest bearing)	1,090	1,345
	46,841	47,096
	377,061	366,107
Capital and Reserves		
Share Capital	64,336	64,190
Share premium	5,976	5,824
Capital Reserve	142	142
Reserves on consolidation	6	6
Revaluation Reserve	96,185	96,185
Retained Earnings	183,067	173,495
Shareholders' Equity	349,712	339,842
Minority Interest	27,349	26,265
	377,061	366,107

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 [Q1]		CUMULATIVE QUARTER [3 Mths]	
	CURRENT	PRECEDING YEAR	CURRENT	PRECEDING YEAR
	YEAR	CORRESPONDING	YEAR	CORRESPONDING
	QUARTER	QUARTER	TO DATE	PERIOD
	31-Mar-04	31-Mar-03	31-Mar-04	31-Mar-03
	RM'000	RM'000	RM'000	RM'000
Revenue	17,447	12,280	17,447	12,280
Other operating income	145	34	145	34
Profit from operations	11,290	6,099	11,290	6,099
Finance income	56	14	56	14
Finance interest	(127)	(89)	(127)	(89)
Share of result of associated companies	624	(14)	624	(14)
Profit before taxation	11,843	6,010	11,843	6,010
Taxation	(1,187)	(844)	(1,187)	(844)
Profit after taxation	10,656	5,166	10,656	5,166
Minority interest	(1,084)	(735)	(1,084)	(735)
Net profit attributable to shareholders	9,572	4,431	9,572	4,431
Earnings per share (sen)				
Basic	14.89	7.05	14.89	7.05
Diluted	14.72	6.96	14.72	6.96

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 Period Ended 31 March 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	
As at 1 January 2003 :								
- 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	62,619	62,619	4,190	304	6	96,185	153,490	316,794
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)
As at 31 December 2003	64,190	64,190	5,824	142	6	96,185	173,495	339,842
As at 1 January 2004 :								
- as previously reported	64,190	64,190	5,824	142	6	96,185	173,495	339,842
- prior year adjustment	-	-	-	-	-	-	-	0
- as restated	64,190	64,190	5,824	142	6	96,185	173,495	339,842
Net loss not recognised in the income statement	-	-	-	-	-	-	-	0
Issue of shares- share options	146	146	152	-	-	-	-	298
Net profit for the year	-	-	-	-	-	-	9,572	9,572
Dividend paid for the year ended:								
- 31 December	-	-	-	-	-	-	-	0
- 31 December	-	-	-	-	-	-	-	0
As at 31 March 2004	64,336	64,336	5,976	142	6	96,185	183,067	349,712

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

	3 Months Ended 31-Mar-04 RM'000	3 Months Ended 31-Mar-03 RM'000
Net cash inflow from operating activities	22,888	5,524
Net cash outflow from investing activities	(230)	(309)
Net cash outflow from financing activities	(9,957)	(5,009)
Net increase in cash and cash equivalents	<u>12,701</u>	<u>206</u>
Cash and cash equivalent at start of year	34,134	15,174
Cash and cash equivalent at end of year	<u>46,835</u>	<u>15,380</u>
 Cash and cash equivalent comprise :		
Cash bank balances and deposits	46,835	15,380
Bank overdrafts	-	-
	<u>46,835</u>	<u>15,380</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

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 current quarter of 2004 as compared to the preceding year quarter of 2003 is due to:

- (i) Higher average CPO price of RM1,887 for the current quarter of 2004 as compared to average price of RM1,585 in the preceding year of 2003.
- (ii) Higher FFB ["Fresh Fruit Bunches"] production by 16%[6,887 mt] as compared to the 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 Employee Share Option Scheme["ESOS"]:-

Option price per share [RM]	No. of shares issued ['000]	Cash proceeds [RM '000]
2.04	146	298

A7. DIVIDEND PAID

	Current Year Quarter 31.3.2004 RM'000	Preceding Year Quarter 31.3.2003 RM'000
Ordinary: Interim dividend paid – 5 sen Less 28% income tax	-	2,254

The interim dividend of five(5) sen less 28% Malaysian Income Tax for the financial year ended 31 December 2002 was paid on 28 October 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 KLSE REVISED LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

	Current Quarter 31.3.2004 RM'000	Preceding Year Corresponding Quarter 31.3.2003 RM'000
Revenue	17,447	12,280
Consolidated Profit before taxation	11,843	6,010
Consolidated Profit after taxation	10,656	5,166
Consolidated Profit after taxation and minority interest	9,572	4,431

Higher revenue and profit before tax for the current quarter 2004 as compared to the preceding quarter 2003 was mainly due to higher palm oil prices and higher FFB production.

The Group's profit before tax increased by 97% (RM5.83 million) as compared to the preceding quarter in 2003. The Group recorded a FFB [“Fresh Fruit

Bunches"] production of 49,790 mt for the current quarter as compared to 42,903 mt in the corresponding quarter of the preceding year.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Current Quarter 31.3.2004 RM'000	Current Quarter 31.12.2003 RM'000
Revenue	17,447	21,842
Consolidated Profit before taxation	11,843	24,531
Consolidated Profit after taxation	10,656	14,292
Consolidated Profit after taxation and minority interest	9,572	14,294

For the first quarter ended 31 March 2004, the Group recorded a profit before tax of RM11.84 million and a profit after tax and minority interest of RM9.57 million as compared to RM24.53 million and RM14.29 million in the preceding quarter respectively. Higher profit in the preceding quarter as compared to the current quarter is due to the:

- (i) Higher FFB production by 31% [15,500 mt]
- (ii) The share of result of associated companies amounting to RM10.33 million.

B3. CURRENT YEAR PROSPECTS

The Group is expected to achieve favorable result than last year 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 31.3.2004 RM'000	Preceding Year Quarter 31.3.2003 RM'000	Current Year To Date 31.3.2004 RM'000	Preceding Year To Date 31.3.2003 RM'000
<u>Income Tax:</u>				
Current Tax Charge	1,012	829	1,012	829
Under/(over) provision in prior year		-		-
Share of tax of Associate Co.	175	15	175	15
	1,187	844	1,187	844

The Group effective tax rate for the current quarter ended 31 March 2004 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 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 Settlement of amounts owing by Perbadanan Kemajuan Negeri Pahang ["PKNP"], a substantial shareholder of FEHB, and Pascorp Holdings Sdn Bhd, a wholly-owned subsidiary of PKNP to FEHB ["Proposed Settlement"]

The proposed settlement which was tabled in the Extraordinary General Meeting on 31 March 2004 was approved by the shareholders of FEHB.

B9. GROUP BORROWINGS AND DEBT SECURITIES

The Group borrowings consist of the followings:

	As at end of Current Quarter 31.3.2004 RM'000	As at Preceding Financial Year End 31.12.2003 RM'000	Security
<u>Short Term:</u>			
Short Term Loan	1,020	1,020	Negative Pledge
Revolving Credit	-	10,000	Negative Pledge
<u>Long Term Loan</u>			
Long Term	1,090	1,345	Negative Pledge
	2,110	12,365	

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

Followings are the status of the pending material litigations of the Company:

- (i) **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 matter is adjourned for hearing on 19.7.2004 for the Defendants' appeal before the Judge against the Plaintiff's summary judgment.

B12. DIVIDEND

No dividend has been proposed or declared for the current quarter under review. [No dividend was declared for the previous year preceding quarter for the quarterly period ended 31 March 2003].

B13. EARNINGS PER SHARE

Earnings per share is calculated based on the following:

	Current Quarter Ended 31.3.2004	Preceding Year Quarter Ended 31.3.2003	3 Months Cumulative To Date 31.3.2004	3 Months Cumulative To Date 31.3.2003
<u>Basic earnings per share:</u>				
Net Profit Attributable to Shareholders (RM'000)	9,572	4,431	9,572	4,431
Weighted average no. of ordinary shares in issue ('000)	64,282	62,900	64,282	62,900
Basic earnings per share (sen)	14.89	7.05	14.89	7.05
<u>Diluted earnings per share:</u>				
Net Profit Attributable to Shareholders (RM'000)	9,572	4,431	9,572	4,431
Weighted average no. of ordinary shares in issue ('000)	64,282	62,900	64,282	62,900
Adjustment for share option ('000)	735	789	735	789
Weighted average no. of ordinary shares for diluted earning per share ('000)	65,017	63,689	65,017	63,689
Diluted per share (sen)	14.72	6.96	14.72	6.96

