

**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
<b>Total</b>	<b>1,430</b>	<b>3,874</b>

**A7. DIVIDEND PAID**

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

**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:

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

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

<b>Year of Valuation</b>	<b>Description of Property</b>	<b>Amount (RM '000)</b>	<b>Basis of Valuation</b>
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**

	<b>Current Quarter 31.12.2005 RM'000</b>	<b>Current Quarter 30.9.2005 RM'000</b>
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**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Quarter 31.12.2005 RM'000</b>	<b>Preceding Year Quarter 31.12.2004 RM'000</b>	<b>Current Year To Date 31.12.2005 RM'000</b>	<b>Preceding Year To Date 31.12.2004 RM'000</b>
<b><u>Income Tax:</u></b>				
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
	<b>4,269</b>	<b>5,143</b>	<b>14,928</b>	<b>18,953</b>

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:

	<b>Current Quarter Ended 31.12.2005</b>	<b>Preceding Year Quarter Ended 31.12.2004</b>	<b>12 Months Cumulative To Date 31.12.2005</b>	<b>12 Months Cumulative To Date 31.12.2004</b>
<b><u>Basic earnings per share:</u></b>				
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)	<b>5.80</b>	<b>12.78</b>	<b>24.91</b>	<b>62.99</b>
<b><u>Diluted earnings per share:</u></b>				
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
<b>Diluted per share (sen)</b>	<b>5.80</b>	<b>12.65</b>	<b>24.81</b>	<b>62.46</b>