

FAR EAST HOLDINGS BERHAD
[Registration No. 197301001753 (14809-W)]
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Nine - Months Ended 30 September 2020
(The figures have not been audited)

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30-Sep-20 RM'000	30-Sep-19 RM'000	30-Sep-20 RM'000	30-Sep-19 RM'000
Revenue	259,133	106,760	462,167	278,276
Other operating income	3,899	1,789	7,273	3,317
Fair value gain on biological assets	1,981	1,630	3,735	1,064
Depreciation and amortisation	(6,557)	(4,726)	(19,152)	(14,120)
Operating expenses	(222,124)	(90,519)	(397,654)	(245,485)
Finance income	105	101	388	438
Finance cost	(171)	(232)	(548)	(634)
Share of profit after tax of associates	15,314	8,912	21,896	21,463
Profit before taxation	<u>51,580</u>	<u>23,715</u>	<u>78,105</u>	<u>44,319</u>
Taxation	(9,803)	(4,207)	(17,178)	(9,186)
Net profit for the period	<u>41,777</u>	<u>19,508</u>	<u>60,927</u>	<u>35,133</u>
Attributable to:				
Owners of the Company	39,346	18,577	58,391	34,166
Non-controlling interests	<u>2,431</u>	<u>931</u>	<u>2,536</u>	<u>967</u>
	<u>41,777</u>	<u>19,508</u>	<u>60,927</u>	<u>35,133</u>
Earnings per share attributable to owners of the Company (sen):				
Basic	<u>6.63</u>	<u>3.13</u>	<u>9.83</u>	<u>5.75</u>
Diluted	<u>6.63</u>	<u>3.13</u>	<u>9.83</u>	<u>5.75</u>

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying notes attached to the interim financial statements.

FAR EAST HOLDINGS BERHAD
[Registration No. 197301001753 (14809-W)]
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As At 30 September 2020

(The figures have not been audited)

		As at 30-Sep-20 RM'000 Unaudited	As at 31-Dec-19 RM'000 Audited
Non current assets			
Property, plant and equipment		351,860	272,688
Investment property		75,000	60,000
Investment in associates		474,677	459,481
Other financial assets		731	731
Right of use assets		426,267	316,923
Biological assets		734	646
		<u>1,329,269</u>	<u>1,110,469</u>
Current assets			
Inventories		7,862	5,471
Biological assets		8,336	4,601
Receivables		111,014	70,654
Tax recoverable		1,196	7,343
Deposits, bank and cash balances		52,020	45,405
		<u>180,428</u>	<u>133,474</u>
Total assets		<u>1,509,697</u>	<u>1,243,943</u>
Capital and reserves attributable to owners of the Company			
Share capital		197,946	197,946
Retained earnings		922,821	873,338
Shareholders'equity		<u>1,120,767</u>	<u>1,071,284</u>
Non-controlling interests		34,522	35,365
Total equity		<u>1,155,289</u>	<u>1,106,649</u>
Non current liabilities			
Deferred tax liabilities		87,188	87,186
Lease liabilities		16,827	16,440
Borrowings	24	<u>135,000</u>	<u>-</u>
		<u>239,015</u>	<u>103,626</u>
Current liabilities			
Payables		90,874	32,876
Tax payables		5,376	539
Borrowings	24	19,000	-
Lease liabilities		143	253
		<u>115,393</u>	<u>33,668</u>
Total liabilities		<u>354,408</u>	<u>137,294</u>
Total equity and liabilities		<u>1,509,697</u>	<u>1,243,943</u>
Net assets per share attributable to Owners of the Company (RM)		1.95	1.86

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying notes attached to the interim financial statements.

FAR EAST HOLDINGS BERHAD

[Registration No. 197301001753 (14809-W)]

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**For the Nine - Months Ended 30 September 2020**

(The figures have not been audited)

	----- Attributable to owners of the Company -----			Non-controlling interests	Total equity
	Share capital	Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2020	197,946	873,338	1,071,284	35,365	1,106,649
Total comprehensive income for the period	-	58,391	58,391	2,536	60,927
Dividend paid	-	(8,908)	(8,908)	-	(8,908)
Dividend paid to non-controlling interest	-	-	-	(3,379)	(3,379)
Balance at 30 September 2020	197,946	922,821	1,120,767	34,522	1,155,289
Balance at 1 January 2019	197,946	889,445	1,087,391	33,734	1,121,125
Total comprehensive income	-	34,166	34,166	967	35,133
Dividend paid	-	(11,877)	(11,877)	-	(11,877)
Dividend paid to non-controlling interest	-	-	-	(3,231)	(3,231)
Balance at 30 September 2019	197,946	911,734	1,109,680	31,470	1,141,150

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

FAR EAST HOLDINGS BERHAD

[Registration No. 197301001753 (14809-W)]

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**For the Nine - Months Ended 30 September 2020**

(The figures have not been audited)

	9 months and year-to-date ended	
	30-Sep-20	30-Sep-19
	RM'000	RM'000
Operating activities		
Profit for the period attributable to owners of the Company	58,391	34,166
Adjustments for:		
Non-controlling interests	2,536	967
Depreciation and amortisation	19,152	14,120
Gain on disposal of property, plant and equipment	(55)	-
Fair value gain on biological assets		
Share of profit of associates , net of tax	(21,896)	(21,463)
Interest income	(388)	(438)
Interest expense	548	634
Tax expense	17,178	9,186
Operating profit before working capital	<u>75,466</u>	<u>37,172</u>
Changes in working capital:		
- inventories	(2,391)	3,389
- receivables, deposits and prepayments	(40,360)	(50,271)
- payables	55,278	21,423
Cash from operations	<u>87,993</u>	<u>11,713</u>
Interest received	388	438
Interest expense	(548)	(634)
Tax refund	6,147	1,197
Tax paid	(12,341)	(8,133)
Net cash flow from operating activities	<u>81,639</u>	<u>4,581</u>
Investing activities		
Property, plant and equipment		
- purchase	(84,952)	(6,789)
- proceed from disposal	55	-
Purchase of investment property	(15,000)	-
Purchase of right of use of asset	(113,294)	-
Addition of bearer plant	(3,823)	
Dividend received	-	9,389
Purchase of investment	-	(1,574)
Net cash flow used in investing activities	<u>(217,014)</u>	<u>1,026</u>

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (cont'd.)**For the Nine - Months Ended 30 September 2020**

(The figures have not been audited)

	9 months and year-to-date ended	
	30-Sep-20	30-Sep-19
	RM'000	RM'000
Financing activities		
Drawdown of short term borrowing	4,000	-
Drawdown of term loan	150,000	-
Drawdown of lease liabilities	387	-
Repayment of lease liabilities	(110)	-
Dividend paid	(12,287)	(21,046)
Net cash used in financing activities	<u>141,990</u>	<u>(21,046)</u>
Net decrease in cash and cash equivalents	6,615	(15,439)
Cash and cash equivalents		
-at start of the period	45,405	34,622
-at end of the period	<u>52,020</u>	<u>19,183</u>

The condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying notes attached to the interim financial statements.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2019. 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 year ended 31 December 2019.

The accounting policies applied in this interim financial report is the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2019.

The interim financial statements of the Group for the financial period ended 30 September 2020 was prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") Framework.

At the date of authorization of these interim financial of these interim financial statements, the following MFRS, IC Interpretations and Amendments to IC Interpretations were issued but not yet effective and have not been applied by the Group:-

Effective for financial period beginning on or after 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Framework:

Amendments to MFRS 3	Definition of a business
Amendments to MFRS 7	Interest rate benchmark reform
Amendments to MFRS 9	Interest rate benchmark reform
Amendments to MFRS 101	Definition of material
Amendments to MFRS 108	Definition of material
Amendments to MFRS 139	Interest rate benchmark reform

Effective for financial period beginning on or after 1 January 2021

MFRS 17

Interim financial reporting

2. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's plantations business is affected by seasonal crop production, weather condition, fluctuating commodity prices and impact on Covid-19 pandemic.

3. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence in the current quarter and cumulative quarter ended 30 September 2020.

4. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no material changes in estimates of amounts that have any material effect in the current quarter and cumulative quarter ended 30 September 2020.

5. DISCLOSURE ON QUALIFICATION ON AUDIT REPORT

The audit report of the Group's financial statements for the financial year ended 31 December 2019 was not qualified.

6. 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 cumulative quarter ended 30 September 2020.

7. DIVIDEND PAID

Dividend paid is as follow:

	3 months ended		9 months ended	
	30.9.2020 RM'000	30.9.2019 RM'000	30.9.2020 RM'000	30.9.2019 RM'000
Interim dividend	8,908 ¹	-	8,908 ¹	5,938 ³
Final dividend	-	11,877 ²	-	11,877 ²
Total	8,908	11,877	8,908	17,815

Note:

- 1 A second interim single tier dividend of one point five (1.50) sen per share for the financial year ended 31 December 2019 was paid on 14 July 2020.
- 2 A final single tier dividend of two (2.00) sen per share for the financial year ended 31 December 2018 was paid on 16 July 2019.
- 3 An interim single tier dividend of one (1.00) sen per share for the financial year ended 31 December 2018 was paid on 15 January 2019. The amount was taken up in the retained earnings for the financial year ended 31 December 2018.

8. SEGMENTAL REPORTING

No segmental reporting has been prepared as the group activities are predominantly in plantation activity, which is mainly carried out in Malaysia.

9. PROPERTY, PLANT AND EQUIPMENT

The Group upon the adoption of MFRS has elected to use the cost model from previous revaluation policy by using the last revaluation as deemed cost.

10. INVESTMENT PROPERTY

The Group owns a piece of land at Bandar Indera Mahkota, Kuantan, Pahang and was classified under investment property based on a fair value model under MFRS 140.

11. SUBSEQUENT MATERIAL EVENTS

There was no subsequent material event after the balance sheet date.

12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no other changes in the composition of the Group during the current quarter and cumulative quarter ended 30 September 2020.

13. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 26 November 2020.

14. REVIEW OF PERFORMANCE

	3 months ended		9 months ended	
	30.9.2020 RM'000	30.9.2019 RM'000	30.9.2020 RM'000	30.9.2019 RM'000
Revenue	259,133	106,760	462,167	278,276
Profit before taxation	51,580	23,715	78,105	44,319
Net profit for the period	41,777	19,508	60,927	35,133

Higher revenue, profit before tax and net profit for the cumulative current quarter when compared to the corresponding cumulative quarter 2019 was mainly due to:-

- (a) Higher average CPO and PK prices per metric tonne by 29% and 26% respectively. The average CPO price per metric tonne was RM2,579 (2019: RM2,003) and the average PK price per metric tonne was RM1,499 (2019: RM1,186); and
- (b) Higher FFB production by 7,220 metric tonne (3%).

Following is the breakdown of profit before tax and profit after tax for the Group:-

	30.9.2020 RM'000	30.9.2019 RM'000
Profit from plantation	49,960	16,442
Profit from milling	6,249	6,414
Share of profit from associated companies	21,896	21,463
Profit before tax	78,105	44,319
Tax expenses	(17,178)	(9,186)
Profit after tax	60,927	35,133

For the current quarter ended 30 September 2020, the Group recorded a profit before tax and profit after tax of RM78.11 million and RM60.93 million respectively. Higher profit before tax is mainly attributable to higher profit from plantation operation by RM33.52 million (204%) in line with higher average CPO and PK prices and FFB production during the period under review.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Current Quarter 30.9.2020 RM'000	Preceding Quarter 30.6.2020 RM'000
Revenue	259,133	106,760
Profit before tax	51,580	23,715
Net profit for the period	41,777	19,508

For the current quarter ended 30 September 2020, the Group posted higher revenue, profit before tax and profit after tax when compared to the preceding quarter was due to:-

- (a) Higher fresh fruit bunches ("FFB") production by 25,738 mt (34%); and
- (b) Higher average CPO and PK price by RM331 per mt (14%) and RM148 per mt (11%) respectively.

16. GAIN OR LOSS ON DISPOSAL OF QUOTED OR UNQUOTED INVESTMENT OR PROPERTIES

There were no gain or loss on disposal of quoted or unquoted investment or properties for the current quarter and cumulative quarter ended 30 September 2020.

17. FOREIGN EXCHANGE GAIN OR LOSS

The Group does not have any foreign exchange gain or loss for the current quarter and cumulative quarter ended 30 September 2020.

18. GAIN OR LOSS ON DERIVATIVES

The Group does not have any gain or loss on derivatives for the current quarter and cumulative quarter ended 30 September 2020.

19. CURRENT YEAR PROSPECTS

The Group's performance for the upcoming financial year would continue to be a challenging one due to the COVID-19 pandemic, rising operation costs, higher wages and labour shortages.

FFB production is expected to be stable in year 2020 and the Group's financial result for year 2020 is anticipated to be satisfactory in view of stronger demand of CPO mainly from India and China.

20. CAPITAL COMMITMENTS

The amount of capital commitments not provided for in the financial statements is as follow:-

	As at 30.9.2020 RM'000	As at 30.9.2019 RM'000
Property, plant and equipment	11,285	9,838
Oil palm estates development	8,272	8,159
Acquisition of land	9,283	190,000
Total	28,840	207,997

21. VARIANCE FROM PROFIT FORECAST/PROFIT GUARANTEE

Not applicable as there was no profit forecast nor profit guarantee published.

22. TAXATION

	3 months ended		9 months ended	
	30.9.2020 RM'000	30.9.2019 RM'000	30.9.2020 RM'000	30.9.2019 RM'000
Tax expense	9,803	4,207	17,178	9,186

The effective tax rate of the Group for the cumulative quarter ended 30 September 2020 and 30 September 2019 is calculated at Malaysian statutory tax rate of 24% based on the assessable profit for the year.

23. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals for the current quarter ended 30 September 2020.

24. BORROWING

Particulars of the Group's borrowings are as follows:-

	30.09.2020 RM'000	30.09.2019 RM'000
Non current liability		
Term loan	135,000	-
Current liabilities		
Term loan	15,000	-
Revolving credit facility	4,000	-
	19,000	-
Total	154,000	-

25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

During the current quarter and cumulative quarter ended 30 September 2020, the Group did not enter into any contract involving off balance sheet instruments.

26. STATUS OF THE MATERIAL LITIGATIONS

There was no material litigation of the Group during the current quarter and cumulative quarter ended 30 September 2020.

27. STATUS ON THE JOINT VENTURE PROJECT

The status on the joint venture project for the development of oil palm plantation between Far East Holdings Berhad and Rangkaian Delima Sdn. Bhd.

(i) Far East Delima Plantations Sdn. Bhd. (“FEDP”)

FEDP had recorded an unaudited profit before tax of RM4.77 million for the cumulative quarter ended 30 September 2020.

(ii) F.E.Rangkaian Sdn. Bhd. (“FERSB”)

FERSB had recorded an unaudited profit before tax of RM2.25 million for the cumulative quarter ended 30 September 2020.

28. INVESTMENT IN FUTURE PRELUDE SDN. BHD. (“FPSB”)

FPSB recorded an unaudited profit before tax of RM8.30 million for the cumulative quarter ended 30 September 2020.

29. DIVIDEND

(i) Current quarter for the financial period ended 30 September 2020

The Board had approved an interim single tier dividend of two (2.00) sen per share be declared in respect of the financial year ending 31 December 2020. The payment will be made on 22 December 2020 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 14 December 2020.

(ii) Dividend for the financial year ended 31 December 2019:

On 30 April 2020, the Company had announced payment for second interim single tier dividend of 1.50 sen per share for the financial year ended 31 December 2019 and the payment date was on 14 July 2020.

(iii) Current quarter for the financial period ended 30 September 2019

The Board had approved an interim single tier dividend of one (1.00) sen per share be declared in respect of the financial year ended 31 December 2019. The payment had been made on 17 December 2019 to the shareholders whose name appear in Record of Depositors of the Company at the close of business on 9 December 2019.

(iv) Dividend for the financial year ended 31 December 2018:

On 29 April 2019, the Company had announced payment for a final single tier dividend of two (2.00) sen per share for the financial year ended 31 December 2018. The dividend was approved at the Annual General Meeting on 19 June 2019 and the payment date was on 16 July 2019.

30. EARNINGS PER SHARE (“EPS”)

(i) Basic EPS

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the owners of the Company by the weighted average number of ordinary shares in issue during the period:-

	3 months ended		9 months ended	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019
Profit attributable to equity holder of the owners of the Company (RM'000)	39,346	18,577	58,391	34,166
Weighted average number of ordinary shares in issue ('000)	593,838	593,838	593,838	593,838
Basic EPS (sen)	6.63	3.13	9.83	5.75

(ii) Diluted EPS

There was no diluting factor to earnings per share for the current quarter.

31. AUTHORISED FOR ISSUE

The interim financial statements were authorised for issue on 26 November 2020 by the Board of Directors in accordance with the resolution of the Directors.