

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Six - Months Ended 30 June 2021

(The figures have not been audited)

	Current Quarter 3 months ended		Cummulative Quarter 6 months ended	
	30-Jun-21 RM'000	30-Jun-20 RM'000	30-Jun-21 RM'000	30-Jun-20 RM'000
Revenue	153,717	120,911	273,468	203,034
Other operating income	1,207	2,079	2,011	3,421
Fair value gain on biological assets	(1,361)	788	2,767	1,754
Depreciation and amortisation	(8,666)	(6,447)	(15,143)	(12,595)
Operating expenses	(119,491)	(104,296)	(212,864)	(175,443)
Finance income	340	124	510	291
Finance cost	(1,218)	(314)	(2,403)	(519)
Share of profit after tax of associates	18,212	17,165	28,992	6,582
Profit before tax	<u>42,740</u>	<u>30,010</u>	<u>77,338</u>	<u>26,525</u>
Tax expense	(7,934)	(5,081)	(14,358)	(7,375)
Profit after tax	<u>34,806</u>	<u>24,929</u>	<u>62,980</u>	<u>19,150</u>
Attributable to:				
Owners of the Company	32,539	24,713	59,399	19,045
Non-controlling interests	<u>2,267</u>	<u>216</u>	<u>3,581</u>	<u>105</u>
	<u>34,806</u>	<u>24,929</u>	<u>62,980</u>	<u>19,150</u>
Earnings per share attributable to owners of the Company (sen):				
Basic	<u>5.48</u>	<u>4.16</u>	<u>10.00</u>	<u>3.21</u>
Diluted	<u>5.48</u>	<u>4.16</u>	<u>10.00</u>	<u>3.21</u>

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying notes attached to the interim financial statements.

FAR EAST HOLDINGS BERHAD
[Registration No. 197301001753 (14809-W)]
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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As At 30 June 2021

(The figures have not been audited)

	Note	As at 30-Jun-21 RM'000 Unaudited	As at 31-Dec-20 RM'000 Audited
Non current assets			
Property, plant and equipment		328,548	328,030
Investment property		60,000	60,000
Investment in associates		493,777	474,063
Right of use assets		441,941	445,920
Biological assets		545	474
		1,324,811	1,308,487
Current assets			
Inventories		9,031	6,067
Biological assets		7,569	4,802
Receivables		64,090	64,885
Tax recoverable		113	119
Deposits, bank and cash balances		97,230	79,123
Finance lease receivable		-	8,500
		178,033	163,496
Total assets		1,502,844	1,471,983
Capital and reserves attributable to owners of the Company			
Share capital		197,946	197,946
Retained earnings		977,181	947,474
Shareholders' equity		1,175,127	1,145,420
Non-controlling interests		37,077	37,154
Total equity		1,212,204	1,182,574
Non current liabilities			
Deferred tax liabilities		73,709	73,709
Lease liabilities		16,294	16,293
Borrowings	24	123,750	131,250
		213,753	221,252
Current liabilities			
Payables		52,375	47,441
Tax payables		9,361	5,410
Borrowings	24	15,000	15,000
Lease liabilities		151	306
		76,887	68,157
Total liabilities		290,640	289,409
Total equity and liabilities		1,502,844	1,471,983
Net assets per share attributable to Owners of the Company (RM)		2.04	1.99

Note: Total numbers of share capital is 593,837,985 units.

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying notes attached to the interim financial statements.

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**For the Six - Months Ended 30 June 2021**

(The figures have not been audited)

	----- Attributable to owners of the Company -----			Non-controlling interests	Total equity
	Share capital RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000
Balance at 1 January 2021	197,946	947,474	1,145,420	37,154	1,182,574
Profit for the period	-	59,399	59,399	3,581	62,980
Dividend paid	-	(29,692)	(29,692)	-	(29,692)
Dividend paid to non-controlling interest	-	-	-	(3,658)	(3,658)
Balance at 30 June 2021	197,946	977,181	1,175,127	37,077	1,212,204
Balance at 1 January 2020	197,946	873,338	1,071,284	35,365	1,106,649
Profit for the period	-	19,045	19,045	105	19,150
Dividend paid to non-controlling interest	-	-	-	(3,379)	(3,379)
Balance at 30 June 2020	197,946	892,383	1,090,329	32,091	1,122,420

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOW
For the Six - Months Ended 30 June 2021
(The figures have not been audited)

	Quarter ended	
	30-Jun-21	30-Jun-20
	RM'000	RM'000
Operating activities		
Profit for the period attributable to owners of the Company	59,399	19,045
Adjustments for:		
Non-controlling interests	3,581	105
Depreciation and amortisation	15,143	12,595
Gain on disposal of property, plant and equipment	(129)	(55)
Loss on disposal of property, plant and equipment	60	-
Fair value gain on biological assets	(2,767)	(1,754)
Share of profit of associates, net of tax	(28,992)	(6,582)
Finance income	(510)	(283)
Finance cost	2,403	377
Tax expense	14,358	7,375
Operating profit before working capital	<u>62,546</u>	<u>30,823</u>
Changes in working capital:		
- inventories	(2,964)	(2,224)
- receivables, deposits and prepayments	9,295	(44,885)
- payables	2,113	18,694
Cash from operations	<u>70,990</u>	<u>2,408</u>
Finance income received	510	283
Finance cost paid	(2,403)	(377)
Tax paid	(10,049)	(7,334)
Net cash flow from/(used in) operating activities	<u>59,048</u>	<u>(5,020)</u>
Investing activities		
Property, plant and equipment		
- purchase	(5,007)	(5,534)
- proceed from disposal	130	55
Dividend from associate companies	7,707	6,700
Addition to biological assets	(2,767)	-
Net cash flow from investing activities	<u>63</u>	<u>1,221</u>
Financing activities		
Drawdown of short term borrowing	-	4,000
Drawdown of lease liabilities	-	406
Repayment of term loan	(7,500)	-
Repayment of lease liabilities	(154)	(159)
Dividend paid	(33,350)	(3,379)
Net cash flow (used in)/from financing activities	<u>(41,004)</u>	<u>868</u>
Net increase/(decrease) in cash and cash equivalents	18,107	(2,931)
Cash and cash equivalents		
-at start of the period	<u>79,123</u>	<u>45,405</u>
-at end of the period	<u>97,230</u>	<u>42,474</u>

The condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying notes attached to the interim financial statements.

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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 2020. 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 2020.

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 2020.

The interim financial statements of the Group for the financial period ended 30 June 2021 was prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") Framework.

At the date of authorisation 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 2022

Amendments to MFRS 3	Reference to the conceptual framework
Amendments to MFRS 116	Property, plant and equipment - proceeds before intended use
Amendments to MFRS 137	Onerous contract - cost of fulfilling a contract
Annual improvement to MFRSs 2018 - MFRS 2020	

Effective for financial period beginning on or after 1 January 2023

Amendments to MFRS 101	Classification of liabilities as current or non-current
MFRS 17	Insurance contracts
Amendments to MFRS 17	Insurance contracts
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of accounting policies
Amendments to MFRS 108	Definition of accounting estimates

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Effective date to be announcedAmendments to MFRS 10 and
MFRS 128Sale or contribution of assets between an
investor and its associate or joint venture**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 June 2021.

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 June 2021.

5. DISCLOSURE ON QUALIFICATION ON AUDIT REPORT

The audit report of the Group's financial statements for the financial year ended 31 December 2020 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 June 2021.

7. DIVIDEND PAID

Dividend paid is as follow:-

	3 months ended		6 months ended	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Final dividend	29,692 ¹	-	29,692 ¹	-

Note:

- 1 A final single tier dividend of five (5.00) sen per share for the financial year ended 31 December 2020 was paid on 30 June 2021.

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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. The asset 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 June 2021.

13. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 25 August 2021.

14. REVIEW OF PERFORMANCE

Financial Information	3 months ended			6 months ended		
	30.6.2021 RM'000	30.6.2020 RM'000	Variance %	30.6.2021 RM'000	30.6.2020 RM'000	Variance %
Revenue	153,717	120,911	27	273,468	203,034	35
Profit before tax	42,740	30,010	42	77,338	26,525	192
Profit after tax	34,806	24,929	40	62,980	19,150	229

Production	3 months ended			6 months ended		
	30.6.2021 Mt	30.6.2020 Mt	Variance %	30.6.2021 Mt	30.6.2020 Mt	Variance %
FFB production	68,108	76,814	(11)	127,873	130,076	(2)
CPO production	12,991	14,299	(9)	24,210	24,343	(1)
PK production	3,361	3,784	(11)	6,314	6,412	(2)
FFB processed by mills	110,202	124,010	(11)	195,612	203,140	(4)

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Yield per hectare	3 months ended			6 months ended		
	30.6.2021 Mt/ha	30.6.2020 Mt/ha	Variance %	30.6.2021 Mt/ha	30.6.2020 Mt/ha	Variance %
FFB yield	3.95	4.89	(19)	7.41	8.29	(11)
CPO yield	0.75	0.91	(18)	1.40	1.55	(10)

Average Price	3 months ended			6 months ended		
	30.6.2021 RM/Mt	30.6.2020 RM/Mt	Variance %	30.6.2021 RM/Mt	30.6.2020 RM/Mt	Variance %
Average CPO price/mt	3,862	2,329	66	3,730	2,464	51
Average PK price/mt	2,617	1,316	99	2,579	1,504	71

Hectareage	3 months ended			6 months ended		
	30.6.2021 Hectare	30.6.2020 Hectare	Variance %	30.6.2021 Hectare	30.6.2020 Hectare	Variance %
Mature area	17,250	15,696	10	17,250	15,696	10
Immature area	1,541	1,130	36	1,541	1,130	36
Total area	18,791	16,826	12	18,791	16,826	12

Current Quarter vs Preceding Corresponding Quarter

For the current quarter ended 30 June 2021, the Group posted a higher revenue, profit before tax and profit after tax when compared to the corresponding quarter 2020 was mainly due to:-

- (a) Higher average CPO and PK prices per metric tonne by 66% and 99% respectively. The average CPO price per metric tonne was RM3,862 (2020: RM2,329) and the average PK price per metric tonne was RM2,617 (2020: RM1,316); and
- (b) Higher share of profit from associated companies by RM1.05 million (6%).

Current Year-to-date vs Preceding Year-to-date

The Group posted a higher revenue, profit before tax and profit after tax for the cumulative current quarter when compared to the corresponding cumulative quarter 2020 was mainly due to:-

- (a) Higher average CPO and PK prices per metric tonne by 51% and 71% respectively. The average CPO price per metric tonne was RM3,730 (2020: RM2,464) and the average PK price per metric tonne was RM2,579 (2020: RM1,504);
- (b) Higher share of profit from associated companies by RM22.41 million (340%); and
- (c) Higher fair value gain on biological assets by RM1.02 million (58%).

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15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Financial Information	3 months ended			
	30.6.2021 RM'000	31.3.2021 RM'000	Variance RM'000	Variance %
Revenue	153,717	119,751	33,966	28
Profit before tax	42,740	34,598	8,142	24
Profit after tax	34,806	28,174	6,632	24

Production	3 months ended			
	30.6.2021 Mt	31.3.2021 Mt	Variance Mt	Variance %
FFB production	68,108	59,765	8,343	14
CPO production	12,991	11,219	1,772	16
PK production	3,361	2,953	408	14
FFB processed by mills	110,202	85,410	24,792	29

Yield per hectare	3 months ended			
	30.6.2021 Mt/ha	31.3.2021 Mt/ha	Variance Mt/ha	Variance %
FFB yield	3.95	3.46	0.49	14
CPO yield	0.75	0.65	0.10	15

Average Price	3 months ended			
	30.6.2021 RM/Mt	31.3.2021 RM/Mt	Variance RM/Mt	Variance %
Average CPO price/mt	3,862	3,582	280	8
Average PK price/mt	2,617	2,587	30	1

Hectarage	3 months ended			
	30.6.2021 Hectare	31.3.2021 Hectare	Variance Hectare	Variance %
Mature area	17,250	17,250	-	-
Immature area	1,541	1,541	-	-
Total area	18,791	18,791	-	-

For the current quarter ended 30 June 2021, the Group posted a higher revenue, profit before tax and profit after tax when compared to the preceding quarter, mainly due to:-

- Higher FFB production by 8,343 metric tonne (14%);
- Higher FFB processed by the Group's palm oil mills by 24,792 metric tonne (29%);
- Higher average CPO and PK prices per metric tonne by 8% and 1% respectively; and
- Higher share of profit from associated companies by RM7.43 million (69%).

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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 June 2021.

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 June 2021.

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 June 2021.

19. PROSPECTS

FFB production is expected to be stable in year 2021 and the Group's financial result for year 2021 is anticipated to be higher than preceding year in view of higher CPO price.

However 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.

20. CAPITAL COMMITMENTS

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

	As at 30.6.2021 RM'000	As at 30.6.2020 RM'000
Property, plant and equipment	6,500	11,568
Oil palm estates development	6,868	10,313
Acquisition of land	7,950	9,284
Total	21,318	31,165

21. VARIANCE FROM PROFIT FORECAST/PROFIT GUARANTEE

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

22. TAX EXPENSE

	3 months ended		6 months ended	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Current year provision	8,644	5,081	15,068	7,375
Over provision in prior year	(710)	-	(710)	-
Tax expense	7,934	5,081	14,358	7,375

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The effective tax rate of the Group for the financial period ended 30 June 2021 and 30 June 2020 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 and cumulative quarter ended 30 June 2021.

24. BORROWINGS

Particular of the Group's borrowing are as follows:-

	30.6.2021 RM'000	30.6.2020 RM'000
Non current liability		
Term loan (secured)	123,750	-
Current liabilities		
Term loan (secured)	15,000	-
Revolving credit facility (secured)	-	4,000
Total	138,750	4,000

25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

During the current quarter and cumulative quarter ended 30 June 2021, 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 June 2021.

27. STATUS ON THE JOINT VENTURE PROJECTS**The status on the joint venture projects for the development of oil palm plantation between Far East Holdings Berhad and Rangkaian Delima Sdn. Bhd.****(a) Far East Delima Plantations Sdn. Bhd. ("FEDP")**

FEDP had recorded an unaudited profit before tax of RM1.60 million for the cumulative quarter ended 30 June 2021.

(b) F.E.Rangkaian Sdn. Bhd. ("FERSB")

FERSB had recorded an unaudited profit before tax of RM3.43 million for the cumulative quarter ended 30 June 2021.

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

FPSB recorded an unaudited profit before tax of RM8.35 million for the cumulative quarter ended 30 June 2021.

29. DIVIDENDS**(a) Current quarter for the financial period ended 30 June 2021**Dividend for the financial year ended 31 December 2020:

On 28 April 2021, the Company had declared a final single tier dividend of five (5) sen per share for the financial year ended 31 December 2020 and the payment date was on 30 June 2021.

(b) Current quarter for the financial year period ended 30 June 2020Dividend for the financial year ended 31 December 2019:

On 30 April 2020, the Company had declared a 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.

30. EARNINGS PER SHARE (“EPS”)**(a) 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		6 months ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
Profit attributable to equity holder of the owners of the Company (RM'000)	32,539	24,713	59,399	19,045
Weighted average number of ordinary shares in issue ('000)	593,838	593,838	593,838	593,838
Basic EPS (sen)	5.48	4.16	10.00	3.21

(b) Diluted EPS

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

31. AUTHORISED FOR ISSUE

The financial statements were authorised for issue on 25 August 2021 by the Board of Directors in accordance with the resolution of the Directors.