

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Nine - Months Ended 30 September 2021
(The figures have not been audited)

	Current Quarter 3 months ended		Cummulative Quarter 9 months ended	
	30-Sep-21 RM'000	30-Sep-20 RM'000	30-Sep-21 RM'000	30-Sep-20 RM'000
Revenue	193,654	259,133	467,122	462,167
Other operating income	1,668	3,899	3,679	7,273
Fair value gain on biological assets	4,377	1,981	7,144	3,735
Depreciation and amortisation	(7,643)	(6,557)	(22,786)	(19,152)
Operating expenses	(144,961)	(222,124)	(357,825)	(397,654)
Finance income	268	105	778	388
Finance cost	(1,159)	(171)	(3,562)	(548)
Share of profit after tax of associates	20,476	15,314	49,468	21,896
Profit before tax	66,680	51,580	144,018	78,105
Tax expense	(11,760)	(9,803)	(26,118)	(17,178)
Profit after tax	54,920	41,777	117,900	60,927
Attributable to:				
Owners of the Company	53,843	39,346	111,299	58,391
Non-controlling interests	1,077	2,431	6,601	2,536
	54,920	41,777	117,900	60,927
Earnings per share attributable to owners of the Company (sen):				
Basic	9.07	6.63	18.74	9.83
Diluted	9.07	6.63	18.74	9.83

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.

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As At 30 September 2021

(The figures have not been audited)

		As at 30-Sep-21 RM'000 Unaudited	As at 31-Dec-20 RM'000 Audited
Non current assets			
Property, plant and equipment		327,753	328,030
Investment property		60,000	60,000
Investment in associates		514,238	474,063
Right of use assets		440,148	445,920
Biological assets		554	474
		<u>1,342,693</u>	<u>1,308,487</u>
Current assets			
Inventories		11,746	6,067
Biological assets		11,946	4,802
Receivables		92,787	64,885
Tax recoverable		114	119
Deposits, bank and cash balances		116,627	79,123
Finance lease receivable		-	8,500
		<u>233,220</u>	<u>163,496</u>
Total assets		<u>1,575,913</u>	<u>1,471,983</u>
Capital and reserves attributable to owners of the Company			
Share capital		197,946	197,946
Retained earnings		1,029,081	947,474
Shareholders' equity		<u>1,227,027</u>	<u>1,145,420</u>
Non-controlling interests		40,097	37,154
Total equity		<u>1,267,124</u>	<u>1,182,574</u>
Non current liabilities			
Deferred tax liabilities		73,709	73,709
Lease liabilities		16,216	16,293
Borrowings	24	<u>120,000</u>	<u>131,250</u>
		<u>209,925</u>	<u>221,252</u>
Current liabilities			
Payables		77,497	47,441
Tax payables		6,216	5,410
Borrowings	24	15,000	15,000
Lease liabilities		151	306
		<u>98,864</u>	<u>68,157</u>
Total liabilities		<u>308,789</u>	<u>289,409</u>
Total equity and liabilities		<u>1,575,913</u>	<u>1,471,983</u>
Net assets per share attributable to Owners of the Company (RM)		2.13	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 Nine - Months Ended 30 September 2021**

(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 2021	197,946	947,474	1,145,420	37,154	1,182,574
Profit for the period	-	111,299	111,299	6,601	117,900
Dividend paid	-	(29,692)	(29,692)	-	(29,692)
Dividend paid to non-controlling interest	-	-	-	(3,658)	(3,658)
Balance at 30 September 2021	197,946	1,029,081	1,227,027	40,097	1,267,124
Balance at 1 January 2020	197,946	873,338	1,071,284	35,365	1,106,649
Profit 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

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 Nine - Months Ended 30 September 2021
(The figures have not been audited)

	Quarter ended	
	30-Sep-21	30-Sep-20
	RM'000	RM'000
Operating activities		
Profit for the period attributable to owners of the Company	111,299	58,391
Adjustments for:		
Non-controlling interests	6,601	2,536
Depreciation and amortisation	22,786	19,152
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	(7,144)	(3,735)
Share of profit of associates, net of tax	(49,468)	(21,896)
Finance income	(778)	(388)
Finance cost	3,562	548
Tax expense	26,118	17,178
Operating profit before working capital	<u>112,907</u>	<u>71,731</u>
Changes in working capital:		
- inventories	(5,679)	(2,391)
- receivables, deposits and prepayments	(26,702)	(40,360)
- payables	30,056	53,555
Cash from operations	<u>110,582</u>	<u>82,535</u>
Finance income received	778	388
Finance cost paid	(3,562)	(548)
Tax refund	-	6,147
Tax paid	(21,148)	(12,341)
Net cash flow from operating activities	<u>86,650</u>	<u>76,181</u>
Investing activities		
Property, plant and equipment		
- purchase	(5,007)	(84,952)
- proceed from disposal	130	55
Purchase of investment property	-	(15,000)
Purchase of right of use of asset	-	(113,294)
Dividend from associate companies	7,707	5,845
Addition to biological assets	(7,144)	(3,823)
Net cash flow used in investing activities	<u>(4,314)</u>	<u>(211,169)</u>
Financing activities		
Drawdown of short term borrowing	-	4,000
Drawdown of term loan	-	150,000
Repayment of term loan	(11,250)	-
Repayment of lease liabilities	(232)	(110)
Dividend paid	(33,350)	(12,287)
Net cash flow (used in)/from financing activities	<u>(44,832)</u>	<u>141,603</u>
Net increase in cash and cash equivalents	37,504	6,615
Cash and cash equivalents		
-at start of the period	79,123	45,405
-at end of the period	<u>116,627</u>	<u>52,020</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 September 2021 was prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") Framework.

At the date of authorisation of these interim financial statements, the following MFRS, Interpretation Committee ("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 September 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 September 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 September 2021.

7. DIVIDEND PAID

Dividend paid is as follow:-

	3 months ended		9 months ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Interim dividend	-	8,908 ²	-	8,908 ²
Final dividend	-	-	29,692 ¹	-
Total	-	8,908	29,692	8,908

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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- 2 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.

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 September 2021.

13. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

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

14. REVIEW OF PERFORMANCE

Financial Information	3 months ended			9 months ended		
	30.09.2021 RM'000	30.09.2020 RM'000	Variance %	30.09.2021 RM'000	30.09.2020 RM'000	Variance %
Revenue	193,654	259,133	(25)	467,122	462,167	1
Profit before tax	66,680	51,580	29	144,018	78,105	84
Profit after tax	54,920	41,777	31	117,900	60,927	94

Production	3 months ended			9 months ended		
	30.09.2021 Mt	30.09.2020 Mt	Variance %	30.09.2021 Mt	30.09.2020 Mt	Variance %
FFB	77,033	102,552	(25)	204,906	232,628	(12)
CPO	14,600	19,287	(24)	38,810	43,630	(11)
PK	3,698	5,052	(27)	10,012	11,464	(13)
FFB processed by mills	116,368	166,550	(30)	311,980	369,690	(16)

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Yield per hectare	3 months ended			9 months ended		
	30.09.2021 Mt/ha	30.09.2020 Mt/ha	Variance %	30.09.2021 Mt/ha	30.09.2020 Mt/ha	Variance %
FFB yield	4.61	6.21	(26)	12.02	14.50	(17)
CPO yield	0.88	1.17	(25)	2.28	2.72	(16)

Average Price	3 months ended			9 months ended		
	30.09.2021 RM/Mt	30.09.2020 RM/Mt	Variance %	30.09.2021 RM/Mt	30.09.2020 RM/Mt	Variance %
Average CPO price/mt	4,409	2,745	61	3,985	2,579	55
Average PK price/mt	2,534	1,465	73	2,568	1,499	71

Current Quarter vs Preceding Corresponding Quarter

For the current quarter ended 30 September 2021, the Group posted a higher 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 61% and 73% respectively. The average CPO price per metric tonne was RM4,409 (2020: RM2,745) and the average PK price per metric tonne was RM2,534 (2020: RM1,465); and
- (b) Higher share of profit from associated companies by RM5.16 million (34%).

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 55% and 71% respectively. The average CPO price per metric tonne was RM3,985 (2020: RM2,579) and the average PK price per metric tonne was RM2,568 (2020: RM1,499);
- (b) Higher share of profit from associated companies by RM27.57 million (126%); and
- (c) Higher fair value gain on biological assets by RM3.40 million (91%).

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Financial Information	3 months ended			
	30.9.2021 RM'000	30.6.2021 RM'000	Variance RM'000	Variance %
Revenue	193,654	153,717	39,937	26
Profit before tax	66,680	42,740	23,940	56
Profit after tax	54,920	34,806	20,114	58

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Production	3 months ended			
	30.9.2021 Mt	30.6.2021 Mt	Variance Mt	Variance %
FFB production	77,033	68,108	8,925	13
CPO production	14,600	12,991	1,609	12
PK production	3,698	3,361	337	10
FFB processed by mills	116,368	110,202	6,166	6

Yield per hectare	3 months ended			
	30.9.2021 Mt/ha	30.6.2021 Mt/ha	Variance Mt/ha	Variance %
FFB yield	4.61	3.95	0.66	17
CPO yield	0.88	0.75	0.13	17

Average Price	3 months ended			
	30.9.2021 RM/Mt	30.6.2021 RM/Mt	Variance RM/Mt	Variance %
Average CPO price/mt	4,409	3,862	547	14
Average PK price/mt	2,534	2,617	(83)	(3)

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

- (a) Higher FFB production by 8,925 metric tonne (13%);
- (b) Higher FFB processed by the Group's palm oil mills by 6,166 metric tonne (6%);
- (c) Higher average CPO price per metric tonne by 14%; and
- (d) Higher share of profit from associated companies by RM2.26 million (12%).

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 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 September 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 September 2021.

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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 30.9.2021 RM'000	As at 30.9.2020 RM'000
Property, plant and equipment	6,286	11,568
Oil palm estates development	5,457	8,272
Acquisition of land	7,950	9,283
Total	19,693	29,123

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		9 months ended	
	30.9.2021 RM'000	30.9.2020 RM'000	30.9.2021 RM'000	30.9.2020 RM'000
Current year provision	12,470	9,803	26,828	15,720
Under/(Over) provision in prior year	(710)	-	(710)	1,458
Tax expense	11,760	9,803	26,118	17,178

The effective tax rate of the Group for the financial period ended 30 September 2021 and 30 September 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 September 2021.

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24. BORROWINGS

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

	30.9.2021 RM'000	30.9.2020 RM'000
Non current liability		
Term loan (secured)	120,000	135,000
Current liabilities		
Term loan (secured)	15,000	15,000
Revolving credit facility (secured)	-	4,000
Total	135,000	154,000

25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

During the current quarter and cumulative quarter ended 30 September 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 September 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 RM7.50 million for the cumulative quarter ended 30 September 2021.

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

FERSB had recorded an unaudited profit before tax of RM7.94 million for the cumulative quarter ended 30 September 2021.

28. INVESTMENT IN FUTURE PRELUDE SDN. BHD. ("FPSB")

FPSB recorded an unaudited profit before tax of RM17.61 million for the cumulative quarter ended 30 September 2021.

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29. DIVIDENDS**(a) Current quarter for the financial period ended 30 September 2021**

The Board had approved an interim single tier dividend of five (5) sen per share be declared in respect of the financial year ending 31 December 2021. The payment will be made on 23 December 2021 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 10 December 2021.

Dividend for the financial year ended 31 December 2020:

On 28 April 2021, the Company had announced payment for 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 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 ended 31 December 2020. The payment had been made on 22 December 2020 to the shareholders whose name appear in Record of Depositors of the Company at the close of business on 14 December 2020.

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 one point five (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		9 months ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
Profit attributable to equity holder of the owners of the Company (RM'000)	53,843	39,346	111,299	58,391
Weighted average number of ordinary shares in issue ('000)	593,838	593,838	593,838	593,838
Basic EPS (sen)	9.07	6.63	18.74	9.83

(b) Diluted EPS

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

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31. AUTHORISED FOR ISSUE

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