

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Three - Months Ended 31 March 2022
(The figures have not been audited)

	Cummulative Quarter	
	3 months ended	
	31-Mar-22	31-Mar-21
	RM'000	RM'000
Revenue	187,069	119,751
Other operating income	1,109	804
Fair value gain on biological assets	3,806	4,128
Depreciation and amortisation	(8,124)	(7,374)
Operating expenses	(129,531)	(92,476)
Finance income	389	170
Finance cost	(809)	(1,185)
Share of profit after tax of associates	19,718	10,780
Profit before tax	<u>73,627</u>	<u>34,598</u>
Tax expense	(13,970)	(6,424)
Net profit for the period	<u>59,657</u>	<u>28,174</u>
Attributable to:		
Owners of the Company	57,290	26,860
Non-controlling interests	<u>2,367</u>	<u>1,314</u>
	<u>59,657</u>	<u>28,174</u>
Earnings per share attributable to owners of the Company (sen):		
Basic	<u>9.65</u>	<u>4.52</u>
Diluted	<u>9.65</u>	<u>4.52</u>

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying notes attached to the interim financial statements.

FAR EAST HOLDINGS BERHAD
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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As At 31 March 2022

(The figures have not been audited)

	Note	As at 31-Mar-22 RM'000 Unaudited	As at 31-Dec-21 RM'000 Audited
Non-current assets			
Property, plant and equipment		315,855	319,610
Investment property		61,000	61,000
Investments in associates		544,366	524,648
Right-of-use assets		436,965	438,758
Biological assets		600	634
		1,358,786	1,344,650
Current assets			
Inventories		16,262	10,528
Biological assets		13,109	9,303
Receivables		114,990	66,688
Tax recoverable		1,474	1,506
Deposits, cash and bank balances		159,761	148,351
		305,596	236,376
Total assets		1,664,382	1,581,026
Equity			
Share capital		197,946	197,946
Retained earnings		1,109,789	1,052,499
Equity attributable to Owners of the Company		1,307,735	1,250,445
Non-controlling interests		46,357	43,990
Total equity		1,354,092	1,294,435
Non current liabilities			
Deferred tax liabilities		74,610	74,610
Lease liabilities		16,107	16,014
Borrowings	24	112,500	116,250
		203,217	206,874
Current liabilities			
Payables		82,545	61,892
Tax payables		9,425	2,549
Borrowings	24	15,000	15,000
Lease liabilities		103	276
		107,073	79,717
Total liabilities		310,290	286,591
Total equity and liabilities		1,664,382	1,581,026
Net assets per share attributable to Owners of the Company (RM)		2.28	2.18

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 2021 and the accompanying notes attached to the interim financial statements.

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Three - Months Ended 31 March 2022
(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 2022	197,946	1,052,499	1,250,445	43,990	1,294,435
Profit for the period	-	57,290	57,290	2,367	59,657
Balance at 31 March 2022	197,946	1,109,789	1,307,735	46,357	1,354,092
Balance at 1 January 2021	197,946	947,474	1,145,420	37,154	1,182,574
Profit for the period	-	26,860	26,860	1,314	28,174
Balance at 31 March 2021	197,946	974,334	1,172,280	38,468	1,210,748

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

FAR EAST HOLDINGS BERHAD
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CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three - Months Ended 31 March 2022
(The figures have not been audited)

	Quarter ended	
	31-Mar-22	31-Mar-21
	RM'000	RM'000
Operating activities		
Profit for the period attributable to owners of the Company	57,290	26,860
Adjustments for:		
Non-controlling interests	2,367	1,314
Depreciation and amortisation	8,124	7,374
Gain on disposal of property, plant and equipment	(19)	-
Fair value gain on biological assets	(3,806)	(4,128)
Share of profit after tax of associates	(19,718)	(10,780)
Finance income	(389)	(170)
Finance cost	809	1,185
Tax expense	13,970	6,424
Operating profit before working capital	<u>58,628</u>	<u>28,079</u>
Changes in working capital:		
- inventories	(5,734)	(2,225)
- receivables, deposits and prepayments	(48,302)	7,165
- payables	20,653	(668)
Cash from operations	<u>25,245</u>	<u>32,351</u>
Finance cost paid	(809)	(1,185)
Finance income received	389	170
Tax paid	(7,062)	(4,274)
Net cash flow from operating activities	<u>17,763</u>	<u>27,062</u>
Investing activities		
Property, plant and equipment		
- purchase	(2,576)	(5,247)
- proceed from disposal	19	-
Proceed from sales/(Purchase) of biological assets	34	(24)
Net cash flow used in investing activities	<u>(2,523)</u>	<u>(5,271)</u>
Financing activities		
Repayment of lease liabilities	(80)	(77)
Repayment of term loan	(3,750)	(3,750)
Net cash used in financing activities	<u>(3,830)</u>	<u>(3,827)</u>
Net increase in cash and cash equivalents	11,410	17,964
Cash and cash equivalents		
-at start of the period	<u>148,351</u>	<u>79,123</u>
-at end of the period	<u>159,761</u>	<u>97,087</u>

The condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2021. 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 period ended 31 December 2021.

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 2021.

The interim financial statements of the Group for the financial period ended 31 March 2022 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 2023

MFRS 17 and Amendments to MFRS 17	Insurance contracts
Amendments to MFRS 17	Initial application of MFRS 17 and MFRS 9 – Comparative information
Amendments to MFRS 101	Classification of liabilities as current or non-current
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of accounting policies
Amendments to MFRS 108	Definition of accounting estimates
Amendments to MFRS 112	Deferred tax related to assets and liabilities arising from a single transaction

Effective date has been deferred and yet to be announced

Amendments to MFRS 10 and MFRS 128	Sale or contribution of assets between an investor and its associate or joint venture
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2. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's plantations business is affected by seasonal crop production, weather condition, fluctuating commodity prices, labour supplies and the impact of 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 ended 31 March 2022.

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 ended 31 March 2022.

5. DISCLOSURE ON QUALIFICATION ON AUDIT REPORT

The audit report of the Group's financial statements for the financial year ended 31 December 2021 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 ended 31 March 2022.

7. DIVIDEND PAID

No dividend was paid in the current quarter ended 31 March 2022 (31 March 2021: NIL).

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 ended 31 March 2022.

13. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 31 March 2022.

14. REVIEW OF PERFORMANCE

(A) Current Quarter vs Preceding Corresponding Quarter

Financial Information	3 months ended			
	31.3.2022 RM'000	31.3.2021 RM'000	Variance RM'000	Variance %
Revenue	187,069	119,751	67,318	56
Profit before tax	73,627	34,598	39,029	113
Profit after tax	59,657	28,174	31,483	112

Production	3 months ended			
	31.3.2022 Mt	31.3.2021 Mt	Variance Mt	Variance %
FFB production	60,682	59,765	917	2
CPO production	11,348	11,219	129	1
PK production	2,977	2,953	24	1
FFB processed by mills	88,620	85,410	3,210	4

Yield per hectare	3 months ended			
	31.3.2022 Mt/ha	31.3.2021 Mt/ha	Variance Mt/ha	Variance %
FFB yield	3.44	3.46	(0.02)	(1)
CPO yield	0.64	0.65	(0.01)	(2)

Average Price	3 months ended			
	31.3.2022 RM/Mt	31.3.2021 RM/Mt	Variance RM/Mt	Variance %
Average CPO price/mt	6,103	3,582	2,521	70
Average PK price/mt	4,649	2,532	2,117	84

For the current quarter ended 31 March 2022, the Group posted a higher revenue, profit before tax and profit after tax when compared to the corresponding quarter 2021 mainly due to:-

- (a) Higher average CPO and PK prices per metric tonne by 70% and 84% respectively. The average CPO price per metric tonne was RM6,103 (2021: RM3,582) and the average PK price per metric tonne was RM4,649 (2021: RM2,532);
- (b) Higher share of profit after tax of associates by RM8.94 million (83%);
- (c) Higher FFB processed by the Group's palm oil mills by 3,210 metric tonne (4%); and
- (d) Higher FFB production by 917 metric tonne (2%).

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Financial Information	3 months ended			
	31.3.2022 RM'000	31.12.2021 RM'000	Variance RM'000	Variance %
Revenue	187,069	226,463	(39,394)	(17)
Profit before tax	73,627	66,447	7,180	11
Profit after tax	59,657	56,936	2,721	5

Production	3 months ended			
	31.3.2022 Mt	31.12.2021 Mt	Variance Mt	Variance %
FFB production	60,682	85,079	(24,397)	(29)
CPO production	11,348	16,284	(4,936)	(30)
PK production	2,977	3,926	(949)	(24)
FFB processed by mills	88,620	123,540	(34,920)	(28)

Yield per hectare	3 months ended			
	31.3.2022 Mt/ha	31.12.2021 Mt/ha	Variance Mt/ha	Variance %
FFB yield	3.44	4.99	(1.55)	(31)
CPO yield	0.64	0.95	(0.31)	(33)

Average Price	3 months ended			
	31.3.2022 RM/Mt	31.12.2021 RM/Mt	Variance RM/Mt	Variance %
Average CPO price/mt	6,103	5,115	988	19
Average PK price/mt	4,649	3,806	834	22

For the current quarter ended 31 March 2022, the Group posted lower revenue as compared to the preceding quarter, mainly due to:-

- (a) Lower FFB production by 24,397 metric tonne (29%); and
- (b) Lower FFB processed by the Group's palm oil mills by 34,920 metric tonne (28%).

However the impact was softened by higher CPO and PK price for current quarter by 19% and 22% respectively compared to preceding quarter.

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 ended 31 March 2022.

17. FOREIGN EXCHANGE GAIN OR LOSS

The Group does not have any foreign exchange gain or loss for the current quarter ended 31 March 2022.

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18. GAIN OR LOSS ON DERIVATIVES

The Group does not have any gain or loss on derivatives for the current quarter ended 31 March 2022.

19. PROSPECTS

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

FFB production is expected to be stable in year 2022 and the Group's financial result for year 2022 is anticipated to be higher than preceding year in view of higher CPO prices.

20. CAPITAL COMMITMENTS

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

	As at 31.3.2022 RM'000	As at 31.3.2021 RM'000
Property, plant and equipment	5,646	7,430
Oil palm estates development	8,344	8,486
Acquisition of land	7,550	8,950
Total	21,540	24,866

21. VARIANCE FROM PROFIT FORECAST/PROFIT GUARANTEE

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

22. TAXATION

	3 months ended	
	31.3.2022 RM'000	31.3.2021 RM'000
Tax expense - current year	13,970	6,424

The effective tax rate of the Group for the financial period ended 31 March 2022 and 31 March 2021 is calculated at Malaysian statutory tax rate of 24% based on the assessable profit for the period.

23. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals for the current quarter ended 31 March 2022.

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24. BORROWING

Particular of the Group's borrowing is as follow:-

	31.3.2022 RM'000	31.3.2021 RM'000
Non-current liability		
Term loan (secured)	112,500	127,500
Current liabilities		
Term loan (secured)	15,000	15,000
Total	127,500	142,500

25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

During the current quarter ended 31 March 2022, 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 ended 31 March 2022.

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 RM2.80 million for the current quarter ended 31 March 2022.

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

FERSB had recorded an unaudited profit before tax of RM2.79 million for the current quarter ended 31 March 2022.

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

FPSB recorded an unaudited profit before tax of RM5.09 million for the current quarter ended 31 March 2022.

29. DIVIDENDS

No interim dividend was declared in the current quarter ended 31 March 2022 (31 March 2021: NIL).

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	
	31.3.2022	31.3.2021
Profit attributable to equity holder of the owners of the Company (RM'000)	57,290	26,860
Weighted average number of ordinary shares in issue ('000)	593,838	593,838
Basic EPS (sen)	9.65	4.52

(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 26 May 2022 by the Board of Directors in accordance with the resolution of the Directors.