

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Six - Months Ended 30 June 2022
(The figures have not been audited)

| | Current Quarter 3 months ended | | Cumulative Quarter 6 months ended | |
|--|-----------------------------------|----------------------|--------------------------------------|----------------------|
| | 30-Jun-22 RM'000 | 30-Jun-21 RM'000 | 30-Jun-22 RM'000 | 30-Jun-21 RM'000 |
| Revenue | 242,360 | 153,717 | 429,429 | 273,468 |
| Other operating income | 1,294 | 1,207 | 2,403 | 2,011 |
| Fair value gain on biological assets | (2,088) | (1,361) | 1,718 | 2,767 |
| Depreciation and amortisation | (8,178) | (8,666) | (16,302) | (15,911) |
| Operating expenses | (176,080) | (119,491) | (305,611) | (212,096) |
| Finance income | 456 | 340 | 845 | 510 |
| Finance cost | (1,073) | (1,218) | (1,882) | (2,403) |
| Share of profit after tax of associates | 34,088 | 18,212 | 53,806 | 28,992 |
| Profit before tax | <u>90,779</u> | <u>42,740</u> | <u>164,406</u> | <u>77,338</u> |
| Tax expense | (15,714) | (7,934) | (29,684) | (14,358) |
| Net profit for the period | <u>75,065</u> | <u>34,806</u> | <u>134,722</u> | <u>62,980</u> |
| Attributable to: | | | | |
| Owners of the Company | 70,177 | 32,539 | 127,467 | 59,399 |
| Non-controlling interests | 4,888 | 2,267 | 7,255 | 3,581 |
| | <u>75,065</u> | <u>34,806</u> | <u>134,722</u> | <u>62,980</u> |
| Earnings per share attributable to owners of the Company (sen): | | | | |
| Basic | <u>11.82</u> | <u>5.48</u> | <u>21.46</u> | <u>10.00</u> |
| Diluted | <u>11.82</u> | <u>5.48</u> | <u>21.46</u> | <u>10.00</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
[Registration No. 197301001753 (14809-W)]
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As At 30 June 2022

(The figures have not been audited)

| | Note | As at 30-Jun-22 RM'000 Unaudited | As at 31-Dec-21 RM'000 Audited |
|---|------|---|---|
| Non-current assets | | | |
| Property, plant and equipment | | 314,536 | 319,610 |
| Investment property | | 61,000 | 61,000 |
| Investments in associates | | 568,424 | 524,648 |
| Right-of-use assets | | 436,210 | 438,758 |
| Biological assets | | 675 | 634 |
| | | 1,380,845 | 1,344,650 |
| Current assets | | | |
| Inventories | | 15,911 | 10,528 |
| Biological assets | | 11,021 | 9,303 |
| Receivables | | 115,492 | 66,688 |
| Tax recoverable | | 1,539 | 1,506 |
| Deposits, cash and bank balances | | 216,333 | 148,351 |
| | | 360,296 | 236,376 |
| Total assets | | 1,741,141 | 1,581,026 |
| Equity | | | |
| Share capital | | 197,946 | 197,946 |
| Retained earnings | | 1,132,459 | 1,052,499 |
| Equity attributable to Owners of the Company | | 1,330,405 | 1,250,445 |
| Non-controlling interests | | 44,587 | 43,990 |
| Total equity | | 1,374,992 | 1,294,435 |
| Non current liabilities | | | |
| Deferred tax liabilities | | 74,610 | 74,610 |
| Lease liabilities | | 16,347 | 16,014 |
| Borrowings | 24 | 108,750 | 116,250 |
| | | 199,707 | 206,874 |
| Current liabilities | | | |
| Payables | | 88,275 | 61,892 |
| Dividend payable | 29 | 47,507 | - |
| Tax payables | | 15,558 | 2,549 |
| Borrowings | 24 | 15,000 | 15,000 |
| Lease liabilities | | 102 | 276 |
| | | 166,442 | 79,717 |
| Total liabilities | | 366,149 | 286,591 |
| Total equity and liabilities | | 1,741,141 | 1,581,026 |
| Net assets per share attributable to Owners of the Company (RM) | | 2.32 | 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 Six - Months Ended 30 June 2022
(The figures have not been audited)

| | Note | ----- 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 | | - | 127,467 | 127,467 | 7,255 | 134,722 |
| Dividend | 29(a) | | (47,507) | (47,507) | (6,658) | (54,165) |
| Balance at 30 June 2022 | | 197,946 | 1,132,459 | 1,330,405 | 44,587 | 1,374,992 |
| 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 | 29(b) | | (29,692) | (29,692) | (3,658) | (33,350) |
| Balance at 30 June 2021 | | 197,946 | 977,181 | 1,175,127 | 37,077 | 1,212,204 |

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.

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CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six - Months Ended 30 June 2022
(The figures have not been audited)

| | Quarter ended | |
|---|---------------------|---------------------|
| | 30-Jun-22 RM'000 | 30-Jun-21 RM'000 |
| Operating activities | | |
| Profit for the period attributable to owners of the Company | 127,467 | 59,399 |
| Adjustments for: | | |
| Non-controlling interests | 7,255 | 3,581 |
| Depreciation and amortisation | 16,302 | 15,911 |
| Gain on disposal of property, plant and equipment | (58) | (129) |
| Loss on disposal of property, plant and equipment | - | 60 |
| Fair value gain on biological assets | (1,718) | (2,767) |
| Share of profit after tax of associates | (53,806) | (28,992) |
| Finance income | (845) | (510) |
| Finance cost | 1,882 | 2,403 |
| Tax expense | 29,684 | 14,358 |
| Operating profit before working capital | 126,163 | 63,314 |
| Changes in working capital: | | |
| - inventories | (5,383) | (2,964) |
| - receivables, deposits and prepayments | (49,886) | 9,295 |
| - payables | 26,383 | 6,504 |
| Cash from operations | 97,277 | 76,149 |
| Finance cost paid | (1,882) | (2,403) |
| Finance income received | 845 | 510 |
| Tax paid | (16,710) | (10,401) |
| Net cash flow from operating activities | 79,530 | 63,855 |
| Investing activities | | |
| Property, plant and equipment | | |
| - purchase | (7,284) | (12,510) |
| - proceed from disposal | 58 | 130 |
| Dividend received from associates | 10,030 | 7,707 |
| Purchase of biological assets | (41) | (71) |
| Net cash flow from/(used in) investing activities | 2,763 | (4,744) |
| Financing activities | | |
| Repayment of lease liabilities | (153) | (154) |
| Repayment of term loan | (7,500) | (7,500) |
| Dividend paid | (6,658) | (33,350) |
| Net cash used in financing activities | (14,311) | (41,004) |
| Net increase in cash and cash equivalents | 67,982 | 18,107 |
| Cash and cash equivalents | | |
| -at start of the period | 148,351 | 79,123 |
| -at end of the period | 216,333 | 97,230 |

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 of the Group for the financial period ended 30 June 2022 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 year 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 30 June 2022 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, 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 and cumulative quarter ended 30 June 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 and cumulative quarter ended 30 June 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 and cumulative quarter ended 30 June 2022.

7. DIVIDEND PAID

No dividend was paid in the current quarter and cumulative quarter ended 30 June 2022. Dividend paid in previous quarter was in respect of a final single tier dividend of five (5) sen per share for the financial year ended 31 December 2020, paid on 30 June 2021.

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.

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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 2022.

13. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at the date of this report.

14. REVIEW OF PERFORMANCE

| Financial Information | 3 months ended | | | 6 months ended | | |
|-----------------------|---------------------|---------------------|---------------|---------------------|---------------------|---------------|
| | 30.6.2022 RM'000 | 30.6.2021 RM'000 | Variance % | 30.6.2022 RM'000 | 30.6.2021 RM'000 | Variance % |
| Revenue | 242,360 | 153,717 | 58 | 429,429 | 273,468 | 57 |
| Profit before tax | 90,779 | 42,740 | 112 | 164,406 | 77,338 | 113 |
| Profit after tax | 75,065 | 34,806 | 116 | 134,722 | 62,980 | 114 |

| Production | 3 months ended | | | 6 months ended | | |
|------------------------|-----------------|-----------------|---------------|-----------------|-----------------|---------------|
| | 30.6.2022 Mt | 30.6.2021 Mt | Variance % | 30.6.2022 Mt | 30.6.2021 Mt | Variance % |
| FFB production | 69,195 | 68,108 | 2 | 129,877 | 127,873 | 2 |
| CPO production | 13,099 | 12,991 | 1 | 24,447 | 24,210 | 1 |
| PK production | 3,410 | 3,361 | 1 | 6,387 | 6,314 | 1 |
| FFB processed by mills | 105,350 | 110,202 | (4) | 193,970 | 195,612 | (1) |

| Yield per hectare | 3 months ended | | | 6 months ended | | |
|-------------------|--------------------|--------------------|---------------|--------------------|--------------------|---------------|
| | 30.6.2021 Mt/ha | 30.6.2021 Mt/ha | Variance % | 30.6.2022 Mt/ha | 30.6.2021 Mt/ha | Variance % |
| FFB yield | 4.00 | 3.95 | 1 | 7.44 | 7.41 | - |
| CPO yield | 0.76 | 0.75 | 1 | 1.40 | 1.40 | - |

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Current Quarter vs Preceding Corresponding Quarter

For the current quarter ended 30 June 2022, the Group posted a higher revenue, profit before tax and profit after tax when compared to the corresponding quarter 2021 was mainly due to:-

- (a) Higher average CPO and PK prices per metric tonne by 69% and 33% respectively. The average CPO price per metric tonne was RM6,540 (2021: RM3,862) and the average PK price per metric tonne was RM3,481 (2021: RM2,617);
- (b) Higher share of profit after tax of associates by RM15.88 million (87%); and
- (c) Higher FFB production by 1,087 metric tonne (2%).

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 2021 was mainly due to:-

- (a) Higher average CPO and PK prices per metric tonne by 70% and 56% respectively. The average CPO price per metric tonne was RM6,336 (2021: RM3,730) and the average PK price per metric tonne was RM4,025 (2021: RM2,579);
- (b) Higher share of profit after tax of associates by RM24.81 million (86%); and
- (c) Higher FFB production by 2,004 metric tonne (2%).

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

| Financial Information | 3 months ended | | | |
|-----------------------|---------------------|---------------------|--------------------|---------------|
| | 30.6.2022 RM'000 | 31.3.2022 RM'000 | Variance RM'000 | Variance % |
| Revenue | 242,360 | 187,069 | 55,291 | 30 |
| Profit before tax | 90,779 | 73,627 | 17,152 | 23 |
| Profit after tax | 75,065 | 59,657 | 15,408 | 26 |

| Production | 3 months ended | | | |
|------------------------|-----------------|-----------------|----------------|---------------|
| | 30.6.2022 Mt | 31.3.2022 Mt | Variance Mt | Variance % |
| FFB production | 69,195 | 60,682 | 8,513 | 14 |
| CPO production | 13,099 | 11,348 | 1,751 | 15 |
| PK production | 3,410 | 2,977 | 433 | 15 |
| FFB processed by mills | 105,350 | 88,620 | 16,730 | 19 |

| Yield per hectare | 3 months ended | | | |
|-------------------|--------------------|--------------------|-------------------|---------------|
| | 30.6.2022 Mt/ha | 31.3.2022 Mt/ha | Variance Mt/ha | Variance % |
| FFB yield | 4.00 | 3.44 | 0.56 | 16 |
| CPO yield | 0.76 | 0.64 | 0.12 | 19 |

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| Average Price | 3 months ended | | | |
|----------------------|--------------------|--------------------|-------------------|---------------|
| | 30.6.2022 RM/Mt | 31.3.2022 RM/Mt | Variance RM/Mt | Variance % |
| Average CPO price/mt | 6,540 | 6,103 | 437 | 7 |
| Average PK price/mt | 3,481 | 4,649 | (1,168) | (25) |

For the current quarter ended 30 June 2022, the Group posted higher revenue, profit before tax and profit after tax when compared to the preceding quarter, mainly due to:-

- (a) Higher FFB production by 8,513 metric tonne (14%);
- (b) Higher FFB processed by the Group's palm oil mills by 16,730 metric tonne (19%);
- (c) Higher CPO price by RM437 (7%); and
- (d) Higher share of profit after tax of associates by RM14.37 million (73%).

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 2022.

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 2022.

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 2022.

19. PROSPECTS

The Group's performance for the current financial year would continue to be challenging due to the rising operation costs, higher wages, volatility of CPO prices 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 30.6.2022 RM'000 | As at 30.6.2021 RM'000 |
|-------------------------------|------------------------------|------------------------------|
| Property, plant and equipment | 2,842 | 6,500 |
| Oil palm estates development | 5,590 | 6,868 |
| Acquisition of land | 7,550 | 7,950 |
| Total | 15,982 | 21,318 |

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21. VARIANCE FROM PROFIT FORECAST/PROFIT GUARANTEE

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

22. TAXATION

| | 3 months ended | | 6 months ended | |
|----------------------------|---------------------|---------------------|---------------------|---------------------|
| | 30.6.2022 RM'000 | 30.6.2021 RM'000 | 30.6.2022 RM'000 | 30.6.2021 RM'000 |
| Current year | 16,069 | 8,644 | 30,039 | 15,068 |
| Over accrued previous year | (355) | (710) | (355) | (710) |
| Tax expense | 15,714 | 7,934 | 29,684 | 14,358 |

The effective tax rate of the Group for the financial period ended 30 June 2022 and 30 June 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 and cumulative quarter ended 30 June 2022.

24. BORROWING

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

| | 30.6.2022 RM'000 | 30.6.2021 RM'000 |
|------------------------------|---------------------|---------------------|
| Non-current liability | | |
| Term loan (secured) | 108,750 | 123,750 |
| Current liabilities | | |
| Term loan (secured) | 15,000 | 15,000 |
| Total | 123,750 | 138,750 |

25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

During the current quarter and cumulative quarter ended 30 June 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 and cumulative quarter ended 30 June 2022.

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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 RM3.98 million for the cumulative quarter ended 30 June 2022.

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

FERSB had recorded an unaudited profit before tax of RM6.78 million for the cumulative quarter ended 30 June 2022.

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

FPSB recorded an unaudited profit before tax of RM25.77 million for the cumulative quarter ended 30 June 2022.

29. DIVIDENDS

(a) Current quarter for the financial period ended 30 June 2022

Dividend for the financial year ended 31 December 2021:

On 28 April 2022, the Company had declared a final single tier dividend of five (5) sen per share and a special single tier dividend of three (3) sen per share for the financial year ended 31 December 2021. The dividends were approved by the shareholders in the Annual General Meeting on 15 June 2022 and the payment date was on 6 July 2022.

(b) 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.

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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 | |
|--|----------------|-----------|----------------|-----------|
| | 30.6.2022 | 30.6.2021 | 30.6.2022 | 30.6.2021 |
| Profit attributable to equity holder of the owners of the Company (RM'000) | 70,177 | 32,539 | 127,467 | 59,399 |
| Weighted average number of ordinary shares in issue ('000) | 593,838 | 593,838 | 593,838 | 593,838 |
| Basic EPS (sen) | 11.82 | 5.48 | 21.46 | 10.00 |

(b) Diluted EPS

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

31. AUTHORISED FOR ISSUE

The financial statements were authorised for issue on 24 August 2022 by the Board of Directors in accordance with the resolution of the Directors.