

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Six - Months Ended 30 June 2023
(The figures have not been audited)

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30-Jun-23 RM'000	30-Jun-22 RM'000	30-Jun-23 RM'000	30-Jun-22 RM'000
Revenue	98,571	242,360	208,328	429,429
Other operating income	529	1,294	906	2,403
Fair value (loss)/gain on biological assets	229	(2,088)	(1,130)	1,718
Fair value gain on other financial assets - unquoted shares	-	-	581	-
Depreciation and amortisation	(8,513)	(8,178)	(17,203)	(16,302)
Operating expenses	(88,741)	(176,080)	(176,571)	(305,611)
Finance income	2,733	456	3,143	845
Finance cost	(1,329)	(1,073)	(2,300)	(1,882)
Share of profit after tax of associates	4,608	34,088	12,273	53,806
Profit before tax	<u>8,087</u>	<u>90,779</u>	<u>28,027</u>	<u>164,406</u>
Tax expense	(2,828)	(15,714)	(8,014)	(29,684)
Net profit for the period	<u>5,259</u>	<u>75,065</u>	<u>20,013</u>	<u>134,722</u>
Attributable to:				
Owners of the Company	5,921	70,177	21,780	127,467
Non-controlling interests	(662)	4,888	(1,767)	7,255
	<u>5,259</u>	<u>75,065</u>	<u>20,013</u>	<u>134,722</u>
Earnings per share attributable to owners of the Company (sen):				
Basic	<u>1.00</u>	<u>11.82</u>	<u>3.67</u>	<u>21.46</u>
Diluted	<u>1.00</u>	<u>11.82</u>	<u>3.67</u>	<u>21.46</u>

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2023

(The figures have not been audited)

	Note	As at 30-Jun-23 RM'000 Unaudited	As at 31-Dec-22 RM'000 Audited
Non-current assets			
Property, plant and equipment		304,467	310,543
Investment property		61,000	61,000
Investments in associates		585,066	595,932
Other financial assets - Bonds		1,983	-
Right-of-use assets		439,042	443,014
Biological assets		814	688
		1,392,372	1,411,177
Current assets			
Inventories		6,905	9,536
Biological assets		7,345	8,475
Receivables		55,931	64,771
Tax recoverable		9,625	3,562
Deposits, cash and bank balances		195,768	244,150
		275,574	330,494
Total assets		1,667,946	1,741,671
Equity			
Share capital		197,946	197,946
Fair value reserve		10	-
Retained earnings		1,137,149	1,174,753
Equity attributable to Owners of the Company		1,335,105	1,372,699
Non-controlling interests		38,902	47,978
Total equity		1,374,007	1,420,677
Non current liabilities			
Deferred tax liabilities		73,714	73,714
Lease liabilities		16,059	16,090
Borrowings	24	93,750	101,250
		183,523	191,054
Current liabilities			
Payables		35,873	63,336
Dividend payable	29	59,384	47,507
Tax payables		-	3,774
Borrowings	24	15,000	15,000
Lease liabilities		159	323
		110,416	129,940
Total liabilities		293,939	320,994
Total equity and liabilities		1,667,946	1,741,671
Net assets per share attributable to Owners of the Company (RM)		2.31	2.39

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 2022 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 2023**

(The figures have not been audited)

Note	----- Attributable to owners of the Company -----				Non-controlling interests	Total equity
	Share capital RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000
Balance at 1 January 2023	197,946	-	1,174,753	1,372,699	47,978	1,420,677
Profit for the period	-	-	21,780	21,780	(1,767)	20,013
Other comprehensive income	-	10	-	10	-	10
Total comprehensive income	-	10	21,780	21,790	(1,767)	20,023
Dividend	-	-	(59,384)	(59,384)	(7,309)	(66,693)
Balance at 30 June 2023	197,946	10	1,137,149	1,335,105	38,902	1,374,007
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	-	-	(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

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 Six - Months Ended 30 June 2023
(The figures have not been audited)

	Quarter ended	
	30-Jun-23 RM'000	30-Jun-22 RM'000
Operating activities		
Profit for the period attributable to owners of the Company	21,780	127,467
Adjustments for:		
Non-controlling interests	(1,767)	7,255
Depreciation and amortisation	17,203	16,302
Gain on disposal of property, plant and equipment	(134)	(58)
Fair value gain on other financial assets - unquoted shares	(581)	-
Fair value loss/(gain) on biological assets	1,130	(1,718)
Share of profit after tax of associates	(12,273)	(53,806)
Finance income	(3,143)	(845)
Finance cost	2,300	1,882
Tax expense	8,014	29,684
Operating profit before working capital	<u>32,529</u>	<u>126,163</u>
Changes in working capital:		
- inventories	2,631	(5,383)
- receivables, deposits and prepayments	8,840	(49,886)
- payables	<u>(27,463)</u>	<u>26,383</u>
Cash from operations	16,537	97,277
Finance cost paid	(2,300)	(1,882)
Finance income received	3,143	845
Tax paid	<u>(17,851)</u>	<u>(16,710)</u>
Net cash flow (used in)/from operating activities	<u>(471)</u>	<u>79,530</u>
Investing activities		
Property, plant and equipment		
- purchase	(7,155)	(7,284)
- proceed from disposal	134	58
Refund of investment in other financial assets - unquoted shares	581	-
Dividend received from associates	23,139	10,030
Investment in other financial assets	(1,973)	-
Purchase of biological assets	<u>(126)</u>	<u>(41)</u>
Net cash flow from investing activities	<u>14,600</u>	<u>2,763</u>
Financing activities		
Repayment of lease liabilities	(195)	(153)
Repayment of term loan	(7,500)	(7,500)
Dividend paid	<u>(54,816)</u>	<u>(6,658)</u>
Net cash flow used in financing activities	<u>(62,511)</u>	<u>(14,311)</u>
Net (decrease)/increase in cash and cash equivalents	(48,382)	67,982
Cash and cash equivalents		
- at start of the period	244,150	148,351
- at end of the period	<u>195,768</u>	<u>216,333</u>

The condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2022. 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 2022.

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 2022.

The interim financial statements of the Group for the financial period ended 30 June 2023 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 2024

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

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 and labour supplies.

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 2023.

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 2023.

5. DISCLOSURE ON QUALIFICATION ON AUDIT REPORT

The audit report of the Group's financial statements for the financial year ended 31 December 2022 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 2023.

7. DIVIDEND PAID

Dividend paid is as follow:-

	3 months ended		6 months ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Interim dividend	-	-	47,507	-

An interim single tier dividend of eight (8) sen per share for the financial year ended 31 December 2022 was paid on 10 January 2023. The amount was taken up in the retained earnings for the financial year ended 31 December 2022.

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 2023.

13. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 30 June 2023.

14. REVIEW OF PERFORMANCE

Financial Information	3 months ended			6 months ended		
	30.6.2023 RM'000	30.6.2022 RM'000	Variance %	30.6.2023 RM'000	30.6.2022 RM'000	Variance %
Revenue	98,571	242,360	(59)	208,328	429,429	(51)
Profit before tax	8,087	90,779	(91)	28,027	164,406	(83)
Profit after tax	5,259	75,065	(93)	20,013	134,722	(85)

Production	3 months ended			6 months ended		
	30.6.2023 Mt	30.6.2022 Mt	Variance %	30.6.2023 Mt	30.6.2022 Mt	Variance %
FFB production	53,529	69,195	(23)	115,222	129,877	(11)
CPO production	10,213	13,099	(22)	21,551	24,447	(12)
PK production	2,550	3,410	(25)	5,594	6,387	(12)
FFB processed by mills	73,340	105,350	(30)	160,620	193,970	(17)

Average Price	3 months ended			6 months ended		
	30.6.2023 RM/mt	30.6.2022 RM/mt	Variance %	30.6.2023 RM/mt	30.6.2022 RM/mt	Variance %
Average CPO price/mt	3,893	6,540	(40)	3,915	6,336	(38)
Average PK price/mt	1,988	3,481	(43)	2,022	4,025	(50)

Current Quarter vs Preceding Corresponding Quarter

For the current quarter ended 30 June 2023, the Group posted a lower revenue, profit before tax and profit after tax when compared to the corresponding quarter 2022 was mainly due to:-

- (a) Lower average CPO and PK prices per metric tonne by 40% and 43% respectively. The average CPO price per metric tonne was RM3,893 (2022: RM6,540) and the average PK price per metric tonne was RM1,988 (2022: RM3,481);
- (b) Lower share of profit after tax of associates by RM29.48 million (86%);
- (c) Lower FFB production by 15,666 metric tonne (23%); and
- (d) Lower FFB processed by 32,010 metric tonne (30%).

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

The Group posted a lower revenue, profit before tax and profit after tax for the cumulative current quarter when compared to the corresponding cumulative quarter 2022 was mainly due to:-

- (a) Lower average CPO and PK prices per metric tonne by 38% and 50% respectively. The average CPO price per metric tonne was RM3,915 (2022: RM6,336) and the average PK price per metric tonne was RM2,022 (2022: RM4,025);
- (b) Lower share of profit after tax of associates by RM41.53 million (77%);
- (c) Lower FFB production by 14,655 metric tonne (11%); and
- (d) Lower FFB processed by 33,350 metric tonne (17%).

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Financial Information	3 months ended			
	30.6.2023 RM'000	31.3.2023 RM'000	Variance RM'000	Variance %
Revenue	98,571	109,757	(11,186)	(10)
Profit before tax	8,087	19,940	(11,853)	(59)
Profit after tax	5,259	14,754	(9,495)	(64)

Production	3 months ended			
	30.6.2023 Mt	31.3.2023 Mt	Variance Mt	Variance %
FFB production	53,529	61,693	(8,164)	(13)
CPO production	10,213	11,338	(1,125)	(10)
PK production	2,550	3,044	(494)	(16)
FFB processed by mills	73,340	87,280	(13,940)	(16)

Average Price	3 months ended			
	30.6.2023 RM/Mt	31.3.2023 RM/Mt	Variance RM/Mt	Variance %
Average CPO price/mt	3,893	3,989	(96)	(2)
Average PK price/mt	1,988	2,051	(63)	(3)

For the current quarter ended 30 June 2023, the Group posted lower revenue, profit before tax and profit after tax as compared to the preceding quarter, mainly due to:-

- (a) Lower FFB production by 8,164 metric tonne (13%); and
- (b) Lower FFB processed by the Group's palm oil mills by 13,940 metric tonne (16%).

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 2023.

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 2023.

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 2023.

19. PROSPECTS

The average selling prices of CPO and PK has weakened since the end of the financial year ended 31 December 2022 and this would have a corresponding effect on the financial performance for the year ending 31 December 2023. However, barring unforeseen circumstances, FFB production is forecasted to be stable in year 2023.

The Group's performance would continue to be challenging due to rising operation costs and higher wages.

20. CAPITAL COMMITMENTS

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

	As at 30.6.2023 RM'000	As at 30.6.2022 RM'000
Property, plant and equipment	4,359	2,842
Oil palm estates development	4,672	5,590
Acquisition of land	-	7,550
Total	9,031	15,982

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	
	30.6.2023 RM'000	30.6.2022 RM'000	30.6.2023 RM'000	30.6.2022 RM'000
Current period	2,823	16,069	8,009	30,039
Over/(Under) accrued previous period	5	(355)	5	(355)
Tax expense	2,828	15,714	8,014	29,684

The effective tax rate of the Group for the financial period ended 30 June 2023 and 30 June 2022 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 2023.

24. BORROWING

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

	30.6.2023 RM'000	30.6.2022 RM'000
Non-current liability		
Term loan (secured)	93,750	108,750
Current liabilities		
Term loan (secured)	15,000	15,000
Total	108,750	123,750

25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

During the current quarter and cumulative quarter ended 30 June 2023, 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 2023.

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 loss before tax of RM2.01 million for the period ended 30 June 2023. The loss is mainly due to lower prices of CPO and PK by 38% and 51% respectively coupled with lower production of FFB by 16%.

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

FERSB had recorded an unaudited profit before tax of RM273,926 for the period ended 30 June 2023.

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

FPSB recorded an unaudited profit after tax of RM6.61 million for the financial period ended 30 June 2023 and based on the 47.17% equity held by the Company, a total of RM3.12 million has been recognised in the Group’s results.

29. DIVIDENDS

(a) **Current quarter for the financial period ended 30 June 2023**

Dividend for the financial year ended 31 December 2022:

On 27 April 2023, the Company had declared a final single tier dividend of ten (10) sen per share for the financial year ended 31 December 2022. The dividend was approved by the shareholders in the Annual General Meeting on 14 June 2023 and the payment date was on 6 July 2023.

(b) **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.

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 number of ordinary shares in issue during the period:-

	3 months ended		6 months ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
Profit attributable to equity holder of the owners of the Company (RM'000)	5,921	70,177	21,780	127,467
Number of ordinary shares in issue ('000)	593,838	593,838	593,838	593,838
Basic EPS (sen)	1.00	11.82	3.67	21.46

(b) **Diluted EPS**

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

31. AUTHORISED FOR ISSUE

The unaudited quarterly results were authorised for issue on 23 August 2023 by the Board of Directors in accordance with the resolution of the Directors.