

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**For the Six - Months Ended 30 June 2020**  
(The figures have not been audited)

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30-Jun-20 RM'000	30-Jun-19 RM'000	30-Jun-20 RM'000	30-Jun-19 RM'000
Revenue	120,911	80,314	203,034	171,516
Other operating income	2,032	1,487	3,374	1,528
Fair value (loss)/gain on biological assets	788	134	1,754	(566)
Depreciation and amortisation	(6,447)	(3,832)	(12,595)	(9,394)
Operating expenses	(104,381)	(75,479)	(175,530)	(154,966)
Finance income	116	190	283	337
Finance cost	(172)	(219)	(377)	(402)
Share of profit after tax of associates	17,165	7,017	6,582	12,551
Profit before taxation	<u>30,012</u>	<u>9,612</u>	<u>26,525</u>	<u>20,604</u>
Taxation	(5,081)	(2,171)	(7,375)	(4,979)
	<u><b>24,931</b></u>	<u><b>7,441</b></u>	<u><b>19,150</b></u>	<u><b>15,625</b></u>
<b>Attributable to:</b>				
Owners of the Company	<b>24,715</b>	<b>7,713</b>	<b>19,045</b>	<b>15,589</b>
Non-controlling interests	216	(272)	105	36
	<u><b>24,931</b></u>	<u><b>7,441</b></u>	<u><b>19,150</b></u>	<u><b>15,625</b></u>
<b>Earnings per share attributable to owners of the Company (sen):</b>				
Basic	<u><b>4.16</b></u>	<u>1.30</u>	<u><b>3.21</b></u>	<u>2.63</u>
Diluted	<u><b>4.16</b></u>	<u>1.30</u>	<u><b>3.21</b></u>	<u>2.63</u>

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying notes attached to the interim financial statements.

**FAR EAST HOLDINGS BERHAD**  
**[Registration No. 197301001753 (14809-W )]**  
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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**As At 30 June 2020**

(The figures have not been audited)

	<b>As at 30-Jun-20 RM'000 Unaudited</b>	<b>As at 31-Dec-19 RM'000 Audited</b>
<b>Non current assets</b>		
Property, plant and equipment	288,291	272,688
Investment property	60,000	60,000
Investment in associates	459,363	459,481
Other financial assets	731	731
Right of use assets	294,113	316,923
Biological assets	792	646
	<u>1,103,290</u>	<u>1,110,469</u>
<b>Current assets</b>		
Inventories	7,695	5,471
Biological assets	6,355	4,601
Receivables	115,539	70,654
Tax recoverable	7,304	7,343
Deposits, bank and cash balances	42,474	45,405
	<u>179,367</u>	<u>133,474</u>
<b>Total assets</b>	<u><b>1,282,657</b></u>	<u><b>1,243,943</b></u>
<b>Capital and reserves attributable to owners of the Company</b>		
Share capital	197,946	197,946
Retained earnings	892,383	873,338
Shareholders' equity	<u>1,090,329</u>	<u>1,071,284</u>
Non-controlling interests	32,091	35,365
<b>Total equity</b>	<u><b>1,122,420</b></u>	<u><b>1,106,649</b></u>
<b>Non current liabilities</b>		
Deferred tax liabilities	87,188	87,186
Lease liabilities	16,845	16,440
	<u>104,033</u>	<u>103,626</u>
<b>Current liabilities</b>		
Payables	50,532	32,876
Tax payables	1,578	539
Borrowings	4,000	-
Lease liabilities	94	253
	<u>56,204</u>	<u>33,668</u>
<b>Total liabilities</b>	<u>160,237</u>	<u>137,294</u>
<b>Total equity and liabilities</b>	<u><b>1,282,657</b></u>	<u><b>1,243,943</b></u>
Net assets per share attributable to Owners of the Company (RM)	<b>1.89</b>	<b>1.86</b>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**For the Six - Months Ended 30 June 2020**  
 (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 2020	197,946	873,338	1,071,284	35,365	<b>1,106,649</b>
Total comprehensive income for the period	-	19,045	19,045	105	<b>19,150</b>
Dividend paid to non-controlling interest	-	-	-	(3,379)	<b>(3,379)</b>
<b>Balance at 30 June 2020</b>	<b>197,946</b>	<b>892,383</b>	<b>1,090,329</b>	<b>32,091</b>	<b>1,122,420</b>
Balance at 1 January 2019	197,946	889,445	1,087,391	33,734	<b>1,121,125</b>
Total comprehensive income	-	15,589	15,589	36	<b>15,625</b>
Dividend paid to non-controlling interest	-	-	-	(3,201)	<b>(3,201)</b>
<b>Balance at 30 June 2019</b>	<b>197,946</b>	<b>905,034</b>	<b>1,102,980</b>	<b>30,569</b>	<b>1,133,549</b>

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**  
**For the Six - Months Ended 30 June 2020**  
(The figures have not been audited)

	<b>6 months and year-to-date ended</b>	
	<b>30-Jun-20</b>	<b>30-Jun-19</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Operating activities</b>		
Profit for the period attributable to owners of the Company	19,045	15,589
Adjustments for:		
Non-controlling interests	105	36
Depreciation and amortisation	12,595	9,394
Gain on disposal of property, plant and equipment	(55)	-
Fair value gain on biological assets	(1,754)	-
Share of profit of associates , net of tax	(6,582)	(12,551)
Interest income	(283)	(337)
Interest expense	377	402
Tax expense	7,375	4,979
Operating profit before working capital	<u>30,823</u>	<u>17,512</u>
Changes in working capital:		
- inventories	(2,224)	3,426
- receivables, deposits and prepayments	(44,885)	(36,403)
- payables	18,694	7,056
Cash from operations	<u>2,408</u>	<u>(8,409)</u>
Interest received	283	337
Interest expense	(377)	(402)
Tax paid	(7,334)	(8,133)
Net cash flow from operating activities	<u><b>(5,020)</b></u>	<u><b>(16,607)</b></u>
<b>Investing activities</b>		
Property, plant and equipment		
- purchase	(5,534)	(4,944)
- proceed from disposal	55	-
Dividend received	6,700	7,289
Purchase of investment	-	(3,647)
Net cash flow used in investing activities	<u><b>1,221</b></u>	<u><b>(1,302)</b></u>

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (cont'd.)**

**For the Six - Months Ended 30 June 2020**

(The figures have not been audited)

	<b>6 months and year-to-date ended</b>	
	<b>30-Jun-20</b>	<b>30-Jun-19</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financing activities</b>		
Drawdown of short term borrowing	4,000	-
Drawdown of lease liabilities	406	-
Repayment of lease liabilities	(159)	-
Dividend paid	(3,379)	(5,983)
Net cash used in financing activities	<u>868</u>	<u>(5,983)</u>
<b>Net decrease in cash and cash equivalents</b>	(2,931)	(23,892)
Cash and cash equivalents		
-at start of the period	45,405	34,622
-at end of the period	<u>42,474</u>	<u>10,730</u>

The condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying notes attached to the interim financial statements.

## **FAR EAST HOLDINGS BERHAD**

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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 2019. 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 2019.

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 2019.

The interim financial statements of the Group for the financial period ended 31 March 2020 was prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") Framework.

At the date of authorization 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 2020

Amendments to References to the Conceptual Framework in MFRS Framework:

Amendments to MFRS 3	Definition of a business
Amendments to MFRS 7	Interest rate benchmark reform
Amendments to MFRS 9	Interest rate benchmark reform
Amendments to MFRS 101	Definition of material
Amendments to MFRS 108	Definition of material
Amendments to MFRS 139	Interest rate benchmark reform

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Effective for financial period beginning on or after 1 January 2021

MFRS 17

Interim financial reporting

**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 2020.

**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 2020.

**5. DISCLOSURE ON QUALIFICATION ON AUDIT REPORT**

The audit report of the Group's financial statements for the financial year ended 31 December 2019 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 2020.

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**7. DIVIDEND PAID**

There was no dividend paid in the current quarter.

**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 and 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 2020.

**13. CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

There were no contingent liabilities or contingent assets as at 25 August 2020.

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**14. REVIEW OF PERFORMANCE**

	3 months ended		6 months ended	
	30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000
Revenue	<b>120,911</b>	80,314	<b>203,034</b>	171,516
Profit before taxation	<b>30,012</b>	9,612	<b>26,525</b>	20,604
Net profit for the period	<b>24,931</b>	7,441	<b>19,150</b>	15,625

Higher revenue for the current quarter when compared to the corresponding quarter 2019 is due to higher average CPO and PK prices by RM467 per mt (23%) and RM304 per mt (25%) respectively.

Following is the breakdown of profit before tax and profit after tax for the Group:-

	30.6.2020 RM'000	30.6.2019 RM'000
Profit from plantation	<b>18,524</b>	3,079
Profit from milling	<b>1,419</b>	4,974
Share of profit from associated companies	<b>6,582</b>	12,551
<b>Profit before tax</b>	<b>26,525</b>	20,604
Tax expenses	<b>(7,375)</b>	(4,979)
<b>Profit after tax</b>	<b>19,150</b>	<b>15,625</b>

For the current quarter ended 30 June 2020, the Group recorded a profit before tax and profit after tax of RM26.53 million and RM19.15 million respectively. Higher profit before tax is mainly attributable to higher profit from plantation operation by RM15.44 million (502%) in line with higher average CPO and PK prices during the period under review.

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**15. COMPARISON WITH PRECEDING QUARTER'S RESULTS**

	<b>Current Quarter 30.6.2020 RM'000</b>	<b>Preceding Quarter 31.3.2020 RM'000</b>
Revenue	<b>120,911</b>	82,123
Profit/(loss) before tax	<b>30,012</b>	(3,487)
Net profit/(loss) for the period	<b>24,931</b>	(5,781)

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

- (a) Higher fresh fruit bunches ("FFB") production by 23,552 mt (44%); and
- (b) Higher share of profits from associated companies of RM17.17 million when compared to RM10.58 million share of losses from associated companies in 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 and cumulative quarter ended 30 June 2020.

**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 2020.

**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 2020.

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**19. CURRENT YEAR PROSPECTS**

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. The Group is optimistic that the demand for CPO would eventually recover once the COVID-19 pandemic is contained globally.

FFB production is expected to be stable in year 2020 and the Group's financial result for year 2020 is anticipated to be satisfactory in view of stronger demand of CPO mainly from India and China.

**20. CAPITAL COMMITMENTS**

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

	As at 30.6.2020 RM'000	As at 30.6.2019 RM'000
Property, plant and equipment	11,568	11,532
Oil palm estates development	10,313	9,106
Acquisition of land	9,284	25,400
<b>Total</b>	<b>31,165</b>	<b>46,038</b>

**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	
	30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000
Tax expense	5,081	2,171	7,375	4,979

The effective tax rate of the Group for the cumulative quarter ended 30 June 2020 and 30 June 2019 is calculated at Malaysian statutory tax rate of 24% based on the assessable profit for the year.

## **FAR EAST HOLDINGS BERHAD**

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### **23. STATUS OF CORPORATE PROPOSALS**

There were no corporate proposals for the current quarter ended 30 June 2020.

### **24. BORROWING**

The borrowing comprised the Revolving Credit Facility-i Commodity Murabahah (“RCF”) which is secured, short term and denominated in Ringgit Malaysia.

### **25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

During the current quarter and cumulative quarter ended 30 June 2020, 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 2020.

### **27. STATUS ON THE JOINT VENTURE PROJECT**

**The status on the joint venture project for the development of oil palm plantation between Far East Holdings Berhad and Rangkaian Delima Sdn Bhd**

#### **(i) Far East Delima Plantations Sdn. Bhd. (“FEDP”)**

FEDP had recorded an unaudited loss before tax of RM155,866 for the cumulative quarter ended 30 June 2020.

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

FERSB had recorded an unaudited profit before tax of RM157,038 for the cumulative quarter ended 30 June 2020.

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

FPSB recorded an unaudited profit before tax of RM7.10 million for the cumulative quarter ended 30 June 2020.

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**29. DIVIDEND****(i) Current quarter for the financial period ended 30 June 2020****Dividend 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.

**(ii) Current quarter for the financial period ended 30 June 2019****Dividend for the financial year ended 31 December 2018:**

On 29 April 2019, the Company had recommended a final single tier dividend of two (2.00) sen per share for the financial year ended 31 December 2018. The dividend was approved at the Annual General Meeting on 19 June 2019 and the payment date was on 16 July 2019.

**30. EARNINGS PER SHARE (“EPS”)****(i) 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	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
Profit attributable to equity holder of the owners of the Company (RM'000)	24,715	7,713	19,045	15,589
Weighted average number of ordinary shares in issue ('000)	593,838	593,838	593,838	593,838
<b>Basic EPS (sen)</b>	<b>4.16</b>	1.30	<b>3.21</b>	2.63

**(ii) Diluted EPS**

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

**31. AUTHORISED FOR ISSUE**

The interim financial statements were authorised for issue on 25 August 2020 by the Board of Directors in accordance with the resolution of the Directors.