

# FAR EAST HOLDINGS BERHAD

Company No : 14809-W

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Three - Months Ended 31 March 2013

	3 months ended	
	31-Mar-13	31-Mar-12
	RM'000	RM'000
	Unaudited	Unaudited
Revenue	93,200	96,282
Other operating income	1,234	810
Amortisation of investment held to maturity	-	306
Gain on financial assets at fair value through profit and loss	-	541
Depreciation and amortisation	(2,760)	(2,624)
Operating expenses	(77,759)	(78,115)
Finance income	1,037	962
Share of profit after tax of equity accounted associates	3,496	4,693
Profit before taxation	18,448	22,855
Taxation	(3,738)	(4,845)
<b>Net profit for the period</b>	<b>14,710</b>	<b>18,010</b>
<b>Attributable to:</b>		
Owners of the Company	13,564	16,528
Non-controlling interests	1,146	1,482
	<b>14,710</b>	<b>18,010</b>
<b>Earnings per share attributable to owners of the Company (sen):</b>		
Basic	9.59	11.82
Diluted	9.59	11.82

*The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying notes attached to the interim financial statements.*

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### **CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**For the Three - Months Ended 31 March 2013**

	<b>3 months ended</b>	
	<b>31-Mar-13</b>	<b>31-Mar-12</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>Profit for the period</b>	14,710	18,010
Other comprehensive income		
- Transfer from deferred tax	-	187
- Transfer from revaluation reserve	750	-
- Transfer to retained earnings	(750)	-
<b>Total comprehensive income</b>	<b>14,710</b>	<b>18,197</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	<b>13,564</b>	<b>16,715</b>
Non-controlling interests	1,146	1,482
	<b>14,710</b>	<b>18,197</b>

*The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying notes attached to the interim financial statements.*

# FAR EAST HOLDINGS BERHAD

Company No : 14809-W

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

For the Three - Months Ended 31 March 2013

	As at 31-Mar-13 RM'000 Unaudited	As at 31-Dec-12 RM'000 Audited
<b>Non Current Assets</b>		
Property, plant and equipment	682,540	682,739
Land held for disposal	29,263	29,263
Associates	279,788	276,292
	<u>991,591</u>	<u>988,294</u>
<b>Current Assets</b>		
Other financial assets	1,007	11,850
Inventories	9,873	11,806
Receivables, deposits and prepayments	52,674	82,102
Tax recoverable	3,557	3,855
Deposits, bank and cash balances	193,071	162,483
	<u>260,182</u>	<u>272,096</u>
<b>Less: Current Liabilities</b>		
Payables	27,658	39,514
Dividend payable	-	10,604
Current tax liabilities	261	1,128
	<u>27,919</u>	<u>51,246</u>
<b>Net Current Assets</b>	<u>232,263</u>	<u>220,850</u>
<b>Non Current Liabilities</b>		
Deferred tax liabilities	127,873	127,873
	<u>1,095,981</u>	<u>1,081,271</u>
<b>Capital and reserves attributable to owners of the Company</b>		
Share capital	141,390	141,390
Share premium	47,998	47,998
Revaluation reserve	308,936	309,686
Retained earnings	528,602	514,288
Shareholders' equity	<u>1,026,926</u>	<u>1,013,362</u>
<b>Non-controlling interests</b>	69,055	67,909
<b>Total equity</b>	<u>1,095,981</u>	<u>1,081,271</u>
Net assets per share attributable to owners of the Company (RM)	7.26	7.17

*The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying notes attached to the interim financial statements.*

**FAR EAST HOLDINGS BERHAD**

Company No : 14809-W

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**For the Three - Months Ended 31 March 2013**

[The figures have not been audited]

	----- Attributable to owners of the Company -----					Non-controlling	Total	
	Share capital	Share premium	Share option reserve	Revaluation reserves	Retained earnings	interests	equity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2012</b>	139,779	37,719	951	312,686	470,657	961,792	66,636	<b>1,028,428</b>
Employees shares option scheme								
- issue of shares	979	5,396	-	-	-	6,375	-	<b>6,375</b>
Share options granted	-	-	345	-	-	345	-	<b>345</b>
Share options exercised	-	845	(845)	-	-	-	-	<b>-</b>
Profit for the period	-	-	-	-	16,528	16,528	1,482	<b>18,010</b>
Other comprehensive income	-	-	-	187	-	187	-	<b>187</b>
Total comprehensive income	-	-	-	187	16,528	16,715	1,482	<b>18,197</b>
<b>At 31 March 2012</b>	<b>140,758</b>	<b>43,960</b>	<b>451</b>	<b>312,873</b>	<b>487,185</b>	<b>985,227</b>	<b>68,118</b>	<b>1,053,345</b>
<b>At 1 January 2013</b>	141,390	47,998	-	309,686	514,288	1,013,362	67,909	<b>1,081,271</b>
Profit for the period	-	-	-	-	13,564	13,564	1,146	<b>14,710</b>
Other comprehensive income	-	-	-	(750)	750	-	-	<b>-</b>
Total comprehensive income	-	-	-	(750)	14,314	13,564	1,146	<b>14,710</b>
<b>At 31 March 2013</b>	<b>141,390</b>	<b>47,998</b>	<b>-</b>	<b>308,936</b>	<b>528,602</b>	<b>1,026,926</b>	<b>69,055</b>	<b>1,095,981</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 2012 and the accompanying explanatory notes attached to the interim financial statements.*

**FAR EAST HOLDINGS BERHAD****Company No : 14809-W**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW****For the Three - Months Ended 31 March 2013**

	<b>3 months and year-to-date ended</b>	
	<b>31-Mar-13</b>	<b>31-Mar-12</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>Operating activities</b>		
Profit for the period attributable to owners of the Company	13,564	16,528
Adjustments for:		
Non-controlling interests	1,146	1,482
Property, plant and equipment		
- depreciation	2,760	2,624
- written off and other adjustment	1	2
Share of profit of associates , net of tax	(3,496)	(4,693)
Gain on investment held for trading	-	(541)
Amortisation of investment held to maturity	-	(306)
Share options granted	-	345
Interest income	(1,037)	(962)
Tax expense	3,738	4,845
Operating profit before working capital	<u>16,676</u>	<u>19,324</u>
Changes in working capital:		
- inventories	1,933	3,566
- receivables, deposits and prepayments	29,527	(1,984)
- payables	<u>(11,558)</u>	<u>5,568</u>
Cash from operations	36,578	26,474
Interest received	1,037	962
Tax paid	<u>(4,604)</u>	<u>(4,845)</u>
Net cash flow from operating activities	<u><b>33,011</b></u>	<u><b>22,591</b></u>

# FAR EAST HOLDINGS BERHAD

Company No : 14809-W

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

For the Three - Months Ended 31 March 2013

	3 months and year-to-date ended	
	31-Mar-13	31-Mar-12
	RM'000	RM'000
	Unaudited	Unaudited
<b>Investing activities</b>		
Property, plant and equipment		
- purchase	(2,562)	(2,210)
Purchase of investments	-	(78)
Proceed from disposal of investment	10,743	-
Net cash flow from investing activities	<u>8,181</u>	<u>(2,288)</u>
<b>Financing activities</b>		
Exercise of share options		
- issue of shares	-	979
- share premium	-	5,396
Dividend paid	(10,604)	(20,967)
Net cash used in financing activities	<u>(10,604)</u>	<u>(14,592)</u>
<b>Net increase in cash and cash equivalents</b>	30,588	5,711
Cash and cash equivalents		
-at start of the year	162,483	139,180
-at end of the year	<u>193,071</u>	<u>144,891</u>

*The condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying notes attached to the interim financial statements.*

# **FAR EAST HOLDINGS BERHAD**

**Company No : 14809 - W**  
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## **1. BASIS OF PREPARATION**

The interim financial statements, other than financial instruments, have been prepared under the historical cost convention. Financial instruments have been fair valued in accordance to FRS 139 Financial Instruments: Recognition and Measurement.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 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 2012. 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 2012.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2012, except for the adoption of the following:

### **2.1 Effective for financial periods beginning on or after 1 July 2012**

Amendments to FRS 101	Presentation of Items of Other Comprehensive Income
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### **2.2 Effective for financial periods beginning on or after 1 January 2013**

FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investment in Associates and Joint Ventures

## **FAR EAST HOLDINGS BERHAD**

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### **2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

#### **2.2 Effective for financial periods beginning on or after 1 January 2013**

IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to FRS 1	Government Loans
Amendments to FRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, FRS 11 and FRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities – Transition Guidance
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities
Improvements to FRSs (2012)	

The adoption of the above revised FRSs, IC Interpretation and Amendments did not have any significant impact on the financial performance, position or presentation of financials of the Group.

#### **Malaysian Financial Reporting Standards**

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venture (herein called “Transitioning Entities”).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.



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On 30 June 2012, MASB has decided to allow agriculture and real estate companies (Transitioning Entities) to defer the adoption of the MFRS Framework for another year. MFRS will therefore be mandated for all companies for annual periods beginning on or after 1 January 2014. This decision comes after an extensive deliberation by Board and taking into account both local and international developments affecting these standards.

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2014.

### **3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS**

The Group's plantations business is affected by seasonal crop production, weather condition and fluctuating commodity prices.

### **4. 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 31 March 2013.

### **5. 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 31 March 2013.

## **FAR EAST HOLDINGS BERHAD**

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### **6. DISCLOSURE ON QUALIFICATION ON AUDIT REPORT**

The audit report of the Group's financial statements for the financial year ended 31 December 2012 was not qualified.

### **7. 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 and cumulative quarter ended 31 March 2013.

### **8. DIVIDEND PAID**

Dividend paid is as follow:

	<b>3 months ended</b>	
	<b>31.3.2013</b>	<b>31.3.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Interim dividend	10,604 <sup>2</sup>	20,967 <sup>1</sup>

**Note:**

- 1 An interim single tier dividend of fifteen (15) sen per share for the financial year ended 31 December 2011 was paid on 9 January 2012. The amount was taken-up in the retained earnings for the financial year ended 31 December 2011.
- 2 An interim single tier dividend of seven point five (7.5) sen per share for the financial year ended 31 December 2012 was paid on 16 January 2013. The amount was taken-up in the retained earnings for the financial year ended 31 December 2012.

### **9. SEGMENTAL REPORTING**

No segmental reporting has been prepared as the group activities are predominantly in plantation activity, which is mainly carried out in Malaysia.

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### **10. PROPERTY, PLANT AND EQUIPMENT**

The valuation of property, plant and equipment has been brought forward without amendments from the financial statements for the year ended 31 December 2012.

### **11. SUBSEQUENT MATERIAL EVENTS**

There was no subsequent material events at the date of this cumulative quarter ended 31 March 2013.

### **12. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no other changes in the composition of the Group during the cumulative quarter ended 31 March 2013.

### **13. CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

The contingent liabilities relate to the final award dated 19 September 2012 from the Arbitrator as per announcement dated 27 September 2012 (Note 26).

### **14. REVIEW OF PERFORMANCE**

	<b>3 months ended</b>	
	<b>31.3.2013</b>	<b>31.3.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	<b>93,200</b>	96,282
Profit before taxation	<b>18,448</b>	22,855
Net profit for the period	<b>14,710</b>	18,010

Lower revenue, profit before taxation and net profit for the cumulative quarter ended 31 March 2013 when compared to the corresponding cumulative quarter ended 31 March 2012 were mainly due to:-

- (i) Lower average CPO and kernel prices during the period of RM2,327 per mt and RM1,193 per mt respectively when compared to RM3,172 per mt and RM1,948 per mt respectively for the corresponding period of 2012.
- (ii) Lower contribution from the share of profits from associated companies by RM1.2 million (26%).
- (iii) Higher estate expenditure by RM0.7 million (4%).

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

	<b>Current Quarter 31.3.2013 RM'000</b>	<b>Preceding Quarter 31.12.2012 RM'000</b>
Revenue	<b>93,200</b>	120,674
Profit before taxation	<b>18,448</b>	16,162
Net profit for the period	<b>14,710</b>	7,981

The Group posted lower revenue mainly due to lower FFB production by 28,780 metric tonnes and lower average CPO price for the current quarter of RM2,327 per mt when compared to RM2,683 per mt for the preceding quarter 31 December 2012.

However the group posted higher profit before taxation and net profit for the current quarter ended 31 March 2013 when compared to the preceding quarter ended 31 December 2012 due to higher contribution from the share of profits from associated companies by RM8.03 million.

**16. OTHER OPERATING INCOME**

	<b>3 months ended</b>	
	<b>31.3.2013 RM'000</b>	<b>31.3.2012 RM'000</b>
- Net sales of scout harvesting and FFB from "tapping right"	696	530
- Net sales of seedlings	15	56
- Net sales of palm kernel shell and others	495	193
- Rental income	21	23
- Others	7	8
<b>Total</b>	<b>1,234</b>	<b>810</b>

**17. 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 and cumulative quarter ended 31 March 2013.

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### **18. FOREIGN EXCHANGE GAIN OR LOSS**

The Group does not have any foreign exchange gain or loss for the current and cumulative quarter ended 31 March 2013.

### **19. GAIN OR LOSS ON DERIVATIVES**

The Group does not have any gain or loss on derivatives for the current and cumulative quarter ended 31 March 2013.

### **20. CURRENT YEAR PROSPECTS**

The Group is expected to achieve favorable result in view of the sustainable crude palm oil price.

### **21. CAPITAL COMMITMENTS**

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

	<b>As at 31.3.2013 RM'000</b>	<b>As at 31.3.2012 RM'000</b>
Property, plant and equipment	<b>9,625</b>	7,593
Oil palm estates development	<b>12,377</b>	13,951
Acquisition of land	<b>40,000</b>	40,000
<b>Total capital commitments</b>	<b>62,002</b>	<b>61,544</b>

### **22. VARIANCE FROM PROFIT FORECAST/PROFIT GUARANTEE**

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

### **23. TAXATION**

	<b>3 months ended</b>	
	<b>31.3.2013 RM'000</b>	<b>31.3.2012 RM'000</b>
Current year tax	<b>3,738</b>	4,828
Under provision in prior year	-	17
<b>Total</b>	<b>3,738</b>	<b>4,845</b>

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The effective tax rate of the Group for the cumulative quarter ended 31 March 2013 and 31 March 2012 is calculated at Malaysian statutory tax rate of 25% of the estimated assessable profit for the year.

The effective tax rate of the Group for the cumulative quarter ended 31 March 2013 and 31 March 2012 was lower than the statutory tax rate due to certain income which not taxable.

### **24. STATUS OF CORPORATE PROPOSALS**

There were no corporate proposals for the cumulative quarter ended 31 March 2013.

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

During the current quarter and cumulative quarter ended 31 March 2013, the Group did not enter into any contract involving off balance sheet instruments.

### **26. STATUS OF THE MATERIAL LITIGATIONS**

#### **IN THE HIGH COURT AT KUALA LUMPUR ORIGINATING SUMMONS NO. 24NCC(ARB)-46-11/2012**

1. Far East Holdings Berhad

2. Kampong Aur Oil Palm Company (Sdn.) Berhad - Plaintiffs

And

Majlis Ugama Islam dan Adat Resam Melayu Pahang - Defendant

#### **IN THE HIGH COURT AT KUALA LUMPUR ORIGINATING SUMMONS NO. 24NCC(ARB)-54-11/2012 (formerly 47-11/2012)**

Majlis Ugama Islam dan Adat Resam Melayu Pahang - Plaintiff

And

1. Far East Holdings Berhad - 1<sup>st</sup> Defendant

2. Kampong Aur Oil Palm Company (Sdn.) Berhad - 2<sup>nd</sup> Defendant

The hearing dates for the above cases which were scheduled on the 15 and 16 May 2013; was adjourned to 21 August 2013.

## FAR EAST HOLDINGS BERHAD

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### 27. STATUS ON THE JOINT VENTURE PROJECT

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

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

The total planted area was 2,860 hectares and as at 31 March 2013 all areas had been declared as matured. FEDP had recorded a loss before tax of RM595,595 for the current quarter ended 31 March 2013.

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

Currently only 677.66 hectares have been developed. FERSB had recorded a profit before tax of RM4,334 for the current quarter ended 31 March 2013.

- (ii) **The status on the joint venture project for the biodiesel and glycerine refinery - Future Prelude Sdn Bhd (“FPSB”)**

FPSB recorded a loss of RM486,743 for the current quarter ended 31 March 2013.

### 28. DIVIDEND

No interim dividend was declared in the financial period ended 31 March 2013 (31 March 2012: Nil).

### 29. 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	
	31.3.2013	31.3.2012
Profit attributable to equity holder of the owners of the Company (RM'000)	13,564	16,528
Weighted average number of ordinary shares in issue ('000)	141,390	139,806
<b>Basic EPS (sen)</b>	<b>9.59</b>	11.82

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**(b) Diluted EPS**

There was no diluting factor to earnings per share for the current quarter and the figure is the same as basic earnings per share.

**30. RETAINED EARNINGS**

	<b>As at 31.3.2013 Unaudited RM'000</b>	<b>As at 31.12.2012 Audited RM'000</b>
Realised	546,916	532,505
Unrealised	(18,314)	(18,217)
<b>Total Retained Earnings</b>	<b>528,602</b>	<b>514,288</b>

**31. AUTHORISED FOR ISSUE**

The interim financial statements were authorised for issue on 23 May 2013 by the Board of Directors in accordance with a resolution of the Directors.