

FAR EAST HOLDINGS BERHAD

Company No : 14809-W

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME

For The Three - Months Ended 31 March 2016

	3 months ended	
	31-Mar-16	31-Mar-15
	RM'000	RM'000
	Unaudited	Unaudited
Revenue	60,851	71,034
Other operating income	924	820
Depreciation and amortisation	(2,884)	(2,676)
Operating expenses	(50,349)	(61,118)
Finance income	820	1,463
Finance cost	(1)	-
Share of profit after tax of equity accounted associates	2,471	2,422
Profit before taxation	11,832	11,945
Taxation	(2,317)	(2,357)
Net profit for the period	9,515	9,588
Attributable to:		
Owners of the Company	8,353	9,103
Non-controlling interests	1,162	485
	9,515	9,588
Earnings per share attributable to owners of the Company (sen):		
Basic	5.91	6.44
Diluted	5.91	6.44

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying notes attached to the interim financial statements.

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For The Three - Months Ended 31 March 2016

	3 months ended	
	31-Mar-16	31-Mar-15
	RM'000	RM'000
	Unaudited	Unaudited
Profit for the period	9,515	9,588
Other comprehensive income		
<u>Items that will not be reclassified subsequently</u>		
<u>to profit or loss:</u>		
- Transfer from revaluation reserve	1,000	750
- Transfer to retained earnings	(1,000)	(750)
Total comprehensive income	9,515	9,588
Total comprehensive income attributable to:		
Owners of the Company	8,353	9,103
Non-controlling interests	1,162	485
	9,515	9,588

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 FINANCIAL POSITION

As At 31 March 2016

	As at 31-Mar-16 RM'000 Unaudited	As at 31-Dec-15 RM'000 Audited
Non Current Assets		
Property, plant and equipment	845,264	839,517
Land held for disposal	22,413	22,413
Associates	323,054	320,583
Other financial assets	3,000	3,000
	<u>1,193,731</u>	<u>1,185,513</u>
Current Assets		
Other financial assets	3,176	165
Inventories	6,666	5,291
Receivables, deposits and prepayments	61,794	56,973
Tax recoverable	2,855	1,490
Deposits, bank and cash balances	267,714	276,004
	<u>342,205</u>	<u>339,923</u>
Less: Current Liabilities		
Payables	44,071	28,944
Dividend payable	-	14,139
Hire purchase creditor	38	35
Current tax liabilities	874	874
	<u>44,983</u>	<u>43,992</u>
Net Current Assets	<u>297,222</u>	<u>295,931</u>
Non Current Liabilities		
Deferred tax liabilities	166,157	166,157
Hire purchase creditor	53	59
	<u>166,210</u>	<u>166,216</u>
	<u>1,324,743</u>	<u>1,315,228</u>
Capital and reserves attributable to owners of the Company		
Share capital	141,390	141,390
Share premium	47,998	47,998
Revaluation reserves	401,834	402,834
Retained earnings	654,984	645,631
Shareholders' equity	<u>1,246,206</u>	<u>1,237,853</u>
Non-controlling interests	78,537	77,375
Total equity	<u>1,324,743</u>	<u>1,315,228</u>
 Net assets per share attributable to owners of the Company (RM)	 8.81	 8.75

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**For The Three - Months Ended 31 March 2016**

[The figures have not been audited]

	----- Attributable to owners of the Company -----					Non-controlling	Total
	Share capital RM'000	Share premium RM'000	Revaluation reserves RM'000	Retained earnings RM'000	Total RM'000	interests RM'000	equity RM'000
At 1 January 2015	141,390	47,998	303,687	612,984	1,106,059	70,297	1,176,356
Profit for the period	-	-	-	9,103	9,103	485	9,588
Other comprehensive income for the period							
- Effect upon utilisation of revalued assets	-	-	(750)	750	-	-	-
Total comprehensive income	-	-	(750)	9,853	9,103	485	9,588
At 31 March 2015	141,390	47,998	302,937	622,837	1,115,162	70,782	1,185,944
At 1 January 2016	141,390	47,998	402,834	645,631	1,237,853	77,375	1,315,228
Profit for the period	-	-	-	8,353	8,353	1,162	9,515
Other comprehensive income for the period							
- Effect upon utilisation of revalued assets	-	-	(1,000)	1,000	-	-	-
Total comprehensive income	-	-	(1,000)	9,353	8,353	1,162	9,515
At 31 March 2016	141,390	47,998	401,834	654,984	1,246,206	78,537	1,324,743

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

FAR EAST HOLDINGS BERHAD

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**For The Three - Months Ended 31 March 2016**

	3 months and year-to-date ended	
	31-Mar-16	31-Mar-15
	RM'000	RM'000
	Unaudited	Unaudited
Operating activities		
Profit for the period attributable to owners of the Company	8,353	9,103
Adjustments for:		
Non-controlling interests	1,162	485
Property, plant and equipment		
- depreciation	2,884	2,676
- gain on disposal	(92)	-
Share of profit of associates , net of tax	(2,471)	(2,422)
Interest income	(820)	(1,463)
Interest expense	1	-
Tax expense	2,317	2,357
Operating profit before working capital	<u>11,334</u>	<u>10,736</u>
Changes in working capital:		
- inventories	(1,375)	(970)
- receivables, deposits and prepayments	(4,821)	9,298
- payables	<u>15,127</u>	<u>13,123</u>
Cash from operations	20,265	32,187
Interest received	820	1,463
Interest paid	(1)	-
Tax paid	(3,982)	(5,221)
Tax refunded	<u>300</u>	<u>-</u>
Net cash flow from operating activities	<u>17,402</u>	<u>28,429</u>
Investing activities		
Property, plant and equipment		
- purchase	(8,631)	(3,512)
- proceed from disposal	92	-
Purchase of investment	<u>(3,011)</u>	<u>(24)</u>
Net cash flow used in investing activities	<u>(11,550)</u>	<u>(3,536)</u>
Financing activity		
Dividend paid	(14,139)	-
Hire purchase paid	<u>(3)</u>	<u>-</u>
Net cash flow used in financing activities	<u>(14,142)</u>	<u>-</u>
Net increase in cash and cash equivalents	(8,290)	24,893
Cash and cash equivalents		
-at start of the period	<u>276,004</u>	<u>232,520</u>
-at end of the period	<u>267,714</u>	<u>257,413</u>

The condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying notes attached to the interim financial statements.

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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 2015. 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 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2015, except for the adoption of the following new/revised FRSs and amendments to FRSs:-

2.1 Effective for financial periods beginning on or after 1 January 2016

Amendments to FRS 10, FRS 12 and FRS 128	: Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11	: Accounting for Acquisitions of Interests in Joint Operations
FRS 14	: Regulatory Deferral Accounts
Amendments to FRS 101	: Disclosure Initiative
Amendments to FRS 116 and FRS 138	: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendment to FRS 127	: Equity Method in Separate Financial Statements
Amendment to FRS 10 and FRS 128	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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Annual Improvements to FRSs 2012 – 2014 Cycle:

- Amendments to FRS 5 : Non-Current Assets Held for sale and Discontinued Operations
- Amendments to FRS 7 : Financial Instruments: Disclosure
- Amendments to FRS 119 : Employee Benefits
- Amendments to FRS 134 : Interim Financial Reporting

2.2 Effective for financial periods beginning on or after 1 January 2018

- FRS 9 : Financial Instruments (IFRS 9 as issued by IASB in July 2014)

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 financial of the Group.

Malaysian Financial Reporting Standards

The Group falls within the scope definition of Transitioning Entities which are allowed to defer adoption of the Malaysian Financial Reporting Standards (“MFRS”) Framework. Adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

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 2018. 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 earnings.

The Group expects to be in position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

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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 2016.

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 financial year ended 31 December 2015.

6. DISCLOSURE ON QUALIFICATION ON AUDIT REPORT

The audit report of the Group's financial statements for the financial year ended 31 December 2015 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 quarter and cumulative quarter ended 31 March 2016.

8. DIVIDEND PAID

Dividend paid is as follow:-

	3 months ended	
	31.3.2016	31.3.2015
	RM'000	RM'000
Interim dividend	14,139 ¹	-

Note:

- 1 An interim single tier dividend of ten (10.0) sen per share for the financial year ended 31 December 2015 was paid on 15 January 2016. The amount was taken-up in the retained earnings for the financial year ended 31 December 2015.

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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.

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 2015.

11. SUBSEQUENT MATERIAL EVENTS

There was no subsequent material events at the date of this current quarter and cumulative quarter ended 31 March 2016.

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 31 March 2016.

13. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

The contingent liabilities relate to the material litigation as disclosed in Note 26.

14. REVIEW OF PERFORMANCE

	3 months ended	
	31.3.2016	31.3.2015
	RM'000	RM'000
Revenue	60,851	71,034
Profit before taxation	11,832	11,945
Net profit for the period	9,515	9,588

The Group posted lower revenue, profit before taxation and net profit for the cumulative current quarter when compared to the corresponding cumulative quarter 2015 due to lower revenue from milling operation in line with lower crop processed.

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15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Current Quarter 31.3.2016 RM'000	Preceding Quarter 31.12.2015 RM'000
Revenue	60,851	95,931
Profit before taxation	11,832	33,523
Net profit for the period	9,515	25,835

Lower revenue, profit before taxation and net profit for the current quarter when compared to the preceding quarter 31 December 2015 were mainly due to:-

- (i) Lower FFB production by estate and FFB processed by mill of 41,503 metric tonnes (40%) and 44,820 (38%) respectively due to effect from prolonged drought.
- (ii) Lower contribution from the share of profits from associated companies by RM3.27 million (57%).

16. OTHER OPERATING INCOME

	3 months ended	
	31.3.2016 RM'000	31.3.2015 RM'000
- Net sales of scout harvesting	181	308
- Net sales of FFB from "tapping right" area	160	109
- Net sales of seedlings	91	35
- Net sales of palm kernel shell and others	162	208
- Gain on disposal of property, plant and equipment	92	-
- Rental income	29	35
- Others	209	125
Total	924	820

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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 quarter and cumulative quarter ended 31 March 2016.

18. FOREIGN EXCHANGE GAIN OR LOSS

The Group does not have any foreign exchange gain or loss for the current quarter and cumulative quarter ended 31 March 2016.

19. GAIN OR LOSS ON DERIVATIVES

The Group does not have any gain or loss on derivatives for the current quarter and cumulative quarter ended 31 March 2016.

20. CURRENT YEAR PROSPECTS

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

21. CAPITAL COMMITMENTS

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

	As at 31.3.2016 RM'000	As at 31.3.2015 RM'000
Property, plant and equipment	6,875	9,630
Oil palm estates development	3,515	10,149
Acquisition of land	10,000	40,000
Total capital commitments	20,390	59,779

22. VARIANCE FROM PROFIT FORECAST/PROFIT GUARANTEE

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

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23. TAXATION

	3 months ended	
	31.3.2016 RM'000	31.3.2015 RM'000
Tax expense	2,317	2,357

The effective tax rate of the Group for the cumulative quarter ended 31 March 2016 and 31 March 2015 is calculated at Malaysian statutory tax rate of 25% based on the assessable profit for the period.

The effective tax rate of the Group for the current quarter and cumulative quarter ended 31 March 2016 and 31 March 2015 was lower than the statutory tax rate due to certain income which was not taxable.

24. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals for the current quarter and cumulative quarter ended 31 March 2016.

25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

During the current quarter and cumulative quarter ended 31 March 2016, the Group did not enter into any contract involving off balance sheet instruments.

26. STATUS OF THE MATERIAL LITIGATIONS

Status on material litigation between Far East Holdings Berhad, Kampong Aur Oil Palm Company (Sdn.) Berhad and Majlis Ugama Islam dan Adat Resam Melayu Pahang.

**1. Leave Application to the Federal Court
Civil Application No.08-379-08/2015 (W)**

This is the leave application for Civil Appeal No. W-02(NCC)(A)-2671-12/2013 filed by FEHB/KAOP (the Enforcement Proceedings).

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2. Leave Application to the Federal Court Civil Application No. 08-380-08/2015 (W)

This is the leave application for Civil Appeal No.W-02(NCC)(A)-2672-12/2013 filed by FEHB/KAOP (the Setting Aside Proceedings).

3. Leave Application to the Federal Court Civil Application No. 08-382-08/2015 (W)

MUIP had also filed an application to the Federal Court on 28.8.2015 for leave to appeal to the Federal Court against the decision of the Court of Appeal on the interest issue.

The Federal Court had on 28.3.2016 granted leave to appeal for all the above leave applications filed by FEHB, KAOP and MUIP. On 7.4.2016, our solicitors had proceeded to file and serve the Notices of Appeal to the Federal Court pursuant to the decision made by the Federal Court.

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”)

FEDP had recorded a loss before tax of RM37,281 for the current quarter ended 31 March 2016.

F.E.Rangkaian Sdn Bhd (“FERSB”)

Currently only 1,459.80 hectares have been developed. FERSB had recorded a loss before tax of RM14,288 for the current quarter ended 31 March 2016.

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

FPSB recorded a loss before tax of RM2.78 million for the current quarter ended 31 March 2016.

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28. DIVIDEND

No interim dividend was declared in the period ended 31 March 2016 (31 March 2015 : Nil).

29. 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	
	31.3.2016	31.3.2015
Profit attributable to equity holder of the owners of the Company (RM'000)	8,353	9,103
Weighted average number of ordinary shares in issue ('000)	141,390	141,390
Basic EPS (sen)	5.91	6.44

(ii) Diluted EPS

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

30. RETAINED EARNINGS

	As at 31.3.2016 Unaudited RM'000	As at 31.12.2015 Audited RM'000
Realised	665,402	658,889
Unrealised	(10,418)	(13,258)
Total Retained Earnings	654,984	645,631

31. AUTHORISED FOR ISSUE

The interim financial statements were authorised for issue on 24 May 2016 by the Board of Directors in accordance with the resolution of the Directors.