



5E RESOURCES LIMITED
(Registration. No. 202136285K)
(Incorporated in Singapore)

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

TABLE OF CONTENTS

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	3
B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION	5
C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY	6
D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS	8
E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	9
F. OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES	23

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	6 months ended		Increase/ (Decrease)	12 months ended		Increase/ (Decrease)
		31 December 2023	31 December 2022	%	31 December 2023	31 December 2022	%
		MYR'000	MYR'000		MYR'000	MYR'000	
Revenue from contracts with customers	4	42,315	32,232	31.3	79,961	64,969	23.1
Cost of sales	8	(20,296)	(17,677)	14.8	(38,080)	(35,190)	8.2
Gross profit		22,019	14,555	51.3	41,881	29,779	40.6
Other income	6	956	1,639	(41.7)	1,838	1,771	3.8
Other gains	7	138	82	68.3	419	318	31.8
Administrative expenses	8	(6,330)	(5,723)	10.6	(10,594)	(10,661)	(0.6)
Selling and distribution expenses	8	(3,542)	(1,457)	143.1	(5,138)	(3,349)	53.4
Finance expenses		(244)	(231)	5.6	(542)	(473)	14.6
Net impairment (charge)/ reversal on trade receivables		(19)	(33)	(42.4)	36	5	620.0
Profit before income tax		12,978	8,832	46.9	27,900	17,390	60.4
Income tax expense	9	(2,338)	(2,670)	(12.4)	(6,339)	(5,070)	25.0
Net profit and total comprehensive income for the financial year		10,640	6,162	72.7	21,561	12,320	75.0
Net profit and total comprehensive income for the financial year attributable to:							
- Owners of the Company		10,640	6,162	72.7	21,561	12,320	75.0

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	6 months ended		Increase/ (Decrease)	12 months ended		Increase/ (Decrease)
	31 December 2023	31 December 2022	%	31 December 2023	31 December 2022	%
Note						
Earnings per share for profit attributable to equity holders of the Company						
- Basic and diluted earnings per share (excluding treasury shares) (MYR cents)	14	7.2	4.2	14.6	9.2	

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

		Group		Company	
	Note	31 December 2023 MYR'000	31 December 2022 MYR'000	31 December 2023 MYR'000	31 December 2022 MYR'000
ASSETS					
Current assets					
Cash and cash equivalents		62,450	60,924	867	895
Short term deposits		85	489	-	-
Trade and other receivables		12,947	10,296	-	947
Amount due from a subsidiary		-	-	25,837	23,677
Amount due from related parties	15(b)	4	18	-	-
Other current assets		240	100	10	24
Contract assets		43	-	-	-
Inventories		414	540	-	-
Total current assets		76,183	72,367	26,714	25,543
Non-current assets					
Property, plant and equipment	11	46,569	34,214	-	-
Right-of-use assets		15,429	16,127	-	-
Investment in subsidiary		-	-	55,885	55,885
Prepayment for purchase of property, plant and equipment		-	290	-	-
Total non-current assets		61,998	50,631	55,885	55,885
Total assets		138,181	122,998	82,599	81,428
LIABILITIES					
Current liabilities					
Trade and other payables		11,734	10,899	510	1,105
Amount due to a subsidiary		-	-	-	-
Contract liabilities		143	64	-	-
Current income tax liabilities		665	1,624	-	-
Borrowings	12	457	361	-	-
Lease liabilities		98	256	-	-
Total current liabilities		13,097	13,204	510	1,105
Non-current liabilities					
Lease liabilities		9,864	9,898	-	-
Borrowings	12	2,275	2,252	-	-
Deferred tax liabilities		1,350	1,849	-	-
Total non-current liabilities		13,489	13,999	-	-
Total liabilities		26,586	27,203	510	1,105
NET ASSETS		111,595	95,795	82,089	80,323
EQUITY					
Capital and reserves attributable to owners of the Company					
Share capital	13(a)	84,977	84,977	84,977	84,977
Treasury shares	13(b)	(857)	-	(857)	-
Reserves		(59,250)	(59,250)	-	-
Retained earnings/ (accumulated losses)		86,725	70,068	(2,031)	(4,654)
Total equity		111,595	95,795	82,089	80,323

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Group				
	Share capital	Treasury shares	Reserves	Retained profits	Total
	MYR'000	MYR'000	MYR'000	MYR'000	MYR'000
Group					
Balance at 1 January 2023	84,977	-	(59,250)	70,068	95,795
Net profit for the financial year	-	-	-	21,561	21,561
Total comprehensive income for the year	-	-	-	21,561	21,561
Purchase of treasury shares	-	(857)	-	-	(857)
Dividends	-	-	-	(4,904)	(4,904)
Transactions with owners	-	(857)	-	(4,904)	(5,761)
Balance at 31 December 2023	84,977	(857)	(59,250)	86,725	111,595

	Attributable to equity holders of the Group				
	Share capital	Treasury shares	Reserves	Retained profits	Total
	MYR'000	MYR'000	MYR'000	MYR'000	MYR'000
Group					
Balance at 1 January 2022	55,886	-	(59,250)	57,748	54,384
Net profit for the financial year	-	-	-	12,320	12,320
Total comprehensive income for the year	-	-	-	12,320	12,320
Issuance of shares during the financial year	31,502	-	-	-	31,502
Share issue costs	(2,411)	-	-	-	(2,411)
Transactions with owners	29,091	-	-	-	29,091
Balance at 31 December 2022	84,977	-	(59,250)	70,068	95,795

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (continued)

<u>Company</u>	Attributable to owners of the Company			Total MYR'000
	Share capital MYR'000	Treasury shares	Accumulated losses MYR'000	
Balance as at 1 January 2023	84,977	-	(4,654)	80,323
Net loss and total comprehensive loss for the financial year	-	-	7,527	7,527
Purchase of treasury shares	-	(857)	-	(857)
Dividends	-	-	(4,904)	(4,904)
Balance as at 31 December 2023	84,977	(857)	(2,031)	82,089

<u>Company</u>	Attributable to owners of the Company			Total MYR'000
	Share capital MYR'000	Treasury shares MYR'000	Accumulated losses MYR'000	
Balance as at date of incorporation	*	-	-	-
Net loss and total comprehensive loss for the financial year	-	-	(4,654)	(4,654)
Issuance of shares during the financial year ⁽¹⁾	87,388	-	-	87,388
Share issue costs	(2,411)	-	-	(2,411)
Balance as at 31 December 2022	84,977	-	(4,654)	80,323

* Denotes MYR3

Note:

(1) Issuance of shares during the financial year consisted of issuance of shares upon acquisition of subsidiary amounting to MYR55,886,000 and issuance of shares during the year amounting to MYR31,502,000.

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	31 December 2023	31 December 2022
	MYR'000	MYR'000
Cash flows from operating activities		
Profit before income tax	27,900	17,390
Adjustments for:		
Property, plant and equipment		
- Depreciation	2,699	2,512
- Written off	3	92
- Gain on disposal	(83)	-
Depreciation of right-of-use assets	710	810
Interest income	(1,838)	(803)
Finance expenses	542	473
Net impairment reversal on trade receivables	(36)	(5)
Unrealised gain on foreign exchange	(108)	(62)
Gain on lease modification	(1)	-
	<u>29,788</u>	<u>20,407</u>
Changes in working capital:		
- Inventories	126	(41)
- Trade and other receivables	(2,798)	2,165
- Trade and other payables	914	3,706
Cash generated from operations	<u>28,030</u>	<u>26,237</u>
Income tax paid	(7,797)	(5,796)
Net cash generated from operating activities	<u>20,233</u>	<u>20,441</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,332)	(7,288)
Proceed from disposal of property, plant and equipment	155	-
Repayment from related parties	14	41
Withdrawal/ (placement) of short-term deposits	404	(400)
Interest received	1,838	796
Net cash used in investing activities	<u>(11,921)</u>	<u>(6,851)</u>
Cash flows from financing activities		
Repayments of term loans and hire purchase liabilities	(388)	(3,315)
Repayments of lease liabilities	(203)	(336)
Purchase of treasury shares	(857)	-
Listing expenses charged to equity	-	(2,411)
Proceeds from issuance of shares	-	31,502
Dividends paid	(4,904)	-
Interest paid	(542)	(86)
Net cash (used in)/ generated from financing activities	<u>(6,894)</u>	<u>25,354</u>
Net change in cash and cash equivalents	<u>1,418</u>	<u>38,944</u>
Cash and cash equivalents at the beginning of financial year	60,924	21,918
Effect of exchange rate changes on cash and cash equivalents	108	62
Cash and cash equivalents at the end of financial year	<u>62,450</u>	<u>60,924</u>

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. General information, the restructuring exercise and basis of presentation

1.1 General information

5E Resources Limited (the “**Company**”) was incorporated and domiciled in Singapore on 18 October 2021 as a private company limited by shares. On 25 March 2022, the Company was subsequently converted to a public limited company and the Company’s name was changed to “5E Resources Limited”. The Company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 12 May 2022.

The address of the Company’s registered office is 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712.

The Company is an investment holding company. The Company, together with its subsidiaries (the “**Group**”), are principally engaged in the provision of scheduled waste management services, sales of recovered and recycled products and trading of chemicals.

The first financial year of the Company commenced from 18 October 2021 to 31 December 2022.

1.2 Restructuring Exercise

In preparation for the listing of the Company’s shares on the Catalist of the SGX-ST, the Group underwent the restructuring exercise in the previous financial year which resulted in the Company becoming the holding company of the Group. For further information, please refer to section entitled “Restructuring Exercise” of the Company’s Offer Document dated 29 April 2022.

1.3 Basis of presentation

The Group resulting from the above Restructuring Exercise is regarded as a continuing entity for the years ended 31 December 2021 and 2022 as the Group is ultimately controlled by the common shareholders both before and after the Restructuring Exercise. Accordingly, although the Company was only incorporated on 18 October 2021, the financial statements of the Group were prepared using the principles of merger accounting on the basis that the Restructuring Exercise transferred the equity interest in the combining entities under the common control to the Company had been effected since the earliest period presented.

2. Basis of preparation

These condensed interim financial statements have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Malaysia Ringgit (“**MYR**”) (“presentation currency”), which is the functional currency of the Company and its subsidiaries.

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2.1 New and amended standards adopted by the Group

On 1 January 2023, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial periods and financial years.

3. Use of judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives and residual values of plant and machinery

The costs of plant and machinery are depreciated on a straight-line basis over their useful lives. Management exercises its judgement in estimating the useful lives and residual values of the depreciable assets. The estimated useful lives reflect management's estimate of the period that the Group intends to derive future economic benefits from the use of the depreciable asset.

The Group reviews annually the estimated useful lives of plant and machinery based on the factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets. It is possible that the Group's future results could be materially affected by changes in these estimates brought about by changes in factors mentioned. A reduction in the estimated useful lives by 1 year would increase the Group's annual depreciation expense by MYR286,000 (2022: MYR218,000).

(b) Impairment of trade receivables

The loss allowance for financial assets is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation.

To measure the expected credit losses, these receivables have been grouped based on days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months and the corresponding credit losses experienced within this period. The historical loss rates are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and inflationary rate in Malaysia to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Any possible changes in these inputs could result in revision to the loss allowance recorded by the Group.

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(continued)

3. Use of judgements and estimates (continued)

(b) *Impairment of trade receivables (continued)*

Management has considered a range of possible outcomes, i.e. a baseline scenario and the worst case scenario in computing the Expected Credit Losses. In the baseline scenario, management incorporated the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the trade receivables and made adjustments to the expected loss rates accordingly. In the worst case scenario, management considered a further increase in expected loss rate as computed in the baseline scenario. A probability-weighting of occurrence was subsequently applied to these two different scenarios to derive at the expected credit loss allowance to be made. A 20% increase in the probability-weighting would increase the loss allowance by MYR39,000 and MYR30,000 for 31 December 2023 and 31 December 2022 respectively.

4. Revenue and segment information

The chief operating decision maker ("CODM") has been identified as the Executive Directors of the Company who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The Group is principally engaged in scheduled waste management services, sales of recovered and recycled products and chemical trading. Information reported to CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group. For the financial years ended 31 December 2023 and 2022, there are three operating segments based on business type: (1) scheduled waste management services, (2) sales of recovered and recycled products, and (3) chemical trading.

The CODM consider the business from activities perspective and assess the performance of the operating segments based on a measure of gross profit for the purposes of allocating resources. No analysis of segment assets or segment liabilities is regularly provided to the CODM.

Transactions between operating segments are carried out on agreed terms between both segments. The effects of such inter-segment transactions and balances arising thereof are eliminated.

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(continued)

4. Revenue and segment information (continued)

	6 months ended 31 December 2023			
Group	Scheduled waste management services MYR'000	Sales of recovered and recycled products MYR'000	Chemical trading MYR'000	Total MYR'000
Segment revenue				
Total revenue	36,363	5,262	1,654	43,279
Intersegment revenue elimination	-	(1)	(963)	(964)
Revenue from external customers	36,363	5,261	691	42,315
Segment results	20,798	701	520	22,019
Other income				956
Other gains				138
Administrative expenses				(6,330)
Selling and distribution expenses				(3,542)
Finance expenses				(244)
Net impairment loss on trade receivables				(19)
Profit before income tax				12,978
Significant non-cash items				
Depreciation of property, plant and equipment	1,301	193	2	1,496
Depreciation of right-of-use assets	319	48	16	383
<u>Additions:</u>				
Property, plant and equipment	5,563	857	12	6,432
Right-of-use assets	-	-	12	12

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(continued)

4. Revenue and segment information (continued)

	6 months ended 31 December 2022			
	Scheduled waste management services MYR'000	Sales of recovered and recycled products MYR'000	Chemical trading MYR'000	Total MYR'000
Group				
Segment revenue				
Total revenue	26,832	4,580	1,779	33,191
Intersegment revenue elimination	-	(1)	(958)	(959)
Revenue from external customers	26,832	4,579	821	32,232
Segment results	12,527	1,524	504	14,555
Other income				1,639
Other gains				82
Administrative expenses				(5,723)
Selling and distribution expenses				(1,457)
Finance expenses				(231)
Net impairment loss on trade receivables				(33)
Profit before income tax				8,832
Significant non-cash items				
Depreciation of property, plant and equipment	1,054	130	1	1,185
Depreciation of right-of-use assets	369	46	14	429
Additions:				
Property, plant and equipment	5,919	732	-	6,651
Right-of-use assets	118	15	-	133

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(continued)

4. Revenue and segment information (continued)

	12 months ended 31 December 2023			
	Scheduled waste management services MYR'000	Sales of recovered and recycled products MYR'000	Chemical trading MYR'000	Total MYR'000
Group				
Segment revenue				
Total revenue	68,519	9,991	3,296	81,806
Intersegment revenue elimination	-	(1)	(1,844)	(1,845)
Revenue from external customers	68,519	9,990	1,452	79,961
Segment results	39,059	1,761	1,061	41,881
Other income				1,838
Other gains				419
Administrative expenses				(10,594)
Selling and distribution expenses				(5,138)
Finance expenses				(542)
Net reversal of impairment loss on trade receivables				36
Profit before income tax				27,900
Significant non-cash items				
Depreciation of property, plant and equipment	2,373	324	2	2,699
Depreciation of right-of-use assets	598	82	30	710
Additions:				
Property, plant and equipment	13,302	1,815	12	15,129
Right-of-use assets	-	-	12	12

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(continued)

4. Revenue and segment information (continued)

	12 months ended 31 December 2022			
	Scheduled waste management services MYR'000	Sales of recovered and recycled products MYR'000	Chemical trading MYR'000	Total MYR'000
Group				
Segment revenue				
Total revenue	53,282	10,078	3,713	67,073
Intersegment revenue elimination	-	(1)	(2,103)	(2,104)
Revenue from external customers	53,282	10,077	1,610	64,969
Segment results	25,724	3,001	1,054	29,779
Other income				1,771
Other gains				318
Administrative expenses				(10,661)
Selling and distribution expenses				(3,349)
Finance expenses				(473)
Net reversal of impairment loss on trade receivables				5
Profit before income tax				17,390
Significant non-cash items				
Depreciation of property, plant and equipment	2,171	339	2	2,512
Depreciation of right-of-use assets	532	83	195	810
Additions:				
Property, plant and equipment	6,114	954	-	7,068
Right-of-use assets	8,456	1,320	-	9,776

Most of the Group's revenue is generated from customers located in Malaysia and all the assets of the Group are located in Malaysia. Accordingly, no geographical segment analysis is presented.

For the financial year ended 31 December 2023, there was a customer which contributed 21.6% of the Group's total revenue. In the previous financial year, there was a customer which contributed 10.2% of the Group's total revenue.

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(continued)

4. Revenue and segment information (continued)

Breakdown of sales as follows:

	Group 31 December		Increase/ (Decrease) %
	2023	2022	
	MYR'000	MYR'000	
(a) Sales reported for the first half year	37,646	32,737	15.0
(b) Operating profit after tax before deducting non-controlling interests reporting for the first half year	10,921	6,158	77.4
(c) Sales reported for the second half year	42,315	32,232	31.3
(d) Operating profit after tax before deducting non-controlling interests reporting for the second half year	10,640	6,162	47.4

5. Financial assets and liabilities

	Group 31 December	
	2023	2022
	MYR'000	MYR'000
Financial assets		
Trade and other receivables	12,947	9,349
Amounts due from related parties	4	18
Short term deposits	85	489
Cash and cash equivalents	62,450	60,924
	75,486	70,780

	Group 31 December	
	2023	2022
	MYR'000	MYR'000
Financial liabilities		
Trade and other payables	11,734	10,899
Borrowings	2,732	2,613
Lease liabilities	9,962	10,154
	24,428	23,666

6. Other income

	Group 6 months ended 31 December		Group 12 months ended 31 December	
	2023	2022	2023	2022
	MYR'000	MYR'000	MYR'000	MYR'000
Interest income	955	671	1,837	803
Grant income	-	947	-	947
Others	1	21	1	21
	956	1,639	1,838	1,771

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(continued)

7. Other gains

	Group		Group	
	6 months ended 31 December		12 months ended 31 December	
	2023	2022	2023	2022
	MYR'000	MYR'000	MYR'000	MYR'000
Gain on disposal of property, plant and equipment	83	-	83	-
Write-off of property, plant and equipment	-	(92)	(3)	(92)
Currency exchange gain – net	55	174	339	410
	138	82	419	318

8. Expenses by nature

	Group		Group	
	6 months ended 31 December		12 months ended 31 December	
	2023	2022	2023	2022
	MYR'000	MYR'000	MYR'000	MYR'000
Depreciation of property, plant and equipment	1,496	1,185	2,699	2,512
Depreciation of right-of-use assets	383	429	710	810
Employee compensation	9,442	7,613	16,813	13,457
Transportation charges	1,232	945	2,303	2,068
Referral fees	1,840	78	2,069	243
Fuel oil and petrol	627	1,060	1,180	2,230
Utilities expense	1,193	1,074	2,396	2,038
Short term leases	137	61	283	101
Repair and maintenance fee	2,627	1,966	3,809	3,692
Raw material consumed	5,309	3,633	10,281	6,883
Consumables	517	467	1,077	905
Subcontractor charges	12	242	22	579
Sludge disposal	2,590	3,171	5,634	6,916
Professional fees	1,000	1,461	1,444	3,915
Others	1,763	1,472	3,092	2,851
Total cost of sales, administrative expenses and selling and distribution expenses	30,168	24,857	53,812	49,200

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(continued)

9. Income tax expense

	Group		Group	
	6 months ended 31 December 2023	2022	12 months ended 31 December 2023	2022
	MYR'000	MYR'000	MYR'000	MYR'000
Tax expense attributable to profit is made up of:				
Current income tax				
- current year	2,970	2,950	7,011	5,439
- (over)/ under provision in prior year	(173)	209	(173)	209
Deferred income tax expense/(credit)	(459)	(489)	(499)	(578)
	<u>2,338</u>	<u>2,670</u>	<u>6,339</u>	<u>5,070</u>

10. Net asset value

	Group	
	31 December 2023	2022
Net Asset Value per share (excluding treasury shares) (MYR cents)	76	65
Net Asset Value (MYR'000)	111,595	95,795
Total number of shares (excluding treasury shares)	146,518,384	147,474,784

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(continued)

11. Property, plant and equipment

	Buildings	Plant and machinery	Furniture and office equipment	Motor vehicles	Work in Progress	Total
	MYR'000	MYR'000	MYR'000	MYR'000		MYR'000
Group						
As at 31 December 2023						
<i>Cost</i>						
Beginning of financial year	22,455	24,107	3,833	4,355	5,963	60,713
Additions	14	1,162	95	4,017	9,841	15,129
Disposal	-	(409)	(57)	(250)	-	(716)
End of financial year	<u>22,469</u>	<u>24,860</u>	<u>3,871</u>	<u>8,122</u>	<u>15,804</u>	<u>75,126</u>
<i>Accumulated depreciation</i>						
Beginning of financial year	2,729	17,866	2,679	3,225	-	26,499
Depreciation charge	486	1,285	344	584	-	2,699
Disposal	-	(405)	(57)	(179)	-	(641)
End of financial year	<u>3,215</u>	<u>18,746</u>	<u>2,966</u>	<u>3,630</u>	<u>-</u>	<u>28,557</u>
Net book value						
End of financial year	<u>19,254</u>	<u>6,114</u>	<u>905</u>	<u>4,492</u>	<u>15,804</u>	<u>46,569</u>
	Buildings	Plant and machinery	Furniture and office equipment	Motor vehicles	Work in Progress	Total
	MYR'000	MYR'000	MYR'000	MYR'000		MYR'000
Group						
As at 31 December 2022						
<i>Cost</i>						
Beginning of financial year	22,455	23,841	3,771	4,236	-	54,303
Additions	-	690	293	122	5,963	7,068
Disposal	-	(424)	(231)	(3)	-	(658)
End of financial year	<u>22,455</u>	<u>24,107</u>	<u>3,833</u>	<u>4,355</u>	<u>5,963</u>	<u>60,713</u>
<i>Accumulated depreciation</i>						
Beginning of financial year	2,243	17,058	2,484	2,768	-	24,553
Depreciation charge	486	1,191	375	460	-	2,512
Disposal	-	(383)	(180)	(3)	-	(566)
End of financial year	<u>2,729</u>	<u>17,866</u>	<u>2,679</u>	<u>3,225</u>	<u>-</u>	<u>26,499</u>
Net book value						
End of financial year	<u>19,726</u>	<u>6,241</u>	<u>1,154</u>	<u>1,130</u>	<u>5,963</u>	<u>34,214</u>

Bank borrowings (Note 12) are secured on buildings of the Group with carrying amounts of MYR19,254,000 and MYR19,726,000 as at 31 December 2023 and 31 December 2022 respectively.

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(continued)

12. Borrowings

	Group	
	31 December	
	2023	2022
	MYR'000	MYR'000
<u>Non-current</u>		
Term loans (secured)	1,886	2,252
Hire purchase liabilities	389	-
	2,275	2,252
<u>Current</u>		
Term loans (secured)	364	361
Hire purchase liabilities	93	-
	457	361
Total borrowings	2,732	2,613

The term loans bear floating interest rates. The weighted average interest rate of the term loans as at 31 December 2023 and 31 December 2022 is 4.42% and 4.17% per annum respectively. The hire purchase liabilities bear fixed interest rates ranging from 2.33% to 2.36%.

13. Share capital and treasury shares

(a) Share capital

	Group and Company	
	31 December	
	2023	2022
	MYR'000	MYR'000
Issued and full paid		
At beginning of the year		
147,747,784 (2022:108,974,784) ordinary shares including treasury shares	84,977	55,886
Issuance of 38,500,000 ordinary shares upon listing	-	31,502
Share issue costs	-	(2,411)
At end of the year		
147,747,784 (2022:147,747,784) ordinary shares including treasury shares	84,977	84,977

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(continued)

13. Share capital and treasury shares (continued)

(b) Treasury shares

	Group and Company			
	31 December		31 December	
	2023	2022	2023	2022
	No of shares		MYR'000	
At beginning of the year	-	-	-	-
Purchased during the year	956,400	-	857	-
At end of the year	956,400	-	857	-

Treasury shares relate to ordinary shares of the Company that are held by the Company. In the financial year ended 31 December 2023, the purchase prices of the treasury shares ranged from \$0.24 to \$0.27 per share.

As at 31 December 2023, the Company's treasury shares constituted 0.65% of the total number of ordinary shares outstanding.

There were no sales, transfer, cancellation and/ or use of subsidiary holdings or treasury shares during the financial year ended 31 December 2023.

14. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2023 is based on the profit attributable to ordinary shareholders of MYR21,561,000 (2022: MYR12,320,000) and the weighted-average number of ordinary shares outstanding* during the period of 147,376,585 shares (2022: 133,656,976 shares).

**The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.*

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(continued)

15. Related party transactions

In addition to the information disclosed elsewhere in the consolidated interim financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Related party transactions

The ultimate controlling shareholders of the Group are Mr Wong Kim Fatt, Mdm Loo Sok Ching and Mr. Ban Kim Wah. Related parties are entities controlled by one of the ultimate controlling shareholders of the Group.

	Group	
	12 months ended 31 December	
	2023	2022
	MYR'000	MYR'000
<i>With entities controlled by the two of the ultimate controlling shareholders of the Group</i>		
Provision of scheduled waste management services	166	184
Sales of goods	1	1
Cleaning services charges	(2)	-
Payment on behalf for the services charges and utility expenses	-	(5)

	Group	
	31 December	
	2023	2022
	MYR'000	MYR'000
<i>Financial guarantee granted for Group's borrowings</i>		
Jointly and severally by certain Directors of the Group	2,250	2,613

(b) Balances with related parties

	Group	
	31 December	
	2023	2022
	MYR'000	MYR'000
<i>With entities controlled by two of the ultimate controlling shareholders of the Group</i>		
Trade receivables	4	18

16. Events occurring after the reporting period

Save for dividend information disclosed in Note 6 of "Other Information Required by Appendix 7C of the Catalyst Rules" in this report, there are no other material subsequent events undertaken by the Company or the subsidiaries of the Group after 31 December 2023.

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

F. OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES

1. Review

The condensed interim statements of financial position of 5E Resources Limited and its subsidiaries as at 31 December 2023 and the related condensed interim consolidated statement of comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six months period and full year then ended and explanatory notes have not been audited and reviewed.

2. Review of performance of the group

Consolidated Statement of Comprehensive Income

Revenue

Total revenue increased by approximately MYR15.0 million or 23.1% from approximately MYR65.0 million in financial year ended 31 December 2022 ("FY2022") to approximately MYR80.0 million in financial year ended 31 December 2023 ("FY2023"). The increase was primarily due to the increase in revenue from the scheduled waste management business segment.

Our revenue generated from scheduled waste management services increased by approximately MYR15.2 million or 28.5% from approximately MYR53.3 million in FY2022 to approximately MYR68.5 million in FY2023, primarily due to increase in demand for scheduled waste management services.

Our revenue generated from sales of recovered and recycled products remained stable in FY2023.

Our revenue generated from chemical trading decreased by approximately MYR0.1 million or 6.3% from approximately MYR1.6 million in FY2022 to approximately MYR1.5 million in FY2023, primarily due to decrease in demand for chemicals from our existing customers.

Cost of sales

Our cost of sales increased by approximately MYR2.9 million or 8.2% from approximately MYR35.2million in FY2022 to approximately MYR38.1 million in FY2023. The increase was in line with the increase in revenue of schedule waste management services.

Cost of sales attributable to scheduled waste management services increased by approximately MYR1.9 million or 6.9% from approximately MYR27.6 million in FY2022 to approximately MYR29.5 million in FY2023, mainly due to an increase in direct labour cost, repair and maintenance for the provision of our scheduled waste management services.

Cost of sales attributable to sales of recovered and recycled products increased by approximately MYR1.1 million or 15.5% from approximately MYR7.1 million in FY2022 to approximately MYR8.2 million in FY2023, mainly due to higher cost of purchase of waste in this segment.

Cost of sales attributable to chemical trading decreased by approximately MYR165,000 or 29.7% from approximately MYR556,000 in FY2022 to approximately MYR391,000 in FY2023, due to the decrease in the purchase of chemicals.

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

F. OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (continued)

2. Review of performance of the group (continued)

Gross profit

Gross profit increased by approximately MYR12.1 million or 40.6% from approximately MYR29.8 million in FY2022 to approximately MYR41.9 million in FY2023. Our overall gross profit margin increased from approximately 45.8% in FY2022 to 52.4% in FY2023. The increase in gross profit margin was attributable to the decrease in sludge disposal cost, fuel oil and petrol consumed for the provision of our scheduled waste management services.

Other income

Other income remained stable in FY2023, which mainly consisted of interest income earned from the placement of fixed deposits and bank current accounts.

Other gains

Other gains increased by approximately MYR101,000 or 31.8% from approximately MYR318,000 in FY2022 to approximately MYR419,000 in FY2023 mainly due to gain on disposal of property, plant and equipment.

Expenses

Our administrative expenses decreased by approximately MYR0.1 million or 0.9% from approximately MYR10.7 million in FY2022 to approximately MYR10.6 million in FY2023, primarily due to one-off and nonrecurring professional fee expenses incurred in connection with Company's listing exercises in FY2022, partially off-set by the increase in staff cost in FY2023.

Our selling and distribution expenses increased by approximately MYR1.8 million or 54.5% from approximately MYR3.3 million in FY2022 to approximately MYR5.1 million in FY2023, primarily due to increase in referral fees in FY2023 which is in line with the growth in revenue.

Our finance expenses increased by approximately MYR69,000 or 14.6% from approximately MYR473,000 in FY2022 to approximately MYR542,000 in FY2023, mainly due to the increase in interest expense on new lease of land and hire purchase of vehicles.

Net impairment losses on trade receivables

In FY2023, we recognised a reversal of impairment losses on trade receivables of approximately MYR36,000 as compared to MYR5,000 in FY2022 due to improved collection from the customers as at year end.

Income tax expense

Our income tax expense increased by approximately MYR1.2 million or 23.5% from approximately MYR5.1 million in FY2022 to approximately MYR6.3 million in FY2023. Our effective income tax rate decreased from approximately 29.2% in FY2022 to approximately 22.7% in FY2023, mainly due to higher one-off and non-recurring professional fee expenses incurred in connection with listing exercises in FY2022, which are non-deductible for tax purpose.

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

F. OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (continued)

2. Review of performance of the group (continued)

Consolidated Statement of Financial Position

Non-current assets

The Group's non-current assets increased by MYR11.4 million from MYR50.6 million in FY2022 to MYR62.0 million in FY2023, largely due to:

- a. Increase in property, plant and equipment approximately MYR12.4 million due to additions of plant and machinery and capital work in progress net off against write-off and depreciation charge for the year.
- b. Decrease in right-of-use assets of MYR0.7 million mainly due to depreciation charge for the year.
- c. Decrease in prepayment for purchase of property, plant and equipment of MYR0.3 million.

Current assets

The Group's current assets increased by MYR3.8 million from MYR72.4 million in FY2022 to MYR76.2 million in FY2023, mainly due to:

- a. Increase in cash and cash equivalents by MYR1.6 million contributed by higher cash inflow from operating set off against cash outflow from financing and investing activities.
- b. Trade and other receivables decreased by MYR2.6 million was due to increase in revenue during the year.
- c. Decrease in short term deposits by MYR0.4 million due to withdrawal of fixed deposit from the bank.
- d. Decrease in inventories by MYR0.1 million.
- e. Increase in other current assets by MYR0.1 million was due to increase in prepayment to suppliers.

Non-current liabilities

The Group's non-current liabilities decreased by MYR0.5 million from MYR14.0 million in FY2022 to MYR13.5 million in FY2023, primarily due to decrease in deferred tax liabilities by RM0.4 million in FY2023.

Current liabilities

The Group's current liabilities decreased by MYR0.1 million from MYR13.2 million in FY2022 to MYR13.1 million in FY2023, largely due to:

- a. Decrease in current income tax liabilities of MYR0.9 million due to higher tax paid in FY2023.
- b. Increase in trade and other payables of MYR0.8 million due to higher accruals of staff cost recorded in FY2023.

Shareholder's equity

The Group's shareholder equity increased by MYR15.8 million from MYR95.8 million in FY2022 to MYR111.6 million in FY2023 due to net profit for the year of MYR21.6 million in FY2023 off-set with purchase of treasury shares of MYR0.9 million and dividends paid of MYR4.9 million in FY2023.

F. OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (continued)

2. Review of performance of the group (continued)

Consolidated Statement of Cash Flows

The Group generated net cash from operating activities before movement in working capital of approximately MYR29.8 million in FY2023 compared with approximately MYR20.4 million in FY2022 as a result of higher profit before tax.

Net cash flows generated from operating activities was approximately MYR20.4 million in FY2022 compared with approximately MYR20.2 million in FY2023 mainly due to decrease in inventories of approximately MYR0.1 million due to lower inventories, increase in trade and other receivables of approximately MYR2.8 million due to higher sales towards end of financial year, and increase in trade and other payables of approximately MYR0.9 million due to higher materials purchased towards end of financial year.

Net cash flows used in investing activities amounted to approximately MYR11.9 million, which was attributable to purchase of property, plant and equipment of approximately MYR14.3 million, partially offset by interest received by approximately MYR1.8 million, withdrawal of short-term deposit by approximately MYR0.4 million, and proceed from disposal of property, plant and equipment by approximately MYR0.2 million.

Net cash flows used in financing activities amounted to approximately MYR6.9 million, which was attributable to dividend paid of approximately MYR4.9 million, repayment of term loans and hire purchase liabilities of approximately MYR0.4 million, repayment of lease liabilities of approximately MYR0.2 million, purchase of treasury shares of approximately MYR0.9 million, and interest paid of approximately MYR0.5 million.

3. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer opinion:

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is material uncertainty relating to going concern

Not applicable.

4. Where a forecast, or a prospect statement, has previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or event that may affect the group in the next reporting period and the next 12 months

The global economy is expected to continue to confront challenges of moderate growth and elevated inflation. Nonetheless, with the active enforcement of environmental regulations by government authorities and the increased awareness of the industrial players on the importance of responsible and sustainable waste management, the Group remains cautiously optimistic and expects steady growth in the future. The Group will remain prudent and mindful of the inflationary pressure on its business operations and continue to focus on improving our operational efficiency to optimise the utilization of the resources.

F. OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (continued)

5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or event that may affect the group in the next reporting period and the next 12 months (continued)

We have successfully obtained approval for the Environmental Impact Assessment (“EIA”) from the Department of Environment of Malaysia for our new plant at PTD 71200, Jalan Perak 2, Kawasan Perindustrian Pasir Gudang, Mukim Plentong, Johor, Malaysia in November 2023. Phase 2 of the construction of the new plant which includes the production facilities is estimated to be completed in 2024 and to start operations in 2025.

6. Dividend information

a) Whether an interim (final) ordinary dividend had been declared (recommended) for current financial period reported on

No dividend has been declared or recommended for the full year ended 31 December 2023.

b) Whether an interim (final) ordinary dividend had been declared (recommended) for previous corresponding period

Yes, the Board has recommended a final tax-exempt dividend of S\$0.01 per ordinary share for the previous corresponding period ended 31 December 2022.

c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hand of shareholders, this must be stated).

Not applicable.

d) Date payable

Not applicable.

e) The date on which Registrable Transfers received by the Company (up to 5:00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

7. If no dividend had been declared/recommended, a statement to that effect and the reason(s) for the decision

No dividend had been declared or recommended for the financial year ended 31 December 2023. While the Company had indicated its intention to declare a dividend for the financial year ended 31 December 2023 in its Offer Document dated 29 April 2022, however, there has been an increase in the budgeted cost for our new plant expansion of approximately MYR8.0 million from our initial budget and after careful evaluation of the current financial position of the Company as well as taking into consideration the increase in interest rate for external financing, the Company has decided to reserve the cash available to finance the new plant expansion in order to improve the future earnings of the Company. Based on our revised budget, we would now need approximately MYR70.0 million to construct the Phase 2 of our new plant and to purchase the new machineries.

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

F. OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (continued)

8. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows

	Group	
	31 December	
	2023	2022
	MYR'000	MYR'000
Ordinary dividend	-	4,904

9. If the group had obtained a general mandate from shareholders for Interested Parties Transactions (IPTs), the aggregate value of such transaction as require under Rule 920(1)(a)(ii). If no IPT mandate had been obtained, a statement to that effect

The Group does not have a general mandate for interested person transactions. There were no other interested person transactions of S\$100,000 or more for FY2023.

10. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company has received undertakings from all its directors and executive officers in the in the format as set out in Appendix 7H under Rule 720(1) of the Catalist Rules of the SGX-ST.

11. Disclosure of person occupying a managerial position in the issuer or any of its principle subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement

Name	Age	Family relationship with director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Wong Ying Wei	39	Daughter of our Executive Chairman, Loo Sok Ching and our controlling shareholder, Wong Kim Fatt and niece of our controlling shareholder, Ban Kim Wah.	Head of Administration, appointed in November 2020. Responsible for planning and coordinating administrative procedures and systems and to facilitate other business operations.	Resigned on 26 May 2023.
Ban Kim Wah	61	Sibling of our controlling shareholder, Wong Kim Fatt and brother-in-law of our Executive Chairman, Loo Sok Ching, and uncle of Wong Ying Wei.	Marketing advisor, appointed in November 2021. Responsible to oversee the marketing plan of our Group.	Stepped down as marketing advisor with effect on 30 September 2022. He remains as a controlling shareholder ¹ .
Wong Kim Fatt	66	Spouse of our Executive Chairman, Loo Sok Ching, sibling of our controlling shareholder, Ban Kim Wah, and father of Wong Ying Wei.	Marketing advisor, appointed in May 2010. Responsible to oversee the marketing plan of our Group.	Stepped down as marketing advisor with effect on 30 September 2022. He remains as a controlling shareholder ¹ .

¹ Both Ban Kim Wah and Wong Kim Fatt are not executive officer. As such, Rule 704(6) does not apply to their cessation.

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

F. OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (continued)

12. Status of the use of IPO funds raised

The Group raised net proceeds of S\$8.0 million. As of the date of announcement, the balance of net proceeds as follows:

	Allocation of net proceeds	Amount utilised as at the date of this announcement	Balance as at the date of this announcement
	S\$'000	S\$'000	S\$'000
Acquisition of an off-site storage plant including the land on which it is situated, for geographical business expansion	3,863	-	3,863
Capital investment in facilities, plants, machineries and/or equipment to enhance production efficiency and capacities	2,244	2,244 ⁽¹⁾	-
Expansion of our business through, inter alia, investments, mergers and acquisitions, joint ventures and/or strategic collaboration	1,169	-	1,169
General working capital purposes	741	741 ⁽²⁾	-
Total	8,017	2,985	5,032

Notes:

- (1) The amount of approximately S\$2,244,000 was utilised for payment to contractors and suppliers relating to the construction of the new plant at PTD 71200, Jalan Perak 2, Kawasan Perindustrian Pasir Gudang, Mukim Plentong, Johor, Malaysia.
- (2) The breakdown of the utilisation of net proceeds to be used for general working capital purposes are as follows:

Summary of Expenses	S\$'000
Purchases from suppliers	239
Staff Cost	233
Utility Bills	96
Tax payment	65
Professional fees	98
Administrative expenses	10
Total	741

BY ORDER OF THE BOARD

Lim Te Hua
 Executive Director and Chief Executive Officer
 26 February 2024