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UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2025

*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"). This announcement has not been examined or approved by Singapore Exchange Securities Trading Limited ("**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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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Group			
	Notes	Unaudited 1H2025 S\$'000	Unaudited 1H2024 S\$'000	Change +ve/(-ve) S\$'000	Change +ve/(-ve) %
Revenue	4	41,226	44,255	(3,029)	(6.8)
Cost of sales		(33,838)	(35,696)	1,858	(5.2)
Gross profit		7,388	8,559	(1,171)	(13.7)
Other operating income		1,624	857	767	89.5
Distribution and selling expenses		(2,887)	(2,991)	104	(3.5)
Administrative expenses		(5,811)	(5,883)	72	(1.2)
Reversal of impairment losses on trade and other receivables and contract assets		20	315	(295)	(93.7)
Other operating expenses		(372)	(34)	(338)	n.m.
Share of results of associates		1,287	945	342	36.2
		(7,763)	(7,648)	(115)	1.5
Profit from operations		1,249	1,768	(519)	(29.4)
Finance expenses		(893)	(1,060)	167	(15.8)
Interest income		28	28	-	-
Profit before tax	6	384	736	(352)	n.m.
Tax expense	7	(168)	(72)	(96)	n.m.
Profit for the period		216	664	(448)	n.m.
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation		(624)	289	(913)	n.m.
Total comprehensive income for the period		(408)	953	(1,361)	n.m.
Profit/(loss) for the period attributable to :-					
Owners of the Company		494	959	(465)	(48.5)
Non-controlling interests		(278)	(295)	17	(5.8)
		216	664	(448)	(67.5)
Total comprehensive income for the period attributable to :-					
Owners of the Company		(53)	1,224	(1,277)	n.m.
Non-controlling interests		(355)	(271)	(84)	31.0
		(408)	953	(1,361)	n.m.
Profit per share based on profit for the period attributable to the owners of the Company :					
Basic and diluted (cents)		0.44	0.86		

There were no potential dilutive ordinary shares existing during the respective financial periods.

n.m. : not meaningful

1H: 6 months ended 30 June

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Notes	Group		Company	
		Unaudited	Audited	Unaudited	Audited
		30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Fixed assets	9	23,089	23,977	19,277	19,699
Intangible assets		188	188	-	-
Right-of-use assets		14,487	14,574	13,654	13,554
Right-of-use assets-land use rights		1,531	1,580	-	-
Investment in subsidiaries		-	-	20,570	20,570
Investment in associates		10,415	9,620	7,281	7,281
Investment securities	8	8,239	8,775	-	-
Deferred tax assets		1,397	1,412	-	-
Total non-current assets		59,346	60,126	60,782	61,104
Current assets					
Inventories		17,577	16,467	5,926	6,475
Investment securities	8	488	1,601	488	1,601
Trade receivables		16,905	17,504	1,077	941
Contract assets		9,735	12,479	-	648
Other receivables		1,114	1,752	392	529
Deposits		449	403	57	57
Prepayments		284	322	58	103
Advance payment to suppliers		842	2,969	436	2,394
Amounts due from subsidiaries (trade)		-	-	2,396	1,777
Amounts due from subsidiaries (non-trade)		-	-	6,768	6,846
Amounts due from associates (trade)		313	224	-	-
Amounts due from associates (non-trade)		127	133	-	-
Tax recoverable		407	60	-	-
Asset held for sale	11	61	61	-	-
Fixed deposits		6	458	6	208
Cash and bank balances		4,711	6,012	990	1,286
Total current assets		53,019	60,445	18,594	22,865
Current liabilities					
Trade payables		9,630	10,634	1,234	1,286
Contract liabilities		2,043	1,777	249	253
Trust receipts and bills payable (secured)	10	9,293	11,731	5,379	7,990
Other payables		872	1,223	145	244
Accruals and other liabilities		11,994	12,797	1,708	3,614
Dividend payable		28	28	28	28
Amounts due to subsidiaries (trade)		-	-	7,229	7,136
Amounts due to subsidiaries (non-trade)		-	-	1,037	264
Provision for income tax		488	296	-	-
Lease liabilities (current)		746	879	580	568
Term loans (current)	10	6,550	9,103	4,302	4,739
Total current liabilities		41,644	48,468	21,891	26,122
Net current assets/(liabilities)		11,375	11,977	(3,297)	(3,257)

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Notes	Group		Company	
		Unaudited	Audited	Unaudited	Audited
		30 Jun 2025 S\$'000	31 Dec 2024 S\$'000	30 Jun 2025 S\$'000	31 Dec 2024 S\$'000
Non-current liabilities					
Deferred tax liabilities		2,474	2,588	-	-
Lease liabilities (non-current)		14,393	14,285	13,989	13,848
Term loans (non-current)	10	9,196	10,164	9,196	10,164
Total non-current liabilities		26,063	27,037	23,185	24,012
Net assets		44,658	45,066	34,300	33,835
Equity attributable to owners of the Company					
Share capital	12	19,680	19,680	19,680	19,680
Retained earnings		21,311	20,817	14,298	13,833
Fair value adjustment reserve		6,351	6,778	-	-
Capital reserve		230	230	322	322
Translation reserve		(4,543)	(4,423)	-	-
		43,029	43,082	34,300	33,835
Non-controlling interests		1,629	1,984	-	-
Total equity		44,658	45,066	34,300	33,835

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Group	
		1H2025 Unaudited S\$'000	1H2024 Unaudited S\$'000
Cash flows from operating activities			
Profit before tax	E6	384	736
Adjustments:			
Reversal of impairment losses on trade and other receivables and contract assets	E6	(20)	(315)
Allowance for obsolete and slow-moving inventories, net	E6	20	89
Fixed assets written off	E6	-	4
Loss/(gain) on disposal of fixed assets, net	E6	3	(11)
Depreciation of fixed assets	E6	749	831
Depreciation of right-of-use assets	E6	523	513
Net fair value gain on held for trading investment securities	E6	(132)	(15)
Depreciation of right-of-use assets - land use rights	E6	22	20
Dividend income	E6	(336)	-
Finance expenses	E6	893	1,060
Interest income	E6	(28)	(28)
Share of results of associates	E6	(1,287)	(945)
Translation differences		(35)	101
Operating cash flows before working capital changes		756	2,040
(Increase)/decrease in:			
Inventories		(1,129)	(2,747)
Trade receivables		620	1,979
Contract assets		2,744	(4,517)
Other receivables		818	(39)
Deposits, prepayments and advance payment to suppliers		2,121	(1,004)
Amounts due from associates (trade)		(89)	163
Increase/(decrease) in:			
Trade payables		8,289	15,394
Contract liabilities		266	529
Other payables		(351)	(291)
Accruals and other liabilities		(803)	452
Cash flows generated from operations		13,242	11,959
Interest paid		(587)	(744)
Income taxes paid		(322)	(400)
Income taxes refunded		15	-
Interest income		28	28
Net cash flows generated from operating activities		12,376	10,843

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	Notes	Group	
		1H2025 Unaudited S\$'000	1H2024 Unaudited S\$'000
Cash flows from investing activities			
Dividends received		553	196
Proceeds from disposal of fixed assets		2	11
Purchase of investment securities		-	(471)
Purchase of fixed assets	9	(32)	(127)
Proceeds from disposal of investment securities		1,246	-
Net cash flows generated from/(used in) investing activities		1,769	(391)
Cash flows from financing activities			
Bank deposit pledged		-	200
Dividends paid to non-controlling interest of a subsidiary		-	(60)
Repayment of trust receipts, net of proceeds		(11,681)	(10,855)
Repayment of lease liabilities		(773)	(736)
Repayment of term loans		(7,532)	(12,242)
Proceeds from term loans		4,097	10,526
Net cash flows used in financing activities		(15,889)	(13,167)
Net decrease in cash and cash equivalents		(1,744)	(2,715)
Effect of exchange rate changes on cash and cash equivalents		(9)	(2)
Cash and cash equivalents at beginning of period		6,470	6,192
Cash and cash equivalents at end of period		4,717	3,475
Cash and cash equivalents consist of the following :			
Cash and bank balances		4,711	3,294
Less: Bank overdraft		-	(282)
Fixed deposits		6	463
		4,717	3,475

D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							Non-controlling interests S\$'000
	Equity, total S\$'000	Equity attributable to owners of the Company, total S\$'000	Share capital S\$'000	Retained earnings S\$'000	Fair value adjustment reserve S\$'000	Capital reserve S\$'000	Translation reserve S\$'000	
Group								
Balance at 1 January 2025	45,066	43,082	19,680	20,817	6,778	230	(4,423)	1,984
Profit/(loss) for the period	216	494	-	494	-	-	-	(278)
<u>Other comprehensive income</u>								
Foreign currency translation	(624)	(547)	-	-	(427)	-	(120)	(77)
Total comprehensive income	(408)	(53)	-	494	(427)	-	(120)	(355)
Balance at 30 June 2025	44,658	43,029	19,680	21,311	6,351	230	(4,543)	1,629

D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							Non-controlling interests S\$'000
	Equity, total S\$'000	Equity attributable to owners of the Company, total S\$'000	Share capital S\$'000	Retained earnings S\$'000	Fair value adjustment reserve S\$'000	Capital reserve S\$'000	Translation reserve S\$'000	
Group								
Balance at 1 January 2024	40,611	38,397	19,680	17,826	4,977	230	(4,316)	2,214
Profit/(loss) for the period	664	959	-	959	-	-	-	(295)
<u>Other comprehensive income</u>								
Foreign currency translation	289	265	-	-	157	-	108	24
Total comprehensive income	953	1,224	-	959	157	-	108	(271)
<u>Contributions by and distribution to owners</u>								
Dividends paid to non-controlling interest of a subsidiary	(60)	-	-	-	-	-	-	(60)
Balance at 30 June 2024	41,504	39,621	19,680	18,785	5,134	230	(4,208)	1,883

D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Attributable to owners of the Company				
	Equity, total S\$'000	Equity attributable to owners of the Company, total S\$'000	Share capital S\$'000	Retained earnings S\$'000	Capital reserve S\$'000
<u>Company</u>					
Balance at 1 January 2025	33,835	33,835	19,680	13,833	322
Profit for the period, representing total comprehensive income for the period	465	465	-	465	-
Balance at 30 June 2025	34,300	34,300	19,680	14,298	322
Balance at 1 January 2024	34,046	34,046	19,680	14,044	322
Loss for the period, representing total comprehensive income for the period	(242)	(242)	-	(242)	-
Balance at 30 June 2024	33,804	33,804	19,680	13,802	322

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Far East Group Limited (the "Company") is incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 June ("1H") 2025 comprise the Company and its subsidiaries (collectively, the "Group"). The principal activities of the Company consist of manufacturing and trading of refrigeration parts, servicing of cold rooms, construction and installation of commercial and industrial cold rooms and all other incidental business of refrigeration.

The principal activities of the Group are disclosed in Note 4 on segment and revenue information below.

2. Basis of Preparation

The condensed interim financial statements for 1H2025 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 2024 ("FY2024").

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with Singapore Financial Reporting Standards (International) ("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 Singapore dollar which is the Company's functional currency.

The financial information contained in this announcement has neither been audited nor reviewed by the auditors.

The latest audited annual financial statements were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

2.1. New and amended standards adopted by the Group

The Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2025. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

2.2.1 Judgements made in applying accounting policies

2.2.1a Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the Group's regional business relationships and the nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies.

As at 30 June 2025, the carrying amounts of the Group's tax recoverable, provision for income tax, deferred tax assets and deferred tax liabilities amounted to S\$407,000 (31 December 2024: S\$60,000), S\$488,000 (31 December 2024: S\$296,000), S\$1,397,000 (31 December 2024: S\$1,412,000) and S\$2,474,000 (31 December 2024: S\$2,588,000) respectively.

2.2.1b Assessment of classification of unquoted investment security

The Group holds 30% equity interest in its unquoted investment security. The Group does not participate in the operating and financing decision process, fails to obtain representation on the board of directors and is unable to obtain timely or adequate financial information required to apply equity method. Based on these facts and circumstances, management concludes that the Group cannot exert a significant influence in its unquoted investment security and classifies this investment as financial instrument carried at fair value through other comprehensive income.

2.2.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

2.2.2a Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the forecast for the next five years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

As at 30 June 2025, the carrying amounts of the Company's investments in subsidiaries S\$20,570,000 (31 December 2024: S\$20,570,000).

2.2.2b Expected credit losses ("ECL") for trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. For trade receivables and contract assets, the provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

As at 30 June 2025, the carrying amounts of the Group's and Company's trade receivables and contract assets, including balances with subsidiaries and associates amounted to S\$26,953,000 (31 December 2024: S\$30,207,000) and S\$3,473,000 (31 December 2024: S\$3,366,000) respectively.

2.2.2c Fair value measurement of unquoted equity security

The Group has investment in unquoted equity security which is measured at FVOCI. This requires the Group to engage external valuation expert to perform the valuation.

This financial instrument is categorised as Level 3 in the fair value hierarchy where certain pricing inputs to value these instruments are unobservable. The valuation involves the application of unobservable inputs such as discount for lack of marketability used by the external valuation expert.

As at 30 June 2025, the carrying amount of the unquoted equity security amounted to S\$8,239,000 (31 December 2024: S\$8,775,000).

2.2.2d Revenue from engineering contracts

Engineering contracts revenue is recognised over time by reference to the Group's progress towards completing the performance obligation in the contract. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the performance obligation within the contract.

Significant assumptions are required to estimate the total contract costs that will affect the stage of completion and revenue recognised. The estimates are based on the past experiences and knowledge of the project director and the quantity surveyor team.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

As at 30 June 2025, the carrying amounts of the Group's contract assets arising from engineering contracts amounted to S\$9,735,000 (31 December 2024: S\$12,479,000).

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group reports its financial performance based on the business segments of Wholesale and Distribution, Manufacturing and Engineering Solutions respectively. The Wholesale and Distribution segment represents the sale of the Group's own manufactured products, multinational agency products and other distribution models of the Group. The Manufacturing segment mainly comprises the manufacturing and sale of the Group's comprehensive range of energy-efficient heat-exchangers, compressor racks and condensing units. The Engineering Solutions segment represents the provision of system design and installation of various sustainable engineering solutions and applications for various industries. More information and details of the new business segments can be found on the Group's website www.fareastgroup.com.sg.

4.1. Reportable segments

Group	Wholesale and Distribution \$'000	Manufacturing \$'000	Engineering Solutions \$'000	Elimination \$'000	Total \$'000
1H2025					
Revenue	23,690	7,661	18,748	(8,873)	41,226
Cost of sales	(19,015)	(6,086)	(17,610)	8,873	(33,838)
Gross profit	4,675	1,575	1,138		7,388
1H2024					
Revenue	25,161	6,802	22,498	(10,206)	44,255
Cost of sales	(20,753)	(5,244)	(19,905)	10,206	(35,696)
Gross profit	4,408	1,558	2,593		8,559

4.2. Disaggregation of Revenue

Segment	Wholesale and Distribution		Manufacturing		Engineering Solutions		Elimination		Total	
	1H2025	1H2024	1H2025	1H2024	1H2025	1H2024	1H2025	1H2024	1H2025	1H2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Primary geographical markets										
Singapore	3,800	5,328	893	1,433	18,016	22,368	(1,188)	(1,977)	21,521	27,152
Malaysia	10,258	11,174	375	610	-	-	(3,499)	(4,673)	7,134	7,111
Indonesia	5,103	4,365	-	-	-	-	(2,170)	(1,456)	2,933	2,909
Hong Kong/Macau/People's Republic of China	3,420	2,226	6,385	4,759	-	-	(1,662)	(1,080)	8,143	5,905
Indo-China*	829	1,481	-	-	732	130	(354)	(1,020)	1,207	591
Others	280	587	8	-	-	-	-	-	288	587
	23,690	25,161	7,661	6,802	18,748	22,498			41,226	44,255
Revenue contribution from a single region is disclosed separately when it exceeds 5% of the Group's revenue respectively.										
Major revenue streams										
Sale of goods	23,027	24,811	7,661	6,802	227	289	(8,871)	(10,047)	22,044	21,855
Project installation and maintenance services	-	-	-	-	1,627	1,642	(2)	(159)	1,625	1,483
Engineering contracts revenue	663	350	-	-	16,894	20,567	-	-	17,557	20,917
	23,690	25,161	7,661	6,802	18,748	22,498			41,226	44,255
Timing of transfer of goods or services										
At a point in time	23,027	24,811	7,661	6,802	1,854	1,931	(8,871)	(10,047)	23,671	23,497
Over time	663	350	-	-	16,894	20,567	(2)	(159)	17,555	20,758
	23,690	25,161	7,661	6,802	18,748	22,498			41,226	44,255

Geographical information

Non-current assets information based on the geographical location assets are as follows:

	30 Jun 2025 \$'000	31 Dec 2024 \$'000
Non-current assets		
Singapore	33,743	34,154
Malaysia	261	300
Indonesia	7	12
Hong Kong/Macau/People's Republic of China	5,079	5,594
Indo-China*	205	259
	39,295	40,319

* relates to Vietnam, Myanmar and Cambodia

Non-current assets information presented above consist of fixed assets, intangible assets, right-of-use assets and land use rights as presented in the consolidated balance sheet.

5. Financial assets and financial liabilities

	Group		Company	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
<u>Financial assets at fair value through other comprehensive income ("FVOCI"):</u>				
Unquoted equity security	8,239	8,775	-	-
<u>Financial assets at fair value through profit or loss:</u>				
Held for trading investment securities	488	1,601	488	1,601
<u>Financial assets carried at amortised cost:</u>				
Cash and bank balances, trade and other receivables, deposits, amounts due from associates (trade and non-trade) and fixed deposits	23,625	26,486	11,686	11,644
	<u>32,352</u>	<u>36,862</u>	<u>12,174</u>	<u>13,245</u>
Financial liabilities				
Trade and other payables, trust receipts, accruals and other liabilities, dividend payable, lease liabilities and term loans	62,702	70,844	44,827	49,881

6. Profit before taxation

6.1. Significant items

The Group's total comprehensive income for the financial period is derived after charging/(crediting):

	Group		Change
	Unaudited	Unaudited	+ve/(-ve)
	1H2025	1H2024	%
	S\$'000	S\$'000	
Interest income	(28)	(28)	-
Finance expenses	893	1,060	(15.8)
Allowance for obsolete and slow-moving inventories, net	20	89	(77.5)
Reversal of impairment losses on trade and other receivables and contract assets	(20)	(315)	(93.7)
Fixed assets written off	-	4	n.m.
Net fair value gain on held for trading investment securities	(132)	(15)	n.m.
Loss/ (gain) on disposal of fixed assets, net	3	(11)	n.m.
Depreciation of fixed assets	749	831	(9.9)
Depreciation of right-of-use assets	523	513	2.0
Depreciation of right-of-use assets - land use rights	22	20	10.0
Dividend income	(336)	-	n.m.
Share of results of associates	(1,287)	(945)	36.2
Foreign exchange losses, net	349	12	n.m.

n.m. : not meaningful

6.2. Related party transactions

Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the condensed interim financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during 1H2025:

	Group S\$'000	Company S\$'000
Income		
Sales of goods to subsidiaries	-	9,949
Sales of goods to associates	675	-
Sales of goods to affiliated companies	770	-
Dividend income from a subsidiary	-	336
Management fee income from subsidiaries	-	1,045
Royalty fee income from a subsidiary	-	59
		<hr/>
Expenses		
Purchases from subsidiaries	-	1,055
Loan interest paid to subsidiaries	-	4
		<hr/>

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	1H2025 S\$'000	1H2024 S\$'000
Current income tax expense/(benefit)	86	(8)
Deferred income tax expense relating to origination and reversal of temporary differences	82	80
	<hr/> 168	<hr/> 72

8. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise the following:

	Group	
	30 Jun 2025	31 Dec 2024
	S\$'000	S\$'000
FVOCI		
Unquoted equity security	8,239	8,775
- Guangzhou Fayi Trading Co., Ltd.		

The Group has elected to measure the unquoted equity security at FVOCI due to the Group's intention to hold the equity instruments for long-term appreciation.

8.1 Fair value measurement

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The following table presented the assets measured at fair value:

	Group			Total
	Level 1	Level 2	Level 3	
	S\$'000	S\$'000	S\$'000	S\$'000
30 June 2025				
Financial assets				
FVOCI investments- unquoted equity security	-	-	8,239	8,239
At fair value through profit or loss- held for trading investment securities (quoted)	488	-	-	488
31 December 2024				
Financial assets				
FVOCI investments- unquoted equity security	-	-	8,775	8,775
At fair value through profit or loss- held for trading investment securities (quoted)	1,601	-	-	1,601

9. Fixed assets

During 1H2025, the Group acquired assets amounting to S\$32,000 (1H2024: S\$127,000) and disposed of assets amounting to S\$5,200 (1H2024: Nil).

10. Borrowings

	Group				Company			
	As at 30 June 2025		As at 31 December 2024		As at 30 June 2025		As at 31 December 2024	
	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Repayable in one year or less, or on demand	15,218	804	20,082	1,059	8,645	804	11,897	1,059
Repayable after one year	9,998	53	10,675	369	9,322	53	10,558	369
Total borrowings	25,216	857	30,757	1,428	17,967	857	22,455	1,428

Details of any collateral

The above borrowings are secured by (i) legal mortgages over the leasehold land and buildings; (ii) corporate guarantee by the Company; (iii) leased assets; and (iv) a personal guarantee by a director of a subsidiary. Total borrowings include trust receipts and bills payable, leases liabilities under hire purchase and term loans.

11. Asset held for sale

	Group	
	30 Jun 2025	31 Dec 2024
	S\$'000	S\$'000
Property	61	61

As at 30 June 2025, the Group committed to a plan to sell its leasehold building (the "Property") which was owned by Far East Enterprises (K.L.) Sdn. Bhd, a wholly-owned subsidiary of the Group. The Property has been reclassified from fixed asset to assets held for sale amounting to S\$61,000.

12. Share Capital

The total number of issued shares (excluding treasury shares) was 111,462,000 as at 30 June 2025 and 31 December 2024.

There was no change in the Company's issued and paid-up share capital from 1 January 2025 to 30 June 2025.

The Company did not hold any treasury shares or convertible instruments as at 30 June 2025, 31 December 2024 and 30 June 2024.

The Company's subsidiaries did not hold any shares in the Company as at 30 June 2025, 31 December 2024 and 30 June 2024.

13. Net assets value

	Group		Company	
	As at 30 Jun 2025	As at 31 Dec 2024	As at 30 Jun 2025	As at 31 Dec 2024
Net asset value attributable to owners of the Company (S\$'000)	43,029	43,082	34,300	33,835
Number of ordinary shares ('000)	111,462	111,462	111,462	111,462
Net asset value per share (cents)	38.6	38.7	30.8	30.4

14. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

F. OTHER INFORMATION REQUIRED BY CATALIST RULE APPENDIX 7C

1. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, cost, and earning of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Financial Performance

Revenue

Revenue decreased by S\$3.1 million or 6.8%, from S\$44.3 million in 1H2024 to S\$41.2 million in 1H2025, primarily owing to reduced contribution from Engineering Solutions segment.

Revenue by Business Segment	Group		Change		Change	
	1H2025 S\$'000	Contribution %	1H2024 S\$'000	Contribution %	+ve/(-ve) S\$'000	+ve/(-ve) %
Wholesale and Distribution	16,085	39.0%	17,157	38.8%	(1,072)	(6.2)
Manufacturing	6,393	15.5%	4,760	10.8%	1,633	34.3
Engineering Solutions	18,748	45.5%	22,338	50.4%	(3,590)	(16.1)
	<u>41,226</u>	<u>100%</u>	<u>44,255</u>	<u>100%</u>	<u>(3,029)</u>	<u>(6.8)</u>

Revenue from Wholesale and Distribution segment decreased by S\$1.1 million in 1H2025 compared with 1H2024 mainly due to slowdown in refrigeration projects in Singapore.

Revenue from Manufacturing segment increased by S\$1.6 million in 1H2025 compared with 1H2024. The increase is mainly contributed by a key customer of a subsidiary.

Revenue from Engineering Solutions segment decreased by S\$3.6 million in 1H2025 compared with 1H2024 mainly due to project delays and lower order book.

Gross profit and gross profit margin

The Group's gross profit decreased by S\$1.2 million or 13.7%, from S\$8.6 million in 1H2024 to S\$7.4 million in 1H2025. The gross profit margin decreased by 1.4 percentage points, from 19.3% in 1H2024 to 17.9% in 1H2025. This lower gross profit margin arose from Engineering Solutions segment due to lower revenue activity level in 1H2025.

Other operating income

Other operating income increased by S\$0.8 million mainly due to dividend income in 1H2025, which was absent in 1H2024 and higher rental income generated in 1H2025.

Distribution and selling expenses

Distribution and selling expenses decreased by S\$0.1 million which aligns with the drop in sales.

Administrative expenses

Administrative expenses remained in the region of S\$5.8 million to S\$5.9 million in 1H2025 and 1H2024 respectively.

Reversal of impairment losses on trade and other receivables and contract assets

The Group managed to write back \$20,000 general expected credit losses ("ECL") on trade and other receivables in 1H2025. (1H2024: wrote back S\$0.2 million of other receivables upon collection and S\$0.1 million general ECL on contract assets).

Other operating expenses

Other operating expenses increased by S\$0.3 million due to greater foreign exchange losses in 1H2025.

Finance expenses

Finance expenses decreased by \$0.2 million due to reduction of borrowings and lower interest rates in 1H2025.

Share of results of associates

The positive results from associates were mainly contributed by the Comfresh Group Holdings Pty Ltd and Fayi Technology Inc. of S\$0.9 million and S\$0.3 million respectively.

Tax expense

Tax expense of S\$0.2 million comprised of (i) current year tax provision of S\$ 0.1 million; and (ii) deferred tax expense of S\$0.1 million. The tax expense was lower in 1H2024 due to a write-back of over provision made in FY2023.

Profitability

In view of the above, the Group recorded a profit before tax of S\$0.4 million in 1H2025 as compared to S\$0.7 million in 1H2024.

Review of Financial Position

Non-current assets

Non-current assets decreased by S\$0.8 million, from S\$60.1 million as at 31 December 2024 to S\$59.3 million as at 30 June 2025.

The decrease was mainly due to decrease in fixed assets of S\$0.8 million arising from depreciation charges.

Current assets

Current assets decreased by S\$7.4 million, from S\$60.4 million as at 31 December 2024 to S\$53.0 million as at 30 June 2025.

The decrease was mainly due to decrease in (i) trade receivables and contract assets of S\$3.3 million; (ii) advance payment to suppliers of S\$2.1 million; (iii) cash and cash balances and fixed deposits of S\$1.8 million; (iv) investment securities of S\$1.1 million; and (v) other receivables of S\$0.6 million. The decrease was partially offset by an increase in (i) inventories of S\$1.1 million; (ii) tax recoverables of S\$0.3 million; and (iii) amounts due from associates (trade) of S\$0.1 million.

Current liabilities

Current liabilities decreased by S\$6.8 million, from S\$48.4 million as at 31 December 2024 to S\$41.6 million as at 30 June 2025.

The decrease was mainly due to decrease in (i) term loans of S\$2.6 million; (ii) trust receipts and bill payables of S\$2.4 million; (iii) trade payables of S\$1.0 million; (iv) accruals and other liabilities of S\$0.8 million; (v) other payables of S\$0.4 million; and (vi) lease liabilities of S\$0.1 million. The decrease was partially offset by an increase in (i) contract liabilities of S\$0.3 million; and (ii) provision for income tax of S\$0.2 million.

Non-current liabilities

Non-current liabilities decreased by S\$1.0 million, from S\$27.0 million as at 31 December 2024 to S\$26.0 million as at 30 June 2025.

The decrease was mainly due to decrease in term loans of S\$1.0 million.

Equity

Total equity decreased by S\$0.4 million, from S\$45.1 million as at 31 December 2024 to S\$44.7 million as at 30 June 2025.

This was mainly due to decrease in (i) fair value adjustment reserve of S\$0.4 million; (ii) non-controlling interests' share of loss of S\$0.4 million; and (iii) translation reserve of S\$0.1 million. The decrease was partially offset by profit for the period of S\$0.5 million.

Review of Cash Flow Statement

Net cash flows generated from operating activities amounted to S\$12.4 million in 1HY2025, mainly due to (i) operating cash inflows before working capital changes of S\$0.8 million; and (ii) positive working capital changes of S\$12.5 million. This was partially offset by (i) interest paid of S\$0.6 million; and (ii) income taxes paid of S\$0.3 million.

Net cash generated from investing activities amounting to S\$1.8 million in 1H2025 was mainly due to (i) proceeds from disposal of investment securities of S\$1.2 million; and (ii) dividend income of S\$0.6 million.

Net cash used in financing activities amounted to S\$15.9 million in 1H2025. This was mainly due to (i) net repayment of trust receipts and bill payables of S\$11.7 million; (ii) net repayment of term loans of S\$3.4 million; and (iii) repayment of lease liabilities of S\$0.8 million.

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

Not applicable. No forecast or prospect statement has been previously disclosed.

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

The Group is navigating a volatile business environment, with some projects being delayed or placed on hold. This is further exacerbated by the ongoing global trade tensions, particularly the reciprocal tariffs imposed by United States ("USA"), which have disrupted the pricing structures, increased raw materials costs and intensified competition. As a result, the Group has been indirectly impacted as some customers are adopting a more cautious approach, as they hold back on investments in projects.

The Wholesale and Distribution segment may face headwinds as import costs may increase in regions where the Group operates. At the same time, competitors may opt to reduce prices in order to remain competitive. As such, the Group may be required to adopt similar pricing strategies to retain market share, which could place downward pressure on its margins.

The Manufacturing segment continues to face a challenge in its sales growth amid a sluggish recovery in the Chinese economy. The prolonged trade dispute between USA and China has resulted in an oversupplied market and intensified competition, further pressuring sales and margins.

The Engineering Solutions segment is experiencing a shortfall in project tenders for FY2025 but is cautiously optimistic with regard to industry prospects in the first half of FY2026.

Across all segments, the Group faces high skilled labour costs and persistent volatility in raw material prices.

The Group has stepped up its efforts to enhance cost control measures and increased operational vigilance to respond quickly to changes in the macroeconomic and business environment. Notwithstanding uncertain market conditions, the Group will continue to implement prudent measures while positioning for sustainable growth across its business lines, in particular the Engineering Solutions segment.

4. Dividend

(a) Current Financial Period Reported on 30 June 2025

Any dividend declared for the current financial period that is reporting?

Nil.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Nil.

(c) Date Payable

Not applicable.

(d) Record Date

Not applicable.

5. If no dividend has been declared/recommendeded, a statement to the effect and reason(s) for the decision.

No dividend is proposed for 1H2025 as the Board is of the view to conserve cash in this challenging year.

6. Interested Person Transaction ("IPT")

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Catalist Rules. There are no interested person transactions of S\$100,000 or more during the financial period under review.

7. Issuer to confirm that it has procured undertaking from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

The Board of Directors confirms that the Company has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

8. Disclosure pursuant to Rule 706A of the Catalist Rules

There were no acquisition or realization of shares thereby resulting (i) in a change in the shareholding percentage in any of the subsidiary or associated company of the Group or (ii) an entity becoming or ceasing to be (as the case may be) a subsidiary or associated company of the Group during 1H2025. Neither was there any incorporation or striking off of subsidiary or associated company by the Group during 1H2025.

CONFIRMATION PURSUANT TO RULE 705(5) OF THE SGX-ST LISTING MANUAL SECTION B: RULES OF CATALIST

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited results for the financial period ended 30 June 2025 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD
Far East Group Limited**

Loh Mun Yew
CEO and Executive Chairman

Leng Chee Keong
COO and Executive Director

14 August 2025