



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

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 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 ENDED 30 JUNE 2023

TABLE OF CONTENTS

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	3
B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION	4
C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY	5
D. CONDENSED INTERIM STATEMENTS OF CASH FLOWS	7
E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	8
F. OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES	19

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	6 months ended		Increase/ (Decrease) %
		30 June 2023 MYR'000	30 June 2022 MYR'000	
Revenue from contracts with customers	4	37,646	32,737	15.0
Cost of sales		(17,785)	(17,513)	1.6
Gross profit		19,861	15,224	30.5
Other income				
Interest income	6	883	132	568.9
Other gains - net	7	281	235	19.6
Administrative expenses		(4,264)	(4,938)	(13.6)
Selling and distribution expenses		(1,596)	(1,893)	(15.7)
Finance expenses		(298)	(242)	23.1
Net impairment loss on trade receivables		55	38	44.7
Profit before income tax		14,922	8,556	74.4
Income tax expense	9	(4,000)	(2,399)	66.7
Net profit and total comprehensive income for the financial period ("NPAT")		10,922	6,157	77.4
Net profit and total comprehensive income for the financial period attributable to:				
- Owners of the Company		10,922	6,157	77.4
Earnings per share for profit attributable to equity holders of the Company				
- Basic and diluted earnings per share (MYR cents)	14	7.41	5.15	

Reconciliation from Profit for the period ended 30 June 2023 and 30 June 2022 to Normalised Operating Earnings:

	6 months ended		Increase/ (Decrease) %
	30 June 2023 MYR'000	30 June 2022 MYR'000	
NPAT	10,922	6,157	77.4
Adjust for listing expenses	-	2,419	-
Normalised operating earnings	10,922	8,576	27.4

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

Note	Group		Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	MYR'000	MYR'000	MYR'000	MYR'000
ASSETS				
Current assets				
	55,776	60,924	5,644	895
	85	489	-	-
	14,250	10,296	-	947
	-	-	23,537	23,677
	10	18	-	-
	172	100	6	24
	412	540	-	-
	70,705	72,367	29,187	25,543
Non-current assets				
11	41,703	34,214	-	-
	15,800	16,127	-	-
	-	-	55,885	55,885
	615	290	-	-
	58,118	50,631	55,885	55,885
	128,823	122,998	85,072	81,428
LIABILITIES				
Current liabilities				
	8,574	10,899	601	1,105
	711	64	-	-
	3,401	1,624	-	-
12	364	361	-	-
	180	256	-	-
	13,230	13,204	601	1,105
Non-current liabilities				
	9,903	9,898	-	-
12	2,068	2,252	-	-
	1,809	1,849	-	-
	13,780	13,999	-	-
	27,010	27,203	601	1,105
	101,813	95,795	84,471	80,323
EQUITY				
Capital and reserves attributable to owners of the Company				
13	84,977	84,977	84,977	84,977
	(59,250)	(59,250)	-	-
	76,086	70,068	(506)	(4,654)
	101,813	95,795	84,471	80,323

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

<u>Group</u>	Attributable to equity holders of the Company			
	Share capital	Reserves	Retained profits	Total
	MYR'000	MYR'000	MYR'000	MYR'000
Balance at 1 January 2023	84,977	(59,250)	70,068	95,795
Net profit for the financial period	-	-	10,922	10,922
Total comprehensive income for the period	-	-	10,922	10,922
Dividends paid	-	-	(4,904)	(4,904)
Transaction with owners	-	-	(4,904)	(4,904)
Balance at 30 June 2023	84,977	(59,250)	76,086	101,813

<u>Group</u>	Attributable to equity holders of the Company			
	Share capital	Reserves	Retained profits	Total
	MYR'000	MYR'000	MYR'000	MYR'000
Balance at 1 January 2022	55,886	(59,250)	57,748	54,384
Net profit for the financial period	-	-	6,157	6,157
Total comprehensive income for the period	-	-	6,157	6,157
Issuance of new shares	31,502	-	-	31,502
Share issue costs, recognised directly in equity	(2,390)	-	-	(2,390)
Transactions with owners	29,112	-	-	29,112
Balance at 30 June 2022	84,998	(59,250)	63,905	89,653

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

<u>Company</u>	Attributable to owners of the Company		
	Share capital	Accumulated losses	Total
	MYR'000	MYR'000	MYR'000
Balance as at 1 January 2023	84,977	(4,654)	80,323
Net profit for the financial period	-	9,052	9,052
Total comprehensive income for the period	-	9,052	9,052
Dividends paid	-	(4,904)	(4,904)
Transaction with owners	-	(4,904)	(4,904)
Balance as at 30 June 2023	84,977	(506)	84,471

<u>Company</u>	Attributable to owners of the Company		
	Share capital	Accumulated losses	Total
	MYR'000	MYR'000	MYR'000
Balance as at date of incorporation	*	-	-
Net loss and total comprehensive loss for the financial period	-	(2,203)	(2,203)
Issuance of shares during the financial period	87,388	-	87,388
Share issue costs, recognised directly in equity	(2,411)	-	(2,411)
Transactions with owners	84,977	-	84,977
Balance as at 30 June 2022	84,977	(2,203)	82,774

*Denotes MYR3

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

D. CONDENSED INTERIM STATEMENTS OF CASH FLOWS

	30 June 2023	30 June 2022
	MYR'000	MYR'000
Cash flows from operating activities		
Profit before income tax	14,922	8,556
Adjustments for:		
- Depreciation of property, plant and equipment	1,203	1,326
- Depreciation of right-of-use assets	327	381
- Write-off of property, plant and equipment	4	35
- Listing expenses charged to equity	-	(2,390)
- Interest income	(883)	(132)
- Finance expenses	298	242
- Unrealised gain on foreign exchange	(296)	-
	<u>15,575</u>	<u>8,018</u>
Changes in working capital:		
- Inventories	128	(303)
- Trade and other receivables	(4,026)	621
- Trade and other payables	(1,678)	(756)
Cash generated from operations	<u>9,999</u>	<u>7,580</u>
Income tax paid	(2,263)	(1,463)
Net cash generated from operating activities	<u>7,736</u>	<u>6,117</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,021)	(702)
Repayment from/ (advance to) related parties	8	(19)
Withdrawal/ (placement) of short-term fixed deposit	404	(900)
Interest received	883	131
Net cash used in investing activities	<u>(7,726)</u>	<u>(1,490)</u>
Cash flows from financing activities		
Repayments of term loans	(181)	(333)
Proceeds from issuance of shares	-	31,502
Repayments of lease liabilities	(71)	(107)
Dividends paid	(4,904)	-
Interest paid	(298)	(57)
Net cash (used in)/generated from financing activities	<u>(5,454)</u>	<u>31,005</u>
Net change in cash and cash equivalents	<u>(5,444)</u>	<u>35,632</u>
Cash and cash equivalents at the beginning of financial period	60,924	21,918
Effect of exchange rate changes on cash and cash equivalents	296	-
Cash and cash equivalents at the end of financial period	<u>55,776</u>	<u>57,550</u>

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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. The address of the Company’s registered office is 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712. 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 successfully listed on Catalist, the sponsor-supervised listing platform in the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 12 May 2022.

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.

2. Basis of preparation

These condensed interim financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”) 1-34 “Interim Finance Reporting”. 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 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 estimation of income tax and 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 Group.

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.

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

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) Estimation of stage of completion for scheduled waste management services

The revenue from scheduled waste management services is recognised over time when performance obligations of services as promised in the contract is satisfied. Revenue is recognised based on the waste management services completed at the end of the financial year relative to the total services to be provided under the contract. This is determined based on the time period over which the services are provided. Management has to estimate the time period to complete the services to determine the Group's recognition of revenue.

Significant assumptions are used to estimate the total estimated time period which affect the accuracy of revenue recognition based on the percentage-of-completion.

In making these estimates, management has relied on past experience. As at 30 June 2023, the remaining waste management services has yet to be completed is insignificant.

(b) 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 MYR 240,000 and MYR218,000 for 30 June 2023 and 31 December 2022 respectively.

(c) 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 ENDED 30 JUNE 2023

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

3. Use of judgements and estimates (continued)

(c) *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 MYR45,000 and MYR30,000 for 30 June 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 Group 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 period ended 30 June 2023 and 30 June 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 considers 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. These reports are prepared on the same basis as the consolidated financial statements.

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 ENDED 30 JUNE 2023

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

4. Revenue and segment information (continued)

	6 months ended 30 June 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	32,156	4,728	1,642	38,526
Intersegment revenue elimination	-	-	(880)	(880)
Revenue from external customers	32,156	4,728	762	37,646
Segment results	18,260	1,060	541	19,861
Other income				
- interest income				883
Other gains				281
Administrative expenses				(4,264)
Selling and distribution expenses				(1,596)
Finance expenses				(298)
Net impairment loss on trade receivables				55
Profit before income tax				14,922
Significant non-cash items				
Depreciation of property, plant and equipment	1,071	132	-	1,203
Depreciation of right-of-use assets	279	34	14	327
Additions:				
Property, plant and equipment	7,739	957	-	8,696

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

4. Revenue and segment information (continued)

	6 months ended 30 June 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	26,450	5,498	1,934	33,882
Intersegment revenue elimination	-	-	(1,145)	(1,145)
Revenue from external customers	26,450	5,498	789	32,737
Segment results	11,904	2,769	551	15,224
Other income				
- interest income				132
Other gains				235
Administrative expenses				(4,938)
Selling and distribution expenses				(1,893)
Finance expenses				(242)
Net impairment loss on trade receivables				38
Profit before income tax				8,556
Significant non-cash items				
Depreciation of property, plant and equipment	1,100	225	1	1,326
Depreciation of right-of-use assets	305	62	14	381
Additions:				
Property, plant and equipment	452	-	-	452

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 current financial period, there was one (30 June 2022: None) customer which contributed over 10% of the Group's total revenue.

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

5. Financial assets and liabilities

	Group		Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	MYR'000	MYR'000	MYR'000	MYR'000
Financial assets				
Trade and other receivables	14,250	9,349	-	-
Amount due from a related party	10	18	-	-
Amount due from a subsidiary	-	-	23,537	23,677
Short term deposits	85	489	-	-
Cash and cash equivalents	55,776	60,924	5,644	895
	70,121	70,780	29,181	24,572

	Group		Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	MYR'000	MYR'000	MYR'000	MYR'000
Financial liabilities				
Trade and other payables	8,574	10,899	601	1,105
Borrowings	2,432	2,613	-	-
Lease liabilities	10,083	10,154	-	-
	21,089	23,666	601	1,105

6. Other income

	Group	
	30 June 2023	30 June 2022
	MYR'000	MYR'000
Interest income	883	132

7. Other gains - net

	Group	
	30 June 2023	30 June 2022
	MYR'000	MYR'000
Write-off of property, plant and equipment	(4)	(35)
Currency exchange gain – net	285	270
	281	235

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

8. Expenses by nature

	Group	
	6 months ended 30 June	
	2023	2022
	MYR'000	MYR'000
Depreciation of property, plant and equipment	1,203	1,326
Depreciation of right-of-use assets	327	381
Employee compensation	6,498	5,900
Transportation charges	1,072	1,123
Referral fees	228	166
Fuel oil and petrol	553	1,170
Utilities expense	1,203	964
Short term leases	145	39
Repair and maintenance fee	1,182	1,725
Raw material consumed	4,973	2,104
Consumables	559	1,583
Subcontractor charges	10	336
Sludge disposal	3,044	3,745
Professional fees	406	2,454
Others	2,242	1,328
Total cost of sales, administrative expenses and selling and distribution expenses	23,645	24,344

9. Income tax expense

	Group	
	6 months ended 30 June	
	2023	2022
	MYR'000	MYR'000
Tax expense attributable to profit is made up of:		
Current income tax		
- current period	4,040	2,489
Deferred income tax expense	(40)	(90)
	4,000	2,399

10. Net asset value

	Group	
	30 June 2023	31 December 2022
Net Asset Value per share (MYR cents)	69	65
Net Asset Value (MYR'000)	101,813	95,795
Number of shares in issue at period/year end	147,474,784	147,474,784

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

E. NOTES TO THE CONDENSED INTERIM 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	MYR'000
Group						
As at 30 June 2023						
<i>Cost</i>						
Beginning of financial period	22,455	24,107	3,833	4,355	5,963	60,713
Additions	13	653	52	515	7,463	8,696
Write-off	-	(374)	(2)	-	-	(376)
End of financial period	<u>22,468</u>	<u>24,386</u>	<u>3,883</u>	<u>4,870</u>	<u>13,426</u>	<u>69,033</u>
<i>Accumulated depreciation</i>						
Beginning of financial period	2,729	17,866	2,679	3,225	-	26,499
Depreciation charge	243	563	178	219	-	1,203
Write-off	-	(370)	(2)	-	-	(372)
End of financial period	<u>2,972</u>	<u>18,059</u>	<u>2,855</u>	<u>3,444</u>	<u>-</u>	<u>27,330</u>
Net book value						
End of financial period	<u>19,496</u>	<u>6,327</u>	<u>1,028</u>	<u>1,426</u>	<u>13,426</u>	<u>41,703</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	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
Write-off	-	(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
Write-off	-	(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 MYR19,496,000 and MYR19,726,000 as at 30 June 2023 and 31 December 2022 respectively.

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

12. Borrowings

	Group	
	30 June 2023	31 December 2022
	MYR'000	MYR'000
<u>Non-current</u>		
Term loans (secured)	2,068	2,252
<u>Current</u>		
Term loans (secured)	364	361
Total borrowings	2,432	2,613

These borrowings bear floating interest rates. The weighted average interest rate of the borrowings as at 30 June 2023 and 31 December 2022 is 4.42% and 4.17% per annum.

13. Share capital

	Group	
	30 June 2023	
	No. of shares	MYR'000
Issued and fully paid		
At beginning and end of financial period	147,474,784	84,977
	Group	
	31 December 2022	
	No. of shares	MYR'000
Issued and fully paid		
At beginning of financial year	108,974,784	55,886
Issuance of new shares upon listing	38,500,000	31,502
Share issue cost, recognised directly in equity	-	(2,411)
At end of the financial year	147,474,784	84,977

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

14. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share at 30 June 2023 is based on the profit attributable to ordinary shareholders of MYR10,922,000 (30 June 2022: MYR6,157,000) and the weighted-average number of ordinary shares outstanding during the period of 147,474,784 shares (30 June 2022: 119,610,143 shares).

(b) Diluted earnings per share

For the period ended 30 June 2023 and 2022, diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares.

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	
	30 June 2023	30 June 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	91	90
Sales of goods	-	1
Purchase of goods	-	(3)
Payment on behalf for the services charges and utility expenses	-	(17)
	-	(17)

	Group	
	30 June 2023	30 June 2022
	MYR'000	MYR'000
<i>Financial guarantee granted for Group's borrowings</i>		
Jointly and severally by certain Directors of the Group	2,432	5,595
	2,432	5,595

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

15. Related party transactions (continued)

(b) Balances with related parties

	30 June 2023	Group 31 December 2022
	MYR'000	MYR'000
<i>With entities controlled by two of the ultimate controlling shareholders of the Group</i>		
Trade receivable	10	18

16. Events occurring after the reporting period

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

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

1. Review

The condensed interim consolidated financial statements of financial position of 5E Resources Limited and its subsidiaries as at 30 June 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 ended 30 June 2023 and explanatory notes have not been audited nor reviewed by the Company's auditors.

2. Review of performance of the group

Consolidated Statement of Comprehensive Income

Revenue

Total revenue increased by approximately MYR4.9 million or 15.0% from approximately MYR32.7 million in six months ended 30 June 2022 ("6M2022") to approximately MYR37.6 million in six months ended 30 June 2023 ("6M2023"). The increase was primarily due to the increase in revenue from our scheduled waste management services segment.

Our revenue generated from scheduled waste management services increased by approximately MYR5.7 million or 21.5% from approximately MYR26.5 million in 6M2022 to approximately MYR32.2 million in 6M2023, primarily due to increase in ad-hoc project-based revenue of approximately MYR5.2 million from MYR6.0 million in 6M2022 to MYR11.2 million in 6M2023 and increase in revenue of regular scheduled waste management services by approximately MYR0.5 million from MYR20.4 million in 6M2022 to MYR20.9 million in 6M2023.

Our revenue generated from sales of recovered and recycled products decreased by approximately MYR0.8 million or 14.5% from approximately MYR5.5 million in 6M2022 to approximately MYR4.7 million in 6M2023, primarily due to decrease in demand for recovered and recycled products.

Our revenue generated from chemical trading slightly decreased by approximately MYR27,000 or 3.4% from approximately MYR789,000 in 6M2022 to approximately MYR762,000 in 6M2023, primarily due to decrease in demand for chemicals from our existing customers.

Cost of sales

Our cost of sales increased by approximately MYR0.3 million or 1.7% from approximately MYR17.5 million in 6M2022 to approximately MYR17.8 million in 6M2023. The increase was contributed by the segment of sales of recovered and recycled products.

Cost of sales attributable to scheduled waste management services decreased by approximately MYR0.6 million or 4.1% from approximately MYR14.5 million in 6M2022 to approximately MYR13.9 million in 6M2023, mainly due to reduction in sludge disposal cost, repair and maintenance and consumables cost.

Cost of sales attributable to sales of recovered and recycled products increased by approximately MYR1.0 million or 37.0% from approximately MYR2.7 million in 6M2022 to approximately MYR3.7 million in 6M2023, mainly due to higher cost of purchase of waste especially precious metals.

Cost of sales attributable to chemical trading decreased by approximately MYR17,000 or 7.1% from approximately MYR238,000 in 6M2022 to approximately MYR221,000 in 6M2023, in tandem with the decrease in revenue from chemical trading.

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 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 MYR4.7 million or 30.9% from approximately MYR15.2 million in 6M2022 to approximately MYR19.9 million in 6M2023. Our overall gross profit margin increased from approximately 46.5% in 6M2022 to 52.8% in 6M2023 due to higher margin earned from ad-hoc projects.

Other income

Other income increased by approximately MYR751,000 or 568.9% from approximately MYR132,000 in 6M2022 to approximately MYR883,000 in 6M2023, mainly due to the interest earned from the placement of funds in the fixed deposit accounts and bank current accounts.

Other gains

Other gains increased by approximately MYR46,000 or 19.6% from approximately MYR235,000 in 6M2022 to approximately MYR281,000 in 6M2023, mainly due to net gain on foreign exchange as a result of the strengthening of Singapore Dollar against Malaysia Ringgit.

Expenses

Our administrative expenses decreased by approximately MYR0.6 million or 12.2% from approximately MYR4.9 million in 6M2022 to approximately MYR4.3 million in 6M2023, primarily due to one-off and non-recurring professional fee expenses incurred in connection with Company's listing exercises in 6M2022, partially off-set by the increase in staff cost in 6M2023.

Our selling and distribution expenses decreased by approximately MYR0.3 million or 15.8% from approximately MYR1.9 million in 6M2022 to approximately MYR1.6 million in 6M2023, primarily due to decrease in marketing staff costs following the resignation of the marketing advisors in September 2022.

Our finance expenses increased by approximately MYR56,000 or 23.1% from approximately MYR242,000 in 6M2022 to approximately MYR298,000 in 6M2023, mainly due to the increase in interest expense on new lease of land.

Net impairment losses on trade receivables

In 6M2023, we recognised a reversal of impairment loss on trade receivables of approximately MYR55,000 due to improved collection from the customers as at period end.

Income tax expense

Our income tax expense increased by approximately MYR1.6 million or 66.7% from approximately MYR2.4 million in 6M2022 to approximately MYR4.0 million in 6M2023. Our effective income tax rate decreased from approximately 28.0% in 6M2022 to approximately 26.8% in 6M2023, mainly due to one-off and non-recurring professional fee expenses incurred in connection with Company's listing exercises in 6M2022, which are non-deductible for tax purpose.

Normalised operating earnings

On normalised operating earnings of MYR8.6 million in 6M2022 and MYR10.9 million in 6M2023, the earnings growth y-o-y was 26.7% or MYR2.3 million.

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

2. Review of performance of the group (continued)

Consolidated Statements of Financial Position

Non-current assets

The Group's non-current assets increased by MYR7.5 million from MYR50.6 million as at 31 December 2022 to MYR58.1 million as at 30 June 2023, largely due to:

- a. Increase in property, plant and equipment of approximately MYR7.5 million due to additions of work in progress which relates to the new plant.
- b. Decrease in right-of-use assets of MYR0.3 million mainly due to depreciation charge for the period;
- c. Increase in prepayment for purchase of property, plant and equipment of MYR0.3 million.

Current assets

The Group's current assets decreased by MYR1.7 million from MYR72.4 million as at 31 December 2022 to MYR70.7 million as at 30 June 2023, mainly due to:

- a. Decrease in cash and cash equivalents by MYR5.1 million due to payment to contractors and suppliers.
- b. Trade and other receivables increased by MYR4.0 million due to higher sales recorded.
- c. Decrease in short term deposits by MYR0.4 million due to withdrawal of fixed deposit placed from the bank.
- d. Decrease in inventories of MYR0.1 million.

Non-current liabilities

The Group's non-current liabilities decreased by MYR0.2 million from MYR14.0 million as at 31 December 2022 to MYR13.8 million as at 30 June 2023, primarily due to decrease in borrowings by MYR0.2 million as a result of repayment of the existing term loan.

Current liabilities

The Group's current liabilities remained unchanged at MYR13.2 million as at 31 December 2022 and as at 30 June 2023, largely due to:

- a. Decrease in trade and other payables of MYR2.3 million as a result of settlement of these payables before end of the reporting period.
- b. Contract liabilities increased by MYR0.6 million mainly due to the higher deposit received from our customers as unfulfilled performance.
- c. Increase in current income tax liabilities of MYR1.8 million due to the increase in chargeable income in 6M2023.
- d. Decrease in lease liabilities of MYR0.1 million due to repayment of lease liabilities.

Shareholders' equity

The Group's shareholders' equity increased by MYR6.0 million from MYR95.8 million as at 31 December 2022 to MYR101.8 million as at 30 June 2023 mainly due to net profit for the six months ended 30 June 2023 of MYR10.9 million off-set by dividends paid of MYR4.9 million.

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

2. Review of performance of the group (continued)

Consolidated Statements of Cash Flows

The Group generated net cash from operating activities before movement in working capital of approximately MYR15.6 million in 6M2023 compared with approximately MYR8.0 million in 6M2022 as a result of higher profit before tax.

Net cash flows generated from operating activities in 6M2023 was approximately MYR7.7 million which was a result of decrease in inventories of approximately MYR0.1 million due to lower inventories, increase in trade and other receivables of approximately MYR4.0 million due to higher revenue in 6M2023, and decrease in trade and other payables of approximately MYR1.7 million due to settlement of these payables during the reporting period.

Net cash flows used in investing activities in 6M2023 amounted to approximately MYR7.7 million, which was attributable to purchase of property, plant and equipment of approximately MYR9.0 million, partially offset by interest received of approximately MYR0.9 million and withdrawal of short-term fixed deposit of approximately MYR0.4 million.

Net cash flows used in financing activities in 6M2023 amounted to approximately MYR5.5 million, which was attributable to dividends paid of approximately MYR4.9 million, repayment of borrowings and lease liabilities of approximately MYR0.2 million and MYR0.1 million respectively, and interest paid of MYR0.3 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 economic outlook remains uncertain as the world continues to grapple with high inflation, rising interest rates, and the possibility of a recession. However, with the active enforcement of environmental regulations by government authorities and the increased awareness of the industrial players on the importance of responsible waste management, the Group remains cautiously optimistic and expects steady growth in the future. The Group will remain prudent in cost management 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)**

The construction of Phase 1 of the new plant at PTD 71200, Jalan Perak 2, Kawasan Perindustrian Pasir Gudang, Mukim Plentong, Johor, Malaysia, which includes the warehouse and logistics hub, has been completed in June 2023 and is now waiting for the issuance of the Certificate of Completion and Compliance (“CCC”) by the local authority before the Group could begin utilising the building. Phase 2 of the new plant which includes the production facilities is estimated to be completed in 2024 and the enhanced Environmental Impact Assessment is in progress.

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 six months ended 30 June 2023.

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

No dividend has been declared or recommended for the previous corresponding period for the six months ended 30 June 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/recommendeded, a statement to that effect and the reason(s) for the decision**

No dividend had been declared or recommended for the six months ended 30 June 2023. The available fund will be retained for working capital use.

8. **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 (“IPT”). There were no other IPT greater than S\$100,000 or more for 6M2023.

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

9. 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 required format.

10. 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 is 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

5E RESOURCES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

11. Confirmation by the Board

On behalf of the Board of Directors of the Company, I, 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 financial statements for the six months period ended 30 June 2023 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD

Lim Te Hua
Executive Director and Chief Executive Officer
2 August 2023