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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2024

*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

	Notes	Group				Change +ve/(-ve) S\$'000	Change +ve/(-ve) %
		Unaudited 2H2024 S\$'000	Unaudited 2H2023 S\$'000	Unaudited FY2024 S\$'000	Audited FY2023 S\$'000		
Revenue	4	54,488	42,631	98,743	79,559	19,184	24.1
Cost of sales		(44,440)	(35,852)	(80,136)	(66,137)	(13,999)	21.2
Gross profit		10,048	6,779	18,607	13,422	5,185	38.6
Other operating income		2,843	899	3,700	2,043	1,657	81.1
Distribution and selling expenses		(2,793)	(2,507)	(5,784)	(5,719)	(65)	1.1
Administrative expenses		(6,204)	(5,325)	(12,087)	(11,194)	(893)	8.0
(Impairment loss)/reversal of impairment loss on trade and other receivables and contract assets		(354)	447	(39)	(206)	167	(81.1)
Other operating expenses		(2)	(191)	(36)	(559)	523	(93.6)
Share of results of associates		492	938	1,437	875	562	64.2
		(8,861)	(6,638)	(16,509)	(16,803)	294	(1.7)
Profit/(loss) from operations		4,030	1,040	5,798	(1,338)	7,136	n.m.
Finance expenses		(1,197)	(1,200)	(2,257)	(2,203)	(54)	2.5
Interest income		34	37	62	62	-	-
Profit/(loss) before tax	6	2,867	(123)	3,603	(3,479)	7,082	n.m.
Tax expense	7	(650)	(273)	(722)	(374)	(348)	93.1
Profit/(loss) for the period		2,217	(396)	2,881	(3,853)	6,734	n.m.
Other comprehensive income							
<u>Items that will not be reclassified subsequently to profit or loss</u>							
Net fair value gain/(loss) on equity instrument at fair value through other comprehensive income ("FVOCI")		1,600	(2,639)	1,600	(2,639)	4,239	n.m.
<u>Item that may be reclassified subsequently to profit or loss</u>							
Foreign currency translation		(196)	(284)	93	(826)	919	n.m.
Total comprehensive income for the period		3,621	(3,319)	4,574	(7,318)	11,892	n.m.
Profit/(loss) for the period attributable to :-							
Owners of the Company		2,092	(214)	3,051	(3,667)	6,718	n.m.
Non-controlling interests		125	(182)	(170)	(186)	16	(8.6)
		2,217	(396)	2,881	(3,853)	6,734	n.m.
Total comprehensive income for the period attributable to :-							
Owners of the Company		3,520	(3,130)	4,744	(7,055)	11,799	n.m.
Non-controlling interests		101	(189)	(170)	(263)	93	(35.4)
		3,621	(3,319)	4,574	(7,318)	11,892	n.m.
Earnings/(loss) per share:							
Basic and diluted (cents)		1.88	(0.19)	2.74	(3.29)		

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

1H: 6 months ended 30 June

2H: 6 months ended 31 December

FY: 12 months ended 31 December

n.m. : not meaningful

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Notes	Group		Company	
		Unaudited 31 Dec 2024 S\$'000	Audited 31 Dec 2023 S\$'000	Unaudited 31 Dec 2024 S\$'000	Audited 31 Dec 2023 S\$'000
Non-current assets					
Fixed assets	10	23,977	25,391	19,699	20,591
Investment property	11	-	44	-	-
Intangible assets		188	188	-	-
Right-of-use assets		14,574	14,466	13,554	13,534
Land use rights		1,580	1,622	-	-
Investment in subsidiaries		-	-	20,570	20,570
Investment in associates		9,731	8,910	7,281	7,281
Investment securities	9	8,775	6,522	-	-
Deferred tax assets		1,413	1,511	-	-
Total non-current assets		60,238	58,654	61,104	61,976
Current assets					
Fixed asset held for sale	12	61	-	-	-
Inventories		16,114	15,598	6,475	7,656
Investment securities	9	1,601	997	1,601	997
Trade receivables		17,504	15,585	941	1,794
Contract assets		12,479	10,337	648	104
Other receivables		1,752	965	529	365
Deposits		403	305	57	55
Prepayments		322	220	103	50
Advance payment to suppliers		2,969	3,396	2,394	2,610
Amounts due from subsidiaries (trade)		-	-	1,777	543
Amounts due from subsidiaries (non-trade)		-	-	6,846	6,310
Amounts due from associates (trade)		224	419	-	-
Amounts due from associates (non-trade)		133	133	-	-
Tax recoverable		60	22	-	-
Fixed deposits		458	660	208	660
Cash and bank balances		6,012	5,732	1,286	897
Total current assets		60,092	54,369	22,865	22,041
Total assets		120,330	113,023	83,969	84,017
Current liabilities					
Trade payables		10,634	9,380	1,286	1,443
Contract liabilities		1,777	2,503	253	941
Trust receipts and bills payable (secured)	13	11,731	10,863	7,990	7,000
Other payables		1,223	902	244	341
Accruals and other liabilities		12,444	10,442	3,614	2,404
Dividend payable		28	27	28	26
Amounts due to subsidiaries (trade)		-	-	7,136	5,401
Amounts due to subsidiaries (non-trade)		-	-	264	1,560
Provision for income tax		294	329	-	-
Lease liabilities (current)		879	790	568	554
Term loans (current)	13	9,103	8,424	4,739	4,224
Total current liabilities		48,113	43,660	26,122	23,894
Net current assets/(liabilities)		11,979	10,709	(3,257)	(1,853)
Non-current liabilities					
Deferred tax liabilities		2,643	2,012	-	-
Lease liabilities (non-current)		14,285	14,116	13,848	13,716
Term loans (non-current)	13	10,164	12,624	10,164	12,361
Total non-current liabilities		27,092	28,752	24,012	26,077
Total liabilities		75,205	72,412	50,134	49,971
Net assets		45,125	40,611	33,835	34,046
Equity attributable to owners of the Company					
Share capital	14	19,680	19,680	19,680	19,680
Retained earnings		20,877	17,826	13,833	14,044
Fair value adjustment reserve		6,778	4,977	-	-
Capital reserve		230	230	322	322
Translation reserve		(4,424)	(4,316)	-	-
		43,141	38,397	33,835	34,046
Non-controlling interests		1,984	2,214	-	-
Total equity		45,125	40,611	33,835	34,046

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	FY2024 Unaudited S\$'000	FY2023 Audited S\$'000
Cash flows from operating activities		
Profit/(loss) before tax	3,603	(3,479)
Adjustments:		
Impairment loss on trade and other receivables and contract assets	39	206
Allowance for obsolete and slow-moving inventories, net	573	205
Fixed assets written off	5	1
(Gains)/loss on disposal of fixed assets, net	(11)	43
Gains on disposal of investment property	(637)	-
Depreciation of fixed assets	1,599	1,676
Depreciation of investment property	1	2
Depreciation of right-of-use assets	1,019	977
Depreciation of land use rights	44	44
Dividend income from investment securities	(310)	(312)
Net fair value (gain)/ loss on investment securities	(133)	198
Finance expenses	2,257	2,203
Interest income	(62)	(62)
Share of results of associates	(1,437)	(875)
Translation difference	497	(427)
	<u>7,047</u>	<u>400</u>
Operating cash flows before working capital changes		
(Increase)/decrease in:		
Inventories	(1,090)	3,408
Trade receivables	(1,908)	1,249
Other receivables	(926)	302
Contract assets	(2,012)	465
Deposits, prepayments and advance payment to suppliers	226	(64)
Amounts due from associates (trade)	15	336
Increase/(decrease) in:		
Trade payables	12,985	6,353
Contract liabilities	(727)	611
Other payables	286	76
Accruals and other liabilities	2,002	3,432
Cash flows generated from operations	<u>15,898</u>	<u>16,568</u>
Interest paid	(1,637)	(1,643)
Income taxes paid	(413)	(838)
Income taxes refunded	5	37
Interest income	62	62
Net cash flows generated from operating activities	<u>13,915</u>	<u>14,186</u>
Cash flows from investing activities		
Proceeds from disposal of fixed assets	12	80
Proceeds from disposal of investment property	622	-
Proceeds from disposal of investment securities	-	1,715
Purchase of fixed assets	(231)	(525)
Purchase of investment securities	(471)	(550)
Dividends received	456	493
Net cash flows generated from investing activities	<u>388</u>	<u>1,213</u>
Cash flows from financing activities		
Dividends paid	-	(223)
Dividends paid to non-controlling interest of a subsidiary	(60)	-
Fixed deposits pledged to bank	200	-
Repayment of trust receipts and bills payable	(41,923)	(43,555)
Proceeds from trust receipts and bills payable	31,059	31,040
Payment of principal portion of lease liabilities	(877)	(1,017)
Interest paid on lease liabilities	(621)	(560)
Proceeds of term loans, net	25,035	16,207
Repayment from term loans	(26,817)	(17,019)
Net cash flows used in financing activities	<u>(14,004)</u>	<u>(15,127)</u>
Net increase in cash and cash equivalents	299	272
Effect of exchange rate changes on cash and cash equivalents	(21)	(49)
Cash and cash equivalents at beginning of period	6,192	5,969
Cash and cash equivalents at end of period	<u>6,470</u>	<u>6,192</u>
Cash and cash equivalents consist of the following :		
Cash and bank balances	6,012	5,732
Less: Bank deposit pledged	-	(200)
Fixed deposits	458	660
	<u>6,470</u>	<u>6,192</u>

D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Equity, total	Equity attributable to owners of the Company, total	Share capital	Retained earnings	Fair value adjustment reserve	Capital reserve	Translation reserve	Non- controlling interests
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
Balance at 1 January 2024	40,611	38,397	19,680	17,826	4,977	230	(4,316)	2,214
Profit for the year	2,881	3,051	-	3,051	-	-	-	(170)
<u>Other comprehensive income</u>								
Foreign currency translation	93	93	-	-	201	-	(108)	-
Net fair value gain on equity instrument at FVOCI	1,600	1,600	-	-	1,600	-	-	-
Total comprehensive income	4,574	4,744	-	3,051	1,801	-	(108)	(170)
<u>Contributions by and distribution to owners</u>								
Dividends paid to non-controlling interest of a subsidiary	(60)	-	-	-	-	-	-	(60)
Balance at 31 December 2024	45,125	43,141	19,680	20,877	6,778	230	(4,424)	1,984
Balance at 1 January 2023	48,152	45,675	19,680	21,716	7,455	230	(3,406)	2,477
Loss for the year	(3,853)	(3,667)	-	(3,667)	-	-	-	(186)
<u>Other comprehensive income</u>								
Foreign currency translation	(826)	(749)	-	-	161	-	(910)	(77)
Net fair value loss on equity instrument at FVOCI	(2,639)	(2,639)	-	-	(2,639)	-	-	-
Total comprehensive income	(7,318)	(7,055)	-	(3,667)	(2,478)	-	(910)	(263)
<u>Contributions by and distribution to owners</u>								
Dividends on ordinary shares	(223)	(223)	-	(223)	-	-	-	-
Balance at 31 December 2023	40,611	38,397	19,680	17,826	4,977	230	(4,316)	2,214
Company								
Balance at 1 January 2024	34,046	34,046	19,680	14,044	-	322	-	-
Loss for the year, representing total comprehensive income for the period	(211)	(211)	-	(211)	-	-	-	-
Balance at 31 December 2024	33,835	33,835	19,680	13,833	-	322	-	-
Balance at 1 January 2023	37,609	37,609	19,680	17,607	-	322	-	-
Loss for the year, representing total comprehensive income for the period	(3,340)	(3,340)	-	(3,340)	-	-	-	-
<u>Contributions by and distribution to owners</u>								
Dividends on ordinary shares	(223)	(223)	-	(223)	-	-	-	-
Balance at 31 December 2023	34,046	34,046	19,680	14,044	-	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 6 months and the financial year ended 31 December 2024 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 the six months and the full year ended 31 December 2024 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 interim financial statements for the 1H2024.

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.

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 2024. 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 31 December 2024, the carrying amounts of the Group's tax recoverable, provision for income tax, deferred tax assets and deferred tax liabilities amounted to S\$60,000 (31 December 2023: \$22,000), S\$294,000 (31 December 2023: \$329,000), S\$1,413,000 (31 December 2023: S\$1,511,000) and S\$2,643,000 (31 December 2023: S\$2,012,000) 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 31 December 2024, the carrying amounts of the Company's investments in subsidiaries were S\$20,570,000 (31 December 2023: S\$20,570,000).

2.2.2b Expected credit losses 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 incorporated.

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 31 December 2024, the carrying amounts of the Group's and Company's trade receivables and contract assets, including balances with subsidiaries and associates totaled S\$30,207,000 (31 December 2023: S\$26,341,000) and S\$3,366,000 (31 December 2023: S\$2,441,000) 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 31 December 2024, the carrying amount of the unquoted equity security amounted to S\$8,775,000 (31 December 2023: S\$6,522,000).

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 31 December 2024, the carrying amounts of the Group's contract assets arising from engineering contracts amounted to S\$12,479,000 (31 December 2023: S\$10,337,000).

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

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- Wholesale and Distribution segment represents the sale of the Group's own manufactured products, multinational agency products and other distribution models of the Group;
- Manufacturing segment mainly comprises the manufacturing and sale of the Group's comprehensive range of energy-efficient heat-exchangers, compressor racks and condensing units; and
- Engineering Solutions segment represents the provision of system design and installation of various sustainable engineering solutions and applications for various industries.

4.1. Reportable segments

Group	Wholesale and Distribution \$'000	Manufacturing \$'000	Engineering Solutions \$'000	Elimination \$'000	Total \$'000
FY2024					
Revenue	51,814	20,470	46,808	(20,349)	98,743
Cost of sales	(42,869)	(16,752)	(40,864)	20,349	(80,136)
Gross profit	8,945	3,718	5,944		18,607
FY2023					
Revenue	42,014	19,476	31,991	(13,922)	79,559
Cost of sales	(34,578)	(16,075)	(29,406)	13,922	(66,137)
Gross profit	7,436	3,401	2,585		13,422

4.2. Disaggregation of Revenue

Segment	Wholesale and Distribution		Manufacturing		Engineering Solutions		Elimination		Total	
	2H2024	2H2023	2H2024	2H2023	2H2024	2H2023	2H2024	2H2023	2H2024	2H2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Primary geographical markets										
Singapore	4,804	5,077	1,091	1,066	24,067	17,506	(1,453)	(1,547)	28,509	22,102
Malaysia	12,261	8,483	612	293	8	-	(4,928)	(2,399)	7,953	6,377
Indonesia	5,634	5,060	-	-	-	-	(2,013)	(1,970)	3,621	3,090
Hong Kong/Macau/People's Republic of China	3,167	1,288	11,950	9,394	-	-	(1,550)	(669)	13,567	10,013
Indo-China*	761	1,179	-	-	235	57	(199)	(661)	797	575
Others	26	466	15	8	-	-	-	-	41	474
	26,653	21,553	13,668	10,761	24,310	17,563			54,488	42,631

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	24,987	21,072	13,668	10,761	218	208	(10,302)	(7,261)	28,571	24,780
Project installation and maintenance services	-	15	-	-	2,328	1,811	159	-	2,487	1,826
Engineering contracts revenue	1,666	466	-	-	21,764	15,544	-	15	23,429	16,025
	26,653	21,553	13,668	10,761	24,310	17,563			54,488	42,631

Timing of transfer of goods or services

At a point in time	24,987	21,087	13,668	10,761	2,546	2,019	(10,302)	(7,261)	30,900	26,606
Over time	1,666	466	-	-	21,764	15,544	159	15	23,588	16,025
	26,653	21,553	13,668	10,761	24,310	17,563			54,488	42,631

* relates to Vietnam, Myanmar and Cambodia

4.2. Disaggregation of Revenue

Segment	Wholesale and Distribution		Manufacturing		Engineering Solutions		Elimination		Total	
	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Primary geographical markets										
Singapore	10,132	10,571	2,524	2,292	46,435	31,761	(3,430)	(3,189)	55,661	41,435
Malaysia	23,435	17,474	1,222	894	8	-	(9,601)	(5,644)	15,064	12,724
Indonesia	9,999	7,573	-	-	-	-	(3,469)	(2,207)	6,530	5,366
Hong Kong/Macau/People's Republic of China	5,393	2,430	16,709	16,264	-	-	(2,630)	(1,417)	19,472	17,277
Indo-China*	2,242	3,184	-	-	365	230	(1,219)	(1,465)	1,388	1,949
Others	613	782	15	26	-	-	-	-	628	808
	51,814	42,014	20,470	19,476	46,808	31,991			98,743	79,559
Major revenue streams										
Sale of goods	49,798	41,211	20,470	19,476	507	433	(20,349)	(13,922)	50,426	47,198
Project installation and maintenance services	-	31	-	-	3,970	2,614	-	-	3,970	2,645
Engineering contracts revenue	2,016	772	-	-	42,331	28,944	-	-	44,347	29,716
	51,814	42,014	20,470	19,476	46,808	31,991			98,743	79,559
Timing of transfer of goods or services										
At a point in time	49,798	41,242	20,470	19,476	4,477	3,047	(20,349)	(13,922)	54,396	49,843
Over time	2,016	772	-	-	42,331	28,944	-	-	44,347	29,716
	51,814	42,014	20,470	19,476	46,808	31,991			98,743	79,559

* relates to Vietnam, Myanmar and Cambodia

4.3. A breakdown of sales is as follows:-

	GROUP		Change +ve/(-ve)
	FY2024 S\$'000	FY2023 S\$'000	
(a) Sales reported for the first half year	44,255	36,928	20%
(b) Operating profit/(loss) after tax before deducting non-controlling interest reported for the first half year	664	(3,457)	n.m.
(c) Sales reported for the second half year	54,488	42,631	28%
(d) Operating profit/(loss) after tax before deducting non-controlling interests reported for the second half year	2,217	(396)	n.m.

5. Financial assets and financial liabilities

	Group		Company	
	31 Dec 2024 S\$'000	31 Dec 2023 S\$'000	31 Dec 2024 S\$'000	31 Dec 2023 S\$'000
Financial Assets				
<u>Financial assets at FVOCI</u>				
Unquoted equity security	8,775	6,522	-	-
<u>Financial assets at FVPL</u>				
Held for trading investment securities	1,601	997	1,601	997
<u>Financial assets carried at amortised cost</u>				
Cash and bank balances and trade and other receivables (Amortised cost)	26,486	23,799	11,644	10,624
	<u>36,862</u>	<u>31,318</u>	<u>13,245</u>	<u>11,621</u>
Financial Liabilities				
Trade and other payables and borrowings (Amortised cost)	70,491	67,568	49,881	49,030

6. Profit/(loss) before taxation

6.1. Significant items

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

	Group			
	Unaudited 2H2024 S\$'000	Unaudited 2H2023 S\$'000	Unaudited FY2024 S\$'000	Audited FY2023 S\$'000
Interest income	(34)	(37)	(62)	(62)
Finance expenses	1,197	1,200	2,257	2,203
Impairment loss/(reversal of impairment loss) on trade and other receivables and contract assets	354	(447)	39	206
Allowance for obsolete and slow-moving inventories, net	484	79	573	205
Fixed assets written off	1	1	5	1
Gain on disposal of investment property	(637)	-	(637)	-
(Gain)/loss on disposal of fixed assets, net	-	(20)	(11)	43
Depreciation of fixed assets	768	828	1,599	1,676
Depreciation of right-of-use assets	506	496	1,019	977
Depreciation of land use rights	24	22	44	44
Dividend income from investment securities	(310)	(2)	(310)	(312)
Share of results of associates	(492)	(938)	(1,437)	(875)
Net fair value (gain)/loss on held for trading investment securities	(118)	2	(133)	198
Foreign currency (gain)/loss, net	(239)	202	(227)	290

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 FY2024:

	Group S\$'000	Company S\$'000
Income		
Sales of goods to subsidiaries	-	19,247
Sales of goods to associates	880	-
Sales of goods to affiliated companies	526	-
Management fee income from subsidiaries	-	2,084
Rental income from a subsidiary	-	513
Dividend income from subsidiaries	-	815
Royalty fee income from a subsidiary	-	203
	<hr/>	<hr/>
Expenses		
Purchases from subsidiaries	-	3,262
Loan interest paid to subsidiaries	-	67
	<hr/>	<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 as follows:

	Group			
	2H2024 S\$'000	2H2023 S\$'000	FY2024 S\$'000	FY2023 S\$'000
Current income tax expense	410	558	402	630
Deferred income tax expense/(benefit) relating to origination and reversal of temporary differences	240	(285)	320	(256)
	<hr/>	<hr/>	<hr/>	<hr/>
	650	273	722	374

8. Dividends

Declared and paid during the financial year:

Dividends on ordinary shares:

Nil in FY2024 (FY2023: Final exempt 2022 dividend of 0.20 cents per share)

	Company	
	FY2024 S\$'000	FY2023 S\$'000
	<hr/>	<hr/>
	-	223

9. Investment securities

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

	Group	
	31 Dec 2024 S\$'000	31 Dec 2023 S\$'000
Unquoted equity security	<hr/>	<hr/>
- Guangzhou Fayi Trading Co., Ltd.	8,775	6,522

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.

Financial assets at fair value through profit or loss comprise the following:

	Group	
	31 Dec 2024 S\$'000	31 Dec 2023 S\$'000
Held for trading investment securities (quoted) on:		
-Bonds	<hr/>	<hr/>
	1,601	997

9.1 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 S\$'000
	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	
31 December 2024				
Financial assets				
FVOCI investments	-	-	8,775	8,775
At fair value through profit or loss- held for trading investment securities (quoted)	1,601	-	-	1,601
31 December 2023				
Financial assets				
FVOCI investments	-	-	6,522	6,522
At fair value through profit or loss- held for trading investment securities (quoted)	997	-	-	997

10. Fixed assets

In FY2024, the Group acquired assets amounting to S\$231,000 (FY2023: S\$525,000) and disposed of assets amounting to S\$1,000 (FY2023:S\$123,000).

11. Investment property

An investment property amounting to S\$44,000 was disposed during the financial year 2024.

12. Fixed asset held for sale

	Group	
	31 Dec 2024 S\$'000	31 Dec 2023 S\$'000
Property	61	-

As at 31 December 2024, 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 fixed asset held for sale amounting to S\$61,000.

13. Borrowings

	Group				Company			
	As at 31 Dec 2024 S\$'000	As at 31 Dec 2023 S\$'000	As at 31 Dec 2024 S\$'000	As at 31 Dec 2023 S\$'000	As at 31 Dec 2024 S\$'000	As at 31 Dec 2023 S\$'000	As at 31 Dec 2024 S\$'000	As at 31 Dec 2023 S\$'000
Repayable in one year or less, or on demand	20,081	18,413	1,059	1,123	11,897	10,101	1,059	1,123
Repayable after one year	10,674	12,351	369	1,426	10,558	10,935	369	1,426
Total borrowings	30,755	30,764	1,428	2,549	22,455	21,036	1,428	2,549

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; (iv) a debenture incorporating a first floating charge over the receivables for the projects financed by the bank; and (v) assignment of contracts and contract proceeds for projects financed by the bank. Total borrowings include trust receipts and bills payable, leases liabilities under hire purchase, term loans and bank overdraft.

14. Share Capital

	Group and Company			
	As at 31 Dec 2024		As at 31 Dec 2023	
	No. of shares	S\$'000	No. of shares	S\$'000

Issued and fully paid ordinary shares

Beginning and end of interim period	111,462	19,680	111,462	19,680
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The total number of issued shares (excluding treasury shares) was 111,462,000 as at 31 December 2024 and 31 December 2023.

There was no change in the Company's issued and paid up share capital from 1 January 2024 to 31 December 2024.

The Company does not hold any treasury shares or convertible instruments as at 31 December 2024 and 31 December 2023.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2024 and 31 December 2023.

15. Net assets value

	Group		Company	
	As at 31 Dec 2024	As at 31 Dec 2023	As at 31 Dec 2024	As at 31 Dec 2023
Net asset value attributable to owners of the Company (S\$'000)	43,141	38,397	33,835	34,046
Number of ordinary shares ('000)	111,462	111,462	111,462	111,462
Net asset value per share (cents)	38.7	34.4	30.4	30.5

16. 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 increased by S\$19.2 million or 24.1%, from S\$79.5 million in FY2023 to S\$98.7 million in FY2024. The Group's performance improved due to an increase in revenue from all business segments.

Revenue by Business Segment	Group		Group		Change +ve/(-ve) S\$'000	Change +ve/(-ve) %
	2H2024 S\$'000	Contribution %	2H2023 S\$'000	Contribution %		
Wholesale and Distribution	18,280	33.5%	15,749	36.9%	2,531	16.1
Manufacturing	11,964	22.0%	9,403	22.1%	2,561	27.2
Engineering Solutions	24,244	44.5%	17,479	41.0%	6,765	38.7
	<u>54,488</u>	<u>100%</u>	<u>42,631</u>	<u>100%</u>	<u>11,857</u>	<u>27.8</u>

Revenue by Business Segment	Group		Group		Change +ve/(-ve) S\$'000	Change +ve/(-ve) %
	FY2024 S\$'000	Contribution %	FY2023 S\$'000	Contribution %		
Wholesale and Distribution	35,437	35.9%	31,379	39.4%	4,058	12.9
Manufacturing	16,724	16.9%	16,290	20.5%	434	2.7
Engineering Solutions	46,582	47.2%	31,890	40.1%	14,692	46.1
	<u>98,743</u>	<u>100%</u>	<u>79,559</u>	<u>100%</u>	<u>19,184</u>	<u>24.1</u>

Revenue from Wholesale and Distribution segment increased by S\$4.1 million in FY2024 as compared with FY2023 mainly due to the completion of engineering contracts.

Revenue from Manufacturing segment increased by S\$0.4 million in FY2024 as compared with FY2023 mainly due to economic recovery in China.

Revenue from Engineering Solutions segment increased by S\$14.7 million in FY2024 as compared with FY2023 as the projects are on track and actively generating revenue to the Group.

Gross profit and gross profit margin

The Group's gross profit increased by S\$5.2 million or 38.6%, from S\$13.4 million in FY2023 to S\$18.6 million in FY2024. The gross profit margin increased by 1.9 percentage points, from 16.9% in FY2023 to 18.8% in FY2024. This increase mainly arose from Engineering Solutions and Wholesale and Distribution segments due to better cost control.

Other operating income

Other operating income increased by S\$1.7 million, from S\$2.0 million in FY2023 to S\$3.7 million in FY2024 mainly due to (i) increase in rental income of S\$0.8 million; (ii) gain on disposal of investment property of S\$0.6 million; and (iii) foreign exchange gain of S\$0.3 million.

Administrative expenses

Administrative expenses increased by S\$0.9 million, from S\$11.2 million in FY2023 to S\$12.1 million in FY2024. This was mainly due to increase in staff costs.

Impairment loss on trade and other receivables and contract assets

The impairment loss on trade and other receivables and contract assets of approximately S\$39,000 is a net result of impairment loss on trade and other receivables and contract assets of S\$395,000 and reversal of impairment loss on trade and other receivables of S\$356,000.

Other operating expenses

Other operating expenses decreased by S\$0.5 million, from S\$0.6 million in FY2023 to approximately S\$36,000 in FY2024 mainly due to foreign currency exchange differences.

Share of results of associates

The share of profit from associates was contributed by (i) Comfresh Group Holdings Pty Ltd of S\$0.8 million; (ii) Fayi Technology Inc. of S\$0.5 million; and (iii) Yealea Industry Co., Ltd of S\$0.1 million.

Finance expenses

No significant variance noted for finance expenses.

Tax expense

Tax expense of S\$0.7 million comprises (i) current year tax provision of S\$0.4 million; and (ii) deferred tax expenses recognised in FY2024 of S\$0.3 million.

Profitability

The Group made a profit of S\$2.9 million mainly due to the significant increase in revenue with better profit margin.

Review of Financial Position

Non-current assets

Non-current assets increased by S\$1.5 million, from S\$58.7 million as at 31 December 2023 to S\$60.2 million as at 31 December 2024.

The increase was mainly due to an increase in (i) the fair value of investment securities of S\$2.2 million; and (ii) investment in associates of S\$0.8 million. This was partially offset by a decrease in (i) fixed assets of S\$1.4 million; and (ii) deferred tax assets of S\$0.1 million.

Current assets

Current assets increased by S\$5.6 million, from S\$54.4 million as at 31 December 2023 to S\$60.0 million as at 31 December 2024.

The increase was mainly due to an increase in (i) trade receivables and contract assets of S\$4.1 million; (ii) other receivables of S\$0.8 million; (iii) investment securities of S\$0.6 million; and (iv) inventories of S\$0.5 million. This was partially offset by a decrease in advance payment to suppliers of S\$0.4 million.

Current liabilities

Current liabilities increased by S\$4.5 million, from S\$43.6 million as at 31 December 2023 to S\$48.1 million as at 31 December 2024.

The increase was mainly due to an increase in (i) accruals and other liabilities of S\$2.0 million; (ii) trade payables of S\$1.3 million; (iii) trust receipts and bills payable of S\$0.9 million; (iv) term loans of S\$0.7 million; and (v) other payables of S\$0.3 million. This was partially offset by a decrease in contract liabilities of S\$0.7 million.

Non-current liabilities

Non-current liabilities decreased by S\$1.7 million, from S\$28.8 million as at 31 December 2023 to S\$27.1 million as at 31 December 2024.

The decrease was mainly due to a decrease in term loans of S\$2.5 million. This was partially offset by an increase in (i) deferred tax liabilities of S\$0.6 million; and (ii) lease liabilities of S\$0.2 million.

Equity

Total equity increased by S\$4.5 million, from S\$40.6 million as at 31 December 2023 to S\$45.1 million as at 31 December 2024.

The increase was mainly due to was mainly due to (i) profit for the year of S\$3.0 million; and (ii) increase in fair value adjustment reserve of S\$1.8 million . This was partially offset by decrease in (i) non-controlling interests of S\$0.2 million; and (ii) translation reserve of S\$0.1 million.

Review of Cash Flow Statement

Net cash flows generated from operating activities amounted to S\$13.9 million in FY2024, mainly due to (i) operating cash inflows before working capital changes of S\$7.0 million; (ii) positive working capital changes of S\$8.8 million; and (iii) interest income of S\$0.1 million. This was partially offset by (i) interest paid of S\$1.6 million; and (ii) income taxes paid of S\$0.4 million.

Net cash generated from investing activities amounting to S\$0.4 million in FY2024 was mainly due to (i) proceeds from disposal of investment property of S\$0.6 million; and (ii) dividend received of S\$0.5 million. This was partially offset by (i) purchase of investment securities of S\$0.5 million; and (ii) purchase of fixed assets of S\$0.2 million.

Net cash used in financing activities amounted to S\$14.0 million in FY2024. This was mainly due to (i) net repayment of trust receipts and bills payable of S\$10.9 million; (ii) net repayment of lease liabilities and interest of S\$1.5 million; and (iii) net repayment of term loans of S\$1.8 million. This was partially offset by receipt of bank deposit pledged of S\$0.2 million.

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

The Group's results for FY2024 are generally in line with the Company's profit guidance announcement dated 21 February 2025.

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's business recovered across all business segments amidst the rising costs and pressure on profitability. Interest rate has not reduced as quickly as anticipated, resulted in borrowing costs remaining high. It is uncertain how the policies of the new Trump administration may affect the regional economies and in turn, the Group's business.

The Engineering Solutions segment is expected to drive the Group's performance but is subject to engineering talent shortages and increasing skilled labour costs to carry out its projects. Material and subcontractor costs remain high and project tenders continue to face strong competition. The Manufacturing segment has recovered slightly but still face headwinds as more competition drives prices down. Supply chain conditions are improving, but material cost fluctuations as well as rising freight and logistic costs, may impact pricing policies. The Wholesale and Distribution segment faces a mixed outlook with the Singapore market experiencing a slowdown but this is mitigated by other regional markets' improvements.

Cost control remains the focus of the Group to navigate the uncertain future ahead.

4. Dividend

(a) Current Financial Period Reported on 31 December 2024

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

Name of dividend	Final
Dividend type	Cash
Dividend amount per share (in cents)	0.18 cents per ordinary share
Tax rate	Tax exempt (one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date Payable

To be announced, subject to shareholders' approval at the Annual General Meeting of the Company to be convened.

(d) Record Date

To be announced, subject to shareholders' approval at the Annual General Meeting of the Company to be convened.

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

Not applicable.

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. Disclosures on acquisition or sale of shares pursuant to Rule 706A of the Catalist Rules

There were no acquisition or realisation 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 FY2024. Neither was there any incorporation or striking off of subsidiary or associated company by the Group during FY2024.

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

Pursuant to Rule 704(10) of the Catalist Rules, the Company confirms that during FY2024 and up to the date hereof, there has not been any person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD
Far East Group Limited

Loh Mun Yew
CEO and Executive Director

Leng Chee Keong
COO and Executive Director

28 February 2025